AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.
DOHA -QATAR

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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QR. 99-8

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Al Meera Consumer Goods Group Q.P.S.C.
Doha, Qatar

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Meera Consumer Goods Group Q.P.S.C (the "Parent Group") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting 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.

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*
Impairment of goodwill As at 31 December 2023, the carrying value of goodwill amounted to QR. 344 million, or 12% of total assets as disclosed in Note 12. 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. 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 12 to the consolidated financial statements. The determination of the recoverable amount is mainly based on discounted future cash flows. 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.	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: • Understanding the business process for the impairment assessment, identifying the relevant internal controls and assessing whether those controls have been appropriately designed and implemented. • 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. • Reviewing underlying data for each such asset (or CGU, as applicable) to assess the accuracy of the computations and the overall reasonableness of key assumptions. • Assessing the methodology used by the Group to estimate the Weighted Average Cost of Capital (WACC). • Performing a 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. We assessed the disclosure in the financial statements relating to this matter against the requirements of IFRSs.

Key Audit Matters (continued)

Key Audit Matters	*How our audit addressed the key audit matter*
Revenue recognition The Group recognised revenue of QR. 2.8 billion during the year ended 31 December 2023. Revenue 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 the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment. Revenue recognition is considered a key audit matter given the complexity of the IT systems involved, the significance of the amount to the consolidated financial statements and the high volume of transactions and changes caused by price updates and promotional offers affecting the various products and services offered. Revenue for the year is disclosed in note 5 to the consolidated financial statements.	We performed the following procedures, inter alia, to address the key audit matter: We inquired with the sales and marketing department and other process owners to understand the revenue recognition process. We assessed the controls over revenue recognition to determine if they had been appropriately designed and implemented and were operating effectively. 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. We assessed the Group's revenue recognition policies against the requirements of IFRSs. We performed a statistical regression analysis on revenue using cost of sales as a predicting variable. We agreed the revenue recorded in the point of sales system, on a sample basis, to the revenue recorded in the accounting records and supporting documentation. We selected revenue transactions recorded just before and after the reporting date, on a sample basis, and determined that these transactions have been recorded I the correct accounting period. We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Key Audit Matters (continued)

Key Audit Matters	*How our audit addressed the key audit matter*
Change in the Enterprise Resource Planning (ERP) System On 1 July 2023, the group migrated to a new ERP system in order to meet its reporting objectives and to increase efficiencies by automating processes and controls. The implementation of the ERP system resulted in many changes to the Group’s key processes and controls which are used to determine the amounts presented in the consolidated financial statements. These controls need to meet the following objectives, amongst others: • Protect the IT infrastructure, including the data and applications residing within the IT infrastructure; • Ensure transactions are processed correctly; and • Limit the potential for misstatements to the underlying data and information produced by the application Management’s migration strategy, led by an internal steering committee, included the following: • Performing a reconciliation of the account balances to ensure that the migrated values matched to those in the original system as at the date of migration; • Uploading the reconciled data to the new general ledger system after confirmation of the accuracy of the amounts and agreeing these amounts to the abovementioned reconciliation; • Testing the functionality and accuracy of the changes to the relevant processes and controls; and • Setting appropriate user access on the new general ledger system. Inaccurate migration of data, unauthorised or extensive access rights increases the risk of intended or unintended manipulation of data that could have a material effect on the amounts reported in the consolidated financial statements. Therefore, we considered this area as a key audit matter.	We performed the following procedures, inter alia, relating to this matter: We obtained an understanding of management’s ERP system implementation and data migration strategy to identify the methodology followed by the Group for the system migration and identified risks associated with the new ERP system. We identified relevant controls related to the governance of the ERP implementation and data migration, including project and change management, and assessed these controls to determine if they had been appropriately designed and implemented. We tested IT general controls over the new ERP system, including access security, system implementation, program changes, data center and network operations to determine if these controls were operating effectively. We considered the effects of exceptions in the testing on our overall audit strategy, which included identifying and testing mitigating controls, including manual controls. We performed following procedures to test the migration of data between the systems: • We agreed the amounts reported in the accounting records in the legacy system as at 30 June 2023 to the amounts reported in the accounting records in the new system at this date; and • We reviewed the data after migration to determine that the accounts and amounts were correctly transferred to the new application software.

Other Information

Management is responsible for the other information. The other information comprises the Annual 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

- 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 those charged with governance, 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 the Qatar 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 its subsequent amendments and the Group's Articles of Associations were committed during the year which would materially affect the Group's financial position or its financial performance.

Doha -Qatar
30 March 2024

For **Deloitte & Touche**
Qatar Branch

دیلویت أند توش
Public Accountants
DELOITTE & TOUCHE

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

AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	2023	2022
		QR.	QR.
Sales	5	**2,836,516,511**	2,811,355,726
Cost of sales	6	**(2,287,556,794)**	(2,262,500,117)
Gross profit		**548,959,717**	548,855,609
Rental income		**85,730,305**	83,172,418
Other income	7	**34,560,285**	21,200,664
General and administrative expenses	8	**(355,426,778)**	(317,873,766)
Depreciation and amortisation	10,11 & 13	**(110,607,664)**	(119,356,716)
Share of loss of an associate	15	**(29,964)**	(27,601)
Finance costs	34	**(22,128,109)**	(20,122,147)
Profit before tax		**181,057,792**	195,848,461
Income tax expense	9	**(937,189)**	(299,894)
Profit for the year		**180,120,603**	195,548,567
Attributable to:			
Equity holders of the parent		**181,146,545**	196,605,454
Non-controlling interests	33	**(1,025,942)**	(1,056,887)
		180,120,603	195,548,567
Earnings per share			
Basic and diluted earnings per share attributable to equity holders of the parent	31	**0.88**	0.95

DELOITTE & TOUCHE
Doha-Qatar
30 MAR 2024
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AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 QR.	2022 QR.
Profit for the year		**180,120,603**	195,548,567
Other comprehensive income			
Items that will not be reclassified subsequently to consolidated statement of profit or loss			
Net change in the fair value of financial assets at fair value through other comprehensive income	14	**(7,876,399)**	1,752,511
Total comprehensive income for the year		**172,244,204**	197,301,078
Attributable to:			
Equity holders of the parent		**173,270,146**	198,357,965
Non-controlling interests		**(1,025,942)**	(1,056,887)
		172,244,204	197,301,078

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30 MAR 2024

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AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 QR.	2022 QR.
ASSETS			
Non-current assets			
Property and equipment	10	**1,275,033,051**	1,214,493,482
Right-of-use assets	11	**204,478,852**	290,399,316
Goodwill	12	**344,097,998**	344,097,998
Intangible assets	13	**5,918**	116,794
Financial assets at fair value through other comprehensive income	14	**385,271,106**	367,024,588
Deferred tax assets	9	**936,596**	620,398
Investment in associate	15	**--**	--
Other non-current assets	17	**14,991,966**	15,231,166
Total non-current assets		**2,224,815,487**	2,231,983,742
Current assets			
Inventories	16	**345,033,100**	301,977,975
Trade and other receivables	17	**83,881,868**	125,537,890
Amounts due from a related party	26	**19,713,838**	19,640,595
Restricted bank balances	18	**79,002,434**	86,713,562
Cash and bank balances	19	**158,828,124**	197,528,169
Total current assets		**686,459,364**	**731,398,191**
TOTAL ASSETS		**2,911,274,851**	2,963,381,933
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**206,000,000**	200,000,000
Legal reserve	21	**901,289,603**	901,289,603
Optional reserve	21	**21,750,835**	21,750,835
Fair value reserve	21	**24,631,894**	22,224,122
Retained earnings		**488,179,840**	417,820,481
Equity attributable to equity holders of the parent		**1,641,852,172**	1,563,085,041
Non-controlling interests	33	**38,201,073**	39,227,015
Total equity		**1,680,053,245**	1,602,312,056
Non-current liabilities			
Loans and borrowings	22	**284,500,740**	244,052,206
Lease liabilities	24	**182,837,794**	249,209,343
Employees' end of service benefits	23	**46,262,181**	44,785,409
Retentions payable	25	**6,275,488**	3,668,958
Deferred tax liability	9	**1,114,987**	--
Total non-current liabilities		**520,991,190**	541,715,916
Current liabilities			
Trade and other payables	25	**622,020,753**	714,095,406
Lease liabilities	24	**42,833,825**	61,893,810
Loans and borrowings	22	**45,375,838**	43,364,745
Total current liabilities		**710,230,416**	819,353,961
Total liabilities		**1,231,221,606**	1,361,069,877
TOTAL EQUITY AND LIABILITIES		**2,911,274,851**	2,963,381,933

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

Mr. Ali Hilal Ali Omran Al- Kuwari
Vice Chairman

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

AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Equity attributable to equity holders of the parent							
	Share capital	**Legal reserve**	**Optional reserve**	**Fair value reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	QR.	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
Balance at 1 January 2022	200,000,000	901,289,603	21,750,835	56,070,081	370,111,373	1,549,221,892	40,283,902	1,589,505,794
Profit for the year	--	--	--	--	196,605,454	196,605,454	(1,056,887)	195,548,567
Reclassification of gains on sale of financial assets at fair value through other compr ehensive income	--	--	--	(35,598,470)	35,598,470	--	--	--
Net change in fair value of financial assets (Note 14)	--	--	--	1,752,511	--	1,752,511	--	1,752,511
Appropriation for contribution to social and sports fund (Note 30)	--	--	--	--	(4,494,816)	(4,494,816)	--	(4,494,816)
Dividends paid (Note 29)	--	--	--	--	(180,000,000)	(180,000,000)	--	(180,000,000)
Balance at 31 December 2022	200,000,000	901,289,603	21,750,835	22,224,122	417,820,481	1,563,085,041	39,227,015	1,602,312,056
Profit for the year	--	--	--	--	181,146,545	181,146,545	(1,025,942)	180,120,603
Reclassification of loss on sale of financial assets at fair value through other comprehensive income	--	--	--	10,284,171	(10,284,171)	--	--	--
Net change in fair value of financial assets (Note 14)	--	--	--	(7,876,399)	--	(7,876,399)	--	(7,876,399)
Appropriation for contribution to social and sports fund (Note 30)	--	--	--	--	(4,503,015)	(4,503,015)	--	(4,503,015)
Bonus shares issued (Note 20)	6,000,000				(6,000,000)	--		--
Dividends paid (Note 29)	--	--	--	--	(90,000,000)	(90,000,000)	--	(90,000,000)
Balance at 31 December 2023	**206,000,000**	**901,289,603**	**21,750,835**	**24,631,894**	**488,179,840**	**1,641,852,172**	**38,201,073**	**1,680,053,245**

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Doha-Qatar
30 MAR 2024
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AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023	2022
		QR.	QR.
OPERATING ACTIVITIES			
Profit before tax		**181,057,792**	195,848,461
Adjustments for:			
Depreciation and amortisation	10,11&13	**110,607,664**	119,356,716
Interest income	7	**(5,432,945)**	(4,520,524)
Provision for/(reversal of) credit loss allowance	17 & 19	**7,363,357**	(456,282)
Provision for employees' end of service benefits	23	**6,338,673**	7,407,990
Provision for slow moving inventories – net	16	**5,138,898**	1,515,846
Share in loss of an associate	15	**29,964**	27,601
Gain on disposal of property and equipment		**(65,345)**	(35,179)
Dividend income	7	**(23,267,812)**	(15,755,943)
Finance costs	34	**22,128,109**	20,122,147
Operating profit before changes in working capital		**303,898,355**	323,510,833
Working capital changes:			
Inventories		**(48,194,022)**	(95,030,924)
Trade and other receivables		**36,875,233**	(74,257,270)
Amounts due from related parties		**(73,243)**	(295,954)
Trade and other payables		**(78,151,778)**	137,473,034
Cash flows from operating activities		**214,354,545**	291,399,719
Employees' end of service benefits paid	23	**(4,861,901)**	(5,670,546)
Income tax paid		**(127,756)**	(176,405)
Payment of contribution to social and sports fund		**(4,494,816)**	(4,618,114)
Net cash flows from operating activities		**204,870,072**	280,934,654
INVESTING ACTIVITIES			
Purchase of financial assets at fair value through other comprehensive income	14	**(214,947,451)**	(332,820,264)
Proceeds from sale of financial assets at fair value through other comprehensive income	14	**188,824,534**	323,126,836
Purchase of property and equipment		**(131,060,716)**	(68,124,340)
Proceeds from disposal of property and equipment		**1,242,713**	211,887
Net movement in deposits maturing after 90 days		**--**	17,100,000
Net movement in restricted bank accounts	18	**7,711,128**	(4,380,658)
Dividends received	7	**23,267,812**	15,755,943
Interest received		**6,233,029**	3,781,789
Net cash flows used in investing activities		**(118,728,951)**	(45,348,807)

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30 MAR 2024

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AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023	2022
		QR.	QR.
FINANCING ACTIVITIES			
Dividends paid		**(97,711,178)**	(175,575,471)
Net movement in loans and borrowings		**41,079,051**	(30,594,469)
Repayment of principal portion of lease liabilities		**(45,153,922)**	(48,785,076)
Repayment of interest portion of lease liabilities		**(8,647,927)**	(14,380,264)
Finance costs paid		**(14,543,061)**	(11,689,731)
Net cash flows used in financing activities		**(124,977,037)**	(281,025,011)
Net decrease in cash and cash equivalents		**(38,835,916)**	(45,439,164)
Cash and cash equivalents at 1 January		**197,664,040**	243,103,204
Cash and cash equivalents at 31 December	19	**158,828,124**	197,664,040

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30 MAR 2024

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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 Group with a capital of QR 100,000,000, thus, incorporating a new Group Al Meera Consumer Goods Group Q.P.S.C (the "Group"), which is governed by the Qatar Commercial Companies Law No. 11 of 2015. The Group was registered under commercial registration number 29969 on 2 March 2005. The Group'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 regulations of Qatar Financial Markets Authority in 2019, the Group implemented a 10 for 1 share split with par value of QR. 1 per share which resulted in increase in share capital to 200,000,000 shares with nominal value of QR. 1 per share.

On 9 April 2023 upon obtaining approval from the shareholders in the Annual General Meeting, the Company issued 6,000,000 bonus shares at the rate of 3 shares for every 100 shares held by the shareholders, which resulted in increase in share capital to 206,000,000 shares with nominal value of QR. 1 per share.

The Group 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 is listed on the Qatar Stock Exchange and 26% ownership of the Group 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 30 March 2024.

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

			Group effective shareholding percentage	
Name of subsidiaries and associates	***Country of incorporation***	***Relationship***	***2023***	*2022*
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 Logistics Services Company W.L.L.	Qatar	Subsidiary	**100%**	100%
Al Oumara Bakeries Company W.L.L.	Qatar	Associate	**51%**	51%
Al Meera Oman S.A.O.C	Oman	Subsidiary	**70%**	70%
Al Meera Markets S.A.O.C	Oman	Subsidiary	**70%**	70%

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES (CONTINUED)

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 immoveable 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 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.

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. The Company has temporarily ceased operations till further restructuring.

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.

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.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS Accounting Standards)

The material accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the IASB and International Financial Reporting Interpretations Committee ("IFRIC") interpretations effective as of 1 January 2023:

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

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these financial statements.

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17)	1 January 2023

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS Accounting Standards) (CONTINUED)

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

New and revised IFRS Accounting Standards	**Effective for annual periods beginning on or after**
IFRS 17 Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17) (continued)	1 January 2023
IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.	
For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies	1 January 2023
The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.	
The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.	

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS Accounting Standards) (CONTINUED)

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

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	1 January 2023

The IASB has amended IAS 8 to define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting policies may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

The IASB has retained the concept of changes in accounting estimates in the Standard, even though the definition was deleted, with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The amendments provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS Accounting Standards) (CONTINUED)

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

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)	1 January 2023

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

Amendments to IAS 12 Income Taxes —International Tax Reform—Pillar Two Model Rules	1 January 2023

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes

Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

The group is not impacted by these changes to the IAS.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS Accounting Standards) (CONTINUED)

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

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IAS 12 Income Taxes The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.	1 January 2023

2.2 New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted

The Group has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.	January 1, 2024. Early application permitted

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS Accounting Standards) (CONTINUED)

2.2 New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted (continued)

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current (continued)	1 January 2024. Early application permitted
The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	
In November 2022, IAS 1 has been amended to specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or noncurrent.	
An entity is required to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.	
The 2022 amendments deferred the effective date of the amendments to *IAS 1 Classification of Liabilities as Current or Non-current* published in January 2020 by one year to annual reporting periods beginning on or after 1 January 2024.The amendments are applied retrospectively.	
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption/ effective date deferred indefinitely
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS Accounting Standards) (CONTINUED)

2.2 New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted (continued)

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 1, 2024. Early application permitted

The amendments requires a seller-lessee to subsequently measure lease liabilities by determining "lease payments" and "revised lease payments" arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements	January 1, 2024. Earlier application is permitted

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- *The terms and conditions of the arrangements*
- *The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements;*
- *The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;*
- *Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement;*
- *Liquidity risk information*

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS Accounting Standards) (CONTINUED)

2.2 New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted (continued)

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements (continued)	1 January 2024 Earlier application is permitted
The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.	
Amendments to IAS 1 Presentation of Financial Statements – Non-Current Liabilities with Covenants	1 January 2024
In January 2020, the IASB issued amendments to IAS 1 – Classification of Liabilities as Current or Non-current (the 2020 Amendments). One of the requirements prescribed by the 2020 Amendments related to the classification of liabilities subject to covenants (e.g. a bank loan where the lender may demand accelerated repayment if financial covenants are not met). The 2020 Amendments provided that if an entity's right to defer settlement is subject to the entity complying with specified conditions, the right exists at the end of the reporting period only if the entity complies with those conditions at the end of the reporting period. Several concerns were raised about the outcome of these requirements, therefore, the mandatory effective date was deferred. In order to address these concerns, the IASB has now issued the 2022 Amendments.	
The 2022 Amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. An entity is required to disclose information about these covenants in the notes to the financial statements.	
The Amendments address the concerns raised by stakeholders on the effects of the amendments to IAS 1 Classification of Liabilities as Current or Non-current related to classification of liabilities with covenants. Under the 2022 Amendments, a covenant affects whether right to defer settlement exists at the end of the reporting period if compliance with the covenant is required on or before the end of the reporting period.	
The amendments are applied retrospectively with early application permitted.	

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS Accounting Standards) (CONTINUED)

2.2 New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted (continued)

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IAS 21 - Lack of Exchangeability	1 January 2025. Earlier application is permitted
An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	

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

3. MATERIAL ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB). The consolidated financial statements comply with the 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

These 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

These consolidated financial statements include the financial statements of the Group and the financial statements of the entities controlled by the Group and its subsidiaries and associate. 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:

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

- 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.

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 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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

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 12.

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Sale of goods – retail (continued)

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, as described in estimate for stand-alone selling price – Al Meera Rewards Loyalty Programme. 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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

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.

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.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

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).

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 or has legal obligations. Goodwill relating to associates are included in the carrying amounts of the investment and are not amortised.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investment in associates (continued)

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.

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

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.

(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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

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

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.

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)

(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.

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.

(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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)

(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.

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

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

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

Accounting policy for the period from 1 January 2023 to 30 June 2023

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Inventories (continued)

Accounting policy effective from 1 July 2023

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 weighted average cost 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.

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Employees' end of service benefits (continued)

(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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Taxes (continued)

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.

Leases

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as lessee (continued)

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 revise 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.

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as lessee (continued)

(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.

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 as 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:

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

Critical judgments (continued)

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 goods are sold and 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.

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

Critical judgments (continued)

Revenue from contracts with customers (continued)

Principal versus agent consideration (continued)

The assessment requires an analysis of key indicators, specifically whether the Group (in addition to other factors):

- 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.

Although the trading agreements refer to mutually agreed pricing of products sold, the Group has leverage and does in fact set the prices based on input from the trading suppliers. Further, based on management's best judgment, inventory risk is carried by the Group as the mechanism of determining the fees payable to suppliers takes inventory losses into account.

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.

Capitalisation of borrowing costs

As described in note 3, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. Capitalisation of borrowing costs commences when the Group incurs cost and undertakes activities that are necessary to prepare the assets for its intended use. Borrowing cost recognised during the year are disclosed in Note 10.

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).

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

Critical judgments (continued)

Revenue from contracts with customers (continued)

Determining the lease term (continued)

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, which exceed the lease term in some cases (after the reasonably certain extension).

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 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.

Recognition of goodwill at CGU level

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group allocated goodwill to cash-generating units, where each country / group of retail outlets represents a cash-generating unit for the Group's retail operations, as this represents the lowest level at which goodwill is monitored by management. In doing so, management has used its best judgment to conclude that the cash inflows of a CGU, is independent from inflows of other assets and CGU's. This conclusion was made on the basis of how management monitors the Group operations, taking into account interdependence between cash inflows from each locations resulting from revenue substitution.

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

Critical judgments (continued)

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 associates, joint ventures and subsidiaries

The appropriate classification of certain investments as subsidiaries, associates and joint ventures requires significant analysis and management judgement as to whether the Group exercises control, significant influence or joint control over the investments. This may involve consideration of a number of factors, including ownership and voting rights, the extent of board of directors' representations, contractual arrangements and indicators of defacto control.

Changes to these indicators and management's assessment of the Power to control or influence may have a material impact on the classification of such investments and the Group's financial position, revenue and results.

The Group has classified its greater than 50% interest in Al Oumara Bakeries Group 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 Group 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 expire within one year, 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 2023, the estimated liability for unredeemed points was QR. 2,213,297 (2022: QR. 2,760,044) (Note 25).

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

Estimates (continued)

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.

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

Estimates (continued)

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 amortization charge would be adjusted where the management believes the useful lives differ from previous estimates.

Reference to Note 10 to the consolidated financial statements. The Group has made a key judgment related to the useful lives of the buildings built on leased lands (with shorter lease terms than the estimated useful lives). The costs of those buildings are depreciated over the useful lives as management is confident that the term of the underlying leases will be extended.

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 Group W.L.L. and Al Meera Market S.A.O.C., 10.3% and 7.6% respectively (2022: 6.9% and 7.6%) and terminal growth rate of 2.0% and 2.0%, respectively (2022: 2.0% and 2.0%).

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.

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).

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

Estimates (continued)

Provision for expected credit losses of trade receivables and other financial assets (continued)

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 35.

5. SALES

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

	2023	2022
	QR.	QR.
Sale of goods – at a point in time		
Retail	**2,798,610,503**	2,784,819,248
Wholesale – corporate sales	**37,906,008**	26,536,478
	2,836,516,511	2,811,355,726

6. COST OF SALES

The Group cost of sales consist of inventory cost, shrinkage and wastage incurred, netted off against rebates received from suppliers.

	2023	2022
	QR.	QR.
Cost of inventory	**2,259,023,938**	2,242,127,791
Other direct cost	**28,532,856**	20,372,326
	2,287,556,794	2,262,500,117

7. OTHER INCOME

	2023	2022
	QR.	QR.
Dividend income	**23,267,812**	15,755,943
Interest income	**5,432,945**	4,520,524
Miscellaneous income	**5,859,528**	924,197
	34,560,285	21,200,664

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
	QR.	QR.
Salaries, wages and other benefits	**219,074,182**	206,869,816
Water and electricity	**34,162,527**	27,351,638
Repairs and maintenance	**20,476,539**	20,396,884
Bank charges, commission and credit card charges	**17,012,129**	17,887,549
Short term rent and staff accommodation expenses	**15,960,306**	9,490,614
Advertisement expenses	**9,654,269**	10,102,881
Board of Directors' remuneration (Note 26)	**7,578,520**	7,756,200
Vehicle and insurance expenses	**5,127,261**	5,145,099
Telephone and postage	**3,697,323**	3,488,319
Professional fees (i)	**5,830,742**	2,886,523
Printing and stationery	**1,858,703**	2,156,175
Travel expenses	**343,595**	192,555
Provision for/(reversal of) credit loss allowance (Notes 17 and 19)	**7,363,357**	(456,282)
(Reversal of)/provision for slow moving inventory (Note 16)	**(2,228,729)**	2,252,633
Other expenses	**9,516,054**	2,353,162
	355,426,778	317,873,766

(i) Professional fees include audit and assurance services fee of QR. 1,603,200 (2022: QR. 1,254,200).

9. INCOME TAX

The major components of income tax expenses is as follows:

	2023	2022
	QR.	QR.
Income tax expense	**138,400**	146,176
Deferred income tax	**798,789**	153,718
Income tax expense reported in the consolidated statement of profit or loss	**937,189**	299,894

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.

10. 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.
Cost:									
At 1 January 2023	36,302,975	1,124,016,618	295,894,748	22,923,636	61,567,198	49,991,927	129,885,635	105,892,655	1,826,475,392
Additions	--	1,712,591	6,122,582	263,040	488,640	3,645,447	5,557,233	116,095,175	133,884,708
Disposals	--	(14,500)	(157,764)	(59,504)	(12,791)	(689,183)	--	(540,606)	(1,474,348)
Transfers	--	64,224,921	8,443,077	--	336,437	11,650,464	13,051,685	(97,706,584)	--
Reclassifications	--	(4,000)	132,433	--	(132,433)	--	4,000		--
At 31 December 2023	36,302,975	1,189,935,630	310,435,076	23,127,172	62,247,051	64,598,655	148,498,553	123,740,640	1,958,885,752
Accumulated Depreciation:									
At 1 January 2023	--	214,950,228	209,308,386	18,641,188	51,675,416	41,989,470	75,417,222	--	611,981,910
Charge for the year	--	28,634,405	21,306,406	1,255,319	4,055,252	4,093,887	12,822,502	--	72,167,771
Relating to disposals	--	(4,326)	(116,636)	(59,262)	(4,940)	(121,432)	9,616	--	(296,980)
Reclassifications	--	(799)	131,879	--	(131,879)	--	799	--	--
At 31 December 2023	--	243,579,508	230,630,035	19,837,245	55,593,849	45,961,925	88,250,139	--	683,852,701
Net book value:									
At 31 December 2023	**36,302,975**	**946,356,122**	**79,805,041**	**3,289,927**	**6,653,202**	**18,636,730**	**60,248,414**	**123,740,640**	**1,275,033,051**

Notes:

(i) Buildings with a carrying amount of QR. 600,729,310 (2022: 614,242,805) were constructed on leased plots of land from Government of Qatar. These plots of land were acquired on leases for a 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 a period of time exceeding the useful life of these buildings.

(ii) The capital work-in-progress includes constructions of new supermarkets and major renovation of existing supermarkets. The amount of amortisation on right-of-use asset and interest expense on lease liabilities capitalised during the year ended 31 December 2023 amounted to QR. 339,659 and QR. 416,252 (2022: QR. 482,891 and QR. 498,654), respectively.

(iii) During the year ended 31 December 2023, the Group has capitalised borrowing cost amounting to QR. 2,109,957 (2022: QR. 4,007,901) of loans in State of Qatar and Sultanate of Oman for which the Group has obtained to finance the acquisition of two properties in the State of Qatar and the construction of a new mall in Sultanate of Oman (Notes 22 and 34).

(iv) As of the reporting date, the Group has 31 (2022: 31) plots of land granted by the Government of Qatar at nominal values in the books.

(v) The Group holds some items of equipment on behalf of third parties of QR. 8,728,382 (2022: QR. 8,728,382) which are not included in these consolidated financial statements.

10. 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.
Cost:									
At 1 January 2022	5,922,495	1,037,761,462	283,862,229	19,681,202	59,800,097	45,797,231	122,756,074	182,549,675	1,758,130,465
Additions	--	125,430	5,278,561	3,361,241	863,913	4,092,576	5,201,837	55,055,595	73,979,153
Disposals	--	(212,532)	(650,888)	(117,967)	(426,140)	(54,240)	(4,172,459)	--	(5,634,226)
Transfers	30,380,480	89,648,082	7,105,648	--	1,631,685	163,960	2,782,760	(131,712,615)	--
Reclassifications	--	(3,305,824)	299,198	(840)	(302,357)	(7,600)	3,317,423	--	--
At 31 December 2022	36,302,975	1,124,016,618	295,894,748	22,923,636	61,567,198	49,991,927	129,885,635	105,892,655	1,826,475,392
Accumulated Depreciation:									
At 1 January 2022	--	192,148,540	187,560,666	17,529,844	47,904,979	38,138,800	65,810,521	--	549,093,350
Charge for the year	--	24,906,344	21,932,531	1,224,307	4,571,328	3,866,912	11,844,660	--	68,346,082
Relating to disposals	--	(6,960)	(574,717)	(112,125)	(410,488)	(9,905)	(4,343,327)	--	(5,457,522)
Reclassifications	--	(2,097,696)	389,906	(838)	(390,403)	(6,337)	2,105,368	--	--
At 31 December 2022	--	214,950,228	209,308,386	18,641,188	51,675,416	41,989,470	75,417,222	--	611,981,910
Net book value:									
At 31 December 2022	36,302,975	909,066,390	86,586,362	4,282,448	9,891,782	8,002,457	54,468,413	105,892,655	1,214,493,482

11. RIGHT-OF-USE ASSETS

The Group leases several assets including land, buildings and warehouses. The average lease term ranges from 3 to 25 years (2022: 3 to 25 years). Rental contracts are typically for extendable fixed periods of time.

Below is the movement in the right-of-use assets:

	2023	2022
	QR.	QR.
Balance at 1 January	**290,399,316**	314,007,625
New leases added during the year	**10,425,373**	30,850,972
Contract modifications	**(142,681)**	(307,050)
Derecognition of right-of-use assets	**(54,583,045)**	--
Amortisation of right-of-use of assets	**(38,329,017)**	(50,821,287)
Amortisation of right-of-use of assets transferred to other receivables	**(2,951,435)**	(2,848,653)
Transferred to work-in-progress	**(339,659)**	(482,291)
Balance at 31 December	**204,478,852**	290,399,316

<u>Amounts recognised in profit and loss</u>

	2023	2022
	QR.	QR.
Amortisation expense on right-of-use assets	**38,329,017**	50,821,287
Expense relating to short-term leases (Note 8)	**15,960,306**	9,490,614

During the year, amortisation on right-of-use assets amounting to QR. 339,659 (2022: QR. 482,291) was capitalised to work-in-progress.

The Group holds some inventory items on behalf of a third party at its warehouse. The amortisation share in respect of leasing costs is transferred and recovered from the third party. During the year the Group has charged back QR 2,951,435 (2022: QR. 2,848,653).

12. GOODWILL

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

	2023	2022
	QR.	QR.
Qatar Markets Group W.L.L.	**227,028,986**	227,028,986
Al Meera Market S.A.O.C.	**117,069,012**	117,069,012
	344,097,998	344,097,998

Qatar Markets Group W.L.L.:

The recoverable amounts of this 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 10.3% (2022: 9.6%). These projections reflect past experience and future plans of the Group. The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast.

12. GOODWILL (CONTINUED)

Qatar Markets Group W.L.L. (continued):

The cash flows beyond five-year period is extrapolated using a steady growth rate of 2.0% (2022: 2.0%), which is the projected long term growth rate of the Group.

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.

Al Meera Market S.A.O.C.:

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 7.6% (2022: 7.6%). 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% (2022: 2.0%), which is the projected long term growth rate of the Group.

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 2023 and 2022.

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

13. INTANGIBLE ASSETS

These represents customer contracts and non-compete agreement acquired as part of business combination and computer software. These assets are amortised over its useful economic lives.

The movements are as follows:

	2023	2022
	QR.	QR.
Cost:		
At 1 January	**18,030,325**	18,030,325
Additions for the year	**--**	--
At 31 December	**18,030,325**	18,030,325
Amortisation:		
At 1 January	**17,913,531**	17,724,184
Charge for the year	**110,876**	189,347
At 31 December	**18,024,407**	17,913,531
Net book value at 31 December	**5,918**	116,794

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023	2022
	QR.	QR.
Quoted equity shares	**268,908,483**	359,037,200
Investment in fund	**105,970,336**	--
Unquoted equity shares	**10,392,287**	7,987,388
	385,271,106	367,024,588

Notes:

(i) The above quoted equity investments are managed by reputable assets managers, who take investment decisions on behalf of the Group. The group has control and title to these investments.

(ii) Quoted equity investments include investments in Qatar of QR. 268,908,483 (2022: QR. 295,622,352) and QR. Nil (2022: QR. 63,414,848) outside Qatar.

(iii) The Company converted certain investment in quoted equity shares into a fund structure and carried the investment in units at fair value through other comprehensive income (FVTOCI). The investment in fund is managed by a reputable portfolio manager.

(iv) The capital from the fund is invested in portfolio of equity securities of listed companies within the GCC. The fund's underlying equity portfolio are denominated in different GCC currency such as Saudi Riyals (SAR), UAE Dirhams (AED), Kuwaiti Dinar (KWD), Omani Riyals (RO) and Qatari Riyals (QAR).

(v) Upon disposal of these investments, any balances within the OCI reserve is reclassified to retained earnings and is not reclassified to profit or loss.

(vi) The movements in these financial assets at fair value through other comprehensive income are as follows:

	2023	2022
	QR.	QR.
At 1 January	**367,024,588**	355,578,649
Additions	**214,947,451**	332,820,264
Cost of disposals	**(199,108,705)**	(287,528,366)
Realised loss/(gain) on disposals	**10,284,171**	(35,598,470)
Net changes in fair value	**(7,876,399)**	1,752,511
At 31 December	**385,271,106**	367,024,588

The fair value of equity shares disposed during the year, at the date of disposal was QR. 188 million (2022: QR. 323 million). Dividend recognized during the year from investment held at FVTOCI amounts to QR. 23 million (2022: QR. 15 million).

The Group designates its investment in funds and equity shares, at initial recognition, at fair value through other comprehensive income as the Group believes that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

15. INVESTMENT IN ASSOCIATE

The Group has the following investment in associate:

Name of associate	*Principal activity*	*Place of incorporation and operation*	*Proportion of ownership interest* 2023 %	*Proportion of ownership interest* 2022 %
Al Oumara Bakeries Group W.L.L.	Manufacture and sale of bakery products	Qatar	51%	51%

The movement of investment in associate is as follows:

	2023 **QR.**	2022 QR.
At 1 January	**--**	--
Provision recorded on Al Oumara Bakeries Group W.L.L. as at 1 January (Note 25)	**(10,423,290)**	(10,395,685)
Share of results for the year	**(29,964)**	(27,601)
Presented separately as a provision for deficit in an associate on Al Oumara Bakeries Group W.L.L. (Note 25)	**10,453,254**	10,423,286
At 31 December	**--**	--

The following table is the summarised financial information of the Group's investment in associate:

	2023 **QR.**	2022 QR.
Group's share of associate's statement of financial position:		
Current assets	**1,369,174**	231,296
Non-current assets	**35,605**	34,101
Current liabilities	**(21,901,354)**	(10,688,683)
Carrying amount of the investee	**(20,496,575)**	(10,423,286)
Group's share of associate's revenue and results:		
Sales	**--**	--
Share of results	**(58,753)**	(27,601)

16. INVENTORIES

	2023 **QR.**	2022 QR.
Finished goods	**367,695,530**	318,884,376
Consumables and spare parts	**3,637,013**	4,254,144
	371,332,543	323,138,920
Less: Provision for obsolete and slow-moving inventories	**(26,299,443)**	(21,160,545)
	345,033,100	301,977,975

16. INVENTORIES (CONTINUED)

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

	2023	2022
	QR.	QR.
At 1 January	**21,160,545**	19,644,698
(Reversal)/charges recognised in general and administrative expenses (Note 8)	**(2,228,729)**	2,252,633
Charges/(reversal) recognised in cost of sales	**7,367,627**	(736,786)
At 31 December	**26,299,443**	21,160,545

Impact of change in accounting policy for inventory

Effective 1 July 2023, the Group changed its accounting policy for inventory valuation from First in First Out (FIFO) to Weighted Average Cost Method. The management believes that the weighted average cost method provides more relevant information of the consumption and value of inventory over time and as of period end.

A change in accounting policy requires restatement of comparative information. The impact of the change in accounting policy is immaterial to the consolidated financial statements. Accordingly, the management has taken cumulative impact of the change during the current year. The table below presents the impact on the consolidated financial statements of the group:

	2023
	QR.
Cumulative (decrease) in inventory value on account of change in accounting policy for the year	**(2,309,379)**
Cumulative increase in expense on account of change in accounting policy for the year	**2,309,379**

17. TRADE AND OTHER RECEIVABLES

	2023	2022
	QR.	QR.
Trade receivables	**32,630,454**	22,199,430
Advances to suppliers – net	**22,557,190**	13,167,378
Credit card receivables	**5,740,927**	19,946,556
Deposits	**1,012,446**	1,227,306
Prepaid expenses	**5,048,608**	4,225,898
Staff receivables	**4,425,804**	3,742,944
Lease receivables	**10,762,197**	4,768,954
Accrued interest income	**382,507**	1,182,591
Other receivables	**13,486,531**	59,742,401
	96,046,664	130,203,458
Less: Allowance for impairment of trade receivables (Note 35)	**(12,164,796)**	(4,665,568)
	83,881,868	125,537,890

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

Deposits is presented in the consolidated statement of financial position as follows:

	2023	2022
	QR.	QR.
Current portion (see above)	**1,012,446**	1,227,306
Other non-current assets	**14,991,966**	15,231,166
Credit card receivables	**16,004,412**	16,458,472

(i) The credit risk disclosures of expected credit losses on trade receivable under IFRS 9, have been disclosed in Note 35.

(ii) It is not the practice of the Group to obtain collateral over trade receivable and the vast majority are, therefore, unsecured.

18. RESTRICTED BANK BALANCES

Restricted bank accounts consist of amounts held in the banks for the dividends declared and not collected by shareholders yet.

19. 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:

	2023	2022
	QR.	QR.
Cash in hand	**1,180,348**	2,204,492
Cash at bank	**148,147,776**	125,959,548
Short term deposits (i)	**9,500,000**	69,500,000
Total cash and cash equivalents	**158,828,124**	197,664,040
Less: Allowance for expected credit loss on term deposits (ii) (Note 35)	**--**	(135,871)
Total cash on hand and at banks	**158,828,124**	197,528,169

(i) The term deposits have different maturities and carry profit margin at 3% (2022: 3%) per annum.

(ii) The credit risk disclosures to expected credit losses on term deposit under IFRS 9 have been disclosed in Note 35.

20. SHARE CAPITAL

	2023	2022
	QR.	QR.
Authorised, issued and fully paid:		
At 1 January	**200,000,000**	200,000,000
Issued during the year	**6,000,000**	--
At 31 December	**206,000,000**	200,000,000

20. SHARE CAPITAL (CONTINUED)

On 9 April 2023 upon obtaining approval from the shareholders in the Annual General Meeting, the Company issued 6,000,000 bonus shares at the rate of 3 shares for every 100 shares held by the shareholders, which resulted in increase in share capital to 206,000,000 shares with nominal value of QR. 1 per share.

21. 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 as 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 2023 (2022: 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.

22. LOANS AND BORROWINGS

	2023	2022
	QR.	QR.
Loan 1	**50,783,213**	65,390,251
Loan 2	**155,327,760**	183,206,986
Loan 3	**45,550,722**	39,224,254
Loan 4	**40,000,000**	--
Loan 5	**40,000,000**	--
Deferred financing arrangement cost	**(1,785,117)**	(404,540)
	329,876,578	287,416,951

Presented in the consolidated statement of financial position as follows:

	2023	2022
	QR.	QR.
Non-current portion	**284,500,740**	244,052,206
Current portion	**45,375,838**	43,364,745
	329,876,578	287,416,951

22. LOANS AND BORROWINGS (CONTINUED)

Loan 1

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

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 Group.

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.

In January 2021, the Group entered into a loan top up agreement of QR. 50 million, thereby increasing the total facility to QR. 250 million. Profit rate of QMRL + 0.25% with a minimum rate of 2.95% with grace period of 1 year.

In April 2021, there was a drawdown of QR. 100 million, which has been utilised to finance the acquisition of properties to be developed as community mall. This amount is repayable over 28 quarterly instalments starting April 2022. The total combined draw down as of 31 December 2022 is QR. 225 million.

Loan 3

In 2020, Al Meera Oman S.A.O.C, one of the Group's subsidiaries has entered into a Master Facility Agreement with one of the commercial bank in Sultanate of Oman with a financial facility limit of QR. 52.3 million (RO. 5.5 million) (2022: QR. 52.3 million (RO. 5.5 million)). The facility shall be available for drawdown in multiple tranches during the availability period of 24 months from the date of facility agreement. The term loan facility is subject to a profit rate of 5.75% (2022: 5.75%) per annum during the availability period. The principal disbursement shall be made in 46 quarterly instalments commencing three months from the end of moratorium period through rental income from the project. The term loans are secured mortgage on proposed Usufruct of Al Meera Retail Complex in Al Amerat, Oman.

During the year, the subsidiary had an additional drawdown of QR. 6,623,468 (RO. 665,944) (2022: QR. 9,172,222 (RO. 965,497)) for the purpose of capital expenditure.

The total combined drawdown as of 31 December 2023 amounting to QR. 45,550,722 (RO. 4,794,813) (2022: QR. 39,224,254 (RO. 4,128,869)).

22. LOANS AND BORROWINGS (CONTINUED)

Loan 4

During 2023, the Group entered into a Murabaha loan facility agreement amounting to QAR 150 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%. There was an initial drawdown of the facility in September 2023, amounting to QR 40 million. This amount is repayable over 32 quarterly instalments starting September 2025.

Loan 5

During 2023, the Group entered into a Murabaha loan facility agreement amounting to QAR 150 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%. There was an initial drawdown of the facility in September 2023, amounting to QR 40 million. This amount is repayable over 32 quarterly instalments starting September 2025.

23. EMPLOYEES' END OF SERVICE BENEFITS

	2023	2022
	QR.	QR.
At 1 January	**44,785,409**	43,047,965
Provided during the year	**6,338,673**	7,407,990
End of service benefits paid	**(4,861,901)**	(5,670,546)
At 31 December	**46,262,181**	44,785,409

24. LEASE LIABILITIES

	2023	2022
	QR.	QR.
At 1 January	**311,103,153**	329,344,307
Additions during the year	**10,425,373**	30,851,029
Contract modification	**38,969**	(307,050)
Derecognition of lease liability	**(50,742,006)**	--
Accretion of interest	**8,319,990**	14,063,747
Interest on lease liabilities transferred to other receivables (Note 11)	**327,989**	316,517
Payments during the year	**(53,801,849)**	(63,165,397)
At 31 December	**225,671,619**	311,103,153
Current	**42,833,825**	61,893,810
Non-current	**182,837,794**	249,209,343
	225,671,619	311,103,153

24. LEASE LIABILITIES (CONTINUED)

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

	2023	2022
	QR.	QR.
Not later than 1 year	**44,954,765**	63,059,961
Later than 1 year and not later than 5 years	**110,567,737**	169,444,801
Later than 5 years	**174,144,157**	199,784,603
	329,666,659	432,289,365

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

25. TRADE AND OTHER PAYABLES

	2023	2022
	QR.	QR.
Trade and services payables	**414,196,818**	507,463,250
Dividends payable	**97,117,843**	104,829,021
Retentions payable	**3,007,951**	1,661,630
Accrued expenses	**75,250,349**	57,148,563
Provision for deficit in an associate (Note 15)	**10,453,254**	10,423,286
Provision for social and sports fund	**4,503,015**	4,494,816
Contract liability on loyalty program	**2,213,297**	2,760,044
Income tax payable	**176,277**	165,633
Other payables	**15,101,949**	25,149,163
	622,020,753	714,095,406
Retentions payable presented in the consolidated statement of financial position as follows:		
Current portion (see above)	**3,007,951**	1,661,630
Non-current portion	**6,275,488**	3,668,958
	9,283,439	5,330,588

26. 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 Group'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.

26. RELATED PARTY DISCLOSURES (CONTINUED)

Related party balances

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

	2023	2022
Amounts due from a related party:	**QR.**	QR.
Associates	**19,713,838**	19,640,595
	19,713,838	19,640,595

The Group has not recognised an allowance for expected credit losses for amounts due from a related party since a provision for deficit in an associate amounting to QR. 10.4 million (2022: QR. 10.4 million) is recognised in the consolidated financial statements (Note 25). The provision recognised by the Group represents the deficit in the associate's equity to the extent of the Group share of 51% (2022: 51%). Management is confident that the other partner in the associate will honor their share in the net liabilities of the associate to enable the associate to settle the amount owned by them.

Terms and conditions of transactions with related parties

The transactions with the related parties are performed at the terms as approved by management. 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 against any related party balance.

Compensation of key management personnel

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

	2023	2022
	QR.	QR.
Key management remuneration	**12,034,700**	10,954,796
Board of Directors' remuneration	**7,582,520**	7,756,200
	19,617,220	18,710,996

Board of Directors' remuneration is a proposed amount which is subject to the approval of the shareholders in the next Annual General Assembly.

27. COMMITMENTS

(a) Capital commitments

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

	2023	2022
	QR.	QR.
Capital commitments – Property and equipment		
Estimated capital expenditure approved and contracted as of the reporting date	**125,908,551**	117,791,670

27. COMMITMENTS (CONTINUED)

(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 supermarkets.

Future operating lease rentals payable as at 31 December are as follows:

	2023	2022
	QR.	QR.
Current - within one year	**17,084,300**	8,236,750

28. CONTINGENCIES

At 31 December 2023 and 2022, 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:

	2023	2022
	QR.	QR.
Letters of guarantees	**9,528,318**	10,086,091
Letters of credits	**1,633,298**	1,058,980
	11,161,616	11,145,071

The Group is the defendant in legal cases in the normal course of its business. A case was filed in prior years, related to the membership of the Board of Directors and the management believes that the above cases will have no impact on the Group, its operations or its consolidated financial statements.

29. DIVIDENDS

The Board of Directors have proposed a 85% cash dividend on the paid up capital of QR. 0.85 per share totalling QR. 175.1 million for the year 2023, which is subject to the approval of the shareholders at the Annual General Assembly (2022: QR. 0.45 per share, totalling QR. 90 million and bonus shares equivalent to 3 shares for each 100 shares held in the Company for the year 2022).

30. 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. 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. 4.5 million for the year ended 31 December 2023 (2022: QR. 4.5 million) for contribution to the Social and Sports Development Fund of Qatar.

31. 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 Group has not issued any instruments which will dilute the existing shareholding.

	2023 **QR.**	2022 QR.
Profit attributable to equity holders of the parent	**181,146,545**	196,605,455
Weighted average number of shares outstanding	**206,000,000**	206,000,000
Basic and diluted earnings per share	**0.88**	0.95

Earnings per share for the year ended 31 December 2022 have been adjusted to reflect the bonus shares issued during 2023 as required by IFRS.

32. 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.

32. SEGMENT INFORMATION (CONTINUED)

	Retail	**Investment**	**Leasing**	**Total**
	QR.	**QR.**	**QR.**	**QR.**
Year ended 31 December 2023:				
Sales	**2,836,516,511**	**--**	**--**	**2,836,516,511**
Cost of sales	**(2,287,556,794)**	**--**	**--**	**(2,287,556,794)**
Gross profit	**548,959,717**	**--**	**--**	**548,959,717**
Rental income	**--**	**--**	**85,730,305**	**85,730,305**
Income from investments	**--**	**23,505,415**	**--**	**23,505,415**
Income from fixed deposits	**--**	**342,884**	**--**	**342,884**
Other income	**10,502,214**	**42,127**	**167,645**	**10,711,986**
Operating income	**559,461,931**	**23,890,426**	**85,897,950**	**669,250,307**
General and administrative expenses	**(346,063,062)**	**(2,137,398)**	**(7,226,318)**	**(355,426,778)**
Depreciation and amortisation	**(100,828,117)**	**(76,276)**	**(9,703,271)**	**(110,607,664)**
Share of loss of an associate	**--**	**(29,964)**	**--**	**(29,964)**
Finance costs	**(21,496,353)**	**(46,809)**	**(584,947)**	**(22,128,109)**
Profit before income tax	**91,074,399**	**21,599,979**	**68,383,414**	**181,057,792**
Income tax expense	**(937,189)**	**--**	**--**	**(937,189)**
Profit for the year	**90,137,210**	**21,599,979**	**68,383,414**	**180,120,603**

	Retail	Investment	Leasing	Total
	QR.	QR.	QR.	QR.
Year ended 31 December 2022:				
Sales	2,811,355,726	--	--	2,811,355,726
Cost of sales	(2,262,500,117)	--	--	(2,262,500,117)
Gross profit	548,855,609	--	--	548,855,609
Rental income	--	--	83,172,418	83,172,418
Income from equity investments	--	16,114,408	--	16,114,408
Income from fixed deposits	--	2,225,199	--	2,225,199
Other income	2,784,683	12,933	63,441	2,861,057
Operating income	551,640,292	18,352,540	83,235,859	653,228,691
General and administrative expenses	(309,232,836)	(2,423,892)	(6,217,038)	(317,873,766)
Depreciation and amortisation	(109,476,445)	(39,120)	(9,841,151)	(119,356,716)
Share of loss of an associate	--	(27,601)	--	(27,601)
Finance costs	(19,124,428)	(47,676)	(950,043)	(20,122,147)
Profit before income tax	113,806,583	15,814,251	66,227,627	195,848,461
Income tax expense	(289,046)	(1,856)	(8,992)	(299,894)
Profit for the year	113,517,537	15,812,395	66,218,635	195,548,567

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2022: Nil). The accounting policies of the reportable segment are the same as per the Group accounting policies described in Note 3.

32. SEGMENT INFORMATION (CONTINUED)

The following table presents segmental assets regarding the Group's business segments for the year ended 31 December 2023 and 31 December 2022 respectively:

	Retail	Investment	Leasing	Total
	QR.	QR.	QR.	QR.
Segment assets:				
At 31 December 2023	**2,217,159,924**	**402,702,001**	**291,412,926**	**2,911,274,851**
At 31 December 2022	2,206,916,616	469,986,604	286,478,713	2,963,381,933

Other disclosures

	Retail	Investment	Leasing	Total
	QR.	QR.	QR.	QR.
Capital expenditure:				
At 31 December 2023	**99,737,890**	**--**	**34,146,814**	**133,884,704**
At 31 December 2022	49,682,980	--	24,296,173	73,979,153

Capital expenditure consists of additions of property and equipment.

32. SEGMENT INFORMATION (CONTINUED)

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**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	QR.	QR.	**QR.**	QR.	**QR.**	QR.	**QR.**	QR.
Total assets	**2,663,871,898**	2,712,205,688	**304,876,864**	300,234,667	**(57,473,911)**	(49,058,422)	**2,911,274,851**	2,963,381,933
Total liabilities	**1,107,990,124**	1,237,617,273	**177,721,516**	169,477,976	**(54,490,035)**	(46,025,372)	**1,231,221,606**	1,361,069,877

	Qatar		**Oman**		**Eliminations**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	QR.	QR.	**QR.**	QR.	**QR.**	QR.	**QR.**	QR.
Sales	**2,681,140,438**	2,682,447,097	**155,376,073**	128,908,629	**--**	--	**2,836,516,511**	2,811,355,726
Net income	**183,672,771**	199,937,494	**(3,601,343)**	(3,522,957)	**49,176**	(865,970)	**180,120,603**	195,548,567

33. 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 (loss) profit		Accumulated balances	
		2023	2022	**2023**	2022	**2023**	2022
		%	%	**QR.**	QR.	**QR.**	QR.
Al Meera Markets S.A.O.C.	Oman	30%	30%	**883,232**	(1,021,009)	**38,923,481**	38,040,246
Al Meera Oman S.A.O.C.	Oman	30%	30%	**(1,909,174)**	(35,878)	**(722,408)**	1,186,769
				(1,025,942)	(1,056,887)	**38,201,073**	39,227,015

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 these 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.

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

Statement of profit or loss:

	2023	2022
	QR.	QR.
Sales	**155,376,073**	128,908,629
Other income	**6,111,747**	5,322,932
Expenses	**(164,108,838)**	(137,600,800)
Loss before income tax	**(2,621,018)**	(3,369,239)
Income tax expense	**(798,788)**	(153,718)
Loss for the year	**(3,419,806)**	(3,522,957)
Attributable to:		
Equity holders of the parent	**(2,393,864)**	(2,466,070)
Non-controlling interests	**(1,025,942)**	(1,056,887)
	(3,419,806)	(3,522,957)

33. MATERIAL PARTLY OWNED SUBSIDIARIES (CONTINUED)

Statement of financial position:

	2023	2022
	QR.	QR.
Non-current assets	**249,346,125**	252,594,668
Current assets	**73,613,511**	68,898,763
	322,959,636	321,493,431
Equity attributable to equity holders of the parent	**89,135,820**	91,529,675
Non-controlling interests	**38,201,066**	39,227,015
Non-current liabilities	**85,339,969**	87,268,522
Current liabilities	**110,282,781**	103,468,219
	322,959,636	321,493,431

Statement of cash flows

	2023	2022
	QR.	QR.
Net cash from operating activities	**3,410,282**	7,335,064
Net cash used in investing activities	**(5,775,801)**	(6,911,364)
Net cash from financing activities	**(4,360,861)**	820,743
Net increase (decrease) cash and cash equivalents	**(6,726,380)**	1,244,443

34. FINANCE COSTS

	2023	2022
	QR.	QR.
Interest on bank loans	**16,334,325**	10,564,955
Interest expense on lease liabilities (Note 24)	**8,319,990**	14,063,747
Total interest expense	**24,654,315**	24,628,702
Less : Interest on loans capitalised in cost of qualifying assets (Note 10)	**(2,109,957)**	(4,007,901)
Less : Interest expense on lease liabilities capitalised in cost of qualifying assets (Note 24)	**(416,249)**	(498,654)
	22,128,109	20,122,147

35. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Group's principal financial liabilities comprise 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 and to manage the operations of the Group in general. 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 or its investing activities. 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.

	2023	2022
	QR.	QR.
Potential change in basis points	**-/+25**	-/+25
Effect on profit or loss	**(230,115)**	(13,110)

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.

	2023	2022
	QR.	QR.
Change in equity prices	**-/+5**	-/+5
Effect on equity	**18,743,941**	18,351,229

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2023, 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 (2022: 360 days) of when they fall due.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

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 (2022: 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 2023 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 impairment provision)**
				QR.	**QR.**
Short term deposit	Investment grade	--	12 month expected losses	**9,500,000**	**9,500,000**
Trade receivables from government entities	Investment grade	**39.98%**	12 month expected losses	**24,316,675**	**14,595,289**

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

31 December 2022 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 impairment provision)
				QR.	QR.
Short term deposit	Investment grade	0.23%	12 month expected losses	69,500,000	69,364,129
Trade receivables from government entities	Investment grade	15.37%	12 month expected losses	18,431,363	15,599,070

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 is determined as follows:

31 December 2023	**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	**8,993,080**	**3,650,808**	**1,647,875**	**1,316,799**	**1,160,373**	**1,367,096**	**939,946**	**19,075,977**
Loss allowance provision	**181,557**	**111,187**	**157,731**	**211,148**	**349,507**	**492,334**	**939,946**	**2,443,410**

31 December 2022	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	3,428,649	1,406,023	748,205	719,134	699,439	277,359	1,258,212	8,537,021
Loss allowance provision	58,917	88,365	81,588	86,727	162,663	108,153	1,255,933	1,842,347

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

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 2022	2,618,862	2,638,859	5,257,721
Loss allowance charged in profit or loss during the year (Note 8)	349,302	(805,584)	(456,282)
As at 31 December 2022	2,968,164	1,833,275	4,801,439
Loss allowance charged in profit or loss during the year (Note 8)	6,753,222	610,135	7,363,357
At 31 December 2023	**9,721,386**	**2,443,410**	**12,164,796**

The gross carrying amount of trade and lease receivables is QR. 43,392,652 (2022: QR 26,968,384) (Note 17).

Total loss allowance presented as follows:

	2023	2022
	QR.	QR.
Allowance for trade receivable (Note 17)	**12,164,796**	4,665,568
Allowance for term deposits at amortised cost (Note 19)	**--**	135,871
	12,164,796	4,801,439

Based on management assessment at year-end, the Group does not have a concentration of credit risk.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2023	**On demand QR.**	**Less than 1 year QR.**	**1- 5 years QR.**	**> 5 years QR.**	**Total QR.**
Trade payables	--	414,196,818	--	--	414,196,818
Dividends payable	97,117,843	--	--	--	97,117,843
Retentions payable	--	3,007,951	6,275,488	--	9,283,439
Lease liability	--	42,833,825	97,744,113	85,093,681	225,671,619
Other payables	--	15,101,949	--	--	15,101,949
Income tax payable	--	176,277	--	--	176,277
Loans and borrowings	--	45,375,838	213,131,171	71,369,569	329,876,578
	97,117,843	**520,692,658**	**317,150,772**	**156,463,250**	**1,091,424,523**

At 31 December 2022	On demand QR.	Less than 1 year QR.	1- 5 years QR.	> 5 years QR.	Total QR.
Trade payables	--	507,463,250	--	--	507,463,250
Dividends payable	104,829,021	--	--	--	104,829,021
Retentions payable	--	1,661,630	3,668,958	--	5,330,588
Lease liability	--	61,893,814	138,684,276	110,525,063	311,103,153
Other payables	--	25,149,163	--	--	25,149,163
Income tax payable	--	165,633	--	--	165,633
Loans and borrowings	--	43,364,745	218,670,495	25,381,711	287,416,951
	104,829,021	639,698,235	361,023,729	135,906,774	1,241,457,759

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 2023 and 31 December 2022.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital management (continued)

The capital structure of the Group consists of debt which includes loans and borrowings disclosed in Note 22, cash and cash equivalents and equity, comprising issued share capital, reserves and retained earnings as disclosed in Notes 20 and 21.

Gearing ratio
The gearing ratio at year end was as follows:

	2023	2022
	QR.	QR.
Debt (i)	**329,876,578**	287,416,951
Cash and bank balances	**(158,828,124)**	(197,528,169)
Net debt	**171,048,454**	89,888,782
Equity (ii)	**1,680,053,245**	1,602,312,056
Net debt to equity ratio	**0.10**	0.06

(i) Debt is defined as long term debt, as detailed in Note 22.
(ii) Equity includes all capital and reserves of the Group that are managed as capital.

36. 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 consolidated financial statements.

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

31 December 2023	**Total**	**Level 1**	**Level 2**	**Level 3**
	QR.	**QR.**	**QR.**	**QR.**
Quoted equity shares	**268,908,483**	**268,908,483**	**--**	**--**
Investment in funds	**105,970,336**	**--**	**105,970,336**	**--**
Un-quoted equity shares	**10,392,287**	**--**	**--**	**10,392,287**

31 December 2022	Total	Level 1	Level 2	Level 3
	QR.	QR.	QR.	QR.
Quoted equity shares	359,037,200	359,037,200	--	--
Un-quoted equity shares	7,987,388	--	--	7,987,388

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

36. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	31 December 2023		
	Carrying value	**Fair value**	**Fair value hierarchy**
Financial assets:			
Cash and bank balances	**158,828,124**	**158,828,124**	**--**
Trade and other receivables	**67,045,914**	**67,045,914**	**--**
Amounts due from related parties	**19,713,838**	**19,713,838**	**--**
Financial liabilities:			
Trade and other payables	**529,600,835**	**529,600,835**	**--**
Loans and borrowings	**329,876,578**	**291,668,709**	**Level 3**

	31 December 2022		
	Carrying value	Fair value	Fair value hierarchy
Financial assets:			
Cash and bank balances	197,528,169	197,528,169	--
Trade and other receivables	110,400,285	110,400,285	--
Amounts due from related parties	19,640,595	19,640,595	--
Financial liabilities:			
Trade and other payables	639,268,693	639,268,693	--
Loans and borrowings	287,416,951	248,180,362	Level 3

The fair values of these financial assets and financial liabilities are not materially different from their carrying values in the consolidated statement of financial position, except for loans and borrowings, as these assets and liabilities are either of short-term maturities or are re-priced frequently based on market movement in interest rates.

Loans and borrowings consist of different bank facilities that carries fixed and variable profit rates. Details of loans and borrowings are disclosed in Note 22.

During the year ended 31 December 2023, 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 (2022: Nil).

37. 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 2023	Financing cash flow	Non-cash changes	**31 December 2023**
	QR.	QR.	QR.	**QR.**
Lease liabilities	**311,103,153**	(53,801,849)	(31,629,685)	**225,671,619**
Loans and borrowings	**287,416,951**	42,340,204	119,423	**329,876,578**
	598,520,104	(11,461,645)	(31,510,262)	**555,548,197**

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	1 January 2022	Financing cash flow	Non-cash changes	31 December 2022
	QR.	QR.	QR.	QR.
Lease liabilities	329,344,307	(63,165,340)	44,924,186	311,103,153
Loans and borrowings	317,933,873	(30,594,469)	77,547	287,416,951
	647,278,180	(93,759,809)	45,001,733	598,520,104

(i) The net repayment of the lease liabilities during the period amounted to QR. 53.8 million (2022: QR. 63.2 million).
(ii) The repayments and proceeds from loans and borrowings amounted to QR. 45.3 million and QR. 86.3 million, respectively (2022: QR. 39.8 million and QR. 9.2 million).

38. 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 currents 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.

	2022	Reclassifications	**2022**
	QR. (Audited)	QR.	**QR. (Reclassified)**
Statement of financial position			
Other non-current assets	--	15,231,166	**15,231,166**
Trade and other receivables	140,769,056	(15,231,166)	**125,537,890**
	140,769,056	--	**140,769,056**
Cash and bank balances	284,241,731	(86,713,562)	**197,528,169**
Restricted bank balances	--	86,713,562	**86,713,562**
	284,241,731	--	**284,241,731**