QATAR CINEMA AND FILM DISTRIBUTION CO. (Q.P.S.C)

DOHA – STATE OF QATAR

INDEPENDENT AUDITOR'S REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

QATAR CINEMA AND FILM DISTRIBUTION CO. (Q.P.S.C)

DOHA – STATE OF QATAR

INDEX

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements
Opinion
We have audited the financial statements of **Qatar Cinema and Film Distribution Co. (Q.P.S.C),** Doha-State of Qatar, which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	**How these key audit matters were addressed in our audit**
Measurement of investment properties The Company's investment properties consist of lands, buildings and building improvements which are disclosed in note 6 to these financial statements. The Company records its investment properties at cost model and it has been assured by the management that the recoverable value of investment properties is not less than the carrying value.	**Our procedures in relation to investment properties included but not limited;** • Evaluating the measurement criteria applied to the costs incurred and capitalized during the year, • Assessing the depreciation method used and the appropriateness of the key assumptions based on our knowledge,

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The fair value of investment properties are determined by external real estate valuation expert appointed by the management to ascertain whether there are any indications for the impairment and to ensure adequacy of disclosures. Investment properties are identified as key audit matter due to followings; • It consist of 49 % of total assets of the Company, • Its valuation depends on certain key assumptions that require significant management judgment to estimate its recoverable value, • The Company makes judgments over estimation of the useful life of investment properties.	• Evaluating the objectivity, independence and expertise of the external valuation expert appointed by the management, • Evaluating the appropriateness of the underlying assumptions and the methodology used by the valuer by comparing them to the previous years, market practice and based on our knowledge, • Assessing the adequacy and completeness of the disclosures on the valuation of investment properties, presented in note 6 to these financial statements, • Performing substantive test of details to ensure underlying financial assertions pertaining to investment properties are met.

Other Information

The management is responsible for the other information. The other information comprises the information included in the Company's Annual Report of year 2020 (the "Annual Report") but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard and the applicable provisions of Qatari Commercial Companies Law, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of accounts have been kept by **Qatar Cinema and Film Distribution Co. (Q.P.S.C),** Doha-State of Qatar, an inventory count has been conducted in accordance with established principles, and the financial statements comply with the Qatari Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Company or on its financial position.

TALAL ABU-GHAZALEH & CO.

Hazim Al Surkhi, CPA
(Licence No.119)
QFMA Licence No. 120152
Doha, February 08, 2021

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

EXHIBIT "A"

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020 (QR.)	2019 (QR.)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment and capital work in progress	-5-	**18,193,037**	13,558,485
Investment properties	-6-	**81,264,698**	84,684,543
Right-of-use assets	-7-	**7,387,122**	8,219,282
Equity instruments at fair value through other comprehensive income (FVOCI)	-8-	**32,620,651**	36,409,529
Total Non-Current Assets		**139,465,508**	142,871,839
CURRENT ASSETS			
Inventories		**279,785**	287,027
Accounts and other receivables	-9-	**3,634,464**	3,246,931
Cash and cash equivalents	-10-	**23,447,147**	32,852,340
Total Current Assets		**27,361,396**	36,386,298
Total Assets		**166,826,904**	179,258,137
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	-11-	**62,807,950**	62,807,950
Legal reserve	-12-	**37,992,630**	37,992,630
General reserve		**2,663,152**	2,663,152
Fair value reserve	-13-	**8,559,780**	12,348,658
Retained earnings		**26,355,912**	27,808,352
Total Shareholders' Equity – Exhibit D		**138,379,424**	143,620,742
NON–CURRENT LIABILITIES			
Employees' end of service benefits	-14-	**1,105,680**	973,933
Lease liabilities	-7-	**8,492,034**	9,205,390
Total Non-Current Liabilities		**9,597,714**	10,179,323
CURRENT LIABILITIES			
Dividend payable		**6,837,695**	6,631,996
Tenants advances		**1,498,848**	1,155,498
Accounts, retentions and other payables	-15-	**2,799,867**	2,589,040
Short term loan	-16-	**7,000,000**	15,000,000
Lease liabilities	-7-	**713,356**	81,538
Total Current Liabilities		**18,849,766**	25,458,072
Total Liabilities		**28,447,480**	35,637,395
Total Shareholders' Equity and Liabilities		**166,826,904**	179,258,137

These financial statements were approved by the Board of Directors on February 08, 2021 and were signed on its behalf by:

Mr. Ali Ishaq Alishaq
Executive & Managing Director

Mr. Ahmed Abdul Rahman Fakhro
Chairman

THE ACCOMPANYING NOTES 1 TO 32 CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

EXHIBIT "B"

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 (QR.)	2019 (QR.)
Cinema revenue	-17-	**1,527,406**	7,115,766
Cinema operating cost	-18-	**(2,536,700)**	(8,142,316)
Gross (loss)		**(1,009,294)**	(1,026,550)
Net income from real estate activity	-19-	**15,104,961**	16,179,005
Other income	-20-	**1,104,641**	2,290,066
Depreciation	-21-	**(4,918,157)**	(5,074,539)
General and administrative expenses	-22-	**(4,127,667)**	(4,331,403)
Finance charges	-23-	**(1,202,325)**	(1,646,917)
Profit for the year – Exhibits C, D&E		**4,952,159**	6,389,662
		=======	=======
Earnings per share			
Basic earnings per share	-24-	**0.079**	0.102
		======	======
Diluted earnings per share	-24-	**0.079**	0.102
		======	======

THE ACCOMPANYING NOTES 1 TO 32 CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

EXHIBIT "C"

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 (QR.)	2019 (QR.)
Profit for the year – Exhibit B		**4,952,159**	6,389,662
Other comprehensive income:			
Net changes in fair value of equity instruments at fair value through other comprehensive income (FVOCI)	-13-	**(3,788,878)**	2,415,690
Other comprehensive (loss) income for the year – Exhibit D		**(3,788,878)**	2,415,690
Total comprehensive income for the year – Exhibit D		**1,163,281**	8,805,352

THE ACCOMPANYING NOTES 1 TO 32 CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

EXHIBIT "D"

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	Share Capital (QR.)	Legal Reserve (QR.)	General Reserve (QR.)	Fair Value Reserve (QR.)	Retained Earnings (QR.)	Total Shareholders' Equity (QR.)
Balance as at January 01, 2019	62,807,950	37,992,630	2,663,152	9,932,968	30,999,625	144,396,325
Total comprehensive income for the year						
Profit for the year – Exhibit B	-0-	-0-	-0-	-0-	6,389,662	6,389,662
Other comprehensive income						
Net changes in fair value of equity instruments at fair value through other comprehensive income (FVOCI) – Note 13	-0-	-0-	-0-	2,415,690	-0-	2,415,690
Other comprehensive income for the year – Exhibit C	-0-	-0-	-0-	2,415,690	-0-	2,415,690
Total comprehensive income for the year – Exhibit C	-0-	-0-	-0-	2,415,690	6,389,662	8,805,352
Social and sports fund contribution – Note 25	-0-	-0-	-0-	-0-	(159,742)	(159,742)
Dividend distribution for the year 2018 – Note 28	-0-	-0-	-0-	-0-	(9,421,193)	(9,421,193)
Balance as at December 31, 2019 – Exhibit A	62,807,950	37,992,630	2,663,152	12,348,658	27,808,352	143,620,742
	======	======	======	======	======	======
Balance as at January 01, 2020	**62,807,950**	**37,992,630**	**2,663,152**	**12,348,658**	**27,808,352**	**143,620,742**
Total comprehensive income for the year						
Profit for the year – Exhibit B	**-0-**	**-0-**	**-0-**	**-0-**	**4,952,159**	**4,952,159**
Other comprehensive income						
Net changes in fair value of equity instruments at fair value through other comprehensive income (FVOCI) – Note 13	**-0-**	**-0-**	**-0-**	**(3,788,878)**	**-0-**	**(3,788,878)**
Other comprehensive (loss) for the year – Exhibit C	**-0-**	**-0-**	**-0-**	**(3,788,878)**	**-0-**	**(3,788,878)**
Total comprehensive income for the year – Exhibit C	**-0-**	**-0-**	**-0-**	**(3,788,878)**	**4,952,159**	**1,163,281**
Social and sports fund contribution – Note 25	**-0-**	**-0-**	**-0-**	**-0-**	**(123,804)**	**(123,804)**
Dividend distribution for the year 2019 – Note 28	**-0-**	**-0-**	**-0-**	**-0-**	**(6,280,795)**	**(6,280,795)**
Balance as at December 31, 2020 – Exhibit A	**62,807,950**	**37,992,630**	**2,663,152**	**8,559,780**	**26,355,912**	**138,379,424**
	======	======	======	======	======	======

THE ACCOMPANYING NOTES 1 TO 32 CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

EXHIBIT "E"

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 (QR.)	2019 (QR.)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year – Exhibit B		**4,952,159**	6,389,662
Adjustments for:			
Provision for employees' end of service benefits	-14-	**131,747**	129,173
Dividend income	-20-	**(951,791)**	(1,222,862)
Reversal of accounts, other payables and end of service benefits	-20-	**(32,332)**	(981,827)
(Gain) on disposal of property, plant and equipment	-20-	**(75)**	-0-
Depreciation	-21-	**4,918,157**	5,074,539
Finance charges	-23-	**1,202,325**	1,646,917
Operating profit before working capital changes		**10,220,190**	11,035,602
Changes in operating assets and liabilities			
-Inventories		**7,242**	3,557
-Accounts and other receivables		**(387,533)**	1,054,253
-Tenants advances		**343,350**	32,377
-Accounts, retentions and other payables		**473,014**	645,519
Cash generated from operation		**10,656,263**	12,771,308
Employees' end of service benefits paid		**-0-**	(309,806)
Finance charges paid		**(900,143)**	(903,565)
Social and sports fund contribution paid		**(159,742)**	(211,388)
Net Cash from Operating Activities		**9,596,378**	11,346,549
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend income received		**951,791**	1,222,862
Additions to property, plant and equipment and capital work in progress		**(5,298,104)**	(9,834,831)
Additions to investment properties		**(6,525)**	(7,428)
Proceeds from disposal of property, plant and equipment		**4,000**	-0-
Net Cash (used in) Investing Activities		**(4,348,838)**	(8,619,397)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend distribution		**(6,075,096)**	(10,034,587)
Repayment of short term loan		**(8,000,000)**	-0-
Lease liabilities settlements		**(577,637)**	-0-
Net Cash (used in) Financing Activities		**(14,652,733)**	(10,034,587)
Net (decrease) in cash and cash equivalents		**(9,405,193)**	(7,307,435)
Cash and cash equivalents at beginning of the year		**32,852,340**	40,159,775
Cash and cash equivalents at end of the year	-10-	**23,447,147**	32,852,340

SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS

Others

	2020	2019
Prepaid lease payments before adoption of IFRS 16 reclassified to right-of-use assets	**-0-**	284,550

THE ACCOMPANYING NOTES 1 TO 32 CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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 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, operating movie theaters and cafeterias for cinemas. Also the company is engaged in investment in shares, bonds, funds and real estate investment.

The company's commercial registration consist of certain active branches which operates cinema theaters in different locations in the State of Qatar. The above branches' assets, liabilities and results of operations are integral part of these financial statements.

2) APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

i) New and amendments to the standards, new and revised interpretations and annual improvements to IFRSs affecting amounts reported and/or disclosures in the financial statements

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

Amendments to the Standards		Effective Date
IFRS 3	Definition of a Business	January 01, 2020
IFRS 9, 7 & IAS 39	Interest Rate Bench Mark Reform	January 01, 2020
IAS 1 & 8	Definition of Material	January 01, 2020

In addition to the above amendments to the Standards, reference to the conceptual framework for financial reporting was amended with effective from January 01, 2020. The conceptual framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any other standard. The revised conceptual framework includes some new concepts, definitions and recognitions criteria for assets and liabilities and clarifies some important concepts.

The above amendments to the standards and conceptual framework 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, amendments and improvements 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;

New Standard		Effective Date
IFRS 17	Insurance Contracts	January 01, 2023
Amendments to the Standards		**Effective Date**
IFRS 16	Covid 19- Related Rent Concessions	June 01, 2020
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, 2023
IAS 16	Proceeds Before Intended Use	January 01, 2022
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 01, 2022

IFRS 3	Reference to the Conceptual Framework	January 01, 2022

In addition to the above as part of annual improvements to IFRS standards 2018-2020 cycle, the following standards have been amended;

IFRS 1	Subsidiary as a First-Time Adopter	January 01, 2022
IFRS 9	Fees Test for Derecognition of Financial Liabilities	January 01, 2022
IAS 41	Taxation in Fair Value Measurement	January 01, 2022
IFRS 16	Reimbursement of Leasehold Improvements	Yet to determine

3) SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the applicable provisions of the Qatari Commercial Companies Law No. 11 of 2015.

b) Basis of Measurement

The financial statements have been drawn up from the accounting records of the Company under the historical cost convention except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on fair value of the consideration initially given in exchange for assets.

c) Functional and Presentation Currency

The financial statements are presented in Qatari Riyals (QR.), which is the Company's functional currency and all values are rounded to the nearest Qatari Riyals (QR.) except when otherwise indicated.

d) Use of Estimates and Judgments

The information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the note 4.

e) Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, including the capitalized borrowing cost.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in statement of profit or loss.

Depreciation

Depreciation on all property, plant and equipment is charged to the profit or loss on the straight line method, so as to write off the historical cost of such asset over its estimated useful lives as follows:

Buildings and improvements	5-40 years
Motor vehicles	5 years
Furniture and fixtures	5 years
Plants and equipment	6.667 years

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably.

The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

Capital work in progress

Capital work in progress is stated at cost less any impairment. Cost includes the expenditure incurred on capital projects that have not been completed. When the projects are completed, the capital work in progress will be capitalized either to property, plant and equipment or investment properties based on their intended use and depreciated thereafter.

f) Investment Properties

Investment properties are properties (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both, but not for sale in ordinary course of business, use in the production or supply of goods or services or for administrative purpose. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Investment properties, other than land, are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	40 years
Building improvements	5 years

Investment property is derecognized when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit or loss in the period of de-recognition.

g) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i) The Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The company recognizes right-of-use assets at the commencement date of the lease (i.e, the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets are between 10 to 11 years.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, deprecation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement dates of the lease, the company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (Example: changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term lease and lease of low-value assets

The company applies the short-term lease recognition exemption to its short-term lease of properties, machinery and equipment, if any (those lease that have lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to lease certain items that is considered of low value (that is below QR. 20,000). Lease payment on short-term leases and lease of low value assets are recognized as expense on a straight-line basis over the lease term.

ii) The Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an assets are classified as operating leases. Rental income arising is accounted on a straight-line basis over the lease term and is included in the statement of profit or loss due to its operating nature. Initial direct costs; incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income, Contingent rents are recognized as revenue in the period in which they are earned.

h) Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or companies assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

i) Inventories

The inventories pertaining to spare parts and tickets are valued at the lower of cost and net realizable value. Costs of inventories are determined using first in first out cost formula.

j) Employees' End of Service Benefits

For the expatriate employees, the Company provides for employees' end of service benefits determined in accordance with the requirements of Qatari Labor laws pertaining to retirement and pensions, wherever required. These unfunded charges are made by the Company on the basis of employees' salaries and the number of years of service at the statement of financial position date. Applicable benefits are paid to employees on termination of employment with the Company.

k) Provision

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by considering the expected future cash flows of the Company.

l) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost (AC), fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through other comprehensive income (OCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income (OCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

As of reporting date, that the company contracted with only the financial assets at amortized cost (debt instruments) and the financial assets designated at fair value through other comprehensive income (OCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial Assets at Amortized Cost (Debt Instruments)

The company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The company's financial assets at amortized cost includes accounts and other receivables and bank deposits.

Financial Assets Designated at Fair Value Through Other Comprehensive Income With no Recycling of Cumulative Gains and Losses Upon Derecognition (Equity Instruments)

The company subsequently measures financial assets at fair value through other comprehensive income at fair value and gains and losses on fair value changes are recognized in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognized in statement of profit or loss as other income when the company's right to receive payments is established, except when the company benefits from such proceeds as a recovery of part of cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity instruments at FVOCI are not subject to impairment.

Listed shares held by the company that are traded in an active market are classified as Equity Instruments at FVOCI and are stated at fair value at the end of each reporting period. Fair value is determined in the manner described in note 30.

Derecognition

The company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the company has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition and ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost. The Company's financial liabilities include accounts, retentions and other payables, dividend payable, short term loans, contract liabilities and lease liabilities, if any.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability at fair value through profit or loss.

Financial Liabilities at Amortized Cost

This is the category most relevant to the Company. After initial recognition, the loans and borrowing and other financial liabilities are subsequently measured at amortized cost using the effective interest. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as finance charges in the statement of profit or loss.

This category generally applies to accounts, retentions and other payables, dividend payable and short term loans.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

m) Revenue from Contracts with Customers balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Accounts Receivables
Accounts receivable represents the company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). The accounting policies of financial assets in financial instruments paragraph details the initial recognition and subsequent measurement of accounts receivable.

Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the company performs under the contract.

n) Revenue Recognition

The company's revenue streams are mainly consist from following major sources;

- Revenue from contracts with customers
- Rental income from investment properties
- Dividend income
- Interest income
- Others

The company applies different recognition criteria and measurement principals for each of above revenue streams as follows;

***Revenue from Contracts with Customers* (Revenue from cinema activity)**
Pursuant to the nature of company's business activities, it has engaged in the business activities of cinema where core income generates from movies, cafeteria and advertising as detailed below;

Revenue from sale of cinema ticket is recognized at the point in time when the ticket is sold at the counter, via electronic forms and through loyalty redemption programs subject to the consideration that the respective film has been screened. The control or right to use or access to cinema is obtained by the customer upon issue of the ticket. The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated such as customer loyalty points. In determining the transaction price for the sale of cinema ticket, the company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The cinema related auxiliary service income are recognized upon performance of actual services.

Rental income from investment properties
Rental of investment properties where the company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognized in profit or loss on a straight-line basis over the lease term. The non-lease component included in the lease rental is recognized over a time by measuring progress towards complete satisfaction of performance obligation at the reporting date.

Initial direct costs incurred by the company in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognized as an expense in profit or loss over the lease term on the same basis as the lease income. Contingent rents are recognized as revenue in the period in which they are earned.

Dividend Income
Dividends income is recognized when the company's right to receive payments is established provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably.

Interest Revenue
Interest income is accrued on a time basis with reference to the principal outstanding and the amount of revenue is measured using the effective interest method.

Other income
Other income is recognized on an accrual basis.

o) Contract Cost

Incremental costs to obtain a contract
Incremental costs of obtaining a contract are those costs that would not have been incurred if the contract had not been obtained. The company recognizes, as an asset, the incremental costs of obtaining a contract if the company expects to recover those costs. Costs that would have been incurred whether or not the contract was obtained shall be recognized as an expense when incurred. In general, the company recognizes the incremental costs of obtaining a contract as an expense if the amortization period of the asset that would have been recognized is one year or less.

Costs to fulfill a contract
The company incurs cost to fulfill their obligations under a contract once it is obtained, but before transferring goods or services. If the cost to full fill contract with a customer that are not covered under another standard such as inventories, property, plant and equipment, intangible assets are recognized as an asset if those costs meet the following criteria:

- The costs relate directly to a contract or an anticipated contract that the company can identify,
- The costs generate or enhance resources of the company that will be used in satisfying or in continuing to satisfy performance obligation in the future,
- The costs are expected to be recovered.

Fulfillment costs that meet all three of the above criteria are required to be recognized as an asset and expensing the costs as they are incurred is not permitted.

p) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Company at Qatari Riyals at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated Qatari Riyals at exchange prevailing at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using Qatari Riyals at exchange rates prevailing at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into Qatari Riyals at exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

q) Dividend Distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividend is approved by the Company's shareholders.

r) Earnings Per Share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

s) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand, balances under current accounts with the banks and deposits having a maturity between 30 to 90 days. For the purpose of statement of cash flows, cash and cash equivalents consists of cash in hand and cash at banks including short term deposits.

4) CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the management 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.

a) Critical Judgment in Applying Accounting Policies

The followings are critical judgments, apart from those involving estimations, that management has made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognized in financial statements;

i) **Classification of financial assets**

Management decides on the acquisition of a financial asset whether to classify it as fair value through other comprehensive income (FVOCI), amortized cost, or financial assets at fair value through profit or loss (FVPL). The company classifies financial assets as amortized cost if the management objective is to hold financial asset in order to collect contractual cash flows or the financial asset, if the management objective is to achieve by both collecting contractual cash flows and selling the financial assets its measured the investment as FVOCI. All other financial assets are measured at FVPL.

The company has invested substantially in quoted securities, the management has primarily decided to account for them on their potential for long term growth rather than the short term profit basis. Consequently, the entire investments are recognized as fair value through other comprehensive income (FVOCI) rather than fair value through profit or loss (FVPL).

ii) **Accounting policy for measurement of investment properties**

Management of the company is required to choose as its accounting policy either the fair value model or the cost model and shall apply this policy to all of its investment properties, if any. The company has chosen to adopt the cost model for the purpose of measuring its investment properties in the statement of financial position.

iii) **Determining the lease term**

In determining lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extensions options (or periodic after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

iv) **Determining lease commencement date**

The commencement date of the lease has been determined in relation to the date on which lessor makes the underlying asset available for use by the lessee. Management has applied its best judgment to determine the actual commencement date.

b) **Key Sources of Estimation Uncertainty**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i) **Impairment of non-financial assets**

The company's management evaluate whether there are indicators that suggest non-financial assets have suffered impairment in accordance with accounting policies stated in note 3. The recoverable amount of an asset is determined based on the fair value less cost of disposal of the specific asset impaired.

ii) **Estimated useful lives of investment properties and property, plant and equipment**

The cost of items of investment properties and property, plant and equipment's are depreciated on systematic basis over the useful lives of the asset. Management has determined the estimated useful lives of each asset and/ or category of assets based on the following factors:

- Expected usage of asset,
- Expected physical wear and tear, which depends on operational and environmental factors; and
- Legal or similar limits on the use of the assets.

Management has estimated no residual value for any item of investment properties and property, plant and equipment at the end of the useful lives as these have been deemed to be insignificant. Management regularly review this estimate based on the market condition at the end of each reporting period.

iii) Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

iv) Fair value measurements

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an assets or liability, the company use market observable data to the extent it is available. Where level 1 inputs are not available, the company engages qualified external valuers to perform the valuation. The management works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and its inputs used in determining the fair value of various assets and liabilities are disclosed in the respective notes and note 30.

v) Calculation of loss allowance

When measuring ECL, the company uses reasonable and supportable forward looking information, which is based on assumptions for the future movements of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arises on default. It is based on the different between contractual cash flows due and those that the lender would expect to receive, taking in to account cash flows from a collateral and integral credit enhancement.

Probability of defaults continued a key input of measuring ECL. The probability of default is an estimates of the likelihood default over given time horizon, the calculation of which includes historical data, assumptions and expectation of future conditions.

vi) Estimating incremental borrowing rate for leases

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rates (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. Management has applied judgments and estimates to IBR at the commencement of lease.

vii) Impairment of right-of-use assets

In estimating the recoverable amount of the right-of-use assets, the management has made assumptions about the achievable market rates for similar properties with similar lease terms.

5) PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

a) The details of cost, accumulated depreciation and respective net book value of various categories of property, plant and equipment and capital work in progress are as follows:

	Buildings and improvements (QR.)	Motor vehicles (QR.)	Furniture and fixtures (QR.)	Plants and equipment (QR.)	Capital work in progress (QR.)	Total 2020 (QR.)	Total 2019 (QR.)
Cost							
As at January 1	17,075,232	265,178	6,799,431	14,520,209	10,422,202	49,082,252	39,247,421
Additions during the year	46,000	-0-	198,964	12,000	5,041,140	5,298,104	9,834,831
Transfer during the year	699,173	-0-	-0-	-0-	(699,173)	-0-	-0-
Disposal during the year	-0-	-0-	(6,200)	-0-	-0-	(6,200)	-0-
As at December 31	**17,820,405**	**265,178**	**6,992,195**	**14,532,209**	**14,764,169**	**54,374,156**	49,082,252
Accumulated Depreciation							
As at January 1	14,532,119	217,742	6,681,126	14,092,780	-0-	35,523,767	34,704,621
Charge for the year	340,549	12,125	61,531	245,422	-0-	659,627	819,146
On disposal	-0-	-0-	(2,275)	-0-	-0-	(2,275)	-0-
As at December 31	**14,872,668**	**229,867**	**6,740,382**	**14,338,202**	**-0-**	**36,181,119**	35,523,767
Net Book Value							
As at December 31, 2020 – Exhibit A	**2,947,737**	**35,311**	**251,813**	**194,007**	**14,764,169**	**18,193,037**	--
As at December 31, 2019 – Exhibit A	2,543,113	47,436	118,305	427,429	10,422,202	--	13,558,485

b) In addition to improvements and civil works carried out in certain cinemas and certain investment properties, the capital work in progress mainly comprises, the cost of planning, designing, fit out and all related civil and MEP works including cost of un-installed property, plants and equipment incurred in connection to highest international standard cinema under constructed on the leased premises at the Cultural Village-Katara. The Cinema Theater is being constructed and not available for use as at the reporting date. Upon completion of works, the amounts will be capitalized to respective class of property, plant and equipment and depreciated thereafter.

c) Buildings are constructed on a lands owned by the company. Since, major portion of the buildings constructed on the respective land is used for the purposes of rental income, the cost of land is categorized under investment properties. Apart from the above, the remaining cost of building improvements are incurred for leased properties.

6) INVESTMENT PROPERTIES

a) The details of cost, accumulated depreciation and respective net book value of various categories of investment properties are as follows:

	Lands (QR.)	Buildings (QR.)	Building Improvements* (QR.)	Total (QR.)
Cost				
As at December 31, 2018	508,735	107,357,204	3,895,399	111,761,338
Additions during the year	-0-	-0-	7,428	7,428
As at December 31, 2019	508,735	107,357,204	3,902,827	111,768,766
Additions during the year	-0-	-0-	6,525	6,525
As at December 31, 2020	**508,735**	**107,357,204**	**3,909,352**	**111,775,291**
Accumulated Depreciation				
As at December 31, 2018	-0-	22,584,959	1,073,757	23,658,716
Charge for the year	-0-	2,683,930	741,577	3,425,507
As at December 31, 2019	-0-	25,268,889	1,815,334	27,084,223
Charge for the year	-0-	2,683,930	742,440	3,426,370
As at December 31, 2020	**-0-**	**27,952,819**	**2,557,774**	**30,510,593**
Net Book Value				
As at December 31, 2020-Exhibit A	**508,735**	**79,404,385**	**1,351,578**	**81,264,698**
As at December 31, 2019-Exhibit A	508,735	82,088,315	2,087,493	84,684,543

*The building improvements are integral part of the building which consists of furniture, fixtures and other improvement attached to investment properties.

b) The fair value of investment properties determined based on valuation performed by accredited independent valuer as at December 31, 2020 and 2019. The valuer, is an accredited independent valuer with a recognized and relevant professional qualifications and with recent experience in the location and category of those investment properties being valued. In arriving at estimated market values the valuer has used their market knowledge and professional judgment and not only relied on historical transactions comparable.

The details of the fair value of investment properties determined by independent valuer are as follows;

	2020 (QR.)	2019 (QR.)
Lands	**510,129,640**	549,780,300
Buildings	**169,546,000**	175,956,100
Total	**679,675,640**	725,736,400

c) The rental income from its investment properties are disclosed in note 19.

d) Investment properties include a property amounting to QR.97,495,867 at cost (Note 16) mortgaged to a local bank as at December 31, 2020.

7) RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

a) Right-of-Use Assets

Movements in right-of-use assets are as follows:	**2020 (QR.)**	2019 (QR.)
Balance at beginning of the year	**8,219,282**	-0-
At the initial application of IFRS 16	**-0-**	9,049,168
Depreciation of right-of-use assets	**(832,160)**	(829,886)
Balance at end of the year – Exhibit A	**7,387,122**	8,219,282

The related right-of-use assets pertain to the lease of the building premises on which that the company will operate highest international standard Cinema. The right-of-use assets are depreciated over period of lease terms on a straight line basis for a period started from January 01, 2019 to November 23, 2029.

b) Lease Liabilities

Movements in lease liabilities are as follows:	**2020 (QR.)**	2019 (QR.)
Balance at beginning of the year	**9,286,928**	-0-
At the initial application of IFRS 16	**-0-**	8,764,618
Accretion of interest during the year	**496,099**	522,310
Lease payments during the year	**(577,637)**	-0-
Balance at end of the year – Note 7(c)	**9,205,390**	9,286,928

Lease liability is recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of lease commencement. The company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities monitored within the company's treasury functions.

c) Based on maturity, the lease liabilities are classified in the statement of financial position as follows:

	2020 (QR.)	2019 (QR.)
Lease liabilities-long term portion – Exhibit A	**8,492,034**	9,205,390
Lease liabilities-short term portion – Exhibit A	**713,356**	81,538
Total –Note 7(b)	**9,205,390**	9,286,928

d) In addition to the above lease arrangement disclosed in note 7(a), the company has entered into certain lease arrangements against where no right-of-use assets or lease liabilities were recognized in these financial statements. The following summarized the exemption criteria and other factors used by the company as promulgated by the International Financial Reporting Standards -16 "Leases":

Short-term leases –Exemption applied

The company leases residential property for the use of staff accommodation and the lease contracts are expired within 12 months period of time. Further, the company has entered into contracts with certain building owners attached to Malls to engage in the cinema activities either these contracts are merely short term or treated as separate scope other than leases. Hence, related to the above contracts, no right-of-use assets and lease liabilities have been recognized, instead the lease payments associate with these leases have been charged to statement of profit or loss.

Low value leases – Exemption applied

A reasonable assessment has been made to ensure whether there are any leases of low-value assets such as personal computers and office furniture. However, the company does not have any leases for which the underlying asset is low value.

Non-lease component – Excluded from IFRS 16

The company leases a building premise for long term lease contract, out of which a constant amount on quarterly basis have been charged by the lessor as reimbursed capacity fees against air conditions and chill water services rendered. The payments incurred by the company will be directly charged to statement of profit or loss as a non-lease component expenses.

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

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

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

	2020 (QR.)	2019 (QR.)
Balance at beginning of the year	**36,409,529**	33,993,839
Net changes in fair value of equity instruments at fair value through other comprehensive income (FVOCI)	**(3,788,878)**	2,415,690
Balance at end of the year – Exhibit A	**32,620,651**	36,409,529

9) ACCOUNTS AND OTHER RECEIVABLES

a) This item consists of the following:

	2020 (QR.)	2019 (QR.)
Tenants receivable	**2,063,008**	1,249,750
Accounts receivable	**780,283**	1,055,754
Sub Total –Note 9(b)	**2,843,291**	2,305,504
Provision for expected credit losses	**(861,300)**	(861,300)
Net	**1,981,991**	1,444,204
Bank margin	**567,800**	447,800
Staff receivables	**207,460**	200,828
Advances to suppliers	**264,931**	614,522
Refundable deposits	**417,074**	383,074
Prepaid expenses	**20,338**	20,338
Others	**174,870**	136,165
Total – Exhibit A	**3,634,464**	3,246,931

b) Concentration: A sum of QR.1,036,798 receivable from three customers which represents 36% of total accounts and tenants receivable as at December 31, 2020. (2019: QR.620,798 receivable from two customers which represents 27% of total accounts and tenants receivable).

10) CASH AND CASH EQUIVALENTS

a) This item consists of the following:

	2020 (QR.)	2019 (QR.)
Cash in hand	**-0-**	6,540
Cash at banks	**23,302,526**	32,701,331
Short term deposits	**144,621**	144,469
Total – Exhibits A&E	**23,447,147**	32,852,340

b) The short term deposits consist of call and retail deposits matured within 90 days or less.

11) SHARE CAPITAL

This item consists of the following:	2020	2019
Authorized, issued and fully paid up capital with a par value of QR.1 each (QR.) – 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
	======	======

12) LEGAL RESERVE

The legal reserve of the company amounting to QR.37,992,630 (Exhibit A) as at December 31, 2020 (2019: QR.37,992,630) created, pursuant to Qatari Commercial Companies' Law No. 11 of 2015, which mandates 10% of the net profit for the year is to be deducted annually and retained in the legal reserve account. The deduction shall be suspended when the balance in this reserve account amounts to at least 50% of the Company's capital and is not available for distribution except in the circumstances specified in the law.

Since the reserve has reached 50% of the share capital, the management has not transferred any portion from the profit to legal reserve for the years ended December 31, 2019 and December 31, 2020.

13) FAIR VALUE RESERVE

The movements in the fair value reserve of equity instruments at fair value through other comprehensive income (FVOCI) during the year are as follows:

	2020 (QR.)	2019 (QR.)
Balance at beginning of the year	**12,348,658**	9,932,968
Net changes in fair value of equity instruments at FVOCI-Note 8	**(3,788,878)**	2,415,690
Balance at end of the year – Exhibit A	**8,559,780**	12,348,658
	======	======

14) EMPLOYEES' END OF SERVICE BENEFITS

a) The movements in the employees' end of service benefits during the year are as follows:

	2020 (QR.)	2019 (QR.)
Balance at beginning of the year	**973,933**	2,076,912
Provisions for the year	**131,747**	129,173
Payments during the year	**-0-**	(309,806)
Reversal during the year	**-0-**	(922,346)
Balance at end of the year – Exhibit A	**1,105,680**	973,933
	======	======

b) During the year ended December 31, 2019, the company has settled two of its resigned employee's retirement benefit obligations based on outcome of the legal case filed by the employees. Hence, a considerable value of excess provision made against those employees' end of service benefits have been reversed during the year ended December 31, 2019.

15) ACCOUNTS, RETENTIONS AND OTHER PAYABLES

a) This item consists of the following:

	2020 (QR.)	2019 (QR.)
Accounts and contractor's payables –Note 15(b)	**1,430,763**	897,805
Retentions payable	**929,906**	683,258
Accrued expenses	**225,453**	270,377
Provision for social and sports fund contribution	**123,804**	159,742
Accrued interest	**27,125**	221,042
Board of directors' remuneration payable	**-0-**	294,000
Others	**62,816**	62,816
Total – Exhibit A	**2,799,867**	2,589,040

b) Concentration: A sum of QR.1,342,942 payable to two major suppliers of the company, which represents 94% of the total accounts and contractor's payable as at December 31, 2020 (2019: QR.613,912 payable to two major suppliers of the company, which represents 68% of the total accounts and contractor's payable).

16) SHORT TERM LOAN

Short term loan amounting to QR.7,000,000 (Exhibit A) as at December 31, 2020 (2019: QR.15,000,000) represents the rescheduled amount of previously obtained loan from a local bank. The rescheduled amount carries interest rate of QMRL+2% annually with minimum rate of 4.5% per annum. The repayment will be a bullet payment (a single payment) of principal on June 01, 2021.

The original loan amount of QR.70,000,000 was initially obtained from the local bank on April 08, 2009 to finance the construction of two residential buildings in Musheireb. The loan would have been repaid in 24 quarterly installments of QR.1,500,000 and QR.20,000,000 after end of seventh year and QR.14,000,000 after the end of third quarter of the eighth year. However, during the years 2013 and 2014, the company rescheduled the loan balance to be settled as single installment in June 2015. Whereas, during the year 2015, the company repaid only an amount of QR.5,000,000 and the remaining balance were rescheduled for the settlement. Subsequently, the loan was rescheduled in numerous years on annual basis.

As such, on June 29, 2020, the company has settled a sum of QR.8,000,000 and rescheduled the remaining loan liability to be paid as onetime payment of QR.7,000,000 on June 01, 2021. The interest and bank charges on the rescheduling amount of QR.676,208 charged during the year ended December 31, 2020 (2019: QR.1,057,391).

The loan is secured by first degree mortgage over the real estate amounting to QR.97,495,867 (cost) (Note 6).

17) CINEMA REVENUE

This item consists of the following:

	2020 (QR.)	2019 (QR.)
Movies income – Note 18(b) and *	**1,329,397**	6,737,306
Cafeteria income	**85,209**	262,300
Advertising income	**112,800**	116,160
Total – Exhibit B	**1,527,406**	7,115,766

* As disclosed in note 31, the COVID 19 impact has resulted to close cinema theaters since March 2020. However, during the fourth quarter of the year, all the theaters were resumed subject to precautionary measures.

18) CINEMA OPERATING COST

a) This item consists of the following:

	2020 (QR.)	2019 (QR.)
Shares of film distributors	**681,528**	3,473,904
Share of cinema theater owners – Note 18(b)	**226,887**	1,165,903
Short term lease expenses	**257,250**	1,460,400
Salaries and employees' benefits	**866,660**	1,142,747
Others	**504,375**	899,362
Total – Exhibit B	**2,536,700**	8,142,316

b) Pursuant to the contractual arrangements with owners of the cinema theater buildings located at two different malls at State of Qatar, the counter party to the contracts will be entitled for 50 % share of profit from respective cinema activities. The respective movie income is included under cinema revenue.

19) NET INCOME FROM REAL ESTATE ACTIVITY

This item consists of the following:

	2020 (QR.)	2019 (QR.)
Real estate rent income	**16,363,224**	17,415,761
Maintenance and cleaning expenses	**(1,258,263)**	(1,236,756)
Net – Exhibit B	**15,104,961**	16,179,005

20) OTHER INCOME

This item consists of the following:

	2020 (QR.)	2019 (QR.)
Dividend income	**951,791**	1,222,862
Reversal of accounts, other payables and provision for employees' end of service benefits	**32,332**	981,827
Gain on disposal of property, plant and equipment	**75**	-0-
Others	**120,443**	85,377
Total – Exhibit B	**1,104,641**	2,290,066

21) DEPRECIATION

This item consists of the following:

	2020 (QR.)	2019 (QR.)
Depreciation of investment properties	**3,426,370**	3,425,507
Depreciation of property, plant and equipment	**659,627**	819,146
Depreciation of right-of-use assets	**832,160**	829,886
Total – Exhibit B	**4,918,157**	5,074,539

22) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2020 (QR.)	2019 (QR.)
Salaries, wages and allowances	**1,682,570**	1,700,270
Board of directors remuneration – Note 26	**754,976**	873,185
Professional, legal and government charges	**474,455**	606,870
Advertisement expenses	**148,000**	136,300
Employees' end of service benefits	**131,747**	129,173
Short term lease expenses	**320,727**	142,555
Capacity fees-non lease component	**138,150**	106,299
Travelling and transportation	**99,910**	144,689
Others	**377,132**	492,062
Total – Exhibit B	**4,127,667**	4,331,403

23) FINANCE CHARGES

This item consists of the following:

	2020 (QR.)	2019 (QR.)
Finance cost on lease liabilities	**496,099**	522,310
Interest expenses on short term loan	**606,208**	907,391
Other finance charges	**100,018**	217,216
Total – Exhibit B	**1,202,325**	1,646,917

24) EARNINGS PER SHARE

a) Basic Earnings Per Share

The basic earnings per share is computed by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year are as follows:

	2020	2019
Profit attributable to ordinary shareholders of the Company (QR.) – Exhibit B	**4,952,159**	6,389,662
Weighted average number of ordinary shares outstanding	**62,807,950**	62,807,950
Basic earnings per share (QR.) – Exhibit B	**0.079**	0.102

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.

25) SOCIAL AND SPORTS FUND CONTRIBUTION

In accordance with Law No. 13 of 2008, the Company has taken a provision for the support of sports, social, cultural and charitable activities with an amount equivalent to 2.5% of the net profit. As per the instruction issued by the Ministry of Economy and Finance during the year 2010, this social and sports contribution is considered as an appropriation of retained earnings of the Company and presented in statement of changes in shareholders' equity rather than recording it through the statement of profit or loss.

Accordingly, the Company made an appropriation from retained earnings amounting to QR.123,804 (Exhibit D) for the year ended December 31, 2020 (2019: QR.159,742) for contribution to the Social and Sports Development Fund of Qatar.

26) 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 entity.

Compensation to key management personnel of the company

The remuneration and other compensation to the key managerial personnel included in general and administrative expenses under board of directors remunerations as follows:

	2020 (QR.)	2019 (QR.)
Remuneration for board of directors paid (proposed in last year)	**154,476**	255,185
Meeting allowance for board members applicable for the year	**588,000**	588,000
Remuneration for Executive and Managing Director - Accrued	**12,500**	30,000
Total –Note 22	**754,976**	873,185

In addition to the above, the total compensation for key members of the management included in general administrative expenses under the salaries, wages and allowances are as follows:

	2020 (QR.)	2019 (QR.)
Salaries and other allowances	**261,020**	272,850

27) COMMITMENTS AND CONTINGENCIES

a) The following summarizes the significant contractual commitments and contingencies:

	2020 (QR.)	2019 (QR.)
Performance bonds	**347,800**	347,800
Letters of guarantee	**100,000**	100,000

b) In addition to the above, the company contractually committed for certain capital expenses.

28) DIVIDENDS

In respect of year ended December 31, 2020, the Board of Directors proposed a cash dividend distribution amounting to QR.6,280,795 as per the Board meeting held on February 08, 2021 which is equal to 10% of the paid up capital totaling QR.62,807,950 to the shareholders. This proposed dividend is subject to approval by shareholders at the Annual General Assembly.

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

29) RISK MANAGEMENT

The Company monitors and manages the risks relating to its business and operations. The Company has exposure to the following risks from its use of financial instruments.

- Liquidity risk
- Credit risk
- Capital risk
- Market risk
- Operational risk
- Other risks

The Company seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has not yet established separate risk management function with clear terms of reference from the Board of Directors, its committees and the associated executive management committees. This is to be supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and senior managers. A Company's risk management policy framework which sets out the risk profiles for the Company, risk management, control and business conduct standards for the Company's operations will be put in place in the near future.

a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate reserves, banking facilities, and by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities including finance cost payments and excluding the impact of netting agreements, if any:

December 31, 2020	**Carrying amount (QR.)**	**Contractual cash outflows (QR.)**	**Less than 1 year (QR.)**
Dividend payable	**6,837,695**	**(6,837,695)**	**6,837,695**
Accounts, retentions and other payables	**2,799,867**	**(2,799,867)**	**2,799,867**
Short term loan	**7,000,000**	**(7,000,000)**	**7,000,000**
Lease liabilities	**9,205,390**	**(9,205,390)**	**713,356**
Total	**25,842,952**	**(25,842,952)**	**17,350,918**

December 31, 2019	Carrying amount (QR.)	Contractual cash outflows (QR.)	Less than 1 year (QR.)
Dividend payable	6,631,996	(6,631,996)	6,631,996
Accounts, retentions and other payables	2,589,040	(2,589,040)	2,589,040
Short term loan	15,000,000	(15,000,000)	15,000,000
Lease liabilities	9,286,928	(9,286,928)	81,538
Total	33,507,964	(33,507,964)	24,302,574

It is not expected that the cash flows included in the maturity analysis would occur significantly earlier, or at significantly different amounts.

b) Credit Risk

Credit risk refers to risk that a counter party will default on its obligation resulting in financial loss to the company. In order to minimize the credit risk, the management has developed and implemented a credit risk grading for its major customer and other debtors to categorize the company's credit exposure according to their degree of default. The management uses the publicly available financial information's and its own trading records with customer for this purpose.

Financial instruments that are potentially subject the company to the credit risk are cash at banks, accounts, tenants and other receivable.

Accounts and tenants receivable

The management has a credit risk policy which monitors the credit risk exposure to accounts and tenants receivable in ongoing basis and credit evaluation are performed on all customers requiring credit and are approved by the management. Further, the company manage it credit risk on tenant receivable by obtaining a refundable deposit from the tenants.

Other receivables

Other receivables mainly consist of prepaid expenses and advances, which will be recovered against future expenses of the company.

Cash at banks

The credit risk on bank balances is minimal because the counter parties are banks with high credit rating and company maintain all its bank accounts in well reputed banks.

The maximum risk exposure to the Company is represented in the carrying amount of these instruments as disclosed in the relevant notes.

c) Capital Risk

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital and retained earnings and other reserves of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

Regularly, the Company reviews its capital structure and considers the cost of capital and the risks associated with it. It manages its capital to ensure that it will be able to support its operations while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Company's net debt to adjusted equity ratio at the reporting date was positive.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The market risk primarily consists of the followings:

- Foreign currency risk
- Interest rate risk
- Equity price risk

(i) Foreign Currency Risk

Foreign currency risk is the risk arising from the changes in the value of financial instruments due to fluctuations in foreign currency exchange rates. Management believes that this risk is low since those rates are constant against the Qatari Riyal.

(ii) Interest Rate Risk

The Company has recognized financial instruments which are subject to interest rate risk and which may potentially result in changes in the contractually determined cash flows associated with or may cause reprising of such financial instruments.

The Company is exposed to interest rate risk on its interest bearing assets and liabilities. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments are as follows:

Variable rate instruments	Carrying amount 2020 (QR.)	Carrying amount 2019 (QR.)
Financial assets		
Cash at banks	**144,621**	144,469
Financial liabilities		
Short term loan	**7,000,000**	15,000,000

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

(iii) Equity Price Risk

Equity price risk is the risk that the fair values of equity instruments decrease as a result of changes in the price indices of investments in other entities' equity instruments as part of the Company's investment portfolio.

The following table demonstrates the sensitivity of the effect of cumulative changes in fair value to reasonably possible changes in quoted equity share prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increase shown.

		Effect on Equity	
Description	**Changes in Equity Prices**	**2020 (QR.)**	2019 (QR.)
Equity instruments at fair value through other comprehensive income (FVOCI)	**± 10%**	**3,262,065**	3,640,953

e) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

Operational risks arise from all of the Company's operations. The Company's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

f) Other Risks

Other risks to which the Company is exposed are regulatory risk, legal risk, and reputation risk.

- Regulatory risk is controlled through a framework of compliance policies and procedures. The operations of the Company are subject to regulatory requirements of the State of Qatar.
- Legal risk is managed through the effective use of internal and external legal advisers.
- Reputation risk is controlled through the Company regular examination of issues that are considered to have repercussions for the Company, with guidelines and policies being issued as appropriate.

30) 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 these 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 these 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 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 these 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:

Equity instruments at FVOCI	**Level 1**	**Level 2**	**Level 3**	**Total**
As at December 31, 2020	**32,620,651**	**-0-**	**-0-**	**32,620,651**
As at December 31, 2019	36,409,529	-0-	-0-	36,409,529
	=====	=====	=====	======

During the years ended December 31, 2020 and 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.

31) 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 and due to the COVID-19, 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. This situation severely impacted the company's operating results where its revenue from cinema activities have been decreased 79 % compared to the previous year, indeed no revenue has been generated for the months from March to August 2020. However, on a declined trend of the outbreak in the Country from September onward, the Government of Qatar allowed to operate the Cinema Theaters with limited capacity and age restrictions. As a result, the company were able to resume the operations of two theaters out of three from September 02, 2020.
- As a results of the limitation imposed to operate the Cinema Theaters, 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 2021. 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 was able to obtain rent concessions from a theater owner where approximately ten month rent charges have been waived off. In addition, based on the nature of company's business activities, it has partially benefited and saved on the share of cinema theater expense and share film distributors, due to non-operation of theaters.

d) Significant Assessment of COVID-19

The board of directors has performed an 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 financial statements for the year ended December 31, 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 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.

32) COMPARATIVE FIGURES

Certain comparative information and figures presented for 2019 have been reclassified where necessary to preserve consistency with the 2020 information and figures. However, such reclassifications did not have any effect on the previously reported net profit, other comprehensive income or equity.