

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

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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INDEPENDENT AUDITOR'S REPORT

To
The Shareholders
Qatar Cinema and Film Distribution Co. (Q.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.S.C)**, Doha-State of Qatar, which comprise the statement of financial position as at December 31, 2017, 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, 2017, 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 Accountant (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.

Other Matter

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 audited by another auditor whose report dated January 22, 2017 expressed an unmodified opinion on those financial statements.

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. We have determined below to be the key audit matters to be communicated in our report.

Key Audit Matters	How Our Audit Addressed this Key Audit Matter
<p>Valuation of Investment Properties</p> <p>The company's investment properties consist of lands, buildings and building improvements which are disclosed in note 7 to these financial statements. The company records its investment properties at cost model and it has been assured by the management that the fair value of investment properties is not less than the carrying value. The fair values are determined by external real estate valuation expert appointed by the management. These valuations are estimated based on several parameters such as estimated rental revenues, occupancy rates, market indicators and discounting rates and the fair value as of current year were reduced compared to the prior year on a portfolio basis. However, the management is in the presumption that there was no objective evidence for the indication of impairment.</p> <p>Investment properties are identified as key audit matters, since it consist of 57 % of total assets of the company and its valuation depends on certain key assumptions that require significant management judgment to estimate its recoverable value.</p>	<p>Our procedures in relation to valuation of investment properties included but not limited;</p> <ul style="list-style-type: none"> • Evaluated the objectivity, independence and expertise of the of the external valuation expert appointed by the management, • Tested the accuracy and completeness of the underlying parameters used by the real estate expert to derive for the valuation, • Evaluated the appropriateness of the underlying assumptions and the methodology used by the valuer by comparing them to the previous years and market practice, • Based on our knowledge of the property industry, we evaluated the appropriateness of the underlying assumptions used by the valuer, • Assessed the adequacy and completeness of the disclosures on the valuation of investment properties, presented in note 7 to these financial statements, • Perform substantive test of details to ensure underlying financial assertions pertaining to investment properties are met.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report of year 2017 (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.

If, when we read the Annual Report, we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the Board of Directors 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 Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is 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 Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 the Board of Directors 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.

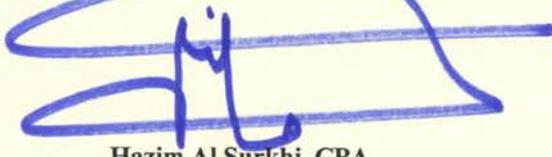
We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated to the Board of Directors, 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 account have been kept by **Qatar Cinema and Film Distribution Co. (Q.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. Except for note 29, 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, March 20, 2018

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

EXHIBIT "A"

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	Note	2017 (QR.)	2016 (QR.)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	-5-	4,076,323	4,959,515
Capital work in progress	-6-	497,695	174,144
Investment properties	-7-	91,525,045	90,651,592
Available-for-sale financial assets	-8-	34,027,485	39,250,796
Total Non-Current Assets		130,126,548	135,036,047
CURRENT ASSETS			
Inventories	-9-	139,964	187,877
Prepayments and other receivables	-10-	1,039,908	1,094,356
Accounts receivables	-11-	1,417,591	1,023,815
Notes receivables	-12-	1,851,622	2,457,133
Cash and cash equivalents	-13-	26,879,707	25,651,325
Total Current Assets		31,328,792	30,414,506
Total Assets		161,455,340	165,450,553
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	-14-	62,807,950	62,807,950
Legal reserve	-15-	37,992,630	37,992,630
General reserve		2,663,152	2,663,152
Fair value reserve of available-for-sale financial assets	-16-	10,770,183	15,487,882
Retained earnings	-17-	18,190,853	16,850,943
Total Shareholders' Equity – Exhibit D		132,424,768	135,802,557
NON-CURRENT LIABILITIES			
Employees' end of service benefits	-18-	1,905,106	2,300,380
CURRENT LIABILITIES			
Dividend payable		7,051,476	6,998,380
Tenants advances		2,805,838	3,145,771
Accruals and other payables	-19-	1,293,078	1,224,701
Accounts payables	-20-	975,074	978,764
Short term loan	-21-	15,000,000	15,000,000
Total Current Liabilities		27,125,466	27,347,616
Total Liabilities		29,030,572	29,647,996
Total Shareholders' Equity and Liabilities		161,455,340	165,450,553

These financial statements were approved by the Board of Directors on March 20, 2018 and were signed on its behalf by:


Mr. Ali Ishaq Al Ishaq
Executive & Managing Director


Mr. Mohamed Ali Al Sulaiti
Vice Chairman

THE ACCOMPANYING NOTES 1 TO 34 CONSTITUTE AN INTEGRAL PART OF THESE
 FINANCIAL STATEMENTS



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

EXHIBIT "B"

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017 (QR.)	2016 (QR.)
Cinema revenue	-22-	8,644,646	10,266,291
Cinema operating cost	-23-	(9,748,531)	(11,146,585)
Gross (loss)		(1,103,885)	(880,294)
Net income from real estate activity	-24-	17,151,315	17,404,544
Dividend income from available-for-sale financial assets		1,414,733	1,502,877
Other income	-25-	870,447	222,694
Impairment loss on available-for-sale financial assets		(1,696,101)	(4,512,681)
General and administrative expenses	-26-	(4,076,737)	(4,055,165)
Finance charges		(960,986)	(906,150)
Depreciation of property, plant and equipment		(957,886)	(1,793,493)
Depreciation of investment properties		(2,824,792)	(2,684,618)
Profit for the year – Exhibits C, D&E		7,816,108	4,297,714
		=====	=====
Earnings per share			
Basic earnings per share	-27-	1.24	0.68
		=====	=====
Diluted earnings per shares	-27-	1.24	0.68
		=====	=====

THE ACCOMPANYING NOTES 1 TO 34 CONSTITUTE AN INTEGRAL PART OF THESE
 FINANCIAL STATEMENTS

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

EXHIBIT "C"

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017 (QR.)	2016 (QR.)
Profit for the year – Exhibit B		7,816,108	4,297,714
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	-16-	(4,717,699)	4,774,607
Other comprehensive (loss) income for the year – Exhibit D		<u>(4,717,699)</u>	<u>4,774,607</u>
Total comprehensive income for the year – Exhibit D		<u>3,098,409</u> =====	<u>9,072,321</u> =====

THE ACCOMPANYING NOTES 1 TO 34 CONSTITUTE AN INTEGRAL PART OF THESE
 FINANCIAL STATEMENTS

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

EXHIBIT "D"

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

	Share Capital (QR.)	Legal Reserve (QR.)	General Reserve (QR.)	Fair-Value Reserve of Available-For-Sale Financial Assets (QR.)	Retained Earnings (QR.)	Total Shareholders' Equity (QR.)
Balance as at January 01, 2016	62,807,950	37,992,630	2,663,152	10,713,275	22,081,865	136,258,872
Total comprehensive income for the year	-	-	-	-	-	-
Profit for the year – Exhibit B	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Net changes in fair value of available-for-sale financial assets – Note 16	-	-	-	4,774,607	-	4,774,607
Other comprehensive income for the year – Exhibit C	-	-	-	4,774,607	-	4,774,607
Total comprehensive income for the year – Exhibit C	-	-	-	4,774,607	4,297,714	9,072,321
Social and sports fund contribution – Note 28	-	-	-	-	(107,443)	(107,443)
Dividend distribution for the year 2015 – Note 17	-	-	-	-	(9,421,193)	(9,421,193)
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
Balance as at January 01, 2017	62,807,950	37,992,630	2,663,152	15,487,882	16,850,943	135,802,557
Total comprehensive income for the year	-	-	-	-	-	-
Profit for the year – Exhibit B	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Net changes in fair value of available-for-sale financial assets – Note 16	-	-	-	(4,717,699)	-	(4,717,699)
Other comprehensive (loss) for the year – Exhibit C	-	-	-	(4,717,699)	-	(4,717,699)
Total comprehensive income for the year – Exhibit C	-	-	-	(4,717,699)	7,816,108	3,098,409
Social and sports fund contribution – Note 28	-	-	-	-	(195,403)	(195,403)
Dividend distribution for the year 2016 – Note 17	-	-	-	-	(6,280,795)	(6,280,795)
Balance as at December 31, 2017 – Exhibit A	62,807,950	37,992,630	2,663,152	10,770,183	18,190,853	132,424,768

THE ACCOMPANYING NOTES 1 TO 34 CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

EXHIBIT "E"

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017 (QR.)	2016 (QR.)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year – Exhibit B		7,816,108	4,297,714
Adjustments for:			
Depreciation of property, plant and equipment		957,886	1,793,493
Depreciation of investment properties		2,824,792	2,684,618
Provision for employees' end of service benefits		136,129	232,544
Finance charges		960,986	906,150
Reversal of provision for employees' end of service benefits		(258,128)	-0-
Dividend income from available-for-sale financial assets		(1,414,733)	(1,502,877)
(Profit) on disposal of investment properties		(234,445)	-0-
Reversal of accruals and other payables		(373,153)	-0-
Impairment loss on available-for-sale financial assets		1,696,101	4,512,681
Operating profit before working capital changes		12,111,543	12,924,323
Changes in operating assets and liabilities			
- Inventories		47,913	(13,189)
- Prepayments and other receivables		54,448	(26,654)
- Accounts receivables		(393,776)	800,546
- Notes receivables		605,511	(573,767)
- Dividend payable		53,096	(378,123)
- Tenants advances		(339,933)	133,496
- Accruals and other payables		184,821	(1,759,087)
- Accounts payables		(3,690)	5,976
Cash generated from operations		12,319,933	11,113,521
Employees' end of service benefits paid		(273,275)	(84,373)
Finance charges		(899,680)	(906,150)
Net Cash from Operating Activities		11,146,978	10,122,998
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(74,694)	(81,578)
Addition to capital work in progress		(323,551)	(1,164,464)
Purchase of investment properties		(3,698,245)	-0-
Purchase of available-for-sale financial assets		(1,190,489)	(188,400)
Dividend income received		1,414,733	1,502,877
Proceeds from disposal of investment properties		234,445	-0-
Net Cash (used in) from Investing Activities		(3,637,801)	68,435
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend distribution		(6,280,795)	(9,421,193)
Net Cash (used in) Financing Activities		(6,280,795)	(9,421,193)
Net increase in cash and cash equivalents		1,228,382	770,240
Cash and cash equivalents at beginning of the year		25,651,325	24,881,085
Cash and cash equivalents at end of the year	-13-	26,879,707	25,651,325
SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS			
Non-Cash Transactions			
Social and sports fund contribution adjusted through accruals and other payables		195,403	107,443
Capital work in progress transferred to property, plant and equipment		-0-	1,446,164

THE ACCOMPANYING NOTES 1 TO 34 CONSTITUTE AN INTEGRAL PART OF THESE
FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1) GENERAL INFORMATION

Qatar Cinema and Film Distribution Co. (Q.S.C) was incorporated in the State of Qatar as a Qatari Shareholding Company, under Commercial Registration No. 30 and Emiri Decree No. 3 of 1970.

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

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

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

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

i) Amendments to the standards effective for annual financial periods beginning on or after January 01, 2017

IAS 7 Disclosure Initiative – The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from finance activities, including both cash and non-cash changes. The amendments apply prospectively.

IAS 12 Recognition of Deferred Tax Assets for Unrecognized Losses – The amendments apply retrospectively, if its applicable to the entity.

ii) **Annual Improvements to IFRSs 2014-2016 Cycle effective for annual financial periods beginning on or after January 01, 2017**

IFRS 12 Disclosure of Interests in Other Entities (Clarification of the Scope of the Standard) – The amendments clarify that the clause mentioned in IFRS 12 for not to provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified as held for sale is the only concession from the disclosures requirements of the standard for such interests. The amendments apply retrospectively, if its applicable to the entity.

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.

f) **New and revised standards and amendments to IFRSs in issue but not yet effective**

The following new, amendments, interpretations and improvements to the standards have been issued but are not yet effective and the 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
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		Effective Date
IFRS 1	Delete certain short-term exemptions paragraphs because as at the reporting period to which the exemptions applied have already passed. As such, these exemptions are no longer applicable.	January 01, 2018
IAS 28	Clarifies that the election to measure an investment in an associate or a joint venture at fair value through profit or loss which is held by an entity that is a venture capital organization or other qualifying entity.	January 01, 2018

3) **SIGNIFICANT ACCOUNTING POLICIES**

a) **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.

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 profit or loss.

When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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 life as follows:

Buildings and improvements	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 profit or loss as incurred.

Capital work in progress

Capital work in progress is stated at cost. Cost includes all expenditure incurred on capital projects that have not been completed. When the projects are completed they are transferred to property, plant and equipment, investment properties and depreciated thereafter.

b) 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:

Building	40 years
Furniture and fixtures attached to investment properties	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 from its disposal. 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.

c) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets include trade receivables, available-for-sale financial assets and cash and cash equivalents. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and are not classified as an investment at fair value through profit or loss or held to maturity or loans or receivables. Available-for-sale financial assets are initially recognized at fair value plus any directly attributable transaction costs. After the initial recognition, these are stated at fair value, unless fair value cannot be measured reliably, with any resulting gains and losses being taken directly to equity until the investment is disposed off or impaired. At each reporting date, these investments are re-measured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to profit and loss currently. Fair value of quoted investments is their bid price on Qatar Exchange at the statement of financial position date.

Accounts receivables

Accounts receivables are stated at cost being the fair value, net of provisions for amounts estimated to be non-collectable. An estimate for provision accounts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

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 less than 90 days. For the purpose of statement of cash flows, cash and cash equivalents consists of cash in hand, cash at banks and short term fixed deposits.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss or 'other financial liabilities, the other financial liabilities include loans accounts and other payables.

Accruals and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Borrowings

Borrowings are recognized initially at fair value of the amounts borrowed, less direct attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest method, with any differences between the cost and final settlement values being recognized in the statement of profit or loss over the period of borrowings.

Installments due within one year at amortized cost are shown as current liabilities. Gain or losses are recognized in the statement of profit or loss when the liabilities are derecognized.

d) 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.

e) 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 Qatar 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. The Company has no expectation of settling its employees' terminal benefits obligation in the near term and hence classified this under non-current liability.

f) 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.

g) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Exchanges for goods and services of similar nature and value are not regarded as transactions that generate revenue. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The following specific recognition criteria must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of the transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits will flow to the Company;
- The stage of completion at the statement of financial position date can be measured reliably; and
- The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

When the above criteria are not met, revenue arising from the rendering of services is recognized only to the extent of the expenses recognized are recoverable.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Profit on sale of available-for-sale of financial assets

Profit on the sale of quoted investment in available-for-sale of financial assets is recognized when the sale is confirmed by the broker.

Rental income

Rental income from investment property is recognized in the statement of profit or loss on a straight-line basis over the term of the lease.

Other Income

Other income is recognized on an accrual basis.

h) Impairment and Un-collectability of Assets

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

All impairment losses are recognized in the statement of profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in other comprehensive income is transferred to the statement of profit or loss.

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the statement of profit or loss;
- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of the estimated future cash flows discounted at the original effective finance cost rate.
- Significant financial assets are tested for impairment on an individual basis.
- The remaining financial assets are assessed collectively in group that share similar credit risk characteristics.

For shares classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in other comprehensive income.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

i) 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).

j) 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.

k) Basic 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.

l) Fair Values

For available-for-sale financial assets traded in organized financial markets, fair value is determined by reference to the quoted market price at the close of business on the statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or other applicable methods. If there is no reliable method for the measurement of fair value of these investments, then they are stated at cost less any impairment in their value. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties at arm's length basis. The fair values of the financial assets and liabilities are not considered significantly different from their book values as most of these items are either short-term in nature or re-priced frequently.

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 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 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:

a) **Classification of investment**

Quoted Securities could be classified either as available-for-sale or at fair value through profit or loss account. The Company invests substantially on quoted securities 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 available-for-sale rather than at fair value through profit or loss. Financial assets are classified as fair value through profit or loss where the assets are either held for trading or designated as at fair value through profit or loss.

b) **Impairment of receivables**

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis.

Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

c) **Impairment of available-for-sale financial assets**

The Company treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists.

The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities, if any.

d) **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.

5) PROPERTY, PLANT AND EQUIPMENT

The details of cost, accumulated depreciation and respective net book value of various categories of property, plant and equipment are as follows:

	Buildings and improvements (QR.)	Motor vehicles (QR.)	Furniture and fixtures (QR.)	Plants and equipment (QR.)	Total 2017 (QR.)	Total 2016 (QR.)
Cost						
As at January 1	17,486,361	599,555	6,679,068	14,377,598	39,142,582	37,614,840
Additions during the year	-0-	-0-	20,398	54,296	74,694	81,578
Transferred from capital work in progress	-0-	-0-	-0-	-0-	-0-	1,446,164
Written off during the year	(959,929)	-0-	-0-	-0-	(959,929)	-0-
As at December 31	16,526,432	599,555	6,699,466	14,431,894	38,257,347	39,142,582
Accumulated Depreciation						
As at January 1	14,772,921	533,821	6,492,158	12,384,167	34,183,067	32,389,574
Charge for the year	223,210	21,911	60,241	652,524	957,886	1,793,493
On written off	(959,929)	-0-	-0-	-0-	(959,929)	-0-
As at December 31	14,036,202	555,732	6,552,399	13,036,691	34,181,024	34,183,067
Net Book Value						
As at December 31, 2017 – Exhibit A	2,490,230	43,823	147,067	1,395,203	4,076,323	-0-
As at December 31, 2016 – Exhibit A	2,713,440	65,734	186,910	1,993,431	-0-	4,959,515

6) **CAPITAL WORK IN PROGRESS**

a) The movement during the year were as follows:	2017	2016
	(QR.)	(QR.)
Balance at beginning of the year	174,144	455,844
Additions for the year	323,551	1,164,464
Transferred to property, plant and equipment	-0-	(1,446,164)
Balance at end of the year – Exhibit A	497,695	174,144
	=====	=====

b) Capital work in progress amounting to QR.174,144 represents improvement works for one of the cinemas and an amount of QR.323,551 represents partial cost incurred to install surveillance cameras at musheireb building.

7) **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.)	Furniture & Fixtures (QR.)	Total (QR.)
Cost				
As at December 31, 2016	508,735	107,357,204	4,765,335	112,631,274
Additions during the year	-0-	-0-	3,698,245	3,698,245
Disposals during the year	-0-	-0-	(4,569,931)	(4,569,931)
As at December 31, 2017	508,735	107,357,204	3,893,649	111,759,588
Accumulated Depreciation				
As at December 31, 2016	-0-	17,217,099	4,762,583	21,979,682
Charge for the year	-0-	2,683,930	140,862	2,824,792
On disposals	-0-	-0-	(4,569,931)	(4,569,931)
As at December 31, 2017	-0-	19,901,029	333,514	20,234,543
Net Book Value				
As at December 31, 2017 – Exhibit A	508,735	87,456,175	3,560,135	91,525,045
	=====	=====	=====	=====
As at December 31, 2016 – Exhibit A	508,735	90,140,105	2,752	90,651,592
	=====	=====	=====	=====
	Note 7(b)	Note 7(b)		

b) The Company has appointed a certified independent valuer to measure the fair value of its investments properties. Accordingly, the fair value of the investment properties and its carrying values are detailed as follows:

	Carrying Value (QR.)	Fair Value (QR.)
December 31, 2017		
Lands:		
Al-Najma land	380,437	514,449,600
Musheireb land	128,298	93,727,500
Buildings:		
Al-Najma building	4,992,304	62,566,500
Musheireb building	82,463,871	92,700,000
Total	87,964,910	763,443,600
	=====	=====

December 31, 2016	Carrying Value (QR.)	Fair Value (QR.)
<i>Lands:</i>		
Al-Najma land	380,437	643,062,000
Musheireb land	128,298	75,000,000
<i>Buildings:</i>		
Al-Najma building	5,238,837	17,500,000
Musheireb building	84,901,268	65,000,000
Total	<u>90,648,840</u> =====	<u>800,562,000</u> =====

- c) The rental income from its investment properties are disclosed in note 24.
- d) Investment properties include a property amounting to QR.97,495,867 at cost (note 21) mortgaged to a local bank as at December 31, 2017.

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

The available-for-sale financial assets comprise of investments in shares of listed companies on Qatar Exchange. The fair value of the quoted shares is determined by reference to published price quotations in Qatar Exchange.

Movements in available-for-sale financial assets during the year were as follows:

	2017 (QR.)	2016 (QR.)
Balance at beginning of the year	39,250,796	38,800,470
Additions during the year	1,190,489	188,400
Net changes in fair value of available-for-sale financial assets – Note 16	(4,717,699)	4,774,607
Impairment losses	(1,696,101)	(4,512,681)
Balance at end of the year – Exhibit A	<u>34,027,485</u> =====	<u>39,250,796</u> =====

9) **INVENTORIES**

This item consists of the following:

	2017 (QR.)	2016 (QR.)
Spare parts	118,349	159,896
Tickets	21,615	27,981
Total – Exhibit A	<u>139,964</u> =====	<u>187,877</u> =====

10) **PREPAYMENTS AND OTHER RECEIVABLES**

This item consists of the following:

	2017 (QR.)	2016 (QR.)
Bank margin	447,800	447,800
Staff receivables	300,162	358,150
Advances to suppliers	151,493	151,493
Refundable deposits	100,523	100,523
Prepaid expenses	39,930	36,390
Total – Exhibit A	<u>1,039,908</u> =====	<u>1,094,356</u> =====

11) **ACCOUNTS RECEIVABLES**

a) This item consists of the following:

	2017 (QR.)	2016 (QR.)
Trade accounts receivable	1,337,283	1,111,180
Tenants receivable	941,608	773,935
Total	<u>2,278,891</u>	<u>1,885,115</u>
Provision for doubtful debts	(861,300)	(861,300)
Net – Exhibit A	<u>1,417,591</u> =====	<u>1,023,815</u> =====

b) Concentration: A sum of QR.1,204,710 receivable from four customers which represents 53% of total accounts receivable as at December 31, 2017. (2016: QR.883,384 receivable from three customers which represents 47% of total accounts receivable).

12) **NOTES RECEIVABLE**

Notes receivable amounting to QR.1,851,622 (Exhibit A) as at December 31, 2017 (2016: QR.2,457,133) represents cheques received against the apartment and shop tenants monthly rent which will be matured before end of December 31, 2018.

13) **CASH AND CASH EQUIVALENTS**

This item consists of the following:

	2017 (QR.)	2016 (QR.)
Cash in hand	24,154	30,906
Cash at banks	26,798,246	25,563,341
Short term fixed deposits	57,307	57,078
Total – Exhibits A&E	<u>26,879,707</u> =====	<u>25,651,325</u> =====

14) **SHARE CAPITAL**

Authorized, issued and fully paid up capital

The authorized, issued and fully paid up capital of the Company amounting to QR.62,807,950 (Exhibit A) as at December 31, 2017, comprising 6,280,795 shares of QR.10 each. (2016: QR.62,807,950 comprising 6,280,795 shares of QR.10 each).

15) **LEGAL RESERVE**

The legal reserve of the company amounting to QR.37,992,630 (Exhibit A) as at December 31, 2017 (2016: QR.37,992,630) created, pursuant to Qatar 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, 2016 and December 31, 2017.

16) **FAIR VALUE RESERVE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS**

The movements in the fair value reserve of available-for-sale financial assets during the year were as follows:

	2017 (QR.)	2016 (QR.)
Balance at beginning of the year	15,487,882	10,713,275
Net changes in fair value of available-for-sale financial assets – Note (8)	(4,717,699)	4,774,607
Balance at end of the year – Exhibit A	<u>10,770,183</u> =====	<u>15,487,882</u> =====

17) **RETAINED EARNINGS**

a) The movements in the retained earnings during the year were as follows:

	2017 (QR.)	2016 (QR.)
Balance at beginning of the year	16,850,943	22,081,865
Profit for the year – Exhibit B	7,816,108	4,297,714
Social and sports fund contribution	(195,403)	(107,443)
Dividend distribution – Exhibit D	(6,280,795)	(9,421,193)
Balance at end of the year – Exhibit A	<u>18,190,853</u> =====	<u>16,850,943</u> =====

b) **Proposed and Distribution of Dividend**

In respect of the year ended December 31, 2017, the Board of Directors proposed a cash dividend distribution of 10% of the paid up capital totaling QR.6,280,795 This proposed dividend subject to approval by shareholders at the Annual General Assembly.

Relating to the year ended December 31, 2016, following to the approval of the Annual General Assembly held on February 12, 2017, it was decided a cash dividend distribution of 10% of the paid up capital totaling QR.6,280,795 (Exhibit D).

18) **EMPLOYEES' END OF SERVICE BENEFITS**

The movements in the employees' end of service benefits during the year were as follows:

	2017 (QR.)	2016 (QR.)
Balance at beginning of the year	2,300,380	2,152,209
Provisions for the year	136,129	232,544
Paid during the year	(273,275)	(84,373)
Reversal to other revenue	(258,128)	-0-
Balance at end of the year – Exhibit A	<u>1,905,106</u> =====	<u>2,300,380</u> =====

19) **ACCRUALS AND OTHER PAYABLES**

This item consists of the following:

	2017 (QR.)	2016 (QR.)
Accrued expenses	323,786	1,072,458
Board of directors' remuneration payable	436,000	44,800
Accrued salaries	212,455	-0-
Notes payable	64,128	-0-
Accrued interest	61,306	-0-
Provision for social and sports fund contribution	195,403	107,443
Total – Exhibit A	<u>1,293,078</u> =====	<u>1,224,701</u> =====

20) **ACCOUNTS PAYABLES**

Accounts payables amounting to QR.975,074 (Exhibit A) as at December 31, 2017 (2016: QR.978,764) include a sum of QR.573,808 payable to two suppliers of the company which represents 59% of the total accounts payable as at December 31, 2017 (2016: QR.639,369 payable to three suppliers of the company which represents 65% of the total accounts payable).

21) **SHORT TERM LOAN**

The company initially obtained a loan from a local bank amounting to QR.70,000,000 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. Hence, during the year 2015, an amount of QR.5,000,000 was paid by the company and the settlement of remaining balance were rescheduled.

In addition to the above, on June 01, 2017, the company further rescheduled the loan balance amounting to QR.15,000,000 (Exhibit A) as at December 31, 2017 (2016: QR.15,000,000) to settled the entire amount as at June 01, 2018. The interest on the rescheduling amount of QR.942,743 charged during the year ended December 31, 2017 (2016: QR.882,846).

The loan is secured by the following:

- First degree mortgage over the real estate amounting to QR.97,495,867.
- Hawalat Haq of rental proceeds from the property being pledged.
- Undertaking from the obligator to cover the short fall, in case the value of the existing securities drop below 185%.

22) **CINEMA REVENUE**

This item consists of the following:

	2017 (QR.)	2016 (QR.)
Movies income	8,061,809	9,717,855
Cafeteria income	466,677	513,436
Advertising income	116,160	35,000
Total – Exhibit B	<u>8,644,646</u> =====	<u>10,266,291</u> =====

23) **CINEMA OPERATING COST**

This item consists of the following:

	2017 (QR.)	2016 (QR.)
Shares of film distributors	4,202,139	5,042,917
Rent	2,904,361	3,352,318
Salaries and benefits	1,450,381	1,494,430
Customs and shipping expenses	247,676	350,000
Repair and maintenance	241,911	192,364
Cleaning expenses	200,367	129,976
Traveling and transportation	112,345	138,785
Cafeteria expenses	109,605	86,783
Electricity and water	96,356	73,687
Telephone and fax	54,000	50,200
Security	52,800	122,400
Advertising	29,645	54,400
Others	46,945	58,325
Total – Exhibit B	<u>9,748,531</u> =====	<u>11,146,585</u> =====

24)	NET INCOME FROM REAL ESTATE ACTIVITY		
	This item consists of the following:	2017 (QR.)	2016 (QR.)
	Real estate rent income	18,378,352	18,293,257
	Maintenance and cleaning expenses	(1,227,037)	(888,713)
	Net – Exhibit B	<u>17,151,315</u> =====	<u>17,404,544</u> =====
25)	OTHER INCOME		
	This item consists of the following:	2017 (QR.)	2016 (QR.)
	Reversal of accruals and other payables	373,153	-0-
	Reversal of provision for employees' end of service benefits	258,128	-0-
	Profit from disposal of investment properties	234,445	-0-
	Other income	4,721	222,694
	Total – Exhibit B	<u>870,447</u> =====	<u>222,694</u> =====
26)	GENERAL AND ADMINISTRATIVE EXPENSES		
	This item consists of the following:	2017 (QR.)	2016 (QR.)
	Salaries, wages and allowances	1,940,507	2,086,679
	Board meeting allowance	688,000	688,000
	Professional, legal and government charges	486,927	374,932
	Advertisement expenses	201,050	208,486
	End of service benefits	136,129	232,544
	Traveling and transportation	131,433	119,774
	Rent	118,877	-0-
	Electricity and water	91,212	73,296
	Cleaning expenses	53,619	46,228
	Telephone, fax and postage	46,059	58,698
	Repair and maintenance	34,342	29,018
	Insurance expenses	31,817	33,486
	Hospitality expenses	27,418	26,420
	Printing and stationary	17,729	16,228
	Others	71,618	61,376
	Total – Exhibit B	<u>4,076,737</u> =====	<u>4,055,165</u> =====

27) **BASIC AND DILUTED 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 as follows:

	2017	2016
Profit attributable to ordinary share holders of the Company (QR.) – Exhibit B	7,816,108	4,297,714
	=====	=====
Weighted average number of ordinary shares outstanding – Note 14	6,280,795	6,280,795
	=====	=====
Basic earnings per share (QR.) – Exhibit B	1.24	0.68
	=====	=====

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.

28) **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 equity rather than recording it through the statement of profit or loss.

Accordingly, the Company made an appropriation from retained earnings amounting to QR.195,403 (Exhibit D) for the year ended December 31, 2017 (2016: QR.107,443) for contribution to the Social and Sports Development Fund of Qatar.

29) **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. Also, as at the reporting date, the Board of Directors of the company consists of (7) members and the management have confirmed that they are in the process of compliance with the minimum requirement of directors mentioned in the Articles of Association.

An amount of QR 588,000 as at December, 31 2017 (2016: QR.588,000) was paid as board meeting allowance which included in general and administrative expenses. The provision for remuneration of Chief Executive Officer amounting to QR.100,000 was also included in the general and administrative expenses as board meeting allowance for the year ended December, 31 2017 (2016: QR.100,000). The company paid QR.568,560 during the year ended December, 31, 2017 (2016: QR.580,560) as salaries to its Executive Director and Deputy Directors.

30) **COMMITMENTS AND CONTINGENCIES**

The following summarizes the significant contractual commitments and contingencies:

	2017 (QR.)	2016 (QR.)
Performance bonds	347,800	347,800
Letters of guarantee	100,000	100,000
	=====	=====

31) **EVENTS AFTER THE REPORTING PERIOD**

There were no circumstances have arisen for the material events, favorable and unfavorable, that occur between the statement of financial position date and date on which these financial statements authorize for issue except for the following:

In respect of year ended December 31, 2017, the Board of Directors proposed a cash dividend distribution amounting to QR.6,280,795 as per the Board meeting held on March 20, 2018, which is equal to 10% of the paid up capital totaling QR.62,807,950 to the shareholders and pursuant to the Qatar Commercial Companies' Law No. 11 of 2015, 5% from the net profit amounting to QR.224,015 as a remuneration for the board of directors. This proposed dividend and Board of Directors remuneration is subject to approval by shareholders at the Annual General Assembly.

32) **RISK MANAGEMENT**

The Company monitors and manages the financial 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 assets and financial liabilities including finance cost payments and excluding the impact of netting agreements, if any:

December 31, 2017	Carrying amount (QR.)	Contractual cash outflows (QR.)	Less than 1 year (QR.)
Dividend payable	7,051,476	(7,051,476)	7,051,476
Tenants advances	2,805,838	(2,805,838)	2,805,838
Accounts and other payables	1,293,078	(1,293,078)	1,293,078
Accounts payables	975,074	(975,074)	975,074
Short term loan	15,000,000	(15,000,000)	15,000,000
Total	27,125,466	(27,125,466)	27,125,466

December 31, 2016	Carrying amount (QR.)	Contractual cash outflows (QR.)	Less than 1 year (QR.)
Dividend payable	6,998,380	(6,998,380)	6,998,380
Tenants advances	3,145,771	(3,145,771)	3,145,771
Accounts and other payables	1,224,701	(1,224,701)	1,224,701
Accounts payables	978,764	(978,764)	978,764
Short term loan	15,000,000	(15,000,000)	15,000,000
Total	27,347,616	(27,347,616)	27,347,616

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 is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to the concentration of credit risk are cash at banks, accounts and other receivable and available for sale financial assets.

Accounts receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The company maintains a provision for doubtful accounts receivable, the estimation of such provision is reviewed periodically and established on a case by case basis. Concentration and provision for doubtful debts have been disclosed in note 11.

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

Ageing analysis of accounts receivable is as follows:

December 31, 2017	Less than 365 days (QR.)	More than 365 days (QR.)	Total (QR.)
Accounts receivable	628,030	1,650,861	2,278,891
Provision for doubtful debts	-0-	(861,300)	(861,300)
Net	628,030	789,561	1,417,591
December 31, 2016	Less than 365 days (QR.)	More than 365 days (QR.)	Total (QR.)
Accounts receivable	334,573	1,550,542	1,885,115
Provision for doubtful debts	-0-	(861,300)	(861,300)
Net	334,573	689,242	1,023,815

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other financial instrument categories. The Company's investments in equity securities are classified as available-for-sale financial assets and represents equity securities of locally listed companies.

Cash at banks

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Bank balances are held with reputed banks inside Qatar. Given these reputation management do not expect these banks to fail on their obligations.

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 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 follows:

	2017 (QR.)	2016 (QR.)
Total Liabilities	29,030,572	29,647,996
Less: cash in hand and at banks	(26,879,707)	(25,651,325)
Net debt	2,150,865	3,996,671
	=====	=====
Total Equity	132,424,768	135,802,557
	=====	=====
Net debt to adjusted equity	0.02:1	0.03:1
	=====	=====

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 maintained 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.

Portfolio

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

Variable rate instruments	Carrying amount 2017 (QR.)	Carrying amount 2016 (QR.)
Financial assets		
Cash at banks	26,855,553	25,620,419
Financial liabilities		
Borrowings	15,000,000	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.

Description	Changes in Equity Prices	Effect on Equity	
		2017 (QR.)	2016 (QR.)
Available-for-sale financial assets	± 10%	± 3,402,748	± 3,925,080

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.

33) FAIR VALUE

Fair value represents the amount at which an asset could be exchanged or a liability settled in a transaction between knowledgeable, willing parties in an arms length transaction.

Note 3 to these financial statements show the methods used in valuing the financial instruments. The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

Description	December 31, 2017		December 31, 2016	
	Carrying amount (QR.)	Fair Value (QR.)	Carrying amount (QR.)	Fair Value (QR.)
Assets				
Available-for-sale financial assets	34,027,485	34,027,485	39,250,796	39,250,796
Other accounts receivables	1,039,908	1,039,908	1,094,356	1,094,356
Accounts receivables	1,417,591	1,417,591	1,023,815	1,023,815
Notes receivables	1,851,622	1,851,622	2,457,133	2,457,133
Cash in hand and at banks	26,879,707	26,879,707	25,651,325	25,651,325
Total	65,216,313	65,216,313	69,477,425	69,477,425
Liabilities				
Dividend payable	7,051,476	7,051,476	6,998,380	6,998,380
Tenants advance	2,805,838	2,805,838	3,145,771	3,145,771
Accruals and other payables	1,293,078	1,293,078	1,224,701	1,224,701
Accounts payables	975,074	975,074	978,764	978,764
Short term loan	15,000,000	15,000,000	15,000,000	15,000,000
Total	27,125,466	27,125,466	27,347,616	27,347,616

34) COMPARATIVE FIGURES

The corresponding figures presented for 2016 have been reclassified where necessary to preserve consistency with the 2017 figures. However, such reclassifications did not have any effect on the previously reported net profit, other comprehensive income or equity.