

WIDAM FOOD COMPANY Q.S.C
INTERIM CONDENSED FINANCIAL STATEMENTS

30 JUNE 2016



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working world

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF WIDAM FOOD COMPANY (Q.S.C.)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Widam Food Company Q.S.C (the "Company"), as of 30 June 2016 and the related interim condensed statements of profit or loss, comprehensive income, cash flows and changes in equity for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with *IAS 34 Interim Financial Reporting (IAS 34)*. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing came to our attention that causes us to believe that the interim condensed financial statements are not presented fairly, in all material respects, in accordance in accordance with IAS 34.


Ziad Nader
Of Ernst & Young
Auditor's Registration No: 258

Date: 11 August 2016
Doha



Widam Food Company Q.S.C

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	30 June 2016 QR (Unaudited)	31 December 2015 QR (Audited)
ASSETS			
Non-current assets			
Property and equipment		20,207,803	20,123,655
Projects under progress	5	21,042,066	21,039,589
Available for-sale-financial assets		6,587,000	6,778,500
		<u>47,836,869</u>	<u>47,941,744</u>
Current assets			
Inventories		14,636,428	24,671,971
Agricultural produce		439,028	1,562,286
Accounts receivable and prepayments	6	291,305,555	401,307,634
Due from a related party	11	1,145,068	2,290,137
Cash and bank balances	7	143,788,327	64,075,907
		<u>451,314,406</u>	<u>493,907,935</u>
TOTAL ASSETS		<u>499,151,275</u>	<u>541,849,679</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	180,000,000	180,000,000
Legal reserve		45,347,452	45,347,452
Fair value reserve		831,917	1,023,417
Foreign currency translation reserve		(16,444,287)	(16,849,094)
Retained earnings		53,249,508	57,656,367
Total equity		<u>262,984,590</u>	<u>267,178,142</u>
Non-current liabilities			
Islamic borrowings	8	482,588	1,719,424
Employees' end of service benefits		8,871,290	8,356,534
		<u>9,353,878</u>	<u>10,075,958</u>
Current liabilities			
Islamic borrowings	8	9,138,081	56,438,221
Accounts payable and accruals		217,674,726	208,157,358
		<u>226,812,807</u>	<u>264,595,579</u>
Total liabilities		<u>236,166,685</u>	<u>274,671,537</u>
TOTAL EQUITY AND LIABILITIES		<u>499,151,275</u>	<u>541,849,679</u>


Ali Mohamed Suliman Al Oubaidly
Chairman


Abdulrahman Bin Mohammed Alkharin
Chief Executive Officer

The attached notes from 1 to 12 form an integral part of these interim condensed financial statements.

Widam Food Company Q.S.C

INTERIM STATEMENT OF PROFIT OR LOSS

For the six months period ended 30 June 2016

	<i>Note</i>	<i>For six months period ended 30 June</i>	
		<i>2016 QR (Unaudited)</i>	<i>2015 QR (Unaudited)</i>
Revenue		225,888,758	221,950,598
Cost of sales		<u>(336,801,931)</u>	<u>(356,497,337)</u>
GROSS LOSS		(110,913,173)	(134,546,739)
Government compensation		177,710,594	181,123,321
Other income		1,767,938	1,191,905
General and administrative expenses		<u>(24,372,218)</u>	<u>(14,847,334)</u>
PROFIT FOR THE PERIOD		<u>44,193,141</u>	<u>32,921,153</u>
BASIC AND DILUTED EARNINGS PER SHARE	9	<u>2.46</u>	<u>1.83</u>

The attached notes from 1 to 12 form an integral part of these interim condensed financial statements.

Widam Food Company Q.S.C

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 June 2016

	<i>For six months period ended 30 June</i>	
	<i>2016 QR (Unaudited)</i>	<i>2015 QR (Unaudited)</i>
PROFIT FOR THE PERIOD	44,193,141	32,921,153
Other comprehensive income		
<i>Other comprehensive income to be classified to profit or loss in subsequent periods:</i>		
Net gain (loss) from foreign currency translation differences - foreign operation	404,807	(347,487)
Available for-sale-financial assets - net change in fair value	(191,500)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	44,406,448	32,573,666

The attached notes from 1 to 12 form an integral part of these interim condensed financial statements.

Widam Food Company Q.S.C
INTERIM STATEMENT OF CASH FLOWS
For the six months period ended 30 June 2016

	Notes	For six months period ended 30 June	
		2016 QR (Unaudited)	2015 QR (Unaudited)
OPERATING ACTIVITIES			
Profit for the period		44,193,141	32,921,153
Adjustments for:			
Depreciation		2,985,235	2,964,593
Finance cost		61,274	90,818
Provision for employees' end of service benefits		529,824	810,899
Impairment for doubtful debts	11	1,145,068	-
Gain on disposal of property and equipment		-	(4,522)
		<u>48,914,542</u>	<u>36,782,941</u>
Working capital changes:			
Inventories		10,035,543	(2,942,672)
Agricultural produce		1,123,258	203,250
Accounts receivable and prepayments	6	110,002,079	(69,706,745)
Accounts payable and accruals		9,517,369	60,689,109
Due from a related party	11	-	118,109
		<u>179,592,791</u>	<u>25,143,992</u>
Cash flows from operating activities			
Finance cost Paid		(61,274)	(90,818)
End of service benefits paid		(15,068)	(164,562)
		<u>179,516,449</u>	<u>24,888,612</u>
Net cash flows from operating activities			
INVESTING ACTIVITIES			
Purchase of property and equipment		(3,069,383)	(2,413,833)
Movement in projects under progress		(2,477)	1,546,827
Proceed from disposals of property and equipment		-	20,000
		<u>(3,071,860)</u>	<u>(847,006)</u>
Net cash used in investing activities			
FINANCING ACTIVITIES			
Net movement in Islamic borrowings		(48,536,976)	(9,527,975)
Dividends paid	12	(48,600,000)	(45,000,000)
		<u>(97,136,976)</u>	<u>(54,527,975)</u>
Net cash flows used in financing activities			
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		79,307,613	(30,486,369)
Cash and cash equivalents at 1 January		63,975,907	105,872,617
Net translation differences		404,807	(347,487)
		<u>64,380,714</u>	<u>105,525,130</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	7	<u>143,688,327</u>	<u>75,038,761</u>

The attached notes from 1 to 12 form an integral part of these interim condensed financial statements.

Widam Food Company Q.S.C

INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2016

	Share Capital QR	Legal reserve QR	Fair value reserve QR	Foreign currency translation reserve QR	Retained earnings QR	Total QR
At 31 December 2015	180,000,000	45,347,452	1,023,417	(16,849,094)	57,656,367	267,178,142
Profit for the period	-	-	-	-	44,193,141	44,193,141
Other comprehensive income	-	-	(191,500)	404,807	-	213,307
Total comprehensive income for the period	-	-	(191,500)	404,807	44,193,141	44,406,448
Dividends paid during the period (Note 12)	-	-	-	-	(48,600,000)	(48,600,000)
At 30 June 2016 (Unaudited)	180,000,000	45,347,452	831,917	(16,444,287)	53,249,508	262,984,590
	Share Capital QR	Legal reserve QR	Fair value reserve QR	Foreign currency translation reserve QR	Retained earnings QR	Total QR
At 31 December 2014 (<i>as previously reported</i>)	180,000,000	38,433,298	1,258,917	(16,037,711)	49,598,119	253,252,623
Restatement	-	-	-	-	(4,598,119)	(4,598,119)
At 31 December 2014 (restated)	180,000,000	38,433,298	1,258,917	(16,037,711)	45,000,000	248,654,504
Profit for the period	-	-	-	-	32,921,153	32,921,153
Other comprehensive income	-	-	-	(347,487)	-	(347,487)
Total comprehensive income for the period	-	-	-	(347,487)	32,921,153	32,573,666
Dividends paid during the period (Note 12)	-	-	-	-	(45,000,000)	(45,000,000)
At 30 June 2015 (Unaudited)	180,000,000	38,433,298	1,258,917	(16,385,198)	32,921,153	236,228,170

The attached notes from 1 to 12 form an integral part of these interim condensed financial statements.

Widam Food Company Q.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months period ended 30 June 2016

1 CORPORATE INFORMATION AND ACTIVITIES

Widam Food Company (the "Company") was established as a Qatari Shareholding Company in accordance with resolution no. 75 in 2003 issued by the minister of Economy and Finance.

The Company is registered in Qatar under Commercial Registration Number 26911. The address of the Company's registered office is P.O. Box 22240, Doha, State of Qatar.

The Company's principle activities include the import and trade of livestock, meat and feeds in addition to the slaughter of sheep and cattle and supplying the local market with fresh meat and related products.

The accompanying condensed interim financial statements include the assets, liabilities and results of operation of the Company's branch in Sudan.

The condensed interim financial statements for the period of six months ended 30 June 2016 were approved by the Company's Board of Directors and signed on its behalf by the board of directors on 11 August 2016.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed financial statements for the six months ended 30 June 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2015. The results for the six month period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

2.2 New standards, interpretations and amendments adopted by the Company.

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual financial statements of the Company or the interim condensed financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Company given that the Company has not used a revenue-based method to depreciate its noncurrent assets.

Widam Food Company Q.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months period ended 30 June 2016

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED).

2.2 New standards, interpretations and amendments adopted by the Company (continued).

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Company as the Company does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company's financial statements.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments do not have any impact on the Company.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED).

2.2 New standards, interpretations and amendments adopted by the Company (continued).

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is . All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company as the Company does not apply the consolidation exception.

3 ESTIMATES AND JUDGEMENTS

In preparing this interim condensed financial statements, management makes judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expense, actual results may differ from these estimates.

Estimates and judgements applied in preparing this interim condensed financial statements are the same as of those applied in preparing the financial statements for the year ended 31 December 2015.

4 RISK MANAGEMENT

The Company policies applied for risk management are the same as those applied in the company's financial statements for the year ended 31 December 2015.

Widam Food Company Q.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months period ended 30 June 2016

5 PROJECTS UNDER PROGRESS

Projects under progress balances at the end of the six months period/year were as follows:

	<i>30 June 2016 QR (Unaudited)</i>	<i>31 December 2015 QR (Audited)</i>
	<i>Note</i>	
Local projects:		
Umm – Al Ouina Project	25,719,079	25,719,079
Impairment on projects under progress	<u>(8,598,119)</u>	<u>(8,598,119)</u>
	(i)	17,120,960
Foreign projects:		
Sudan sheep farm project	3,067,901	3,065,424
Australia farm project	460,706	460,706
Sudan branch project	245,934	245,934
Qatar meat factory	<u>146,565</u>	<u>146,565</u>
	<u>3,921,106</u>	<u>3,918,629</u>
	<u>21,042,066</u>	<u>21,039,589</u>

Note (1):

The Company invested in a number of projects related to building new slaughter houses in the State of Qatar. The work on these projects has been discontinued in 2011 based on the decision of the Government of Qatar.

The Company claimed a compensation from the Government of Qatar for the total cost incurred in relation to those projects.

The Court awarded a final judgement in favour of the Company to receive a compensation amounting to QR 15 million from the project contractor. As of 30 June 2016, the compensation has not been received. In addition the Company has received a compensation from the Government of Qatar amounting to QR 1,650,999 as of 31 December 2015. Management is confident that the carrying amount is recoverable in full.

Widam Food Company Q.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months period ended 30 June 2016

6 ACCOUNTS RECEIVABLE AND PREPAYMENTS

		<i>30 June 2016 QR (Unaudited)</i>	<i>31 December 2015 QR (Audited)</i>
Trade receivables		22,133,609	22,177,343
Less: Provision for bad debts		<u>(9,385,118)</u>	<u>(9,385,118)</u>
Compensation receivable from the Government of Qatar	(i)	12,748,491 264,004,209	12,792,225 372,732,047
Prepayments		6,925,875	7,382,313
Staff receivables – net	(ii)	4,850,827	4,872,421
Advances to suppliers		1,096,072	1,903,899
Other receivables		<u>1,680,081</u>	<u>1,624,729</u>
		<u>291,305,555</u>	<u>401,307,634</u>

Notes

(i) On 29 December 2015, the Company signed an agreement with the Government of the State of Qatar fixing the selling price of Australian meat and livestock with effect from 1st January 2016. The Government agreed to compensate the Company with purchase cost of Australian meat and livestock plus a fixed rate amounting to QR 6 per kilogram.

The movement in the compensation receivables from the Government of the State of Qatar during the period / year was as follows:

	<i>30 June 2016 QR (Unaudited)</i>	<i>31 December 2015 QR (Audited)</i>
As at 1 January	372,732,047	279,026,726
Compensation claimed during the period / year	81,303,870	290,044,359
Compensation unclaimed during the period / year	98,910,149	82,443,092
Compensation received	<u>(288,941,857)</u>	<u>(278,782,130)</u>
As at 30 June /31 December	<u>264,004,209</u>	<u>372,732,047</u>

(ii) Staff receivables are stated net of allowance for impairment of receivables amounting to QR 2,303,378 as at 30 June 2016 (31 December 2015: QR 2,303,378). Outstanding balance represents receivable due from the branch manager at Sudan's branch, the Company has formed a provision of 50% of the total outstanding balance. The Company has won a court case enforcing the branch manager to pay back the due balance.

Widam Food Company Q.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months period ended 30 June 2016

7 CASH AND BANK BALANCES

For the purpose of preparing the interim statement of cash flows, cash and cash equivalents included the following balances:

	<i>30 June 2016 QR (Unaudited)</i>	<i>31 December 2015 QR (Audited)</i>
Cash on hand	2,570,813	1,544,311
Bank balances:		
Current accounts	10,633,696	10,626,137
Call accounts	130,483,818	51,805,459
Cash cover of letter of guarantee	<u>100,000</u>	<u>100,000</u>
Total cash and bank balances	143,788,327	64,075,907
Less:		
Cash cover of letter of guarantee	<u>(100,000)</u>	<u>(100,000)</u>
Total cash and cash equivalents	<u>143,688,327</u>	<u>63,975,907</u>

8 ISLAMIC BORROWINGS

Movement of Islamic borrowings during the period / year can be summarized as following:

	<i>30 June 2016 QR (Unaudited)</i>	<i>31 December 2015 QR (Audited)</i>
As at 1 January	58,157,645	54,590,795
Additional borrowings during the period/ year	-	111,749,144
Financing cost	61,274	1,777,753
Repayments during the period / year	<u>(48,598,250)</u>	<u>(109,960,047)</u>
As at 30 June / 31 December	<u>9,620,669</u>	<u>58,157,645</u>

The Company obtained credit facilities from local banks, in the form of short term Murabaha. These facilities are used as letters of credit for the purchase of inventories, and are repayable in four to six quarterly instalments and bear finance cost at the rate of 4 % per annum.

Islamic borrowings are presented in the interim statement of financial position as below:

	<i>30 June 2016 QR (Unaudited)</i>	<i>31 December 2015 QR (Audited)</i>
Current	9,138,081	56,438,221
Non- current	<u>482,588</u>	<u>1,719,424</u>
	<u>9,620,669</u>	<u>58,157,645</u>

Widam Food Company Q.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months period ended 30 June 2016

9 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	<i>For six months period ended 30 June</i>	
	<i>2016 QR (Unaudited)</i>	<i>2015 QR (Unaudited)</i>
Profit for the period	<u>44,193,141</u>	<u>32,921,153</u>
Weighted average number of shares outstanding during the period	<u>18,000,000</u>	<u>18,000,000</u>
Basic and diluted earnings per share	<u>2.46</u>	<u>1.83</u>

10 SHARE CAPITAL

The Company's share capital is composed of 18,000,000 ordinary shares fully paid at a par value of QR 10 per share, with total amount of QR 180,000,000.

11 RELATED PARTY DISCLOSURES

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Company's management.

Amounts due from a related party:

	<i>30 June 2016 QR (Unaudited)</i>	<i>31 December 2015 QR (Audited)</i>
Qatari Bahraini Food Trading Company	<u>1,145,068</u>	<u>2,290,137</u>

The Company owns 50% of the above mentioned Company's share capital which is classified in the Company's books as investment in an associate accounted using the equity method. During the previous years the Company formed impairment provision for the carrying value of this investment in full. The outstanding balance due from the investee represents the receivable outstanding in the associate books for which the Company obtained the rights to collect and receive. During the period management has decided to provide 50% as impairment for the receivable balance with an amount of QR 1,145,068.

12 DIVIDENDS DECLARED AND PAID

The shareholders approved at the General Assembly held on 17 April 2016 a cash dividends of 27% of the paid up capital equal to QR 2.7 per share amounting to QR 48.6 million (2015 : cash dividends of 25% of the paid up capital equal to QR 2.5 per share amounting to QR 45 Million).