

**ZAD HOLDING COMPANY S.A.Q**  
**(FORMERLY QATAR FLOUR MILLS CO. S.A.Q)**  
**DOHA – STATE OF QATAR**

**REPORT ON REVIEW OF**  
**INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL INFORMATION**  
**FOR THE SIX MONTHS ENDED**  
**JUNE 30, 2010**

**ZAD HOLDING COMPANY S.A.Q**  
**(FORMERLY QATAR FLOUR MILLS CO. S.A.Q)**  
**DOHA – STATE OF QATAR**

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## **REVIEW REPORT TO**

**The Board of Directors  
Zad Holding Company S.A.Q  
(Formerly Qatar Flour Mills Co. S.A.Q)  
Doha – State of Qatar**

### **Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of **Zad Holding Company S.A.Q, (Formerly Qatar Flour Mills Co. S.A.Q)** (“the group”) Doha-State of Qatar, as at June 30, 2010 and the related condensed consolidated statement of comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

The comparative interim condensed financial information as at and for the period ended June 30, 2009 and the financial statements of the Group as at and for the year ended December 31, 2009 respectively were reviewed/audited by another auditor, whose review/audit reports dated August 13, 2009 and March 30, 2010 thereon respectively, expressed a qualified conclusion/opinion on those interim financial information/financial statements respectively.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As explained in note 7 to the interim condensed consolidated financial information, 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 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 June 30, 2010 has been netted off against the amount due in respect of the subsidies to arrive at the net outstanding balance due from the Government of Qatar amounting to QR.75,634,126 as at June 30, 2010. The Company 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.

### **Qualified Conclusion**

Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information as at and for the six-month period ended June 30, 2010 is not prepared, in all material respects, in accordance with International Financial Reporting Standards.

**TALAL ABU-GHAZALEH & CO.**

**Hazim Al Surkhi**

(Licence No. 119)

Doha, August 15, 2010

**ZAD HOLDING COMPANY S.A.Q**  
**(FORMERLY QATAR FLOUR MILLS CO. S.A.Q)**  
**DOHA – STATE OF QATAR**

**EXHIBIT "A"**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF**  
**FINANCIAL POSITION (REVIEWED)**  
**AS AT JUNE 30, 2010**

	Note	June 30, 2010 (QR.) (Reviewed)	Dec. 31, 2009 (QR.) (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	-4-	82,627,740	84,286,567
Advance for purchase of land	-5-	13,393,825	10,901,951
Available for sale investments	-6-	235,655,903	240,373,460
Due from Government of Qatar	-7-	68,368,576	68,368,576
<b>Total Non-Current Assets</b>		<b>400,046,044</b>	<b>403,930,554</b>
<b>CURRENT ASSETS</b>			
Inventories	-8-	44,683,924	38,175,881
Due from Government of Qatar	-7-	7,265,550	7,736,425
Accounts receivable		48,651,770	35,131,660
Prepayments and other receivables		18,070,252	5,587,608
Assets classified as held for sale	-9-	41,055,066	41,055,066
Cash in hand and at banks		83,307,056	60,505,566
<b>Total Current Assets</b>		<b>243,033,618</b>	<b>188,192,206</b>
<b>Total Assets</b>		<b>643,079,662</b>	<b>592,122,760</b>
		=====	=====
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Capital	-10-	100,623,600	91,476,000
Statutory reserve	-11-	70,283,862	70,283,862
Capital reserve		15,000,000	15,000,000
Fair value reserve		161,346,664	166,064,221
General reserve		-0-	586,229
Retained earnings		163,539,910	135,067,985
<b>Total Shareholders' Equity – Exhibit C</b>		<b>510,794,036</b>	<b>478,478,297</b>
<b>NON-CURRENT LIABILITY</b>			
Employees' end of service benefits		2,403,178	2,850,673
<b>CURRENT LIABILITIES</b>			
Accounts payable		95,139,354	70,401,041
Accruals and other payables		17,309,761	23,332,345
Liabilities classified as held for sale	-12-	5,434,033	5,434,033
Due to Transport Division		10,070,804	11,626,371
Due to bank		1,928,496	-0-
<b>Total Current Liabilities</b>		<b>129,882,448</b>	<b>110,793,790</b>
<b>Total Liabilities</b>		<b>132,285,626</b>	<b>113,644,463</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>643,079,662</b>	<b>592,122,760</b>
		=====	=====

This interim condensed consolidated financial information was approved by the following on August 15, 2010.

**Sh. Talal Bin Mohammed Bin Jaber Al Thani**  
**Vice Chairman**

**Mr. Tarique Mohammad**  
**Chief Executive Officer**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THIS INTERIM  
CONDENSED CONSOLIDATED FINANCIAL INFORMATION

**ZAD HOLDING COMPANY S.A.Q**  
**(FORMERLY QATAR FLOUR MILLS CO. S.A.Q)**  
**DOHA – STATE OF QATAR**

**EXHIBIT "B"**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF**  
**COMPREHENSIVE INCOME (REVIEWED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010**

	Note	Six months ended June 30, 2010 (QR.) (Reviewed)	Six months ended June 30, 2009 (QR.) (Reviewed) (Restated) 7
Revenue		<b>156,011,102</b>	87,477,924
Compensation from Government of Qatar for sale of subsidized flour		<b>45,861,564</b>	66,989,959
<b>Total revenue</b>		<b>201,872,666</b>	154,467,883
Cost of revenue		<b>(154,642,642)</b>	(117,573,636)
<b>Gross profit</b>		<b>47,230,024</b>	36,894,247
Other operating income	-13-	<b>25,985,602</b>	23,494,155
General and administrative expenses		<b>(17,330,662)</b>	(15,387,478)
Selling and distribution expenses		<b>(5,011,906)</b>	(1,135,295)
Finance charges		<b>(118,362)</b>	(760,844)
<b>Profit for the period – Exhibits C&amp;D</b>		<b>50,754,696</b>	43,104,785
<b>Earnings per share</b>			
Basic earnings per share	-14-	<b>5.04</b>	4.28
		=====	=====
<b>Other comprehensive income</b>			
Net changes in fair value of available for sale investments		<b>(4,717,557)</b>	(20,396,839)
<b>Total comprehensive income for the period – Exhibit C</b>		<b>46,037,139</b>	22,707,946
		=====	=====

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THIS INTERIM  
CONDENSED CONSOLIDATED FINANCIAL INFORMATION

**ZAD HOLDING COMPANY S.A.Q**  
**(FORMERLY QATAR FLOUR MILLS CO. S.A.Q)**  
**DOHA – STATE OF QATAR**

**EXHIBIT "C"**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (REVIEWED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010**

	Capital (QR.)	Statutory Reserve (QR.)	Capital Reserve (QR.)	Fair Value Reserve (QR.)	General Reserve (QR.)	Retained Earnings (QR.) (Restated)	Total (QR.) (Restated)
<b>SIX MONTHS ENDED JUNE 30, 2009 (REVIEWED)</b>							
Balance as at December 31, 2008	76,230,000	70,283,862	15,000,000	148,055,415	586,229	103,144,167	413,299,673
<u>Total comprehensive income for the period</u>							
Profit for the period – Exhibit B (Restated)	-0-	-0-	-0-	-0-	-0-	43,104,785	43,104,785
<u>Other comprehensive income</u>							
Net changes in fair value of available for sale investments	-0-	-0-	-0-	(20,396,839)	-0-	-0-	(20,396,839)
Total comprehensive income for the period – Exhibit B (Restated)	-0-	-0-	-0-	(20,396,839)	-0-	43,104,785	22,707,946
Bonus shares issued	15,246,000	-0-	-0-	-0-	-0-	(15,246,000)	-0-
Dividend distribution for the year 2008	-0-	-0-	-0-	-0-	-0-	(7,623,000)	(7,623,000)
Balance as at June 30, 2009	91,476,000	70,283,862	15,000,000	127,658,576	586,229	123,379,952	428,384,619
	=====	=====	=====	=====	=====	=====	=====
<b>SIX MONTHS ENDED JUNE 30, 2010 (REVIEWED)</b>							
Balance as at December 31, 2009 – Exhibit A	91,476,000	70,283,862	15,000,000	166,064,221	586,229	135,067,985	478,478,297
<u>Total comprehensive income for the period</u>							
Profit for the period – Exhibit B	-0-	-0-	-0-	-0-	-0-	50,754,696	50,754,696
<u>Other comprehensive income</u>							
Net changes in fair value of available for sale investments	-0-	-0-	-0-	(4,717,557)	-0-	-0-	(4,717,557)
Total comprehensive income for the period – Exhibit B	-0-	-0-	-0-	(4,717,557)	-0-	50,754,696	46,037,139
Bonus shares issued	9,147,600	-0-	-0-	-0-	-0-	(9,147,600)	-0-
Dividend distribution for the year 2009	-0-	-0-	-0-	-0-	(586,229)	(13,135,171)	(13,721,400)
Balance as at June 30, 2010 – Exhibit A	100,623,600	70,283,862	15,000,000	161,346,664	-0-	163,539,910	510,794,036
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THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THIS INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

**ZAD HOLDING COMPANY S.A.Q**  
**(FORMERLY QATAR FLOUR MILLS CO. S.A.Q)**  
**DOHA – STATE OF QATAR**

**EXHIBIT "D"**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (REVIEWED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010**

	Note	Six months ended June 30, 2010 (QR.) (Reviewed)	Six months ended June 30, 2009 (QR.) (Reviewed) (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period – Exhibit B		50,754,696	43,104,785
<b>Adjustments for:</b>			
Provision for slow moving inventories (net)		(627,517)	-0-
Depreciation of property, plant and equipment		10,957,127	9,374,580
Loss on sale of available for sale investments		-0-	184,914
Zakat allocation		-0-	85,099
Finance charges		118,362	760,844
Employees' end of service benefits (net)		(447,495)	205,653
Dividend income		(21,387,125)	(21,645,676)
<b>Operating profit before working capital changes</b>		<b>39,368,048</b>	<b>32,070,199</b>
<b>Changes in operating assets and liabilities</b>			
(Increase) decrease in inventories		(5,880,526)	26,534,010
Decrease in due from Government of Qatar		470,875	17,718,720
(Increase) in accounts, prepayments and other receivables		(26,002,754)	(17,188,594)
(Increase) in assets classified as held for sale		-0-	(15,777,299)
Increase (decrease) in accounts, accruals and other payables		18,715,729	(60,661,021)
Increase in liabilities classified as held for sale		-0-	590,999
(Decrease) in due to Transport Division		(1,555,567)	-0-
<b>Net Cash from (used in) Operating Activities</b>		<b>25,115,805</b>	<b>(16,712,986)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(9,298,300)	(7,025,361)
Proceeds from sale of available for sale investments		-0-	892,449
Dividend received		21,387,125	21,645,676
Acquisition of available for sale investments		-0-	(152,755)
Advance for purchase of land		(2,491,874)	-0-
<b>Net Cash from Investing Activities</b>		<b>9,596,951</b>	<b>15,360,009</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance charges		(118,362)	(760,844)
Dividend distribution		(13,721,400)	(7,623,000)
<b>Net Cash (used in) Financing Activities</b>		<b>(13,839,762)</b>	<b>(8,383,844)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>20,872,994</b>	<b>(9,736,821)</b>
Cash and cash equivalents at beginning of the period		60,505,566	3,247,511
<b>Cash and cash equivalents at end of the period</b>	-15-	<b>81,378,560</b>	<b>(6,489,310)</b>
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THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THIS INTERIM  
CONDENSED CONSOLIDATED FINANCIAL INFORMATION



**ZAD HOLDING COMPANY S.A.Q**  
**(FORMERLY QATAR FLOUR MILLS CO. S.A.Q)**  
**DOHA – STATE OF QATAR**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL INFORMATION (REVIEWED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010**

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**1) GENERAL INFORMATION**

Zad Holding Company S.A.Q (formerly Qatar Flour Mills Co. S.A.Q) (the "company") was incorporated on June 29 ,1969 as a Qatari Public 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 S.A.Q.

The accompanying interim condensed consolidated financial information represents consolidated financial information of the company and its subsidiaries (together refer 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, bakery products and baby food products. Further, the group earns income from sales of certain types of grains and related commodities. In addition to the above, it is engaged in the activities of investments in financial instruments, including in available for sale investments.

**2) BASIS OF PREPARATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The interim condensed consolidated financial information of the company for the six-month ended June 30, 2010 have been prepared in accordance with International Accounting Standard 34 applicable to interim financial reporting.

The interim condensed consolidated financial information do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the group's financial statements for the year ended December 31, 2009. In addition, results for the six-month ended June 30, 2010 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2010.

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2009, except as noted below:

During the period, the group has adopted the following standards effective for the annual period beginning on or after January 01, 2010.

- IAS 27 :Consolidated and separate financial statements
- IFRS 1 & IAS 27: Cost of an investments in a Subsidiary, Jointly-control entity or associate.
- IFRS 3 :Business combinations
- IAS 39 :Financial instruments: recognition and measurements

Improvements to IFRS comprise amendments that result in accounting changes for presentation, recognition, or measurement purposes, as well as terminology or editorial amendments relating to a variety of individual IFRS standards. Most of the amendments are effective for annual period on or after January 01, 2009 and January 01, 2010 respectively, with earlier application permitted. No material changes to accounting policies are expected as a results of these amendments.

The following interpretations became effective in 2010, but were not relevant to for the group's operations:

- IFRIC 17 : Distribution of non-cash assets to owners
- IFRIC 18 : Transfer of assets from customers

The following new standards, new interpretations and amendments to the standards and interpretation have been issued but are not effective for the financial year beginning January 01, 2010 and have not been early adopted by the group:

- IFRS 9 : Financial instruments
- IAS 24 : (Revised) Related party disclosures

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

### 3) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### a) **Basis of Preparation**

The interim condensed consolidated financial information 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.

#### b) **Basis of Consolidation**

These interim condensed consolidated financial information comprise the interim condensed financial information of the company and its subsidiaries listed below:

<b>Company</b>	<b>Ownership</b>	<b>Legal Status</b>
Qatar Flour Mills Co.	100%	With Limited Liability
Umm Said Bakery	100%	With Limited Liability
Qatar Food Industries Co.	100%	With Limited Liability
Arzaq Marketing Co.	100%	With Limited Liability
Zain Trading Co.	100%	With Limited Liability

Where necessary, adjustments are made to the interim condensed consolidated financial information of subsidiaries to bring their accounting policies in line with those used by the parent.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

#### c) **Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

In the application of the group's accounting policies, 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**4) PROPERTY, PLANT AND EQUIPMENT**

a) This item consists of the following:	<b>June 30, 2010</b> (QR.) (Reviewed)	Dec. 31, 2009 (QR.) (Audited)
Carrying amount at beginning of the period/year	<b>84,286,567</b>	140,909,545
Additions	<b>9,298,300</b>	38,684,099
Disposals (net)	<b>-0-</b>	(8,465,315)
Transferred to assets held for sale (net)	<b>-0-</b>	(53,213,911)
Depreciation	<b>(10,957,127)</b>	(19,270,592)
Impairment losses	<b>-0-</b>	(14,357,259)
<b>Carrying amount at end of the period/year – Exhibit A</b>	<b>82,627,740</b>	84,286,567

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- b) Depreciation amounting to QR.8,128,092, QR.2,196,953 and QR.632,082 have been allocated to cost of revenue, general and administrative expenses and selling and distribution expenses respectively for the period ended June 30, 2010.
- c) The installation of plant and machineries of the third production line in the mills division has been completed during the period ended June 30, 2010. Accordingly, an amount of QR.29,046,349 spent exclusively on this plant installation has been capitalized from capital work in progress to property, plant and equipment.
- d) The group 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 7). The net book value of land in the books of the company is nil.
- e) Capital work in progress of QR.3,708,994 included in the property, plant and equipment as at June 30, 2010 represents amount (cost) spent for the purchases of machineries, in order to provide support services to all the three productions lines in mills division. The installation has not been completed as at June 30, 2010.
- f) Assets relating to transport division, baby food production plant, biscuit plant were transferred to assets held for sale during earlier periods with the carrying value represents as of transferred date. The details of transferred assets have been disclosed in note 9 to the interim condensed consolidated financial information.

**5) ADVANCE FOR PURCHASE OF LAND**

a) This item consists of the following :	<b>June 30, 2010</b> (QR.) (Reviewed)	Dec. 31, 2009 (QR.) (Audited)
Balance at beginning of the period/year	<b>10,901,951</b>	14,328,280
Amount paid during the period/year	<b>2,491,874</b>	-0-
Reschedule adjustments	<b>-0-</b>	(3,426,329)
<b>Balance at end of the period/year – Exhibit A</b>	<b>13,393,825</b>	10,901,951

=====

- 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 the remaining payment of which is to be made in 23 quarterly installments of QR.1,245,937 each. The title of the land will be transferred to the group upon payment of the final installment which will be due on October 01, 2014.

6) **AVAILABLE FOR SALE INVESTMENTS**

This item consists of the following :	<b>June 30, 2010</b> (QR.) (Reviewed)	Dec. 31, 2009 (QR.) (Audited)
Balance at beginning of the period/year	<b>240,373,460</b>	223,289,263
Additions	<b>-0-</b>	152,755
Fair value adjustment at end of the period/year	<b>(4,717,557)</b>	18,008,806
(Loss) on disposals	<b>-0-</b>	(184,914)
Disposals	<b>-0-</b>	(892,450)
<b>Balance at end of the period/year – Exhibit A</b>	<b>235,655,903</b> =====	240,373,460 =====

7) **DUE FROM GOVERNMENT OF QATAR**

a) This item consists of the following :	<b>June 30, 2010</b> (QR.) (Reviewed)	Dec. 31, 2009 (QR.) (Audited)
<b>Compensation from Government of Qatar</b>		
Balance at beginning of the period/year	<b>136,064,041</b>	149,492,097
Cash received from Government of Qatar	<b>(46,332,439)</b>	(131,265,822)
Compensation of subsidized flour	<b>45,861,564</b>	109,837,766
Excess compensation refunded to Government of Qatar	<b>-0-</b>	8,000,000
<b>Net compensation due from Government of Qatar</b>	<b>135,593,166</b>	136,064,041
Loan from Government of Qatar	<b>(59,959,040)</b>	(59,959,040)
<b>Net</b>	<b>75,634,126</b> =====	76,105,001 =====

b) The amount due from Government of Qatar is classified based on its maturities as follows:

	<b>June 30, 2010</b> (QR.) (Reviewed)	Dec. 31, 2009 (QR.) (Audited)
Current portion – Exhibit A	<b>7,265,550</b>	7,736,425
Non-current portion – Exhibit A	<b>68,368,576</b>	68,368,576
<b>Total</b>	<b>75,634,126</b> =====	76,105,001 =====

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 company is required to pay an additional 1% annual rate of interest if it is failed to make repayments on the due dates. The company has not yet made any repayment of the principal or interest. However, the company 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.

8) **INVENTORIES**

This item consists of the following:	<b>June 30, 2010</b> (QR.) (Reviewed)	Dec. 31, 2009 (QR.) (Audited)
Wheat stock	35,293,909	32,251,883
Raw materials	1,493,879	1,901,357
Packing materials	2,638,887	2,491,825
Empty bags and others	620,210	1,134,247
Spare parts	564,288	1,146,577
Products in process	134,190	124,284
Others	284,484	11,200
<b>Total</b>	<b>41,029,847</b>	<b>39,061,373</b>
Provision for slow moving inventories	<b>(1,944,193)</b>	<b>(2,571,710)</b>
<b>Net</b>	<b>39,085,654</b>	<b>36,489,663</b>
Finished goods	2,835,336	1,686,218
Goods in transit	2,762,934	-0-
<b>Total – Exhibit A</b>	<b>44,683,924</b>	<b>38,175,881</b>
	=====	=====

9) **ASSETS CLASSIFIED AS HELD FOR SALE**

a) This item consists of the following :	<b>June 30, 2010</b> (QR.) (Reviewed)	Dec. 31, 2009 (QR.) (Audited)
<b>Transport Division</b>		
Property, plant and equipment	7,277,772	7,277,772
Inventories	18,717	18,717
Accounts receivable and prepayments	3,152,822	3,152,822
Due from other division	12,453,000	12,453,000
Cash in hand and at banks	152,755	152,755
<b>Total – Note 9(b)</b>	<b>23,055,066</b>	<b>23,055,066</b>
Baby food production plant (net) – Note 9(c)	<b>9,000,000</b>	<b>9,000,000</b>
Biscuit production plant (net) – Note 9(c)	<b>9,000,000</b>	<b>9,000,000</b>
<b>Total – Exhibit A</b>	<b>41,055,066</b>	<b>41,055,066</b>
	=====	=====

b) The transport division, a separate division of the company is presented as disposal group held for sale following the commitment of the company's management on January 01, 2009. As at June 30, 2010, the disposal group comprised the total assets with a carrying value of QR.23,055,066 [Note 9(a)] and total liabilities with a carrying value of QR.5,434,033 (note 12).

c) The company has classified its baby food production plant and biscuit plant as held for sale with a carrying amount of QR.18,000,000 after considering the net realizable value of these plants. Accordingly, at the time of reclassification these plants as held for sale, impairment test were carried out as follows:

	<b>Baby Food</b> (QR.)	<b>Biscuit Plant</b> (QR.)	<b>Total</b> (QR.)
Net book value	22,340,112	23,596,027	45,936,139
Less: Impairment	(13,340,112)	(14,596,027)	(27,936,139)
<b>Carrying value as at June 30, 2010</b>	<b>9,000,000</b>	<b>9,000,000</b>	<b>18,000,000</b>
<b>– Note 9(a)</b>	=====	=====	=====

**10) CAPITAL**

a) This item consists of the following :	<b>June 30, 2010</b>	Dec. 31, 2009
	<b>(QR.)</b>	<b>(QR.)</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
Authorized, issued and fully paid capital	<b>91,476,000</b>	76,230,000
Bonus shares issued – Note 10(b)	<b>9,147,600</b>	15,246,000
<b>Total – Exhibit A</b>	<b>100,623,600</b>	91,476,000
	=====	=====

b) In the annual general meeting held on April 27, 2010, the shareholders of the company resolved to distribute a bonus share for every ten (10) shares held by the shareholders as at December 31, 2009. The total nominal value of bonus shares issued amounted to QR.9,147,600.

**11) STATUTORY 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 statutory reserve account. The deduction shall be suspended when the balance in this reserve account amounts to at least 50% of the company's capital.

**12) LIABILITIES CLASSIFIED AS HELD FOR SALE**

This item consists of the following :	<b>June 30, 2010</b>	Dec. 31, 2009
	<b>(QR.)</b>	<b>(QR.)</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
<b>Transport Division</b>		
Trade and other payables	<b>591,000</b>	591,000
Islamic finance loan	<b>4,843,033</b>	4,843,033
<b>Total – Exhibit A and Note 9(b)</b>	<b>5,434,033</b>	5,434,033
	=====	=====

**13) OTHER OPERATING INCOME**

This item consists of the following :	<b>Six months ended</b>	Six months ended
	<b>June 30, 2010</b>	June 30, 2009
	<b>(QR.)</b>	<b>(QR.)</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
Dividend income	<b>21,387,125</b>	21,645,676
Loss on sale of available for sale investments	<b>-0-</b>	(184,914)
Others	<b>4,598,477</b>	2,033,393
<b>Total – Exhibit B</b>	<b>25,985,602</b>	23,494,155
	=====	=====

**14) EARNINGS PER SHARE**

**a) Basic Earnings Per Share**

The basic earnings per share as at June 30, 2010 was computed based on the profit attributable to ordinary shareholders amounting to QR.50,754,696 for the period ended June 30, 2010 (2009:QR.43,104,785) and weighted average number of ordinary shares outstanding as at June 30, 2010 were 10,062,360 (2009:10,062,360) calculated as follows:

	<b>Six months ended June 30, 2010 (QR.) (Reviewed)</b>	Six months ended June 30, 2009 (QR.) (Reviewed) (Restated)
Profit attributable to ordinary share holders of the company	<b>50,754,696</b>	43,104,785
	=====	=====
Weighted average number of ordinary shares outstanding*	<b>10,062,360</b>	10,062,360
	=====	=====
<b>Basic earnings per share – Exhibit B</b>	<b>5.04</b>	4.28
	=====	=====

\*Weighted average number of outstanding ordinary shares for the comparative period includes the effect of the bonus issue during the current period.

**b) Diluted Earnings Per Share**

No separate diluted earnings per share was calculated since the diluted earnings per share was equal to basic earnings per share.

**15) CASH AND CASH EQUIVALENTS**

This item consists of the following :	<b>June 30, 2010 (QR.) (Reviewed)</b>	June 30, 2009 (QR.) (Reviewed)
Cash in hand	<b>224,137</b>	144,931
Cash at banks	<b>7,575,064</b>	5,961,274
Short term fixed deposits	<b>75,507,855</b>	-0-
	-----	-----
<b>Cash and bank balances</b>	<b>83,307,056</b>	6,106,205
Bank overdraft	<b>(1,928,496)</b>	(12,595,515)
	-----	-----
<b>Cash and cash equivalents – Exhibit D</b>	<b>81,378,560</b>	(6,489,310)
	=====	=====

**16) RELATED PARTY TRANSACTIONS**

**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. The remuneration paid and proposed to the board of directors and the chief executive officer amounting to QR.4.91 million during the period has been included in the general and administrative expenses.

**17) CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

The following summarizes the significant contractual commitments and contingencies as at June 30, 2010.

**Contingent Liabilities**

	<b>(QR.) (Reviewed)</b>
Bank guarantees	<b>25,671,469</b>
Letters of credit	<b>115,196,055</b>
Bills for collections	<b>766,465</b>
Acceptances	<b>24,953,295</b>
Claims against the company not accounted for as liabilities till date	<b>1,973,575</b>

**Capital Commitments**

As mentioned in note 5 (b), the group has made an advance payment of QR.13,393,825 for purchase of a land in Qatar. The total value of this land is QR.35,820,700. The remaining balance amounting to QR.22,426,875 shall be paid in 18 quarterly installments of QR.1,245,937 each.

**18) COMPARATIVE FIGURES**

Certain of the prior period figures have been reclassified to conform with the presentation of the current period.

**19) GENERAL**

Figures in the interim condensed consolidated financial information have been rounded to the nearest Qatari Riyal.