

Zad Holding Company Q.P.S.C.
Condensed Consolidated Interim Financial Statements
30 June 2022

Zad Holding Company Q.P.S.C.

**Condensed Consolidated Interim Financial Statements
As at and for the six month period ended 30 June 2022**

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Independent auditors' report on review of condensed consolidated interim financial statements

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

Introduction

We have reviewed the accompanying 30 June 2022 condensed consolidated interim financial statements of Zad Holding Company Q.P.S.C. (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2022;
- the condensed consolidated statement of profit or loss for the six-month period ended 30 June 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2022;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2022;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2022; and
- notes to the condensed consolidated interim financial statements.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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.



Independent auditors' report on review of condensed consolidated interim financial statements (Continued)

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

Basis of qualified conclusion

- a. As described in Note 8 (b) to the condensed consolidated interim financial statements, due from the Government of Qatar as at 30 June 2022 and 31 December 2021 includes the Group's compensation claim against the 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 between 2003 and 2007. The Group is still in discussion with the Government of Qatar for quantification and recovery of the compensation claim, which also caused us to qualify our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2021 and our review conclusion on the condensed consolidated interim financial statements for the six-month period ended 30 June 2021. 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 the Government of Qatar and net profit for the periods ended 30 June 2022, 31 December 2021 and 30 June 2021 were necessary.
- b. The Group has netted off the loan repayable to the Government of Qatar amounting to QR 20,084,040 (2021: QR 28,359,040) against its compensation claim with the Government of Qatar amounting to QR 128,327,616 (2021: QR 128,327,616) as at 30 June 2022 and 31 December 2021, without demonstrating that the Group has a legally enforceable right to set-off, as required by IAS 32, 'Financial Instruments: Presentation'. Had the Group not netted off the loan repayable against the compensation claim, due from the Government of Qatar and due to the Government of Qatar would be increased by QR 20,084,040 and QR 28,359,040 as at 30 June 2022 and 31 December 2021 respectively.

Pending discussion with the Government of Qatar, the Group did not accrue interest on loan repayable to the 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 as at and for the periods ended 30 June 2022, 31 December 2021 and 30 June 2021. These matters also caused us to qualify our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2021 and our review conclusion on the condensed consolidated interim financial statements for the six-month period ended 30 June 2021.

Qualified conclusion

Based on our review, with the exception of the matters described in preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying 30 June 2022 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

14 August 2022
Doha
State of Qatar

Gopal Balasubramaniam
KPMG

Qatar Auditors' Registry Number 251 Licensed
by QFMA: External Auditor's license No.
120153

Condensed consolidated statement of financial position
As at 30 June 2022

In Qatari Riyals

	Note	30 June 2022 (Reviewed)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		263,293,724	279,145,781
Right of use assets	5(a)	71,090,472	73,635,936
Investment properties	6	520,913,363	523,566,386
Investment securities	7(c)	367,154,254	453,316,748
Retention and other receivables		17,136,603	10,579,863
Deferred tax assets		130,347	130,347
Investment in associates		11,391,654	8,855,684
Goodwill		19,704,770	19,704,770
Total non-current assets		1,270,815,187	1,368,935,515
Current assets			
Due from the Government of Qatar	8(a)	124,147,543	132,476,938
Due from a related party	9(b)	7,076,541	6,787,224
Inventories		249,586,931	198,533,609
Investment securities	7(b)	1,943,694	1,943,694
Accounts, retention, and other receivables		320,764,276	332,594,091
Investment in commodities		278,757,155	464,172,643
Cash and bank balances	10	265,376,158	52,898,188
Total current assets		1,247,652,298	1,189,406,387
Total assets		2,518,467,485	2,558,341,902
EQUITY AND LIABILITIES			
Equity			
Share capital	11	273,731,766	260,696,920
Legal reserve		563,120,753	563,120,753
Capital reserve		15,000,000	15,000,000
Fair value reserve		(124,024,951)	(31,613,512)
Retained earnings		644,913,792	724,432,888
Total equity		1,372,741,360	1,531,637,049
Non-current liabilities			
Lease liabilities	5(b)	11,685,216	12,026,725
Due to the Government of Qatar	8(e)	97,568,246	97,568,246
Other non - current liabilities		37,946,257	38,451,891
Islamic financing	12	158,396,965	168,488,710
Total non-current liabilities		305,596,684	316,535,572
Current liabilities			
Accounts payable, retention and other payables		410,033,321	317,786,122
Lease liabilities	5(b)	3,930,583	4,640,324
Due to related parties	9(c)	6,015,727	8,906,274
Islamic financing	12	420,149,810	378,836,561
Total current liabilities		840,129,441	710,169,281
Total liabilities		1,145,726,125	1,026,704,853
Total equity and liabilities		2,518,467,485	2,558,341,902

These condensed consolidated interim financial statements were approved by the Board of Directors and signed on its behalf by the following on 14 August 2022.


Abdulla Ali M A Al-Ansari
Board Member


Tarique Mohammad
Chief Executive Officer



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

Condensed consolidated statement of profit or loss
For the six months period ended 30 June 2022

In Qatari Riyals

	Note	For the six month period ended 30 June	
		2022 (Reviewed)	2021 (Reviewed)
Operating revenue	13	743,160,809	508,460,016
Compensation from the Government of Qatar for sale of subsidized flour		66,263,419	42,847,839
Total revenue		809,424,228	551,307,855
Operating cost		(674,495,131)	(415,747,567)
Gross profit		134,929,097	135,560,288
Other income	14	47,019,757	50,882,608
General and administrative expenses		(38,378,386)	(42,254,880)
Selling and distribution expenses		(38,849,289)	(35,255,039)
Fair value gain on investment securities - 'At fair value through profit or loss'		-	411,399
Provision (made) / reversal of impairment loss on financial assets		(130,691)	498,734
Finance costs		(8,462,924)	(5,534,204)
Profit before tax		96,127,564	104,308,906
Income tax expense		(27,500)	-
Profit for the period		96,100,064	104,308,906
Earnings per share			
Basic and diluted earnings per share	15	0.35	0.40



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

Condensed consolidated statement of profit or loss and other comprehensive income
For the six months period ended 30 June 2022

In Qatari Riyals

	For the six month period ended 30 June	
	2022 (Reviewed)	2021 (Reviewed)
Profit for the period	96,100,064	104,308,906
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Investment securities – ‘At fair value through other comprehensive income’ - net change in fair value	(85,542,755)	(27,640,685)
Other comprehensive income for the period	(85,542,755)	(27,640,685)
Total comprehensive income for the period	10,557,309	<u>76,668,221</u>



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

Zad Holding Company Q.P.S.C.

Condensed consolidated statement of changes in equity
For the six months period ended 30 June 2022

In Qatari Riyals

	Share Capital	Legal Reserve	Capital Reserve	Fair value Reserve	Retained Earnings	Total equity
Balance as at 1 January 2021 (Audited)	236,997,200	563,120,753	15,000,000	17,723,138	717,929,595	1,550,770,686
Prior year adjustment	-	-	-	-	10,620,000	10,620,000
Balance as at 1 January 2021 as restated	236,997,200	563,120,753	15,000,000	17,723,138	728,549,595	1,561,390,686
Profit for the period	-	-	-	-	104,308,906	104,308,906
Other comprehensive income	-	-	-	(27,640,685)	-	(27,640,685)
Total comprehensive income	-	-	-	(27,640,685)	104,308,906	76,668,221
Bonus shares	23,699,720	-	-	-	(23,699,720)	-
Gain transferred on disposal of investment securities - 'At FVOCI'	-	-	-	(186,109)	186,109	-
Dividends paid (Note 16)	-	-	-	-	(165,898,040)	(165,898,040)
Balance at 30 June 2021 (Reviewed)	<u>260,696,920</u>	<u>563,120,753</u>	<u>15,000,000</u>	<u>(10,103,656)</u>	<u>643,446,850</u>	<u>1,472,160,867</u>
Balance as at 1 January 2022 as restated	260,696,920	563,120,753	15,000,000	(31,613,512)	724,432,888	1,531,637,049
Profit for the period	-	-	-	-	96,100,064	96,100,064
Other comprehensive income	-	-	-	(85,542,755)	-	(85,542,755)
Total comprehensive income	-	-	-	(85,542,755)	96,100,064	10,557,309
Bonus shares	13,034,846	-	-	-	(13,034,846)	-
Gain transferred on disposal of investment securities - 'At FVOCI'	-	-	-	(6,868,684)	6,868,684	-
Dividends paid (Note 16)	-	-	-	-	(169,452,998)	(169,452,998)
Balance at 30 June 2022 (Reviewed)	<u>273,731,766</u>	<u>563,120,753</u>	<u>15,000,000</u>	<u>(124,024,951)</u>	<u>644,913,792</u>	<u>1,372,741,360</u>

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



Condensed consolidated statement of cash flows
For the six months period ended 30 June 2022

In Qatari Riyals

	Note	For the six month period ended 30 June	
		2022 (Reviewed)	2021 (Reviewed)
Cash flows from operating activities			
Profit before tax		96,127,564	104,308,906
<i>Adjustments for:</i>			
Fair value gain on investment securities - 'At FVTPL'		-	(411,399)
Gain on sale of commodities	14	(32,887,106)	(39,189,078)
Loss / (gain) Loss on disposal property, plant and equipment		154,438	(173,017)
Depreciation of property, plant and equipment		21,230,189	24,084,442
Depreciation of right of use assets		2,545,464	4,146,278
Depreciation of investment properties		2,653,023	2,653,023
Finance costs		8,462,924	5,534,204
Provision for employees' end of service benefits		2,465,129	3,311,384
Dividend income	14	(1,943,682)	(883,362)
Provision made / (reversal) of impairment loss on financial assets		130,691	(498,734)
Islamic finance income		(434,196)	(522)
		<u>98,504,438</u>	<u>102,882,125</u>
<i>Change in:</i>			
- Inventories		(51,053,322)	(24,509,856)
- Due from the Government of Qatar - net		8,329,395	66,436,644
- Accounts, retention and other receivables		5,142,384	87,419,033
- Due from and to related parties - net		(3,041,739)	(380,262)
- Accounts payable, retention and other payables		47,970,541	12,450,386
Cash generated from operating activities		<u>105,851,697</u>	<u>244,298,070</u>
Finance costs paid		(7,958,521)	(5,073,554)
Zakat fund contribution paid		(6,515,795)	(10,000,000)
Employees' end of service benefits paid		(2,970,763)	(1,389,050)
Net cash from operating activities		<u>88,406,618</u>	<u>227,835,466</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(6,972,966)	(11,852,920)
Proceeds from disposal of property, plant and equipment		1,273,679	378,058
Acquisition of commodities		-	(10,019,888)
Proceeds from disposal of commodities		218,302,594	-
Additions to investment securities - 'At FVOCI'		(59,420,280)	(56,291,189)
Proceeds from disposals of investment securities - 'At FVOCI'		60,040,019	-
Additional interest acquired associate		(2,535,970)	(2,460,820)
Proceeds from disposals of investment securities - 'At FVTPL'		-	4,222,020
Dividend received	14	1,943,682	883,362
Islamic finance income received		434,196	522
Net cash from / (used in) investing activities		<u>213,064,954</u>	<u>(75,140,855)</u>
Cash flows from financing activities			
Islamic financing movement - (net)		31,221,504	10,306,124
Payment of lease liabilities		(1,051,250)	(2,874,009)
Dividends paid		(119,163,856)	(153,256,005)
Net cash used in financing activities		<u>(88,993,602)</u>	<u>(145,823,890)</u>
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		<u>52,898,188</u>	<u>30,642,844</u>
Cash and cash equivalents at end of the period	10	<u>265,376,158</u>	<u>37,513,565</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 condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2022 comprise the Company and its subsidiaries (together referred as the “Group”).

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

2. Basis of preparation

a) Statement of compliance

These interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and should be read in conjunction with the Group’s last annual financial statements as at and for the year ended 31 December 2021 (“last annual financial statements”). They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

b) Judgments and estimates

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

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

Measurement of fair values

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

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

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

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

3. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021 and the notes attached thereto, except for the adoption of certain new and revised standards that became effective in current period as set out below:

(i) New and amended standards adopted by the Group

The Group has applied the following new and revised IFRS Standards that have been issued and are effective for annual periods beginning on 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

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

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

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these interim financial statements.

Effective for annual periods beginning on 1 January 2023:

- Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1
- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimate – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

Available for optional adoption/ effective date deferred indefinitely

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

4. Operating segments

a) Information about reportable segments

Revenue / profit	Investment & managed services		Trading, manufacturing, distribution & services		Contracting, real estate & others		Total	
	For the six month period ended 30 June		For the six month period ended 30 June		For the six month period ended 30 June		For the six month period ended 30 June	
	2022 (Reviewed)	2021 (Reviewed)	2022 (Reviewed)	2021 (Reviewed)	2022 (Reviewed)	2021 (Reviewed)	2022 (Reviewed)	2021 (Reviewed)
External revenue	-	-	564,011,557	389,584,259	179,149,252	118,875,757	743,160,809	508,460,016
Other Income / (loss)	35,234,411	40,350,618	9,251,412	14,274,056	2,533,934	(3,330,667)	47,019,757	51,294,007
Inter-segment revenue	-	-	52,124,754	80,489,150	32,921,478	27,568,367	85,046,232	108,057,517
Compensation from the Government of Qatar	-	-	66,263,419	42,847,839	-	-	66,263,419	42,847,839
Total revenue	35,234,411	40,350,618	691,651,142	527,195,304	214,604,664	143,113,457	941,490,217	710,659,379
Segment profit	24,432,474	31,825,855	58,732,449	60,470,518	12,935,141	12,012,533	96,100,064	104,308,906

Assets and Liabilities	Investment & managed services		Trading, manufacturing, distribution & services		Contracting, real estate & others		Total	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)
Current assets	529,390,875	480,185,443	594,298,781	450,105,967	123,962,642	259,114,977	1,247,652,298	1,189,406,387
Non - current assets	402,330,785	821,075,180	144,677,587	99,444,545	723,806,815	448,415,790	1,270,815,187	1,368,935,515
Total assets	931,721,660	1,301,260,623	738,976,368	549,550,512	847,769,457	707,530,767	2,518,467,485	2,558,341,902
Current liabilities	570,525,191	302,488,663	151,272,634	120,580,468	118,331,616	287,011,542	840,129,441	710,174,054
Non - current liabilities	177,131,384	189,171,425	118,839,834	117,786,360	9,625,466	9,573,014	305,596,684	316,530,799
Total liabilities	747,656,575	491,660,088	270,112,468	238,366,828	127,957,082	296,584,556	1,145,726,125	1,026,704,853

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

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

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

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Cost		
As at 1 January	96,221,741	96,230,641
Additions	-	285,331
Derecognition	-	(294,231)
	<u>96,221,741</u>	<u>96,221,741</u>
Accumulated depreciation		
At 1 January	22,585,805	17,768,206
Depreciation	2,545,464	4,817,599
	<u>25,131,269</u>	<u>22,585,805</u>
Carrying amounts	<u>71,090,472</u>	<u>73,635,936</u>

b) Lease liabilities

The movements of lease liabilities were as follows:

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
At 1 January	16,667,049	18,121,903
Payment	(1,051,250)	(1,454,854)
	<u>15,615,799</u>	<u>16,667,049</u>

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

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Non-current	11,685,216	12,026,725
Current	3,930,583	4,640,324
	<u>15,615,799</u>	<u>16,667,049</u>

6. Investment properties

The movement during the period / year were as follows:

	30 June 2022 (Reviewed)	31 December 2021 (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	100,390,863	95,040,846
Depreciation	2,653,023	5,350,017
Balance at the end of the period / year	<u>103,043,886</u>	<u>100,390,863</u>
Net book value at the end of the period / year	<u>520,913,363</u>	<u>523,566,386</u>

6. Investment properties (continued)

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 2021 amounting to QR 659 million. The valuation is based on transaction for the similar asset in the same locality. The management does not expect a significant change in fair value of investment properties during the current period due to constant yield and stable forecast on market condition.

Investment properties amounting to QR 309.12 million (2021: 309.12 million) of the group are mortgaged against Islamic financing facility (Note 12).

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

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Fair value through profit or loss		
Quoted equity securities - Note 7 (b)	1,943,694	1,943,694
Fair value through other comprehensive income		
Quoted equity securities - Note 7 (c)	<u>367,154,254</u>	<u>453,316,748</u>
	<u>369,097,948</u>	<u>455,260,442</u>

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

The movement during the period / year were as follows:

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Balance at beginning of the period / year	1,943,694	1,532,294
Additions during the period / year	-	3,373,091
Disposals during the period / year	-	(4,222,020)
Fair value adjustment during the period / year	-	1,260,329
Balance at the end of the period / year	<u>1,943,694</u>	<u>1,943,694</u>

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

The movement during the period / year were as follows:

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Balance at beginning of the period / year	453,316,748	315,428,750
Additions during the period / year	59,420,280	187,038,539
Disposals during the period / year	(60,040,019)	-
Fair value adjustments	<u>(85,542,755)</u>	<u>(49,150,541)</u>
Balance at the end of the period / year	<u>367,154,254</u>	<u>453,316,748</u>

8. Due from and due to the Government of Qatar

a) Due from the Government of Qatar

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
<i>Compensation due from the Government of Qatar</i>		
Balance at beginning of the period / year	160,835,978	165,307,514
Cash received during the period / year	(84,121,626)	(99,502,181)
Compensation for sale of subsidized flour	67,517,231	94,612,708
Compensation for storage and operation - Note 8 (d)	-	417,937
Compensation due from the Government of Qatar	<u>144,231,583</u>	<u>160,835,978</u>
Loan from the Government of Qatar – Note 8 (c)	<u>(20,084,040)</u>	<u>(28,359,040)</u>
Net due from the Government of Qatar – Note 8 (b)	<u>124,147,543</u>	<u>132,476,938</u>

b) This includes compensation receivable amounting to QR 128,327,616 (31 December 2021: QR 128,327,616 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 balance has been adjusted for repayments amounting to QR 8,275,000 (31 December 2021: QR 31,600,000)

The interest amount has been computed on the loan balance net of the amount due from the Government of Qatar on account of the compensation for subsidized flour. As the amount receivable in respect of compensation for subsidized flour has exceeded the loan balance since beginning of the year 2006, no interest has been accrued for the subsequent period.

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

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

e) Due to the Government of Qatar

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Opening balance	97,568,246	56,412,866
Receipts during the period / year	-	41,155,380
Closing balance	<u>97,568,246</u>	<u>97,568,246</u>

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

9. Related party balances and transactions

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

a) Compensation of key management personnel

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

	For the six month period ended 30 June	
	2022 (Reviewed)	2021 (Reviewed)
Key management remuneration	4,590,353	9,180,705
Post - employment benefits	54,650	229,327
	4,645,003	9,410,032

b) Due from a related party

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Dandy Company Limited W.L.L.	7,076,541	6,787,224

c) Due to related parties

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Qatar Detergent Company W.L.L.	3,721,450	3,728,739
Aayan Leasing Company Qatar	1,110,841	3,931,500
Seven Brothers Holding Company W.L.L.	1,183,436	1,246,035
	6,015,727	8,906,274

d) Transactions with related parties

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Sale of goods and services		
<i>Companies under common control</i>		
Dandy Company Limited W.L.L.	1,999,620	11,421,283
Aayan Leasing Company Qatar	-	15,879
Qatar Detergent Company W.L.L.	29,040	97,569
Purchase of goods and services		
<i>Companies under common control</i>		
Dandy Company Limited W.L.L.	5,705,114	8,589,756
Qatar Detergent Company W.L.L.	54,761	12,587
Aayan Leasing Company Qatar	2,810,622	4,528,936

Notes to the condensed consolidated interim financial statements
As at and for the six months period ended 30 June 2022

In Qatari Riyals

10. Cash and bank balances

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Cash in hand	2,518,386	3,797,620
Cash at banks	<u>262,857,772</u>	<u>49,100,568</u>
	<u>265,376,158</u>	<u>52,898,188</u>

11. Share capital

The authorized share capital amounting to QR 273,731,766 as at 30 June 2022 represents 27,373,176 ordinary shares of QR 10 each as follows:

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Issued and fully paid share capital - listed at the Qatar Exchange	<u>273,731,766</u>	<u>260,696,920</u>

12. Islamic financing

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Balance at beginning of the period / year	547,325,271	408,038,737
Additions during the period / year	1,067,033,446	1,908,052,901
Repayments during the period / year	<u>(1,035,811,942)</u>	<u>(1,768,766,367)</u>
Balance at end of the period / year	<u>578,546,775</u>	<u>547,325,271</u>

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

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Islamic financing – non - current	158,396,965	168,488,710
Islamic financing - current	<u>420,149,810</u>	<u>378,836,561</u>
	<u>578,546,775</u>	<u>547,325,271</u>

13. Operating revenue

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

	For the six month period ended 30 June	
	2022 (Reviewed)	2021 (Reviewed)
<i>Major products/service lines:</i>		
Sale of other grains and related commodities	161,616,201	106,773,116
Unsubsidized products	217,936,805	177,470,518
Building materials and logistics	41,864,365	29,846,201
Contracting income	94,624,041	49,427,344
Rental income	34,282,060	33,701,692
Subsidized products	20,503,872	14,880,672
Other products and services	<u>172,333,465</u>	<u>96,360,473</u>
	<u>743,160,809</u>	<u>508,460,016</u>
<i>Timing of revenue recognition:</i>		
Services transferred over time	128,906,101	83,129,036
Products transferred at a point in time	<u>614,254,708</u>	<u>425,330,980</u>
	<u>743,160,809</u>	<u>508,460,016</u>

14. Other income

	For the six month period ended 30 June	
	2022 (Reviewed)	2021 (Reviewed)
Dividend income	1,943,682	883,362
Gain on sale of commodities	32,887,106	39,189,078
Others	12,188,969	10,810,168
	47,019,757	50,882,608

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

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

	For the six month period ended 30 June	
	2022 (Reviewed)	2021 (Reviewed)
Profit attributable to ordinary shareholders of the Company	96,100,064	104,308,906
Weighted average number of ordinary shares outstanding	273,731,766	260,696,920
Basic earnings per share	0.35	0.40

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

	For the six month period ended 30 June	
	2022 (Reviewed)	2021 (Reviewed)
Qualifying ordinary shares at the beginning of the period	260,696,920	236,997,200
Effect of bonus share issue	13,034,846	23,699,720
Weighted average number of ordinary shares for the period	273,731,766	260,696,920

b) Diluted earnings per share

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

16. Dividend

During the period, the Company declared and paid cash dividend of QR 0.65 per share totalling to QR 169.45 million (2021: QR 0.7 per share totalling to QR 165.89 million).

17. Contingent liabilities and capital commitments

As at period end the Group has contingent liability and capital commitments amounting to QR 73.65 million (2021: QR 58.69 million).

18. Fair values of financial instruments

The table below showing the Company's financial and non-financial assets which are measured at fair value as at 30 June 2022 and 31 December 2021:

Assets measured at fair value	30 June 2022	Level 1	Level 2	Level 3
Quoted equity securities - FVTPL	1,943,694	1,943,694	-	-
Quoted equity securities - FVOCI	367,154,254	367,154,254	-	-
	369,097,948	369,097,948	-	-
	31 December			
Assets measured at fair value	2021	Level 1	Level 2	Level 3
Quoted equity securities - FVTPL	1,943,694	1,943,694	-	-
Quoted equity securities - FVOCI	453,316,748	453,316,748	-	-
	455,260,442	455,260,442	-	-

During the six-month period ended 30 June 2022, 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 carrying amount of the above financial assets approximates their fair values. The fair value of the financial assets and liabilities carried at amortised cost approximates their carrying amount, hence not included in the above fair value hierarchy.

19. Comparative figures

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

Restatement / prior year adjustment

In the prior years, unrealised profit in respect of commodities sold to third parties were not adjusted in the accounting records which amounts to QR 10,620,000. Therefore, this is now adjusted in opening retained earnings.

The below table summarises the impacts on the Group's condensed consolidated interim financial statements. The impact of the restatement as at 1 January 2021 and 1 January 2022 are as follows:

Condensed consolidated statement of financial position	As previously reported	Adjustments	As restated
1 January 2021			
Investment in commodities	<u>494,908,210</u>	<u>10,620,000</u>	<u>505,528,210</u>
Retained earnings	<u>717,929,595</u>	<u>10,620,000</u>	<u>728,549,595</u>
1 January 2022			
Investment in commodities	<u>453,552,643</u>	<u>10,620,000</u>	<u>464,172,643</u>
Retained earnings	<u>713,812,888</u>	<u>10,620,000</u>	<u>724,432,888</u>

All other related changes in the comparative amounts in the Condensed consolidated statement of changes in equity and notes to the condensed consolidated interim financial statements are also restated to reflect the above restatement / prior year adjustment.

20. Subsequent events

There were no significant events after the reporting date, which have a bearing on the understanding of the users of these interim financial statements.