

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION TOGETHER WITH  
REVIEW REPORT FOR THE  
SIX MONTHS ENDED JUNE 30, 2012**

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

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## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors  
Zad Holding Company (Q.S.C.)  
Doha – State of Qatar

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of 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 June 30, 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in shareholders’ 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 Accounting Standard-34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### 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 9 to the interim condensed consolidated financial information, an amount of QR.68,368,576 (2011: 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, 2012 (2011: QR.59,959,040) 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.76,241,068 as at June 30, 2012 (2011: QR.87,928,107). 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.



MEMBER OF THE

FORUM OF FIRMS

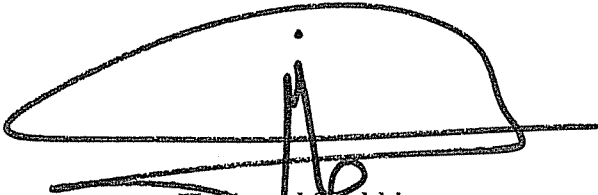
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Trans Orient Center bld., 3rd floor, Airport Road P.O.Box: 2620 Doha, State of Qatar (بنابة مركز عبر الشرق، الدور الثالث طريق المطار ص.ب : ٢٦٢٠ الدوحة، قطر)

***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 is not prepared, in all material respects, in accordance with International Accounting Standard-34, *Interim Financial Reporting*.

**TALAL ABU-GHAZALEH & CO.**

A handwritten signature in black ink, appearing to be 'Hazim Al Surkhi', written over a horizontal line. The signature is stylized with a large loop at the top and a vertical stroke that ends in a small circle.

Hazim Al Surkhi  
(Licence No. 119)  
Doha, August 15, 2012

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

**EXHIBIT "A"**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (REVIEWED)  
AS AT JUNE 30, 2012**

	Note	June 30, 2012 (QR.) (Reviewed)	Dec. 31, 2011 (QR.) (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment and capital work in progress	-4-	156,395,638	137,022,493
Investment properties	-5-	1,050,955,117	1,039,783,654
Goodwill	-6-	19,704,770	19,704,770
Investment in subsidiary-Al Heer Development Co.		200,000	200,000
Advance for purchase of land	-7-	23,361,321	20,869,447
Available-for-sale financial assets	-8-	280,621,005	314,666,012
Due from Government of Qatar	-9-	68,368,576	68,368,576
Retentions receivable – non current		9,158,088	9,072,271
Other assets – non current		821,163	869,637
		<hr/>	<hr/>
<b>Total Non-Current Assets</b>		<b>1,609,585,678</b>	<b>1,610,556,860</b>
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories	-10-	149,447,425	136,253,821
Excess of revenue over billings		5,521,922	4,385,274
Due from Government of Qatar	-9-	7,872,492	19,559,531
Accounts, retentions and other receivables		147,718,841	150,160,343
Due from related parties	-11-	858,100	202,680
Assets classified as held for sale	-12-	3,000,000	3,000,000
Cash in hand and at banks		51,864,893	54,216,326
		<hr/>	<hr/>
<b>Total Current Assets</b>		<b>366,283,673</b>	<b>367,777,975</b>
		<hr/>	<hr/>
<b>Total Assets</b>		<b>1,975,869,351</b>	<b>1,978,334,835</b>
		=====	=====

(Continued)

This interim condensed consolidated financial information was approved by the Board of Directors and was signed on their behalf by the following.

\_\_\_\_\_  
Sheikh Mansour Bin Mohammad  
Bin Jabor Al-Thani  
Board Member

\_\_\_\_\_  
Mr. Tarique Mohammad  
Chief Executive Officer

THE ACCOMPANYING NOTES 1 TO 23 CONSTITUTE AN INTEGRAL PART OF THIS  
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

EXHIBIT "A"

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (REVIEWED)  
AS AT JUNE 30, 2012**

(Continued)

	Note	June 30, 2012 (QR.) (Reviewed)	Dec. 31, 2011 (QR.) (Audited)
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	-13-	130,810,680	130,810,680
Shares reserved for exchange	-14-	84,641,320	84,641,320
Legal reserve	-15-	561,370,631	561,370,631
Capital reserve		15,000,000	15,000,000
Fair value reserve		195,469,009	235,690,924
Retained earnings		296,707,608	232,929,478
		<hr/>	<hr/>
<b>Total Shareholders' Equity – Exhibit D</b>		<b>1,283,999,248</b>	<b>1,260,443,033</b>
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Employees' end of service benefits		8,436,625	7,761,521
Due to Government of Qatar	-9-	47,591,581	-0-
Interest bearing borrowings		205,200,554	232,297,291
		<hr/>	<hr/>
<b>Total Non-Current Liabilities</b>		<b>261,228,760</b>	<b>240,058,812</b>
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Accounts, retentions and other payables		264,619,550	304,505,060
Due to related parties	-16-	76,489,615	94,908,970
Interest bearing borrowings		57,015,872	57,983,869
Refinancing loan and other bank dues		32,516,306	20,435,091
		<hr/>	<hr/>
<b>Total Current Liabilities</b>		<b>430,641,343</b>	<b>477,832,990</b>
		<hr/>	<hr/>
<b>Total Liabilities</b>		<b>691,870,103</b>	<b>717,891,802</b>
		<hr/>	<hr/>
<b>Total Shareholders' Equity and Liabilities</b>		<b>1,975,869,351</b>	<b>1,978,334,835</b>
		=====	=====

This interim condensed consolidated financial information was approved by the Board of Directors and was signed on their behalf by the following.

\_\_\_\_\_  
Sheikh Mansour Bin Mohammad  
Bin Jabor Al-Thani  
Board Member

\_\_\_\_\_  
Mr. Tarique Mohammad  
Chief Executive Officer

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

**EXHIBIT "B"**

**INTERIM CONDENSED CONSOLIDATED  
STATEMENT OF INCOME (REVIEWED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2012**

	Note	Six months ended June 30, 2012 (QR.) (Reviewed)	Six months ended June 30, 2011 (QR.) (Reviewed)
Operating revenue		262,208,608	137,911,170
Compensation from Government of Qatar for sale of subsidized flour		58,860,573	54,911,759
<b>Total revenue</b>		<b>321,069,181</b>	<b>192,822,929</b>
Operating cost		(243,911,335)	(145,298,732)
<b>Gross profit</b>		<b>77,157,846</b>	<b>47,524,197</b>
Other operating income	-17-	34,700,333	28,944,820
General and administrative expenses		(27,303,737)	(17,517,031)
Selling and distribution expenses		(12,285,129)	(7,738,965)
Finance charges		(8,491,183)	(93,497)
<b>Profit for the period – Exhibits C, D &amp; E</b>		<b>63,778,130</b>	<b>51,119,524</b>
<b>Earnings per share</b>			
Basic earnings per share	-18-	4.88	4.35
		=====	=====
Diluted earnings per share	-18-	4.88	4.35
		=====	=====

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

**EXHIBIT "C"**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (REVIEWED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2012**

	<b>Six months ended June 30, 2012 (QR.) (Reviewed)</b>	<b>Six months ended June 30, 2011 (QR.) (Reviewed)</b>
<b>Profit for the period – Exhibit B</b>	<b>63,778,130</b>	<b>51,119,524</b>
<b>Other comprehensive income:</b>		
Net changes in fair value of available-for-sale financial assets	(40,221,915)	(50,804,074)
<b>Other comprehensive (loss) for the period – Exhibit D</b>	<b>(40,221,915)</b>	<b>(50,804,074)</b>
<b>Total comprehensive income for the period – Exhibit D</b>	<b>23,556,215</b>	<b>315,450</b>
	=====	=====

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

**EXHIBIT "D"**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (REVIEWED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2012**

	Share Capital (QR.)	Shares Reserved (QR.)	Legal Reserve (QR.)	Capital Reserve (QR.)	Fair Value Reserve (QR.)	Retained Earnings (QR.)	Total (QR.)
SIX MONTHS ENDED JUNE 30, 2011 (REVIEWED)							
Balance as at December 31, 2010	100,623,600	-0-	70,584,050	15,000,000	241,921,033	174,669,014	602,797,697
Total comprehensive income for the period	-0-	-0-	-0-	-0-	-0-	51,119,524	51,119,524
Profit for the period – Exhibit B	-0-	-0-	-0-	-0-	(50,804,074)	-0-	(50,804,074)
Other comprehensive income	-0-	-0-	-0-	-0-	(50,804,074)	51,119,524	315,450
Net changes in fair value of available-for-sale financial assets	-0-	-0-	-0-	-0-	(50,804,074)	51,119,524	315,450
Rights issue	30,187,080	-0-	75,467,700	-0-	-0-	-0-	105,654,780
Rights issue transaction cost	-0-	-0-	(270,000)	-0-	-0-	-0-	(270,000)
Dividend distribution for the year 2010 – Note 20	-0-	-0-	-0-	-0-	-0-	(25,155,900)	(25,155,900)
Balance as at June 30, 2011	130,810,680	-0-	145,781,750	15,000,000	191,116,959	200,632,638	683,342,027
SIX MONTHS ENDED JUNE 30, 2012 (REVIEWED)							
Balance as at December 31, 2011 – Exhibit A	130,810,680	84,641,320	561,370,631	15,000,000	235,690,924	232,929,478	1,260,443,033
Total comprehensive income for the period	-0-	-0-	-0-	-0-	-0-	63,778,130	63,778,130
Profit for the period – Exhibit B	-0-	-0-	-0-	-0-	(40,221,915)	-0-	(40,221,915)
Other comprehensive income	-0-	-0-	-0-	-0-	(40,221,915)	63,778,130	23,556,215
Net changes in fair value of available-for-sale financial assets	-0-	-0-	-0-	-0-	(40,221,915)	63,778,130	23,556,215
Total comprehensive income for the period – Exhibit C	-0-	-0-	-0-	-0-	(40,221,915)	63,778,130	23,556,215
Balance as at June 30, 2012 – Exhibit A	130,810,680	84,641,320	561,370,631	15,000,000	195,469,009	296,707,608	1,283,999,248

THE ACCOMPANYING NOTES 1 TO 23 CONSTITUTE AN INTEGRAL PART OF THIS INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

EXHIBIT "E"

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (REVIEWED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2012**

	Note	Six months ended June 30, 2012 (QR.) (Reviewed)	Six months ended June 30, 2011 (QR.) (Reviewed)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period – Exhibit B		63,778,130	51,119,524
<b>Adjustments for:</b>			
Amortization of lease premium		48,474	-0-
Provision for doubtful debts		198,664	-0-
Provision for slow moving inventories		-0-	27,357
Depreciation of property, plant and equipment		16,971,399	14,755,563
Gain on disposal of property, plant and equipment		(60,160)	(129,749)
Finance charges		8,491,183	93,497
Employees' end of service benefits (net)		675,104	94,992
Dividend income		(20,990,621)	(21,475,083)
Interest income		(2,366)	(1,058,582)
Others		(553,719)	543,645
<b>Operating profit before working capital changes</b>		<u>68,556,088</u>	<u>43,971,164</u>
<b>Changes in operating assets and liabilities</b>			
-Inventories		(13,193,604)	(26,209,014)
-Excess of revenue over billings		(1,136,648)	-0-
-Due from and due to Government of Qatar		59,278,620	5,150,075
-Accounts, retentions and other receivables		2,157,021	16,281,058
-Due from related parties		(655,420)	(37,242,591)
-Accounts, retentions and other payables		(39,885,510)	3,382,857
-Due to related parties		(18,419,355)	-0-
<b>Cash generated from operations</b>		<u>56,701,192</u>	<u>5,333,549</u>
Finance charges paid		(8,491,183)	(93,497)
<b>Net Cash from Operating Activities</b>		<u>48,210,009</u>	<u>5,240,052</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and capital work in progress		(35,812,665)	(5,822,371)
Proceeds from disposal of property, plant and equipment		82,000	142,678
Addition to investment properties		(11,171,463)	-0-
Dividend received		20,990,621	21,475,083
Acquisition of available-for-sale financial assets		(6,176,908)	(19,540)
Advance for purchase of land		(2,491,874)	(2,491,874)
Interest received		2,366	1,058,582
<b>Net Cash (used in) from Investing Activities</b>		<u>(34,577,923)</u>	<u>14,342,558</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net movement in interest bearing borrowings		(28,064,734)	-0-
Net movement in refinancing loan and other bank dues		12,081,215	-0-
Dividend distribution		-0-	(25,155,900)
Proceeds from rights issue		-0-	105,654,780
Rights issue transaction cost		-0-	(270,000)
<b>Net Cash (used in) from Financing Activities</b>		<u>(15,983,519)</u>	<u>80,228,880</u>
<b>Net (decrease) increase in cash and cash equivalents</b>		<u>(2,351,433)</u>	<u>99,811,490</u>
Cash and cash equivalents at beginning of the period		54,216,326	83,990,027
<b>Cash and cash equivalents at end of the period</b>	-19-	<u>51,864,893</u> =====	<u>183,801,517</u> =====

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