

ZAD HOLDING COMPANY Q.P.S.C.
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2019

ZAD HOLDING COMPANY Q.P.S.C.
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FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019

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MME/RP/RV/1908130

**Independent auditor's report on review of interim condensed consolidated financial statements
to the Shareholders of Zad Holding Company Q.P.S.C.**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Zad Holding Company Q.P.S.C. (the "Company") as at 30 June 2019, the interim condensed consolidated statements of income, 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 condensed consolidated financial statements. The Board of Directors of the Company is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 – "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated 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 fully explained in note 7 of these interim condensed consolidated 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 in force 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 loan from Government of Qatar amounting to 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 to set off exists. Accordingly, we have been unable to obtain confirmation that the set off is appropriate.





Independent auditor's report on review of interim condensed consolidated financial statements to the Shareholders of Zad Holding Company Q.P.S.C. (Continued)

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 2019 interim condensed consolidated financial statements as on 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting".

Emphasis of matter

We draw attention to note 10 to the interim condensed consolidated financial statements; the Company is in the process of listing its 93,105,450 equity shares (including 10% bonus shares) as at 30 June 2019 at a par value of QR 1 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. Our conclusion is not qualified in respect of this matter.

Other matter

The interim condensed consolidated financial statements for the six months period ended 30 June 2018 and the consolidated financial statements for the year ended 31 December 2018, were reviewed and audited by another auditor who had issued their review and audit report on 14 August 2018 and 30 March 2019 respectively. Their review report dated 14 August 2018 expressed a qualified conclusion on those interim condensed consolidated financial statements and their audit report dated 30 March 2019 expressed a qualified opinion on those consolidated financial statements.

For Morison Menon Chartered Accountants and Partners

Kuriachan V. Kuriakose

Auditor's registry number: 254

Licensed by QFMA: External Auditor's license No: 120178

05 August 2019

Doha, Qatar



ZAD HOLDING COMPANY Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

In Qatari Riyals

	Note	<u>30 June 2019</u>	<u>31 December 2018</u>
		(Reviewed)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		348,983,376	375,583,660
Right of use assets		9,174,557	-
Investment properties	5	534,310,420	539,616,481
Investment securities	6	1,673,674	1,715,499
Retention and other receivables		8,771,095	1,604,080
Goodwill		19,704,770	19,704,770
Total non-current assets		<u>922,617,892</u>	<u>938,224,490</u>
Current assets			
Contract Assets		958,748	-
Due from Government of Qatar	7(a)	85,318,859	78,177,126
Due from related parties	8(b)	12,408,105	14,058,183
Inventories		131,798,422	120,635,696
Accounts, retention and other receivables		403,570,376	409,036,135
Investment in commodities		391,281,445	383,337,018
Cash and bank balances	9	136,809,747	124,758,851
Total current assets		<u>1,162,145,702</u>	<u>1,130,003,009</u>
Total assets		<u>2,084,763,594</u>	<u>2,068,227,499</u>

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ZAD HOLDING COMPANY Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2019

In Qatari Riyals

	Note	30 June 2019	31 December 2018
		(Reviewed)	(Audited)
EQUITY AND LIABILITIES			
Equity			
Share capital	10	236,997,200	236,997,200
Legal reserve		563,120,753	563,120,753
Capital reserve		15,000,000	15,000,000
Retained earnings		632,096,994	718,494,333
Total equity		1,447,214,947	1,533,612,286
Non-current liabilities			
Other non - current liabilities		28,642,498	26,450,786
Lease liabilities		6,441,267	-
Due to Government of Qatar	7(d)	47,591,581	47,591,581
Islamic financing - non current	11	5,581,579	21,555,283
Total non-current liabilities		88,256,925	95,597,650
Current liabilities			
Accounts payable, retention and other payables		245,004,206	240,320,304
Lease liabilities		2,801,828	-
Due to related parties	8(c)	6,143,528	6,276,904
Islamic financing - current	11	295,342,160	192,420,355
Total current liabilities		549,291,722	439,017,563
Total liabilities		637,548,647	534,615,213
Total equity and liabilities		2,084,763,594	2,068,227,499

These interim condensed consolidated financial statements were approved by the Board of Directors and signed on its behalf by the following on 05 August 2019.

Abdulla Ali M A AL-Ansari
Board Member

Tarique Mohammad
Chief Executive Officer



The attached notes on pages from 09 to 18 form an integral part of these interim condensed consolidated financial statements.

ZAD HOLDING COMPANY Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS****AND OTHER COMPREHENSIVE INCOME****FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019****In Qatari Riyals**

	Note	For the six month period ended 30 June	
		2019 (Reviewed)	2018 (Reviewed)
Operating revenue	12	693,190,074	554,834,995
Compensation from Government of Qatar for sale of subsidized flour		<u>49,901,613</u>	<u>53,623,379</u>
Total revenue		743,091,687	608,458,374
Operating cost		<u>(576,291,248)</u>	<u>(467,050,710)</u>
Gross profit		166,800,439	141,407,664
Other income	13	34,921,401	51,436,569
General and administrative expenses		(76,772,053)	(70,530,514)
Net impairment loss on financial assets		(5,326,887)	(1,476,807)
Finance costs		<u>(4,572,619)</u>	<u>(6,085,512)</u>
Profit for the period		<u>115,050,281</u>	<u>114,751,400</u>
Total comprehensive income for the period		<u>115,050,281</u>	<u>114,751,400</u>
Earnings per share			
Basic and diluted earnings per share	14	<u>0.49</u>	<u>0.48</u>

ZAD HOLDING COMPANY Q.P.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019

In Qatari Riyals

	Share Capital	Legal Reserve	Capital Reserve	Fair value Reserve	Retained Earnings	Total Equity
Balance as at 1 January 2018 (Audited)	215,452,000	563,120,753	15,000,000	5,197,879	721,529,233	1,520,299,865
Adjustments on initial application of IFRS 9 (note 3)	-	-	-	(5,197,879)	(49,595,000)	(54,792,879)
Adjusted balance at 1 January 2018	215,452,000	563,120,753	15,000,000	-	671,934,233	1,465,506,986
Profit for the period	-	-	-	-	213,486,256	213,486,256
Contribution to social and sports fund	-	-	-	-	(5,337,156)	(5,337,156)
Bonus shares issued (Note 15)	21,545,200	-	-	-	(21,545,200)	-
Dividends paid (Note 15)	-	-	-	-	(140,043,800)	(140,043,800)
Balance at 31 December 2018 (Audited)	236,997,200	563,120,753	15,000,000	-	718,494,333	1,533,612,286
Profit for the period	-	-	-	-	115,050,281	115,050,281
Dividend paid (Note 15)	-	-	-	-	(201,447,620)	(201,447,620)
Balance at 30 June 2019 (Reviewed)	236,997,200	563,120,753	15,000,000	-	632,096,994	1,447,214,947

	Note	For the six month period ended 30 June	
		2019 (Reviewed)	2018 (Reviewed)
Cash flows from operating activities			
Profit for the period		115,050,281	114,751,400
<i>Adjustments for:</i>			
Net impairment loss on financial assets		-	1,476,807
Gain on sale of commodities		(7,944,427)	-
Fair value gain on investment securities	13	-	(352,192)
Depreciation of property, plant and equipment and investment properties		41,714,729	38,088,866
Loss on disposal of property, plant and equipment and investment property	13	3,272,299	(40,382,054)
Finance costs		4,572,619	6,085,512
Provision for employees' end of service benefits		2,892,115	3,299,644
Dividend income	13	(469,492)	-
Reversal of provision for doubtful debts		(16,552,849)	-
Islamic finance income	13	(399,003)	(1,231,251)
Loss/(gain) on sale of investment securities	13	5,285,062	(1,742,366)
		147,421,334	119,994,366
<i>Change in:</i>			
- Inventories		(11,162,724)	(80,812,511)
- Contract asset		(958,748)	194,226
- Due from Government of Qatar - net		(7,141,733)	(5,156,711)
- Accounts, retention and other receivables		14,851,593	(21,524,987)
- Due from and to related parties - net		(385,278)	(10,518,923)
- Accounts payable, retention and other payables		14,064,265	6,967,032
Cash generated from operating activities		156,688,709	9,142,492
Finance costs paid		(3,890,102)	(4,958,474)
Zakat fund contribution paid		(11,600,000)	(14,849,180)
Employees' end of service benefits paid		(724,225)	(2,074,477)
Net cash (used in) / from operating activities		140,474,382	(12,739,639)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(12,384,114)	(57,012,830)
Proceeds from disposal of property, plant and equipment		1,826,756	22,275,777
Acquisition of investment securities		(28,453,852)	-
Proceeds from sale of investment securities		23,168,790	19,504,445
Dividend received	13	469,492	-
Islamic finance income received		315,092	3,056,331
Net cash used in investing activities		(15,057,836)	(12,176,277)

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Note	For the six month period ended 30 June	
	2019 (Reviewed)	2018 (Reviewed)
Cash flows from financing activities		
Islamic financing movement - (net)	86,948,101	(65,898,343)
Dividends paid	<u>(200,313,751)</u>	<u>(136,097,085)</u>
Net cash used in financing activities	<u>(113,365,650)</u>	<u>(201,995,428)</u>
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	<u>124,758,851</u>	<u>268,646,594</u>
Cash and cash equivalents at end of the period	<u>136,809,747</u>	<u>41,735,250</u>

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 interim condensed consolidated financial statements as at and for the six month period ended 30 June 2019 comprise that of 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 interim condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" and have been presented in Qatari Riyals ("QR"), which is the Group's functional and presentation currency.

These interim condensed consolidated financial statements 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 Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2018. In addition, results for the six month period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

b) Judgments and estimates

In preparing these interim condensed consolidated 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 Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018 except for the new significant judgements and key sources of estimate uncertainty related to the application of IFRS 16 which are described in Note 3.

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 annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of amendments to standards or/and new standards which became effective as of 1 January 2019, as noted below:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies

The Group has initially adopted IFRS 16 "Leases" from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's condensed consolidated financial statements.

IFRS 16 Leases (Effective 1 January 2019)

IFRS 16 introduced a single, on balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognized right of use of assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. The only exceptions are short-term and low-value leases.

The Group has applied the standard from its mandatory adoption date of 1 January 2019. The Group has applied the modified retrospective approach, under which the comparative figures are not restated. The Group recognized right of use assets and lease liabilities in the condensed interim financial position, measured at the present value of the future lease payments on adoption (adjusted for any prepaid or accrued lease expenses). As a result, there were no adjustments to the Group's retained earnings on initial adoption of new standard on 01 January 2019.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 01 January 2019.

Further the Group has used the following practical expedients on initial application:

- Group has elected to use the short term lease exemptions
- Exclude initial direct costs from the measurement of right-of-use asset at the date of initial application.
- Used the Group's previous assessment of which existing contracts are, or contain a lease

The Group's activities as a lessor are not material and hence, does not have any significant impact on its interim condensed consolidated financial statements.

Right of use assets:

The Group recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Lease liability:

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to effect the accretion of interest and reduced for the lease payments made.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Changes in accounting policies (Continued)****IFRS 16 Leases (Effective 1 January 2019) (Continued)****Transition:**

Previously, the Group classified property leases as operating leases under IAS 17. These included the leases of vehicles, employee accommodation and leases of land.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 01 January 2019. Right of use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The following amounts have been recognised under the new standard and included in the respective headings of the interim consolidated statement of financial position and interim consolidated statement of income:

	<u>30-Jun-19</u>	<u>01-Jan-19</u>
	<u>QAR</u>	<u>QAR</u>
Right-of-use-assets	9,174,557	10,994,100
Lease liabilities	9,243,095	10,994,100
		<u>Six months</u>
		<u>period ended</u>
		<u>30.06.2019</u>
		<u>QAR</u>
Depreciation charge for ROU assets		1,819,544
Interest expense on lease liabilities		219,882



4. OPERATING SEGMENTS

Information about reportable segments

Revenue / profit	Investment & managed services		Trading, manufacturing, distribution & services		Contracting, real estate & others		Total
	For the six months period ended 30 June		For the six months period ended 30 June		For the six months period ended 30 June		
	2018	2019	2018	2019	2018	2019	
External revenue	9,605,993	3,362,290	519,074,091	376,358,465	199,431,391	226,550,809	728,111,475
Inter-segment revenue	-	-	61,580,790	69,211,167	50,029,309	24,534,446	111,610,099
Compensation from Government of Qatar	-	-	49,901,613	53,623,379	-	-	49,901,613
Total revenue	9,605,993	3,362,290	630,556,494	499,193,011	249,460,700	251,085,255	889,623,187
Segment (loss) / profit	(18,886,881)	(22,188,154)	93,045,083	78,796,580	40,892,079	58,142,974	115,050,281
Assets and Liabilities	Investment & managed services		Trading, manufacturing, distribution & services		Contracting, real estate & others		Total
	31 December 2018		31 December 2018		31 December 2018		
	2018	2019	2018	2019	2018	2019	
Current assets	497,100,839	452,946,494	435,566,409	477,952,664	229,478,454	199,103,851	1,162,145,702
Non - current assets	24,337,290	24,185,070	182,540,828	181,736,074	715,739,774	732,303,346	922,617,892
Total assets	521,438,129	477,131,564	618,107,237	659,688,738	945,218,228	931,407,197	2,084,763,594
Current liabilities	322,993,901	183,988,174	123,582,079	170,117,036	102,715,742	84,912,353	549,291,722
Non - current liabilities	15,001,561	30,052,286	65,435,337	58,124,195	7,820,027	7,421,169	88,256,925
Total liabilities	337,995,462	214,040,460	189,017,416	228,241,231	110,535,769	92,333,522	637,548,647

5. INVESTMENT PROPERTIES

The movement during the period / year were as follows:

	30 June 2019 (Reviewed)	31 December 2018 (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	84,340,768	73,640,692
Depreciation	5,306,061	10,700,076
Balance at the end of the period / year	89,646,829	84,340,768
Net book value at the end of the period / year	<u>534,310,420</u>	<u>539,616,481</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 2018 amounting to QR 723 million. The valuation is based on transaction for the similar asset in the same locality. 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 90.3 million (2018: QR 90.3 million) of the group are mortgaged against Islamic financing facility (Note 11).

6. INVESTMENT SECURITIES

- a) Investment securities comprise of investment in shares of a listed company classified as fair value through profit and loss.

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Investment in equity instruments		
Quoted - Note 6 (b)	<u>1,673,674</u>	<u>1,715,499</u>

- b) **Investment in quoted equity instruments**

The movement during the period / year were as follows:

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Balance at beginning of the period / year	1,715,499	19,969,752
Additions during the period / year	28,453,852	-
Disposals during the period / year	(28,453,852)	(18,358,194)
Fair value adjustments	(41,825)	103,941
Balance at the end of the period / year	<u>1,673,674</u>	<u>1,715,499</u>

7. DUE FROM AND DUE TO GOVERNEMENT OF QATAR**a) Due from Government of Qatar**

	30 June 2019	31 December 2018
	(Reviewed)	(Audited)
<i>Compensation due from Government of Qatar</i>		
Balance at beginning of the period / year	138,136,167	143,602,405
Cash received during the period / year	(42,759,881)	(108,937,101)
Compensation for sale of subsidized flour	<u>49,901,613</u>	<u>103,470,862</u>
Compensation due from Government of Qatar	145,277,899	138,136,166
Loan from Government of Qatar – Note 7 (c)	<u>(59,959,040)</u>	<u>(59,959,040)</u>
Net due from Government of Qatar – Note 7 (b)	<u>85,318,859</u>	<u>78,177,126</u>

b) This includes compensation receivable amounting to QR 68,368,576 (2018: 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.

d) Due to Government of Qatar

Due to Government of Qatar amounting to QR 47,591,581 as at 30 June 2019 (2018: QR 47,591,581) represents the compensation received from the Government of Qatar in order to maintain the strategic wheat 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.

8. 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	
	2019 (Reviewed)	2018 (Audited)
Key management remuneration	8,928,538	8,309,016
Post - employment benefits	229,327	228,053
	<u>9,157,865</u>	<u>8,537,069</u>

b) Due from related parties

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Dandy Company Limited WLL, Qatar	11,983,912	13,709,813
MFH Company WLL, Qatar	134,813	134,813
Seven Brothers Holding Company WLL, Qatar	289,380	213,557
	<u>12,408,105</u>	<u>14,058,183</u>

c) Due to related parties

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Qatar Detergent Company WLL, Qatar	5,214,643	5,246,788
Aayan Leasing Company Qatar WLL, Qatar	928,885	1,030,116
	<u>6,143,528</u>	<u>6,276,904</u>

9. CASH AND BANK BALANCES

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Cash in hand	2,380,892	1,479,340
Cash at banks	134,428,855	123,279,511
	<u>136,809,747</u>	<u>124,758,851</u>

10. SHARE CAPITAL

- a) The authorized share capital amounting to QR 236,997,200 as at 30 June 2019 (QR 236,992,200 as at 30 June 2018 represents 236,997,200 ordinary shares of QR 1 (23,699,720 ordinary shares of QR 10 as at 30 June 2018) each as follows:

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Issued and fully paid share capital – listed at Qatar Exchange	143,891,750	143,891,750
Issued through share exchange transaction – unlisted	<u>93,105,450</u>	<u>93,150,450</u>
	<u>236,997,200</u>	<u>236,997,200</u>

- b) Unlisted equity shares 84,641,320 having par value of QR 1 each amounting to QR 84,641,320 as at 30 June 2019 (2018: QR 84,641,320) represents the par value of shares issued for acquisition of Meeda Projects Company WLL through a share swap transaction. It also includes 10% bonus equity shares 8,464,130 thereon having a par value of QR 1 each amounting to QR 8,464,130.

The share swap transaction was approved by Ministry of Commerce and Industry on 29 November 2011 to give effect of ownership change. Accordingly, the commercial registry of Meeda Projects Company WLL was amended on 29 December 2011 to give effect of ownership change.

- c) During the year 2018, 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 28 March 2018.

11. ISLAMIC FINANCING

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

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Islamic financing - non current	5,581,579	21,555,283
Islamic financing – current	<u>295,342,160</u>	<u>192,420,355</u>
	<u>300,923,739</u>	<u>213,975,638</u>

Islamic financing is secured against corporate guarantee, first degree mortgage over certain investment properties (Note 5), and assignment of rental proceeds from pledged investment properties.

12. OPERATING REVENUE

	For the six month period ended 30 June	
	2019 (Reviewed)	2018 (Reviewed)
Sale of manufactured and traded products	510,362,305	377,549,490
Contracting and other related services	95,244,364	25,892,160
Building materials and logistics	48,681,686	127,975,595
Rental income	<u>38,901,719</u>	<u>23,417,750</u>
	<u>693,190,074</u>	<u>554,834,995</u>

13. OTHER INCOME

	For the six month period ended 30 June	
	2019 (Reviewed)	2018 (Reviewed)
Gain on sale of investment securities	-	1,742,366
Fair value gain on investment securities	-	352,192
Profit on disposal of PPE and Investment property	-	40,382,054
Dividend income	469,492	-
Islamic finance income	399,003	1,231,251
Gain on sale of commodities	7,944,427	-
Others	26,108,479	7,728,706
	<u>34,921,401</u>	<u>51,436,569</u>

14. 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	
	2019 (Reviewed)	2018 (Reviewed)
Profit attributable to ordinary shareholders of the Company	<u>115,050,281</u>	114,751,400
Weighted average number of ordinary shares outstanding	<u>236,997,200</u>	236,997,200
Basic earnings per share	<u>0.49</u>	0.48

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

	For the six month period ended 30 June	
	2019 (Reviewed)	2018 (Reviewed)
Qualifying ordinary shares at the beginning of the period	236,997,200	215,452,000
Effect of bonus share issue	-	21,545,200
Weighted average number of ordinary shares for the period	<u>236,997,200</u>	<u>236,997,200</u>

Each ordinary shares of QR 10 face value has been split to 10 shares of QR 1 face value based on Law No: 11 of 2015 stating Qatari Commercial Company Law, effective from 18 June 2019

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.

15. DIVIDEND

During the period, the Company declared and paid cash dividend of QR 8.5 per share totalling to QR 201.45 million (2018: QR 6.5 per share totalling to QR 140.04 million and 10% bonus shares).



16. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at period end the Group has contingent liability and capital commitments amounting to QR 200.98 million (2018: QR 243 million).

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are based on unobservable market data.

All the quoted investments are classified under Level 1 fair value hierarchy into which the fair value measurement are categorized.

During the period ended 30 June 2019, 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 amortized cost approximates their carrying amount, hence not included in the above fair value hierarchy.