

# Annual Report | 2019







His Highness,  
Sheikh Hamad Bin Khalifa Al Thani

The Father Amir



His Highness,  
Sheikh Tamim Bin Hamad Al Thani

Amir of the State of Qatar

# CONTENT |

Our Key Performance Indicators at a Glance	5
About Al Meera	6
Board of Directors	10
Chairman's Message	14
Chief Executive Officer's Message	16
Board of Directors Report	18
Corporate Governance Report	20
Financial Highlights	38
Independent Auditor's Report	40
Consolidated Financial Statements	46

## OUR KEY PERFORMANCE INDICATORS AT A GLANCE

**Sales**  
QAR 2,985.2m (-0.4%)  
2018: QAR 2,996.0m

**Gross Profit**  
QAR 518.6m (+4.5%)  
2018: QAR 496.4m

**Gross Profit Margin**  
17.4% (+0.8)  
2018: 16.6%

**Rental Income**  
QAR 74.8m (-1.4%)  
2018: QAR 75.8m

**Net Profit Attributable to Equity Holders of Parent Company**  
QAR 186.6m (+2.3%)  
2018: QAR 182.4m

**Basic and Diluted Earnings Per Share (EPS)**  
QAR 0.93 (+2.3%)  
2018: QAR 0.91

**Total Current Assets**  
QAR 582.1m (-25.8%)  
2018: QAR 784.2m

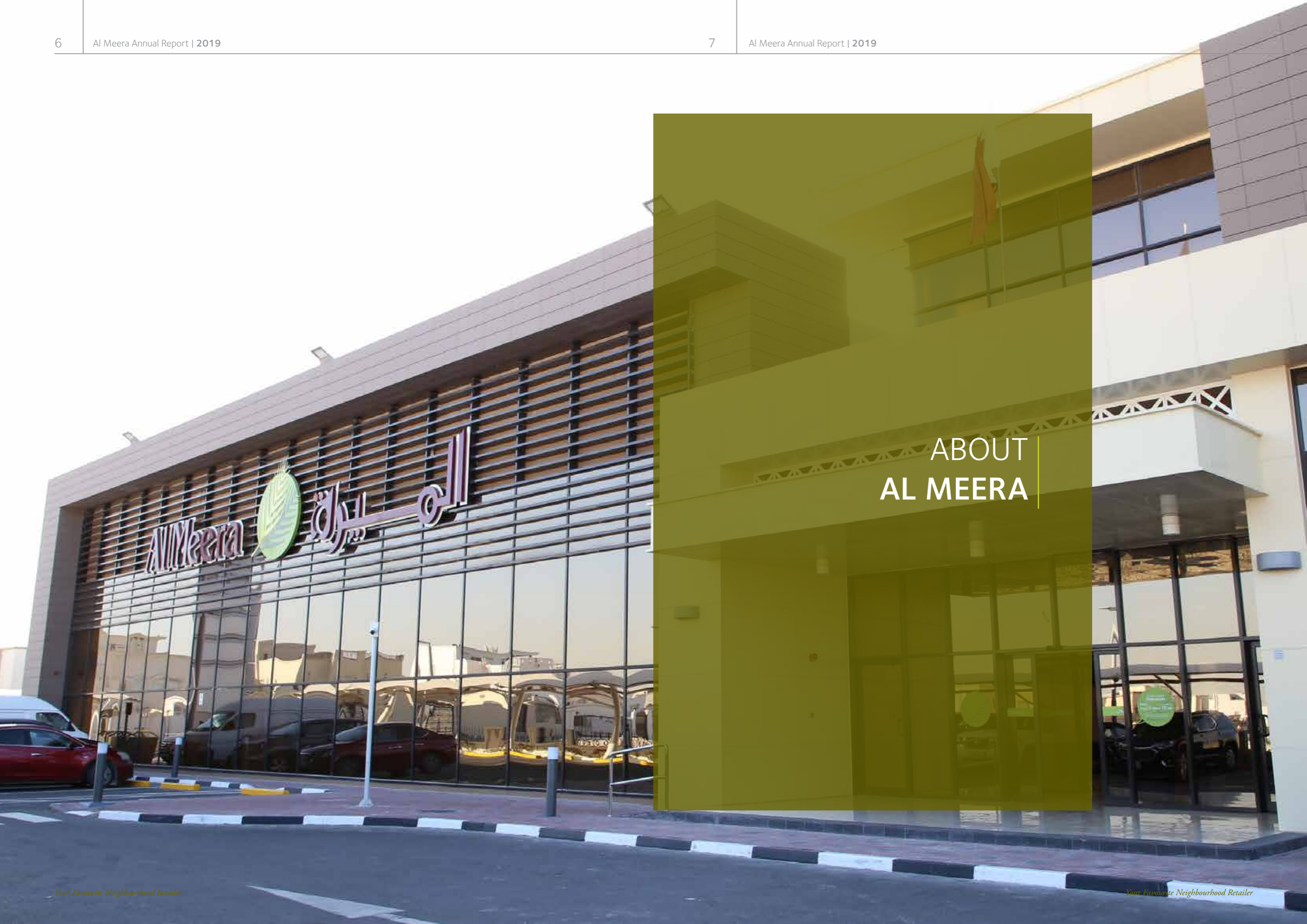
**Total Assets**  
QAR 2,545.8m (+6.0%)  
2018: QAR 2,400.9m

**Total Current Liabilities**  
QAR 673.6m (-3.2%)  
2018: QAR 695.7m

**Total Liabilities**  
QAR 1,072.2m (+12.7%)  
2018: QAR 951.0m

**Total Equity**  
QAR 1,473.6m (+1.6%)  
2018: QAR 1,449.9m

**Book Value Per Share**  
QAR 7.17 (+1.8%)  
2018: QAR 7.04



ABOUT  
AL MEERA

## About us

Al Meera is Qatar's leader in the retail industry. For the last 14 years, we have been committed in providing quality products and services at reasonable prices in order to meet the ever-changing needs of our customers in a responsible and receptive manner.

Al Meera is a complete store that provides customers true value for money. We offer our customers a great shopping experience each time they visit us, by offering a vast range of food and non-food products under one roof. Maintaining high standards in quality, we offer products at low prices and have emerged as the destination of choice for customers.

At present, Al Meera operates through 60 supermarkets and convenience stores and has an energetic workforce who put our customers first in everything they do. We have invested in our stores, our employees and our channels to deliver the best possible shopping experience. Our strong culture and values are part of our identity and an integral part to our success.

### Vision

**“The trusted retailer of choice.”**

### Mission

**“Serving customers' daily needs conveniently.”**

## Market Positioning

“Al Meera is aspiring to be a leading international company, the favourite neighbourhood retailer, serving customers' common needs with the freshest products in the market, offering healthy options, all at competitive prices.

At Al Meera, customers will find care, trust, convenience and efficiency, in a friendly atmosphere.”

### Promise

**“To make customers happy with a constant attention to the freshness of products, to their availability and competitive prices, high level of services requirement and healthy sensitivity.”**

#### Personality

FRIENDLY  
TRENDY  
EASY

#### Values

INTEGRITY  
RESPECT  
TRANSPARENCY



BOARD OF  
DIRECTORS

## BOARD OF DIRECTORS



**H.E. Abdulla Abdulaziz  
Abdullah Turki Al-Subaie**

Chairman of the Board of Directors



**Dr. Khalid Ibrahim Mohammed  
Abu Yaqoub Al-Sulaiti**

Member of the Board of Directors



**Sheikh Nayef Eid  
Mohammed Thani Al-Thani**

Member of the Board of Directors



**Mr. Ali Hilal Ali Omran Al-  
Kuwari**

Vice-Chairman of the Board of  
Directors



**Mr. Mohammad Abdulla Al  
Mustafawi Al Hashemi**

Member of the Board of Directors



**Mr. Hetmi Ali Khalifa Al  
Hitmi**

Member of the Board of Directors



**Mr. Eissa Khalid Eissa Al  
Muslimani**

Member of the Board of Directors



## CHAIRMAN'S MESSAGE



### In the Name of Allah, Most Gracious, Most Merciful

Dear Shareholders,

I am pleased to present our 2019 Annual Report containing the financial results and key performance indicators for the year.

Strong resilience in the face of market challenges has resulted in consolidated sales of QAR 3.0 billion and a net profit attributable to shareholders of QAR 186.6 million in 2019. Based on our financial results and outlook, the Board of Directors is pleased to recommend distribution of cash dividends of QAR 170.0 million. This represents 85% of nominal paid-up capital and is equal to a distribution of QAR 0.85 per share.

We continue to build on our previous successes, with continued growth in the year 2019. Our unique business model, prudent expansion strategy, and team of experienced professionals have all contributed to this success. We are blessed with a unique position in the retail sector, which allows our success to contribute directly to the Qatar's economic growth.

Qatar's economy goes from strength to strength, real GDP growth and per capita income remains the best in the region and the world. The key to this long-term growth and stability is the diversification of economic resources, development of public infrastructure, and strong support for private businesses. These carefully planned steps, implemented under the wise guidance and direction of His Highness Sheikh Tamim bin Hamad Al Thani, mean that Qatar remains an axis of opportunity in national, regional and global terms. We stand ready to both support and capitalize on these initiatives.

We have completed our management transition with the appointment of a new Board and CEO. These steps now play an important role in achieving our long-term strategic vision of sustainable growth and commercially viable expansion.

Our expansion plan is based on the principle of bringing our signature shopping experience to more neighbourhoods across Qatar, simultaneously contributing to the development of areas with population growth.

We continue to focus on increasing sustainability and reducing the environmental impact of our operations. Our programs help to increase awareness of and generate interest in potential lifestyle changes that can help make all of our lives healthier, cleaner and more environmentally friendly. We must see ourselves as stewards and not just consumers, and use our example to inspire change in others.

I extend my appreciation for the committed involvement of our Board members. Together with them I would also like to express our sincere appreciation and gratitude to His Highness Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar, for his truly remarkable leadership and his vision for the growth, development and security of Qatar.

Finally, I would like to close by sincerely thanking all of our valued shareholders for their continued support in 2019 and in previous years. Your trust enabled us to reach new heights and deliver our vision of being "Your Favourite Neighbourhood Retailer".

Looking ahead, Al Meera Group continues to strive for and to achieve progress for our customers, our stakeholders, and for the State of Qatar.

Thank you,

H.E Abdulla Abdulaziz Abdullah Turki Al-Subaie  
Chairman of the Board of Directors

## CHIEF EXECUTIVE OFFICER'S MESSAGE



### In the Name of Allah, Most Gracious, Most Merciful

Dear Shareholders,

I am pleased to present to you major achievements of Al Meera Consumer Goods Company Q.P.S.C. (Al Meera) for the financial year 2019. The year 2019 was a challenging year in Al Meera's continuous and persistent progress to make positive transformation as detailed in the Annual Report.

With a focus on customer satisfaction, strategic expansion, operational excellence, and social contribution, Al Meera was able to deliver on financial and operational results in a competitive market.

Al Meera recorded consolidated sales of QAR 3.0 billion in 2019. Gross profit increased to QAR 518.6 million, an increase of QAR 22.2 million over 2018, mainly through improvements in assortments and robust negotiations with suppliers. We reported rental income of QAR 74.8 million during the year.

Al Meera made improvements in margins and efficiency, and the net profit attributable to shareholders increased to QAR 186.6 million compared to QAR 182.4 million achieved in 2018. Earnings per share improved to QAR 0.93 compared to QAR 0.91 reported in 2018. The current year's profitability has been impacted negatively by QAR 6.6 million due to the adoption of IFRS 16.

Driven by our focus on strategic expansion, Al Meera continued to explore opportunities for new locations in the city and new town centers outside of the city. We celebrated the opening of two outlets in the iconic Qatar Rail metro stations and a community mall in Rawdat Al Hamama. We are progressing to bring more such retail spaces to life soon.

We are also investing in developing 'Made in Qatar' products by supporting local start-ups. We have organized several events for Qatari SMEs where they showcased their products and gained insights from our expertise.

One of our goals was to continuously improve our product mix for our valued customers. We have increased our own Al Meera branded products and added other international brands to deliver new choices for customers who value premium quality products.

Al Meera rewards its loyal customers through our popular 'Meera Rewards' program, launched in December 2018 with a view to enhance customer satisfaction and show appreciation to customers' support. The loyalty program celebrated its first anniversary in December 2019 with upgrades made to the scheme to ensure customers enjoy more rewards.

Another area of focus was redefining the retail concept which is evident in our new stores and redesign of existing stores. The revamps are a part of our strategic vision to elevate the customer's shopping experience and enhance the brand image of Al Meera. Our latest branch, Rawdat Al Hamama, embodies this new customer-centric approach with its immersive shopping experience.

Outside of Qatar, we are gearing up to play a bigger role in the supermarket space in Oman. This strategy is being realized through a mix of development and leasing model. We hope that these steps will lead to our target of doubling our retail network from the current total of six, in the future.

We are also reimagining our role in the community. We believe that Al Meera is not just a neighborhood store for food and beverages but as the national retailer, we are a part of the daily lives of members in our community and therefore we reside in the center of economic, social, health, and environmental matters of our community.

There are several ways we are achieving this.

Firstly, we are committed to promote quality food at affordable prices so our communities can continue to thrive.

Secondly, we are implementing sustainability practices wherever possible and making an impact in our community by generating awareness on environmental sustainability to our customers and followers through several ways.

Throughout our branches, we have committed to recycling all paper and cardboard waste and introduced Reverse Vending Machines in select branches for recycling plastic and metal cans. Further, we have also placed battery collection bins across Al Meera branches to collect and recycle used household batteries to prevent such hazardous metals and chemicals from harming the environment. To demonstrate our commitment to be a sustainable retailer, Al Meera also sponsored the national EcoDome conference held in 2019.

Thirdly, to promote healthy living in communities, we are promoting a healthy and active lifestyle among our communities by participating in the National Sports Day and similar events of social significance.

One of our key priorities for Al Meera's future development is preparing it for the next stage of growth. Internally, we are reorganizing our corporate structure by evaluating each of our departments and their functions. This is being achieved with the help of local and international experts. We are also following on our plan to expand to economically viable locations as well as in areas where the community deserves a neighborhood retail service. To respond to the continuously evolving demographic of Qatar, emphasis is also being laid on expanding Al Meera product range and introducing new product lines. Recently, we announced the introduction of a range of items from iconic British supermarket brand, Sainsbury's, at select Al Meera branches around Qatar. Plans are also afoot to embrace the changing trends in customer shopping by adopting services such as e-commerce and home delivery.

As a retailer with a formidable legacy in Qatar, I have no doubt that our efforts continue to be underpinned by our unwavering commitment to Al Meera values and to serving the interests of our shareholders.

I highly appreciate the contribution and hard work of our Board of Directors, the management and our employees. I would like to extend my thanks to our suppliers, vendors, and various Ministries and government agencies. Their support will help us leap forward.

Thank you,

Yousef Ali Al Obaidan  
Chief Executive Officer



Board of  
Directors  
Report

## Chairman's Message

### In the Name of Allah, Most Gracious Most Merciful,

The Board of Directors of Al Meera Consumer Goods Company (Q.P.S.C.) ("the Company") and its consolidated subsidiaries (together "the Group"), is pleased to present the Annual Corporate Governance Report for 2019 as part of the Company's annual report.

The Board of Directors recognises that they are entrusted with overseeing and managing the Al Meera group of companies and so throughout the year the Board of Directors with the assistance of the senior executive management team the Board has sought to ensure, by monitoring and oversight, that Al Meera's corporate governance systems and practices has remained adequate and appropriate for our businesses.

This corporate governance report provides the annual disclosure of these corporate governance systems and practices in accordance with the Governance Code for Companies and Legal Entities Listed on the Main Market, issued by Qatar Financial Markets Authority.

On behalf of The Board of Directors of Al Meera and the senior executive management team, we thank all our shareholders for their continuing trust and confidence.

Abdulla Abdulaziz Abdullah Turki Al-Subaie

Chairman of the Board of Directors

## 10<sup>th</sup> Corporate Governance Report

### 1. Report on Corporate Governance

Corporate Governance entails a collection of systems by which a company is controlled, directed and operated-with specific focus on people, policies and processes, with the aim of meeting our customers', shareholders' and other stakeholders' expectations.

Specifically, we, at Al Meera, are committed to meeting the needs of our customers because we believe it will ensure that the aspirations of our other stakeholders are met. We believe that good Corporate Governance provides an effective way to meeting both customer and stakeholder aspirations and so for us, corporate governance is not merely legal compulsion it is a way of our business life.

In our commitment to serve the interests of customers and our other stakeholders, Al Meera is also committed to maintaining a governance structure that reflects the highest standards of independence, oversight, transparency and integrity. The guiding framework for our governance systems and practices are the provisions of the new Corporate Governance Code for public listed entities, which was issued by the Qatar Financial Market Authority ("QFMA") on 15 May 2017. We also draw general reference from other applicable laws and regulations of the State of Qatar and Qatar Stock Exchange, in addition to internationally regarded good governance practices.

This governance report highlights key components of the governance systems and practices as designed, implemented and maintained in Al Meera for the reporting period from 1 January 2019 to 31 December 2019.

### 2. Management Assessment of Internal Control over Financial Reporting

The Board of Directors of Al Meera Consumer Goods Company (Q.P.S.C.) (the "Company") and its consolidated subsidiaries (together "the Group") is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") as required by Qatar Financial Markets Authority ("QFMA"). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICFR also includes our disclosure controls and procedures designed to prevent misstatements.

### Risks in Financial Reporting

The main risks in financial reporting are that either the consolidated financial statements are not presented fairly due to inadvertent or intentional errors or the publication of consolidated financial statements is not done on a timely basis. A lack of fair presentation arises when one or more financial statement accounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make on the basis of the consolidated financial statements.

To confine those risks of financial reporting, the Group has established ICOFR with the aim of providing reasonable but not absolute assurance against material misstatements. We have also assessed the design, implementation and operating effectiveness of the Group's ICOFR based on the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

COSO recommends the establishment of specific objectives to facilitate the design and evaluate the adequacy of a control system. As a result, in establishing ICOFR, management has adopted the following financial statement objectives:

- Existence / Occurrence - assets and liabilities exist and transactions have occurred;
- Completeness - all transactions are recorded and account balances are included in the consolidated financial statements;
- Valuation / Measurement - assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts;
- Rights and Obligations and ownership - rights and obligations are appropriately recorded as assets and liabilities; and
- Presentation and disclosures - classification, disclosure and presentation of financial reporting is appropriate.

However, any internal control system, including ICOFR, no matter how well designed and operated, can provide only reasonable, but not absolute assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for ICOFR may not prevent all errors and fraud. Furthermore, the design of a control system must reflect the

fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

#### Organization of the Internal Control System

The Business and Function Heads are responsible for aligning operational activities under their control such that they are aligned with Al Meera strategy and compliant with all internal (at all levels – Group, business, function and country) policies and external regulations and laws that apply to their business and functions

Controls within the system of ICOFR are performed by all business and support functions with an involvement in reviewing the reliability of the books and records that underlie the consolidated financial statements. As a result, the operation of ICOFR involves staff based in various functions across the organization.

#### Controls to Minimize the Risk of Financial Reporting Misstatement

The system of ICOFR consists of a large number of internal controls and procedures aimed at minimizing the risk of misstatement of the consolidated financial statements. Such controls are integrated into the operating process and include those which:

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties;
- operate on a periodic basis such as those which are performed as part of the annual consolidated financial statement preparation process;
- are preventative or detective in nature;
- have a direct or indirect impact on the consolidated financial statements themselves. Controls which have an indirect effect on the consolidated financial statements include entity level controls and Information Technology general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item; and
- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual

internal controls are those operated by an individual or group of individuals such as authorization of transactions.

#### Measuring Design, Implementation and Operating Effectiveness of Internal Control

For the financial year 2019, the Group has undertaken a formal evaluation of the adequacy of the design, implementation and operating effectiveness of the system of ICOFR considering:

- The risk of misstatement of the consolidated financial statement line items, considering such factors as materiality and the susceptibility of the financial statement item to misstatement; and
- The susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.

These factors, in aggregate, determine the nature, timing and extent of evidence that management requires in order to assess whether the design, implementation and operating effectiveness of the system of ICOFR is effective. The evidence itself is generated from procedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the ICOFR evaluation. Information from other sources also form an important component of the evaluation since such evidence may either bring additional control issues to the attention of management or may corroborate findings.

#### Management's assessment included a review of controls related to the following processes:

- Revenue
- Financial Closing and Reporting
- Treasury and investment
- Payroll
- Fixed assets and Intangible assets
- Procurement and expenses
- Inventory management

The evaluation also included an assessment of the design, implementation, and operating effectiveness of Entity Level Controls, Information Technology General Controls, and Disclosure Controls.

#### Conclusion:

As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented, and operated effectively as of 31 December 2019.

### 3. Shareholders

Al Meera values and respects the rights of its shareholders, which are established by the Articles of Association (AOA) to ensure that shareholders' rights are respected in a fair and equitable manner.

The established rights of the shareholders specifically include inter alia, a priority in subscription of Al Meera's shares, access to share ownership records, rights of attendance of annual and extraordinary general assemblies. The shareholder rights also include exercise of voting and the right of voting through proxies, rights on taking decisions on the distribution of dividends in the annual general assembly meeting. Shareholder rights extend to include calls for general assembly, setting and discussion of meeting agendas and the right to receive feedback on questions asked in addition to the method of voting on Board election, and participation in major decisions through General Assembly and so on.

### 4. Shareholding Information

Al Meera Consumer Goods Company (Q.P.S.C.) was established by the Law 24 of 2004 regarding transforming Consumer Co-operative Societies into a Qatari shareholding company. The decision number 40 of 2005 dated 28 February 2005 was issued by the Minister of Economy and Commerce to establish the Company in accordance with the provisions of Article No. 68 of Law No. 5 of 2002 regarding Commercial Companies and their Memorandum and Articles of Association. The Company's conditions were reconciled in accordance with the resolutions of the Extraordinary General Assembly held on 5 October 2016, under Law No. 11 of the year 2015 issuing the Commercial Companies Law and the provisions of the Memorandum of Association and the amended Articles of Association.

The capital of the Company is QAR 200,000,000, which is divided into 200,000,000 shares, after share split, at a nominal value of QAR 1 per share.

Al Meera was listed on the Qatar Stock Exchange on 28 October 2009 (Al Meera ticker symbol: MERS). Upon listing, the shareholding composition of the Company remained as it was on its establishment, as follows:

Shareholders	Shares held	Shareholding Percentage
Qatar Holding W.L.L.	52,000,000	26%
Shareholders of Private Sector	148,000,000	74%

The amended Articles of Association states that Qatar Holding W.L.L. owns 26% of the total shares, and the total shares owned by individual shareholders shall not exceed 5% of the total shares of the Company. Al Meera continuously update its shareholders register through inquiry from Qatar Stock Exchange and maintains monthly shareholders register.

### 5. The Board of Directors, Board Committees and the Senior Executive Management

The Board is entrusted by the shareholders with the authority to govern the Company, oversee its business activities and operations and to provide effective governance over the Company's key affairs.

The responsibilities of the Board of Directors are set out in the Company's Article of Association, Corporate Governance Framework, and more clearly defined in the Board Charter in compliance with QFMA Corporate Governance Code Article 8, which can be found on the Company's website at [www.almeera.com.qa/investors/corporate-governance/board-charter](http://www.almeera.com.qa/investors/corporate-governance/board-charter).

In order to provide an organised and focused means of achieving the Company's goals and to properly address specific or specialised issues in a timely manner, the Board has set up the following Board Committees in accordance with Governance Code and leading practices.

- Audit Committee
- Nomination and Remuneration Committee

For additional information of Board Committees, please refer to section 7.

In addition, the Board has assigned the day-to-day management of the Company to the Chief

Executive Officer, subject to clear instructions and within the bounds of their delegated authority, while the Board has the ultimate responsibility of the governance of the Company.

The Duties and Responsibilities of the Chief Executive Officer are:

- Develop and implement Board approved strategy reflecting long-term objectives and priorities.
- Implement corporate governance framework established by the Board.
- Assume full accountability to Board for all aspects of Al Meera operations and performance.
- Maintain ongoing dialogue with the Board and Chairman.
- Build and maintain an effective management team.
- Ensure adequate operational planning, risk management and internal control systems are in place.
- Closely monitor operations and financial results in accordance with the plans and budgets.
- Represent Al Meera to major customers, professional associations, service providers and regulators, and maintain effective internal and external public relations and act, in conjunction with the Chairman of the Board, as Al Meera authorised liaison officer with the media for press releases etc.
- Spearhead major Al Meera initiatives.

Executive management profile can be found on Appendix 2.

The Board appointed the Chief Executive Officer as an authorized spokesperson on behalf of the Company to speak on behalf of the Company to disseminate public information or respond to specific queries from the media or to respond to rumours by denying or proving.

## 6. The Delegation of Authority

Delegation of authorities and roles and responsibilities of each of the functions has been documented in governance documents, with clear authority limits, strict respect for a dual signatory principles and consistent requirements of a 4-eye principle for the authorization of business transactions. The Board also adopted operational policies and procedures in its

seventh meeting held on 21 November 2011 as per specialized studies done by an expert consultancy group.

In addition to the efforts that have been made, the Company will continue its efforts to ensure compliance with the provisions of the Code.

### 6.1 Board Charter

In accordance with the provisions of the Code, the Board has amended the Board Charter to reflect the requirements of the Governance Code for Companies and Legal Entities Listed on the Main Market issued by Qatar Financial Markets Authority pursuant to Decision No. 5 of 2016, the Board charter details the Board's functions, rights duties and responsibilities to assist in the exercise of its powers and fulfilment towards the Company. The amended Board Charter is published on the Company's website for general reference by the stakeholders.

### 6.2. Code of Conduct

The Board of Directors of Al Meera is committed to the highest standards of integrity and business conduct. The Code of Conduct applies to members of the Board and all Al Meera employees. The Board believes that operating with the highest level of honesty and integrity is critical to protecting the interests of the shareholders.

Accordingly, the Board has adopted a Code of Conduct to reflect its commitment to the highest standards of ethical and business conduct. The updated Code of Professional Conduct will be posted on the Company's website to become a general reference for stakeholders, the general investing public and the clients of Al Meera.

### 6.3. Board Composition

In accordance with Articles of Association, Al Meera's Board is currently composed of seven (7) members of whom two (2) members are nominated by Qatar Holding L.L.C., from whom a Chairman is selected. The remaining five (5) Members are elected by way of a secret ballot involving the shareholders at the Annual General Assembly.

Al Meera has updated its Articles of Association to ensure compliance with the provisions of the Governance Code. Details of our distinguished Board members are included in Appendix 1:

No.	Name	Role	First Appointment	Representing	Status	Shares Owned upon election	Shares Owned as at 31-Dec-2019
1	H.E. Abdulla Abdulaziz Abdullah Turki Al-Subaie	Chairman	March 2019	Qatar Holding	Non- Independent	Not applicable	Not applicable
2	Mr. Ali Hilal Ali Omran Al-Kuwari	Vice Chairman	March 2019	Qatar Holding	Non- Independent	Not applicable	55,748
3	Mr. Mohammad Abdulla Al Mustafawi Al Hashemi	Member	March 2010	Shareholders	Independent	36,500	41,315
4	Dr. Khalid Ibrahim Mohammed Abu Yaqoub Al-Sulaiti	Member	March 2019	Shareholders	Independent	2,000	221,210
5	Sheikh Nayef Eid Mohammed Thani Al-Thani	Member	March 2019	Shareholders	Independent	69,500	7,060
6	Mr. Hetmi Ali Khalifa Al Hitmi	Member	April 2019	Ali Bin Khalifa Al Hitmi & Co.	Non-Independent	20,000	1,550,000
7	Mr. Eissa Khalid Eissa Al Muslimani	Member	April 2019	Shareholders	Independent	2,000	-

### 6.4 Board Meetings

Board meetings are conducted regularly, given that there should be no less than six (6) Board meetings in the annual financial year. Al Meera's Board of Directors held ten (10) meetings in 2019.

Board meetings	Meeting date	Attendees	Absentees
1	24-Feb-19	7/7	0
2	20-Mar-19	6/7	1
3	24-Mar-19	7/7	0
4	1-Apr-19	5/7	2
5	17-Apr-19	5/7	2
6	30-Apr-19	7/7	0
7	2-Jun-19	7/7	0
8	18-Jun-19	6/7	1
9	22-Sep-19	5/7	2
10	27-Oct-19	7/7	0

### 6.5. Board activities during the year 2019

In 2019, the Board of Directors achieved a number of key governance goals and supervised the implementation of a number of key successful initiatives, including:

- Appointment of Mr. Yousef Ali Al Obaidan as the new Chief Executive Officer of Al Meera.
- Approval of the Corporate Governance Report for 2018.
- Approving the agenda of the Annual General Assembly.

- Adoption of the audited consolidated financial statements and the adoption of the internal control over financial reporting.
- Approval of tenders.
- Discuss the update and development of the Company's operations.
- Discussing the investment initiatives for the Company.
- Discuss legal matters of Al Meera.
- Assessment of the Executive management and the overall performance of the Company.
- Assessment of various Board Committees' activities and their annual reports.
- Approved the compensation of executive management as recommended by the Nomination and Remuneration Committee.

### 6.6. Board Member Induction and Ongoing Educational Development

Al Meera has developed a structured induction and educational programme for new Board Members upon his/her appointment to become familiar with all aspects of Al Meera's business activities, the company structure, management and all other information enabling the said Board Member to assume his/her responsibilities.

During the year 2019, the Company conducted training to the board members on the Governance Code.

The Board Training Policy of the Company provides Board Members guidance on the induction and ongoing educational support that they can draw upon.

### 6.7. Prohibition of Combining Positions

The position of the Chairman of the Board has not been combined with any other executive position in the Company. The Chairman is not a member of any Board Committees.

Additionally, the Chairman and all other members of the Board of Directors provide, annually, a written acknowledgment that they will not combine any of the positions prohibited under article (7) of the Governance Code.

### 6.8. Duties of the Chairman of the Board

The Chairman is responsible for ensuring the proper functioning of the Board in an appropriate and effective manner, including timely receipt of complete and accurate information by the Board Members and his duties and responsibilities include, but are not limited to, chairing the Board and general meetings ensuring efficient conduct of meetings, encouraging effective participation of Board members. The Chairman's role also mandates the approval of Board meeting agenda, facilitating effective communication with shareholders and communication of their opinions to the Board of Directors, and annual evaluation of Board performance.

### 6.9. Duties of Board Members

Each of the Board members accepts and acknowledges the obligations owed to the Company as set out in the Board Charter and in accordance with Law and under Article 12 of the Governance Code specifically and QFMA Corporate Governance Code.

No.	Board Membership	Board Role	Audit Committee	Nomination & Remuneration Committee	Classification
1	H.E. Abdulla Abdulaziz Abdullah Turki Al-Subaie	Chairman			Non-Executive
2	Mr. Ali Hilal Ali Omran Al-Kuwari	Vice Chairman			Non-Executive
3	Mr. Mohammad Abdulla Al Mustafawi Al Hashemi	Member	Committee Member	Committee Member	Non-Executive
4	Dr. Khalid Ibrahim Mohammed Abu Yaqoub Al-Sulaiti	Member		Committee- Chair	Non-Executive
5	Sheikh Nayef Eid Mohammed Thani Al-Thani	Member	Committee- Chair		Non-Executive
6	Mr. Hetmi Ali Khalifa Al Hitmi	Member		Committee Member	Non-Executive
7	Mr. Eissa Khalid Eissa Al Muslimani	Member	Committee Member		Non-Executive

### 6.10. Performance Assessment of the Board of Directors

Al Meera has developed a structured Board and Committees Performance Assessment in accordance with the Governance Code.

The Chairman of the Board has carried out a performance assessment of Board as whole and Board Committees, to determine that the Board are optimally active, and their involvement are in the best interest of the Company, the result of the assessment are as follows:

No.		Excellent
1	Board of Directors	✓
2	Audit Committee	✓
3	Nomination and Remuneration Committee	✓

Furthermore, the Chairman through Nomination and Remuneration Committee has carried out a performance assessment of the Board members, self-assessment and peer assessment.

### 7. Board Committees

The Board has established two standing committees as per the requirements of the Corporate Governance Code, which are the Audit Committee and the Nomination and Remuneration Committee. The composition of the Board Committees are as follows:

### 7.1. Audit Committee

The Audit Committee was established in 2005 by and reports to the Board and has a mandate as set out in the Board Charter which includes to review the effectiveness of the systems of internal control for the accounting year and the period to the date of approval of the financial statements. The members of the Audit Committee have the necessary experience to carry out the duties and mandate of the Audit Committee.

No.	Name	Role	Status
1	Sheikh Nayef Eid Mohammed Thani Al-Thani	Chairman	Board Member, Non – Executive
2	Mr. Mohammad Abdulla Al Mustafawi Al Hashemi	Member	Board Member, Non – Executive
3	Mr. Eissa Khalid Eissa Al Muslimani	Member	Board Member, Non – Executive
4	Mr. Khalid Ismail Aly Soliman	Secretary	Internal Audit, Executive

The Audit Committee has met nine (9) times in 2019, and the responsibilities of the Committee as documented in the Audit Committee Charter are to:

- Review the charters of the Audit Committee, Internal Audit and Compliance annually and recommend changes or updates to the Board.
- Recommend to the Board the external auditors to be nominated, approve the compensation of the external auditors, and review the scope and results of the audit, and its effectiveness.
- Approve any non-audit work to be performed by the external auditors.
- Review and concur in the appointment, replacement, reassignment, or dismissal of the Head of Internal Audit and Compliance. Also, review the performance and recommend the remuneration of the Head of Internal Audit and Compliance.
- Confirm and assure the independence of the Head of Internal Audit and Compliance and the external auditors, including a review of management consulting services and related fees provided by the external auditors annually.
- Review with other Committees, management, the Head of Internal Audit and Compliance and external auditors, the significant risks or exposures that exist and assess the steps Management has taken to minimize such risk to the Company.

Overall, the Audit Committee seeks to ensure that the whole management process provides adequate control over major risks to Al Meera, through consideration of regular reports from internal and external audit, alongside discussions with senior managers.

The current Committee comprises of three (3) members and a secretary:

- Consider, in consultation with the external auditors and the Head of Internal Audit, the audit scope and plans of the internal auditors and external auditors.
- Review with the Head of Internal Audit and the external auditors the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
- Review the following with the Director of Finance and External Auditors upon completion of the quarterly reviews and annual examination:
  - The quarterly and audited annual financial statements and related footnotes, integrity of financial reporting of the Company in accordance with accounting principles applied in the Company.
  - The Audit Committee shall approve, on behalf of the Board, each of the quarterly financial statements and the corresponding announcements for the first 3 quarters of each financial year.
- The Audit Committee shall recommend to the Board, for approval, the annual financial results and the related announcements:
  - The external auditors' audit of the annual financial statements and reports thereon;
  - The adequacy of the Company's system of accounting controls;
  - The assistance given by Management to external auditors;

- Any related significant findings and recommendations of the external auditors and internal auditors together with Management's responses thereto; and
- Any significant changes required in the external auditors' audit plan, any serious difficulties or disputes with Management encountered during the course of the audit and their resolution, and other matters related to the conduct of the audit.
- Consider and review with Management and the Head of Internal Audit and Compliance annually:
  - Significant internal audit and compliance observations during the year and Management's responses thereto;
  - The effectiveness of the Company's internal controls over management, business and technology systems and practices and compliance risks;
  - Any changes required in the planned scope of the Head of Internal Audit and Compliance's audit plans; and
  - Budget and staffing of Internal Audit and Compliance Department.
- Review self-interested person's transactions, and improper activities of the Company (if any).
- Review with the Head of Internal Audit and Compliance or Management, the results of their review of the Company's compliance with the external regulations and Company's Code of Conduct.
- Review legal and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies, and programs and reports received from regulators.
- Oversee business continuity management and business continuity planning for the Company.
- Meet with the Head of Internal Audit and Compliance, the external auditors, other Committees, and Management in separate executive sessions, to discuss any matters that these groups believe should be discussed privately with the Audit Committee.
- Consider and prepare a letter for inclusion in the annual report that describes the Audit Committee's composition and responsibilities, and how they were discharged.

- Report actions and minutes of the Audit Committee to the Board with such recommendations, as the Audit Committee considers appropriate.

The Committee completed several of its tasks, the most prominent of which were the following:

- Prepared and presented to the board the internal control systems.
- Reviewed the proposal from external audit firms for the provision of audit of financial statements for year 2019 and verify that controls are appropriate to choose the most suitable offer.
- Discussed internal audit reports issued by the Internal Audit Department.
- Discussion of the Internal Auditor's Report on the Financial Statements for year ended 31 December 2019.
- Approved the annual audit plan for 2019 with the timetable for auditing departments
- Reviewed and approved the financial statements in addition to making recommendations to the executive management.

#### 7.2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was established in 16 December 2012, and has the following terms of reference:

- To study and submit nomination for Board of Directors vacancies.
- To make periodic review of the Board of Directors and its Committees to ensure that the members have the required expertise.
- To make sure that complete policies for rotation and replacement of the Board of Directors are in place.
- To issue the letter of appointment of the members of the Board of Directors.
- To submit proposals for comprehensive policy of financial compensation.
- To consult with the CEO regarding the proposed financial compensation for top management jobs.

The current Committee comprises of Three (3) members and a secretary, and has met four (4) times during 2019:

No.	Name	Role	Status
1	Dr. Khalid Ibrahim Mohammed Abu Yaqoub Al- Sulaiti	Chairman	Board Member, Non – Executive
2	Mr. Mohammad Abdulla Al Mustafawi Al Hashemi	Member	Board Member, Non – Executive
3	Mr. Hetmi Ali Khalifa Al Hitmi	Member	Board Member, Non – Executive
4	Mr. Mohammed Jumah Al Mohannadi	Secretary	Legal and Compliance, Executive

The Committee has successfully achieved several of its tasks, the most prominent of which were the following:

- The Committee reviewed the annual appraisal of some of the employees who appealed to the Committee and made its recommendation to the management.
- The Committee discussed and approved the new Succession plan of the key positions.
- The Committee reviewed the Board Candidates application and recommended the Board of Director to address the list of applicants along with a copy of the applications to QFMA for further processing, in accordance with the article 5 of QFMA Corporate Governance Code.
- The Committee's discussion on remuneration of Board committees and Board members.
- The Committee conducted a Board and Board committees performance assessment.

#### 8. Board Secretary

The Board has appointed a Board Secretary, who also holds the additional responsibility as the Company's Director of Legal and Compliance.

The Board Secretary provides administrative support to the Chairman, Board members and the Board committees to ensure the compliance to the law and to facilitate the execution of their functions.

The Board Secretary is also responsible for ensuring that the correct Board procedures are followed and advising the Board on all legal and Corporate Governance matters.

#### 9. Internal Stakeholders' Rights

The Company's employees have equal rights as set out in the Company's Human Resources policies and procedures.

The Board has approved a remuneration policy and packages that provide incentive for the

employees and management of the Company to always perform in the best interests of the Company.

#### 10. Internal Control System

The Board is responsible for the internal control system (ICS) in the Company. The Board has adopted a comprehensive set of governance and control including, policies, procedures and processes to provide reasonable assurance that financial, reporting and operational objectives of the Company are met. By way of example, Board has ensured, through the appropriate delegations of authority, that no individual has unfettered powers.

Al Meera also has an independent Internal Audit function that reports to the Audit Committee and the Board of Directors. An Annual Internal Audit Plan is approved by the Audit Committee, which covers specific areas of Al Meera's operation. It has access at all times to all accounts, books, records, systems, property and personnel in order to fulfil its auditing responsibilities.

#### 11. Related Party Transactions

For information on the related party transactions, please refer to Note [24] "Related Party Disclosures" of Al Meera's audited consolidated financial statements for the year ended 31 December 2019.

Any proposed Related Party transactions will be set out in the agenda of the Annual General Assembly for approval of the shareholders.

#### 12. External Auditors

The Annual General Assembly held on March 2019, appointed "Deloitte" as Al Meera's external auditor for Year 2019 based upon recommendations of the Audit Committee and Board of Directors, to provide half-yearly reviews and year-end audits.



The external auditor is independent from the Company and its Board, and the Company will take advantage of the permitted period from the QFMA to ensure compliance with the provisions of the newly introduced code, specifically to ensure the mandate of the external auditor meets the requirement of Articles 23 and 24.

### 13. Dividend Policy

The payment of dividend is subject to recommendation by the Board of Directors which is then approved by the Shareholders in the Annual General Assembly meeting. For the year 2019, the Board of Directors recommended cash dividend is 85% of the paid-up capital.

### 14. Remuneration Policy

The Articles of Association governs the remuneration of Board members. Board remuneration is subject to approval of the General Assembly with a maximum limit of 5% of the net profit to be attributed to bonus distribution, in accordance to Article 42 of the Company's Articles of Association.

The Board determines senior management compensation. The senior management compensation is composed of a salary and a performance related bonus. The Board determines the limits for fixed salary components.

### 15. Compliance

The Company's Legal and Compliance Department continuously updates its Board and senior management for new or changed laws and regulations. The Board and senior management consistently seeks to ensure compliance by the relevant business units and operations of all laws and regulations. Al Meera was successful in abiding by all the applicable laws and regulations and was not subject to any fines or penalties in 2019, Al Meera has complied with the listing and disclosure requirements.

### 16. Legal and Judicial Dispute

In 2019, there were no major legal disputes that would have a significant impact on the Company, however, Al Meera does have some ongoing legal disputes that are minor in nature, both on an individual and collective basis.

### 17. Risk Management

The Board has the overall responsibility for Risk Management and to encourage adequate risk

management practices within the Company. Al Meera has successfully established a framework and independent risk management function for identifying, evaluating, managing and reporting the risks (internal and external) on a periodic basis, to ensure that corrective actions are taken to manage any unexpected market changes, in line with the risk management policies and procedures for Al Meera. Further, there are initiatives in progress to facilitate and support the risk management culture in Al Meera.

### 18. Related Party Policy and Conflicts of Interest

Whilst existing related party transactions are disclosed, Al Meera has prepared a formal related party policy to govern commercial transactions with related parties and potential conflicts of interest as well as the related practices and disclosures. The policy has been disclosed once adopted. There was no conflict of interest case during the year.

### 19. Insider Trading

Al Meera has formulated clear guidelines and policies to prevent insider trading in the Company's shares. In this context, a declaration process for Board members and senior management has been implemented.

For the year 2019, the Board members and senior management has declared all transactions involving Company shares.

### 20. Internal Audit

In addition to its existing scope, the internal audit provides the Board with a documented assessment of the internal control system on an annual basis.

In addition to the efforts that have been made, the Company will continue its efforts to ensure compliance with the provisions of the newly introduced Code.

### 21. Whistle blowing

A mechanism has been designed and implemented to enable employees or the public to report behaviour that is suspicious, illicit, unethical or detrimental to the Company, whilst ensuring the confidentiality of the information received and the protection of the whistle-blower.

The oversight for the same has been formally assigned to the Audit Committee.

### 22. Investor Relations

In support of management's commitment to establish transparent and close communication with the shareholders, all shareholders and stakeholders can access information relating to the Company and its Board members and their qualifications. The Company also updates its website with all Company news continuously, in addition to including this information in the Annual Report presented to the General Assembly.

### 23. Fair treatment of shareholders and voting rights

According to the provisions of Article 8 of the Company's Articles of Association, which states that "Shareholders have equal rights and have all rights arising from the ownership of the share as per the provisions of the Law and relevant regulations and resolutions", all the shareholders are equal and they have the right of equality, in particular the right to dispose of shares and obtain the share of the dividends, the attendance of the General Assembly, the participation in the deliberations and voting on its decisions. The shareholder also has the right to access and request information in a manner that does not harm the interests of the Company. Non-Qataris may purchase shares of the Company, provided that the total of Non-Qataris shares do not exceed 49% of the Company's shares.

### 24. Corporate Social Responsibility

The Company has committed to contributing 2.5% of its annual profit to Corporate Social Responsibility fund as required by Qatar Government law. During the year, Al Meera has made a payment QAR 4.3m being 2.5% of Al Meera profit for 2018.

### 25. Subsidiaries and Associates

The Company is the ultimate parent of the following Companies:

- Al Meera Holding Company W.L.L.
- Al Meera Supermarkets Company W.L.L.
- Al Meera Development Company W.L.L.
- Qatar Markets Company W.L.L.
- Al Meera Bookstore Company W.L.L.
- Al Meera Logistics Services Company W.L.L.

- Maar Trading and Servicing Company W.L.L. Qatari Associate

- Al Oumara Bakeries Company W.L.L. Overseas Subsidiaries

- Al Meera Oman S.A.O.C.
- Al Meera Markets S.A.O.C.

During the year, the Group sold its shares in ALGE Retail Corporation SARL. The sale has been approved by the shareholders of the subsidiary.

### 26. Board of Directors' Report on compliance of the Company with the applicable QFMA Laws and relevant legislations including the Governance Code for Companies and Legal Entities Listed on the Main Market (the "Code") as at 31 December 2019

Based on the Company's Board of Directors and executive management's review, with exception of the 2 points below related to risk management and other legislations and regulations of QFMA, which the Company is in process of completing, Al Meera Consumer Goods Company (Q.P.S.C) has complied with Code requirements as at 31 December 2019.

- The Company is in the process of documenting its policies, procedures, and related controls in respect of the compliance with the relevant regulations of QFMA, knowing that within the limits of information available to the Board of Directors, there were no violations on these regulations during the year.
- Although the Company has a risk management framework with related policies in place, the Company is currently in the process of implementing the reporting requirements and reassessing the resource requirement for the risk management department.

## Board of Directors Profiles



### H.E. Abdulla Abdulaziz Abdullah Turki Al-Subaie

Chairman of the Board of Directors  
Nominated by Qatar Holding L.L.C.

His Excellency Abdulla bin Abdulaziz bin Turki Al-Subaie was appointed Minister of Municipality and Environment in November 2018.

His Excellency Al-Subaie also continues as Managing Director and Chief Executive Officer of the Qatar Railways Company, having held these positions since March 2011 and January 2017, respectively.

Under His Excellency Al-Subaie's exceptional leadership, the Qatar Railways Company has set the benchmark for project delivery, transparency and governance, and successfully started revenue service on the Doha Metro a year early in May 2019.

His Excellency was the Group Chief Executive Officer of Barwa, Qatar's leading Real Estate Development and Investment Holding Group from April 2011 until May 2014. Prior to joining Barwa, His Excellency was the Chief Executive Officer of SMEET, an affiliate of Qatari Diar Group, serving the company since its formation in 2008 until March 2011. His Excellency held various leadership and senior project management positions from 1996 to 2008 with The Qatar General Electricity & Water Corporation (KAHRAMAA), where he has managed multibillion dollar infrastructure projects.

His Excellency is Board Member and Chairman of Executive Committee of Qatar Railways Company and Chairman of Al Meera Consumer Goods Company (Q.P.S.C.). His Excellency served on the Boards of many high profile organizations like Qatari Diar Group, Barwa, HOCHTEIF and Qatar National Broadband Network Company and Barwa Bank Group.

Born in Qatar in 1975, His Excellency holds a Masters degree in Business Administration (MBA) in 2006 and Bachelors in Electrical Engineering (BSc) in 1996 from Qatar University.



### Mr. Ali Hilal Ali Omran Al-Kuwari

Vice-Chairman of the Board of Directors  
Nominated by Qatar Holding L.L.C.

Since 2016, Mr. Al-Kuwari took over the position of Vice President at Hassad.

Previously, Mr. Al-Kuwari held a number of leading positions in Hassad, such as the Director of "Project Management" Department.

Moreover, he spent around 10 years at Qatar General Electricity & Water Corporation (KAHRAMAA), where he worked in different senior positions like Director of Engineering Contracts Department.

Mr. Al-Kuwari holds an Engineering degree from Qatar University and an MBA from Northampton University in the United Kingdom.



### Mr. Mohammad Abdulla Al Mustafawi Al Hashemi

Member of the Board of Directors  
Elected by the shareholders

Mr. Hashemi has a degree in Bachelor of Science — Business Administration Marketing from University of Denver, Colorado, U.S.A.

He is the Managing Director of the Private Business Sector since 2007.

Mr. Hashemi has other experience as the Senior Marketing Analyst/Director of Marketing Development of Qatar Industrial Development Bank from 1997 to 2005. He was the Business Development Director of Gulf Warehousing Company from 2005 to 2007 and has held Board Membership of Al Ahli Club from 2000 to 2007.

## Board of Directors Profiles



### Dr. Khalid Ibrahim Mohammed Abu Yaqoub Al-Sulaiti

Member of the Board of Directors  
Elected by the shareholders

Khalid Ibrahim Al-Sulaiti, Ph.D., is currently the General Manager of Katara Cultural Village Foundation and brings 20+ years of progressive experience in academia, marketing, and management positions spanning several sectors. His expertise and insights are utilized on several committees and boards.

He embarked on his career path as Director of Information and Market Relations at Qatar Exchange (1998-2000) while concurrently serving as Acting Dean of College of Business and Economic at Qatar University (1998-2001) and as Dean of Student Affairs at Qatar University (2000-2001).

Between 2001 and 2006, Dr Al-Sulaiti served as the General Manager of the Institute of Administrative Development and as Dean of Academic Affairs at the Ahmed Bin Mohamed Military College between 2005 and 2007.

From 2007 to 2009, he accepted to lead Barwa Bank as CEO of its Steering Committee, a period during which he also briefly served as General Manager of First Investment Company (2008). Further, Dr Al-Sulaiti drove the growth of First Finance Company as its CEO (2007-2012). He continues to be a Senior Consultant to Barwa Real Estate Company since 2006.

Since 2014, he has been associated with the Katara initiative; first as Manager of Katara Restaurants Company (2014-present), then as Manager Katara Hills Company (2016-present) and as General Manager Katara Cultural Village Foundation (2012-present).

A thought-leader and an innovator, Dr Al-Sulaiti graduated with a BA in International Business from University of Bridgeport, US (1992) and obtained an MBA with concentration in Finance from the same alma mater (1994). He was awarded the Doctor of Philosophy in Marketing by Strathclyde University, Scotland in 1997. He was made an Associate Professor of Marketing in 2004.

Dr Al-Sulaiti's activism and contribution to nearly a dozen local entities as committee or board member reaches beyond Qatar with his involvement in international fora. He is the President of Global Public Diplomacy Network and a Member of Beta Gamma Sigma at his former university in the United States. He has authored several papers on the banking and securities market.

Among his accolades, Dr Al-Sulaiti was named among the 500 Strongest Personalities in the Middle East by Arabian Business in 2011 and was recognized again at the Arab Tourism Oscar Award most recently in 2017.



### Sheikh Nayef Eid Mohammed Thani Al-Thani

Member of the Board of Directors  
Elected by the shareholders

Sheikh Nayef Eid Mohammed Thani Al-Thani

Sheikh Nayef Bin Eid Bin Mohammed Thani Al-Thani is currently Manager – Public Relations and Communications at Qatar News Agency, the multi-lingual state-run news agency established in 1975.

He is represented in several company boards, including, as President at Widam Food Company, as member at Retaj Real Estate Company, and as President Tamim Trading and Contracting Company.

Sheikh Nayef holds a Master's degree.



### Mr. Hetmi Ali Khalifa Al Hitmi

Member of the Board of Directors  
Elected by the shareholders

Academic background in business and administration has enabled Mr. Hitmi Ali Khalifa Al-Khalifa to lead the change at several of Qatar's iconic brands and companies.

He is the founder of Ali Bin Khalifa Al Hitmi & Co, an eponymous business that has consistently seen growth since its inception in 1963. Between 1972 and 1995 he was the Head of the Consultative Council of Qatar, an important period in the history of Qatar which saw the country register impressive social and economic changes. He was eventually made the President of the Council.

He serves as Honorary Chairman of Qatar Navigation Q.P.S.C., where he also previously held the position of a Director; at Milaha, an integrated transport and supply-chain entity, as a Board Member; at Al Hitmi Property Development, a group specializing in urban regeneration, as Chairman; at Ali Bin Khalifa Al-Hitmi & Co, one of the largest property developers in Qatar, as Board Member; at Al-Hitmi Facility Management, a premium property management firm, as Board Member.

His previous affiliations include chairmanship of Barwa Real Estate Company Q.P.S.C., as a Board Member of Nakilat, as a Board Member of Doha Insurance, as Chairman of Al Arabi Sports Club, as Board Member of Qatar National Bank, and as Board Member of Qatar Electricity & Water Company.

In 2012, prestigious Middle East-based publication, Arabian Business, named Hitmi Ali Khalifa Al-Khalifa as the World's Most Influential Arabs in its Arabian Business Power 500 rankings.

## Board of Directors Profiles



### Mr. Eissa Khalid Eissa Al Muslimani

Member of the Board of Directors  
Elected by the shareholders

Mr. Eissa Khalid Eissa Al Muslimani, holds a graduate degree in engineering, along with a bachelor's degree in business administration, and diploma in project management.

Currently, Mr. Al Muslimani has been working at Qtel, now better known as Ooredoo since 1983, building up his professional career gradually from joining initially as an Engineer, to Northern Local Manager, National Manager, and to Network Manager.

He serves as a member of the Permeant Committee as a telecommunications expert, and has taken an active role in contributing to the drafting of emergency law on more than one occasion. He has chaired and represented Ooredoo in multiple high-level regional and international conferences, forums, and local seminars, while participating in many local events, forums and seminars. Additionally, he served as a board member of Qatar German Medical Supplies.

Currently, Mr. Al Muslimani manages various companies in the field of contracting, trade, retail services, and the food and beverage sector.

He carries expertise and knowledge in areas such as procurement, management, consulting within companies at risk, as well as managing large-scale complex projects, problem solving and the negotiation and development on complex contracts.

Similarly, Mr. Al Muslimani made a large contribution to the development of Ooredoo's telecommunications and management, and quality systems, overall enhancing the capacity for project management. These achievements were most noticeably displaced in the shift to utilizing 7 digit phone numbers in 2000 to 2001. The management of the 2006 Asian games equally served as a testament to the development and growth of Ooredoo.

## Executive Management Profile



### Mr. Yousef Ali Al Obaidan

Chief Executive Officer

Mr. Yousef Ali Al Obaidan is the CEO of Al Meera Group. As an established business leader, Mr. Yousef has held a number of senior executive roles and high-profile remits across Qatar's largest establishments, having spearheaded the operations and business growth of one of the most prominent investment banking firms in Qatar, and served on the board of several prestigious local and regional organizations.

Mr. Yousef's career boasts a spate of landmark transactions and large-scale assignments in Qatar's business and investment sector. Prior to joining Al Meera, he was the Acting Chief Executive Officer at The First Investor (TFI), Barwa Bank's investment banking firm, and one of the leading firms in this sector in Qatar. During his tenure at TFI, he was central to the group's operational efficiency and effectiveness, investment product innovation, portfolio diversification and expansion into new markets, among many other achievements. Under his leadership and management, the group completed a major restructuring operation, several landmark transactions, and the best-performing exit from the firm's largest investment project.

Mr. Yousef was also on the board of several prestigious organizations in Qatar. He serves as the Chairman of the Board at Tanween and at Emaded Equipment Leasing Company, as Vice Chariman of the Board at SMEET, and as board member at Qatari Diar – Saudi Bin Laden Group JV and Nuzul Holding and Barwa Real Estate Company, Waseef. He graduated from California State University, where he obtained his bachelor's degree in finance, and later pursued his Master of Arts in Integrated Marketing & Communications.

## FINANCIAL HIGHLIGHTS

### Sales

Al Meera achieved a total sale of QAR 3.0 billion, a decrease of 0.4%, compared to 2018. The sales were negatively impacted by the closure of 2 stores - one in the Sultanate of Oman and one in the State of Qatar. Despite the challenging market condition and excluding the impact of the closure of 2 stores, the sales grew by 0.4%.

### Gross Profit

Gross profit amount increased by 4.5% (QAR 22.2 million), from QAR 496.4 million to QAR 518.6 million. Gross profit margin increased by 0.8% (from 16.6% to 17.4%). Improvement in margin was driven by improvement in assortment and robust negotiation with suppliers.

### Rental Income

Rental income from leased shops decreased by 1.4%, from QAR 75.8 million in 2018 to QAR 74.8 million in 2019 due to loss of income from the closure of store in Oman.

### Net Profit Attributable to Equity Holders of the Parent

Al Meera posted a net profit attributable to equity holders of the parent of QAR 186.6 million, a growth of 2.3% compared to 2018. The improvement in the overall performance is driven by improvement in margin and efficiency.

### Earnings Per Share

Earnings per share (EPS) attributable to equity holders of the parent equated to QAR 0.93 per share, compared to QAR 0.91 per share in 2018. To comply with requirements of Qatar Financial Markets Authority, Al Meera implemented a 10 for 1 share split effective 18 June 2019.

### Dividends for Shareholders

The Board of Directors have proposed a 85% cash dividend on the paid-up capital of QAR 0.85 per share totaling QAR 170.0 million for the year 2019, which is subject to the approval of the equity holders at the Annual General Assembly.

### Impact of IFRS 16

In the current year, the Company, for the first time, has adopted IFRS 16 Leases (as issued by the IASB in January 2016). The implementation of this new accounting standard has negatively impacted the net profit by QAR 6.6 million and increased the assets and liabilities by QAR 235.0 million.

### Total Assets

Total assets amount to QAR 2.5 billion, an increase of 6% mainly from impact of the implementations of IFRS 16.

### Total Equity

Total equity increased by 1.6%, from QAR 1,449.9 million to QAR 1,473.6 million as at 31 December 2019.

### Loans and Borrowings

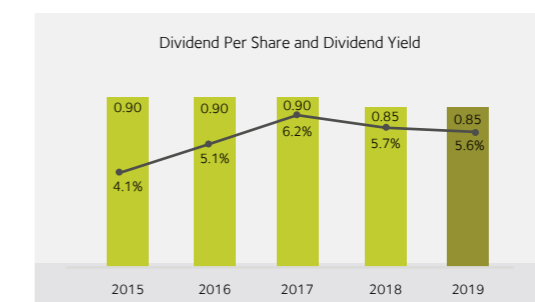
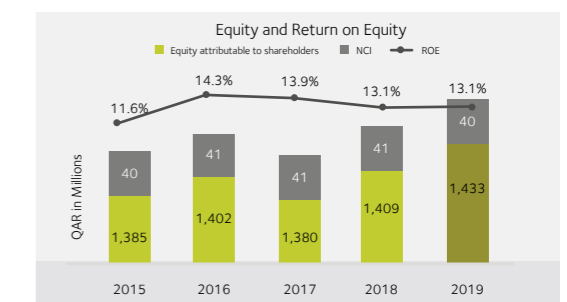
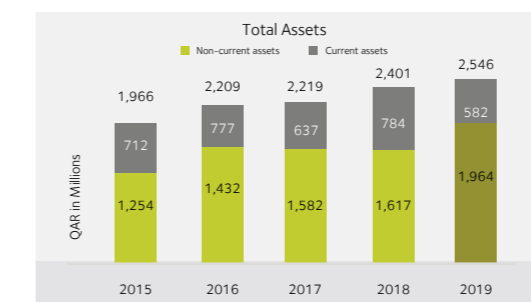
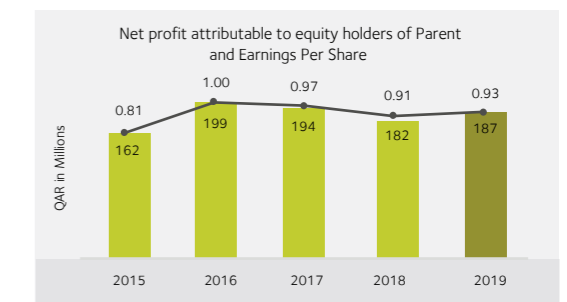
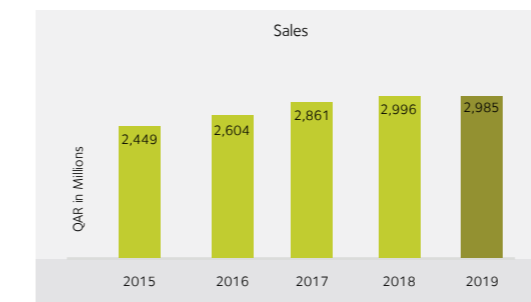
Bank borrowings, totaling to QAR 220.1 million, consist of the following:

- A bank facility obtained in 2014 from Qatar Development Bank to partially fund the acquisition of a subsidiary in the Sultanate of Oman.
- An initial drawdown of QAR 125.0 million on 21 March 2018 from the QAR 200.0 million Murabaha loan facility with a local bank in the State of Qatar to finance the expansion plans of the Group.

## KEY FINANCIAL INFORMATION

All QAR in millions	2019	2018	2017	2016	2015
<b>Income statement items</b>					
Sales	2,985.2	2,996.0	2,861.2	2,604.4	2,449.1
Gross profit	518.6	496.4	477.9	442.2	427.2
Net profit attributable to equity holders of Parent	186.6	182.4	194.0	199.2	162.1
Earnings per share*	0.93	0.91	0.97	0.96	0.81
<b>Balance sheet items</b>					
Total non-current assets	1,963.7	1,616.8	1,582.7	1,432.1	1,254.7
Total current assets	582.1	784.2	636.7	777.2	711.7
Total assets	2,545.8	2,400.9	2,219.4	2,209.3	1,966.4
Total liabilities	1,072.2	951.0	797.9	766.7	541.2
Total equity	1,473.6	1,449.9	1,421.5	1,442.6	1,425.2
<b>Key financial ratios</b>					
Gross profit margin	17.4%	16.6%	16.7%	17.0%	17.4%
Net profit margin	6.3%	6.1%	6.8%	7.6%	6.6%
Return on average total assets	7.5%	7.9%	8.8%	9.5%	8.2%
Return on average equity attributable to equity holders of the Parent Company	13.1%	13.1%	13.9%	14.3%	11.6%
Nominal value per share*	1.00	10.00	10.00	10.00	10.00
Price per share*	15.30	148.00	144.90	175.50	220.00
Book value per share*	7.17	70.43	69.02	70.09	69.25
Price earnings ratio	16.40	16.23	14.93	17.62	27.14
Price to book value ratio	2.13	2.10	2.10	2.50	3.18
Dividend per share*	0.85	8.50	9.00	9.00	9.00
Dividend yield	5.6%	5.7%	6.2%	5.1%	4.1%
Dividend payout	0.91	0.93	0.93	0.90	1.11

\* To comply with requirements of Qatar Financial Markets Authority, Al Meera implemented a 10 for 1 share split effective 18 June 2019. Consequently, earnings per share, nominal value per share, book value per share, and dividend per share for 2019 have been adjusted to reflect the split.





Independent  
Auditor's  
Report

# Independent Auditor's Report to the Shareholders of Al Meera Consumer Goods Company Q.P.S.C.

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Al Meera Consumer Goods Company Q.P.S.C. (the "Parent Company") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

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

### Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 24 February 2019.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated 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 our audit addressed the key audit matter
<p><b>Impairment of goodwill</b></p> <p>As at 31 December 2019, the carrying value of goodwill amounted to QR. 344 million, or 14% of total assets as disclosed in Note 11.</p> <p>In accordance with IAS 36, Impairment of Assets, an entity is required to test goodwill acquired in a business combination for impairment at least annually irrespective of whether there is any indication of impairment.</p> <p>An impairment is recognised on the consolidated statement of financial position when the recoverable amount is less than the net carrying amount in accordance with IAS 36, as described in Note 11 to the consolidated financial statements. The determination of the recoverable amount is mainly based on discounted future cash flows.</p> <p>We considered the impairment of goodwill to be a key audit matter, given the method for determining the recoverable amount and the significance of the amount in the Group's consolidated financial statements.</p>	<p>We tested the impairment models and the key assumptions used by management with the involvement of our valuation specialists. Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Understanding the business process for the impairment assessment, identifying the relevant internal controls and testing their design, implementation and operating effectiveness of controls over the impairment assessment process, including indicators of impairment.</li> <li>Evaluating whether the cash flows in the models used by management to calculate the recoverable value are reasonable and are in accordance with the requirements of IFRSs.</li> <li>Obtaining and analyzing the business plans for each such asset (or CGU, as applicable) to assess the accuracy of the computations and the overall reasonableness of key assumptions;</li> <li>Assessing the methodology used by the Group to estimate the Weighted Average Cost of Capital (WACC);</li> </ul> <p>We performed sensitivity analysis on the key assumptions used by management to understand the extent to which these assumptions need to be adjusted before resulting in additional impairment loss.</p> <p>We assessed the overall presentation, structure and content of the related disclosures in notes 4 and 11 to the consolidated financial statements against the requirements of IFRSs.</p>
<p><b>Revenue recognition</b></p> <p>Revenue recognition from sales of goods to retail customers, is recognized when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods. Revenue is measured at fair value of consideration received or receivable, taking into account the contractually agreed terms of payment.</p> <p>Revenue recognition is considered a significant risk given the complexity of the IT systems involved, the high volume of transactions and changes caused by price updates and promotional offers affecting the various products and services offered.</p> <p>Revenue for the year is disclosed in note 5 to the consolidated financial statements.</p>	<p>We have inquired with sales, marketing department, and other process owners to understand the critical path of sales process.</p> <p>We have performed audit procedures, which were a combination of substantive testing and tests of controls.</p> <p>We considered the appropriateness of the Group's revenue recognition accounting policies, including the recognition and classification criteria. Due to the high reliance of revenue recognition on information technology systems, we evaluated the integrity of the general IT control environment and tested the operating effectiveness of key IT application controls.</p>
<p><b>First-time adoption of IFRS 16 Leases</b></p> <p>The Group adopted IFRS 16 Leases with effect from 1 January 2019, which resulted in changes to the accounting policies. The Group has elected not to restate comparative information in accordance with the transitional provisions contained within IFRS 16.</p> <p>The impact of IFRS 16 is a change in the accounting policy for operating leases. This change in accounting policy results in right-of-use assets and lease liabilities being recognised in the consolidated statement of financial position. The incremental borrowing rate ("IBR") method has been applied where the implicit rate in a lease is not readily determinable.</p> <p>The adoption of IFRS 16 has resulted in changes to processes, systems and controls.</p> <p>Because of the number of judgments which have been applied and the estimates made in determining the impact of IFRS 16, this area is considered as a key audit matter.</p> <p>The transitional impact of IFRS 16 has been disclosed in Note 2 to the consolidated financial statements.</p>	<p>We assessed the design and implementation of key controls pertaining to the application of IFRS 16.</p> <p>We assessed the appropriateness and reasonableness of key assumptions, judgments and inputs used in the application of the standard.</p> <p>We verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contracts or other supporting information and checked the integrity and mechanical accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustment.</p> <p>We considered the completeness of the lease data by reviewing other related accounts, reading other relevant information and by considering if we had knowledge of any other contracts which may contain a lease.</p> <p>We determined if the disclosures made in the consolidated financial statements pertaining to leases, including disclosures relating to the transition to IFRS 16, were in compliance with IFRSs.</p>

## Report on the Audit of Consolidated Financial Statements (continued)

### Other Information

Management is responsible for the other information. The other information comprises the Director's report, which will be available for us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

### Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and applicable provisions of Qatar Commercial Companies law, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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

Further, as required by Country Commercial Companies law, we report the following:

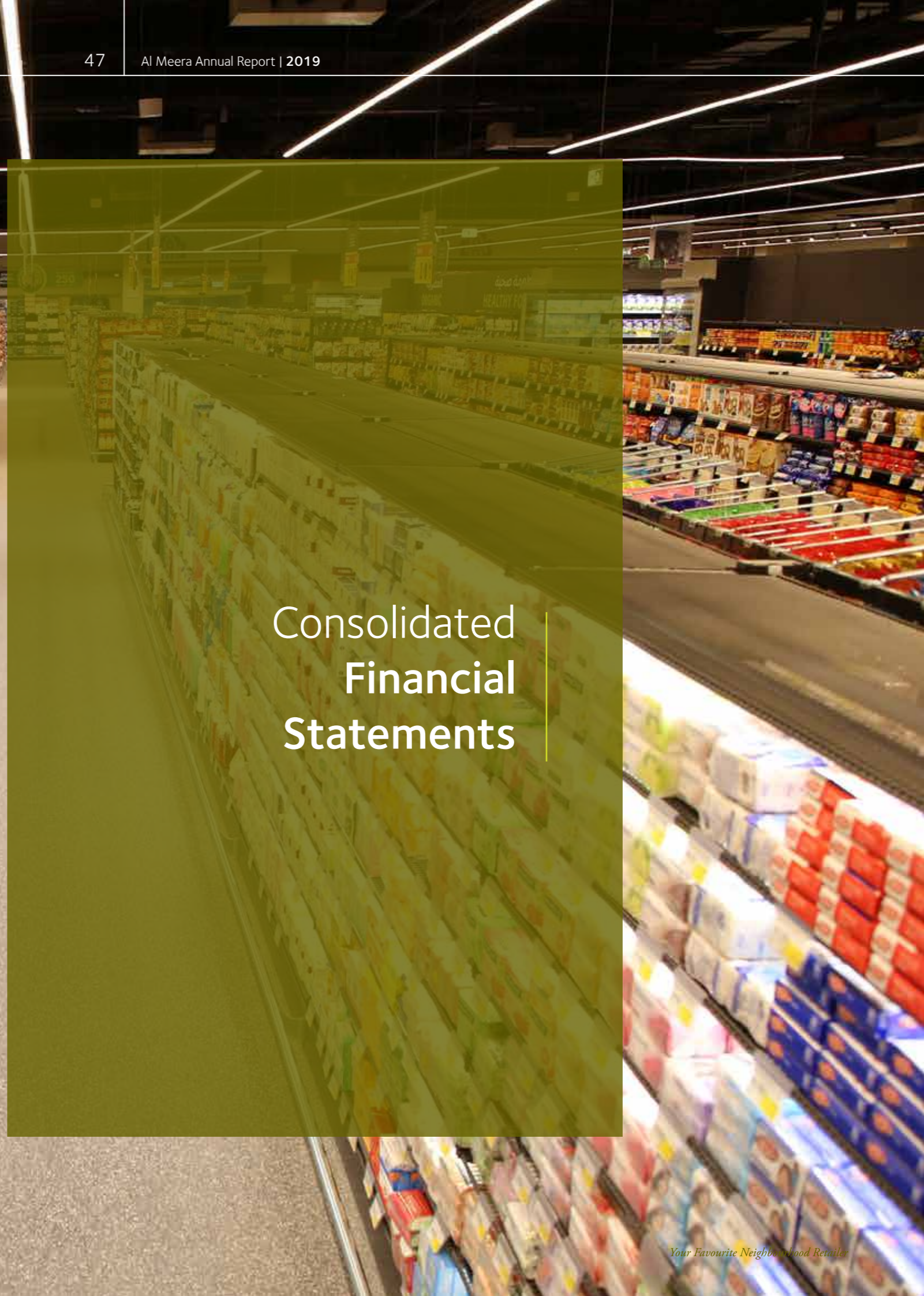
- We are also in the opinion that proper books of account were maintained by the Group, physical inventory verification has been duly carried out and the contents of the director's report are in agreement with the Group's financial statements.
- We obtained all the information and explanations which we considered necessary for our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies' Law and the Company's Articles of Associations were committed during the year which would materially affect the Group's financial position and performance.

For Deloitte & Touche  
Qatar Branch

Midhat Salha  
Partner  
License No.257  
QFMA Auditor License No.120156

Doha -Qatar  
19 February 2020





Consolidated  
Financial  
Statements

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Notes	2019 QR.	2018 QR.
Sales	5	2,985,153,270	2,995,961,214
Cost of sales		(2,466,540,264)	(2,499,536,685)
<b>Gross profit</b>		<b>518,613,006</b>	496,424,529
Rental income		74,778,270	75,842,670
Other income	6	14,916,910	14,413,076
General and administrative expenses	7	(292,465,795)	(333,017,324)
Depreciation and amortisation	9,10 & 12	(111,212,125)	(66,086,214)
Share of loss of an associate	14	(1,533,374)	(1,853,432)
Finance costs	32	(17,758,681)	(3,175,016)
<b>Profit before tax</b>		<b>185,338,211</b>	182,548,289
Income tax benefit / (expense)	8	229,029	(68,229)
<b>Profit for the year</b>		<b>185,567,240</b>	182,480,060
<b>Attributable to:</b>			
Equity holders of the parent		186,587,482	182,393,172
Non-controlling interests	31	(1,020,242)	86,888
		<b>185,567,240</b>	182,480,060
<b>Earnings per share</b>			
Basic and diluted earnings per share attributable to equity holders of the parent	29	0.93	0.91

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 QR.	2018 QR.
<b>PROFIT FOR THE YEAR</b>		<b>185,567,240</b>	182,480,060
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>			
Net change in the fair value of financial assets at fair value through other comprehensive income	13	12,579,861	20,336,327
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>198,147,101</b>	202,816,387
<b>Attributable to:</b>			
Equity holders of the parent		199,167,343	202,729,499
Non-controlling interests		(1,020,242)	86,888
		<b>198,147,101</b>	202,816,387

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019	2018
		QR.	QR.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	9	1,124,577,616	1,122,876,210
Right-of-use assets	10	223,397,648	--
Goodwill	11	344,097,998	344,097,998
Intangible assets	12	2,731,515	4,292,266
Financial assets at fair value through other comprehensive income	13	268,778,129	145,415,332
Deferred tax assets	8	103,151	--
Investment in associates	14	--	98,497
<b>Total non-current assets</b>		<b>1,963,686,057</b>	<b>1,616,780,303</b>
<b>Current assets</b>			
Inventories	15	207,217,798	195,860,677
Trade and other receivables	16	61,590,669	61,871,756
Amounts due from related parties	24	16,679,504	13,902,210
Bank balances and cash	17	296,580,504	512,520,490
<b>Total current assets</b>		<b>582,068,475</b>	<b>784,155,133</b>
<b>TOTAL ASSETS</b>		<b>2,545,754,532</b>	<b>2,400,935,436</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	200,000,000	200,000,000
Legal reserve	19	901,289,603	901,289,603
Optional reserve	19	21,750,835	21,750,835
Fair value reserve	19	229,617	(6,089,426)
Retained earnings		310,129,318	291,734,009
<b>Equity attributable to equity holders of the parent</b>		<b>1,433,399,373</b>	<b>1,408,685,021</b>
Non-controlling interests	31	40,183,925	41,204,167
<b>Total equity</b>		<b>1,473,583,298</b>	<b>1,449,889,188</b>
<b>Non-current liabilities</b>			
Loans and borrowings	20	181,641,159	219,990,753
Lease liabilities	22	176,578,567	--
Employees' end of service benefits	21	37,455,701	34,297,992
Retentions payable	23	2,944,716	812,689
Deferred tax liability	8	--	276,070
<b>Total non-current liabilities</b>		<b>398,620,143</b>	<b>255,377,504</b>
<b>Current liabilities</b>			
Trade and other payables	23	585,125,684	682,590,679
Lease liabilities	22	49,939,296	--
Loans and borrowings	20	38,486,111	13,078,065
<b>Total current liabilities</b>		<b>673,551,091</b>	<b>695,668,744</b>
<b>Total liabilities</b>		<b>1,072,171,234</b>	<b>951,046,248</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,545,754,532</b>	<b>2,400,935,436</b>

H.E./Eng. Abdulla Abdulaziz Abdulla Turki Al-Subaie  
Chairman

Mr. Mohammad Abdulla Al Mustafawi Al Hashemi  
Board Member

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019	2018
		QR.	QR.
<b>OPERATING ACTIVITIES</b>			
Profit before tax		185,338,211	182,548,289
<i>Adjustments for:</i>			
Depreciation and amortisation	9,10&12	111,212,125	66,086,214
Interest income	6	(3,644,956)	(4,813,592)
(Reversal of) / provision for loss allowance	16 & 17	(2,239,456)	1,960,715
Provision for employees' end of service benefits	21	6,918,055	7,620,647
Allowance for obsolete and slow moving inventories - net	15	1,344,691	2,407,677
Share in loss of an associate	14	1,533,374	1,853,432
Loss on disposal of property and equipment		839	60,456
Dividend income	6	(8,467,827)	(7,140,066)
Finance costs	32	17,758,681	3,175,016
Operating profit before changes in working capital		309,753,737	253,758,788
<b>Working capital changes:</b>			
Inventories		(12,701,812)	(1,750,751)
Trade and other receivables		(1,622,566)	1,133,196
Amounts due from related parties		(2,568,939)	(3,340,123)
Trade and other payables		(98,618,634)	39,359,415
<b>Cash flows from operating activities</b>		<b>194,241,786</b>	<b>289,160,525</b>
Employees' end of service benefits paid	21	(3,760,346)	(4,811,872)
Payment of contribution to social and sports fund		(4,381,328)	(4,665,166)
<b>Net cash flows from operating activities</b>		<b>186,100,112</b>	<b>279,683,487</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of financial assets at fair value through other comprehensive income	13	(272,373,253)	(193,999,071)
Proceeds from sale of financial assets at fair value through other comprehensive income	13	161,590,317	198,668,551
Purchase of property and equipment	9	(64,976,840)	(84,639,837)
Proceeds from disposal of property and equipment		33,041	68,217
Purchase of intangible assets		(68,850)	--
Net movement in deposits maturing after 90 days		37,816,000	(32,116,000)
Net movement in restricted bank accounts		(589,395)	(3,628,280)
Dividends received	6	8,467,827	7,140,066
Interest received		4,435,612	3,709,751
<b>Net cash flows used in investing activities</b>		<b>(125,665,541)</b>	<b>(104,796,603)</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(164,753,983)	(167,039,716)
Net movement in loans and borrowings		(13,084,405)	111,410,396
Repayment of principal portion of lease liabilities		(35,035,975)	--
Repayment of interest portion of lease liabilities		(12,933,345)	--
Finance costs paid		(13,314,094)	(3,175,016)
<b>Net cash flows used in financing activities</b>		<b>(239,121,802)</b>	<b>(58,804,336)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(178,687,231)</b>	<b>116,082,548</b>
<b>Cash and cash equivalents at 1 January</b>		<b>385,629,569</b>	<b>269,547,021</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	17	<b>206,942,338</b>	<b>385,629,569</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Equity attributable to equity holders of the parent					Non-controlling interests	Total	
	Share capital	Legal reserve	Optional reserve	Fair value reserve	Retained earnings			Total
	QR.	QR.	QR.	QR.	QR.			QR.
Balance at 1 January 2018	200,000,000	901,289,603	21,750,835	(26,096,996)	283,393,408	1,380,336,850	41,117,279	1,421,454,129
Profit for the year	--	--	--	--	182,393,172	182,393,172	86,888	182,480,060
Reclassification of gains on sales of financial assets at fair value through other comprehensive income	--	--	--	(328,757)	328,757	--	--	--
Net change in fair value of financial assets (Note 13)	--	--	--	20,336,327	--	20,336,327	--	20,336,327
Appropriation for contribution to social and sports fund (Note 28)	--	--	--	--	(4,381,328)	(4,381,328)	--	(4,381,328)
Dividends paid (Note 27)	--	--	--	--	(170,000,000)	(170,000,000)	--	(170,000,000)
Balance at 31 December 2018	200,000,000	901,289,603	21,750,835	(6,089,426)	291,734,009	1,408,685,021	41,204,167	1,449,889,188
Profit for the year	--	--	--	--	186,587,482	186,587,482	(1,020,242)	185,567,240
Reclassification of gains on sales of financial assets at fair value through other comprehensive income	--	--	--	(6,260,818)	6,260,818	--	--	--
Net change in fair value of financial assets (Note 13)	--	--	--	12,579,861	--	12,579,861	--	12,579,861
Appropriation for contribution to social and sports fund (Note 28)	--	--	--	--	(4,452,991)	(4,452,991)	--	(4,452,991)
Dividends paid (Note 27)	--	--	--	--	(170,000,000)	(170,000,000)	--	(170,000,000)
<b>Balance at 31 December 2019</b>	<b>200,000,000</b>	<b>901,289,603</b>	<b>21,750,835</b>	<b>229,617</b>	<b>310,129,318</b>	<b>1,433,399,373</b>	<b>40,183,925</b>	<b>1,473,583,298</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

On 13 July 2004, the Law No. (24) for 2004 was issued in order to transfer the former Consumers Cooperative Societies to Qatari Shareholding Company with a capital of QR 100,000,000, thus, incorporating a new company Al Meera Consumer Goods Company Q.P.S.C (the "Company"), which is governed by the Qatar Commercial Companies Law No. 11 of 2015. The Company was registered under commercial registration number 29969 on 2 March 2005. The Company's registered office address is at P.O. Box 3371 Doha, State of Qatar.

On 8 October 2012, the shareholders approved the increase in share capital to 20,000,000 shares with nominal value of QR. 10 per share. The 10,000,000 shares were issued at QR. 95 per share and subscription was closed on 10 February 2013.

To comply with the instructions of Qatar Financial Markets Authority, the Company implemented a 10 for 1 share split i.e. 10 new shares with a par value of QR. 1 each were exchanged for 1 old share with a par value of QR. 10 each. The Company obtained its shareholders' approval

at the Company's Extraordinary General Assembly held on 24 March 2019. The share split was approved by Ministry of Economy and Commerce together with the approval of the amended Articles of Association. The listing of the new shares on Qatar Exchange was effective from 18 June 2019. Consequently, earnings per share for comparative periods has been restated to reflect the share split (Notes 18 and 29).

The Company and its subsidiaries (together the "Group") are mainly involved in wholesale and retail trading of various types of consumer goods commodities, owning and managing consumer outlets and trading in food stuff and consumer goods.

The Company is listed on the Qatar Exchange and 26% ownership of the Company is held by Qatar Holding L.L.C.

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 19 February 2020.

The principal subsidiaries and associates of the Group, included in the consolidated financial statements of Al Meera Consumer Goods Company Q.P.S.C are as follows:

Name of subsidiaries and associates	Country of incorporation	Relationship	Group effective shareholding percentage	
			2019	2018
Al Meera Holding Company W.L.L.	Qatar	Subsidiary	100%	100%
Al Meera Supermarkets Company W.L.L.	Qatar	Subsidiary	100%	100%
Al Meera Development Company W.L.L.	Qatar	Subsidiary	100%	100%
Qatar Markets Company W.L.L.	Qatar	Subsidiary	100%	100%
Al Meera Bookstore W.L.L.	Qatar	Subsidiary	100%	100%
MAAR Trading & Services Company W.L.L.	Qatar	Subsidiary	100%	100%
Al Meera Oman S.A.O.C	Oman	Subsidiary	70%	70%
Al Meera Markets S.A.O.C	Oman	Subsidiary	70%	70%
Alge Retail Corporation Sarl	Switzerland	Subsidiary	--	51%
Al Oumara Bakeries Company W.L.L.	Qatar	Associate	51%	51%
Al Meera Logistics Services Company W.L.L. (previously Aramex Logistics Services Company W.L.L.)	Qatar	Subsidiary (2018: Associate)	100%	51%

**Al Meera Holding Company W.L.L. ("Al Meera Holding")** is a limited liability company, incorporated in the State of Qatar. The Company is a holding company for holding the Group's investments and managing its subsidiaries, owning patents, trademarks and real estate needed to carry out its activities.

**Al Meera Supermarkets Company W.L.L. ("Al Meera Supermarkets")** is a limited liability company incorporated in the State of Qatar. The Company is engaged in the establishment and management of business enterprise and investing therein, owning shares, moveable and immovable properties necessary to carry out its activities.

**Al Meera Development Company W.L.L. ("Al Meera Development")** is a limited liability company, incorporated in the State of Qatar. The Company is engaged in establishment and management of business enterprise and investing therein, owning patents, trade-works and real estate needed to carry out its activities.

**Qatar Markets Company W.L.L. ("Qatar Markets")** is a limited liability company, incorporated in the State of Qatar. The Company is engaged in the sale of food stuff, household items and garments.

**Al Meera Bookstore W.L.L. ("Al Meera Bookstore")** is a limited liability company incorporated in the State of Qatar. The Company is engaged in the sale of stationery, computer accessories, books and toys.

**MAAR Trading & Services Co W.L.L. ("MAAR Trading")** is a limited liability company incorporated in State of Qatar. The Company is engaged in the sale of food stuff and household items.

**Al Meera Oman S.A.O.C ("Al Meera Oman")** is a limited liability company, incorporated in Sultanate of Oman. The Company is engaged in the construction and management of shopping centers and related facilities. As of the reporting date, company has not commenced its commercial operations.

**Al Meera Markets S.A.O.C. ("Al Meera Market")** is a limited liability company, incorporated in Sultanate of Oman. The Company is engaged in the establishment and operation of shopping centers, supermarkets and hypermarkets.

**Alge Retail Corporation S.A.R.L ("Alge Corporation")** is a limited liability company, incorporated in Switzerland. The Company is engaged in development of retail business in Tunisia, Libya, Egypt and Jordan. Alge Corporation has not commenced its commercial operations. During the

year, Company sold its shares on Alge Corporation to a third party.

**Al Oumara Bakeries Company W.L.L. ("Al Oumara Bakeries")** is a limited liability company, incorporated in the State of Qatar. The Company is engaged in manufacture and sale of bakery products.

**Al Meera Logistics Services W.L.L. (previously Aramex Logistics Services W.L.L.) ("Al Meera Logistics")** is a limited liability company, incorporated in the State of Qatar. The Company is engaged in the warehousing and delivery truck services. In December 2019, Al Meera Logistics was fully acquired by the Parent Company and was accounted as a subsidiary. As of the reporting date, this company has not commenced its commercial operations.

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

#### 2.1 New and amended IFRS Standards that are effective for the current year

In the current year, the Group, for the first time, has adopted IFRS 16 Leases (as issued by the IASB in January 2016). The standard replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Group's financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has opted for the simplified approach permitted by IFRS 16 upon adoption of the new standard without any impact on retained earnings at 1 January 2019. During the first time application of IFRS 16 to operating leases, the right to use the leased assets was generally measured at

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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

the amount of lease liability, using the interest rate at the time of first time application. IFRS 16 transition disclosures also requires the Group to present a reconciliation of the off-balance sheet lease obligations as at 31 December 2018 to the recognised lease liabilities at 1 January 2019. Comparatives for the 2018 financial year have not been restated.

#### Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 January 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

#### Impact on Lessee Accounting

##### Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases, the Group:

- recognises right-of-use assets and lease liabilities in the statement of consolidated financial position, initially measured at the present value of future lease payments;
- recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rent expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*. This replaces the previous requirement to recognise a provision for onerous lease contracts. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented in the general and administrative expenses in the consolidated statement of profit or loss.

##### Former finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have an effect on the Group's consolidated financial statements.

#### Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

#### Financial impact of initial application of IFRS 16

The tables below show the amount of adjustment for each consolidated financial statement line item affected by the application of IFRS 16 for the year ended 31 December 2019.

#### Impact on consolidated statement of profit or loss

	31 December 2019 QR.
Increase in amortisation expense	40,193,164
Increase in finance costs	11,312,524
Decrease in rent expenses	(44,878,856)

#### Impact on consolidated statement of cash flows

	31 December 2019 QR.
Repayment of principal portion of lease liabilities	(35,035,975)
Repayment of interest portion of lease liabilities	(12,933,345)
<b>Net cash flows from financing activities</b>	<b>(47,969,320)</b>

#### Impact on assets, liabilities and equity at 1 January 2019

	As previously reported QR.	Adjustments QR.	As restated QR.
Right-of-use assets	--	238,602,300	238,602,300
Trade and other receivables	61,871,756	(3,588,914)	58,282,842
Net impact on total assets	61,871,756	235,013,386	296,885,142
Lease liabilities	--	235,013,386	235,013,386
Net impact on total liabilities	--	235,013,386	235,013,386

The off-balance sheet lease obligations as at 31 December 2018 are reconciled as follows to the recognised lease liabilities as at 1 January 2019.

	Amount QR.
<b>Operating lease commitments disclosed at 31 December 2018</b>	<b>260,451,881</b>
Add: reassessment of operating lease	60,202,508
Add: adjustments as a result of a different treatment of extension options	61,502,749
Less: short term leases recognised on a straight line basis as expense	(7,296,031)
Discounted using the lessee's incremental borrowing rate at the date of initial application	(139,847,721)
<b>Lease liabilities recognised at 1 January 2019</b>	<b>235,013,386</b>
Of which are:	
Current lease liabilities	47,061,062
Non-current lease liabilities	187,952,324
	<b>235,013,386</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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

#### 2.1 New and amended IFRS Standards that are effective for the current year (continued)

##### Financial impact of initial application of IFRS 16 (continued)

Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019	1 January 2019
	QR.	QR.
Commercial shops and land	206,285,572	209,870,057
Staff accommodation	17,112,076	28,732,243
<b>Total right-of-use assets</b>	<b>223,397,648</b>	<b>238,602,300</b>

Under IFRS 16, lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities (the Group has included these payments as part of payments to suppliers and employees);
- Cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Group has opted to include the interest paid as part of financing activities); and
- Cash payments for the principal portion for leases liability, as part of financing activities. Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased by QR. 48 million and net cash used in financing activities increased by the same amount.

The adoption of IFRS 16 did not have an impact on net cash flows.

#### 2.2 New and amended IFRS applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2019, have been adopted in these consolidated financial statements.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 9 <i>Prepayment Features with Negative Compensation and Modification of financial liabilities</i>	1 January 2019
The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payments of Principal and Interest (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.	
The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.	

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 28 <i>Investment in Associates and Joint Ventures</i> : Relating to long-term interests in associates and joint ventures.	1 January 2019
These amendments clarify that an entity applies IFRS 9 <i>Financial Instruments</i> to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	
Annual Improvements to IFRSs 2015-2017 Cycle <i>Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs</i>	1 January 2019
The <i>Annual Improvements</i> include amendments to four Standards.	
IAS 12 <i>Income Taxes</i>	1 January 2019
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	
IAS 23 <i>Borrowing costs</i>	1 January 2019
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	
IFRS 3 <i>Business Combinations</i>	1 January 2019
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.	
IFRS 11 <i>Joint Arrangements</i>	1 January 2019
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.	
Amendments to IAS 19 <i>Employee Benefits Plan Amendment, Curtailment or Settlement</i>	1 January 2019
The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements.	
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:	
<ul style="list-style-type: none"> <li>Whether tax treatments should be considered collectively;</li> <li>Assumptions for taxation authorities' examinations;</li> <li>The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and</li> <li>The effect of changes in facts and circumstances.</li> </ul>	

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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

#### 2.3 New and amended IFRSs in issue but not yet effective and not early adopted

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

New and revised IFRSs	Effective for annual periods beginning on or after
Definition of Material - Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'	
Definition of a Business – Amendments to IFRS 3 <i>Business Combinations</i>	1 January 2020
The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	
Amendments to <i>References to the Conceptual Framework in IFRS Standards</i>	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	
IFRS 7 <i>Financial Instruments: Disclosures</i> and IFRS 9 — <i>Financial Instruments</i>	1 January 2020
Amendments regarding pre-replacement issues in the context of the IBOR reform	
IFRS 17 <i>Insurance Contracts</i>	1 January 2022
IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 <i>Insurance Contracts</i> as at 1 January 2022.	
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No. 11 of 2015.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to consolidated financial statements are disclosed in Note 4.

#### Basis of preparation

The consolidated financial statements are prepared under the historical cost convention except for financial assets at fair value through other comprehensive income that have been measured at fair value.

The consolidated financial statements are presented in Qatari Riyals ("QR."), which is the Group's functional and presentation currency.

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the financial statements of the entities controlled by the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of consolidation (continued)

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Group's equity there in. Non-controlling interest consists of the amount of those interest at the date of the original business combination and the non-controlling interest share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest have a blindly obligation and are able to make an additional investment to cover the losses.

#### Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

The Group's policy for goodwill arising on the acquisition of a subsidiary is described in Note 11.

#### Revenue recognition

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume

discounts, which are estimated based on the historical data or forecast and projections. The Group recognises revenue when it transfers control over goods or services to its customers.

#### Sale of goods - retail

IFRS 15 "Revenue from Contracts with Customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRS. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that create enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer that is distinct.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the entity expects to be entitled to in exchange for transferring the promised goods and services to a customer, excluding amounts collected from third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods. For retail sales, there exists a 14-day right of return and accordingly a refund liability and a right to the returned goods are recognised in relation to the goods expected to be returned. The entity uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

Revenue is measured at fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The entity assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its agreements. Revenue is recognised in the consolidated statement of profit or loss to the extent that it is probable that the economic benefits will flow to the entity and the revenue and costs, if and when applicable, can be measured reliably.

The Group has a loyalty points programme, Al Meera Rewards, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer. When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are made through revenue.

#### Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

#### Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

#### Rental income

Rental income is recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the lease.

#### Dividend and interest income

Dividend income from investments is recognised when the Group's right to receive payment has been established. Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimates future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### Property and equipment

Property and equipment is stated at cost, less accumulated depreciation and accumulated impairment in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

Land and capital work-in-progress is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	2.5%
Refrigerators and equipment	10%
Motor vehicles	20%
Furniture and fixtures	20%
Computer equipment	20% - 33%
Leasehold and other improvements	10% - 33%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Property and equipment (continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the consolidated statement of profit or loss in the year the asset is derecognised.

The asset's residual values, useful life and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Plots of land donated by Government are recorded at nominal amounts estimated by management.

#### Capital work-in-progress

The costs of capital work-in-progress consist of the contract value, and directly attributable costs of developing and bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. The costs of capital work-in-progress will be transferred to property and equipment when these assets reach their working condition for their intended use. The carrying values of capital work-in-progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

#### Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs of disposal and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Losses in excess of the cost of the investment in associates are recognised when the Group has incurred obligations on its behalf. Goodwill relating to associates are included in the carrying amounts of the investment and are not amortised.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates. Where there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate. Unrealised gains and losses resulting from transactions between the Group and the associate is eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is an objective evidence that the investment in the associate is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss in the consolidated statement of profit or loss.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued,

and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. Gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the associate.

#### Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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

#### Financial assets

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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification of financial assets

##### (i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial assets (continued)

##### Classification of financial assets (continued)

#### (ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

##### Amortised cost and effective interest rate (EIR) method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments

other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other income - interest income" line item.

#### (iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'other income' line item in profit or loss.

#### (iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

##### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to

result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### (i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

#### (ii) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial assets (continued)

##### Impairment of financial assets (continued)

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

##### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

##### (v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

##### Derecognition of financial assets

The Group derecognises 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, 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 Group has elected on initial recognition to measure at FVTOCI, 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.

#### Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

##### Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the

credit risk of that liability is recognised in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in profit or loss. The remaining amount of change in the fair value of liability is recognised in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

##### Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

##### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### Offsetting of financial instruments

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

#### Impairment of non-financial assets

The Group 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 Group 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 to sell and its value in use. 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 groups of 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.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs include those expenses incurred in bringing each product to its present location and condition. Cost is determined using the First In First Out (FIFO) method. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical realisable value. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss.

#### Fair value measurement

The Group measures financial instruments, such as financial assets at fair value through other comprehensive income at fair value at each reporting date.

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 Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fair value measurement (continued)

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 Group 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 minimising the use of unobservable inputs. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on the basis as explained above, except for share-based payment transactions that are within the scope of IFRS 2; leasing transactions that are within the scope of IAS 17 and measurements that have some similarities to fair value, but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised 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 and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### Foreign currencies

##### Foreign currency translation

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except as otherwise stated in the Standards.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

The assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

#### Employees' end of service benefits

##### End of service gratuity plans

The Group provides end of service benefits to its employees in accordance with employment contracts and Qatar Labour Law and Omani Labour Law. The entitlement to these benefits is based upon the employees' final salary and accumulated period of service as at the reporting date subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

##### (a) Pension plan (Qatar)

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

##### (b) Pension plan (Oman)

The Group is required to make contributions to the Omani Public Authority for Social Insurance Scheme under Royal Decree 72/91 for Omani employees calculated as a percentage of the Omani employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

#### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

#### Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's top management (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

#### Taxes

Taxes are calculated based on tax laws and regulations in other jurisdictions in which the Group operates. Tax provision is made based on an evaluation of the expected tax liability.

##### Current income tax

Current income tax assets and liabilities for the current year and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the financial reporting year.

##### Deferred tax

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Leases

#### Leases under IFRS 16, applicable after 1 January 2019

##### The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'General and administrative expenses' in the statement of profit or loss.

##### Practical expedient

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- the election, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as single lease component.

Future cash flows to which the Group is potentially exposed to and that are not reflected in the measurement of lease liabilities includes the following:

##### (i) Variable lease payments

*Estimation uncertainty arising from variable lease payments*  
Some leases contain variable payment terms that are linked to sales generated from a store. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in the consolidated statement of profit or loss in the year in which the condition that triggers those payments occurs.

##### (ii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group or both parties mutually agreeing on renewed terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

##### (iii) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e. those lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase options). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

##### The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

##### Leases under IAS 17, applicable before 1 January 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

##### Group as a lessee

Finance leases that substantially transfer all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain benefit after the end of the lease term, the asset is depreciated over the lease term.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Leases (continued)

Operating lease payments are recognised as an operating expense in the consolidated statement of profit or loss on a straight-line basis over the lease term.

#### Group as a lessor

Leases in which the Group does not transfer, substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders.

#### Events after the reporting date

The consolidated financial statements are adjusted to reflect events that occurred between the reporting date and the date when the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are discussed on the consolidated financial statements when material.

#### Current versus non-current classification

The Group presents assets and liabilities based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

### 4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

#### Critical judgments and estimates

The preparation of the consolidated financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Critical judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

#### Satisfaction of Performance Obligations under IFRS 15 Revenue from Contract with Customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. For sale of goods through retail outlets, revenue is recognised by the Group at a point in time when the control is transferred to the customer.

#### Determination of transaction price

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment, the entity assesses the impact of any variable consideration in the contract, due to discounts, rights of returns, the existence of any significant financing component and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the "expected-value" method in IFRS 15 whereby the transaction price is determined by reference to a sum of probability weighted amounts.

#### Determining whether the loyalty points provide material rights to customers

The Group's retail segment operates a loyalty points programme, Al Meera Rewards, which allows customers to accumulate points when they purchase products in the Group's retail stores. The points can be redeemed for free products, subject to a minimum number of points obtained. The Group assessed whether the loyalty points provide a material right to the customer that needs to be accounted for as a separate performance obligation.

The Group determined that the loyalty points provide a material right that the customer would not receive without entering into the contract. The free products that the customer would receive by exercising the loyalty points do not reflect the stand-alone selling price that a customer, without an existing relationship with the Group, would pay for those products. The customers' right also accumulates as they purchase additional products.

#### Principal versus agent consideration

For products sold to retail customers under certain standard operating agreements with suppliers, the Group evaluated whether they act as principal (i.e. report revenue on gross basis) or an agent (i.e. report revenues on net basis). The Group determined that they will report revenue for products sold under this arrangement on a gross basis that is the amounts collected from the customers are recorded

as revenue, and amounts paid to suppliers are recorded as cost of sales.

Significant judgments are made by management when concluding whether the Group is transacting as an agent or a principal. The assessment is performed for each separate revenue stream in the Group.

The assessment requires an analysis of key indicators, specifically whether the Group:

- carries any inventory risk;
- has the primary responsibility for providing the goods or services to the customer;
- has the latitude to establish pricing; and
- bears the customer's credit risk.

These indicators are used to determine whether the Group has exposure to the significant risks and rewards associated with the sale of goods or rendering of services. The Group is considered to be the principal as its controls the goods before they are transferred to the customers. This control is evidenced by the Group's responsibility to transfer the goods to the customers and having discretion in establishing prices subject to the price limit set by the Government of Qatar.

#### Capitalisation of costs

Management determines whether the Group will recognise an asset from the costs incurred to fulfil a contract and costs incurred to obtain a contract if the costs meet all the following criteria:

- a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- b) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
- c) the costs are expected to be recovered.

Such asset will be amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

#### Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### Critical judgments (continued)

##### Business model assessment (continued)

how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

##### Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

##### Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In this respect, the Group depreciates its buildings built on leased land based on their useful lives not exceeding the lease term (after the reasonably certain extension).

##### Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is

satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue a going concern. Therefore, the consolidated financial statements are prepared on a going concern basis.

##### Classification of investments

Management decides on acquisition of an investment whether to classify it as financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss. The Group classifies investments as financial assets at fair value through profit or loss if the investment is classified as held for trading and upon initial recognition it is designated by the Group as at fair value through profit or loss. All other investments are classified as financial assets at fair value through other comprehensive income.

##### Classification of investments in associate

The Group has classified its greater than 50% interest in Al Oumara Bakeries Company W.L.L. as associate. The Group considered the terms and condition of the agreements and the purpose and design of the entity. As per the agreements, the Group has no control over financial and operating policies of the entity. As such, the Group concluded that this company was considered as associate.

##### Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date 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.

##### Estimating stand-alone selling price – Al Meera Rewards Loyalty Programme

The Group estimates the stand-alone selling price of the loyalty points awarded under the Al Meera Rewards programme. The stand-alone selling price of the loyalty points issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Group considers breakage, which represents the portion of the points issued that will never be redeemed.

The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated quarterly and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the

Group considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. The Group ensures that the value assigned to the loyalty points is commensurate to the standalone selling price of the products eligible for redemption (i.e., the value of each point is equivalent to the stand-alone selling price of any products eligible for redemption divided by number of points required).

As points issued under the programme do not expire, estimates of the stand-alone selling price are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at 31 December 2019, the estimated liability for unredeemed points was QR 1,993,460 (2018: QR. 576,313) (Note 23).

##### Estimating variable consideration for returns

The right to returned goods asset represents the Group's right to recover products from customers where customers exercise their right of return under the Group's 14 day returns policy. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

The refund liability relates to customers' right to return products within 14 days of purchase. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

##### Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

##### Discounting of lease payments

The lease payments are discounted using the group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

##### Grouping of right-of-use asset

The Group accounts and identifies assets as a portfolio based on its similar characteristics and has applied the requirements of IFRS 16 on estimates and assumptions that reflect the size and composition of that portfolio.

##### Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

##### Impairment of tangible and intangible assets

The Group's management assess impairment of tangible and intangible assets with finite lives whenever there is an indication that these assets have suffered impairment in accordance with accounting policies stated in note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

##### Estimated useful lives of property and equipment and intangibles

The Group's management determines the estimated useful lives of its property and equipment and intangible assets in order to calculate the depreciation and amortisation. Management has determined the estimated useful lives of each asset and/ or category of assets based on the following factors:

- Expected usage of the assets,
- 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 not made estimates of residual values for any items of property and equipment at the end of their useful lives as these have been deemed to be insignificant.

The Group's management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### Estimates (continued)

##### Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate the present value. The recoverable amount of the cash generating unit is determined by management based on value in use calculation which uses cash flow projections based on forecast revenue and profit margin which have been projected for five years discrete period. The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The management used discount rates for Qatar Markets Company W.L.L. and Al Meera Market S.A.O.C. (Al Safeer Oman) 8.51% and 9.17%, respectively (2018: 8.57% and 13.90%) and terminal growth rate of 2.0% and 2.0 %, respectively (2018: 2.7% and 2.1%).

##### Fair value measurements

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group performs the valuation by comparing to the entities who have the same business in the closest markets. The management establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in respective notes.

	2019	2018
	QR.	QR.
Sale of goods - retail	2,966,470,581	2,979,476,609
Sale of goods - wholesale	18,682,689	16,484,605
	<b>2,985,153,270</b>	<b>2,995,961,214</b>

#### Provision for expected credit losses of trade receivables and other financial assets

The Group uses a provision matrix to calculate ECLs for trade receivables and other financial assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the retail sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other financial assets is disclosed in Note 33.

### 5. SALES

The Group derives its revenue from contracts with customers for the transfer of goods and services at a point in time in the following major product lines.

### 6. OTHER INCOME

	2019	2018
	QR.	QR.
Dividend income	8,467,827	7,140,066
Interest income	3,644,956	4,813,592
Miscellaneous income	2,804,127	2,459,418
	<b>14,916,910</b>	<b>14,413,076</b>

### 7. GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
	QR.	QR.
Salaries, wages and other benefits	166,670,790	161,755,508
Water and electricity	28,598,955	24,986,138
Contract labour charges	22,365,927	25,877,881
Rent and staff accommodation	13,847,439	60,374,717
Repairs and maintenance	12,953,028	12,243,878
Advertisement expenses	11,837,847	4,980,046
Bank charges, commission and credit card charges	10,598,757	9,804,883
Board of Directors' remuneration (Note 24)	6,322,351	6,329,800
Consulting and professional fees	3,955,975	6,189,236
Vehicle running and insurance expenses	3,830,459	3,577,057
Telephone and postage	3,000,837	3,173,318
Provision for slow moving inventories (Note 15)	2,419,273	1,546,324
Printing and stationery	2,110,175	2,110,379
Travelling expenses	1,671,715	1,564,509
Franchise fee	1,050,000	3,662,517
Donations	26,377	119,660
(Reversal of) / provision for loss allowance (Notes 16 and 17)	(2,239,456)	1,960,715
Other expenses	3,445,346	2,760,758
	<b>292,465,795</b>	<b>333,017,324</b>

### 8. INCOME TAX

The major components of income tax expenses is as follows:

	2019	2018
	QR.	QR.
Income tax expense	150,192	--
Deferred income tax	(379,221)	68,229
	<b>(229,029)</b>	<b>68,229</b>

The Group is subject to income tax on its operation in the State of Qatar and Sultanate of Oman. Due to tax losses incurred on operations in Sultanate of Oman, no current tax expenses were recognised during the year. During the year, based on the updated income tax law of State of Qatar, the management have assessed that its subsidiaries operating in the State of Qatar were subject to tax.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 9. PROPERTY AND EQUIPMENT

	Land	Buildings	Refrigerators and equipment	Motor vehicles	Furniture and fixtures	Computer equipment	Leasehold and other improvements	Capital work in progress	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
<b>Cost:</b>									
At 1 January 2019	5,922,488	959,658,716	251,100,095	20,655,420	48,817,135	37,182,249	86,927,945	54,096,992	1,464,361,040
Additions	7	679,458	3,250,963	439,310	2,867,669	2,607,895	2,757,710	58,521,634	71,124,646
Disposals	--	--	(123,859)	(65,500)	(24,669)	(53,278)	(648,340)	--	(915,646)
Transfers	--	39,992,063	10,792,686	32,810	(66,682)	1,775,871	5,115,800	(57,642,548)	--
At 31 December 2019	5,922,495	1,000,330,237	265,019,885	21,062,040	51,593,453	41,512,737	94,153,115	54,976,078	1,534,570,040
<b>Accumulated Depreciation:</b>									
At 1 January 2019	--	118,599,991	117,223,925	14,953,152	24,773,939	25,962,577	39,971,246	--	341,484,830
Charge for the year	--	22,945,009	24,317,959	2,912,909	8,141,656	2,786,292	8,285,535	--	69,389,360
Relating to disposals	--	--	(100,678)	(65,499)	(18,427)	(48,824)	(648,338)	--	(881,766)
At 31 December 2019	--	141,545,000	141,441,206	17,800,562	32,897,168	28,700,045	47,608,443	--	409,992,424
<b>Net book value:</b>									
At 31 December 2019	5,922,495	858,785,237	123,578,679	3,261,478	18,696,285	12,812,692	46,544,672	54,976,078	1,124,577,616

Notes:

- Buildings with a carrying amount of QR 628,395,177 (2018: QR 631,041,277) were constructed on leased plots of land from Government of Qatar. These plots of land were acquired on leases for an extendable period of 25 years. The management has resolved to depreciate these buildings over 40 years based on the expected useful life period as management is reasonably certain that these lease contracts will be renewed for another period of time exceeding the useful life of these buildings.
- The capital work-in-progress includes constructions of new supermarkets and a central warehouse and major renovation of existing supermarkets. These costs are financed by loans obtained from local banks. The amount of borrowing costs capitalised during the year ended 31 December 2019 amounted to QR 3,250,854 (2018: QR 5,953,600). These loans carry profit rates in the range of 5.5% per annum (2018: 5.5% per annum). The amount of amortisation on right-of-use asset and interest expense on lease liabilities capitalised during the year ended 31 December 2019 amounted to QR. 1,296,068 and QR. 1,600,884, respectively.
- As of the reporting date, the Group has recorded 31 (2018: 31) plots of land granted by the Government of Qatar at nominal values in the books.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 9. PROPERTY AND EQUIPMENT (CONTINUED)

	Land	Buildings	Refrigerators and equipment	Motor vehicles	Furniture and fixtures	Computer equipment	Leasehold and other improvements	Capital work in progress	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
<b>Cost:</b>									
At 1 January 2018	5,922,488	746,529,480	223,521,145	17,288,920	43,314,004	30,666,895	79,507,977	233,420,290	1,380,171,199
Additions	--	5,635,791	2,706,908	3,366,500	5,122,602	4,784,345	987,296	62,036,395	84,639,837
Disposals	--	--	(345,976)	--	(22,691)	(45,830)	(9,187)	(26,312)	(449,996)
Transfers	--	207,493,445	25,218,018	--	403,220	1,776,839	6,441,859	(241,333,381)	--
At 31 December 2018	5,922,488	959,658,716	251,100,095	20,655,420	48,817,135	37,182,249	86,927,945	54,096,992	1,464,361,040
<b>Depreciation:</b>									
At 1 January 2018	--	97,530,802	96,029,247	12,217,695	17,490,876	21,682,004	32,231,419	--	277,182,043
Charge for the year	--	21,069,189	21,454,109	2,735,457	7,303,828	4,315,642	7,745,885	--	64,624,110
Relating to disposals	--	--	(259,431)	--	(20,765)	(35,069)	(6,058)	--	(321,323)
At 31 December 2018	--	118,599,991	117,223,925	14,953,152	24,773,939	25,962,577	39,971,246	--	341,484,830
<b>Net book value:</b>									
At 31 December 2018	5,922,488	841,058,725	133,876,170	5,702,268	24,043,196	11,219,672	46,956,699	54,096,992	1,122,876,210

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 10. RIGHT-OF-USE ASSETS

The Group leases several assets including land and buildings. Rental contracts are typically for extendable fixed periods of time.

	Right-of-use assets		
	Commercial shops and land	Staff accommodation	Total
	QR.	QR.	QR.
At 1 January 2019 (restated)	209,870,057	28,732,243	238,602,300
Additions	28,825,618	--	28,825,618
Contract modification	(2,352,620)	--	(2,352,620)
Amortisation expense	(30,057,483)	(11,620,167)	(41,677,650)
At 31 December 2019	206,285,572	17,112,076	223,397,648

Amounts recognised in profit and loss

	31 December 2019
	QR.
Amortisation expense on right-of-use assets	40,193,164
Expense relating to short-term leases	9,587,040
Expense relating to variable lease payments not included in the measurement of the lease liability	4,260,399

During the year, amortisation on right-of-use assets amounting QR. 1,296,068 and QR. 188,418 was capitalised to work-in-progress and allocated to an associate, respectively.

### 11. GOODWILL

The carrying amount of goodwill has been allocated to the following cash generating units:

	2019	2018
	QR.	QR.
Qatar Markets Company W.L.L.	227,028,986	227,028,986
Al Meera Market S.A.O.C. (Al Safeer Oman)	117,069,012	117,069,012
	344,097,998	344,097,998

#### Qatar Markets Company W.L.L.:

The recoverable amounts of these cash generating units have been determined based on value in use calculations. The calculation uses cash flow projections based on forecast revenues and profit margins approved by management covering five years period at a discount rate of 8.51% (2018: 8.57%). The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The

cash flows beyond five year period is extrapolated using a steady growth rate of 2.0% (2018: 2.7%), which is the projected long term growth rate of the Company.

Other assumptions used in calculation of value in use includes expected revenue growth rate, fixed average EBITDA margin and capital expenditure forecast. Current and historical transactions have been used as indicators of future transactions.

Management believes that any reasonably possible change in the above key assumptions on which the recoverable amount is based would not cause the carrying value of the goodwill to materially exceed its recoverable amount, accordingly, no impairment loss was recognised in years 2019 and 2018. No impairment has been recognised on Goodwill since its initial recognition.

#### Al Meera Market S.A.O.C. (Al Safeer Oman):

The recoverable amount of the cash generating unit has been determined based on value in use calculations. The calculation uses cash flow projections based on forecast revenues and profit margins approved by management covering five years period at a discount rate of 9.17% (2018: 13.90%). The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The cash flows beyond five year period are extrapolated using a steady growth rate of 2.0% (2018: 2.1%), which is the

projected long term growth rate of the Company.

Other assumptions used in calculation of value in use includes expected revenue growth rate, fixed average EBITDA margin and capital expenditure forecast. Current and historical transactions have been used as indicators of future transactions.

No impairment has been recognised on Goodwill since its initial recognition.

### 12. INTANGIBLE ASSETS

This represents the customer contracts and non-compete agreement acquired in the business combination and computer software. These assets are amortised over its useful economic lives.

The movements are as follows:

	2019	2018
	QR.	QR.
<b>Cost:</b>		
At 1 January	17,811,175	17,811,175
Additions for the year	68,850	--
At 31 December	17,880,025	17,811,175
<b>Amortisation:</b>		
At 1 January	13,518,909	12,056,805
Charge for the year	1,629,601	1,462,104
At 31 December	15,148,510	13,518,909
<b>Net book value at 31 December</b>	<b>2,731,515</b>	<b>4,292,266</b>

### 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	QR.	QR.
Quoted equity shares	259,800,914	135,211,105
Unquoted equity shares	8,977,215	10,204,227
	268,778,129	145,415,332

Notes:

- The above quoted equity investments are managed by reputable assets managers, who take investment decisions on behalf of the Group.
- Upon disposal of these equity investments, any balances within the OCI reserve for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.
- The movements in these financial assets at fair value through other comprehensive income are as follows:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

	2019	2018
	QR.	QR.
At 1 January	145,415,332	129,748,485
Additions	272,373,253	193,999,071
Disposals	(161,590,317)	(198,668,551)
Net changes in fair value	12,579,861	20,336,327
At 31 December	268,778,129	145,415,332

### 14. INVESTMENTS IN ASSOCIATES

The Group has the following investment in associates:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest	
			2019	2018
			%	%
Al Meera Logistics Services W.L.L. (previously Aramex Logistics Services Company L.L.C.)	Warehousing, value added services and delivery truck	Qatar	--	51%
Al Oumara Bakeries Company W.L.L.	Manufacture and sale of bakery products	Qatar	51%	51%

As disclosed in Note (1), the Parent Company acquired all shares of Al Meera Logistics during the year. Thus, the Group accounted Al Meera Logistics as a subsidiary from the date of acquisition.

The movement of investment in associates is as follows:

	2019	2018
	QR.	QR.
At 1 January	98,497	98,497
Disposal of Al Meera Logistics Services W.L.L. (previously Aramex Logistics Services W.L.L.)	(98,497)	--
Provision recorded on Al Oumara Bakeries Company W.L.L. as at 1 January	(7,284,918)	(5,431,486)
Share of results for the year	(1,533,374)	(1,853,432)
Presented separately as a provision for deficit in an associate on Al Oumara Bakeries Company W.L.L. (Note 23)	8,818,292	7,284,918
At 31 December	--	98,497

The following table is the summarised financial information of the Group's investments in the associates:

	2019	2018
	QR.	QR.
Group's share of associates' statement of financial position:		
Current assets	455,384	844,582
Non-current assets	114,258	153,326
Current liabilities	(9,267,712)	(8,171,206)
Non-current liabilities	(120,222)	(111,620)
Carrying amount of the investments	(8,818,292)	(7,284,918)
Group's share of associates' revenue and results:		
Sales	2,714,568	2,706,201
Share of results	(1,533,374)	(1,853,432)

### 15. INVENTORIES

	2019	2018
	QR.	QR.
Finished goods	215,910,298	203,274,214
Consumables and spare parts	1,306,286	1,240,558
	217,216,584	204,514,772
Less: Provision for obsolete and slow-moving inventories	(9,998,786)	(8,654,095)
	207,217,798	195,860,677

The movement in the provision for obsolete and slow moving inventories is as follows:

	2019	2018
	QR.	QR.
At 1 January	8,654,095	6,246,418
Charges recognised in general and administrative expenses (Note 7)	2,419,273	1,546,324
(Reversal) / charges recognised in cost of sales	(1,074,582)	861,353
At 31 December	9,998,786	8,654,095

### 16. TRADE AND OTHER RECEIVABLES

	2019	2018
	QR.	QR.
Trade receivables	4,930,555	6,291,171
Advances to supplier - net	10,199,828	9,155,344
Credit card receivables	9,008,659	9,422,410
Deposits	15,583,556	15,140,980
Prepaid expenses	6,915,646	9,915,255
Staff receivables	5,327,466	4,578,336
Lease receivables	7,455,310	7,566,807
Accrued interest income	1,261,769	2,052,425
Other receivables	1,941,870	1,048,624
	62,624,659	65,171,352
Less: Allowance for impairment of trade receivables (Note 33)	(1,033,990)	(3,299,596)
	61,590,669	61,871,756

Notes:

- The credit risk disclosures to expected credit losses on trade receivable under IFRS 9, have been disclosed in Note 33.
- It is not the practice of the Group to obtain collateral over trade receivable and the vast majority are, therefore, unsecured.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2019 QR.	2018 QR.
Cash in hand	2,686,023	2,138,753
Cash at bank	233,442,702	385,787,808
	<b>236,128,725</b>	<b>387,926,561</b>
Short term deposits	60,600,000	124,716,000
Less: Allowance for expected credit loss on term deposits (Note 33)	(148,221)	(122,071)
	<b>60,451,779</b>	<b>124,593,929</b>
<b>Total bank balances and cash</b>	<b>296,580,504</b>	<b>512,520,490</b>
Term deposits maturing after 90 days	(4,900,000)	(42,716,000)
Restricted bank accounts (Note iii)	(84,886,387)	(84,296,992)
Allowance for expected credit loss on term deposits	148,221	122,071
<b>Cash and cash equivalents</b>	<b>206,942,338</b>	<b>385,629,569</b>

Notes:

- The term deposits have different maturities and carry profit margin at market rates.
- The credit risk disclosures to expected credit losses on term deposit under IFRS 9 have been disclosed in Note 33.
- Restricted bank accounts consist of amounts held in the banks for the dividends declared and not collected by shareholders yet.

### 18. SHARE CAPITAL

	2019 QR.	2018 QR.
Authorised, issued and fully paid:		
200,000,000 shares of QR 1 each	<b>200,000,000</b>	200,000,000

Note:

To comply with the instructions of Qatar Financial Markets Authority, the Company implemented a 10 for 1 share split i.e. 10 new shares with a par value of QR. 1 each were exchanged for 1 old share with a par value of QR. 10 each. The Company obtained its shareholders' approval at the Company's Extraordinary General Assembly held on 24 March 2019. The share split was approved by Ministry of Economy and Commerce together with the approval of the amended Articles of Association. The listing of the new shares on Qatar Exchange was effective from 18 June 2019. Consequently, earnings per share for comparative periods have been restated to reflect this.

### 19. RESERVES

#### Legal reserve

In accordance with Qatar Commercial Companies Law No. 11 of 2015, 10% of the profit for the year is transferred to a legal reserve. Transfers to this reserve are required to be made until the reserves reaches minimum 50% of the issued share capital of the Group. The Group has resolved to discontinue such transfers as the reserve exceeded 50% of share capital. This reserve is not available for distribution except in the circumstances stipulated in Qatar Commercial Companies Law.

#### Optional reserve

In accordance with the Group's Articles of Association, upon suggestion of the Board of Directors, the General Assembly may decide to deduct a portion of the net profit for the optional reserve. This optional reserve shall be used in the forms and ways that will be decided by the General Assembly. There were no movements during the year ended 31 December 2019 (2018: Nil).

#### Fair value reserve

Financial assets at fair value through other comprehensive income reserve

The Group has recognised changes in the fair value of financial assets in other comprehensive income. These changes are accumulated within the fair value reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant financial assets are derecognised.

### 20. LOANS AND BORROWINGS

	2019 QR.	2018 QR.
Loan 1	95,873,302	108,957,707
Loan 2	125,000,000	125,000,000
Deferred financing arrangement cost	(746,032)	(888,889)
	<b>220,127,270</b>	<b>233,068,818</b>

Presented in the consolidated statement of financial position as follows:

	2019 QR.	2018 QR.
Non-current portion	181,641,159	219,990,753
Current portion	38,486,111	13,078,065
	<b>220,127,270</b>	<b>233,068,818</b>

#### Loan 1

The facility was obtained to partially fund an acquisition of a subsidiary in Oman from Qatar Development Bank.

The facility agreement contains certain covenants related to the capital structure of the operation of the business of Al Meera Markets S.A.O.C., one of the Group's subsidiaries in Oman. The facility carries profit rate of 3% per annum.

There was an initial drawdown of the facility on 20 June 2014, amounting to QR 89 million. This amount is repayable over 40 quarterly instalments starting 30 September 2016.

During the latter part of the year 2016, there was an additional draw down amounting to QR 50 million, which have been fully utilised for the construction of certain supermarkets of the Group and repayable over 39 quarterly instalments starting 5 December 2016.

This loan is secured by a corporate guarantee in the name of Al Meera Holding L.L.C., which is a fully owned subsidiary of the Company.

#### Loan 2

During 2018, the Group entered into a Murabaha loan facility agreement amounting to QR 200 million with a local bank in the State of Qatar to finance the expansion plans of the Group. The unsecured facility carries a profit rate of QMRL plus 0.25% with a minimum rate of 5.25%. There was an initial drawdown of the facility on 21 March 2018, amounting to QR 125 million. This amount is repayable over 20 quarterly instalments starting March 2020.

Subsequent to the reporting date, management is in discussion with the bank to revise the terms of loan agreement.

### 21. EMPLOYEES' END OF SERVICE BENEFITS

	2019 QR.	2018 QR.
At 1 January	34,297,992	31,489,217
Provided during the year	6,918,055	7,620,647
End of service benefits paid	(3,760,346)	(4,811,872)
At 31 December	<b>37,455,701</b>	<b>34,297,992</b>

### 22. LEASE LIABILITIES

	2019 QR.	2018 QR.
At 1 January	235,013,386	--
Additions during the year	28,825,618	--
Contract modification	(2,285,166)	--
Accretion of interest	12,933,345	--
Payments during the year	(47,969,320)	--
At 31 December	<b>226,517,863</b>	--
Current	49,939,296	--
Non-current	176,578,567	--
	<b>226,517,863</b>	--

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 22. LEASE LIABILITIES (CONTINUED)

Maturity analysis of undiscounted lease liabilities for the Group is as follows:

	2019 QR.	2018 QR.
Not later than 1 year	49,939,296	--
Later than 1 year and not later than 5 years	105,748,922	--
Later than 5 years	198,102,724	--
	<b>353,790,942</b>	--

During the year, interest on lease liabilities amounting QR. 1,600,884 and QR. 19,937, was capitalized to work-in-progress and allocated to an associate, respectively.

The Group does not face a significant liquidity risk with regard to its liabilities. Lease liabilities are monitored within the Group's management.

### 23. TRADE AND OTHER PAYABLES

	2019 QR.	2018 QR.
Trade and services payables	383,816,201	483,305,213
Dividends payable	102,938,110	97,692,093
Accrued expenses	53,866,759	52,391,294
Retentions payable	11,866,935	21,360,381
Provision for deficit in an associate (Note 14)	8,818,292	7,284,918
Provision for social and sports fund	4,452,991	4,381,328
Payable to contractors	3,583,502	2,020,230
Contract liability on loyalty program	1,993,460	576,313
Deferred rent income	657,402	574,892
Income tax payable	150,192	--
Other payables	12,981,840	13,004,017
	<b>585,125,684</b>	682,590,679
<i>Retentions payable presented in the consolidated statement of financial position as follows:</i>		
Current portion (see above)	11,866,935	21,360,381
Non-current portion	2,944,716	812,689
	<b>14,811,651</b>	22,173,070

### 24. RELATED PARTY DISCLOSURES

#### Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and companies of which they are principal owners. In the ordinary course of business, the Group enters into transactions with related parties. Pricing policies and terms of transactions are approved by the Group's management.

Qatar Holding L.L.C., which is ultimately owned by Government of Qatar, holds 26% of the Company's capital. In the course of business, the Group supplies its commodities to various Government and semi-Government agencies in the State of Qatar. The Group also avails various services from these parties in the State of Qatar.

The transactions with related parties included in the consolidated statement of profit or loss are as follows:

	2019 QR.	2018 QR.
<i>Al Oumara Bakeries Company W.L.L. (Associate)</i>		
Purchases	5,322,682	4,112,365
Sales	2,330,110	2,898,000
Sales commission income	1,197,603	1,193,912
Staff cost	2,357,264	2,122,962
Rent expense	--	112,904
Lease charges	208,355	--

#### Related party balances

Balances with related parties included in the consolidated statement of financial position are as follows:

	2019 QR.	2018 QR.
<b>Amounts due from related parties:</b>		
<b>Associates:</b>		
Al Oumara Bakeries Company W.L.L.	16,679,504	13,877,091
Al Meera Logistics Services W.L.L. (previously Aramex Logistics Services Company W.L.L.)	--	25,119
	<b>16,679,504</b>	<b>13,902,210</b>

#### Terms and conditions of transactions with related parties

The transactions with the related parties are performed at the terms equivalent to those that prevails in arm's length transactions. Outstanding balances at the end of the year are unsecured, interest free and the settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

#### Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2019 QR.	2018 QR.
Key management remuneration	7,941,666	9,055,901
Board of Directors' remuneration	6,322,351	6,329,800
	<b>14,264,017</b>	<b>15,385,701</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 25. COMMITMENTS

#### (a) Capital commitments

Estimated capital expenditure contracted for at the reports date but not provided for:

	2019 QR.	2018 QR.
<b>Capital commitments – Property and equipment</b>		
Estimated capital expenditure approved and contracted as of the reporting date	<b>95,922,530</b>	120,718,029

#### (b) Commitment under lease within 12 months/operating lease:

The Group has entered into non-cancellable lease agreements for certain land and buildings in various super markets. Future operating lease rentals payable as at 31 December are as follows:

	2019 QR.	2018 QR.
Within one year	<b>8,302,000</b>	30,437,901
After one year, but not more than five years	--	91,093,915
More than five years	--	138,920,066
	<b>8,302,000</b>	260,451,882

### 26. CONTINGENCIES

At 31 December 2019 and 2018, the Group had contingent liabilities in respect of letters of credit and letters of guarantee and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. The details are as follows:

	2019 QR.	2018 QR.
Letters of guarantees	<b>10,508,710</b>	1,325,514
Letters of credits	<b>52,255</b>	1,228,064
	<b>10,560,965</b>	2,553,578

### 27. DIVIDENDS

The Board of Directors have proposed a 85% cash dividend on the paid up capital of QR. 0.85 per share totalling QR. 170 million for the year 2019, which is subject to the approval of the shareholders at the Annual General Assembly (2018: QR. 8.5 per share, before share split, totalling QR. 170 million for the year 2018).

During the year, following the approval at the Annual General Assembly held on 17 March 2019, the Company declared a cash dividend of QR. 8.5 per share, before share split, totalling to QR. 170 million (2018: QR. 8.5 per share, before share split, totalling QR. 170 million) relating to the year 2018.

### 28. CONTRIBUTION TO SOCIAL AND SPORTS FUND

In accordance with Law No. 13 of 2008, the Group 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 after deducting dividend received from listed investments. This social and sports contribution is considered as an appropriation of retained earnings of the group and presented in the consolidated statement of changes in equity.

The Group made an appropriation from retained earnings amounting to QR. 4.45 million for the year ended 31 December 2019 (2018: QR. 4.38 million) for contribution to the Social and Sports Development Fund of Qatar.

### 29. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to equity holders of the Parent by the weighted average number of shares outstanding during the year. The computation of basic and diluted earnings per share are equal as the Company has not issued any instruments which will dilute the existing shareholding.

	2019 QR.	2018 QR. (Restated)
Profit attributable to equity holders of the parent (QR.)	<b>186,587,482</b>	182,393,172
Weighted average number of shares outstanding (2018 restated)	<b>200,000,000</b>	200,000,000
Basic and diluted earnings per share (QR.)	<b>0.93</b>	0.91

- (i) As a result of the 10 for 1 share split (Note 1), the weighted average number of shares outstanding and the computed earnings per share have been retrospectively adjusted from QR. 9.12 to QR. 0.91 for the year 31 December 2018.

### 30. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three operating segments as follows:

- (i) The retail segment, which comprises the buying and selling of consumer good.  
(ii) The investment segment, which comprises equity and funds held as financial assets at fair value through other comprehensive income and fixed deposits.  
(iii) The leasing segment, which comprise mainly of renting shops in various malls owned by the Group.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured the same as the operating profit or loss in the consolidated financial statements.

	Retail QR.	Investment QR.	Leasing QR.	Total QR.
<b>Year ended 31 December 2019:</b>				
Sales	<b>2,985,153,270</b>	--	--	<b>2,985,153,270</b>
Cost of sales	<b>(2,466,540,264)</b>	--	--	<b>(2,466,540,264)</b>
Gross profit	<b>518,613,006</b>	--	--	<b>518,613,006</b>
Rental income	--	--	<b>74,778,270</b>	<b>74,778,270</b>
Income from equity investments	--	<b>6,661,650</b>	--	<b>6,661,650</b>
Income from fixed deposits	--	<b>2,069,607</b>	--	<b>2,069,607</b>
Other income	<b>6,185,653</b>	--	--	<b>6,185,653</b>
Operating income	<b>524,798,659</b>	<b>8,731,257</b>	<b>74,778,270</b>	<b>608,308,186</b>
General and administrative expenses	<b>(291,834,541)</b>	<b>(988,589)</b>	<b>357,335</b>	<b>(292,465,795)</b>
Depreciation and amortisation	<b>(101,524,635)</b>	<b>(1,083,511)</b>	<b>(8,603,979)</b>	<b>(111,212,125)</b>
Share of loss of an associate	--	<b>(1,533,374)</b>	--	<b>(1,533,374)</b>
Finance costs	<b>(17,758,681)</b>	--	--	<b>(17,758,681)</b>
Profit before income tax	<b>113,680,802</b>	<b>5,125,783</b>	<b>66,531,626</b>	<b>185,338,211</b>
Income tax expense	<b>229,029</b>	--	--	<b>229,029</b>
Profit for the year	<b>113,909,831</b>	<b>5,125,783</b>	<b>66,531,626</b>	<b>185,567,240</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 30. SEGMENT INFORMATION (CONTINUED)

	Retail	Investment	Leasing	Total
	QR.	QR.	QR.	QR.
<i>Year ended 31 December 2018:</i>				
Sales	2,995,961,214	--	--	2,995,961,214
Cost of sales	(2,499,536,685)	--	--	(2,499,536,685)
Gross profit	496,424,529	--	--	496,424,529
Rental income	--	--	75,842,670	75,842,670
Income from equity investments	--	7,071,165	--	7,071,165
Income from fixed deposits	--	2,962,432	--	2,962,432
Other income	4,379,479	--	--	4,379,479
Operating income	500,804,008	10,033,597	75,842,670	586,680,275
General and administrative expenses	(324,541,380)	(595,870)	(7,880,074)	(333,017,324)
Depreciation and amortisation	(59,135,982)	(1,067,969)	(5,882,263)	(66,086,214)
Share of loss of an associate	--	(1,853,432)	--	(1,853,432)
Finance costs	(3,175,016)	--	--	(3,175,016)
Profit before income tax	113,951,630	6,516,326	62,080,333	182,548,289
Income tax expense	(68,229)	--	--	(68,229)
Profit for the year	113,883,401	6,516,326	62,080,333	182,480,060

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2018: Nil). The accounting policies of the reportable segment are the same as per the Group accounting policies described in Note 3.

The following table presents segmental assets regarding the Group's business segments for the year ended 31 December 2019 and 31 December 2018 respectively:

	Retail	Investment	Leasing	Total
	QR.	QR.	QR.	QR.
<b>Segment assets:</b>				
<b>At 31 December 2019</b>	<b>1,926,550,185</b>	<b>348,981,775</b>	<b>270,222,572</b>	<b>2,545,754,532</b>
At 31 December 2018	2,003,106,329	194,997,619	202,831,488	2,400,935,436

Other disclosures

	Retail	Investment	Leasing	Total
	QR.	QR.	QR.	QR.
<b>Capital expenditure :</b>				
<b>At 31 December 2019</b>	<b>64,158,649</b>	--	<b>6,965,997</b>	<b>71,124,646</b>
At 31 December 2018	82,078,109	--	2,561,728	84,639,837

Capital expenditure consists of additions of property and equipment.

Geographically, the Group operates in the State of Qatar and the Sultanate of Oman. Following is the summary of key balances related to each geography:

	Qatar		Oman		Eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Total assets	2,292,668,989	2,239,838,498	294,341,969	191,352,608	(41,256,426)	(30,255,670)	2,545,754,532	2,400,935,436
Total liabilities	952,523,660	927,323,667	160,395,562	53,978,251	(40,747,988)	(30,255,670)	1,072,171,234	951,046,248
	Qatar		Oman		Eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Sales	2,850,436,126	2,856,380,977	134,717,144	139,580,237	--	--	2,985,153,270	2,995,961,214
Net income	189,505,040	181,406,684	(3,429,362)	1,073,376	(508,438)	--	185,567,240	182,480,060

Note:

Actual profits generated in the above stated locations, have been adjusted to arrive the Geographic profit of the Group.

### 31. MATERIAL PARTLY OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Names of the subsidiaries	Country of incorporation	Non-controlling interests		Allocated profit (loss)		Accumulated balances	
		2019	2018	2019	2018	2019	2018
		%	%	QR.	QR.	QR.	QR.
Al Meera Markets S.A.O.C.	Oman	30%	30%	(972,757)	110,062	38,904,109	39,876,866
Al Meera Oman S.A.O.C.	Oman	30%	30%	(56,051)	(22,048)	1,279,816	1,335,867
Alge Retail Corporation Sarl (Note 1)	Switzerland	--	49%	8,566	(1,126)	--	(8,566)
				(1,020,242)	86,888	40,183,925	41,204,167

Notes:

The Group has the power to appoint and remove the majority of the Board of Directors of the above stated subsidiaries. The relevant activities of these subsidiaries are determined by the Board of Directors based on majority votes. Therefore, the Board of Directors concluded that the Group has control over these subsidiaries and they are consolidated in this consolidated financial statements.

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interest is set out below. The summarised financial information below represents amounts before intergroup eliminations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 31. MATERIAL PARTLY OWNED SUBSIDIARIES (CONTINUED)

*Al Meera Markets S.A.O.C. and Al Meera Oman S.A.O.C.*

Statement of profit or loss:

	2019 QR.	2018 QR.
Sales	134,717,144	139,580,237
Other income	7,614,697	8,392,188
Expenses	(146,140,424)	(147,610,815)
(Loss)/Profit before income tax	(3,808,583)	361,610
Income tax expense	379,221	(68,229)
(Loss)/Profit for the year	(3,429,362)	293,381
<i>Attributable to:</i>		
Equity holders of the parent	(2,400,554)	205,367
Non-controlling interests	(1,028,808)	88,014
	(3,429,362)	293,381

Statement of financial position:

	2019 QR.	2018 QR.
Non-current assets	235,737,599	148,149,013
Current assets	58,604,370	43,203,594
	294,341,969	191,352,607
Equity attributable to equity holders of the parent	93,762,482	96,163,039
Non-controlling interests	40,183,925	41,212,732
Non-current liabilities	100,205,726	1,524,996
Current liabilities	60,189,836	52,451,840
	294,341,969	191,352,607

Statement of cash flows:

	2019 QR.	2018 QR.
Net cash from / (used in) operating activities	4,185,396	(5,028,987)
Net cash used in investing activities	(20,145,776)	(8,488,602)
Net cash from financing activities	13,947,995	10,507,827
Net decrease cash and cash equivalents	(2,012,385)	(3,009,762)

### 32. FINANCE COSTS

	2019 QR.	2018 QR.
Interest on bank overdraft and loans	9,697,011	9,128,616
Interest expense on lease liabilities (Note 22)	12,933,345	--
Total interest expense	22,630,356	9,128,616
Less : Interest on bank overdraft and loans capitalised in cost of qualifying assets (Note 9)	(3,250,854)	(5,953,600)
Less : Interest expense on lease liabilities capitalised in cost of qualifying assets (Note 22)	(1,600,884)	--
Interest expense on lease liabilities - allocated to associate (Note 22)	(19,937)	--
	17,758,681	3,175,016

### 33. FINANCIAL RISK MANAGEMENT

#### *Financial risk management objectives*

The Group's principal financial liabilities comprises of trade payables, dividends payable, payable to contractors, retentions payable, other payables and loans and borrowings. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets comprise trade receivables, credit card receivables, deposits, rent receivables, amounts due from related parties, other receivables, financial assets at fair value through other comprehensive income and cash and bank balances, which arise directly from its operations. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. Management reviews and agrees policies for managing each of these risks which are summarised below:

#### *Market risk*

Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity price will affect the Group's income, equity 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 optimising the return. The Group's activities expose it primarily to the financial risks of changes in interest rates and equity price risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's call deposits and loans and borrowings with floating interest rates.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate agreements.

	2019 QR.	2018 QR.
Potential change in basis points	-/+25	-/+25
Effect on profit or loss	1,135,790	1,549,364

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 33. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Equity price risk

The Group is exposed to equity price risks arising from quoted equity shares. Quoted equity shares are held for strategic rather than trading purposes. The following table demonstrates the sensitivity of the effect of cumulative changes in fair values recognised in the equity to reasonably possible changes in equity 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 increases shown.

	2019 QR.	2018 QR.
Change in equity prices	-/+5	-/+5
Effect on equity	<b>12,990,046</b>	6,760,555

#### Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. As the Qatari Riyal is pegged to US Dollar, balances in US Dollars are not considered to represent significant currency risk. The Group is not exposed to significant currency risk, in light of minimal balances in foreign currencies other than US Dollars.

#### Credit risk

The Group is exposed to credit risk if counterparties will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2019, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The following credit risk modelling applies for financial assets originated from 1 January 2018:

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the customer;
- Significant increases in credit risk on other financial instruments of the same customer;
- Significant changes in the expected performance and behavior of the customer, including changes in the payment status of customers in the group and changes in the operating results of the customer.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 360 days (2018: 360 days) of when they fall due.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The schedule below represents the Group's current credit risk grading framework :

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >360 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable as uncollectable when a debtor fails to make contractual payments greater than 360 days (2018 : 360 days) past due. Where loans or receivables have been fully provided, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in consolidated statement of profit or loss.

#### i. General approach

General approach is used for fixed deposits and trade receivables with extended credit terms. The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables, and adjusts for forward looking macroeconomic data. The Group provides for credit losses against these financial assets as at 31 December is as follows:

31 December 2019 Category	External Credit rating	Expected credit loss rate	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default	Carrying amount (net of impair- ment provision)
Short term deposit	Investment grade	0.24%	12 month expected losses	60,600,000	60,451,779
Trade receivables from government entities	Investment grade	0.23%	12 month expected losses	4,326,259	4,316,470
31 December 2018 Category	External Credit rating	Expected credit loss rate	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default	Carrying amount (net of impair- ment provision)
Short term deposits	Investment grade	0.10%	12 month expected losses	124,716,000	124,593,929
Trade receivable from government entities	Investment grade	0.51%	12 month expected losses	5,154,984	5,128,843

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 33. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### ii. Simplified approach

For trade receivable and rent receivables, except for trade receivable from government entities, Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for those receivables. The loss allowance provision as at 31 December 2019 is determined as follows:

31 December 2019	Current	31 – 60 days past due	61 – 90 days past due	91 - 120 days past due	121 - 180 days past due	181 - 360 days past due	More than 360 days past due	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Gross carrying amount	3,841,974	1,180,194	440,681	402,676	721,894	921,586	550,601	8,059,606
Loss allowance provision	55,952	57,029	25,915	35,057	94,483	205,164	550,601	1,024,201

31 December 2018	Current	31 – 60 days past due	61 – 90 days past due	91 - 120 days past due	121 - 180 days past due	181 - 360 days past due	More than 360 days past due	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Gross carrying amount	2,033,212	1,420,357	969,995	701,165	972,869	1,826,099	779,297	8,702,994
Loss allowance provision	320,104	334,769	317,901	293,410	518,108	709,866	779,297	3,273,455

The expected credit losses below also incorporate forward looking information.

The movements in the loss allowance provision are as follows:

	General approach	Simplified approach	Total
	QR.	QR.	QR.
At 1 January 2018	146,179	1,314,773	1,460,952
Loss allowance charged in profit or loss during the year	2,033	1,958,682	1,960,715
As at 31 December 2018	148,212	3,273,455	3,421,667
Loss allowance charged / (reversed) in profit or loss during the year	9,798	(2,249,254)	(2,239,456)
<b>At 31 December 2019</b>	<b>158,010</b>	<b>1,024,201</b>	<b>1,182,211</b>

The gross carrying amount of trade and lease receivables is QR. 12,385,865 (2018: QR 13,857,978) (Note 16).

The Group made no write-offs of trade receivables and it does not expect to receive future cash flows or any recoveries from the previously written off financial assets for year ended 31 December 2019 (2018: Nil).

Total loss allowance presented as follows:

	2019	2018
	QR.	QR.
Allowance for trade receivable (Note 16)	1,033,990	3,299,596
Allowance for term deposits at amortised cost (Note 17)	148,221	122,071
	<b>1,182,211</b>	<b>3,421,667</b>

#### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet obligations as they fall due. The Group's approach to managing liquidity risk 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 Group's operations and reputation.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2019	On demand	Less than 1 year	1- 5 years	> 5 years	Total
	QR.	QR.	QR.	QR.	QR.
Trade payables	--	383,816,201	--	--	383,816,201
Dividends payable	102,938,110	--	--	--	102,938,110
Retentions payable	--	11,866,935	2,944,716	--	14,811,651
Payable to contractors	--	3,583,502	--	--	3,583,502
Other payables	--	12,981,840	--	--	12,981,840
Loans and borrowings	--	47,199,376	192,693,138	8,529,214	248,421,728
	<b>102,938,110</b>	<b>459,447,854</b>	<b>195,637,854</b>	<b>8,529,214</b>	<b>766,553,032</b>

At 31 December 2018	On demand	Less than 1 year	1- 5 years	> 5 years	Total
	QR.	QR.	QR.	QR.	QR.
Trade payables	--	483,305,213	--	--	483,305,213
Dividends payable	97,692,093	--	--	--	97,692,093
Retentions payable	--	21,360,381	812,689	--	22,173,070
Payable to contractors	--	2,020,230	--	--	2,020,230
Other payables	--	13,004,017	--	--	13,004,017
Loans and borrowings	--	23,049,805	223,635,604	24,786,124	271,471,533
	<b>97,692,093</b>	<b>542,739,646</b>	<b>224,448,293</b>	<b>24,786,124</b>	<b>889,666,156</b>

#### Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group makes adjustments to its capital structure, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, or issue new shares. No changes were made in the objectives, policies or processes during the years end 31 December 2019 and 31 December 2018.

The capital structure of the Group consists of share capital, legal reserve, optional reserve and retained earnings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 34. FAIR VALUES OF FINANCIAL INSTRUMENTS

#### Significant accounting policies

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 3 to the financial statements.

As at 31 December, the Group held the following financial instruments measured at fair value:

31 December 2019	Total	Level 1	Level 2	Level 3
	QR.	QR.	QR.	QR.
Quoted equity shares	259,800,914	259,800,914	--	--
Un-quoted equity shares	8,977,215	--	--	8,977,215
31 December 2018	Total	Level 1	Level 2	Level 3
	QR.	QR.	QR.	QR.
Quoted equity shares	135,211,105	135,211,105	--	--
Un-quoted equity shares	10,204,227	--	--	10,204,227

During the year ended 31 December 2019, 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 (2018: Nil).

### 35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows from financing activities.

	1 January 2019	Financing cash flow	Non-cash changes	31 December 2019
	QR. (Restated)	QR.	QR.	QR.
Lease liabilities	235,013,386	(47,969,320)	39,473,797	226,517,863
Loans and borrowings	233,068,818	(13,084,405)	142,857	220,127,270
	468,082,204	(61,053,725)	39,616,654	446,645,133
	1 January 2018	Financing cash flow	Non-cash changes	31 December 2018
	QR.	QR.	QR.	QR.
Loans and borrowings	121,658,422	111,410,396	--	233,068,818
	121,658,422	111,410,396	--	233,068,818

### 36. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to align their presentation to the current year's structure. Such reclassifications had no effect on the comparative figures for income and equity of the Group, thus comparability of financial information remains unimpaired. The Group believes the current year's presentation to be more relevant to the users of the consolidated financial statements. Details of the reclassifications are as follow in the table below.

	2018	Reclassifications	2018
	QR. (Audited)	QR.	QR. (Reclassified)
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	66,161,626	(4,289,870)	61,871,756
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	(686,880,549)	4,289,870	(682,590,679)