

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

**INTERIM CONDENSED FINANCIAL INFORMATION
TOGETHER WITH REVIEW REPORT FOR THE
SIX MONTHS ENDED JUNE 30, 2017**

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

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Qatar Cinema and Film Distribution Co. (Q.S.C)**, Doha – State of Qatar, as at June 30, 2017 and the related interim condensed statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard-34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim 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 information is not prepared, in all material respects, in accordance with International Accounting Standard-34, *Interim Financial Reporting*.

Other Matter

The interim condensed financial information for the six-month period ended June 30, 2016 and the financial statements for the year ended December 31, 2016 of **Qatar Cinema and Film Distribution Co. (Q.S.C)**, Doha – State of Qatar, were reviewed and audited by another auditor whose reports dated July 31, 2016 and January 22, 2017 expressed an unmodified conclusion and an unmodified opinion on those interim condensed financial information and financial statements respectively.

TALAL ABU-GHAZALEH & CO.

Hazim Al Surkhi, CPA
(Licence no. 119)
Doha, July 19, 2017

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

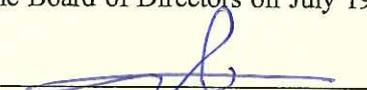
EXHIBIT "A"

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (REVIEWED)
AS AT JUNE 30, 2017

	Note	June 30, 2017 (QR.) (Reviewed)	Dec. 31, 2016 (QR.) (Audited)
ASSETS			
NON-CURRENT ASSETS			
Investment properties	-4-	88,917,634	90,141,744
Available-for-sale financial assets	-5-	33,971,675	39,250,796
Property, plant and equipment	-6-	5,556,585	5,643,507
Total Non-Current Assets		128,445,894	135,036,047
CURRENT ASSETS			
Cash and cash equivalents		24,095,970	25,610,903
Accounts and notes receivable	-7-	3,172,338	2,707,013
Prepayments and other receivables	-8-	3,740,898	906,564
Inventories		161,438	187,877
Total Current Assets		31,170,644	29,412,357
Total Assets		159,616,538	164,448,404
EQUITY AND LIABILITIES			
EQUITY			
Share capital		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 for available-for-sale financial assets		10,058,897	15,487,882
Retained earnings		16,282,450	16,850,943
Total Equity – Exhibit D		129,805,079	135,802,557
NON-CURRENT LIABILITIES			
Employees' end of service benefits		2,233,189	2,300,380
CURRENT LIABILITIES			
Accruals and other payables		4,598,483	4,347,087
Term loan		15,000,000	15,000,000
Dividend payable		7,979,787	6,998,380
Total Current Liabilities		27,578,270	26,345,467
Total Liabilities		29,811,459	28,645,847
Total Equity and Liabilities		159,616,538	164,448,404

This interim condensed financial information was approved by the Board of Directors on July 19, 2017 and signed on its behalf by:


Mr. Ahmad Abdul Rahman Fakhroo
Chairman


Mr. Mohamed Ali J. Al Sulaiti
Vice Chairman

THE ACCOMPANYING NOTES 1 TO 13 CONSTITUTE AN INTEGRAL PART OF THIS
INTERIM CONDENSED FINANCIAL INFORMATION

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

EXHIBIT "B"

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS (REVIEWED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017

	Note	Six months ended June 30, 2017 (QR.) (Reviewed)	Six months ended June 30, 2016 (QR.) (Reviewed)
Revenue	-9-	4,374,434	5,210,577
Cost of revenue		(5,013,493)	(5,495,047)
Gross (loss)		(639,059)	(284,470)
Other income		103,889	117,448
General and administrative expenses		(2,241,786)	(1,913,089)
Depreciation of property, plant and equipment and investment properties		(1,825,423)	(2,249,584)
Net rental income from investment properties		8,899,948	10,210,528
Dividends income		1,414,733	1,502,877
Profit for the period – Exhibit C, D & E		5,712,302	7,383,710
Earnings per share			
Basic/diluted earning per share (QR.)	-10-	0.91	1.18

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

EXHIBIT "C"

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (REVIEWED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017**

	Six months ended June 30, 2017 (QR.) (Reviewed)	Six months ended June 30, 2016 (QR.) (Reviewed)
Profit for the period – Exhibit B	5,712,302	7,383,710
Other comprehensive Income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net changes in fair value of available-for-sale financial assets - Exhibit D	(5,428,985)	(3,290,223)
Total comprehensive income for the period	283,317	4,093,487

THE ACCOMPANYING NOTES 1 TO 13 CONSTITUTE AN INTEGRAL PART OF THIS
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QATAR CINEMA AND FILM DISTRIBUTION CO. (Q.S.C)
DOHA – STATE OF QATAR

EXHIBIT "D"

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (REVIEWED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017

	Share Capital (QR.)	Legal Reserve (QR.)	General Reserve (QR.)	Fair Value Reserve For Available-For- Sale Financial Assets (QR.)	Retained Earnings (QR.)	Total (QR.)
SIX MONTHS ENDED JUNE 30, 2016 (REVIEWED)						
Balance as at December 31, 2015	62,807,950	37,992,630	2,663,152	10,713,275	22,081,865	136,258,872
Profit for the period – Exhibit B	-0-	-0-	-0-	-0-	7,383,710	7,383,710
Net changes in fair value of available-for-sale financial assets - Exhibit C	-0-	-0-	-0-	(3,290,223)	-0-	(3,290,223)
Dividend distribution for 2015	-0-	-0-	-0-	-0-	(9,421,193)	(9,421,193)
Balance as at June 30, 2016	<u>62,807,950</u>	<u>37,992,630</u>	<u>2,663,152</u>	<u>7,423,052</u>	<u>20,044,382</u>	<u>130,931,166</u>
SIX MONTHS ENDED JUNE 30, 2017 (REVIEWED)						
Balance as at December 31, 2016 – Exhibit A	62,807,950	37,992,630	2,663,152	15,487,882	16,850,943	135,802,557
Profit for the period – Exhibit B	-0-	-0-	-0-	-0-	5,712,302	5,712,302
Net changes in fair value of available-for-sale financial assets - Exhibit C	-0-	-0-	-0-	(5,428,985)	-0-	(5,428,985)
Dividend distribution for 2016	-0-	-0-	-0-	-0-	(6,280,795)	(6,280,795)
Balance as at June 30, 2017 – Exhibit A	<u>62,807,950</u>	<u>37,992,630</u>	<u>2,663,152</u>	<u>10,058,897</u>	<u>16,282,450</u>	<u>129,805,079</u>

THE ACCOMPANYING NOTES 1 TO 13 CONSTITUTE AN INTEGRAL PART OF THIS INTERIM CONDENSED FINANCIAL INFORMATION

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

EXHIBIT "E"

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (REVIEWED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017**

	Six months ended June 30, 2017 (QR.) (Reviewed)	Six months ended June 30, 2016 (QR.) (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period – Exhibit B	5,712,302	7,383,710
Adjustments for:		
Depreciation of property, plant & equipment and investment properties	1,825,423	2,249,584
Net changes in employees' end of service benefits	(67,191)	120,749
	7,470,534	9,754,043
Operating profit before working capital changes		
Changes in operating assets and liabilities		
-Accounts and notes receivable	(465,325)	(360,238)
-Prepayments and other receivables	(2,834,334)	(83,192)
-Inventories	26,439	(66,766)
-Accruals and other payables	251,396	(2,756,589)
-Dividends payable	(5,299,388)	(8,274,188)
	(850,678)	(1,786,930)
Net cash (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(390,119)	(515,342)
Additions of investment properties	(124,272)	-0-
Purchase of available-for-sale financial assets	(149,864)	(188,402)
	(664,255)	(703,744)
Net cash (used in) investing activities		
Net (decrease) in cash and cash equivalents	(1,514,933)	(2,490,674)
Cash and cash equivalents at beginning of the period	25,610,903	24,881,085
	24,095,970	22,390,411
Cash and cash equivalents at end of the period	24,095,970	22,390,411

THE ACCOMPANYING NOTES 1 TO 13 CONSTITUTE AN INTEGRAL PART OF THIS
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QATAR CINEMA AND FILM DISTRIBUTION CO. (Q.S.C)
DOHA – STATE OF QATAR

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (REVIEWED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017

1) GENERAL INFORMATION

Qatar Cinema and Film Distribution Co. (Q.S.C) (the “Company”) is a Qatari shareholding company incorporated in State of Qatar in 1970 under commercial registration No. 30.

The principal activities of the company is import and distribution of cinema movies, manage cinemas, produce and distribute various commercial advertisements, investment in shares and real estate investments.

During the year 2011, the board of directors approved the plan to acquire Qatar Media Services, for which the legal formalities were ongoing as at December 31, 2011. During the year 2012, the board of directors resolved to cancel the agreement irrespective of acquisition of Qatar Media Services. Legal procedures are still in place to implement this decision in the appropriate legal form.

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

a) Basis of Preparation

The interim condensed financial information of the Company for the six-month ended June 30, 2017 has been prepared in accordance with International Accounting Standard-34, *Interim Financial Reporting*.

The interim condensed financial information does not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company’s financial statements for the year ended December 31, 2016. In addition, results for the six-month period ended June 30, 2017 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2017.

b) Significant Accounting Policies

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2016, except for the effects of amendments and improvements to the standards that became effective in the current period as described below:

Amendments to the standards		Effective Date
IAS 7	Disclosure Initiative	January 01, 2017
IAS 12	Recognition of Deferred Tax Assets for Unrecognized Losses	January 01, 2017
Annual Improvements to IFRSs 2014-2016 Cycle		
IFRS 12	Clarification of the Scope of Disclosure Requirements	January 01, 2017

The above amendments and annual improvements to the International Financial Reporting Standards have been adopted by the entity, where applicable, and which did not have any material impact on the accounting policies, financial position or performance of the entity as of reporting date.

The following new standards, amendments, interpretations and improvements to the International Financial Reporting Standards issued but are not yet effective and entity intends to adopt these standards, where applicable, when they become effective.

New Standards		Effective Date
IFRS 9	Financial Instruments	January 01, 2018
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
IFRS 16	Leases	January 01, 2019
Amendments to the Standards		Effective Date
IFRS 2	Classification and measurement of Share-based Payment Transactions	January 01, 2018
IAS 28 & IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred Indefinitely
IFRS 15	Clarifications to IFRS 15 'Revenue from Contracts with Customers'	January 01, 2018
IFRS 4	Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	January 01, 2018
IAS 40	Transfers of Investment Property	January 01, 2018
New or Revised Interpretations		Effective Date
IFRIC 22	Foreign Currency Transactions and advance Considerations	January 01, 2018
Annual Improvements to IFRS 2014-2016 Cycle		
IFRS 1	Delete certain short-term exemptions paragraphs, because they have served their intended purpose	January 01, 2018
IAS 28	Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization or other qualifying entity.	January 01, 2018

c) Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

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

d) Financial risk management

The Company's financial risk management are consistent with those disclosed in the financial statements for the year ended December 31, 2016.

3) SEGMENT REPORTING

The company has two business segments namely for film (cinema) distribution and the investments. All the operations and activities of the company geographically limited in Qatar.

4) **INVESTMENT PROPERTIES**

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

	June 30, 2017 (QR.) (Reviewed)	Dec. 31, 2016 (QR.) (Audited)
Cost		
Balance at beginning of the period/year	111,929,185	111,929,185
Additions during the period/year	124,272	-0-
Balance at end of the period/year	<u>112,053,457</u>	<u>111,929,185</u>
Accumulated Depreciation		
Balance at beginning of the period/year	21,787,441	18,265,276
Charge for the period/year	1,348,382	3,522,165
Balance at end of the period/year	<u>23,135,823</u>	<u>21,787,441</u>
Net book value at end of the period/year – Exhibit A	<u>88,917,634</u> =====	<u>90,141,744</u> =====

b) Investment properties include a property amounting to QR.97,495,867 (cost) mortgaged against the loan. As the management estimation, the recoverable value of investment properties as at June 30, 2017 is higher than the carrying value.

5) **AVAILABLE-FOR-SALE FINANCIAL ASSETS**

The available-for-sale financial assets represent the investment in share in listed companies in Qatar Exchange. The fair values of the listed shares are determined by reference to published price quotation in Qatar Exchange.

The movements during the period/year were as follows

	June 30, 2017 (QR.) (Reviewed)	Dec. 31, 2016 (QR.) (Audited)
Balance at beginning of the period/year	39,250,796	38,800,470
Additions during the period/year	149,864	188,400
Net changes in fair value for the period/year	(5,428,985)	261,926
Balance at end of the period/year-Exhibit A	<u>33,971,675</u> =====	<u>39,250,796</u> =====

6) **PROPERTY, PLANT AND EQUIPMENT**

The movements during the period/year were as follows:

	June 30, 2017	Dec. 31, 2016
	(QR.)	(QR.)
	(Reviewed)	(Audited)
Cost		
Balance at beginning of the period/year	40,018,815	38,772,773
Additions during the period/year	390,119	1,246,042
Balance at end of the period/year	<u>40,408,934</u>	<u>40,018,815</u>
Accumulated Depreciation		
Balance at beginning of the period/year	34,375,308	33,419,362
Charge for the period/year	477,041	955,946
Balance at end of the period/year	<u>34,852,349</u>	<u>34,375,308</u>
Net book value at end of the period/year – Exhibit A	<u>5,556,585</u> =====	<u>5,643,507</u> =====

7) **ACCOUNTS AND NOTES RECEIVABLE**

a) This item consists of the following:	June 30, 2017	Dec. 31, 2016
	(QR.)	(QR.)
	(Reviewed)	(Audited)
Accounts receivable	1,877,270	1,111,180
Notes receivable - Note 7(b)	2,199,151	2,457,133
Total	<u>4,076,421</u>	<u>3,568,313</u>
Provision for doubtful debts	(904,083)	(861,300)
Net – Exhibit A	<u>3,172,338</u> =====	<u>2,707,013</u> =====

b) Notes receivable represents post dated cheques received for the future rental income of the company.

8) **PREPAYMENTS AND OTHER RECEIVABLES**

a) This item consists of the following:	June 30, 2017	Dec. 31, 2016
	(QR.)	(QR.)
	(Reviewed)	(Audited)
Supplier Advances -Note 8(b)	1,806,589	-0-
Subscription for Initial Public Offer	1,040,625	-0-
Deposits to others	548,324	548,324
Staff advances	270,229	338,130
Others	75,131	20,110
Total – Exhibit A	<u>3,740,898</u> =====	<u>906,564</u> =====

b) Supplier advances include an amount of QR.1,781,589 for supplying furniture and devices to one of the investment properties in Musheireb area.

9) **REVENUE**

This item consists of the following:	Six months ended June 30, 2017 (QR.) (Reviewed)	Six months ended June 30, 2016 (QR.) (Reviewed)
Income from film show	4,028,800	4,724,045
Income from film rental and others	345,634	486,532
Total – Exhibit B	<u>4,374,434</u> =====	<u>5,210,577</u> =====

10) **EARNINGS PER SHARE (BASIC AND DILUTED)**

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

This item consists of the following:	Six months ended June 30, 2017 (Reviewed)	Six months ended June 30, 2016 (Reviewed)
Profit attributable to ordinary share holders of the parent (QR.)	5,712,302	7,383,710
Weighted average number of ordinary shares outstanding	6,280,795	6,280,795
Basic/diluted earning per share (QR.) -Exhibit B	<u>0.91</u> =====	<u>1.18</u> =====

11) **PROFIT DISTRIBUTIONS**

The Board of Directors has decided in their annual general assembly meeting held on February 12, 2017 to distribute 10% cash dividends of the capital amounting to QR.6,280,795 for the year ended December 31, 2016.

12) **TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL**

The company paid QR.306,000 during the period ended June 30, 2017 to the board of directors (June 30, 2016: QR.294,000).

13) **GENERAL**

- Figures in this interim condensed financial information have been presented in Qatari Riyals and rounded to the nearest Qatari Riyal.
- Certain of the comparative figures have been reclassified to conform to the presentation of current period.