

**QATAR CINEMA AND FILM DISTRIBUTION CO. (Q.P.S.C)**  
**DOHA – STATE OF QATAR**

**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**TOGETHER WITH INDEPENDENT AUDITOR'S**  
**REVIEW REPORT FOR THE**  
**SIX MONTHS ENDED JUNE 30, 2020**

QATAR CINEMA AND FILM DISTRIBUTION CO. (Q.P.S.C)  
DOHA – STATE OF QATAR

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**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS**

To  
The Board of Directors  
Qatar Cinema and Film Distribution Co. (Q.P.S.C)  
Doha – State of Qatar

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of **Qatar Cinema and Film Distribution Co. (Q.P.S.C)**, Doha – State of Qatar, as at June 30, 2020 and the related interim condensed statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard-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 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim condensed 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.

**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*.

TALAL ABU-GHAZALEH & CO.

Hazim Al Surkhi, CPA  
(Licence No. 119)  
QFMA Licence No. 120152  
Doha, August 12, 2020



طلال أبوغزالة وشركاه  
Talal Abu-Ghazaleh & Co.  
Qatar Office

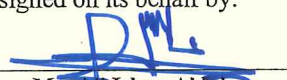
**QATAR CINEMA AND FILM DISTRIBUTION CO. (Q.P.S.C)**  
**DOHA – STATE OF QATAR**

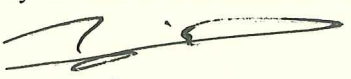
**EXHIBIT "A"**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (REVIEWED)**  
**AS AT JUNE 30, 2020**

	Note	June 30, 2020 (QR.) (Reviewed)	Dec. 31, 2019 (QR.) (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant, equipment and capital work in progress	-4-	16,010,158	13,558,485
Investment properties	-5-	82,971,288	84,684,543
Equity instruments at fair value through other comprehensive income (FVOCI)	-6-	30,009,541	36,409,529
Right-of-use assets		7,805,476	8,219,282
<b>Total Non-Current Assets</b>		<b>136,796,463</b>	<b>142,871,839</b>
<b>CURRENT ASSETS</b>			
Inventories		279,785	287,027
Accounts and other receivables		5,822,655	4,881,088
Cash and cash equivalents	-7-	20,370,550	32,852,340
<b>Total Current Assets</b>		<b>26,472,990</b>	<b>38,020,455</b>
<b>Total Assets</b>		<b>163,269,453</b>	<b>180,892,294</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	-8-	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		5,948,670	12,348,658
Retained earnings		24,258,665	27,808,352
<b>Total Equity – Exhibit D</b>		<b>133,671,067</b>	<b>143,620,742</b>
<b>NON-CURRENT LIABILITIES</b>			
Employees' end of service benefits		1,054,881	973,933
Lease liabilities		9,050,035	8,764,618
<b>Total Non-Current Liabilities</b>		<b>10,104,916</b>	<b>9,738,551</b>
<b>CURRENT LIABILITIES</b>			
Dividend payable		6,993,427	6,631,996
Tenants advances		2,736,770	2,789,655
Accounts and other payables		2,277,243	2,589,040
Short term loan		7,000,000	15,000,000
Lease liabilities		486,030	522,310
<b>Total Current Liabilities</b>		<b>19,493,470</b>	<b>27,533,001</b>
<b>Total Liabilities</b>		<b>29,598,386</b>	<b>37,271,552</b>
<b>Total Equity and Liabilities</b>		<b>163,269,453</b>	<b>180,892,294</b>

These interim condensed financial statements were approved by the Board of Directors on August 12, 2020 and signed on its behalf by:

  
**Mr. Ali Ishaq Al Ishaq**  
 Executive & Managing Director

  
**Mr. Ahmed Abdul Rahman Fakhro**  
 Chairman

THE ACCOMPANYING NOTES 1 TO 18 CONSTITUTE AN INTEGRAL PART OF THESE  
 INTERIM CONDENSED FINANCIAL STATEMENTS

**QATAR CINEMA AND FILM DISTRIBUTION CO. (Q.P.S.C)**  
**DOHA – STATE OF QATAR**

**EXHIBIT "B"**

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS (REVIEWED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2020**

	Note	Six months ended June 30, 2020 (QR.) (Reviewed)	Six months ended June 30, 2019 (QR.) (Reviewed)
Cinema revenue		1,336,481	3,510,890
Cinema operating cost		(2,348,798)	(4,129,666)
<b>Gross (loss)</b>		<b>(1,012,317)</b>	<b>(618,776)</b>
Net income from real estate activity		8,097,651	8,095,419
Other income	-9-	988,113	2,253,204
General and administrative expenses		(2,150,660)	(2,138,262)
Finance charges including charges on lease liabilities		(706,068)	(722,050)
Depreciation	-10-	(2,485,611)	(2,544,987)
<b>Profit for the period – Exhibits C, D &amp; E</b>		<b>2,731,108</b>	<b>4,324,548</b>
		=====	=====
<b>Earnings per share</b>			
Basic earnings per share	-11-	0.043	0.069
		=====	=====
Diluted earnings per share	-11-	0.043	0.069
		=====	=====

THE ACCOMPANYING NOTES 1 TO 18 CONSTITUTE AN INTEGRAL PART OF THESE  
INTERIM CONDENSED FINANCIAL STATEMENTS

QATAR CINEMA AND FILM DISTRIBUTION CO. (Q.P.S.C)  
DOHA – STATE OF QATAR

EXHIBIT “C”

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (REVIEWED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2020

	Six months ended June 30, 2020 (QR.) (Reviewed)	Six months ended June 30, 2019 (QR.) (Reviewed)
<b>Profit for the period – Exhibit B</b>	<b>2,731,108</b>	<b>4,324,548</b>
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Net changes in fair value of equity instruments at fair value through other comprehensive income (FVOCI)	(6,399,988)	1,148,674
<b>Other comprehensive (loss) income for the period – Exhibit D</b>	<b>(6,399,988)</b>	<b>1,148,674</b>
<b>Total comprehensive (loss) income for the period – Exhibit D</b>	<b>(3,668,880)</b> =====	<b>5,473,222</b> =====

THE ACCOMPANYING NOTES 1 TO 18 CONSTITUTE AN INTEGRAL PART OF THESE  
INTERIM CONDENSED FINANCIAL STATEMENTS

QATAR CINEMA AND FILM DISTRIBUTION CO. (Q.P.S.C)  
DOHA – STATE OF QATAR

EXHIBIT "D"

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (REVIEWED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2020

	Share Capital (QR.)	Legal Reserve (QR.)	General Reserve (QR.)	Fair Value Reserve (QR.)	Retained Earnings (QR.)	Total (QR.)
SIX MONTHS ENDED JUNE 30, 2019 (REVIEWED)						
Balance as at December 31, 2018 (Audited)	62,807,950	37,992,630	2,663,152	9,932,968	30,999,625	144,396,325
Total comprehensive income for the period	-0-	-0-	-0-	-0-	4,324,548	4,324,548
Profit for the period – Exhibit B						
Other comprehensive income						
Net changes in fair value of equity instruments at fair value through other comprehensive income (FVOCI)	-0-	-0-	-0-	1,148,674	-0-	1,148,674
Other comprehensive income for the period – Exhibit C	-0-	-0-	-0-	1,148,674	-0-	1,148,674
Total comprehensive income for the period – Exhibit C	-0-	-0-	-0-	1,148,674	4,324,548	5,473,222
Dividend distribution for the year 2018 – Note 12	-0-	-0-	-0-	-0-	(9,421,193)	(9,421,193)
Balance as at June 30, 2019	62,807,950	37,992,630	2,663,152	11,081,642	25,902,980	140,448,354
SIX MONTHS ENDED JUNE 30, 2020 (REVIEWED)						
Balance as at December 31, 2019 – Exhibit A (Audited)	62,807,950	37,992,630	2,663,152	12,348,658	27,808,352	143,620,742
Total comprehensive income for the period	-0-	-0-	-0-	-0-	2,731,108	2,731,108
Profit for the period – Exhibit B						
Other comprehensive income						
Net changes in fair value of equity instruments at fair value through other comprehensive income (FVOCI)	-0-	-0-	-0-	(6,399,988)	-0-	(6,399,988)
Other comprehensive (loss) for the period – Exhibit C	-0-	-0-	-0-	(6,399,988)	-0-	(6,399,988)
Total comprehensive (loss) for the period – Exhibit C	-0-	-0-	-0-	(6,399,988)	2,731,108	(3,668,880)
Dividend distribution for the year 2019 – Note 12	-0-	-0-	-0-	-0-	(6,280,795)	(6,280,795)
Balance as at June 30, 2020 – Exhibit A	62,807,950	37,992,630	2,663,152	5,948,670	24,258,665	133,671,067

THE ACCOMPANYING NOTES 1 TO 18 CONSTITUTE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

QATAR CINEMA AND FILM DISTRIBUTION CO. (Q.P.S.C)  
DOHA – STATE OF QATAR

EXHIBIT "E"

INTERIM CONDENSED STATEMENT OF CASH FLOWS (REVIEWED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2020

	Six months ended June 30, 2020 (QR.) (Reviewed)	Six months ended June 30, 2019 (QR.) (Reviewed)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period – Exhibit B	2,731,108	4,324,548
<b>Adjustments for:</b>		
Depreciation	2,485,611	2,544,987
Finance cost on lease liabilities	249,137	275,752
Provision for employees' end of service benefits	80,948	63,270
Reversal of accounts, other payables and provision for employees' end of service benefits	(22,388)	(971,827)
Finance charges	456,931	446,298
Dividend income	(951,791)	(1,211,793)
<b>Operating Profit Before Working Capital Changes</b>	<u>5,029,556</u>	<u>5,471,235</u>
<b>Changes in operating assets and liabilities</b>		
-Inventories	7,242	6,130
-Accounts and other receivables	(941,567)	3,569,012
-Tenants advances	(52,885)	-0-
-Accounts and other payables	(289,409)	(1,535,659)
<b>Cash generated from operations</b>	<u>3,752,937</u>	<u>7,510,718</u>
Employees' end of service benefits paid	-0-	(282,499)
Finance charges paid	(456,931)	(446,298)
<b>Net Cash from Operating Activities</b>	<u>3,296,006</u>	<u>6,781,921</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(691,734)	(139,494)
Additions to capital work in progress	(2,118,489)	(865,105)
Additions to investment properties	-0-	(7,428)
Dividend income received	951,791	1,211,793
<b>Net Cash (used in) from Investing Activities</b>	<u>(1,858,432)</u>	<u>199,766</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend distribution	(5,919,364)	(9,962,014)
Payment of lease liabilities	-0-	(284,550)
Net movement in loan	(8,000,000)	-0-
<b>Net Cash (used in) Financing Activities</b>	<u>(13,919,364)</u>	<u>(10,246,564)</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(12,481,790)</u>	<u>(3,264,877)</u>
Cash and cash equivalents at beginning of the period	32,852,340	40,159,775
<b>Cash and cash equivalents at end of the period</b>	<u>20,370,550</u>	<u>36,894,898</u>
	=====	=====

THE ACCOMPANYING NOTES 1 TO 18 CONSTITUTE AN INTEGRAL PART OF THESE  
INTERIM CONDENSED FINANCIAL STATEMENTS



**QATAR CINEMA AND FILM DISTRIBUTION CO. (Q.P.S.C)**  
**DOHA – STATE OF QATAR**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (REVIEWED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2020**

**1) GENERAL INFORMATION**

Qatar Cinema and Film Distribution Co. (Q.P.S.C) was incorporated in the State of Qatar as a Qatari Public Shareholding Company, under Emiri Decree No. 3 of 1970 with Commercial Registration No. 30. The company is listed in the Qatar Stock Exchange.

The Company is primarily engaged in the distribution of cinema films and videos, trading of television films and programs, commercial advertisements, trading of tools for the operation of cinema and projectors. Also the company is engaged in investment in shares, bonds, funds and real estate investment.

The company's commercial registration consists of certain active branches which operates cinema theaters in different locations. The above branches' books of accounts are integral part of this interim condensed financial statements.

**2) BASIS OF PREPARATION OF INTERIM CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Preparation**

The interim condensed financial statements of the Company for the six months ended June 30, 2020 have been prepared in accordance with International Accounting Standard-34, *Interim Financial Reporting* and in conformity with Qatari Commercial Companies Law.

The interim condensed financial statements do not contain all information and disclosures required for annual financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2019. In addition, results for the six months ended June 30, 2020 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2020.

**b) Significant Accounting Policies**

**i) Amendments to the Standards**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2019 and the notes attached thereto, except for certain amendments to the standards that became effective in the current period as described below:

<b>Amendments to the Standards</b>		<b>Effective Date</b>
IAS 1 & 8	Definition of Material	January 01, 2020
IFRS 3	Definition of a business	January 01, 2020
IFRS 9 & 7 & and IAS 39	Interest Rate Bench Mark Reform	January 01, 2020
IFRS 16	COVID 19- Related Rent Concessions	June 01, 2020

In addition to the above, amendments to references to conceptual framework in IFRS standards was effective from January 01, 2020.

The above amendments to the standards have been adopted by the company, where applicable, and which did not have any material impact on the accounting policies, financial position or performance of the Company.

**ii) New and amendments to IFRSs issued but not yet effective**

The following new and amendments to the standards have been issued but are not yet effective and the company intends to adopt these standards, where applicable, when they become effective;

<b>New Standards</b>		<b>Effective Date</b>
IFRS 17	Insurance Contracts	January 01, 2023
<b>Amendments to the Standards</b>		<b>Effective Date</b>
IAS 28 & IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred Indefinitely
IAS 1	Classification of liabilities as Current or Non-current	January 01, 2022

3) **FINANCIAL RISK MANAGEMENT AND CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

a) **Financial Risk Management**

The Company's financial risk management objectives are consistent with those disclosed in the financial statements for the year ended December 31, 2019.

b) **Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

In the application of the Company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements made by the management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the company's annual financial statements for the year ended December 31, 2019, except any effects as disclosed in note 16 (The Impact of COVID 19).

4) **PROPERTY, PLANT, EQUIPMENT AND CAPITAL WORK IN PROGRESS**

a) The movements during the period/year were as follows:

	June 30, 2020 (QR.) (Reviewed)	Dec. 31, 2019 (QR.) (Audited)
<b>Cost</b>		
Balance at beginning of the period/year	49,082,252	39,247,421
Additions during the period/year	2,810,223	9,834,831
<b>Balance at end of the period/year</b>	<b>51,892,475</b>	<b>49,082,252</b>
<b>Accumulated Depreciation</b>		
Balance at beginning of the period/year	35,523,767	34,704,621
Charge for the period/year	358,550	819,146
<b>Balance at end of the period/year</b>	<b>35,882,317</b>	<b>35,523,767</b>
<b>Net book value at end of the period/year – Exhibit A</b>	<b>16,010,158</b>	<b>13,558,485</b>

b) The above property, plant, equipment and capital work in progress include a sum of QR.12,175,711 capital expenses incurred for projects which are under progress as at June 30, 2020.

5) **INVESTMENT PROPERTIES**

a) The movements during the period/year were as follows:

	June 30, 2020 (QR.) (Reviewed)	Dec. 31, 2019 (QR.) (Audited)
<b>Cost</b>		
Balance at beginning of the period/year	111,768,766	111,761,338
Additions during the period/year	-0-	7,428
<b>Balance at end of the period/year</b>	<u>111,768,766</u>	<u>111,768,766</u>
<b>Accumulated Depreciation</b>		
Balance at beginning of the period/year	27,084,223	23,658,716
Charge for the period/year	1,713,255	3,425,507
<b>Balance at end of the period/year</b>	<u>28,797,478</u>	<u>27,084,223</u>
<b>Net book value at end of the period/year – Exhibit A</b>	<u>82,971,288</u> =====	<u>84,684,543</u> =====

b) Investment properties include a property amounting to QR.97,495,867 at cost mortgaged to a local bank as at June 30, 2020. Further, it has been estimated by the management that the recoverable value of investment properties as of reporting date were higher than its carrying value.

c) The interim condensed statement of profit or loss includes a sum of QR.8,730,196 as rental income from the above investment properties for the six months ended June 30, 2020 (June 30, 2019: QR.8,664,128).

6) **EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)**

The equity instruments at fair value through other comprehensive income (FVOCI) comprise of investments in shares of listed companies on Qatar Stock Exchange. The fair value of the quoted shares is determined by reference to published price quotations in Qatar Stock Exchange.

Movements in the equity instruments at fair value through other comprehensive income (FVOCI) were as follows:

	June 30, 2020 (QR.) (Reviewed)	Dec. 31, 2019 (QR.) (Audited)
Balance at beginning of the period/year	36,409,529	33,993,839
Net changes in fair value of equity instruments at fair value through other comprehensive income (FVOCI)	(6,399,988)	2,415,690
<b>Balance at end of the period/year – Exhibit A</b>	<u>30,009,541</u> =====	<u>36,409,529</u> =====

7) **CASH AND CASH EQUIVALENTS**

This item consists of the following:

	June 30, 2020 (QR.) (Reviewed)	Dec. 31, 2019 (QR.) (Audited)
Cash in hand	727	6,540
Cash at banks	20,225,265	32,701,331
Short term fixed deposits	144,558	144,469
<b>Total – Exhibit A</b>	<u>20,370,550</u> =====	<u>32,852,340</u> =====

8) **SHARE CAPITAL**

This item consists of the following:	June 30, 2020 (QR.) (Reviewed)	Dec. 31, 2019 (QR.) (Audited)
Authorized, issued and fully paid up capital with a par value of QR.1 each – Exhibit A	62,807,950 =====	62,807,950 =====
Authorized, issued and fully paid up share capital (number of shares)	62,807,950 =====	62,807,950 =====

9) **OTHER INCOME**

This item consists of the following:	Six months ended June 30, 2020 (QR.) (Reviewed)	Six months ended June 30, 2019 (QR.) (Reviewed)
Dividend income	951,791	1,211,793
Reversal of accounts, other payables and provision for employees' end of service benefits	22,388	971,827
Others	13,934	69,584
<b>Total – Exhibit B</b>	<u>988,113</u> =====	<u>2,253,204</u> =====

10) **DEPRECIATION**

This item consists of the following:	Six months ended June 30, 2020 (QR.) (Reviewed)	Six months ended June 30, 2019 (QR.) (Reviewed)
Depreciation of investment properties	1,713,255	1,712,449
Depreciation of property, plant and equipment	358,550	421,005
Depreciation of right-of-use assets	413,806	411,533
<b>Total – Exhibit B</b>	<u>2,485,611</u> =====	<u>2,544,987</u> =====

11) **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 as follows:

	Six months ended June 30, 2020 (Reviewed)	Six months ended June 30, 2019 (Reviewed)
Profit attributable to ordinary shareholders of the Company (QR.) - Exhibit B	2,731,108 =====	4,324,548 =====
Weighted average number of ordinary shares outstanding	62,807,950 =====	62,807,950 =====
<b>Basic earnings per share (QR.) – Exhibit B</b>	<b>0.043</b> =====	<b>0.069</b> =====

b) **Diluted Earnings Per Share**

No separate diluted earnings per share were calculated since the diluted earnings per share were equal to basic earnings per share.

12) **DIVIDENDS**

Following the approval of the Annual General Assembly held on March 09, 2020, it was decided a cash dividend distribution of 10% of the paid up capital totaling QR.6,280,795 relating to the year ended December 31, 2019 (relating to the year ended December 31, 2018 a cash dividend distribution of 15% of the paid up capital totaling QR.9,421,193).

13) **RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. As at reporting date, there were no reportable related party transactions except for the transactions with key management personnel.

**Transactions with key management personnel**

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the company.

A sum of QR.154,476 board of directors remuneration and a sum of QR.294,000 as board meeting allowance have been included under general and administrative expenses for the six-month period ended June 30, 2020 (June 30, 2019: A sum of QR.255,185 board of directors remuneration and a sum of QR.294,000 as board meeting allowance have been included under general and administrative expenses).

In addition to the above, the total compensation for key management personnel of the company includes the following:

	<b>Six months ended June 30, 2020 (QR.) (Reviewed)</b>	<b>Six months ended June 30, 2019 (QR.) (Reviewed)</b>
Salaries and other short term benefits	134,900 =====	135,950 =====

14) **FAIR VALUE**

**Fair Value Measurement**

The Company measures certain financial instruments and certain non-financial assets, if applicable, at fair value at each reporting date.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value are disclosed in this interim condensed financial statements, if any.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in this interim condensed financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1:- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2:- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3:- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets that are recognized in the interim condensed financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### Accounting Classification And Fair Values

Based on the above fair value measurements, it has been assessed that the fair values of the financial instruments presented in this interim condensed financial statements as of reporting date are not materially different from their carrying values.

#### Fair Value Hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of the company's assets by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- 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 not based on observable market data

The following table shows an analysis of assets recorded at fair value by level of the fair value hierarchy:

As at June 30, 2020 (Reviewed)	Level 1	Level 2	Level 3	Total
Equity instruments at FVOCI (QR.)	30,009,541	-0-	-0-	30,009,541
	=====	=====	=====	=====
As at December 31, 2019 (Audited)				
Equity instruments at FVOCI (QR.)	36,409,529	-0-	-0-	36,409,529
	=====	=====	=====	=====

During the period ended June 30, 2020 and the year ended December 31, 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.

## 15) COMMITMENTS AND CONTINGENCIES

The following summarizes the significant contractual commitments and contingencies:

	June 30, 2020 (QR.) (Reviewed)	Dec. 31, 2019 (QR.) (Audited)
Performance bonds	347,800	347,800
Letters of guarantee	100,000	100,000
	=====	=====

## 16) THE IMPACT OF COVID-19

### a) Introduction

The coronavirus (COVID-19) steep spread across the world and led the World Health Organization to declare it as pandemic and a global health emergency. Numerous sectors of the global economy are effected and the long term economic and business consequence remain un-known which lead to uncertainties in the global economic environment.

### b) Impact to the Qatar Economy

Since the first case of COVID-19 reported, the State of Qatar, has emerged social distancing and widespread testing. The effective and rigorous approach adopted by the Country resulted to mitigate severe impact on the Economy. However, due to certain Government restrictions put in place including social distancing measures, the Cinema Industry has been severely impacted.

### c) Impact to the Company and its Industry

- The sudden outbreak of COVID-19 had a definite impact on the cinema theaters where it has upended global film industry, halting film production and closing cinemas.
- The company's core business function is operating cinema theaters in different locations in the State of Qatar, however, the Qatar Government's initiations, rules and measures implemented to limit the spread of COVID-19 has resulted to close Cinema Theaters since March 2020 until further notice. This situation severely impacted the company's operating results where its revenue from cinema activities have been decreased 62 % compared to 1<sup>st</sup> half of the previous year, indeed no revenue has been generated for the months from March to June 2020.
- As the company's Cinema Theaters has been closed since March 2020, the company has initiated certain strategic risk mitigation plans where the fixed overheads are controlled and reduced on systematic method.
- The company is reasonably monitoring the evolving situation and government measurements against the spreading of COVID-19 and its impacts on the business.
- There is reputable presumption that the prevailing situation will be overlapped and the company business module will be smooth during the 2<sup>nd</sup> half of 2020. Further, the company's business functions have been already diversified into renting of investment properties and investment in equity instruments. As such, the given level of existing uncertainty assumed to be declined with the ease of Government restrictions.
- The company is in the process of negotiating rent concessions from the lease building owner on which it will operate highest international standard Cinema. In case, if the company receives rent concessions, it will apply the practical expedients introduced by the amendments to IFRS 16.

### d) Significant Assessment of COVID-19

The board of directors has performed a reasonable assessment of COVID-19 based on the available guidance, historical experience, industry benchmark and other factors that are considered to be relevant on the company's all aspects. The details of the areas where the high level of assessment carried out are as follows;

#### ➤ Use of Estimates and Judgments

In the application of the company's accounting policies, the Board of Directors has assessed potential impacts of the current economic volatility in determination of the reported amounts of the company's financial and non-financial assets and liabilities. The judgments, estimates and assumptions are board of directors' best assessment determined based on the available information. In addition, the company has specifically analyzed the impacts of pandemic when determining Expected Credit Losses where forward looking factors and general economic conditions of the industry in which the debtors operate are assessed to ensure that no significant credit risk exposures as of the reporting date.

#### ➤ Going Concern

The company continues to adopt the going concern basis in preparing its interim condensed financial statements for the six-month period ended June 30, 2020. The uncertainty as to future impact on the company, due to COVID-19 has been critically assessed by the board of directors. Thus, the management has concluded that there is no material uncertainties exist as of reporting date that may cast significant doubt about the company's ability to continue as a going concern.

➤ **Events After The Reporting Period**

The board of directors assessed, the effect of COVID-19 on the company as and when identified or available for their attention. The implications of the pandemic are challenging, ongoing and the outcome of this event is unknown and therefore, the impact of the company for conditions that arose after the reporting period may not be identifiable and quantifiable at the time of issuance of these interim condensed financial statements. However, if any major events will be taken place, those will be considered, adjusted and disclosed accordingly in the subsequent financial statements prepared for the company.

**17) COMPARATIVE FIGURES**

Certain prior period figures have been reclassified to conform with the presentation of the current period.

**18) GENERAL**

Figures in this interim condensed financial statements have been rounded off to the nearest Qatari Riyal.