

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

**INTERIM FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE NINE MONTH PERIOD
ENDED SEPTEMBER 30, 2016**

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

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INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

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

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements No. 2410, “Review of interim financial information performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

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



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



**Doha – State of Qatar
October 20, 2016**

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

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

	Note	September 30, 2016 (Reviewed) QR.	December 31, 2015 (Audited) QR.
ASSETS			
current assets:			
Cash and bank balances	5	22,341,547	24,881,085
Accounts receivable	6	3,552,609	3,707,727
Inventory and spare parts		232,154	174,688
Prepayments and other debit balances	7	1,047,838	1,067,702
Total Current Assets		27,174,148	29,831,202
Non-Current Assets :			
Available-for-sale investments	8	38,848,434	38,800,470
Investment properties	9	90,964,409	93,663,909
Property and equipment	10	5,789,928	5,353,411
Total Non-Current Assets		135,602,771	137,817,790
Total Assets		162,776,919	167,648,992
LIABILITIES AND SHAREHOLDERS' EQUITY:			
Current Liabilities:			
Accounts payable		776,637	972,788
Borrowings		15,000,000	15,000,000
Advance rent received		2,523,664	3,012,275
Dividends payable		7,157,715	7,376,503
Accruals and other credit balances		754,255	2,876,345
Total Current Liabilities		26,212,271	29,237,911
Non -Current Liabilities:			
Employees' end of service benefits		2,259,372	2,152,209
Total Non-Current Liabilities		2,259,372	2,152,209
Total Liabilities		28,471,643	31,390,120
Shareholders' Equity:			
Share capital	11	62,807,950	62,807,950
Legal reserve		37,992,630	37,992,630
General reserve		2,663,152	2,663,152
Fair value reserve		10,572,837	10,713,275
Retained earnings		20,268,707	12,660,672
Proposed dividend		--	9,421,193
Total shareholders' Equity		134,305,276	136,258,872
Total Liabilities and Shareholders' Equity		162,776,919	167,648,992

These interim Condensed Financial statements were approved on October 20, 2016 and signed by:


Abdul Rahman Najdi
General manager


Ali Ishaq Hussein Al Ishaq
Managing Director

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



QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)
DOHA - QATAR
INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016

	Note	For The Nine Month Period Ended September 30,	
		2016	2015
		(Reviewed)	(Reviewed)
		QR.	QR.
Operating income	12	7,831,404	11,651,313
Direct Cost		(8,240,294)	(10,678,464)
Gross Operating (loss) Profit		(408,890)	972,849
General & Administrative expenses		(2,791,211)	(2,668,806)
Depreciation of property, Equipment and investment properties	9 & 10	(3,374,375)	(3,735,000)
Finance cost		(566,543)	(691,434)
Dividends income		1,502,877	2,246,197
Net Rental income		13,097,581	12,545,580
Other income		148,596	238,354
Net profit for the period		7,608,035	8,907,740
Basic / diluted earnings per share	13	1.21	1.42

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

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

	Note	For The Nine Month Period Ended September 30,	
		2016	2015
		(Reviewed) QR.	(Reviewed) QR.
Net profit for the period		7,608,035	8,907,740
Other comprehensive income items			
Net changes in Fair value of Available for sale investments	8	(140,438)	(7,277,495)
Total comprehensive income for the period		7,467,597	1,630,245

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

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

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016

	Share Capital	Legal Reserve	General Reserve	Fair Value Reserve	Retained Earnings	Proposed Dividends	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Balance as at January 1, 2015 (Audited)	57,098,140	37,992,630	2,663,152	26,537,871	8,106,225	11,419,628	143,817,646
Total comprehensive income for the period (Reviewed)	--	--	--	(7,277,495)	8,907,740	--	1,630,245
Increase in Share Capital	5,709,810	--	--	--	--	(5,709,810)	--
Paid dividends	--	--	--	--	--	(5,709,818)	(5,709,818)
Balance as at September 30, 2015 (Reviewed)	62,807,950	37,992,630	2,663,152	19,260,376	17,013,965	--	139,738,073
Balance as at January 1, 2016 (Audited)	62,807,950	37,992,630	2,663,152	10,713,275	12,660,672	9,421,193	136,258,872
Net income for the period (Reviewed)	--	--	--	--	7,608,035	--	7,608,035
Transfer to dividends payable	--	--	--	--	--	(9,421,193)	(9,421,193)
Net movement in Fair value reserve	--	--	--	(140,438)	--	--	(140,438)
Balance as at September 30, 2016 (Reviewed)	62,807,950	37,992,630	2,663,152	10,572,837	20,268,707	--	134,305,276

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

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

INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016

	Note	For The Nine Month Period Ended September 30,	
		2016	2015
		(Reviewed) QR.	(Reviewed) QR.
<u>Cash Flows From Operating Activities</u>			
Net Profit for the period		7,608,035	8,907,740
Adjustments for:			
Depreciation of property and equipment and investment properties	(9&10)	3,374,375	3,735,000
Finance costs paid		566,543	691,434
Employees' end of service benefits		107,163	71,713
Net cash flows from operating activities before changes in working capital		11,656,116	13,405,887
Accounts receivable		(57,466)	(1,231,451)
Inventory and spare parts		155,118	(141,668)
Prepayments and other debit balances		19,864	(52,083)
Accounts payable		(196,151)	1,433,387
Advance rent received		(488,611)	(15,627)
Accruals and other credit balances		(2,122,090)	(1,879,060)
Net Cash (used in) generated from operating Activities		8,966,780	11,519,385
<u>Cash Flows From Investing Activities</u>			
Additions of available for sale investments		(188,402)	(5,604,163)
Additions of property and equipments	10	(1,111,392)	(192,544)
Net Cash Used in Investing Activities		(1,299,794)	(5,796,707)
<u>Cash Flows From Financing Activities</u>			
Dividends Paid		(9,639,981)	(5,339,633)
Borrowings		--	(5,000,000)
Finance costs paid		(566,543)	(691,434)
Net Cash Used in Financing Activities		(10,206,524)	(11,031,067)
Net (decrease) increase in cash and cash equivalents		(2,539,538)	(5,308,389)
cash and cash equivalents - beginning of period		24,881,085	23,168,818
Cash and Cash equivalents -end of period	5	22,341,547	17,860,429

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016

1 Status and Activities

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

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

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

2 - Basis of preparation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards and amendments to the standards.

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

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

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

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

IFRS 7 : Financial Instruments: Disclosures

IAS 19 : Employee Benefits

IAS 34 : Interim Financial Reporting

IFRS 10 : Consolidated Financial Statements

Amendments regarding the application of the consolidation exception.

IFRS 11 : Joint Arrangements

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

IFRS 12 : Disclosure of Interests in Other Entities

Amendments regarding the application of consolidation exception.

IFRS 14 : Regulatory Deferral Accounts

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 1 : Presentation of Financial Statements

Amendments resulting from the disclosure initiative

IAS 16 : Property, Plant and Equipment

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

IAS 27 : Separate Financial Statements

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

IAS 28 : Investments in Associates and Joint Ventures

Amendments regarding the application of the consolidation exception.

IAS 38 : Intangible Assets

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

IAS 41 : Agriculture

Amendments bringing bearer plants into the scope of IAS 16

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016

4- Segmental reporting

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

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

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

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

5. Cash and bank balances:

	September 30, 2016 (Reviewed)	December 31, 2015 (Audited)
	QR.	QR.
Cash on hand	90,702	39,601
Cash at banks – current accounts	22,112,604	24,702,830
Term Deposits	23,843	23,707
Call Deposits	114,398	114,947
	22,341,547	24,881,085

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

6. Accounts Receivable

	September 30, 2016 (Reviewed)	December 31, 2015 (Audited)
	QR.	QR.
Accounts receivable	4,413,909	4,569,027
Provision for doubtful debts	(861,300)	(861,300)
	3,552,609	3,707,727

7. Prepayments and other debit Balances

	September 30, 2016 (Reviewed)	December 31, 2015 (Audited)
	QR.	QR.
Due From Staff	343,397	355,949
Letters of guarantee margin	686,644	686,643
Prepayment and other debit balances	17,797	25,110
	1,047,838	1,067,702

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016

8. Available for Sale investments

	September 30, 2016 (Reviewed)	December 31, 2015 (Audited)
	QR.	QR.
Fair value at the beginning of the Period/Year	38,800,470	48,216,121
Acquisition during the Period/Year	188,402	11,169,424
Disposals during the Period/Year	---	(4,760,479)
Net changes in Fair value	(140,438)	(15,824,596)
	38,848,434	38,800,470

9. Investment properties

	September 30, 2016 (Reviewed)	December 31, 2015 (Audited)
	QR.	QR.
Net Book Value, beginning balance	93,663,909	97,259,775
Additions during the Period/Year	---	2,050
Depreciation Charge for the Period/Year	(2,699,500)	(3,597,916)
Net Book value, ending balance	90,964,409	93,663,909

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

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

10. Property and equipment

	September 30, 2016 (Reviewed)	December 31, 2015 (Audited)
	QR.	QR.
Net Book Value, beginning balance	5,353,411	6,033,039
Additions during the Period / year	1,111,392	486,016
Depreciation Charge for the Period / year	(674,875)	(1,013,144)
Impairment During the Period / year	---	(152,500)
Net Book value, ending balance	5,789,928	5,353,411

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016

11. SHARE CAPITAL

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

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

12. Operating Income

	For The Nine Month Period Ended	
	September 30, 2016 (Reviewed)	September 30, 2015 (Reviewed)
	QR.	QR.
Movies income	7,225,025	10,442,170
Films rent income	294,400	480,000
Advertising income	35,000	35,000
Cafeterias income	276,979	694,143
	<u>7,831,404</u>	<u>11,651,313</u>

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

13. Earnings per share

	For The Nine Month Period Ended	
	September 30, 2016 (Reviewed)	September 30, 2015 (Reviewed)
	QR.	QR.
Net profit for the period (QR.)	<u>7,608,035</u>	<u>8,907,740</u>
Weighted Average number of shares	<u>6,280,795</u>	<u>6,280,795</u>
Basic / diluted earnings per share (QR)	<u>1.21</u>	<u>1.42</u>

QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.S.C.)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016

**14. Compensation of Key
Management personnel**

For The Nine Month Period Ended

	<u>September 30, 2016 (Reviewed)</u>	<u>September 30, 2015 (Reviewed)</u>
	QR.	QR.
Short term benefits	<u>441,000</u>	<u>414,000</u>