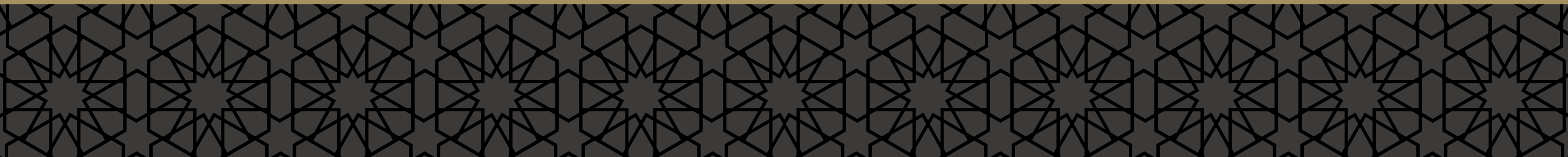


# Annual Report

2015



شركة زاد القابضة  
Zad Holding Company S.A.Q.







H.H. Sheikh Tamim bin Hamad Al-Thani

*Emir of the State of Qatar*

7	Agenda of the Annual General Meeting
8	Message of the Chairman
9	Board of Directors Report
10	Independent Auditor's Report
12	Statement of Financial Position
14	Consolidated Income Statement
15	Statement of Comprehensive Income
16	Statement of changes in shareholders' equity
17	Statement of cash flows

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. Abdella Ali Al-Ansari

**Board Member**

Ms. Kaltham Sultan Al-Hajri

**Representative of The Ministry of Economy & Finance**

Mr. Tarique Mohammad

**Chief Executive Officer**

- 1** Hearing the Board of directors report on the company performance and financial position for the financial year ended 31st December 2015 and the company outlook.
- 2** Hearing the External Auditors report on the financials the company for the financial year ended 31st December 2015.
- 3** Discuss and approve the Balance Sheet and Income Statement of the company for the financial year ended 31st December 2015.
- 4** Approval of recommendation of the Board of Directors for dividend distribution of 40% of the nominal value of the shares as cash dividend for the financial year 2015
- 5** Absolve the Members of Board of Directors from all responsibilities for the financial year ended 31st December 2015, and approve their remunerations.
- 6** Discuss the Corporate Governance Report of the year 2015.
- 7** Appointment of the External Auditors for financial year 2016 and decide their fees.



**Sheikh Nasser bin Mohammad bin Jabor Al Thani**  
**Chairman**

**Respected Shareholders**  
**Dear Guests**

It is a great pleasure and honor that I welcome you on behalf of the Board of Directors to the Annual General Meeting of Zad Holding Company S.A.Q.

Despite the current economic situation, the company managed to perform very well operationally during the financial year 2015.

As it is shown in the financial reports, the net profit has decreased by 11.7% from QR 181.7 million in 2014 to QR 160.3 million in 2015. This is due to the reduction in the other income.

I would also like to take this opportunity to extend my sincere thanks and gratitude for His Highness the Emir of the state of Qatar Sheikh Tamim bin Hamad Al Thani for his continued support.

I would also like to thank you for the trust you have placed in the Board of directors of the Company and for your support, and I would like to thank the management and the employees of the company for their effort and dedication.

**Nasser Bin Mohammad bin Jabor Al Thani**  
Chairman



**Sheikh Nawaf bin Mohammad bin Jabor Al Thani**  
**Managing Director**

**Dear Shareholders,**

It is with great pleasure that I present the Board of Directors' report on the performance of the company and the financial results for the years ended 31st December 2014.

While the company has grown operationally well, due to significant reduction in the other income, on a year on year basis, the net profit has decreased by 11.7% from QR 181.7 million (2014) to QR 160.3 million (2015) and earning per share decreased from QR 8.43 to QR 7.44 per share over the previous year. Further, as per the resolution passed in the company AGM in 2008, we have provided QR 12.05 million for Zakat for the year 2015.

The company continues to study the demand/supply in the market for all its products and services in order to make necessary arrangements and be prepared to cater to the market. Accordingly the company has taken the following strategic steps.

1- As stated in the previous year, the company is in the process to expand the capacity of the flour mill by 150 MT per day and expected to complete by mid 2016 which will take the production capacity to 820 MT per day.

- 2- The company has completed the installation of second plant of Asphalt during the year 2015
- 3- The company in the process of constructing cold stores which is expected to be completed by mid 2017.

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 Abdella bin Nasser bin Khalifa Al-Thani, the Minister of Finance HE Ali Sherif Al Emadi and the Minister of Economy and Trade HE Sheikh Ahmed bin Jassem 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.

**Nawaf bin Mohammed bin Jabor Al Thani**  
Managing Director



## INDEPENDENT AUDITOR'S REPORT

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

**Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of Zad Holding Company Q.S.C. (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of income, and the consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

**Board of Directors' responsibility for the consolidated financial statements**

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due

to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis of qualified opinion**

- 1 Receivable from the Government of State of Qatar as compensation amounting to QR 68,368,576 in respect of subsidized flour sold during earlier years is, 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 State of Qatar. We have been unable to obtain assurance that this amount will be recovered in full. Further, the Government of State of Qatar's 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 State 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.
- 2 With respect to the comparative financial information, as qualified in our related audit report on the consolidated financial statements of the Company for the year ended 31 December 2014 (qualification

number 2 & 3), the Company has not complied with the provisions of IAS - 8 Accounting Policies, Changes in Accounting Estimates and Errors with respect to timing of reclassification of Investment Property to Property, Plant and Equipment and recognition of depreciation charge on Property, Plant and Equipment and Investment Property; and has accounted for the depreciation pertaining to earlier years as an expense in the consolidated income statement for the year ended 31 December 2014. As a result of the above, as at 1 January 2014, Property, Plant and Equipment was lower by QR 145,506,805 and Investment property, Retaining Earnings were higher by QR 168,165,732 and QR 56,985,768, respectively and depreciation charge on Property, Plant and Equipment and Investment Property for the year 2014 was higher by QR 56,985,768. However, Property, Plant and Equipment, Investment Property and Retained Earnings as at 31 December 2014 are fairly stated.

**Qualified Opinion**

In our opinion, except for the effects on the consolidated financial statements of the matters referred to in Basis for Qualified Opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Emphasis of matter**

Without further qualifying our opinion, we draw attention to note 15(b) to the consolidated financial statements; the Company is in the process of listing its 8,464,132 equity shares at a par value of QR 10 each that were issued to the shareholders of an acquired subsidiary during the year 2011. The financial position and operating results of the acquired subsidiary are consolidated with these

consolidated financial statements.

**Report on other legal and regulatory requirements**

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. We confirm that physical count of the inventories was carried out in accordance with established principles. We have reviewed the accompanying report of the Board of Directors and confirm that the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the provisions of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company's Articles of Association and the amendments thereto having occurred during the year which might have had a material adverse effect on the business of the Company or on its consolidated financial position as at 31 December 2015.

30 March 2016

**Gopal Balasubramaniam**

Doha KPMG  
 State of Qatar Audit Registration No 251

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2015

ASSETS	2015 (QR.)	2014 (QR.)
<b>Non-current assets</b>		
Property, plant and equipment	345,799,255	346,203,045
Advance for purchase of land	-	205,233,200
Investment property	579,017,205	652,442,485
Available-for-sale financial assets	57,407,710	113,219,432
Retention receivable	5,711,892	1,970,340
Other assets	4,780,649	4,878,197
Goodwill	19,704,770	19,704,770
<b>Total non-current assets</b>	<b>1,012,421,481</b>	<b>1,343,651,469</b>
<b>Current assets</b>		
Excess of revenue over billings	28,637,339	6,350,017
Due from Government of Qatar	86,934,174	81,328,542
Due from related parties	769,228	1,209,700
Inventories	110,877,220	155,789,272
Accounts, retentions and other receivables	363,746,673	253,343,147
Investment in commodities and precious metals	205,316,921	91,241,586
Cash and bank balances	282,437,780	77,962,450
<b>Total current assets</b>	<b>1,078,719,335</b>	<b>667,224,714</b>
<b>Total assets</b>	<b>2,091,140,816</b>	<b>2,010,876,183</b>

Continued...

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2015

Continued...

SHAREHOLDERS' EQUITY AND LIABILITIES	2015 (QR.)	2014 (QR.)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	215,452,000	215,452,000
Legal reserve	563,120,753	563,120,753
Capital reserve	15,000,000	15,000,000
Fair value reserve	2,085,925	21,688,466
Retained earnings	547,893,690	477,611,312
<b>TOTAL EQUITY</b>	<b>1,343,552,368</b>	<b>1,292,872,531</b>
<b>Non-current liabilities</b>		
Employees' end of service benefits	18,556,736	14,715,853
Due to Government of Qatar	47,591,581	47,591,581
Islamic financing-non current	117,548,071	148,036,690
<b>Total non-current liabilities</b>	<b>183,696,388</b>	<b>210,344,124</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable, retentions and other payables	364,332,820	315,661,656
Due to related parties	8,656,860	17,818,643
Islamic financing-current	190,902,380	174,179,229
<b>TOTAL CURRENT LIABILITIES</b>	<b>563,892,060</b>	<b>507,659,528</b>
<b>TOTAL LIABILITIES</b>	<b>747,588,448</b>	<b>718,003,652</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,091,140,816</b>	<b>2,010,876,183</b>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR  
ENDED DECEMBER 31, 2015

	2015 (QR.)	2014 (QR.)
Operating revenue	1,001,177,990	772,829,433
Compensation from Government of Qatar for sale of subsidised flour	118,232,347	122,662,032
<b>Total revenue</b>	<b>1,119,410,337</b>	<b>895,491,465</b>
Operating cost	(863,331,713)	(778,894,835)
<b>Gross profit</b>	<b>256,078,624</b>	<b>116,596,630</b>
Other income	86,191,713	195,523,544
General and administrative expenses	(78,681,894)	(78,282,786)
Impairment loss on precious metals and available for sale securities	(38,933,495)	-
Selling and distribution expenses	(42,453,515)	(35,798,663)
Finance costs	(9,824,539)	(12,048,924)
Zakat contribution	(12,053,378)	(4,286,852)
<b>Profit</b>	<b>160,323,516</b>	<b>181,702,949</b>
<b>Earnings per share</b>		
Basic and diluted earnings per share	7.44	8.43

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE YEAR ENDED  
DECEMBER 31, 2015

	2015 (QR.)	2014 (QR.)
<b>Profit</b>	<b>160,323,516</b>	<b>181,702,949</b>
<b>Other comprehensive income</b>		
<b>Items that are or may be reclassified to profit or loss</b>		
Available-for-sale financial assets - net change in fair value	(11,689,873)	17,044,856
Available-for-sale financial assets - reclassified to profit or loss	(7,912,668)	(167,000,369)
<b>Total comprehensive income</b>	<b>140,720,975</b>	<b>31,747,436</b>



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015

	Share Capital (QR.)	Legal Reserve (QR.)	Capital Reserve (QR.)	Fair Value Reserve (QR.)	Retained Earnings (QR.)	Total (QR.)
<b>Balance at 1 January 2014</b>	<b>215,452,000</b>	<b>563,120,753</b>	<b>15,000,000</b>	<b>171,643,979</b>	<b>375,419,593</b>	<b>1,340,636,325</b>
<b>Total comprehensive income</b>						
<b>Profit</b>	-	-	-	-	<b>181,702,949</b>	<b>181,702,949</b>
Other comprehensive income	-	-	-	(149,955,513)	-	(149,955,513)
<b>Total comprehensive income</b>				<b>(149,955,513)</b>	<b>181,702,949</b>	<b>31,747,436</b>
Contribution to social and sport fund	-	-	-	-	(4,103,030)	(4,103,030)
Dividends paid (Note 19)	-	-	-	-	(75,408,200)	(75,408,200)
Balance at 31 December 2014	215,452,000	563,120,753	15,000,000	21,688,466	477,611,312	1,292,872,531
<b>Balance at 1 January 2015</b>	<b>215,452,000</b>	<b>563,120,753</b>	<b>15,000,000</b>	<b>21,688,466</b>	<b>477,611,312</b>	<b>1,292,872,531</b>
<b>Total comprehensive income</b>						
<b>Profit</b>	-	-	-	-	<b>160,323,516</b>	<b>160,323,516</b>
Other comprehensive income	-	-	-	(19,602,541)	-	(19,602,541)
<b>Total comprehensive income</b>	-	-	-	<b>(19,602,541)</b>	<b>160,323,516</b>	<b>140,720,975</b>
Contribution to social and sports fund	-	-	-	-	(3,860,338)	(3,860,338)
Dividends	-	-	-	-	(86,180,800)	(86,180,800)
<b>Balance at 31 December 2015</b>	<b>215,452,000</b>	<b>563,120,753</b>	<b>15,000,000</b>	<b>2,085,925</b>	<b>547,893,690</b>	<b>1,343,552,368</b>

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 (QR.)	2014 (QR.)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit	160,323,516	181,702,949
Adjustments for:		
Provision for impairment of accounts receivables	1,407,712	14,589,762
Provision for slow moving inventories	1,458,143	222,374
Impairment for available for sale securities	14,830,000	-
Impairment for investment in commodities and precious metals	24,103,495	-
Depreciation on property, plant and equipment	50,442,272	80,249,483
Depreciation on investment property	11,329,463	33,988,390
Impairment on property, plant and equipment	-	105,956
Gain on disposal of property, plant and equipment	(4,041,595)	(409,601)
Gain on disposal of investment property	(50,913,920)	-
Finance costs	9,824,539	12,048,924
Employees' end of service benefits	5,056,976	4,212,671
Zakat Contribution	12,053,378	4,286,852
Reversal of provision for doubtful debts	(7,563,832)	(91,000)
Write off of capital work in progress	-	209,464
Dividend income	(5,909,982)	(18,581,767)
Islamic finance income	(1,745,709)	(331,259)
Gain on sale of available for sale financial assets	(5,255,941)	(167,000,369)
	<b>215,398,515</b>	<b>145,202,829</b>
<b>Change in:</b>		
Inventories	43,453,909	(30,528,432)
Excess of revenue over billings	(22,287,322)	(47,822)
Due from and due to Government of Qatar (net)	(5,605,632)	(1,448,090)
Accounts, retentions and other receivables	(107,891,407)	(106,751,727)
Due from and to related parties (net)	(8,721,311)	(23,224,416)
Accounts payable, retention and other payables	33,188,827	27,531,072
<b>Cash generated from operating activities</b>	<b>147,535,579</b>	<b>10,733,414</b>
Employee's end of service benefits paid	(1,216,093)	(1,689,382)
Zakat paid	(4,286,852)	(8,615,881)
Finance costs paid	(9,678,955)	(12,384,208)
<b>Net cash (used in) / from operating activities</b>	<b>132,353,679</b>	<b>(11,956,057)</b>

Continued...

CONSOLIDATED STATEMENT OF CASH FLOWS FOR  
THE YEAR ENDED DECEMBER 31, 2015

Continued...

<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>2015 (QR.)</b>	<b>2014 (QR.)</b>
Acquisition of property, plant and equipment	(51,174,567)	(54,391,228)
Acquisition of investment property	-	(1,709,657)
Proceeds from disposal of property, plant and equipment	5,177,680	1,059,811
Proceeds from sale of available-for-sale financial assets	28,336,653	260,402,778
Proceeds from disposal of investment property	318,242,937	-
Dividend income received	5,909,982	18,581,767
Acquisition of available for sale financial assets	(1,701,531)	(70,725,302)
Acquisition of commodities and precious metals	(138,178,830)	(91,241,586)
Advance for purchase of land	-	(4,983,757)
Islamic finance income received	1,745,709	331,259
<b>Net cash from investing activities</b>	<b>168,358,033</b>	<b>57,324,085</b>
<b>Cash flows from financing activities</b>		
Net movement in Islamic financing	(13,765,469)	41,807,226
Dividends paid	(82,470,913)	(66,784,449)
Net cash used in financing activities	(96,236,382)	(24,977,223)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>204,475,330</b>	<b>20,390,805</b>
Cash and cash equivalents at beginning of the year	77,962,450	57,571,645
<b>Cash and cash equivalents at end of the year</b>	<b>282,437,780</b>	<b>77,962,450</b>

