



شركة زاد القابضة
Zad Holding Company Q.P.S.C.

Annual Report
2021

Contents



H.H. Sheikh Tamim bin Hamad Al-Thani
Amir of the State of Qatar

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Leadership

Sheikh Nasser bin Mohammad bin Jabor Al-Thani
Chairman

Sheikh Talal bin Mohammad bin Jabor Al-Thani
Vice Chairman

Sheikh Nawaf bin Mohammad bin Jabor Al-Thani
Managing Director

Sheikh Mansour bin Mohammad bin Jabor Al-Thani
Board Member

Sheikh Thamer bin Mohammad bin Jabor Al-Thani
Board Member

Sheikh Jabor bin Mohammad bin Hassan Al-Thani
Board Member

Mr. Ali Eskander Al-Ansari
Board Member

Mr. Saud Omar Al-Mana
Board Member

Mr. Abdulla Ali Al-Ansari
Board Member

Ms. Kaltham Sultan Al-Hajri
Representative of The Ministry of Finance

Mr. Tarique Mohammad
Chief Executive Officer

Annual General Meeting Agenda:

1. Hearing the Board of Directors report on the company performance for the financial year ended 31st December 2021 and the company outlook.
2. Hearing the External Auditor's report on the financials of the company for the year ended 31st December 2021.
3. Discuss and approve the financial report of the company for the year ended 31st December 2021.
4. Approve the recommendation of the Board of Directors to distribute dividends of 65% cash and 5% bonus shares for the financial year 2021.
5. Absolve the Members of Board of Directors from all responsibilities for the financial year ended 31st December 2021, and approve their remunerations.
6. Approve the Corporate Governance Report of the year 2021.
7. Appoint an External Auditor for the financial year 2022 and approve their fees.

Agenda of the Extraordinary General Meeting:

1. Approve the amendment of the company Articles of Association (AOA) by increasing the share capital by 5% in light of the bonus shares distribution resolved by the AGM.
2. Approve the amendment of the company AOA in compliance with Law number 8 for 2021 and the Corporate Governance Code of QFMA.
3. Authorize the Board of Directors to carry out all necessary amendment in the AOA according to the resolutions of the EGM.

Agenda of the Annual General Meeting



Sheikh Nasser
bin Mohammad
bin Jabor Al Thani
Chairman

Dear Shareholders,

On behalf of the board of directors, I am pleased to present this report on the performance of the company and the financial results for the year ended 31st December 2021.

The company achieved a net profit of QAR 190.04 million in 2021 as against QAR 201.49 million in 2020 and earnings per share (EPS) remained at QAR 0.73 in 2021 as against QAR 0.77 per share in 2020. Further, the company has provided QR 17.90 million for Zakat for the year 2021.

We were able to maintain the performance despite the continuing challenges caused by covid-19 and increase in commodity prices due to inflation. Our crisis management team continued to manage the situation by having strong supply chain management with

diversified supplier profiles and proactively planning, procuring and storing the inventory (higher stocks, hedging etc) to counter this situation to ensure uninterrupted supply of our products. We continued to have a comprehensive internal and external efficiency and cost management initiatives, in order to address the challenges of increased cost on supply chain management

We are also pleased to report that in order to continue our growth and to expand our horizon further we have expanded the bakery operations with additional capacity and launched new bakery products.

We continue to maintain our guiding principle of investing our capital in projects with high yield potential and low risk, which are strategic and long term in nature. In the absence of such opportunities, we prefer to return the funds to our shareholders.

We continue to manage the strategic stock of wheat and edible oils, as a Strategic partner, for the Government of Qatar and the stocks are being maintained as per the mandate from the Government.

We are very confident that continued efforts of our very capable and visionary management team with comprehensive long term strategy, Zad Holding Company will continue to aspire for sustainable growth and achieve its business objectives.

We would like to express our sincere gratitude and appreciation to HH the Emir of the State of Qatar, Sheikh Tamim bin Hamad Al-Thani for his guidance to realize our objectives under his patronage and able leadership.

We would also like to express our sincere appreciation to HE the Prime Minister Sheikh Khalid bin Khalifa bin Abdulaziz Al-Thani, the Minister of Finance HE Ali bin Ahmed Al Kawari, and the Minister of Commerce and Industry HE Sheikh Mohammed Bin Hamad Bin Qassim Al-Abdullah Al-Thani for their continued support.

We would finally like to thank all our valued shareholders for their continuous trust and support to the Board of Directors and the management of the company.

Nasser bin Mohammad bin Jabor Al Thani
Chairman



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

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Zad Holding Company Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects on the consolidated financial statements of the matters described in basis for qualified opinion para, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

a) As described in Note 11 to the consolidated financial statements, due from Government of Qatar as at 31 December 2021 and 31 December 2020 includes the Group's compensation claim against Government of Qatar amounting to QR 128,327,616 in respect of sale of flour by the Group at subsidised rates in the local markets in the earlier years. The Group is still in discussion with the Government of Qatar for quantification and recovery of the compensation claim, which also caused the predecessor auditor to qualify the audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2020. We were unable to satisfy ourselves with regards to the existence, accuracy and recoverability of the compensation claim by performing alternative procedures. Hence, we were unable to determine whether any adjustments to the carrying value of due from Government of Qatar as at 31 December 2021 and 31 December 2020, and net profit for the years then ended were necessary.

Basis for Qualified Opinion (continued)

b) The Group has netted off the loan repayable to Government of Qatar amounting to QR 28,359,040 (2020: QR 47,584,040) against its compensation claim with the Government of Qatar amounting to QR

128,327,616 (2020: QR 128,327,616) as at 31 December 2021 and 31 December 2020, without demonstrating that the Group has a legally enforceable right to set-off, as required by IAS 32, 'Financial Instruments: Presentation'. This also caused the predecessor auditor to qualify the audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2020. Had the Group not netted off the loan repayable against the compensation claim, due from Government of Qatar and due to Government of Qatar would be increased by QR 28,359,040 and QR 47,584,040 as at 31 December 2021 and 31 December 2020 respectively. Pending discussion with the Government of Qatar, the Group did not accrue interest on loan repayable to Government of Qatar since 2007 and penalty as per contract for non-repayment of principal and interest on due dates. We were unable to quantify the impact of omission to accrue interest and penalty amount on the consolidated financial statements as at and for the year ended 31 December 2021 and 31 December 2020.

We conducted our audit in accordance with International Standards on Auditing ('ISA'). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), together with the ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
<p>Compensation from Government of State of Qatar for sale of subsidized flour - Note 11 (a)</p> <p>We focused on this area because:</p> <ul style="list-style-type: none"> - The Group's business involves selling flour in local market at subsidized rates as agreed with the Government of State of Qatar. - We focused on this amount because of the significance of the subsidy amount representing 7.3% of total (revenue / income) from operations and importance of the subsidy to the business operations of the Group. - Due to the nature of the business, determination of subsidy depends on the various types of flour and the clauses of the subsidy agreement. 	<p>Our audit procedures in this area included the following:</p> <ul style="list-style-type: none"> - obtaining an understanding of the terms and conditions of the subsidy contract with the Government. - testing the design and operating effectiveness of controls over the process of recognizing and claiming government subsidy. - assessing the appropriateness of the claims made by the Group and whether they are in line with the contract. - agreeing the amount of subsidy received with the amount approved by the Government; and - Evaluating the adequacy of the Group's disclosures related to Government subsidy by reference to the requirements of the relevant accounting standards.
<p>Impairment assessment of goodwill - Notes 3 and 10</p> <p>We focused on this area because:</p> <ul style="list-style-type: none"> - As at 31 December 2021, the Group's consolidated financial statements include recognised goodwill of QR 19,704,770 which arose from acquisition of National Food Company which represents 1.4% of total assets. - An assessment is required annually to establish whether this goodwill should continue to be recognized, or if any impairment is required. 	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> - Understanding the Group's budgeting process upon which forecasts are based. - testing the design and operating effectiveness of controls over goodwill impairment assessment process - We involved our valuation specialists to assist us in evaluating the appropriateness of the methodology used by the Group to assess impairment of goodwill and in evaluating key inputs and assumptions in cash flow projections used by the Group in comparison to externally derived data as well as our own assessments of investee specific circumstances.
The key audit matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> - The impairment assessment relies on determining the recoverable amount of the investment in the subsidiary using valuation techniques such as discounted cash flows. - The estimation of future cash flows and the rate at which they are discounted is inherently uncertain and requires significant judgment and hence has been identified as a key audit matter 	<ul style="list-style-type: none"> - Evaluating the adequacy of the Group's disclosures related to goodwill impairment by reference to the requirements of the relevant accounting standards.

Continued...

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 were audited by another auditor who expressed a qualified opinion on those consolidated financial statements on 6 March 2021 because they were unable to confirm if any adjustment is required to the carrying value of the Group's compensation claim against Government of Qatar in respect of sale of flour by the Group at subsidised rates in the local markets. Additionally, the Group netted off the loan repayable to Government of Qatar against its compensation claim against Government of Qatar, without demonstrating that the Group has a legally enforceable right to set-off.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Group's Annual Report but does not include the consolidated financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communicate

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

- i. Except for the possible effect of matters described in 'Basis for Qualified Opinion' section of our report on the audit of the consolidated financial statements, we have obtained all the information and explanations we considered necessary for the purposes of our audit and the Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. We are not aware of any other violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2021.
- ii. We have not received the report of the Board of Directors to be included in Annual report, and therefore, we are unable to confirm whether financial information contained therein is in agreement with the books and records of the Company.
- iii. Furthermore, the physical count of the inventories was carried out in accordance with established principles.

23 March 2022
Doha, State of Qatar

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

Consolidated
Statement of
Financial Position
as at Dec. 31,
2021

ASSETS	2021 (QR.)	2020 (QR.)
Non-current assets		
Property, plant and equipment	279,145,781	307,314,202
Right of use assets	73,635,936	78,462,435
Investment property	523,566,386	528,916,403
Investment securities	453,316,748	315,428,750
Retention and other receivables	10,579,863	3,919,987
Deferred tax assets	130,347	101,527
Investment in associate	8,855,684	6,989,435
Goodwill	19,704,770	19,704,770
TOTAL NON-CURRENT ASSETS	1,368,935,515	1,260,837,509
Current assets		
Due from Government of Qatar	132,476,938	117,723,474
Due from related parties	6,787,224	3,983,335
Inventories	198,533,609	170,708,868
Investment securities	1,943,694	1,532,294
Accounts, retention and other receivables	332,594,091	307,106,865
Investment in commodities	453,552,643	494,908,210
Cash and bank balances	52,898,188	30,642,844
Total current assets	1,178,786,387	1,126,605,890
Total assets	2,547,721,902	2,387,443,399

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SHAREHOLDERS' EQUITY AND LIABILITIES	2021 (QR.)	2020 (QR.)
EQUITY AND LIABILITIES		
Equity		
Share capital	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	(31,613,512)	17,723,138
Retained earnings	713,812,888	717,929,595
TOTAL SHAREHOLDERS' EQUITY	1,521,017,049	1,550,770,686
Non-current liabilities		
Lease liability	12,026,725	13,135,767
Due to Government of Qatar	97,568,246	56,412,866
Provision for end of service benefits	38,451,891	33,972,951
Islamic financing	168,488,710	-
TOTAL NON-CURRENT LIABILITIES	316,535,572	103,521,584
Current liabilities		
Accounts payable, retention and other payables	317,786,122	312,775,494
Lease liability	4,640,324	4,986,136
Due to related parties	8,906,274	7,350,740
Islamic financing	378,836,561	408,038,759
TOTAL CURRENT LIABILITIES	710,169,281	733,151,129
TOTAL LIABILITIES	1,026,704,853	836,672,713
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,547,721,902	2,387,443,399

Consolidated
Statement of
Financial Position
as at Dec. 31,
2021

Consolidated
Statement of
Profit or Loss and
other Comprehensive
Income for the year
ended Dec. 31, 2021

	2021 (QR.)	2020 (QR.)
Operating revenue	1,197,706,130	1,102,473,114
Compensation from Government of Qatar for sale of subsidized flour	94,612,708	97,543,617
TOTAL REVENUE	1,292,318,838	1,200,016,731
Operating cost	(1,023,976,074)	(938,833,317)
GROSS PROFIT	268,342,764	261,183,414
Other income	104,561,201	125,274,269
General and administrative expenses	(80,570,612)	(80,133,448)
Selling and distribution expenses	(71,073,909)	(70,682,889)
Net impairment (loss) / reversal on financial assets	(704,639)	3,586,727
Share of loss on investment in associate	(594,571)	(366,185)
Fair value gains / (losses) on investment securities – At fair value through profit or loss	1,260,329	(11,012,908)
Operating Profit	221,220,563	227,848,980
Finance cost - net	(13,090,673)	(11,371,495)
Profit before tax and zakat	208,129,890	216,477,485
Tax expense	(177,325)	(300,520)
Provision for zakat contribution	(17,906,469)	(14,682,473)
PROFIT FOR THE YEAR	190,046,096	201,494,492
EARNINGS PER SHARE		
Basic and diluted earnings per share	0.73	0.77

Consolidated
Statement of
Profit or Loss and
other Comprehensive
Income for the year
ended Dec. 31, 2021

	2021 (QR.)	2020 (QR.)
PROFIT FOR THE YEAR	190,046,096	201,494,492
OTHER COMPREHENSIVE (LOSS) / INCOME		
Item that will not be reclassified to profit or loss		
Equity investments at FVOCI – net change in fair value	(49,150,541)	17,723,138
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	140,895,555	219,217,630

Consolidated
Statement of
Changes in
Shareholders'
Equity for the year
ended Dec. 31, 2021

	Share Capital (QR.)	Legal Reserve (QR.)	Capital Reserve (QR.)	Fair Value Reserve (QR.)	Retained Earnings (QR.)	Total (QR.)
Balance as on 31 December 2019	236,997,200	563,120,753	15,000,000	-	722,920,085	1,538,038,038
PROFIT FOR THE YEAR	-	-	-	-	201,494,492	201,494,492
Other comprehensive income	-	-	-	17,723,138	-	17,723,138
Contribution to social and sports fund	-	-	-	-	(5,037,362)	(5,037,362)
Dividend distribution	-	-	-	-	(201,447,620)	(201,447,620)
BALANCE AS ON 31 DECEMBER 2020	236,997,200	563,120,753	15,000,000	17,723,138	717,929,595	1,550,770,686
Profit for the year	-	-	-	-	190,046,096	190,046,096
Other comprehensive income	-	-	-	(49,150,541)	-	(49,150,541)
Gain transferred on disposal of investment securities – 'At FVOCI'	-	-	(186,109)	-	186,109	-
Contribution to social and sports fund	-	-	-	-	(4,751,152)	(4,751,152)
Bonus shares	-	-	-	23,699,720	(23,699,720)	-
Dividend distribution (Note 20)	-	-	-	-	(165,898,040)	(165,898,040)
BALANCE AS ON 31 DECEMBER 2021	260,696,920	563,120,753	15,000,000	(31,613,512)	713,812,888	1,521,017,049

*Capital reserve represents additional reserve created from prior years' profits. There has not been any movement in the reserve for the current year.

**Fair value reserve represents changes in fair value in mining shares which have been irrevocably designated as fair value through other comprehensive income.

*** Pursuant to Law No. 13 of 2008, the Group made an appropriation of QR 4,751,152 (2020: QR 5,037,362) from retained earnings for its contribution to the Social and Sports Activities Support Fund ("Daam") of Qatar, the Group is required to contribute 2.5% of annual net profits of the Company to the State Social and Sports Fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income in the consolidated statement of changes in equity.

Consolidated
Statement of Cash
Flows for the year
ended Dec. 31,
2021

CASH FLOWS FROM OPERATING ACTIVITIES	2021 (QR.)	2020 (QR.)
Profit	190,046,096	201,494,492
Adjustments for:		
Provision for slow moving inventories	225,029	120,815
Provision for doubtful receivables	704,639	1,836,383
Profit on disposal of investment in commodities	(75,306,055)	(72,325,609)
Depreciation on property, plant and equipment	45,699,279	64,279,267
Depreciation on right to use assets	4,817,599	8,180,486
Depreciation on investment property	5,350,017	6,978,286
Gain on disposal of property, plant and equipment	(345,740)	(397,693)
Finance costs	13,090,673	11,493,805
Tax provision	177,325	300,520
Employees' end of service benefits	7,531,938	7,083,957
Zakat contribution	17,906,469	14,682,474
Share of loss of investment in associate	594,571	-
Reversal of provision for doubtful receivables	-	(5,423,110)
Dividend income	(3,015,825)	(689,653)
Islamic finance income	(779)	(122,310)
Fair value gains / (losses) on investment securities – At fair value through profit or loss	(1,260,329)	-
(Gain)/loss on disposal of investment securities	-	10,235,740
	206,214,907	247,727,847
CHANGE IN:		
Inventories	(28,049,770)	(49,351,939)
-Due from and due to Government of Qatar (net)	26,401,916	(6,578,406)
-Accounts, retentions and other receivables	(32,880,561)	63,481,802
-Due from and to related parties (net)	(1,248,354)	(935,790)
-Accounts payable, retention and other payables	31,499,133	19,841,163
CASH GENERATED FROM OPERATING ACTIVITIES	201,937,271	274,184,678
Employees' end of service benefits paid	(3,052,998)	(3,401,927)
Zakat paid	(11,429,574)	(13,500,000)
Finance costs paid	(13,090,673)	(11,493,805)
NET CASH FROM OPERATING ACTIVITIES	174,364,026	245,788,947

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CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(18,207,936)	(88,426,818)
Proceeds from disposal of property, plant and equipment	1,022,818	3,956,026
Disposal of right of use assets	8,900	-
Proceeds from disposal of investment securities	4,222,020	6,852,784
Addition in investment in associate	(2,460,820)	-
Acquisition of investment securities	(190,411,630)	(314,803,175)
Dividend income received	3,015,825	689,653
Net proceeds/(payments) investment in commodities	238,856,653	121,293,658
Acquisition of investment in commodities	(122,195,031)	-
Islamic finance income received	779	122,310
NET CASH USED IN INVESTING ACTIVITIES	(86,148,422)	(270,315,562)
Cash flows from financing activities		
Movement in Islamic financing	139,286,512	115,952,054
Lease liability paid	(1,454,854)	(4,950,200)
Dividends paid	(203,791,918)	(141,722,871)
NET CASH USED IN FINANCING ACTIVITIES	(65,960,260)	(30,721,017)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	22,255,344	(55,247,632)
Cash and cash equivalents at beginning of the year	30,642,844	85,890,476
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 16)	52,898,188	30,642,844

The Management
Report on The
Company
Governance for
the Year 2021

Effective corporate governance is an important part of Zad Holding Company's identity. Therefore, the Board of Directors plays an active role in the management of the company via a set of systems and procedures that the Board constantly prepares and reviews. The most important of which is the Governance Chart and the Board of Directors' chart.

The Board is committed to establishing high standards of governance in line with regulations, guidelines and best practices. The guiding framework for these regulations and standards is established in accordance with the Qatar Commercial Companies Law No. 11 of 2015 and the Corporate Governance Code issued by the Qatar Financial Markets Authority in addition to other laws and regulations in force in the State of Qatar.

This Corporate Governance Report highlights the main components of the corporate governance system, the manner in which it was designed and what the measures the management took to apply best management practices during the reporting period, fiscal year ending December 31st, 2021.

The Board of Directors approved a Corporate Governance Chart after the amendment of its predecessor in line with the articles of the Corporate Governance Code for legal entities listed in the main market issued by the decision of the Board of Directors of the Qatar Financial Markets Authority No. 5 of 2016, the amended Governance chart was approved by the Board in their meeting held on December 28, 2019.

Nasser bin Mohammed bin Jabor Al-Thani

Chairman of the Board

(To view the Corporate Governance Chart, please visit Zad's website at www.zad.qa).

i. Company Structure:

Zad Holding Company is a Qatari Public Shareholding Company that practices all the activities stipulated in Article 267 of the Commercial Companies Law No. 11 of 2015 for holding companies. The company's activities in its Articles of Association are:

- Participating in the management of its subsidiaries or companies in which it invests.
- Investing its funds in shares, bonds and securities.
- Providing the necessary support for its subsidiaries.
- Owning intellectual property rights, including patent rights, trademarks, industrial models, royalties and other moral rights, and utilizing or licensing them for the subsidiaries or third parties whether inside or outside the State of Qatar.

- Owning movables and real estate required for carrying out its business within the limits permitted by law.

A brief overview of the current structure of Zad and ownership in its subsidiaries (the group) is presented below.



ii. Shareholders:

1- Shareholding Structure:

The authorized and paid-up capital of Zad is QAR 260,696,920 divided into 260,696,920 shares.

The company's Articles of Association stipulate that the maximum number of shares held by one shareholder must not exceed 15% of the company's total share capital. During the reporting period, to the knowledge of the company, none of the shareholders exceed the stated limit.

According to the article of association of the company, non-Qatari investors can hold up to 49% of the total shares of the company.

Zad continues to rely on Qatar Stock Exchange and Qatar Central Securities Depository Company to obtain a valid record of its shareholders.

2- Shareholders' Rights:

Creating value for the shareholders and protecting it is a priority for the Board of Directors of Zad and its management team. Therefore, the company sets its strategies and carries out all its activities in the interest of its shareholders.

Zad values and respects the rights of its shareholders. To ensure the protection of shareholders' rights, specific provisions have been included in the company's Articles of Association stipulating the equal rights of shareholders and protecting them from discrimination, including the rights of minority shareholders. This includes, equal treatment of shareholders, holding Annual General Meetings (AGM), disclosing the agenda of the AGMs to shareholders, the right to vote, the right to elect the Board of Directors, the right to dividends, the right to access all the information of the company and reserve decision making rights for all major matters to the AGM.

As resolved by the Extraordinary General Meeting (EGM) held on 24 April 2019, Zad amended its Articles of Association to increase the limit of non-Qatari shareholding to 49% of the total capital. It also adjusted the nominal value of its shares to one Qatari Riyal.

The Board of Directors recommended to the Extraordinary Assembly, scheduled for April 18, 2022, to amend the Articles of Association, including additional provisions on shareholders' rights related to the Annual General Meeting and the rights of any shareholder to object to decisions that are in the interest or could harm a particular group.

Major shareholders:

Shareholder's Name	Holding Percentage
Future Investment Company	10.3%
Almirqab Investment	10%
Potential Investment Company	9.7%
7Brothers Investment	9%
Horizon Investment	8.8%
Alliance Investment	6.3%

3- Investor Relations Department:

Zad has had an independent Investor Relations Department since 2008. The IR Department was formed to proactively communicate with the company's shareholders, potential investors, analysts and regulatory authorities and apply the best practices in the field of IR.

Zad has a section on its website dedicated to Investor Relations. It publishes its financials, Charts, information about its Board, news and presentations for investors that includes analysis about its financials. It also holds conferences calls with investors to discuss the financial reports, performance of the company and address their inquiries after the disclosure of its annual, semi-annual and quarterly reports.

During the reporting period, the company fully complied with the requirements of the Investor Relations Rules issued by Qatar Stock Exchange.

4- The Ordinary and Extraordinary Annual General Meeting (AGM & EGM):

During the review period Zad held an AGM and EGM on April 5, 2021 and resolved the following:

AGM resolutions:

- Approved the company's annual financial report for the year ended 31 Dec 2020.
- Approved the distribution of cash dividends of 70% of the nominal value of the share plus 10% bonus shares for the financial year 2020.
- Approved the management report on the company governance during 2020.
- Absolved the members of the Board of Directors from liability for the fiscal year 2020 and approved QAR 5.3 million as remuneration.
- Appointed KPMG as the external auditor for the year 2021.

EGM resolutions:

- To amend the articles of association increasing the share capital by 10% according to the AGM resolution of 10% bonus shares.
- Authorized the BOD to carry out the necessary amendments in the articles of association.

iii. Board of Directors:

1- Duties of the Board of Directors:

The Board of Directors is the highest administrative body in Zad and exercises its duties and responsibilities as stipulated in the company's Articles of Association and Governance Chart. The Board works on the basis of clear information and in good faith for the benefit of the shareholders, the company and its subsidiaries, the employees and the community at large. The board supports the administrative structure, carries out the activities & goals of the company, executes the recommendations of the external auditors on behalf of shareholders and makes initiatives that enhance the performance of the company.

The Articles of Association details the duties and responsibilities of the Board of Directors, the Board also prepared a chart called the "Board of Directors Chart".

2- Formation of the Board of Directors:

According to the Articles of Association, the Board of Directors must consist of 9 members who are elected via secret ballot by the AGM for a period of three consecutive years. In addition to the elected members of the board, the Ministry of Finance has appointed a representative for matters related to the government.

The current Board of Directors consists of 9 members elected by the AGM held on May 13, 2020. There has been no change to the current Board of Directors since their appointment.

Current Board of Directors:

Name of Director	Designation	Executive/ Non-Executive	Independent/ Non-Independent
1 Sheikh Nasser Mohammad Jabor Al Thani	Chairman	Non-Executive	Non-Independent
2 Sheikh Talal Mohammad Jabor Al Thani	Vice-Chairman	Executive	Non-Independent
3 Sheikh Nawaf Mohammad Jabor Al Thani	Managing Director	Executive	Non-Independent
4 Mr. Ali Eskander Al Ansari	Director	Non-Executive	Independent
5 Mr. Saud Omar Hamad Al Mana	Director	Non-Executive	Independent
6 Sheikh Jabor Mohammad Hassan Al Thani	Director	Non-Executive	Non-Independent
7 Mr. Abdulla Ali Al Ansari	Director	Non-Executive	Independent
8 Sheikh Thamer Mohammad Jabor Al Thani	Director	Non-Executive	Non-Independent
9 Sheikh Mansor Mohammad Jabor Al Thani	Director	NonExecutive	Non-Independent

3-Board of Directors Chart:

In line with the duties and responsibilities of the Board of Directors stipulated in the Articles of Association, the Board has prepared the "Board of Directors Chart" detailing their duties and responsibilities, terms of membership and work mechanism of the Board and the Board committees. The BOD has approved a revised chart according to the provisions of the Corporate Governance Code issued by the Qatar Financial Markets Authority (QFMA).

(To review the Board of Directors' Chart, please visit Zad's website at www.zad.qa).

4-Chairman of the Board of Directors:

According to Article 30 of the company's Articles of Association, the chairman of the Board is the president of the company, represents it before others and before the judiciary bodies, implements the decisions of the Board and adheres to its

a) Nomination and Remuneration Committee:

1	Sheikh Mansor Mohammed Jabor Al Thani	Head	Non-independent
2	Sheikh Jabor Mohammad Hassan Al-Abdullah Al-Thani	Member	Non-independent
3	Sheikh Thamer Mohammed Jabor Al Thani	Member	Non-independent

b) Audit Committee:

1	Mr. Abdullah Ali Al-Ansari	Head	Independent
2	Mr. Ali Eskander Al-Ansari	Member	Independent
3	Sheikh Jabor Mohammad Hassan Al-Abdullah Al-Thani	Member	Non-independent

recommendations. In addition to his duties stipulated in the Commercial Companies Law and QFMA's Corporate Governance Code.

The Board of Directors' Chart also contains the duties and responsibilities assigned to the position of Chairman in Zad.

There is a clear separation between the position of the Chairman and CEO in Zad, thus Mr. Tarique Mohammad holds the position of CEO of the company in compliance with this principle of separation, and the Chairman of the Board of Directors is also prohibited from performing any executive duties in the company.

5-Board Committees:

Zad BOD has formed 2 committees and delegated some of its duties to these committees in accordance with the articles of QFMA's Corporate Governance Code, the company Articles of Association and the Board Chart. During the reporting period, the Board restructured its committees as stated below:

(To view the Board of Directors' Committees, please visit Zad's website www.zad.qa)

6-BOD Meetings:

During the year reviewed, the Board of Directors held 6 periodic meetings in which the Board reviewed and approved the company's financial reports, its performance, approved its strategies and budgets, also reviewed the company's future strategic plans and issued a number of decisions and recommendations.

These board meetings were held in the presence of:

Member	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting	6 Meeting
Sheikh Nasir M. J. Al Thani	Present	Present	Present	Present	Present	Present
Sheikh Talal M. J. Al Thani	Present	Present	Present	Present	Present	Present
Sheikh Nawaf M. J. Al Thani	Present	Present	Present	Present	Present	Present
Sheikh Mansur M. J. Al Thani	Present	Present	Present	Present	Present	Present
Mr. Ali Eskander Al Ansari	Present	Present	Present	Proxy	Present	Present
Mr. Saud Omar Al Mana	Present	Present	Present	Present	Present	Present
Sheikh Thamer M. J. Al Thani	Present	Present	Present	Present	Present	Present
Sheikh Jabor M. H. Al Thani	Present	Present	Present	Present	Present	Present
Mr. Abdulla Ali Al Ansari	Present	Present	Present	Present	Present	Present

7- Board Committees Meetings and Performance:

The Audit Committee held 6 meetings during the fiscal year in which it reviewed and prepared several policies and internal control systems, reviewed the reports of the company's internal audit function's periodic reports, and put its recommendations and observations thereon, reviewed the offers received from External Auditors to carry out audits for the fiscal year 2021, reviewed the quarterly financial reports and presented to the Board of Directors for discussion and approval.

The Nominations and Remunerations Committee held two meetings during the fiscal year in which it reviewed the performance of the Board of Directors and presented its recommendations regarding the board performance and their remunerations for the year 2020.

All meeting held by both committees were attended by all the members of the committees and their active participation in reviewing and discussing the agendas of the meetings.

8- Combining Positions:

Zad Board members are committed not to combine positions that are prohibited by law. All members provided a written declaration to the Board Secretary that they had not combined any of the positions during the reporting period as mandated by the BOD Chart.

9- Best Practices of Governance:

The Board is fully aware of the laws and regulations of governance and always strives to follow best practices in this regards in terms of applying the principle

of equality between stakeholders, transparency, putting the company's interest before their personal interests, disclosure of material information that enables investors to take the appropriate decisions and provide the best work environment for the company's employees.

The executive management also keeps all members aware of any changes in the governing laws and regulations, in addition to holding training sessions to increase the knowledge level of the members of the Board whenever required, and orientation programs for new members.

10- The Board Secretary:

The Board of Directors has a secretary appointed by the Board. His services may only be terminated with a decision issued by the Board of Directors.

Zad Board of Directors' Secretary was appointed in February 2008 and his appointment letter was signed by the Vice-Chairman and Managing Director.

The Board secretary takes and keeps minutes of Board meetings, the members' attendance and any reservations that are discussed during these meetings. As the Secretary of the Board and under the supervision of the Chairman, he ensures proper delivery and distribution of meeting invites, agenda, information and coordinates among the members and other stakeholders of the company, including shareholders, management and employees. He also ensures that Board members have full and quick access to all Board meeting minutes, information, documents and records relating to the company and performs additional duties as head of the Investor Relations Department.

iv. Internal Control:

The Board of Directors is responsible for the company's internal control systems. The senior management in Zad hold regular meetings to review the performance of the company and its subsidiaries.

In addition, Zad prepares a detailed business plan for each of its subsidiaries, and monitors the performance of all of its subsidiaries in line with those business plans and provide the necessary support and guidance whenever required.

Zad conducts all of its business according to specific internal policies and regulations that ensure all its departments, employees and subsidiaries adhere to the best practices and comply with all standards and regulations stipulated in relevant laws in the State of Qatar while capitalizing on the usages of modern technology in its business requirements.

Zad exercises a firm principle with Joint signature to approve payments and commercial transactions. It also established central functions in relation to treasury, information technology, human resources, legal affairs, public relations and procurement for all companies in the group.

Central financial functions and treasury, provide oversight over subsidiaries and control of risk factors and internal controls. The company also relies on external auditors to provide an independent opinion on the company's financial statements and the internal control system.

The board monitors the full compliance with the company internal controls and has an obligation to disclose failures in doing so, wholly or partly, or any other risks that may affect Zad's financial performance, and the procedures followed by the Company in addressing Internal Controls failures. During the review year, there has not been any failures in complying with the internal control systems.

1- Internal Audit:

Zad has formed a separate, independent and effective function that carries out the tasks of internal auditing, risk management, assess the company's commitment to best practices in its financial dealings and transactions with related parties and submits its periodic reports to the Board of Directors on these aspects. It has the right to access, at all times, all information related to any of the subsidiaries, departments or employees to be able to carry out the duties assigned to it. The Internal Audit Department and its employees enjoy complete independence and absolute authority in relation to their duties.

The function issues a quarterly audit report, including risk analysis, assessment of internal control, compliance with internal policies and regulatory requirements paired with its recommendations to the Audit Committee of the Board.

During the review year, the function did not report any violations and besides the general risks related to Covid19 and commercial risks due to inflation, the internal audit function did not report any specific risks that the company faced.

v. Risk Management:

The Board of Directors has overall control and responsibility for risk management. To continue enhancing risk management practices and ensure a comprehensive assessment of the business risks, and besides the Internal Audit Department's involvement in risk management, Zad has established a committee consisting of members of executive management for risk management.

The committee meets regularly to evaluate and put mitigation plans of risk factors faced by the company either general risks such as natural, social, economical, political risks or risks related to the nature of the company's activities in particular.

All subsidiaries assess their own business risks related to their activities and develop their strategy under the supervision of the Risk Management Committee of Zad.

Zad has a whistleblower policy to receive and deal with reports about violations or breaches of the company's code of conduct, policies and/or procedures and this policy includes clear measures to protect whistleblowers from retaliation.

vi. External Audit:

Zad relies on external auditors registered in the auditors' ledger at the Ministry of Commerce and Industry and Qatar Financial Market Authority to carry out audits and reviews on the company's business and practices in accordance with the

relevant laws and regulations and provide an independent opinion. The external auditor is appointed for each financial year by the AGM.

The external auditors provide semi-annual reviews and an annual audits. In addition to that they submit an independent annual report to the shareholders on all matters related to internal control and performance evaluation practices, especially the following:

- 1- The suitability and effectiveness of the company's internal control systems.
- 2- The company's ability to continue its activities and meet its obligations. This shall be evaluated independently of what the Board reports.
- 3- The Company's compliance to develop internal policies and procedures, and the suitability of these procedures with the Company's status, as well as its commitment to implementing them.
- 4- The Company's compliance with its Articles of Associations, the provisions of the Law and QFMA's relevant legislations, including the Corporate Governance Code.
- 5- The Company's compliance in implementing best international standards in auditing and the financial reporting as well as its compliance with international audit and accounting standards (IFRS / IAS) and (ISA) and their requirements.
- 6- The company's cooperation in enabling them to access the information necessary to complete their review.

The AGM held on April 5, 2021 appointed KPMG as auditor for the fiscal year 2021.

vii. Related Party Transactions:

Zad complies with all laws & regulations related to transactions with related parties. Zad identifies these transactions whenever they take place, register them and disclose them accordingly. All related party transactions during the year reviewed have been disclosed in the financial report of 2021 in note number 12.

The company's internal policies require that related parties disclose any transactions or dealings that may be conducted with the company before entering into them, as well as putting forth the company's interest in those deals while providing the best offers/terms to the company. In case of failure, the party shall be in violation of the company's policy.

In all cases, all transactions that the company conducts with others are in the best interest of the company. Likewise, all the deals made are based on competitive prices, purely on commercial basis and

do not include conditions that conflicts with the company's interest.

viii. Insider Trading:

Zad has clear guidelines for insider trading and discloses relevant information in accordance with the Qatar Commercial Companies Law, the regulations of Qatar Financial Markets Authority and Qatar Stock Exchange.

With regard to the insider trading of the company's shares, Zad provides QFMA and QCSD with an updated list of their names and information on an ongoing basis. The company also circulates to the Board members and insiders the periods when their trading of the company's shares directly or indirectly is prohibiting according to what is stipulated in the governing regulations.

ix. Dividend Payment:

The dividend payment process is subject to a recommendation from the Board of Directors and approval of the AGM based of the company performance and in accordance with the Articles of Association. The Board recommends the dividends distribution to the AGM after the consideration of liquidity requirements.

The Board of Directors has recommended a cash dividend of 65% and bonus shares of 5% for the year 2021 to be approved by the AGM scheduled for 18 April 2022.

x. Board Remunerations:

According to Article 36 of the Articles of Association, Board remuneration should not exceed 5% of the net profits after deducting the reserves and legal deductions and distributing no less than 5% of the capital as dividends to the shareholders.

The Nominations and Remunerations Committee submits a recommendation to the Board of Directors for the remuneration of the Board, and the Board recommends to the AGM for approval. The Board of Directors also determines the salaries and bonuses of the executive management.

Zad discloses all compensation paid to the members of the Board of Directors and any payments or salaries received by the Chairman, Board members or the Executive management as part of the related parties' disclosures in the note no 12 of audited financials of the company.

The Board has recommended to the AGM a remuneration of QAR 4.7 million for the financial year 2021.

xi. Policies and Procedures:

ZAD's Corporate Governance system comprises a number of strategic policies, procedures and

The key Policies are as follows:

- Governance chart
- Board Charter
- Audit Committee Charter
- Nomination & Remuneration Committee Charter
- Board and Committees Performance Evaluation Framework
- Audit Rotation and Independence Policy
- Disclosure Policy
- Terms of Reference - Chairman
- Terms of Reference - Chief Executive Officer
- Terms of Reference - Secretary of the Board
- Code of ethics
- Remuneration policy
- Related parties' policy
- Conflict of interest policy
- Insider trading policy
- Whistle Blowing Policy
- Board Induction and training policy
- Investors relation policy
- CSR Policy

xii. Corporate Social Responsibility (CSR)

ZAD's social responsibility is a voluntary commitment attempting to achieve business objectives while complying strictly with its legal, social, human and contractual obligations, applying criteria of equity and empathy in its relationships

Below table shows dates of financial disclosures and investors' conference calls held during 2021:

Period	Disclosure Date	Con. Call date
Annual 2020	6 March 2021	9 March 2021
First quarter 2021	29 April 2021	6 May 2021
Half yearly 2021	12 Aug 2021	16 Aug 2021
Third Quarter 2021	28 Oct 2021	2 Nov 2021

with the stakeholders, thus contributing the needs of society.

ZAD sees its CSR activities as safeguarding values of solvency, integrity, vocation for service, innovation for leadership. Exhibiting the company's social values that reconciles the value of its operational activities with the value of the not-for-profit activities

During the review period, the company paid QAR 5.03 million towards Social and Sports Activities Fund. In addition to the above, the company paid QAR 14.68 million for Zakat.

xiii. Compliance and Control of Improvements:

The regulatory environment in Qatar is subject to changes from time to time. ZAD monitors regulatory changes and continues to comply with all governing laws & regulations and their amendments. In addition, ZAD maintains an open and constructive dialogue with regulatory authorities for further improvement. Wherever the Board and senior management identify gaps in governance practices, corrective measures are taken immediate basis.

Grievances and complaints:

During the review period, no grievances or complaints related to the application of the principles of governance were received by the board.

Disclosure requirements:

During the review period, the company disclosed all material information and events as mandated by the regulating laws.

Compliance:

During the review period, the company has complied with all regulatory and legal requirements. The company has not been subject to any violations or fines imposed by regulatory bodies due to non-compliance with laws and regulations.

Conflicts and Legal Disputes:

During the review period, the company has not been a part in any significant dispute, litigation or lawsuit.