

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

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

DOHA – STATE OF QATAR

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Qatar Cinema and Film Distribution Co. (Q.P.S.C), Doha-State of Qatar, which comprise the statement of financial position as at December 31, 2018, 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, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters	How these key audit matters were addressed in our audit
Valuation of investment properties The company's investment properties consist of lands, buildings and building improvements which are disclosed in note 6 to these financial statements. The company records its investment properties at cost model and it has been assured by the management that the fair value of investment properties is not less than the carrying value.	Our procedures in relation to investment properties included but not limited; <ul style="list-style-type: none">Evaluating the objectivity, independence and expertise of the external valuation expert appointed by the management,Evaluating the recognition criteria applied to the costs incurred and capitalized during the year,

<p>The fair value of investment properties are determined by external real estate valuation expert appointed by the management to ascertain whether there are any indications for the impairment and to ensure adequacy of disclosures.</p> <p>Investment properties are identified as key audit matters due to followings;</p> <ul style="list-style-type: none"> • It consist of 51 % of total assets of the company, • Its valuation depends on certain key assumptions that require significant management judgment to estimate its recoverable value, • The company makes judgements over estimation of the useful life of investment properties. 	<ul style="list-style-type: none"> • Assessing the depreciation method used and the appropriateness of the key assumptions based on our knowledge, • Evaluating the appropriateness of the underlying assumptions and the methodology used by the valuer by comparing them to the previous years, market practice and based on our knowledge, • Assessing the adequacy and completeness of the disclosures on the valuation of investment properties, presented in note 6 to these financial statements, • Performing substantive test of details to ensure underlying financial assertions pertaining to investment properties are met.
<p>Adoption of IFRS 9 “Financial Instruments”</p> <p>The company has adopted IFRS 9 with effective from January 1, 2018 which require unique accounting treatments, including use of significant estimates and judgements for the determination of adjustments on transition. Further, it mandated to assess the business model on which the financial instruments are held and categorized. As a result of transition, an impact of QR.6,208,782 previously recognized impairment losses has been adjusted from retained earnings to fair value reserve.</p>	<p>Our audit procedures in relation to adoption of IFRS 9 included but not limited;</p> <ul style="list-style-type: none"> • Evaluating the business model on which that financial instruments are held, • Evaluating the appropriateness of the selection of accounting policies, • Considering the appropriateness of the transition approach and practical expedients applied, • Evaluating management’s process for selection of the “expected credit loss” methodology, • Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustment, • Ensure the adequacy of the disclosures.

Other Information

The management and board of directors are responsible for the other information. The other information comprises the information included in the Company’s Annual Report of year 2018 (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 management and the board of directors.

Responsibilities of Management and Board of Directors for the Financial Statements

Management 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 management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The 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 management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

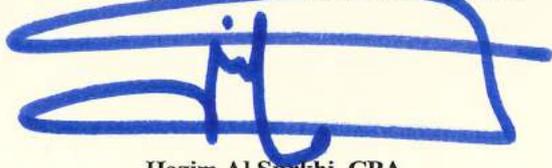
We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with 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.P.S.C)**, Doha-State of Qatar, an inventory count has been conducted in accordance with established principles, and the financial statements comply with the Qatari Commercial Companies' Law No. 11 of 2015. 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.

A large, stylized handwritten signature in blue ink, appearing to be 'H. Al Surkhi', is written over the company name.

Hazim Al Surkhi, CPA
(Licence No.119)
QFMA Licence No. 120152
Doha, February 26, 2019

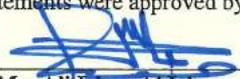
QATAR CINEMA AND FILM DISTRIBUTION CO. (Q.P.S.C)
DOHA – STATE OF QATAR

EXHIBIT "A"

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Note	2018 (QR.)	2017 (QR.)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment and capital work in progress	-5-	4,542,800	4,574,018
Investment properties	-6-	88,102,622	91,525,045
Equity instruments at fair value through other comprehensive income (FVOCI)/Available-for-sale financial assets	-7-	33,993,839	34,027,485
Total Non-Current Assets		<u>126,639,261</u>	<u>130,126,548</u>
CURRENT ASSETS			
Inventories		290,584	139,964
Accounts, notes and other receivables	-8-	6,191,829	4,309,121
Cash and cash equivalents	-9-	40,159,775	26,879,707
Total Current Assets		<u>46,642,188</u>	<u>31,328,792</u>
Total Assets		<u>173,281,449</u> =====	<u>161,455,340</u> =====
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	-10-	62,807,950	62,807,950
Legal reserve	-11-	37,992,630	37,992,630
General reserve		2,663,152	2,663,152
Fair value reserve	-12-	9,932,968	10,770,183
Retained earnings		30,999,625	18,190,853
Total Shareholders' Equity – Exhibit D		<u>144,396,325</u>	<u>132,424,768</u>
NON-CURRENT LIABILITIES			
Employees' end of service benefits	-13-	2,076,912	1,905,106
CURRENT LIABILITIES			
Dividend payable		7,245,390	7,051,476
Tenants advances		2,729,216	2,805,838
Accounts and other payables	-14-	1,833,606	2,268,152
Short term loan	-15-	15,000,000	15,000,000
Total Current Liabilities		<u>26,808,212</u>	<u>27,125,466</u>
Total Liabilities		<u>28,885,124</u>	<u>29,030,572</u>
Total Shareholders' Equity and Liabilities		<u>173,281,449</u> =====	<u>161,455,340</u> =====

These financial statements were approved by the Board of Directors on February 26, 2019 and were signed on its behalf by:


Mr. Ali Ishaq Al Ishaq
 Executive & Managing Director


Mr. Ahmed Abdul Rahman Fakhro
 Chairman

THE ACCOMPANYING NOTES 1 TO 28 CONSTITUTE AN INTEGRAL PART OF THESE
 FINANCIAL STATEMENTS

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

EXHIBIT "B"

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018 (QR.)	2017 (QR.)
Cinema revenue	-16-	6,611,586	8,644,646
Cinema operating cost	-17-	(8,226,749)	(9,748,531)
Gross (loss)		(1,615,163)	(1,103,885)
Net income from real estate activity	-18-	17,558,901	17,151,315
Dividend income		2,031,593	1,414,733
Other income	-19-	74,654	870,447
Impairment loss on available-for-sale financial assets		-0-	(1,696,101)
General and administrative expenses	-20-	(4,310,049)	(4,076,737)
Finance charges		(941,634)	(960,986)
Depreciation of property, plant and equipment		(918,597)	(957,886)
Depreciation of investment properties		(3,424,173)	(2,824,792)
Profit for the year – Exhibits C, D&E		8,455,532	7,816,108
		=====	=====
Earnings per share			
Basic earnings per share	-21-	1.35	1.24
		=====	=====
Diluted earnings per shares	-21-	1.35	1.24
		=====	=====

THE ACCOMPANYING NOTES 1 TO 28 CONSTITUTE AN INTEGRAL PART OF THESE
 FINANCIAL STATEMENTS

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

EXHIBIT "C"

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018 (QR.)	2017 (QR.)
Profit for the year – Exhibit B		8,455,532	7,816,108
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	-12-	-0-	(4,717,699)
<i>Items that will not be reclassified subsequently to statement of profit or loss:</i>			
Net changes in fair value of equity instruments at fair value through other comprehensive income (FVOCI)	-12-	10,008,208	-0-
Other comprehensive income (loss) for the year – Exhibit D		10,008,208	(4,717,699)
Total comprehensive income for the year – Exhibit D		18,463,740	3,098,409

THE ACCOMPANYING NOTES 1 TO 28 CONSTITUTE AN INTEGRAL PART OF THESE
FINANCIAL STATEMENTS

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

EXHIBIT "D"

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

	Share Capital (QR.)	Legal Reserve (QR.)	General Reserve (QR.)	Fair Value Reserve (QR.)	Retained Earnings (QR.)	Total Shareholders' Equity (QR.)
Balance as at January 01, 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	-0-	-0-	-0-	-0-	7,816,108	7,816,108
Profit for the year – Exhibit B	-0-	-0-	-0-	(4,717,699)	-0-	(4,717,699)
Other comprehensive income	-0-	-0-	-0-	(4,717,699)	-0-	(4,717,699)
Net changes in fair value of available-for-sale financial assets – Note 12	-0-	-0-	-0-	(4,717,699)	-0-	(4,717,699)
Other comprehensive (loss) for the year – Exhibit C	-0-	-0-	-0-	(4,717,699)	-0-	(4,717,699)
Total comprehensive income for the year – Exhibit C	-0-	-0-	-0-	(4,717,699)	7,816,108	3,098,409
Social and sports fund contribution – Note 22	-0-	-0-	-0-	-0-	(195,403)	(195,403)
Dividend distribution for the year 2016 – Note 25	-0-	-0-	-0-	-0-	(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
Balance as at January 01, 2018	62,807,950	37,992,630	2,663,152	10,770,183	18,190,853	132,424,768
Adoption of IFRS 9 (note 2)	-0-	-0-	-0-	(6,208,782)	6,208,782	-0-
Balance as at January 01, 2018 – Adjusted	62,807,950	37,992,630	2,663,152	4,561,401	24,399,635	132,424,768
Total comprehensive income for the year	-0-	-0-	-0-	-0-	8,455,532	8,455,532
Profit for the year – Exhibit B	-0-	-0-	-0-	-0-	-0-	-0-
Other comprehensive income	-0-	-0-	-0-	-0-	-0-	-0-
Net changes in fair value of equity instruments at fair value through other comprehensive income (FVOCI) – Note 12	-0-	-0-	-0-	10,008,208	-0-	10,008,208
Other comprehensive income for the year – Exhibit C	-0-	-0-	-0-	10,008,208	-0-	10,008,208
Total comprehensive income for the year – Exhibit C	-0-	-0-	-0-	10,008,208	8,455,532	18,463,740
Derecognition of equity instruments at fair value through other comprehensive income (FVOCI) – Note 12	-0-	-0-	-0-	(4,636,641)	4,636,641	-0-
Social and sports fund contribution – Note 22	-0-	-0-	-0-	-0-	(211,388)	(211,388)
Dividend distribution for the year 2017 – Note 25	-0-	-0-	-0-	-0-	(6,280,795)	(6,280,795)
Balance as at December 31, 2018 – Exhibit A	62,807,950	37,992,630	2,663,152	9,932,968	30,999,625	144,396,325

THE ACCOMPANYING NOTES 1 TO 28 CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

EXHIBIT "E"

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018 (QR.)	2017 (QR.)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year – Exhibit B		8,455,532	7,816,108
Adjustments for:			
Depreciation of property, plant and equipment		918,597	957,886
Depreciation of investment properties		3,424,173	2,824,792
Provision for employees' end of service benefits		206,345	136,129
Finance charges		941,634	960,986
Dividend income		(2,031,593)	(1,414,733)
(Gain) on disposal of investment properties and property, plant and equipment		(14,000)	(234,445)
Reversal of accounts and other payables and employees' benefits		(56,254)	(631,281)
Impairment loss on available-for-sale financial assets		-0-	1,696,101
Operating profit before working capital changes		11,844,434	12,111,543
Changes in operating assets and liabilities			
-Inventories		(150,620)	47,913
-Accounts, notes and other receivables		(1,882,708)	266,183
-Tenants advances		(76,622)	(339,933)
-Accounts and other payables		(332,971)	288,574
Cash generated from operations		9,401,513	12,374,280
Employees' end of service benefits paid		(34,539)	(273,275)
Finance charges paid		(1,002,940)	(899,680)
Social and sports fund contribution paid		(195,403)	(107,443)
Net Cash from Operating Activities		8,168,631	11,093,882
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and capital work in progress		(887,379)	(398,245)
Additions to investment properties		(1,750)	(3,698,245)
Additions to available-for-sale financial assets		-0-	(1,190,489)
Dividend income received		2,031,593	1,414,733
Proceeds from disposal of investment properties & property, plant & equipment		14,000	234,445
Proceeds from disposal of equity instruments at fair value through other comprehensive income (FVOCI)		10,041,854	-0-
Net Cash from (used in) Investing Activities		11,198,318	(3,637,801)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend distribution		(6,086,881)	(6,227,699)
Net Cash (used in) Financing Activities		(6,086,881)	(6,227,699)
Net increase in cash and cash equivalents		13,280,068	1,228,382
Cash and cash equivalents at beginning of the year		26,879,707	25,651,325
Cash and cash equivalents at end of the year	-9-	40,159,775	26,879,707
		=====	=====

THE ACCOMPANYING NOTES 1 TO 28 CONSTITUTE AN INTEGRAL PART OF THESE
FINANCIAL STATEMENTS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1) GENERAL INFORMATION

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

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

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

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

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

The accounting policies adopted in the preparation of these financial statements and the notes attached thereto are consistent with those used in the preparation of the previous financial statements for the year ended December 31, 2017, except for certain new, amendments, interpretations and improvements to the standards that become effective in the current period as describe below:

New Standards		Effective Date
IFRS 9	Financial Instruments	January 01, 2018
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
Amendments to the Standards		Effective Date
IFRS 2	Classification and measurement of Share-based Payment Transactions	January 01, 2018
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 Consideration	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

ii) **Changes in Accounting Policies**

Due to the number of new, amendments, interpretations and improvements to the standards became applicable and effective for the current reporting period and the company had to change its accounting policies and reflect the required adjustments. However, except for effect and changes as described in succeeding paragraphs related to newly implemented standards namely IFRS 9 and IFRS 15, the other standards have been adopted by the company, where applicable, and which did not have any material impact on the accounting policies, financial position or performance of the Company.

The company applies, where applicable, for the first time IFRS 9 and IFRS 15 and as per transitional provisions of these new standards, comparative figures have not been restated.

a) **Adoption of IFRS 15 “Revenue from Contracts with Customers”**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 “Revenue”, IAS 11 “Construction Contracts” and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The new standard establishes five step model to account for revenue arising from contracts with customers. The standard requires entities to exercise judgment, taking into considerations all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental cost of obtaining a contract and the cost directly related to fulfilling a contract.

The company has performed assessment of the impact of IFRS 15 against its existing accounting policies for recognizing revenue from cinema activities, real estate activity and investments activity, where applicable required adjustments has been made and respective policies related to Revenue from Contracts with Customers and other related standards scope are disclosed under summary of significant accounting policies. As a result of the company’s assessment of IFRS 15, as detailed succeeding paragraphs, no major change in accounting policies was identified, which might have a material impact on the financial statements.

b) **Adoption of IFRS 9 “Financial Instruments”**

IFRS 9 set out requirements for recognition and measurement of financial assets and liabilities. This standard replaces IAS 39 “Financial Instruments – Recognition and Measurement”. The standard mainly promulgate three aspects of the accounting for financial instruments: classification and measurements of financial instruments, impairment and hedge accounting.

b-i) **Classification**

IFRS 9 contains three major classifications of financial assets such as amortized cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). The company classified its financial assets in the following categories,

- a. Those to be measured subsequently at fair value through other comprehensive income, and
- b. Those to be measured at amortized cost.

The above classification were made after performing details analysis for its business model for managing its financial assets as well as analyzing contractual terms of cash flows. The company’s financial instruments mainly consist of equity and debt instruments. The equity instruments consists of investment in quoted shares in the listed entities. The effect is merely a change in the name from “Available-for-sale financial assets” investments to “Equity Instruments at FVOCI”. The debt instruments category includes accounts, notes and other receivables and bank deposits.

b-ii) **Measurement**

At initial recognition, the company measure its financial assets or financial liability at fair value plus or minus, in the case of financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

➤ ***Investment in Equity Instruments***

Upon initial recognition, the company elects to classify its equity investments as equity instruments at fair value through other comprehensive income (FVOCI) when they meet the definition of equity under IAS 32 Financial Instruments-Presentation, and are not held for trading.

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

➤ ***Investment in Debt Instruments***

Debt instruments of the company are subsequently measured at "amortized cost". Debt instruments at amortized cost are held within the business model with the objective to hold the financial assets in order to collect contractual cash flows and the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b-iii) Impairment of Financial Assets

IFRS 9 replaces the 'Incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI but not to investments in equity instruments.

The company applied a simplified approach to measuring expected credit loss ("ECL") model of impairment of financial assets measured at amortized cost.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate (Profit).

The 12-month ECL is defined as a portion of the lifetime ECL that represent the expected credit losses that result from default events on an financial instruments that are possible within 12 months after the reporting date.

Lifetime ECLs are the expected credit losses that result from all possible default events over the expected life of financial instrument. This means that the company needs to estimate the risk of a default occurring on the financial instrument during its expected life.

Measurement of ECLs

➤ ***Accounts, notes and other receivable***

The company applies the simplified approach to providing for expected credit losses for accounts, notes and other receivables, which requires the use of the lifetime expected credit loss provision for the above receivables. The company has established credit risk mitigation policies based on the historical credit loss experience, nature its business activities and forward looking factors. In some circumstances, the company analysis whether there are any factors lead to significant credit risk, when determining significant credit risk, the company considers both quantitative and qualitative information.

➤ ***Bank Deposits***

Bank deposits are considered to be low risk, therefore, are considered to low credit risk financial assets. It is the company's policy to measure such instruments on a 12-month ECL basis. However, when contractual payments are more than 365 days past due, the company would consider significant increase in credit risk.

iii) **Transition and Impact for the adoption IFRS 9 and 15**

Changes in accounting policies resulting from the adoption of IFRS 9 and IFRS 15 have been applied modified retrospective method of transition and therefore the comparative information has not been restated and continues to be reported under IAS 18, IAS 11, and IAS 39. Hence, if there are any differences in the carrying amounts of the assets and liabilities resulting from the adoption of IFRS 9 and IFRS 15 are recognized in retained earnings at the beginning of financial period using cumulative effect method.

a) **Impact on the adoption of IFRS 9**

➤ **Financial Assets**

Equity securities which were previously classified as Available-for-Sale-Financial asset under IAS 39 are now classified at fair value through other comprehensive income (FVOCI) and there are no impacts accounted in either retained earnings or fair value reserve except reclassification of previously recognized impairment losses.

Accounts, notes and other receivables were previously classified as loans and receivables under IAS 39 are now classified at amortized cost as per IFRS 9. There were no additional provision for impairment of these accounts, notes and other receivables were recognized in opening retained earnings, since the company assume that the credit risk pertaining to these receivables are minimal.

Cash and cash equivalents' definition as per IAS 7 remains unchanged with the application of IFRS 9, short term bank balances and short term fixed deposits will continue to be presented under cash and cash equivalents, being highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

The following summarizes the effects of adopting IFRS 9 on the carrying amounts of financial assets as at January 01, 2018;

Financial assets	Under IAS 39	Under IFRS 9	Under IAS 39 (QR.)	Under IFRS 9 (QR.)
Equity Securities	Available-for-sale financial assets	Equity Instruments at FVOCI	34,027,485	34,027,485
Accounts, notes and other receivables	Loans and receivable	Amortized cost	4,117,698	4,117,698
Bank deposits	Loans and receivables	Amortized cost	26,855,553	26,855,553
Total			65,000,736 =====	65,000,736 =====

➤ **Financial Liabilities**

The company's financial liabilities mainly consists of accounts and other payables, tenants advances, dividend payable and short term loan. The accounts and other payables, tenants advances, dividend payable and short term loans were previously classified as other liabilities measured at amortized cost under IAS 39 are now classified at amortized cost as per IFRS 9. There will be no impact on the Company's accounting policies for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the company does not have any such liabilities.

- The impact of transition to IFRS 9 on the statement of changes in shareholders' equity are as follows;

	Fair Value Reserve (QR.)	Retained Earnings (QR.)
Balance as at December 31, 2017	10,770,183	18,190,853
Adjustments on initial application of IFRS 9		
Reclassification of previously recognized impairment losses on equity instruments at FVOCI	(6,208,782)	6,208,782
Adjusted opening balance as at January 01, 2018	4,561,401	24,399,635
	=====	=====

b) Impact on the adoption of IFRS 15

The company is mainly involved in the business activities of cinema and auxiliary services, rental of investment properties and investment in equity instruments. Generally, sale of cinema ticket are recognized at a point of time when the cinema ticket issued. Hence, the controls and rights of entering to the cinema are transferred to the customers. The service income is recognized over a period of time for the actual services are rendered. Pursuant to the nature of company's business activities, it has been assessed that the implication of IFRS 15 is minimal and there were no material impact on the revenue recorded from the existing revenue contracts. The following summarizes the effects adopting IFRS 15 on the business activities of the company;

- Cinema ticket revenue is recognized at a point of time when the cinema ticket is issued (over the counter, electronic forms and loyalty program) and cinema auxiliary service revenue is recognized as and when actual services are rendered and billed, hence, no major changes was identified,
- Revenue from rentals of investment properties on which lease component from operating lease are recognized on straight-line basis over the period of contract and space occupied and no impact was identified as a result of introduction of IFRS 15, since this was treated as operating lease under IAS 17. However, if there are any non-lease component from the rental contracts, the revenue will be recognized over a time by measuring the progress of service obligations.
- Investment activities revenue are mainly consist of dividend and interest income where no changes were identified.

iv) New and revised standards, amendments and interpretations to IFRSs in issue but not yet effective

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

New Standards		Effective Date
IFRS 16	Leases	January 01, 2019
IFRS 17	Insurance Contracts	January 01, 2021
Amendments to the Standards		Effective Date
IAS 28 & IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
IFRS 9	Prepayments Features with Negative Compensation	Indefinitely
IAS 28	Long-term interest in associates and joint ventures	January 01, 2019
New or Revised Interpretations		Effective Date
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019
Annual Improvements to IFRS 2015-2017 Cycle		Effective Date
IFRS 3	Clarify that when an entity obtains control of a business that is a joint operation, it re-measures a previously held interest in that business	January 01, 2019
IFRS 11	Clarify that when an entity obtains joint control of a business that is a joint operation, it does not remeasure a previously held interest in that business	January 01, 2019
IAS 12	Clarify that an entity accounts for all income tax consequences of dividends in the same way, regardless of how the tax arises	January 01, 2019
IAS 23	Clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made to obtain that qualifying asset as part of general borrowings.	January 01, 2019

3) SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

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

b) Basis of Measurement

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

c) Functional and Presentation Currency

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

d) Use of Estimates and Judgments

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

e) Property, Plant and Equipment

Recognition and measurement

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

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

Depreciation

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

Buildings and improvements	10-40 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 the expenditure incurred on capital projects that have not been completed. When the projects are completed they are transferred to property, plant and equipment and investment properties and depreciated thereafter.

f) Investment Properties

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

Buildings	40 years
Building improvements	5 years

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

g) Impairment of Non-Financial Assets

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

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

h) 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.

i) Employees' End of Service Benefits

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

j) 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.

k) **Financial Instruments**

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

Financial Assets

Initial Recognition and Measurement

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

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

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

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

Subsequent Measurement

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

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

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

Financial Assets at Amortized Cost (Debt Instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

Listed shares held by the company that are traded in an active market are classified as Equity Instruments at FVOCI and are stated at fair value at the end of each reporting period. Fair value is determined in the manner described in note 27.

Derecognition

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

Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition and ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

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

Financial Liabilities

Initial Recognition and Measurement

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

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

Subsequent Measurement

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

Financial Liabilities at Fair Value through Profit or Loss

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

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

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Company has not designated any financial liability at fair value through profit or loss.

Financial Liabilities at Amortized Cost or Other Liabilities

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

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

Derecognition

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

Offsetting of Financial Instruments

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

Accounting policies related to financial instruments applicable before January 1, 2018 under IAS 39

Classification of Financial Assets Before January 1, 2018 under IAS 39

At inception or on initial recognition, a financial asset is classified in one of the following categories;

- Held for trading
- Designated as at fair value through profit or loss
- Loans and receivables
- Held to maturity or
- Available-for-sale financial assets

The company is attached to loans and receivables and available-for-sale financial assets are as follows;

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.

Loans and receivables

The loans and receivables consist of accounts and other receivables and bank deposits as detailed below;

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.

Bank deposit

Bank deposits comprise of balances under current accounts with the banks and deposits having a maturity less than 90 days which are measured at amortized cost.

Classification of Financial Liabilities Before January 1, 2018 under IAS 39

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.

Accounts 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.

Impairment of Financial Assets Before January 1, 2018 under IAS 39

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.

Impairment of receivables

The company's management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the statement of profit or loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty.

Allowances for estimated irrecoverable receivables are determined using a combination of factors to ensure that trade receivables are not overstated due to uncollectability. The allowance for estimated irrecoverable receivables is measured based on a variety of factors, including the overall quality and ageing of receivables, customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the company becomes aware of the customer's liability to meet its financial obligations.

Impairment of available for sale financial assets

The company follows the guidance of IAS 39 "Financial Instruments: Recognition and measurement" to determine when an available for sale financial assets is impaired. This determination requires significant judgment. In making this judgment, the company assesses, among other factors, whether objective evidence of impairment exists.

l) Revenue from Contracts with Customers balances

Contract assets

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

Accounts Receivables

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

Contract Liabilities

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

m) Revenue Recognition

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

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

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

Revenue from Contracts with Customers (Revenue from cinema activity)

As detailed in the "Changes in Accounting Policies", the company has applied IFRS 15 "Revenue from Contracts with Customers".

Pursuant to the nature of company's business activities, it has engaged in the business activities of cinema where core income generates from movies, cafeteria and advertising as detailed below;

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

Rental income from investments properties

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

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

Dividend Income

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

Interest Revenue

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

Other income

Other income is recognized on an accrual basis.

n) **Contract Cost**

Incremental costs to obtain a contract

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

Costs to fulfill a contract

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

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

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

o) 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).

p) 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.

q) 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.

r) Cash and Cash Equivalents

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

4) **CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 3, the management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

a) **Critical Judgment in Applying Accounting Policies**

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

i) **Classification of investments**

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

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

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

Management of the company is required to choose as its accounting policy either the fair value model or the cost model and shall apply this policy to all of its investment properties, except if it holds an investment property as a lessee under an operating lease, under which it is required to hold these investment properties only at fair value. The company has chosen to adopt the cost model for the purpose of measuring its investment properties in the statement of financial position.

b) **Key Sources of Estimation Uncertainty**

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

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

The company's management evaluate whether there are indicators that suggest non-financial assets have suffered impairment in accordance with accounting policies stated in note 03. The recoverable amount of an asset is determined based on the fair value less cost of disposal of the specific asset impaired.

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

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

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

- iii) **Going concern**

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

- iv) **Fair value measurements**

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

- v) **Calculation of loss allowance**

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

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

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

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

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

	Buildings and improvements (QR.)	Motor vehicles (QR.)	Furniture and fixtures (QR.)	Plants and equipment (QR.)	Capital work in progress (QR.)	Total 2018 (QR.)	Total 2017 (QR.)
Cost							
As at January 1	16,526,432	599,555	6,699,466	14,431,894	497,695	38,755,042	39,316,726
Additions during the year	300,000	60,623	48,241	88,315	390,200	887,379	398,245
Disposal during the year	-0-	(150,000)	-0-	-0-	-0-	(150,000)	-0-
Written off during the year	-0-	(245,000)	-0-	-0-	-0-	(245,000)	(959,929)
As at December 31	16,826,432	265,178	6,747,707	14,520,209	887,895	39,247,421	38,755,042
Accumulated Depreciation							
As at January 1	14,036,202	555,732	6,552,399	13,036,691	-0-	34,181,024	34,183,067
Charge for the year	230,709	22,974	62,542	602,372	-0-	918,597	957,886
On disposal	-0-	(150,000)	-0-	-0-	-0-	(150,000)	-0-
On written off	-0-	(245,000)	-0-	-0-	-0-	(245,000)	(959,929)
As at December 31	14,266,911	183,706	6,614,941	13,639,063	-0-	34,704,621	34,181,024
Net Book Value							
As at December 31, 2018 – Exhibit A	2,559,521	81,472	132,766	881,146	887,895	4,542,800	-0-
As at December 31, 2017 – Exhibit A	2,490,230	43,823	147,067	1,395,203	497,695	-0-	4,574,018

b) Capital work in progress represents improvement works including civil works carried out in certain cinemas and certain cost incurred to install surveillance cameras at musheireb building. Upon the completion of works, the amounts will be capitalized to respective class of property, plant and equipment and investment properties and depreciated thereafter.

6) **INVESTMENT PROPERTIES**

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

	Lands (QR.)	Buildings (QR.)	Building* Improvements (QR.)	Total (QR.)
Cost				
As at December 31, 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
Additions during the year	-0-	-0-	1,750	1,750
As at December 31, 2018	508,735	107,357,204	3,895,399	111,761,338
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
Charge for the year	-0-	2,683,930	740,243	3,424,173
As at December 31, 2018	-0-	22,584,959	1,073,757	23,658,716
Net Book Value				
As at December 31, 2018-Exhibit A	508,735	84,772,245	2,821,642	88,102,622
As at December 31, 2017-Exhibit A	508,735	87,456,175	3,560,135	91,525,045

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

- b) The fair value of investment properties determined based on valuation performed by accredited independent valuer as at December 31, 2018 and 2017. The valuer, is an accredited independent valuer with a recognised and relevant professional qualifications and with recent experience in the location and category of those investment properties being valued. In arriving at estimated market values the valuer have used their market knowledge and professional judgment and not only relied on historical transactions comparable.

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

	2018 (QR.)	2017 (QR.)
Lands	564,776,700	608,177,100
Buildings	175,266,500	155,266,500
Total	740,043,200	763,443,600

- c) The rental income from its investment properties are disclosed in note 18.
- d) Investment properties include a property amounting to QR.97,495,867 at cost (note 15) mortgaged to a local bank as at December 31, 2018.

7) **EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)/AVAILABLE-FOR-SALE FINANCIAL ASSETS**

- a) The equity instruments at fair value through other comprehensive income (FVOCI) 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.

This item consist of the followings:	2018 (QR.)	2017 (QR.)
Equity instruments at fair value through other comprehensive income (FVOCI)	33,993,839	-0-
Available-for-sale financial assets	-0-	34,027,485
Total –Exhibit A & Note 7(b)	33,993,839	34,027,485

- b) Movements in equity instruments at fair value through other comprehensive income (FVOCI)/available-for-sale financial assets are as follows:

	2018 (QR.)	2017 (QR.)
Balance at beginning of the year	34,027,485	39,250,796
Additions during the year	-0-	1,190,489
Net changes in fair value of available-for-sale financial assets	-0-	(4,717,699)
Net changes in fair value of equity instruments at fair value through other comprehensive income (FVOCI)	10,008,208	-0-
Disposal of equity instruments at fair value through other comprehensive income (FVOCI)	(10,041,854)	-0-
Impairment losses	-0-	(1,696,101)
Balance at end of the year – Note 7(a)	33,993,839	34,027,485

The company has adopted IFRS 9 Financial Instruments beginning January 01, 2018, the company has changed its accounting policies related to equity instruments at fair value through other comprehensive income (FVOCI) as a result of the adoption of this standard. All available-for-sale financial assets are now classified as equity instruments at fair value through other comprehensive income (FVOCI).

8) **ACCOUNTS, NOTES AND OTHER RECEIVABLES**

a) This item consists of the following:	2018 (QR.)	2017 (QR.)
Trade accounts receivable	1,216,018	1,337,283
Tenants receivable	2,221,790	941,608
Sub Total –Note 8(b)	3,437,808	2,278,891
Provision for doubtful debts	(861,300)	(861,300)
Net	2,576,508	1,417,591
Notes receivables	1,723,044	1,851,622
Bank margin	447,800	447,800
Staff receivables	324,505	300,162
Advances to suppliers	391,945	151,493
Refundable deposits	385,073	100,523
Prepaid expenses	330,600	39,930
Others	12,354	-0-
Total – Exhibit A	6,191,829	4,309,121

- b) Concentration: A sum of QR.1,948,958 receivable from four customers which represents 57% of total accounts and tenant receivable as at December 31, 2018. (2017: QR.1,204,710 receivable from four customers which represents 53% of total accounts and tenant receivable).

9) **CASH AND CASH EQUIVALENTS**

a) This item consists of the following:	2018	2017
	(QR.)	(QR.)
Cash in hand	7,806	24,154
Cash at banks	39,974,411	26,798,246
Short term fixed deposits	177,558	57,307
Total – Exhibits A&E	<u>40,159,775</u>	<u>26,879,707</u>
	=====	=====

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

10) **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, 2018, comprising 6,280,795 shares of QR.10 each. (2017: QR.62,807,950 comprising 6,280,795 shares of QR.10 each).

11) **LEGAL RESERVE**

The legal reserve of the company amounting to QR.37,992,630 (Exhibit A) as at December 31, 2018 (2017: QR.37,992,630) created, pursuant to Qatari Commercial Companies' Law No. 11 of 2015, which mandates 10% of the net profit for the year is to be deducted annually and retained in the legal reserve account. The deduction shall be suspended when the balance in this reserve account amounts to at least 50% of the Company's capital and is not available for distribution except in the circumstances specified in the law.

Since the reserve has reached 50% of the share capital, the management has not transferred any portion from the profit to legal reserve for the years ended December 31, 2017 and December 31, 2018.

12) **FAIR VALUE RESERVE**

The movements in the fair value reserve of equity instruments at fair value through other comprehensive income (FVOCI)/ available-for-sale financial assets during the year are as follows:

	2018	2017
	(QR.)	(QR.)
Balance at beginning of the year	10,770,183	15,487,882
Adjustments on initial application of IFRS 9-Note 2	(6,208,782)	-0-
Balance at the beginning of the year –after adjustment	<u>4,561,401</u>	<u>15,487,882</u>
Net changes in fair value of available-for-sale financial assets-Note 7	-0-	(4,717,699)
Net changes in fair value of equity instruments at FVOCI -Note 7	10,008,208	-0-
Derecognition of equity instruments at FVOCI upon disposal	(4,636,641)	-0-
Balance at end of the year – Exhibit A	<u>9,932,968</u>	<u>10,770,183</u>
	=====	=====

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

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

	2018 (QR.)	2017 (QR.)
Balance at beginning of the year	1,905,106	2,300,380
Provisions for the year	206,345	136,129
Payments during the year	(34,539)	(273,275)
Reversal to other revenue	-0-	(258,128)
Balance at end of the year – Exhibit A	<u>2,076,912</u>	<u>1,905,106</u>
	=====	=====

14) **ACCOUNTS AND OTHER PAYABLES**

a) This item consists of the following:	2018 (QR.)	2017 (QR.)
Accounts payables –Note 14(b)	811,264	975,074
Accrued expenses	379,138	365,786
Board of directors' remuneration payable	369,000	394,000
Provision for social and sports fund contribution	211,388	195,403
Others	62,816	337,889
Total – Exhibit A	<u>1,833,606</u>	<u>2,268,152</u>
	=====	=====

- b) Concentration: A sum of QR.447,586 payable to a major supplier of the company, which represents 55% of the total accounts payable as at December 31, 2018 (2017: QR.573,808 payable to two major suppliers of the company, which represents 59 % of the total accounts payable).

15) **SHORT TERM LOAN**

Short term loan amounting to QR.15,000,000 (Exhibit A) as at December 31, 2018 (2017: QR.15,000,000) represents the rescheduled amount of previously obtained loan from a local bank. The rescheduled amount carries interest rate of QMRL+0.5% annually with minimum rate of 5.5% per annum. The repayment will be a bullet payment (a single payment) of principal on June 06, 2019.

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

In addition to the above, on June 01, 2017, the company further rescheduled the above loan to be paid in onetime payment of QR.15,000,000 on June 1, 2018, however, as of June 21, 2018, the loan was renewed without any settlements (as detailed in the above paragraph). The interest on the rescheduling amount of QR.910,153 charged during the year ended December 31, 2018 (2017: QR.942,743).

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%.

16)	CINEMA REVENUE		
	This item consists of the following:	2018	2017
		(QR.)	(QR.)
	Movies income	6,209,384	8,061,809
	Cafeteria income	286,042	466,677
	Advertising income	116,160	116,160
	Total – Exhibit B	<u>6,611,586</u>	<u>8,644,646</u>
		=====	=====
17)	CINEMA OPERATING COST		
	This item consists of the following:	2018	2017
		(QR.)	(QR.)
	Shares of film distributors	3,163,017	4,202,139
	Rent	2,595,966	2,904,361
	Salaries and employees' benefits	1,282,100	1,450,381
	Others	1,185,666	1,191,650
	Total – Exhibit B	<u>8,226,749</u>	<u>9,748,531</u>
		=====	=====
18)	NET INCOME FROM REAL ESTATE ACTIVITY		
	This item consists of the following:	2018	2017
		(QR.)	(QR.)
	Real estate rent income	18,554,473	18,378,352
	Maintenance and cleaning expenses	(995,572)	(1,227,037)
	Net – Exhibit B	<u>17,558,901</u>	<u>17,151,315</u>
		=====	=====
19)	OTHER INCOME		
	This item consists of the following:	2018	2017
		(QR.)	(QR.)
	Reversal of accounts and other payables and employees' provision	56,254	631,281
	Gain on disposal of investment properties and property, plant and equipment	14,000	234,445
	Other income	4,400	4,721
	Total – Exhibit B	<u>74,654</u>	<u>870,447</u>
		=====	=====
20)	GENERAL AND ADMINISTRATIVE EXPENSES		
	This item consists of the following:	2018	2017
		(QR.)	(QR.)
	Salaries, wages and allowances	1,973,224	1,940,507
	Board of directors remuneration	887,015	688,000
	Professional, legal and government charges	395,364	486,927
	Advertisement expenses	163,677	201,050
	Employees' end of service benefits	206,345	136,129
	Traveling and transportation	146,185	131,433
	Others	538,239	492,691
	Total – Exhibit B	<u>4,310,049</u>	<u>4,076,737</u>
		=====	=====

21) **EARNINGS PER SHARE**

a) **Basic Earnings Per Share**

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

	2018	2017
Profit attributable to ordinary shareholders of the Company (QR.) – Exhibit B	8,455,532	7,816,108
	=====	=====
Weighted average number of ordinary shares outstanding – Note 10	6,280,795	6,280,795
	=====	=====
Basic earnings per share (QR.) – Exhibit B	1.35	1.24
	=====	=====

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.

22) **SOCIAL AND SPORTS FUND CONTRIBUTION**

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

Accordingly, the Company made an appropriation from retained earnings amounting to QR.211,388 (Exhibit D) for the year ended December 31, 2018 (2017: QR.195,403) for contribution to the Social and Sports Development Fund of Qatar.

23) **RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

As at reporting date, there were no reportable related party transactions except for the transactions with key management personnel.

Transactions with Key Management Personnel

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the company. The remuneration for board of directors for the year ended December 31, 2017 proposed by Board of Directors which had been approved by Annual Generally Assembly amounting to QR.224,015 included under general and administrative expenses for the year ended December 31, 2018.

In addition, an amount of QR 588,000 was charged during the year December 31, 2018 (2017: QR.588,000) as board meeting allowance which included in general and administrative expenses under board of directors' remuneration. The provision for remuneration of Chief Executive Officer amounting to QR.75,000 was also included in the general and administrative expenses for the year ended December, 31 2018 (2017: QR.100,000). The company paid QR.567,174 during the year ended December, 31, 2018 (2017: QR.568,560) as salaries to its Key Managerial Personnel.

24) COMMITMENTS AND CONTINGENCIES

The following summarizes the significant contractual commitments and contingencies:

	2018 (QR.)	2017 (QR.)
Performance bonds	347,800	347,800
Letters of guarantee	100,000	100,000
	=====	=====

25) DIVIDEND

In respect of year ended December 31, 2018, the Board of Directors proposed a cash dividend distribution amounting to QR. 9,421,193 as per the Board meeting held on February 26, 2019 which is equal to 15% of the paid up capital totaling QR.62,807,950 to the shareholders and pursuant to the Qatari Commercial Companies' Law No. 11 of 2015, 5% from the net profit amounting to QR.255,187 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.

In respect of year ended December 31, 2017, following to the approval of the Annual General Assembly held on April 8, 2018, it was decided a cash dividend distribution of QR.6,280,795 (Exhibit D), which is equal to 10% of the paid up capital totaling QR.62,807,950 to the shareholders and further it was decided by the shareholders pursuant to the Qatari Commercial Companies' Law No. 11 of 2015, 5% from the net profit amounting to QR.224,015 (Note 23) as a remuneration for the board of directors.

26) 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, 2018	Carrying amount (QR.)	Contractual cash outflows (QR.)	Less than 1 year (QR.)
Dividend payable	7,245,390	(7,245,390)	7,245,390
Tenants advances	2,729,216	(2,729,216)	2,729,216
Accounts and other payables	1,833,606	(1,833,606)	1,833,606
Short term loan	15,000,000	(15,000,000)	15,000,000
Total	26,808,212	(26,808,212)	26,808,212

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	2,268,152	(2,268,152)	2,268,152
Short term loan	15,000,000	(15,000,000)	15,000,000
Total	27,125,466	(27,125,466)	27,125,466

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

b) Credit Risk

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

Financial instruments that are potentially subject the company to the credit risk are cash at bank, account receivables and tenant receivables and other receivable.

Account and tenant receivables

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

Other receivables

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

Cash at banks

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

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

c) Capital Risk

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

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

The Company's net debt to adjusted equity ratio at the reporting date was positive as it was trended to be low gearing compared with prior year.

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

d) Market Risk

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

The market risk primarily consists of the followings:

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

(i) Foreign Currency Risk

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

(ii) **Interest Rate Risk**

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

The Company is exposed to interest rate risk on its interest bearing assets and liabilities.

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

Variable rate instruments	Carrying amount 2018 (QR.)	Carrying amount 2017 (QR.)
Financial assets		
Cash at banks	177,558	57,307
Financial liabilities		
Short term loan	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	
		2018 (QR.)	2017 (QR.)
Equity instruments at fair value through other comprehensive income (FVOCI)	± 10%	3,399,384	-0-
Available-for-sale financial assets	± 10%	-0-	3,402,748

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.

27) **FAIR VALUE**

Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

Accounting Classification And Fair Values

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

Fair Value Hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

As at December 31, 2018	Level 1	Level 2	Level 3	Total
Equity instruments at FVOCI	33,993,839	-0-	-0-	33,993,839
	=====	=====	=====	=====
As at December 31, 2017				
Available-for-sale-financial assets	34,027,485	-0-	-0-	34,027,485
	=====	=====	=====	=====

During the years ended December 31, 2018 and 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

28) COMPARATIVE FIGURES

Certain comparative information and figures presented for 2017 have been reclassified where necessary to preserve consistency with the 2018 information and figures. However, such reclassifications did not have any effect on the previously reported net profit, other comprehensive income or equity.