

Al Meera Consumer Goods Company Q.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
(UNAUDITED)**

30 SEPTEMBER 2017

Al Meera Consumer Goods Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2017

		<i>Nine months ended 30 September</i>	
		<i>2017</i>	<i>2016</i>
		<i>(Unaudited)</i>	
	<i>Notes</i>	<i>QR</i>	<i>QR</i>
Sales		2,107,908,085	1,934,185,083
Cost of sales		(1,760,784,751)	(1,620,328,996)
GROSS PROFIT		347,123,334	313,856,087
Shops rental income		52,605,040	53,324,002
Other income		14,972,182	15,441,830
General and administrative expenses		(231,060,290)	(206,539,004)
Depreciation and amortisation expenses	4 & 6	(42,905,433)	(35,711,775)
Finance costs		(3,110,867)	(2,151,376)
Share of loss of an associate		(1,020,304)	(1,073,990)
Profit before tax		136,603,662	137,145,774
Income tax benefit		147,507	-
PROFIT FOR THE PERIOD		136,751,169	137,145,774
Attributable to:			
Equity holders of the parent		136,700,319	136,845,349
Non-controlling interests		50,850	300,425
		136,751,169	137,145,774
Basic and diluted earnings per share attributable to equity holders of the parent	3	6.84	6.84

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Al Meera Consumer Goods Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2017

	<i>Nine months ended 30 September</i>	
	<i>2017</i>	<i>2016</i>
	<i>(Unaudited)</i>	
	<i>QR</i>	<i>QR</i>
PROFIT FOR THE PERIOD	136,751,169	137,145,774
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>		
<i>Investment securities:</i>		
Net change in the fair value of investment securities	<u>(20,682,753)</u>	<u>(4,160,822)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>116,068,416</u>	<u>132,984,952</u>
Attributable to:		
Equity holders of the parent	<u>116,017,566</u>	<u>132,684,527</u>
Non-controlling interests	<u>50,850</u>	<u>300,425</u>
	<u>116,068,416</u>	<u>132,984,952</u>

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Al Meera Consumer Goods Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Notes	30 September 2017 (Unaudited) QR	31 December 2016 (Audited) QR
ASSETS			
Non-current assets			
Property and equipment	4	1,092,405,326	920,678,425
Goodwill	5	344,097,998	344,097,998
Other intangible assets	6	6,138,547	7,288,654
Investment securities	7	156,850,213	159,926,871
Investment in an associate		98,497	98,497
Deferred tax assets		111,169	-
Total non-current assets		1,599,701,750	1,432,090,445
Current assets			
Inventories	8	191,714,227	184,862,105
Trade and other receivables	9	86,625,464	64,898,722
Amounts due from related parties	17	9,687,798	8,477,240
Bank balances and cash	10	274,297,263	500,553,676
Total current assets		562,324,752	758,791,743
TOTAL ASSETS		2,162,026,502	2,190,882,188
EQUITY AND LIABILITIES			
Equity			
Share capital	11	200,000,000	200,000,000
Legal reserve	12	901,289,603	901,289,603
Optional reserve	12	21,750,835	21,750,835
Other reserves	12	(21,061,598)	(7,120,717)
Retained earnings		232,556,181	285,829,206
Equity attributable to equity holders of the parent		1,334,535,021	1,401,748,927
Non-controlling interests		40,941,701	40,890,851
Total equity		1,375,476,722	1,442,639,778
Non-current liabilities			
Interest bearing loans and borrowings	14	111,851,926	121,546,529
Employees' end of service benefits		31,039,605	28,843,897
Total non-current liabilities		142,891,531	150,390,426
Current liabilities			
Trade and other payables	16	630,733,800	585,505,538
Deferred tax liability		-	36,337
Interest bearing loans and borrowings	14	12,924,449	12,310,109
Total current liabilities		643,658,249	597,851,984
Total liabilities		786,549,780	748,242,410
TOTAL EQUITY AND LIABILITIES		2,162,026,502	2,190,882,188

Dr. Saif Saeed Al Sowaidi
Vice Chairman

Johannes Jacobus Lombard
Acting Chief Executive Officer

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Al Meera Consumer Goods Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

	Equity attributable to equity holders of the parent						Non-controlling interest QR	Total equity QR
	Share capital QR	Legal reserve QR	Optional reserve QR	Other reserve QR	Retained earnings QR	Total QR		
Balance at 1 January 2017 (Audited)	200,000,000	901,289,603	21,750,835	(7,120,717)	285,829,206	1,401,748,927	40,890,851	1,442,639,778
Profit for the period	-	-	-	-	136,700,319	136,700,319	50,850	136,751,169
Reclassification of losses on sale of investment securities	-	-	-	6,741,872	(6,741,872)	-	-	-
Other comprehensive loss for the period	-	-	-	(20,682,753)	-	(20,682,753)	-	(20,682,753)
Total comprehensive income for the period	-	-	-	(13,940,881)	129,958,447	116,017,566	50,850	116,068,416
Appropriation for contribution to social fund (Note 15)	-	-	-	-	(3,231,472)	(3,231,472)	-	(3,231,472)
Dividends paid (Note 13)	-	-	-	-	(180,000,000)	(180,000,000)	-	(180,000,000)
Balance at 30 September 2017 (Unaudited)	200,000,000	901,289,603	21,750,835	(21,061,598)	232,556,181	1,334,535,021	40,941,701	1,375,476,722
	Equity attributable to equity holders of the parent						Non-controlling interest QR	Total equity QR
	Share capital QR	Legal reserve QR	Optional reserve QR	Other reserve QR	Retained earnings QR	Total QR		
Balance as at 1 January 2016 (Audited)	200,000,000	901,289,603	21,750,835	(11,943,444)	273,927,930	1,385,024,924	40,169,089	1,425,194,013
Profit for the period	-	-	-	-	136,845,349	136,845,349	300,425	137,145,774
Other comprehensive loss for the period	-	-	-	(4,160,822)	-	(4,160,822)	-	(4,160,822)
Total comprehensive income for the period	-	-	-	(4,160,822)	136,845,349	132,684,527	300,425	132,984,952
Appropriation for contribution to social fund (Note 15)	-	-	-	-	(3,183,462)	(3,183,462)	-	(3,183,462)
Dividends paid (Note 13)	-	-	-	-	(180,000,000)	(180,000,000)	-	(180,000,000)
Balance at 30 September 2016 (Unaudited)	200,000,000	901,289,603	21,750,835	(16,104,266)	227,589,817	1,334,525,989	40,469,514	1,374,995,503

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Al Meera Consumer Goods Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2017

	Notes	Nine months ended 30 September	
		2017	2016
		(Unaudited)	
		QR	QR
OPERATING ACTIVITIES			
Profit for the period before income tax		136,603,662	137,145,774
Adjustments for:			
Depreciation and amortisation	4&6	42,905,433	35,711,774
Provision for employees' end of service benefits		5,927,362	3,467,325
Provision for slow moving inventories		5,476,944	1,662,164
Allowance made for credit loss provision		825,382	131,536
Finance cost		(3,110,867)	2,151,376
Dividend income from investment securities		(7,441,423)	(9,807,319)
Share of loss on an associate		1,020,304	1,073,990
Income from sale of investment securities		-	(190,224)
(Gain)/ loss on disposal of property and equipment, net		(249,396)	(973)
Interest income		(3,642,358)	(4,397,567)
Operating profit before changes in working capital		178,315,043	166,947,856
Changes in working capital:			
Trade and other receivables		(22,926,227)	(23,143,613)
Amount due from related parties		(1,210,558)	(2,029,109)
Inventories		(12,329,066)	3,556,273
Trade and other payables		36,948,709	40,152,089
		178,797,901	185,483,496
Contribution to social fund		(4,751,925)	(3,820,262)
Employees' end of service benefits paid		(3,731,654)	(1,829,548)
Net cash generated from operating activities		170,314,322	179,833,686
INVESTING ACTIVITIES			
Purchase of investment securities		(218,682,982)	(89,618,233)
Purchase of property and equipment		(214,001,369)	(219,435,280)
Additions in other intangible assets		-	(91,149)
Proceeds from sale of property and equipment		768,542	45,063
Change in investment in time deposits		140,893,089	(72,216,000)
Dividend income received on investment securities		7,441,423	9,807,319
Interest income received		4,016,461	4,507,999
Proceeds from sale of investment securities		201,076,887	148,540,197
Net cash used in investing activities		(78,487,949)	(218,460,084)
FINANCING ACTIVITIES			
Dividends paid		(171,220,301)	(159,773,562)
Finance cost paid		3,110,867	(2,151,376)
Movement in interest bearing loans and borrowings		(9,080,263)	186,294
Net cash used in financing activities		(177,189,697)	(161,738,644)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(85,363,324)	(200,365,042)
Cash and cash equivalents at 1 January		343,655,641	338,522,458
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		258,292,317	138,157,416

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Al Meera Consumer Goods Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

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.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.

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 Group's subsidiaries and associates are as follows:

Name of subsidiaries	Country of incorporation	Relationship	Group effective shareholding percentage	
			2017	2016
Al Meera Holding Company L.L.C.	Qatar	Subsidiary	100%	100%
Al Meera Supermarkets Company S.P.C.	Qatar	Subsidiary	100%	100%
Al Meera Development Company L.L.C.	Qatar	Subsidiary	100%	100%
Qatar Markets Company W.L.L.	Qatar	Subsidiary	100%	100%
Alge Retail Corporation Sarl	Switzerland	Subsidiary	51%	51%
Al Meera Oman S.A.O.C	Oman	Subsidiary	70%	70%
Al Meera Markets S.A.O.C	Oman	Subsidiary	70%	70%
Al Meera Bookstore S.P.C	Qatar	Subsidiary	100%	100%
Al Oumara Bakeries Company W.L.L.	Qatar	Associate	51%	51%
Aramex Logistics Services Company L.L.C.	Qatar	Associate	51%	51%

Al Meera Holding Company L.L.C. ("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 S.P.C. ("Al Meera Supermarkets") is a single person 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 immoveable properties necessary to carry out its activities.

Al Meera Development Company L.L.C. ("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.

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. As of the reporting date, this company has not commenced its commercial operations.

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.

Al Meera Bookstore S.P.C. ("Al Meera Bookstore") is a single person company incorporated in the State of Qatar. The Company is engaged in the sale of stationery, computer accessories, books and toys.

Al Meera Consumer Goods Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES (CONTINUED)

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.

Aramex Logistics Services L.L.C. is a limited liability company, incorporated in the State of Qatar. The Company is engaged in the warehousing and delivery truck services. As of the reporting date, this company has not commenced its commercial operations.

These interim condensed consolidated financial statements of the Group for the nine months ended 30 September 2017 were authorised by the Vice Chairman and Acting Chief Executive Officer for issue on 25 October 2017.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the nine months ended 30 September 2017 have been prepared in accordance with International Financial Reporting Standard, IAS 34 "Interim Financial Reporting" ("IAS 34").

The interim condensed consolidated financial statements have been presented in Qatar Riyals ("QR"), which is the functional and presentation currency of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2016. In addition, the results for the nine months ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

2.2 New and amended standards and interpretations adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations effective as of 1 January 2017.

The following amended accounting standards became effective in 2017 and have been adopted by the Group in preparation of these interim condensed consolidated financial statements as applicable. Whilst they did not have any material impact on these interim condensed consolidated financial statements, they may require additional disclosures in the annual financial statements for the year ending 31 December 2017:

Titles

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses

Annual Improvements 2014 - 2016 Cycle

2.3 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Titles

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRS 15 Revenue from Contracts with Customers

IFRS 16 Leases

Classification and measurement of share – based payment transactions

(Amendments to IFRS 2)

Transfers of investment property (Amendments to IAS 40)

Amendments to IFRS 10 and IAS 28: sale or contribution of Assets between an Investor and its associate or Joint venture

Effective dates

1 January 2018

1 January 2018

1 January 2019

1 January 2018

1 January 2018

Deferred

The Group is assessing the impact of implementation of these standards.

Al Meera Consumer Goods Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2017

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Early adopted IFRS 9 Financial Instruments

The Group has early adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of 1 January 2016. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. The impacts of the change in accounting policy have been disclosed in Note 20.

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to the equity holders of the parent company for the period by the number of shares outstanding during the period as follows:

	<i>Nine months ended 30 September</i>	
	<i>2017</i>	<i>2016</i>
	<i>(Unaudited)</i>	
Net profit for the period attributable to equity holders of the parent (QR)	<u>136,700,319</u>	<u>136,845,349</u>
Number of shares outstanding during the period	<u>20,000,000</u>	<u>20,000,000</u>
Basic and diluted earnings per share (QR)	<u>6.84</u>	<u>6.84</u>

4 PROPERTY AND EQUIPMENT

	<i>30 September 2017 (Unaudited) QR</i>	<i>31 December 2016 (Audited) QR</i>
Cost:		
Balance at the beginning of the period/ year	1,142,407,606	866,824,787
Additions	214,001,369	276,219,852
Disposals	(964,694)	(637,033)
Balance at the end of the period/ year	<u>1,355,444,281</u>	<u>1,142,407,606</u>
Accumulated depreciation:		
Balance at the beginning of the period/ year	221,729,181	175,633,978
Charge for the period/ year	41,755,326	46,616,847
Relating to disposals	(445,552)	(521,644)
Balance at the end of the period/year	<u>263,038,955</u>	<u>221,729,181</u>
Net carrying amount at the end of the period/year	<u>1,092,405,326</u>	<u>920,678,425</u>

The depreciation charge has been allocated in the interim consolidated statement of profit or loss as follows:

	<i>Nine months ended 30 September</i>	
	<i>2017</i>	<i>2016</i>
	<i>(Unaudited)</i>	
	<i>QR</i>	<i>QR</i>
As a separate line in interim consolidated statement of profit or loss	<u>41,755,326</u>	<u>34,562,510</u>

Al Meera Consumer Goods Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2017

5 GOODWILL

	<i>30 September 2017 (Unaudited) QR</i>	<i>31 December 2016 (Audited) QR</i>
Qatar Markets Company W.L.L.	227,028,986	227,028,986
Al Meera Market (Al Safeer Oman) – five super markets	117,069,012	117,069,012
	<u>344,097,998</u>	<u>344,097,998</u>

The management performs goodwill impairment assessment annually and when there are indications that the carrying value may be impaired. Management believes that any reasonably possible change in the key assumptions used for impairment assessment performed on 31 December 2016 will not cause the carrying value of the goodwill to materially exceed its recoverable amount. Accordingly, no impairment loss was recognised for the nine months period ended 30 September 2017 (30 September 2016: Nil).

6 OTHER INTANGIBLE ASSETS

	<i>30 September 2017 (Unaudited) QR</i>	<i>31 December 2016 (Audited) QR</i>
Cost:		
Balance at the beginning of the period/ year	17,811,175	17,720,027
Additions	-	91,148
Balance at the end of the period/ year	<u>17,811,175</u>	<u>17,811,175</u>
Accumulated amortisation:		
Balance at the beginning of the period/ year	10,522,521	8,989,066
Charge for the period/ year	1,150,107	1,533,455
Balance at the end of the period/ year	<u>11,672,628</u>	<u>10,522,521</u>
Net carrying amount at the end of the period/ year	<u>6,138,547</u>	<u>7,288,654</u>

Note:

The amortisation charges for the period ended 30 September 2016, amounted to QR 1,149,264.

7 INVESTMENT SECURITIES

	<i>30 September 2017 (Unaudited) QR</i>	<i>31 December 2016 (Audited) QR</i>
Quoted equity investments	142,498,054	145,574,712
Unquoted equity investments	14,352,159	14,352,159
	<u>156,850,213</u>	<u>159,926,871</u>

Al Meera Consumer Goods Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

8 INVENTORIES

	30 September 2017 (Unaudited) QR	31 December 2016 (Audited) QR
Finished goods	201,020,180	188,391,278
Consumables and spare parts	1,376,330	1,676,167
	<u>202,396,510</u>	<u>190,067,445</u>
Less: Provision for obsolete and slow moving inventories	(10,682,284)	(5,205,340)
	<u>191,714,227</u>	<u>184,862,105</u>

9 TRADE AND OTHER RECEIVABLES

	30 September 2017 (Unaudited) QR	31 December 2016 (Audited) QR
Trade accounts receivable	10,817,981	11,914,829
Advances to suppliers	27,768,126	13,981,183
Credit cards receivable	22,098,334	17,222,818
Prepaid expenses	11,047,367	6,990,009
Deposits	10,040,673	9,252,602
Staff receivables	4,365,577	3,779,027
Rent receivables	1,412,964	1,838,297
Accrued interest income	827,838	1,201,941
Other receivables	852,115	498,145
	<u>89,230,975</u>	<u>66,678,851</u>
Less: Allowance for impairment of receivables	(2,605,511)	(1,780,129)
	<u>86,625,464</u>	<u>64,898,722</u>

10 CASH AND CASH EQUIVALENTS

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents comprise the following:

	30 September 2017 (Unaudited) QR	31 December 2016 (Audited) QR
Cash on hand	2,868,641	2,988,921
Cash at banks	253,818,510	246,628,938
Short term deposits (net of provision)	17,610,112	250,935,817
	<u>274,297,263</u>	<u>500,553,676</u>
Less: Time deposits maturing over 90 days	(16,004,946)	(156,898,035)
Cash and cash equivalents	<u>258,292,317</u>	<u>343,655,641</u>

Al Meera Consumer Goods Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

11 SHARE CAPITAL

At 30 September 2017, the authorised share capital comprised 20 million ordinary shares (2016: 20 million). These instruments have a par value of QR 10. All issued shares are fully paid up.

12 RESERVES

Legal reserve

In accordance with Qatar Commercial Companies Law, 10% of the profit for the year is transferred to a legal reserve. Transfers to this reserve are required to be made until such time as it equals at least 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 period ended 30 September 2017 (2016: Nil).

Other reserves

Financial assets and liabilities at fair value through other comprehensive income reserve

The Group has elected to recognise changes in the fair value of investments in investment securities in other comprehensive income. These changes are accumulated within the Financial assets at FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant investment securities are derecognised.

13 DIVIDENDS

During the current period, following the approval at the Annual General Assembly held on 19 March 2017, the Company declared a cash dividend of QR 9 per share totaling to QR 180 million (2016: QR 9 per share, totaling to QR 180 million) relating to the year 2016.

14 INTEREST BEARING LOANS AND BORROWINGS

This loan represents Murabaha facility obtained from Qatar Development Bank on 20 June 2014. The facility carries a profit rate of 3% (2016: 3%) per annum and is payable over 40 quarterly instalments starting 30 September 2016. The Murabaha is presented net of unamortised financing arrangement cost.

The Murabaha was obtained to partially fund an acquisition of a subsidiary in Oman in prior years. 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., the Group's subsidiary in Oman. During the year 2016, there was an additional draw down amounting to QR 50 million by the Group.

15 CONTRIBUTION TO SOCIAL FUND

In accordance with Law No.13 of 2008, the Group has made an appropriation of profit of QR 3.2 million during the nine months period ended 30 September 2017 (2016: QR 3.2 million) equivalent to 2.5% of the adjusted net profit of the Group for the period for the support of sports, cultural, social and charitable activities.

Al Meera Consumer Goods Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2017

16 TRADE AND OTHER PAYABLES

	30 September 2017 (Unaudited) QR	31 December 2016 (Audited) QR
Trade accounts payable	406,453,159	405,232,415
Dividends payable	97,100,306	88,320,607
Payable to contractors	65,094,590	33,542,643
Accrued expenses	36,097,563	37,605,549
Provision for social and sports fund	3,231,472	4,751,925
Provision for deficit in an associate	4,900,021	3,879,717
Deferred rent income	1,043,519	785,916
Other payables	16,813,169	11,386,766
	<u>630,733,800</u>	<u>585,505,538</u>

17 RELATED PARTY DISCLOSURES

a) Related party transactions

Related parties represent associated companies, Government and semi Government agencies, associates, 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. holds 26% of the Company's share 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.

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

	<i>Nine months ended 30 September</i>	
	2017 (Unaudited) QR	2016 QR
<i>Al Oumara Bakeries Company W.L.L. (Associate):</i>		
Sales	<u>3,758,316</u>	<u>2,777,256</u>
Purchase of goods	<u>2,462,465</u>	<u>1,959,724</u>
Sales commission expenses	<u>939,576</u>	<u>694,314</u>
Staff cost expenses	<u>2,425,369</u>	<u>2,138,414</u>
Rent expense	<u>84,678</u>	<u>84,678</u>

b) Related party balances

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

	30 September 2017 Receivables QR	31 December 2016 Receivables QR
Associates	<u>9,687,798</u>	<u>8,477,240</u>

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18 SEGMENT REPORTING

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

- The retail segment, which comprises the buying and selling of consumer goods.
- The investment segment, which comprises equity and funds held as investment securities and fixed deposits.
- The leasing segment, which comprises letting of vacant premises and spaces in malls.

Management monitors the operating results for 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 interim condensed consolidated financial statements.

	<i>Retail QR</i>	<i>Investment QR</i>	<i>Leasing QR</i>	<i>Total QR</i>
<i>Period ended 30 September 2017 (Unaudited):</i>				
Sales	2,107,908,085	-	-	2,107,908,085
Cost of sales	(1,760,784,751)	-	-	(1,760,784,751)
Gross profit	347,123,334	-	-	347,123,334
Shops rental income	-	-	52,605,040	52,605,040
Income from equity investment	-	6,855,203	-	6,855,203
Income from fixed deposits	866,980	2,671,607	-	3,538,587
Other income	4,578,392	-	-	4,578,392
Operating income	352,568,706	9,526,810	52,605,040	414,700,556
General and administrative expenses	(229,268,438)	(1,130,502)	(661,350)	(231,060,290)
Finance costs	(3,110,867)	-	-	(3,110,867)
Depreciation and amortization	(38,155,810)	(790,002)	(3,959,621)	(42,905,433)
Share of loss of an associate	-	(1,020,304)	-	(1,020,304)
Profit for the period before income tax	82,033,591	6,586,002	47,984,069	136,603,662
Income tax benefit	147,507	-	-	147,507
Profit for the period	82,181,098	6,586,002	47,984,069	136,751,169

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18 SEGMENT REPORTING (CONTINUED)

	<i>Retail QR</i>	<i>Investment QR</i>	<i>Leasing QR</i>	<i>Total QR</i>
<i>Period ended 30 September 2016 (Unaudited):</i>				
Sales	1,934,185,083	-	-	1,934,185,083
Cost of sales	<u>(1,620,328,996)</u>	<u>-</u>	<u>-</u>	<u>(1,620,328,996)</u>
Gross profit	313,856,087	-	-	313,856,087
Shops rental income		-	53,324,002	53,324,002
Income from equity investment		10,168,828	-	10,168,828
Income from fixed deposits	4,397,566	1	-	4,397,567
Other income	<u>381,597</u>	<u>493,839</u>	<u>-</u>	<u>875,436</u>
Operating income	318,635,251	10,662,667	53,324,002	382,621,919
General and administrative expenses	(203,770,082)	(1,043,222)	(1,725,700)	(206,539,004)
Finance costs		(2,151,376)	-	(2,151,376)
Depreciation and amortisation	(31,894,728)	(790,003)	(3,027,044)	(35,711,775)
Share of loss of an associate	<u>-</u>	<u>(1,073,990)</u>	<u>-</u>	<u>(1,073,990)</u>
Profit for the period before income tax	82,970,440	5,604,076	48,571,258	137,145,774
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the period	<u>82,970,440</u>	<u>5,604,076</u>	<u>48,571,258</u>	<u>137,145,774</u>

The following table presents segmental assets regarding the Group's business segments for the period ended 30 September 2017 and for the year ended 31 December 2016 respectively.

	<i>Retail QR</i>	<i>Investment QR</i>	<i>Leasing QR</i>	<i>Total QR</i>
Segment assets				
At 30 September 2017 (Unaudited)	<u>1,402,476,608</u>	<u>659,635,220</u>	<u>99,914,674</u>	<u>2,162,026,502</u>
At 31 December 2016 (Audited)	<u>1,623,236,880</u>	<u>423,741,919</u>	<u>143,903,389</u>	<u>2,190,882,188</u>

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18 SEGMENT REPORTING (CONTINUED)

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

	Qatar		Oman		Total	
	30 September 2017 (Unaudited) QR	31 December 2016 (Audited) QR	30 September 2017 (Unaudited) QR	31 December 2016 (Audited) QR	30 September 2017 (Unaudited) QR	31 December 2016 (Audited) QR
Total assets	1,979,624,424	2,006,337,964	182,402,078	184,544,224	2,162,026,502	2,190,882,188
Total liabilities	764,659,531	727,256,447	21,890,249	20,985,963	786,549,780	748,242,410
	Qatar		Oman		Total	
	Nine months ended 30 September 2017 (Unaudited) QR	30 September 2016 (Unaudited) QR	Nine months ended 30 September 2017 (Unaudited) QR	30 September 2016 (Unaudited) QR	Nine months ended 30 September 2017 (Unaudited) QR	30 September 2016 (Unaudited) QR
Total revenue	2,002,295,249	1,834,415,440	105,612,836	99,769,643	2,107,908,085	1,934,185,083
Net income	135,967,844	135,261,021	783,325	1,884,753	136,751,169	137,145,774

19 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial instruments comprise financial assets and financial liabilities.

Financial assets consists of cash and cash equivalents, investments securities, amounts due from related parties and trade and other receivables. Financial liabilities consist of loans and borrowings and trade and other payables.

Fair values

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Valuation methods and assumptions

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, trade receivables, trade payables, and other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of investment securities is derived from quoted market prices in active markets.
- Fair value of unquoted investment securities is estimated using appropriate valuation techniques.

The Group does not hold credit enhancement or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

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19 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

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

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

As at reporting date, the Group held the following financial instruments measured at fair value:

<i>30 September 2017 (Unaudited)</i>				
	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Investment securities:				
Quoted shares	<u>142,498,054</u>	<u>142,498,054</u>	<u>-</u>	<u>-</u>
Un-quoted equity shares	<u>14,352,159</u>	<u>-</u>	<u>-</u>	<u>14,352,159</u>
<i>31 December 2016 (Audited)</i>				
	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Investment securities:				
Quoted shares	<u>145,574,712</u>	<u>145,574,712</u>	<u>-</u>	<u>-</u>
Un-quoted equity shares	<u>14,352,159</u>	<u>-</u>	<u>-</u>	<u>14,352,159</u>

During the period ended 30 September 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The tables above illustrate the classification of the Group's financial instruments based on the fair value hierarchy. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments.

20 CHANGES IN ACCOUNTING POLICIES

As explained in accounting policies (Note 2), the Group has early adopted IFRS 9 as issued in July 2014 with an initial application date of 1 January 2016, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in IFRS 9, comparative amounts of 31 December 2015 have not been restated.

The accounting policies were changed to comply with IFRS 9 as issued by the IASB in July 2014. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

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20 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Classification and measurement of financial instruments

The impact of these changes are as follows:

(i) Retained earnings

	<i>QR</i>
Retained earnings as at 31 December 2015 (as previously reported)	273,927,930
Decrease in provision for trade accounts receivable	(569,877)
Increase in provision for term deposits at amortised cost	<u>569,877</u>
Adjustment to retained earnings on early adoption of IFRS 9	<u>-</u>
Retained earnings as at 1 January 2016 (adjusted)	<u><u>273,927,930</u></u>

(ii) There were no significant impact on the revenues, operating profit or profit for the 6 months period ended 30 June 2016.

(iii) Equity investments previously classified as available-for-sale

The Group elected to present in Other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale, as these investments are not held for trading. As a result, assets with a fair value of QR 210,262,821 were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income (FVOCI) and fair value loss of QR 11,943,444 were reclassified from the available-for-sale financial assets reserve to the financial assets at FVOCI reserve on 1 January 2016. There is no longer any reclassification of amounts from reserves to profit or loss on the disposal of these equity instruments.

(iv) Other reserves:

	<i>Effect on AFS reserves QR</i>	<i>Effect on FVOCI reserve QR</i>	<i>Effect on retained earnings QR</i>
Other reserves – 1 January 2016			
Opening balance	(11,943,444)	-	-
<i>Adjustment on early adoption of IFRS 9</i>			
Reclassify non-trading equities from AFS to FVOCI	<u>11,943,444</u>	<u>(11,943,444)</u>	<u>-</u>
Opening balance	<u>-</u>	<u>(11,943,444)</u>	<u>-</u>

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20 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Classification and measurement of financial instruments

(v) Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, 1 January 2016, the classification and measurement of financial instruments of the Group were as follows,

Financial assets – 1 January 2016

	<i>Measurement category</i>		<i>Carrying amounts</i>		
	<i>Original (IAS 39)</i>	<i>New (IFRS 9)</i>	<i>Original QR</i>	<i>New QR</i>	<i>Difference QR</i>
Non-current financial assets					
Investment securities	<i>Available for sale</i>	<i>FVOCI</i>	210,262,821	210,939,862	677,041
Current financial assets					
Trade accounts receivables	<i>Amortised cost</i>	<i>Amortised cost</i>	13,832,546	13,832,546	-
Cash and cash equivalents	<i>Amortised cost</i>	<i>Amortised cost</i>	471,522,458	471,522,458	-
Other receivables	<i>Amortised cost</i>	<i>Amortised cost</i>	26,005,223	26,005,223	-

(b) Impairment of financial assets

The Group has the following two types of financial assets subject to IFRS 9's new expected credit loss model:

- Trade accounts receivable
- Other financial assets carried at amortised cost

The Group is required to revise its impairment methodology under IFRS 9 for each of these classes of assets.

The impact of the change in impairment methodology on the Group's equity as of 1 January 2016 is disclosed in the table above.