

Zad Holding Company Q.P.S.C.
Condensed Consolidated Interim Financial Statements
30 June 2021

Zad Holding Company Q.P.S.C.

**Condensed Consolidated Interim Financial Statements
As at and for the six month period ended 30 June 2021**

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KPMG
25 C Ring Road
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4442 5626
Website: home.kpmg/qa

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of Zad Holding Company Q.P.S.C.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Zad Holding Company Q.P.S.C. (the "Company") as at 30 June 2021, the condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial statements (the "condensed consolidated interim financial statements"). The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 - "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the 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 of qualified conclusion

As more fully explained in note 8 of these condensed consolidated interim financial statements, receivable from the Government of Qatar includes compensation amounting to QR 68,368,576 in respect of subsidized flour sold during earlier years as per the provisions of the compensation agreement that was enforced until 13 December 2007. The quantification of the claim in respect of subsidized flour is still under discussion with the Government of Qatar. We have been unable to obtain assurance that this amount will be recovered in full. Further, the Government of Qatar loan of 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. The Company has been unable to demonstrate to us that the right of set off exists. Accordingly, we have been unable to obtain assurance that the set off is appropriate.



**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**
Zad Holding Company Q.P.S.C.

Qualified conclusion

Based on our review, with the exception of the matter described in preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying 30 June 2021 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 – “*Interim Financial Reporting*”.

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2020, and the interim condensed consolidated financial statements for the six-month period ended 30 June 2020, were audited and reviewed by another auditor who expressed a qualified opinion dated 6 March 2021 and qualified review conclusion dated 13 August 2020 on those financial statements, respectively.

12 August 2021
Doha
State of Qatar

Gopal Balasubramaniam
Qatar Auditors Registry Number 251
KPMG
Licensed by QFMA: External Auditor's
License No. 120153

Zad Holding Company Q.P.S.C.

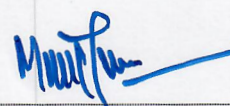
Condensed consolidated statement of financial position
As at 30 June 2021

In Qatari Riyals

	Note	30 June 2021 (Reviewed)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		294,877,639	307,314,202
Right of use assets	5(a)	75,738,247	78,462,435
Investment properties	6	526,263,380	528,916,403
Investment securities	7	341,800,927	316,961,044
Retention and other receivables		8,496,577	4,021,514
Investment in associates		9,450,255	6,989,435
Goodwill		19,704,770	19,704,770
Total non-current assets		1,276,331,795	1,262,369,803
Current assets			
Due from Government of Qatar	8(a)	80,067,211	105,348,474
Due from related parties	9(b)	5,997,385	3,983,335
Inventories		195,218,724	170,708,868
Accounts, retention, and other receivables		352,054,143	319,481,865
Investment in commodities		420,149,535	494,908,210
Cash and bank balances	10	37,513,565	30,642,844
Total current assets		1,091,000,563	1,125,073,596
Total assets		2,367,332,358	2,387,443,399
EQUITY AND LIABILITIES			
Equity			
Share capital	11	260,696,920	236,997,200
Legal reserve		563,120,753	563,120,753
Capital reserve		15,000,000	15,000,000
Fair value reserve		(10,103,656)	17,723,138
Retained earnings		632,826,850	717,929,595
Total equity		1,461,540,867	1,550,770,686
Non - current liabilities			
Lease liabilities	5(b)	12,804,133	13,135,767
Due to Government of Qatar	8(e)	97,568,246	56,412,866
Other non - current liabilities		35,895,285	33,972,951
Total non - current liabilities		146,267,664	103,521,584
Current liabilities			
Accounts payable, retention and other payables		327,867,915	312,775,494
Lease liabilities	5(b)	4,326,501	4,986,136
Due to related parties	9(c)	8,984,528	7,350,740
Islamic financing - current	12	418,344,883	408,038,759
Total current liabilities		759,523,827	733,151,129
Total liabilities		905,791,491	836,672,713
Total equity and liabilities		2,367,332,358	2,387,443,399

These condensed consolidated interim financial statements were approved by the Board of Directors and signed on its behalf by the following on 12 August 2021.


Abdulla Ali M A Al-Ansari
Board member


Tarique Mohammad
Chief Executive Officer

The attached notes on pages from 8 to 17 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of profit or loss
For the six months period ended 30 June 2021

In Qatari Riyals

	Note	For the six month period ended 30 June	
		2021 (Reviewed)	2020 (Reviewed)
Operating revenue	13	508,460,016	615,493,147
Compensation from Government of Qatar for sale of subsidized flour		42,847,839	46,563,154
Total revenue		551,307,855	662,056,301
Operating cost		(415,747,567)	(506,661,280)
Gross profit		135,560,288	155,395,021
Other income	14	50,882,608	33,068,998
General and administrative expenses		(42,254,880)	(41,409,249)
Selling and distribution expenses		(35,255,039)	(36,485,633)
Fair value gain / (loss) on investment securities - 'At fair value through profit or loss'		411,399	(422,348)
Reversal of impairment loss on financial assets		498,734	3,240,901
Finance costs		(5,534,204)	(6,367,117)
Profit for the period		104,308,906	107,020,573
Earnings per share			
Basic and diluted earnings per share	15	0.40	0.41



The attached notes on pages from 8 to 17 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of profit or loss and other comprehensive income
For the six months period ended 30 June 2021

In Qatari Riyals

	For the six month period ended 30 June	
	2021 (Reviewed)	2020 (Reviewed)
Profit for the period	104,308,906	107,020,573
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Investment securities – ‘At fair value through other comprehensive income’ - net change in fair value	(27,640,685)	-
Other comprehensive income for the period	(27,640,685)	-
Total comprehensive income for the period	76,668,221	107,020,573



The attached notes on pages from 8 to 17 form an integral part of these condensed consolidated interim financial statements.

Zad Holding Company Q.P.S.C.

Condensed consolidated statement of changes in equity
For the six months period ended 30 June 2021

In Qatari Riyals

	Share Capital	Legal Reserve	Capital Reserve	Fair value Reserve	Retained Earnings	Total equity
Balance as at 1 January 2020 (Audited)	236,997,200	563,120,753	15,000,000	-	722,920,086	1,538,038,039
Profit for the period	-	-	-	-	107,020,573	107,020,573
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	107,020,573	107,020,573
Dividends paid (Note 16)	-	-	-	-	(201,447,620)	(201,447,620)
Balance at 30 June 2020 (Reviewed)	<u>236,997,200</u>	<u>563,120,753</u>	<u>15,000,000</u>	<u>-</u>	<u>628,493,039</u>	<u>1,443,610,992</u>
Balance as at 1 January 2021 (Audited)	236,997,200	563,120,753	15,000,000	17,723,138	717,929,595	1,550,770,686
Profit for the period	-	-	-	-	104,308,906	104,308,906
Other comprehensive income	-	-	-	(27,640,685)	-	(27,640,685)
Total comprehensive income	-	-	-	(27,640,685)	104,308,906	76,668,221
Bonus Shares	23,699,720	-	-	-	(23,699,720)	-
Gain transferred on disposal of investment securities - 'At FVOCI'	-	-	-	(186,109)	186,109	-
Dividends paid (Note 16)	-	-	-	-	(165,898,040)	(165,898,040)
Balance at 30 June 2021 (Reviewed)	<u>260,696,920</u>	<u>563,120,753</u>	<u>15,000,000</u>	<u>(10,103,656)</u>	<u>632,826,850</u>	<u>1,461,540,867</u>



The attached notes on pages from 8 to 17 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows
For the six months period ended 30 June 2021

In Qatari Riyals

Note	For the six month period ended 30 June	
	2021 (Reviewed)	2020 (Reviewed)
Cash flows from operating activities		
	104,308,906	107,020,573
	<i>Profit for the period</i>	
	<i>Adjustments for:</i>	
	(411,399)	422,348
	<i>Fair value (gain) / loss on investment securities - 'At FVTPL'</i>	
14	(39,189,078)	10,282,520
	<i>(Gain) / loss on sale of commodities</i>	
	(173,017)	-
	<i>Gain on disposal property, plant and equipment</i>	
	24,084,442	30,181,694
	<i>Depreciation of property, plant and equipment</i>	
	4,146,278	3,786,137
	<i>Depreciation of right of use assets</i>	
	2,653,023	3,470,079
	<i>Depreciation of investment properties</i>	
	5,534,204	6,369,117
	<i>Finance costs</i>	
	3,311,384	2,623,875
	<i>Provision for employees' end of service benefits</i>	
14	(883,362)	-
	<i>Dividend income</i>	
	(498,734)	(3,240,901)
	<i>Reversal of impairment loss on financial assets</i>	
	(522)	(120,907)
	<i>Islamic finance income</i>	
	102,882,125	160,794,535
	<i>Change in:</i>	
	(24,509,856)	(37,760,415)
	<i>- Inventories</i>	
	66,436,644	(13,016,321)
	<i>- Due from Government of Qatar - net</i>	
	87,419,033	(47,016,320)
	<i>- Accounts, retention and other receivables</i>	
	(380,262)	3,128,678
	<i>- Due from and to related parties - net</i>	
	12,450,386	40,068,900
	<i>- Accounts payable, retention and other payables</i>	
	244,298,070	106,199,057
	<i>Cash generated from operating activities</i>	
	(5,073,554)	(6,445,814)
	<i>Finance costs paid</i>	
	(10,000,000)	(12,100,000)
	<i>Zakat fund contribution paid</i>	
	(1,389,050)	(1,798,289)
	<i>Employees' end of service benefits paid</i>	
	227,835,466	85,854,954
	<i>Net cash from operating activities</i>	
Cash flows from investing activities		
	(11,852,920)	(74,709,382)
	<i>Acquisition of property, plant and equipment</i>	
	378,058	222,152
	<i>Proceeds from disposal of property, plant and equipment</i>	
	(10,019,888)	(88,518,228)
	<i>Acquisition of commodities</i>	
	(56,291,189)	-
	<i>Additions to investment securities - 'At FVOCI'</i>	
	(2,460,820)	-
	<i>Additional interest acquired associate</i>	
	4,222,020	-
	<i>Proceeds from disposals of investment securities - 'At FVOCI'</i>	
14	883,362	-
	<i>Dividend received</i>	
	522	156,218
	<i>Islamic finance income received</i>	
	(75,140,855)	(162,849,240)
	<i>Net cash used in investing activities</i>	
Cash flows from financing activities		
	10,306,124	92,024,186
	<i>Islamic financing movement - (net)</i>	
5(b)	(2,874,009)	(2,071,263)
	<i>Payment of lease liabilities</i>	
	(153,256,005)	(73,083,616)
	<i>Dividends paid</i>	
	(145,823,890)	16,869,307
	<i>Net cash (used in) / from financing activities</i>	
	6,870,721	(60,124,979)
	Net increase / (decrease) in cash and cash equivalents	
	30,642,844	85,890,476
	<i>Cash and cash equivalents at beginning of the period</i>	
10	37,513,565	25,765,497
	Cash and cash equivalents at end of the period	



The attached notes on pages from 8 to 17 form an integral part of these condensed consolidated interim financial statements.

1. Reporting entity

Zad Holding Company Q.P.S.C. (the “Company”) was incorporated on 07 July 1969 under commercial registration No. 27 as a Qatari Shareholder Company by Emiri Decree No. 45 of 1969 and by Concession law No. 12 of 1969. The condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2021 (“the condensed consolidated interim financial statements”) comprise the Company and its subsidiaries (together referred as the “Group”).

The Group’s main activities are import of wheat, production of different kinds of flour, manufacturing and marketing of pasta and bakery products. Further, the Group earns income from sales of certain types of grain and related commodities. In addition to the above, the Group is engaged in the activities of contracting for building, investing, establishing, and managing of industrial projects, activities in real estate, selling and rental of heavy equipment, manufacturing and supply of ready mix concrete and asphalt, crushing services, providing transport services, and investment in financial instruments.

2. Basis of preparation

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 “Interim Financial Reporting”, and should be read in conjunction with the Company’s last annual financial statements as at and for the year ended 31 December 2020 (“last annual financial statements”). They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

b) Judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the latest annual financial statements.

Measurement of fair values

When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted market price (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020 and the notes attached thereto, except for the adoption of certain new and revised standards that became effective in current period as set out below:

(i) New and amended standards adopted by the Group

The Group has applied the following new and revised IFRS Standards that have been issued and are effective for annual periods beginning on or after 1 January 2021:

- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The application of these amendments had no impact on the Group's interim condensed consolidated financial statements.

(ii) New and revised standards and interpretations but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

Effective for annual periods beginning on or after 1 January 2022:

- Amendments to IAS 37 - Onerous Contracts: Cost of Fulfilling a Contract
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41-Annual improvements 2018-2020 Cycle
- Amendments regarding IAS 16 Property, Plant and Equipment - Proceeds before intended use
- Amendments to IFRS 3 - Reference to the Conceptual Framework

Effective for annual periods beginning on or after 1 January 2023:

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- IFRS 17 Insurance Contracts
- Amendments to IAS 8 - Definition of Accounting Estimate
- Amendments to IAS 1 and IFRS Practice Statement 2- Disclosure of Accounting Policies

Amendments with effective date yet to be set by IASB:

- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

4. Operating segments

Information about reportable segments

Revenue / profit	Investment & managed services		Trading, manufacturing, distribution & services		Contracting, real estate & others		Total	
	For the six month period ended 30 June		For the six month period ended 30 June		For the six month period ended 30 June		For the six month period ended 30 June	
	2021 (Reviewed)	2020 (Reviewed)	2021 (Reviewed)	2020 (Reviewed)	2021 (Reviewed)	2020 (Reviewed)	2021 (Reviewed)	2020 (Reviewed)
External revenue	-	-	389,584,259	538,254,759	118,875,757	77,238,388	508,460,016	615,493,147
Other Income / (loss)	40,350,618	(10,583,130)	14,274,056	21,551,471	(3,330,667)	21,678,309	51,294,007	32,646,650
Inter-segment revenue	-	-	80,489,150	83,031,770	27,568,367	24,268,947	108,057,517	107,300,717
Compensation from Government of Qatar	-	-	42,847,839	46,563,154	-	-	42,847,839	46,563,154
Total revenue	40,350,618	(10,583,130)	527,195,304	689,401,154	143,113,457	123,185,644	710,659,379	802,003,668
Segment profit / (loss)	31,825,855	(14,056,154)	60,470,518	102,118,609	12,012,533	18,958,118	104,308,906	107,020,573
Assets and Liabilities	Investment & managed services		Trading, manufacturing, distribution & services		Contracting, real estate & others		Total	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)
Current assets	515,878,043	508,343,071	490,989,500	458,002,650	84,133,020	158,727,875	1,091,000,563	1,125,073,596
Non - current assets	371,741,157	347,638,892	172,682,723	180,321,953	731,907,915	734,408,958	1,276,331,795	1,262,369,803
Total assets	887,619,200	855,981,963	663,672,223	638,324,603	816,040,935	893,136,833	2,367,332,358	2,387,443,399
Current liabilities	577,877,039	552,879,585	108,989,125	120,203,213	72,657,663	60,068,331	759,523,827	733,151,129
Non - current liabilities	18,751,522	15,052,083	118,199,377	79,395,675	9,316,765	9,073,826	146,267,664	103,521,584
Total liabilities	596,628,561	567,931,668	227,188,502	199,598,888	81,974,428	69,142,157	905,791,491	836,672,713

5. Right-of-use assets and lease liabilities**a) Right-of-use assets**

The right-of-use assets relate to land, vehicles and buildings situated in the State of Qatar.

The following amounts are included in the right-of-use assets in the condensed consolidated statement of financial position and cost of sales, general and administrative expenses and selling and distribution expenses in the condensed consolidated statement of profit or loss:

	30 June 2021 (Reviewed)	31 December 2020 (Audited)
Cost		
As at 1 January	94,275,753	65,437,674
Additions	1,422,090	39,112,304
Derecognition	-	(456,227)
	<u>95,697,843</u>	<u>104,093,751</u>
Accumulated depreciation		
At 1 January	15,813,318	17,768,206
Depreciation	4,146,278	8,180,486
Derecognition	-	(317,376)
	<u>19,959,596</u>	<u>25,631,316</u>
Carrying amounts	<u>75,738,247</u>	<u>78,462,435</u>

b) Lease liabilities

The movements of lease liabilities were as follows:

	30 June 2021 (Reviewed)	31 December 2020 (Audited)
At 1 January	18,121,903	11,359,704
Additions	1,422,090	11,592,733
Finance cost	460,650	755,120
Derecognition	-	(142,461)
Payment	(2,874,009)	(5,443,193)
	<u>17,130,634</u>	<u>18,121,903</u>

The lease liabilities are presented in the condensed consolidated statement of financial position as follows:

	30 June 2021 (Reviewed)	31 December 2020 (Audited)
Non-current	12,804,133	13,135,767
Current	4,326,501	4,986,136
	<u>17,130,634</u>	<u>18,121,903</u>

6. Investment properties

The movement during the period / year were as follows:

	30 June 2021 (Reviewed)	31 December 2020 (Audited)
Cost		
Balance at the end of the period / year	<u>623,957,249</u>	<u>623,957,249</u>
Accumulated depreciation		
Balance at the beginning of the period / year	95,040,846	88,062,560
Depreciation	2,653,023	6,978,286
Balance at the end of the period / year	<u>97,693,869</u>	<u>95,040,846</u>
Net book value at the end of the period / year	<u>526,263,380</u>	<u>528,916,403</u>

Investment properties comprise a number of residential and commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of one to-five years, with annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessees and historically the average renewal period was one year.

The management has used the services of an independent evaluator to calculate the fair value of investment properties as at 31 December 2020 amounting to QR 688 million. The valuation is based on transaction for the similar asset in the same locality. The management does not expect a significant change in fair value of investment properties during the current period due to constant yield and stable forecast on market condition.

Investment properties amounting to QR Nil (2020: QR 90.3 million) of the group are mortgaged against Islamic financing facility (Note 12).

7. Investment securities**a) Investment by category**

	30 June 2021 (Reviewed)	31 December 2020 (Audited)
Fair value through profit or loss		
Quoted equity securities - Note 7 (b)	1,925,616	1,514,217
Fair value through other comprehensive income		
Quoted equity securities - Note 7 (c)	<u>339,875,311</u>	315,446,827
	<u>341,800,927</u>	<u>316,961,044</u>

b) Investment in quoted equity securities - 'At fair value through profit or loss'

The movement during the period / year were as follows:

	30 June 2021 (Reviewed)	31 December 2020 (Audited)
Balance at beginning of the period / year	1,514,217	1,523,256
Additions during the period / year	-	7,611,874
Fair value adjustment during the period / year	411,399	(768,129)
Disposals during the period / year	-	(6,852,784)
Balance at the end of the period / year	<u>1,925,616</u>	<u>1,514,217</u>

7. Investment securities (continued)

c) Investment in quoted equity securities - 'At fair value through other comprehensive Income'

The movement during the period / year were as follows:

	30 June 2021 (Reviewed)	31 December 2020 (Audited)
Balance at beginning of the period / year	315,446,827	-
Additions during the period / year	56,291,189	297,723,690
Disposals during the period / year	(4,222,020)	-
Fair value adjustments	(27,640,685)	17,723,137
Balance at the end of the period / year	<u>339,875,311</u>	<u>315,446,827</u>

8. Due from and due to Government of Qatar

a) Due from Government of Qatar

	30 June 2021 (Reviewed)	31 December 2020 (Audited)
<i>Compensation due from Government of Qatar</i>		
Balance at beginning of the period / year	165,307,514	138,799,675
Cash received during the period / year	(75,830,798)	(83,378,680)
Compensation for sale of subsidized flour	42,847,840	97,543,617
Compensation for storage and operation - Note 8 (d)	7,701,695	12,342,902
Compensation due from Government of Qatar	140,026,251	165,307,514
Loan from Government of Qatar – Note 8 (c)	(59,959,040)	(59,959,040)
Net due from Government of Qatar – Note 8 (b)	<u>80,067,211</u>	<u>105,348,474</u>

b) This includes compensation receivable amounting to QR 68,368,576 (31 December 2020: QR 68,368,576) relating to the period up to 31 December 2007 and was computed based on the term of a subsidy agreement dated 25 May 1993.

c) A loan amounting to QR 40,000,000 was provided by the Government of Qatar on 5 June 1994 according to decision taken by the cabinet of ministers in the year 1991. The loan was repayable in equal semiannual 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 fails to make payment on the due dates. The Group has not yet made any repayment of the principal or interest. However, the Group has made a provision for the interest on the loan amounting to QR 19,959,040.

The interest amount 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 amount of claims under previous compensation agreement and the loan are under review by the Government of Qatar. The loan balance including the accrued interest has been netted off with the compensation due from the Government in respect of the subsidized flour.

d) Due from Government of Qatar represents the monthly compensation and cost incurred to be received from Government of Qatar related to storage and maintenance of strategic stock of oil and wheat.

8. Due from and due to Government of Qatar (continued)**e) Due to Government of Qatar**

	30 June 2021 (Reviewed)	31 December 2020 (Audited)
Opening balance	56,412,866	47,591,581
Receipts during the period / year	<u>41,155,380</u>	<u>8,821,285</u>
Closing balance	<u>97,568,246</u>	<u>56,412,866</u>

Due to Government of Qatar represents the compensation received from the Government of Qatar in order to maintain the strategic wheat and oil stock as required by the Government of Qatar. Since the repayable terms and conditions have not been agreed with the Government of Qatar, the compensation is considered as long term.

9. Related party balances and transactions

The Group enters into transactions with companies, entities and individuals that fall within the definition of a related party as referred in International Accounting Standard (IAS) No. 24 Related Party Disclosures. Related parties comprise of Company's shareholders, directors, key management personnel, entities in which the shareholders have controlling interest, affiliates and other related parties.

a) Compensation of key management personnel

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

	For the six month period ended 30 June	
	2021 (Reviewed)	2020 (Reviewed)
Key management remuneration	9,180,705	7,668,205
Post - employment benefits	<u>229,327</u>	<u>229,327</u>
	<u>9,410,032</u>	<u>7,897,532</u>

b) Due from related parties

	30 June 2021 (Reviewed)	31 December 2020 (Audited)
Dandy Company Limited W.L.L.	<u>5,997,385</u>	<u>3,983,335</u>

c) Due to related parties

	30 June 2021 (Reviewed)	31 December 2020 (Audited)
Qatar Detergent Company W.L.L.	3,833,356	3,960,636
Aayan Leasing Company Qatar	4,187,970	2,098,801
Seven Brothers Holding Company W.L.L.	<u>963,202</u>	<u>1,291,303</u>
	<u>8,984,528</u>	<u>7,350,740</u>

10. Cash and bank balances

	30 June 2021 (Reviewed)	31 December 2020 (Audited)
Cash in hand	1,623,452	1,082,528
Cash at banks	<u>35,890,113</u>	<u>29,560,316</u>
	<u>37,513,565</u>	<u>30,642,844</u>

11. Share capital

- a) The authorized share capital amounting to QR 260,696,920 as at 30 June 2021 represents 26,069,692 ordinary shares of QR 10 each as follows:

	30 June 2021 (Reviewed)	31 December 2020 (Audited)
Issued and fully paid share capital - listed at Qatar Exchange	<u>260,696,920</u>	<u>236,997,200</u>

- b) During the period, the Company issued bonus shares (ordinary shares) at the rate of one share for every ten shares held by the ordinary shareholders upon obtaining approval from the shareholders in the Annual General Meeting held on 05 April 2021.

12. Islamic financing

Islamic financing is presented in the condensed consolidated statement of financial position as follows:

	30 June 2021 (Reviewed)	31 December 2020 (Audited)
Islamic financing - current	<u>418,344,883</u>	<u>408,038,759</u>

Above represent short term loans and are secured against corporate guarantee.

13. Operating revenue

Revenue is disaggregated by major products and service lines and timing of revenue recognition and is derived only from market in state of Qatar.

	For the six month period ended 30 June	
	2021 (Reviewed)	2020 (Reviewed)
<i>Major products/service lines:</i>		
Sale of other grains and related commodities	106,773,116	256,589,351
Unsubsidized products	177,470,518	172,504,762
Building materials and logistics	29,846,201	26,264,694
Contracting income	49,427,344	11,795,101
Rental income	33,701,692	34,021,221
Subsidized products	14,880,672	16,557,984
Other products and services	<u>96,360,473</u>	<u>97,760,034</u>
	<u>508,460,016</u>	<u>615,493,147</u>
<i>Timing of revenue recognition:</i>		
Services transferred over time	83,129,036	45,816,322
Products transferred at a point in time	<u>425,330,980</u>	<u>569,676,825</u>
	<u>508,460,016</u>	<u>615,493,147</u>

14. Other income

	For the six month period ended 30 June	
	2021 (Reviewed)	2020 (Reviewed)
Dividend income	883,362	-
Gain / (loss) on sale of commodities	39,189,078	(10,282,520)
Reversal of provision for demurrage charges	-	13,781,466
Recovery of claim from customer (1)	-	21,055,734
Others	10,810,168	8,514,318
	50,882,608	33,068,998

(1) This represents excess amount received from customer as result of Court of Cassation verdict.

15. Earnings per share**a) Basic earnings per share**

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

	For the six month period ended 30 June	
	2021 (Reviewed)	2020 (Reviewed)
Profit attributable to ordinary shareholders of the Company	104,308,906	107,020,573
Weighted average number of ordinary shares outstanding	260,696,920	260,696,920
Basic earnings per share	0.40	0.41

The weighted average number of ordinary shares have been calculated as follows:

	For the six month period ended 30 June	
	2021 (Reviewed)	2020 (Reviewed)
Qualifying ordinary shares at the beginning of the period	236,997,200	236,997,200
Effect of bonus share issue	23,699,720	23,699,720
Weighted average number of ordinary shares for the period	260,696,920	260,696,920

b) Diluted earnings per share

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

16. Dividend

During the period, the Company declared and paid cash dividend of QR 0.7 per share totalling to QR 165.90 million (2020: QR 8.5 per share totalling to QR 201.45 million).

17. Contingent liabilities and capital commitments

As at period end the Group has contingent liability and capital commitments amounting to QR 180.53 million (2020: QR 266.86 million).

18. Fair values of financial instruments

The table below showing the Company's financial and non-financial assets which are measured at fair value as at 30 June 2021 and 31 December 2020:

Assets measured at fair value	30 June 2021	Level 1	Level 2	Level 3
Quoted equity securities - FVTPL	1,925,616	1,925,616	-	-
Quoted equity securities - FVOCI	<u>339,875,311</u>	<u>339,875,311</u>	<u>-</u>	<u>-</u>
	<u>341,800,927</u>	<u>341,800,927</u>	<u>-</u>	<u>-</u>
	31 December 2020	Level 1	Level 2	Level 3
Assets measured at fair value				
Quoted equity securities - FVTPL	1,514,217	1,514,217	-	-
Quoted equity securities - FVOCI	<u>315,446,827</u>	<u>315,446,827</u>	<u>-</u>	<u>-</u>
	<u>316,961,044</u>	<u>316,961,044</u>	<u>-</u>	<u>-</u>

During the six-month period ended 30 June 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair value of the financial assets and liabilities carried at amortised cost approximates their carrying amount, hence not included in the above fair value hierarchy.

19. Comparative figures

The comparative figures for the previous period have been reclassified, where necessary, in order to conform to the current period's presentation. Such reclassifications do not affect the previously reported net profits, net assets, or equity.