

**QATAR CINEMA AND FILM  
DISTRIBUTION COMPANY – Q.S.C  
DOHA – QATAR**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE SIX MONTH PERIOD  
ENDED JUNE 30, 2016**

**QATAR CINEMA AND FILM  
DISTRIBUTION COMPANY - S.A.Q  
DOHA – QATAR**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
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FOR THE SIX MONTH PERIOD  
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**INDEPENDENT AUDITOR'S REVIEW REPORT**

**TO THE BOARD OF DIRECTORS  
QATAR CINEMA AND FILM DISTRIBUTION COMPANY - Q.S.C  
DOHA – STATE OF QATAR**

**Introduction**

We have reviewed the accompanying interim condensed financial statements of **QATAR CINEMA AND FILM DISTRIBUTION COMPANY - Q.S.C** (the “**Company**”), Doha, – state of Qatar as of June 30, 2016, comprising of the interim statement of financial position as of June 30, 2016 and the related interim statements of profit or loss, Profit or Loss and other comprehensive income items, changes in Shareholders’ equity and cash flows for the Six month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with international Accounting Standard No. 34 – “Interim Financial Reporting”. Our responsibility is to express a conclusion on these Interim condensed financial statements based on our review.


**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements No. 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.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard – 34, “Interim Financial Reporting”.

  
**Rödl & Partner  
Middle East  
Certified Public Accountants**

  
**Hikmat Mukhaimer, FCCA (UK)  
(License No. 297)**


**Doha – State of Qatar  
July 31, 2016**


QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)  
DOHA – QATAR

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2016

	Note	June 30, 2016 (Reviewed) QR.	December 31, 2015 (Audited) QR.
<b>ASSETS</b>			
<b>current assets:</b>			
Cash and bank balances	5	22,390,411	24,881,085
Accounts receivable	6	4,067,965	3,707,727
Inventory and spare parts		241,454	174,688
Prepayments and other debit balances	7	1,150,894	1,067,702
<b>Total Current Assets</b>		<b>27,850,724</b>	<b>29,831,202</b>
<b>Non-Current Assets :</b>			
Available-for-sale investments	8	35,698,649	38,800,470
Investment properties	9	91,864,746	93,663,909
Property and equipment	10	5,418,332	5,353,411
<b>Total Non-Current Assets</b>		<b>132,981,727</b>	<b>137,817,790</b>
<b>Total Assets</b>		<b>160,832,451</b>	<b>167,648,992</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>			
<b>Current Liabilities:</b>			
Accounts payable		516,321	972,788
Borrowings		15,000,000	15,000,000
Advance rent received		2,734,862	3,012,275
Dividends payable		8,523,508	7,376,503
Accruals and other credit balances		853,636	2,876,345
<b>Total Current Liabilities</b>		<b>27,628,327</b>	<b>29,237,911</b>
<b>Non –Current Liabilities:</b>			
Employees' end of service benefits		2,272,958	2,152,209
<b>Total Non-Current Liabilities</b>		<b>2,272,958</b>	<b>2,152,209</b>
<b>Total Liabilities</b>		<b>29,901,285</b>	<b>31,390,120</b>
<b>Shareholders' Equity:</b>			
Share capital	11	62,807,950	62,807,950
Legal reserve		37,992,630	37,992,630
General reserve		2,663,152	2,663,152
Fair value reserve		7,423,052	10,713,275
Retained earnings		20,044,382	12,660,672
Proposed dividend		--	9,421,193
<b>Total shareholders' Equity</b>		<b>130,931,166</b>	<b>136,258,872</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>160,832,451</b>	<b>167,648,992</b>

These interim Condensed Financial statements were approved on July 31, 2016 and signed by:

  
Abdul Rahman Najdi  
General Manager

  
Ali Ishaq Hussein Al Ishaq  
Managing Director

The accompanying notes form an integral part of these Interim Condensed financial statements.

**QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)**  
**DOHA – QATAR**  
**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30,2016**

	<u>Note</u>	For the Six month period Ended June 30,	
		<u>2016</u>	<u>2015</u>
		(Reviewed)	(Reviewed)
		<b>QR.</b>	<b>QR.</b>
Operating income	12	5,210,577	7,299,618
Direct Cost		(5,495,047)	(6,733,459)
<b>Gross Operating (loss) Profit</b>		<b>(284,470)</b>	566,159
General & Administrative expenses		(1,913,089)	(1,747,592)
Depreciation of property, Equipment and investment properties	9 & 10	(2,249,584)	(3,046,668)
Dividends income		1,502,877	2,246,198
Net Rental income		10,210,528	8,342,413
Other income		117,448	199,002
<b>Net profit for the period</b>		<b>7,383,710</b>	<b>6,559,512</b>
<b>Basic / diluted earnings per share</b>	13	<b>1.18</b>	<b>1.04</b>

The accompanying notes form an integral part of these Interim Condensed financial statements.

**QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)**  
**DOHA – QATAR**  
**INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016**

	Note	For the Six month period Ended June 30,	
		2016	2015
		(Reviewed) QR.	(Reviewed) QR.
<b>Net profit for the period</b>		<b>7,383,710</b>	<b>6,559,512</b>
<b>Other comprehensive income items</b>			
Net changes in Fair value of Available for sale investments	8	(3,290,223)	(4,105,855)
<b>Total comprehensive income for the period</b>		<b>4,093,487</b>	<b>2,453,657</b>

The accompanying notes form an integral part of these interim condensed financial statements.

**QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)**  
**DOHA - QATAR**

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016**

	Share Capital QR.	Legal Reserve QR.	General Reserve QR.	Fair Value Reserve QR.	Retained Earnings QR.	Proposed Dividends QR.	Total QR.
Balance as at January 1, 2015 (Audited)	57,098,140	37,992,630	2,663,152	26,537,871	8,106,225	11,419,628	143,817,646
Total comprehensive income for the period (Reviewed)	--	--	--	(4,105,855)	6,559,512	--	2,453,657
Increase in Share Capital	5,709,810	--	--	--	--	(5,709,810)	--
Paid dividends	--	--	--	--	--	(5,709,818)	(5,709,818)
<b>Balance as at June 30, 2015 (Reviewed)</b>	<b>62,807,950</b>	<b>37,992,630</b>	<b>2,663,152</b>	<b>22,432,016</b>	<b>14,665,737</b>	<b>--</b>	<b>140,561,485</b>
Balance as at January 1, 2016 (Audited)	62,807,950	37,992,630	2,663,152	10,713,275	12,660,672	9,421,193	136,258,872
Net income for the period (Reviewed)	--	--	--	--	7,383,710	--	7,383,710
Transfer to dividends payable	--	--	--	--	--	(9,421,193)	(9,421,193)
Net movement in Fair value reserve	--	--	--	(3,290,223)	--	--	(3,290,223)
<b>Balance as at June 30, 2016 (Reviewed)</b>	<b>62,807,950</b>	<b>37,992,630</b>	<b>2,663,152</b>	<b>7,423,052</b>	<b>20,044,382</b>	<b>--</b>	<b>130,931,166</b>

The accompanying notes form an integral part of these interim condensed financial statements.

**QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)**  
**DOHA - QATAR**

**INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016**

	<u>Note</u>	<b>For the Six month period ended</b>	
		<b>June 30,</b>	
		<b>2016</b>	<b>2015</b>
		<b>(Reviewed)</b>	<b>(Reviewed)</b>
		<b>QR.</b>	<b>QR.</b>
<b><u>Cash Flows From Operating Activities</u></b>			
Net Profit for the period		7,383,710	6,559,512
<b>Adjustments for:</b>			
Depreciation of property and equipment and investment properties	(9&10)	2,249,584	2,490,000
Employees' end of service benefits		120,749	26,714
<b>Net cash flows from operating activities before changes in working capital</b>		<b>9,754,043</b>	<b>9,076,226</b>
Accounts receivable		(360,238)	(1,020,216)
Inventory and spare parts		(66,766)	--
Prepayments and other debit balances		(83,192)	(484,180)
Accounts payable		(456,467)	1,072,868
Dividends payable		(8,274,188)	(5,312,127)
Advance rent received		(277,413)	(15,626)
Accruals and other credit balances		(2,022,709)	(1,631,528)
<b>Net Cash (used in) generated from operating Activities</b>		<b>(1,786,930)</b>	<b>1,685,417</b>
<b><u>Cash Flows From Investing Activities</u></b>			
Additions of available for sale investments		(188,402)	--
Additions of property and equipments	10	(515,342)	(163,235)
<b>Net Cash Used in Investing Activities</b>		<b>(703,744)</b>	<b>(163,235)</b>
Net (decrease) increase in cash and cash equivalents		<b>(2,490,674)</b>	<b>1,522,182</b>
cash and cash equivalents - beginning of period		<b>24,881,085</b>	<b>23,168,818</b>
<b>Cash and Cash equivalents -end of period</b>	<b>5</b>	<b>22,390,411</b>	<b>24,691,000</b>

The accompanying notes form an integral part of these interim condensed financial statements.



**QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)  
DOHA - QATAR**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016**

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**1 Status and Activities**

Qatar Cinema and Film Distribution Company Q.S.C., (the "Company"), is a public shareholding company incorporated in the State of Qatar in 1970 under commercial registration number 30.

The Company is engaged in the business of importing and distributing cinema movies, sale and rent of movies recorded on CD's, manage cinemas and theaters,. Also the Company produces and distributes various commercial advertisements and invests in quoted shares and real estate.

In 2011, the Board of Directors approved the plan to acquire Qatar Media Services, for which the legal formalities were ongoing as of December 31, 2011. During 2012, the Board of Directors resolved to cancel the agreement in respect of the acquisition of Qatar Media Services. Formalities in respect of this resolution are now ongoing.

**2 - Basis of preparation**

These interim condensed financial statements for the Six months ended 30 June 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting" under the historical cost convention except for available for sale investments, which are measured at fair value. The interim condensed financial statements are prepared in Qatar Riyals, which is the Company's presentational and functional currency.

These interim condensed financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements as at 31 December 2015. In addition, results for the Six month period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 New standards and amendments to the standards.**

**A). New standards and amendments to the standards effective from 1 January 2016.**

The Company has adopted the following new standards and amendments to standards in preparation of these interim condensed financial statements.

**Annual Improvements to IFRS - September 2014 with effective from the FY 2016.**

**IFRS 5** : Non-current Assets Held for Sale and Discontinued Operations

**IFRS 7** : Financial Instruments: Disclosures

**IAS 19** : Employee Benefits

**IAS 34** : Interim Financial Reporting

**IFRS 10 : Consolidated Financial Statements**

Amendments regarding the application of the consolidation exception.

**IFRS 11 : Joint Arrangements**

Amendments regarding the accounting for acquisitions of an interest in a joint operation.

**IFRS 12 : Disclosure of Interests in Other Entities**

Amendments regarding the application of consolidation exception.

**IFRS 14 : Regulatory Deferral Accounts**

Originally issued to specify the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.

QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)  
DOHA – QATAR

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**IAS 1 : Presentation of Financial Statements**

Amendments resulting from the disclosure initiative

**IAS 16 : Property, Plant and Equipment**

Amendments regarding the clarification of acceptable methods of depreciation and amortization. Also amendments for bringing bearer plants into the scope of IAS 16

**IAS 27 : Separate Financial Statements**

Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

**IAS 28 : Investments in Associates and Joint Ventures**

Amendments regarding the application of the consolidation exception.

**IAS 38 : Intangible Assets**

Amendments regarding the clarification of acceptable methods of depreciation and amortization.

**IAS 41 : Agriculture**

Amendments bringing bearer plants into the scope of IAS 16

The adaption of above standards resulted in additional disclosure in the financial statements of the company.

**QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)  
DOHA – QATAR**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016**

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B). Standards and amendments to the standards issued but not effective.**

The below mentioned standards and amendments to standards are not yet effective and not expect to result in material changes to the financial statements.

	Description	Effective date
<b>Original issue :</b>		
<b>IFRS 15</b>	<b>Revenue from Contracts with Customers</b> Originally issued to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer	January 1, 2018
<b>IFRS 16</b>	<b>Lease</b> Originally issued to establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions	January 1, 2019
<b>Amendments to :</b>		
<b>IFRS 9</b>	<b>Financial Instruments</b> Finalized version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	January 1, 2018
<b>IAS 7</b>	<b>Statement of Cash Flows</b> Amendments as a result of the disclosure initiative	January 1, 2017
<b>IAS 12</b>	<b>Income Taxes</b> Amendments regarding the recognition of deferred tax assets for unrealized losses.	January 1, 2017
<b>IFRS for SMEs</b>	Amendments as the result of the first comprehensive review.	January 1, 2017

The management anticipates that the new standards will be adopted in the Company's accounting policies for the period beginning on or after the effective date of the pronouncement, and those new standards that have been issued but are not relevant to the Company's operations will not be expected to have a material impact on the Company's financial statements.

**QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)  
DOHA – QATAR**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016**

**4- Segmental reporting**

The Company operates in two major business segments are as follows:

- 1- Movies (playing and distributing cinema films)
- 2- Investments

Figures in respect of the above two segments are separately presented in the interim condensed financial statements.

The Company operates in one geographical area that in the state of Qatar.

**5. Cash and bank balances:**

	<b>June 30, 2016 (Reviewed)</b>	<b>December 31, 2015 (Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Cash on hand	19,944	39,601
Cash at banks – current accounts	22,232,372	24,702,830
Term Deposits	23,798	23,707
Call Deposits	114,297	114,947
	<b>22,390,411</b>	<b>24,881,085</b>

Term and call deposits earn an average annual profit rate of 0.25% to 0.75 (2015: 0.25% to 0.75) with original maturity of 90 days.

**6. Accounts Receivable**

	<b>June 30, 2016 (Reviewed)</b>	<b>December 31, 2015 (Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Accounts receivable	4,929,265	4,569,027
<b>Provision for doubtful debts</b>	<b>(861,300)</b>	<b>(861,300)</b>
	<b>4,067,965</b>	<b>3,707,727</b>

**7. Prepayments and other debit Balances**

	<b>June 30, 2016 (Reviewed)</b>	<b>December 31, 2015 (Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Due From Staff	365,949	355,949
Letters of guarantee margin	686,644	686,643
Prepayment and other debit balances	98,301	25,110
	<b>1,150,894</b>	<b>1,067,702</b>

QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)  
DOHA - QATAR

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016

**8. Available for Sale investments**

	June 30, 2016 (Reviewed)	December 31, 2015 (Audited)
	QR.	QR.
Fair value at the beginning of the Period/Year	38,800,470	48,216,121
Acquisition during the Period/Year	188,402	11,169,424
Disposals during the Period/Year	--	(4,760,479)
Net changes in Fair value	(3,290,223)	(15,824,596)
	<b>35,698,649</b>	<b>38,800,470</b>

**9. Investment properties**

	June 30, 2016 (Reviewed)	December 31, 2015 (Audited)
	QR.	QR.
Net Book Value, beginning balance	93,663,909	97,259,775
Additions during the Period/Year	--	2,050
Depreciation Charge for the Period/Year	(1,799,163)	(3,597,916)
<b>Net Book value, ending balance</b>	<b>91,864,746</b>	<b>93,663,909</b>

Based on Management's opinion the fair value of investments properties as of June 30, 2016 exceed carrying amount.

Included in investment properties is a property with total cost amounted QR 97,495,867 which has been pledged as security collateral against bank facilities.

**10. Property and equipment**

	June 30, 2016 (Reviewed)	December 31, 2015 (Audited)
	QR.	QR.
Net Book Value, beginning balance	5,353,411	6,033,039
Additions during the Period / year	515,342	486,016
Depreciation Charge for the Period / year	(450,421)	(1,013,144)
Impairment During the Period / year	--	(152,500)
<b>Net Book value, ending balance</b>	<b>5,418,332</b>	<b>5,353,411</b>

**QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)  
DOHA - QATAR**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016**

**11. SHARE CAPITAL**

	<b>June 30, 2016 (Reviewed)</b>	<b>December 31, 2015 (Audited)</b>
Capital –authorized, issued and fully paid: 6,280,795 shares par value QR. 10 per share	<b>62,807,950</b>	<b>62,807,950</b>

Based on the Company's extra ordinary General Assembly meeting held on March 30, 2015 approving the proposed boarded of directors for amendment of Article No. (6) Of the company's articles of association to increase the company's share capital from QR 57,098,140 to QR 62,807,950 which will be distributed to 6,280,795 shares. Qatar Central securities Depository Company have completed the financial procedures of increasing the share capital at 1st of April 2015.

**12. Operating Income**

	<b>For the Six Month period Ended</b>	
	<b>June 30, 2016 (Reviewed)</b>	<b>June 30, 2015 (Reviewed)</b>
	<b>QR.</b>	<b>QR.</b>
Movies income*	4,724,045	6,526,465
Films rent income	208,000	313,600
Advertising income*	243,532	459,553
Cafeterias income	35,000	--
	<b>5,210,577</b>	<b>7,299,618</b>

\*A decision had been made of the temporary closure of the Cinema Landmark for maintenance and improvements, and according to the requirements of civil defense starting on March 22, 2016 until the date of issuance of the financial statements, and Management expects the completion of maintenance work and improvements during the third quarter of the current year 2016.

**13. Earnings per share**

	<b>For the Six Month period Ended</b>	
	<b>June 30, 2016 (Reviewed)</b>	<b>June 30, 2015 (Reviewed)</b>
	<b>QR.</b>	<b>QR.</b>
Net profit for the period (QR.)	<b>7,383,710</b>	<b>6,559,512</b>
Weighted Average number of shares	<b>6,280,795</b>	<b>6,280,795</b>
Basic / diluted earnings per share (QR)	<b>1.18</b>	<b>1.04</b>

QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)  
DOHA - QATAR

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016

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14. Compensation of Key Management  
personnel

	For the Six Month period Ended	
	June 30, 2016 (Reviewed)	June 30, 2015 (Reviewed)
	QR.	QR.
Short term benefits	<u>294,000</u>	<u>276,000</u>