Annual Report **2020**

YOUR FAVOURITE

NEIGHBOURHOOD RETAILER

Al Meera

“In the Name of Allah Most Gracious Most Merciful.”

His Highness,
Sheikh Hamad Bin Khalifa Al Thani

The Father Amir

His Highness,
Sheikh Tamim Bin Hamad Al Thani

Amir of the State of Qatar

CONTENT

OUR KEY PERFORMANCE INDICATORS AT A GLANCE

Group Sales
QAR 3,407.7m (+14.2%)
2019: QAR 2,985.2m

Gross Profit
QAR 592.1m (+14.2%)
2019: QAR 518.6m

Gross Profit Percentage
17.4% (+0.0%)
2019: 17.4%

Rental Income
QAR 65.1m (-12.9%)
2019: QAR 74.8m

Net Profit Attributable to Equity Holders of Parent Entity
QAR 209.0m (+12.0%)
2019: QAR 186.6m

Basic and Diluted Earnings Per Share (EPS)
QAR 1.05 (+12.9%)
2019: QAR 0.93

Total Current Assets
QAR 724.9m (+24.5%)
2019: QAR 582.1m

Total Assets
QAR 2,740.4m (+7.6%)
2019: QAR 2,545.8m

Total Current Liabilities
QAR 745.0m (+10.6%)
2019: QAR 673.6m

Total Liabilities
QAR 1,162.3m (+8.4%)
2019: QAR 1,072.2m

Total Equity
QAR 1,578.1m (+7.1%)
2019: QAR 1,473.6m

Book Value Per Share
QAR 7.68 (+7.2%)
2019: QAR 7.17

ABOUT **AL MEERA**

About us

Al Meera is Qatar's leader in the retail industry. For the last 15 years, we have been committed in providing quality products and services at reasonable prices in order to meet the ever-changing needs of our customers in a responsible and receptive manner.

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

At present, Al Meera operates through 63 hypermarkets, supermarkets and convenience stores and has an energetic workforce who put our customers first in everything they do. We have invested in our stores, our employees and our channels to deliver the best possible shopping experience. Our strong culture and values are part of our identity and an integral part to our success.

Vision

"The trusted retailer of choice."

Mission

"Serving customers' daily needs conveniently."

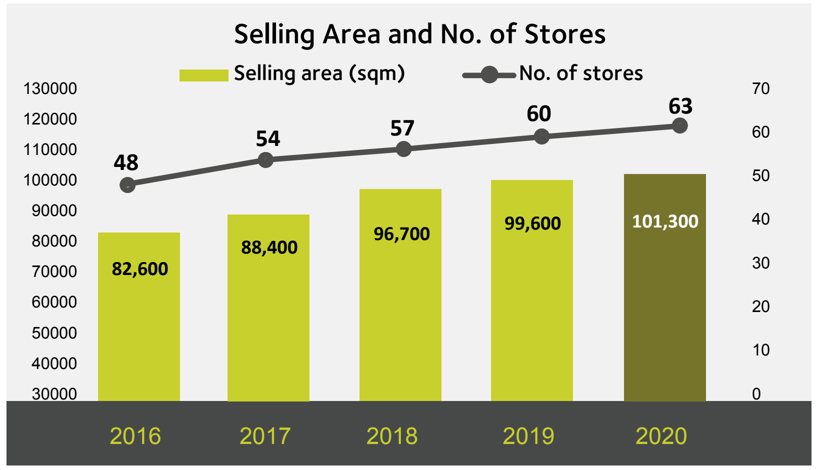
Corporate information and principal activities

Al Meera is listed in the Qatar Stock Exchange with issued capital of 200,000,000 shares at nominal value of QAR 1.00 per share.

The Group is organised into the following three operating segments:

- Retail operations which operates various hypermarkets, supermarkets and convenience stores across the State of Qatar and the Sultanate of Oman.
- Mall management, which comprises leasing of vacant shops and spaces in Al Meera community malls.
- Investment segment, which comprises equity and funds held as investment.

The Group has 57 stores operating throughout the State of Qatar and 6 stores in the Sultanate of Oman with consolidated net selling area of more than 100,000 sqm.



BOARD OF **DIRECTORS**

BOARD OF DIRECTORS

H.E. Abdulla Abdulaziz Abdullah Turki Al-Subaie

Chairman of the Board of Directors

Mr. Ali Hilal Ali Omran Al-Kuwari

Vice-Chairman of the Board of Directors

Mr. Mohammad Abdulla Al Mustafawi Al Hashemi

Member of the Board of Directors

Prof. Dr. Khalid Ibrahim Al- Sulaiti

Member of the Board of Directors

H.E. Sheikh Nayef Eid Mohammed Thani Al-Thani

Member of the Board of Directors

Mr. Hetmi Ali Khalifa Al Hitmi

Member of the Board of Directors

Mr. Eissa Khalid Eissa Al Muslimani

Member of the Board of Directors

CHAIRMAN'S MESSAGE

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

In the Name of Allah, Most Gracious, Most Merciful

Dear Shareholders,

The year 2020 has been a most unexpected year in the history of Al Meera Consumer Goods Company Q.P.S.C. (Al Meera) filled with unique challenges. However, despite the novelty of the difficulties faced, the company has emerged as a strong player in the retail market buttressed by a rising prominence as the national retailer of Qatar, its role in the FMCG sector and, its contribution to the economic development of the country.

With respect to the company's financial performance for the year ended 31 December 2020, Al Meera yielded positive results with recorded consolidated sales at QAR 3.4 billion and gross profit reaching QAR 592.1 million, an increase of 14.2% over 2019.

The company's successes are attributable to its leading role in managing consumer confidence during the pandemic, ongoing expansion plans, and continuous improvement across operations.

Thanks to our achievements, continuous growth and sustained profitability, the Board of Directors have proposed a 90% cash dividend on the paid-up capital of QAR. 0.90 per share totalling QAR. 180 million for the year 2020.

At the core of Al Meera's achievements have been a swift response to market needs and customer demands, a drive to create safer and efficient retail stores, a unique business model, a prudent investment strategy and above all, a team of dedicated and highly skilled professionals.

As Qatar's economy continues to ascend to new heights, powered by the growth of its local industries and accompanied by extensive plans for growth, Al Meera eyes the enormous potential in the market ahead of the FIFA World Cup Qatar 2022™. Preparations are underway to expand Al Meera's footprint in the retail sector – in-store and online – in addition to quality intensive and value-focused strategies.

In the social arena, Al Meera maintains the respect of the community through efforts to raise environmental awareness, inspire eco-friendly practices and facilitate sustainability in line with the environmental development goals of the Qatar National Vision 2030.

In keeping with ambitious strategic expansion plans, two new branches were inaugurated which serve the neighbourhoods surrounding Rawdat Al Hamama and The Mall shopping complex, and the latest MAAR store at Umm Ghuwailina metro station. Al Meera's expansion plans are guided by the promise to bring Al Meera's signature shopping to localities across the country and have been instrumental in contributing to the real estate development in emerging neighbourhoods.

I would like to take this opportunity to appreciate the committed involvement of our Board members and our new CEO who have played an important role in our long-term strategic vision one year on. On their behalf, I would also like to express our sincere appreciation and gratitude to His Highness Sheikh Tamim Bin Hamad Al Thani, the Amir of the State of Qatar, for the remarkable leadership of the State, and also to His Excellency Sheikh Khalid bin Khalifa bin Abdulaziz Al Thani, Prime Minister and Minister of Interior, for his continuous support and sound guidance.

Our appreciation and thanks also go to the Ministry of Public Health and the Ministry of Commerce and Industry for their close cooperation in events of the past year.

Additionally, I would also like to sincerely thank our valued shareholders for the continued support. Their trust enables Al Meera to venture on to new territories and support its vision of being "Your Favourite Neighbourhood Retailer".

Looking ahead to 2022, I am confident that Al Meera Group will continue to strive and achieve progress for our customers, our stakeholders, and for the State of Qatar.

Thank you,

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

CHIEF EXECUTIVE OFFICER'S MESSAGE

Mr. Yousef Ali Al Obaidan
Chief Executive Officer

In the Name of Allah, Most Gracious, Most Merciful

Dear Shareholders,

It is by facing adversity that we become stronger at every cornerstone, our team more resilient, and our conviction to overcome the unknown more assured. The past year was one like none other in the history of Al Meera Consumer Goods Company Q.P.S.C. (Al Meera) and the world, marked by the outbreak of a global pandemic, yet it is one that has emboldened Al Meera's role in the community as nothing short of a national leader. This was achieved in part by bold steps taken by Al Meera's leadership, a focused response to every unexpected challenge faced, and an agility to restore confidence in the face of uncertainty.

At the forefront of our efforts was a commitment to ensure that every person in Qatar had access to fresh foods, essential items, daily products, and cleaning supplies amongst others. Our branches remained stocked with a 6-month supply of products. An uneasy feat, this was accomplished by seeking alternative channels for transportation, logistics and operations, to ensure that a continuous and uninterrupted supply of goods was imported from our suppliers abroad. In these endeavours, we thank the Ministry of Commerce and Industry (MOCI), the Ministry of Environment and Municipality (MME), and the General Authority of Customs for their support.

Further to this commitment in reassuring the safety of the community, we opened a temporary branch to serve the isolated Mukaynis area, built in under 48 hours, to support Qatar's precautionary policies against the spread of (COVID-19). The branch provided access to a fully loaded grocery store for residents in Mukaynis and surrounding areas.

The past year, Al Meera's role has been instrumental in enforcing public safety in the face of a crisis by working closely with the Ministry of Public Health (MoPH) and the Ministry of Commerce and Industry (MoCI). Well-equipped to deal with the pandemic, we incorporated the most updated safety and hygiene practices including daily and regular sanitization of our branches, continuous in-store cleaning, and mandatory temperature and Ehteraz checks. And in this regard, we thank Qatar Red Crescent for their support and assistance to assure a safety check in all the branches.

From a performance perspective, Al Meera delivered strong financial and operational results in a competitive market. The total consolidated sales of Al Meera have been recorded at QAR 3.4 billion in 2020. Gross profit rose to QAR 592.1 million, an increase of 14.2% over 2019, mainly through improvements in assortments and robust negotiations with suppliers. However, rental income was impacted negatively by the pandemic, decreasing by QAR 9.7 million, to QAR 65.1 million, compared to the same period in 2019 stemming from incentives given out in support of local businesses. This included rent-free concessions up to four months in addition to rescheduling of rent payments to assist the retail tenants that have been directly affected by the (COVID 19) lockdown.

Marking advancement in margins and efficiency, the net profit attributable to shareholders increased to QAR 209.0, an increase of QAR 22.5 million compared to 2019. Earnings per share improved to QAR 1.05, compared to QAR 0.93 reported in 2019.

Driven by an ambitious expansion plan to serve localities across Qatar, Al Meera celebrated the opening of two new branches, at Rawdat Al Hamama and The Mall, bringing the total number of stores to 57. Al Meera's sub-brand, "MAAR" convenience stores also welcomed a third store at the Umm Ghuwailina metro station.

With Al Meera Online, we expanded into e-commerce, in parallel with increasing customer preferences for online-shopping and on-demand delivery service which today caters to 71 different zones in the country. In advance of the launch, Al Meera received the ISO/IEC 27001:2013 certification for its robust Information Security Management System. Additionally, Al Meera was also the first company in Qatar to be awarded the ISO 22000:2018 certification last year for implementing its high standards in food quality and safety through a comprehensive food management system.

More than a neighbourhood retail store, Al Meera continues to promote economic, social, health, and environmental initiatives as a prominent force in the community and in line with Qatar Vision 2030. Last year we launched 'Truth Bottle', a water conservation campaign geared at creating awareness around the use and misuse of water, as part of our efforts to support green initiatives for the betterment of the community. Truth Bottle joins a number of existing initiatives on the sustainability front, including plastic recycling facilities – which now total at 22 recycling machines across branches – in addition to battery waste collection and metal recycling stations.

With a commitment to support the local food industry and SME's we are also continuously investing in 'Made in Qatar' products by providing prominent shelf spaces, weekly and month promotions, and offers on national products for Meera Rewards customers. Last year alone, Al Meera hosted several events for Qatari SMEs including the 'Local Fruits and Vegetables' initiative, the 'Products from Qatar' initiative, the 5th Annual Ratab festival, and the 'Together, We Support National Products' campaign. Al Meera will continue its role as a champion of national products into the future on par with the remarkable growth exhibited by our local foods industry.

On another note, the Meera Rewards App is increasingly witnessing more users with its upgraded loyalty programme which offers customers greater opportunities for earning and redeeming points. From bonus points awarded all year round, in addition to large campaigns such as Al Meera 15th Anniversary and national products campaigns to special promotions, daily killer deals and e-raffle draws giving away millions of Meera Rewards points, better incentives and greater rewards continue to attract a wider customer base.

Looking ahead at 2021, we can identify key opportunities for Al Meera's future plans. These span e-commerce, store expansions and renovations, and continuous improvement across the Meera Rewards platform. True to Al Meera's promise to remain present in every neighbourhood, we are following our plan to expand to economically viable locations as well as in areas where the community deserves a neighbourhood retail service, this year this will see the establishment of at least five new Al Meera branches. In terms of our product line, we are looking to introduce new products into the mix to expand our range, especially in the organic section which continues to be a popular choice amongst our customers. Extensive plans are also afoot for renovating and rebranding at select branches to enhance the shopping experience for our customers. With respect to Meera Rewards, we aim to continue improvement on the mobile app and engage our customers through promotions, raffles, upgrades, offers, and local partnerships to maintain our customer loyalty. Plans also remain underway to further develop Al Meera Online by enhancing its capabilities to serve more localities in the country.

Al Meera continues to lead the retail industry with a formidable legacy built on a strong foundation of our values of integrity, respect, and transparency. Our success remains underpinned by our commitment to the interests of our stakeholders.

In these endeavours, I highly appreciate the contribution and guidance of our Board of Directors, the management, and the hard work of our employees. Additionally, I extend my thanks to our suppliers, vendors, and various Ministries and government bodies. Their unwavering support has been essential this past year and will help us take the next steps forward.

Thank you,

Yousef Ali Al Obaidan
Chief Executive Officer

Board of Directors **Report**

Chairman's Message

In the Name of Allah, Most Gracious Most Merciful,

We, on the Board of Directors of Al Meera Consumer Goods Company Q.P.S.C. (the "Company") and its subsidiaries (together "the Group"), are pleased to present to you the 11th Corporate Governance Report for the year 2021, for the year ended 31 December 2020, as part of the annual report issued by the Company.

Despite the great change that the Covid-19 pandemic has caused throughout the world during the year 2020, we have continued to move steadily towards achieving the national vision of the Company, by adopting the principles of management and wise governance that have been established by the principles of governance, which left a positive reflection on the company's performance generally, under these circumstances. Throughout the year, with the assistance of the top management team, the Board of Directors has studied the practices and regulations of governance and supervised their implementation to ensure their adequacy to meet all the requirements of the regulatory authorities in the State of Qatar.

This positively affected the results of Company at all levels. This report represents the annual disclosure of governance and practices in accordance with the corporate governance code for legal entities listed in the main market issued by the Qatar Financial Markets Authority.

On behalf of the Board of Directors of Al Meera and the Management, we thank our valued shareholders for their continued trust.

Chairman of the Board

Abdulla Abdulaziz Abdullah Turki Al- Subaie

11th Corporate Governance Report

1. Report on Corporate Governance

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

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

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

This governance report highlights key components of the governance systems and practices as designed, implemented and maintained in Al Meera for the reporting period from 1 January 2020 to 31 December 2020.

2. Management Assessment of Internal Control over Financial Reporting

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

Risks in Financial Reporting

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

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

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

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

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

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

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

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

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

Measuring Design, Implementation and Operating Effectiveness of Internal Control
For the financial year 2020, the Group has undertaken a formal evaluation of the adequacy of the design, implementation and operating effectiveness of the system of ICOFR considering:

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

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

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

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

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

Conclusion:
As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented, and operated effectively as of 31 December 2020.

3. Board of Directors' Report on compliance of the Company with the applicable QFMA Laws and relevant legislations including the Governance Code for Companies and Legal Entities Listed on the Main Market (the "Code") as at 31 December 2020

Article two (2) of the QFMA's Board of Directors decision number 5 of 2016 on the Corporate Governance Code, requires all companies and legal entities listed in the main market to take steps to comply with the provisions of the Code within the permitted period.

Under the guidance of its Board of Directors, Al Meera has worked to develop and achieved full compliance with the requirements of the Code. This has included Al Meera contracted with an international professional consultant to work jointly with the concerned persons in the Company to reconcile the Company with the requirements of the Code.

All concerned stakeholders within the Company have been involved in efforts to comply with the provisions of the Code based on the principle of transparency and collaborative work.

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

4. Shareholders

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

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

5. Shareholding Information

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

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

Al Meera was listed on the Qatar Stock Exchange on 28 October 2009 (Al Meera ticker symbol: MERS). Upon listing, the shareholding composition of the Company remained as it was on its establishment in 2005, as follows:

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

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

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

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

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

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

- Audit Committee
- Nomination and Remuneration Committee
- Tender and Auction Committee

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

In addition, the Board has assigned the day-to-day management of the Company to the Chief Executive Officer, subject to clear instructions and within the bounds of their delegated authority, while the Board has the ultimate responsibility of the governance of the Company,

The Duties and Responsibilities of the Chief Executive Officer are:

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

Executive management profiles can be found on Appendix 2.

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

7. The Delegation of Authority

Delegation of authorities and roles and responsibilities of each of the functions has been documented in governance documents, with clear authority limits, strict respect for a dual signatory principles and consistent requirements of a 4-eye principle for the authorization of business transactions. The Board also adopted operational policies and procedures in its seventh meeting held on 21 November 2011 as per specialized studies done by an expert consultancy group.

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

7.1 Board Charter

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

7.2. Code of Conduct

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

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

7.3. Board Composition

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

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

No.	Name	Role	First Appointment	Representing	Status	Shares Owned upon election	Shares Owned as at 31-Dec-2020
1	H.E/Eng. Abdulla Abdulaziz Abdullah Turki Al- Subaie	Chairman	March 2019	Qatar Holding	Non- Independent	Not applicable	Not applicable
2	Mr. Ali Hilal Ali Omran Al- Kuwari	Vice Chairman	March 2019	Qatar Holding	Non- Independent	Not applicable	4,240
3	Prof. Dr. Khalid Ibrahim Al- Sulaiti	Member	March 2019	Shareholders	Independent	2,000	221,210
4	Mr. Mohammad Abdulla Al Mustafawi Al Hashemi	Member	March 2019	Shareholders	Independent	36,500	23,610
5	Sheikh/ Nayef Eid Mohammed Thani Al- Thani	Member	March 2019	Shareholders	Independent	69,500	7,060
6	Mr. Hetmi Ali Khalifa Al Hitmi	Member	April 2019	Shareholders	Non-Independent	20,000	1,100,000
7	Mr. Eissa Khalid Eissa Al Muslimani	Member	April 2019	Shareholders	Independent	2,000	-

7.4 Board Meetings

Board meetings are conducted regularly, given that there should be no less than 6 Board meetings in the annual financial year, Al Meera's Board of Directors held ten (10) meetings in 2020.

Board meetings	Meeting date	Attendees	Absentees
1	20-Jan-20	7/7	0
2	19-Feb-20	6/7	1
3	16-Apr-20	6/7	1
4	14-Jul-20	6/7	1
5	5-Aug-20	6/7	1
6	12-Aug-20	6/7	1
7	8-Sep-20	6/7	1
8	23-Oct-20	7/7	0
9	28-Oct-20	7/7	0
10	28-Dec-20	5/7	2

7.5. Board activities during the year 2020

In 2020, the Board of Directors achieved a number of key governance goals and supervised the implementation of a number of key successful initiatives, including:

- Endorsement of the new strategic plan for the three years.
- Approval of the Corporate Governance Report.
- Approval of the agenda of the Annual General Assembly.
- Adoption of the audited consolidated financial statements and the adoption of the internal control over financial reporting.
- Approval of tenders.
- Discussed the updated and development of the Company's operations.
- Discussed the investment initiatives for the Company.
- Discussed legal matters of Al Meera.
- Assessment of the executive management and the overall performance of the Company.
- Assessment of various Board Committees' activities and their annual reports.
- Approved the compensation of executive management as recommended by the Nomination and Remuneration Committee.

7.6. Board Member Induction and Ongoing Educational Development

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

During the year 2020, the Company conducted training session to the board members on the Risk Management.

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

7.7. Prohibition of Combining Positions

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

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

7.8. Duties of the Chairman of the Board

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

7.9. Duties of Board Members

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

7.10. Performance Assessment of the Board of Directors

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

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

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

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

8. Board Committees

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

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

8.1. Audit Committee

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

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

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

No.	Name	Role	Status
1	Sheikh/ Nayef Eid Mohammed Thani Al- Thani	Chairman	Board Member, Non – Executive
2	Mr. Mohammad Abdulla AlMustafawi Al Hashemi	Member	Board Member, Non – Executive
3	Mr. Eissa Khalid Eissa Al Muslimani	Member	Board Member, Non – Executive
4	Elsayed Mohamed Salem	Secretary	Internal Audit, Executive

The Audit Committee has met (7) times in 2020, and the responsibilities of the Committee as documented in the Audit Committee Charter are to:

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

- Consider, in consultation with the external auditors and the Head of Internal Audit, the audit scope and plans of the internal auditors and external auditors.
- Review with the Head of Internal Audit and the external auditors the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
- Review the following with the Director of Finance and External Auditors upon completion of the quarterly reviews and annual examination:
  - The quarterly and audited annual financial statements and related footnotes, integrity of financial reporting of the Company in accordance with accounting principles applied in the Company. The Audit Committee shall approve, on behalf of the Board, each of the quarterly financial statements and the corresponding announcements for the first 3 quarters of each financial year.
- The Audit Committee shall recommend to the Board, for approval, the annual financial results and the related announcements:
  - The external auditors' audit of the annual financial statements and reports thereon;
  - The adequacy of the Company's system of accounting controls;
  - The assistance given by Management to external auditors;
  - Any related significant findings and recommendations of the external auditors and internal auditors together with Management's responses thereto; and
  - Any significant changes required in the external auditors' audit plan, any serious difficulties or disputes with Management encountered during the course of the audit and their resolution, and other matters related to the conduct of the audit.
- Consider and review with Management and the Head of Internal Audit and Compliance annually:
  - Significant internal audit and compliance observations during the year and Management's responses thereto;
  - The effectiveness of the Company's internal controls over management, business and technology systems and practices and compliance risks;
  - Any changes required in the planned scope of the Head of Internal Audit and Compliance's audit plans; and
  - Budget and staffing of Internal Audit and Compliance Department
- Review self-interested person's transactions, and improper activities of the Company (if any).
- Review with the Head of Internal Audit and Compliance or Management, the results of their review of the Company's compliance with the external regulations and Company's Code of Conduct.
- Review legal and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies, and programs and reports received from regulators.
- Oversee business continuity management and business continuity planning for the Company.
- Meet with the Head of Internal Audit and Compliance, the external auditors, other Committees, and Management in separate executive sessions, to discuss any matters that these groups believe should be discussed privately with the Audit Committee.
- Consider and prepare a letter for inclusion in the annual report that describes the Audit Committee's composition and responsibilities, and how they were discharged.
- Report actions and minutes of the Audit Committee to the Board with such recommendations, as the Audit Committee considers appropriate.

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

- Reviewed the proposal from external audit firms for the provision of audit of financial statements for year 2020 and verify that controls are appropriate to choose the most suitable offer.
- Selected of an external audit firm Deloitte & Touche to audit the financial statements for the fiscal year 2020

- Approved the annual audit plan for 2020 & 2021 with the timetable for auditing departments
- Discussed the Internal Auditor's Report on the Financial Statements for year ended 31 December 2019.
- Discussed and approved the financial statements for the first quarter of 2020.
- Discussed and approved the financial statements for the half of 2020.
- Discussed and approved the financial statements for the third quarter of 2020.
- Discussed the reports issued by the Internal Audit Department during the period
- Reviewed and discussed of the internal audit reports on the follow-up to the implementation of the previous recommendations of Messrs. PricewaterhouseCoopers and the internal audit of some departments of the company.
- Discussed the financial management report on writing off and settling the debit balances of suppliers and tenants with the provision made for this purpose and made the necessary recommendations in this regard.
- Discussed the company's pricing policy for the goods, by comparing Al Meera's prices with competitors in the market, and making recommendations regarding it.
- Discussed supplier selection policy, evaluated their performance, and provided the necessary recommendations regarding it.
- Assigned an external consulting firm, Mazars, to provide support services for the internal audit up to 31/12/2021.
- Discussed and approved the company's internal control systems regarding financial reports according to governance requirements.
- Discussed the reports of the Committee for Reporting Violations and Complaints during the year 2020.
- Discussed the risk report of the company for all departments until the end of the third quarter, prepared by Messrs. Protivti.

8.2. Nomination and Remuneration Committee

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

- To study and submit nomination for Board of Directors vacancies.
- To make periodic review of the Board of Directors and its Committees to ensure that the members have the required expertise.
- To review the Board Candidates application and to recommend the Board of Director to address the list of applicants along with a copy of the applications to QFMA for further processing, in accordance to the provision 5 of QFMA Corporate Governance Code.
- To make sure that complete policies for rotation and replacement of the Board of Directors are in place.
- To issue the letter of appointment of the members of the Board of Directors.
- To submit proposals for comprehensive policy of financial compensation.
- To consult with the CEO regarding the proposed financial compensation for top management jobs.

The current Committee comprises of three (3) members & secretary, and has met three (3) times during 2020:

No.	Name	Role	Status
1	Prof. Dr. Khalid Ibrahim Al- Sulaiti	Chairman	Board Member, Non – Executive
2	Mr. Mohammad Abdulla Al Mustafawi Al Hashemi	Member	Board Member, Non – Executive
3	Mr. Hetmi Ali Khalifa Al Hitmi	Member	Board Member, Non – Executive
4	Mr. Abdullah Alaaeldin El Hakeem	Secretary	Lawyer & BOD Sec- Legal and Compliance Dept.

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

- Prepared the 2020 Board of Directors evaluation report.
- Discussed the employee bonus policy 2020.
- Discussed the 2020 tickets and leave policy.
- Reviewed the annual appraisal of some of the employees who appealed to the Committee and made its recommendation to the management.
- Discussed and approved the new Succession plan of the key positions.
- Discussed the remuneration of Board committees and Board members.
- Conducted a Board and Board committees performance assessment.

8.3. Tenders and Auctions Committee

The Tenders and Auctions Committee was established by the Board in 2006 to ensure that the company has an efficient and effective purchasing decisions. Additionally, the implementation of business works and acquired services is realized through the best means and conditions with the least possible cost. The Tenders and Auctions regulations set out the terms of reference for the Committee.

The Committee comprises of the six (6) members and a observer, in addition to secretary:

No.	Name	Role
1	Mr. Ali Hilal Ali Omran Al- Kuwari	Chairman
2	Prof. Dr. Khalid Ibrahim Al- Sulaiti	Member
3	Mr. Mohammad Abdulla Al Mustafawi Al Hashemi	Member
4	Assets & Property Director	Member
5	Finance Director	Member
6	Legal Director.	Member
7	Internal Audit staff	Observation
8	General Services Head	Secretary

The committee has met twenty six (26) times during 2020 and the responsibilities of the Committee are to:

- Issue tenders and receive bids.
- Study and evaluate technical and financial evaluation reports in light of what the applicant (bidder) has proposed.
- Issue decisions concerning the tenders or provide recommendations on the most appropriate bid, in accordance with the provision and procedures set out in the "Tenders and Auctions Regulations".
- Prepare minutes of each Meeting, which are signed by the Committee Chairman and the attending members at the end of each meeting, for record purposes as to the works and recommendations of the Committee.

9. Board Secretary

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

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

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

11. Internal Stakeholders' Rights

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

The Board has approved a remuneration policy and packages that provide incentive for the employees and management of the Company to always perform in the best interests of the Company.

10. Internal Control System

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

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

12. Related Party Transactions

For information on the related party transactions, please refer to Note 25 "Related Party Disclosures" of Al Meera's audited consolidated financial statements for the year ended 31 December 2020.
Any proposed Related Party transactions will be set out in the agenda of the Annual General Assembly for approval of the shareholders.

13. External Auditors

In the Annual General Assembly the Board of Directors will be recommending the extension of the contract of the existing external auditors as Al Meera's external auditor for Year 2021 based upon recommendations of the Audit Committee and Board of Directors, to provide half-yearly review and year-end audit.

14. Dividend Policy

The payment of dividend is subject to recommendation by the Board of Directors which is then approved by the Shareholders in the Annual General Assembly Meeting. For the Year 2020, the recommended cash dividend is 90% of the paid-up capital, which is QAR 0.90 per share.

15. Remuneration Policy

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

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

16. Compliance

The Company's Legal and Compliance Department continuously updates its Board and senior management for new or changed laws and regulations. The Board and senior management consistently seek to ensure compliance by the relevant business units and operations of all laws and regulations. Al Meera was successful in abiding by all the applicable laws and regulations and was not subject to any fines or penalties in 2020, Al Meera has complied with the listing and disclosure requirements.

17. Legal and Judicial Dispute

In 2020, there were no major legal disputes that would have a significant impact on the Company, however, Al Meera does have some ongoing legal disputes that are minor in nature, both on an individual and collective basis.

18. Risk Management

The Board has the overall responsibility for the management of risk in the Company and to encourage adequate risk management practices within the Company. Al Meera has successfully established an independent risk management function. The objective of the Company's risk management process is to assess, treat, monitor the internal and external risks that could impact the achievement of Al Meera's strategic plan.

The internal audit planning process will be enhanced by aligning the risk-based internal audit plan with the Company's risk profile. In addition to the efforts that have been made, the Company's will continue its efforts to ensure compliance with the provisions of the newly introduced code.

19. Related Party Policy and Conflicts of Interest

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

20. Insider Trading

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

For the year 2020, the Board members and senior management has declared all transactions involving company shares.

21. Internal Audit

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

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

22. Whistle blowing

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

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

23. Investor Relations

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

24. Fair treatment of shareholders and voting rights

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

25. Corporate Social Responsibility

The Company has committed to contributing 2.5% of its annual profit to Social and Spots Fund as required by Qatar Corporate Governance Law. During the year, Al Meera has made a payment of QAR 5.0m being 2.5% of Al Meera profit for 2020.

26. Subsidiaries and Associates

The Company is the ultimate parent of the following Companies:

- Al Meera Holding Company W.L.L.
- Al Meera Supermarkets Company W.L.L.
- Al Meera Development Company W.L.L.
- Qatar Markets Company W.L.L.
- Al Meera Bookstore Company W.L.L.
- Al Meera Logistics Services Company. W.L.L.
- Maar trading and Servicing Company. W.L.L.

Qatari Associate

- Al Oumara Bakeries Company W.L.L.

Overseas Subsidiaries

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

Board of Directors Profiles

H.E. Abdulla Abdulaziz Abdullah Turki Al-Subaie

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

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

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

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

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

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

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

Board of Directors Profiles

Mr. Ali Hilal Ali Omran Al-Kuwari

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

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

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

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

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

Prof. Dr. Khalid Ibrahim Al- Sulaiti

Member of the Board of Directors
Elected by the shareholders

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

He embarked on his career path as Director of Information and Market Relations at Qatar Exchange (1998-2000) while concurrently serving as Acting Dean of College of Business and Economic at Qatar University (1998-2001) and as Dean of Student Affairs at Qatar University (2000-2001). Between 2001 and 2006, Dr Al-Sulaiti served as the General Manager of the Institute of Administrative Development and as Dean of Academic Affairs at the Ahmed Bin Mohamed Military College between 2005 and 2007.

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

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

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

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

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

Mr. Mohammad Abdulla Al Mustafawi Al Hashemi

Member of the Board of Directors
Elected by the shareholders

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

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

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

Board of Directors Profiles

H.E. Sheikh Nayef Eid Mohammed Thani Al-Thani

Member of the Board of Directors
Elected by the shareholders

Sheikh Nayef Eid Mohammed Thani Al-Thani

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

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

Sheikh Nayef holds a Master's degree.

Mr. Hetmi Ali Khalifa Al Hitmi

Member of the Board of Directors
Elected by the shareholders

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

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

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

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

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

Mr. Eissa Khalid Eissa Al Muslimani

Member of the Board of Directors
Elected by the shareholders

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

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

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

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

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

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

Executive Management Profile

Mr. Yousef Ali Al Obaidan

Chief Executive Officer

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

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

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

FINANCIAL HIGHLIGHTS

In the first half of 2020, to combat the shortage of supply of essential goods brought about by Covid-19, Al Meera made great efforts to ensure that all its stores have adequate supplies of fast-moving consumer goods (FMCG), groceries and foodstuff to meet the increased demands of the communities. The unprecedented demand for products across multiple categories led to strong top-line results.

As a result, Al Meera's operations in 2020 were positively impacted by Covid-19-related activities.

Sales

The Group recorded consolidated sales of QR 3.4 billion in 2020, an increase of QAR 422.6 million, or 14.2%, compared to 2019. Al Meera Markets S.A.O.C. (Oman) contributed QAR 14.1 million to this sales increase.

Gross Profit

Gross profit increased to QAR 592.1 million, an increase of 14.2% over 2019.

Gross profit margin, at 17.4% was the same as that achieved in 2019, despite having to airfreight certain essential products to combat the shortage caused by panic buying, while maintaining prices at acceptable levels.

Rental Income

As part of Al Meera's dedication to the community and in support of local businesses to overcome the economic impact of Covid-19 outbreak in the country, Al Meera provided various incentives, including rent free concessions up to four months plus rescheduling of rent payments to assist its retail tenants who have been directly affected by the lockdown. These rent-free concessions granted to tenants totaled QAR 10.6 million.

As a result, rental income for the year decreased by QAR 9.7 million, to QAR 65.1 million, compared to the same period in 2019.

Net Profit Attributable to Equity Holders of the Parent

Al Meera posted a net profit attributable to equity holders of the parent of QAR 209.0 million, which is a QAR 22.5 million, or 12.0% increase, compared to 2019.

Earnings Per Share

Earnings per share (EPS) attributable to equity holders of the parent improved to QAR 1.05 per share over QAR 0.93 per share reported in 2019. To comply with requirements of Qatar Financial Markets Authority, Al Meera implemented a 10 for 1 share split effective 18 June 2019. Consequently, EPS for 2019 have been restated to reflect the split.

Dividends for shareholders – 2020

The Board of Directors have proposed a 90% cash dividend on the paid-up capital of QAR 0.90 per share totaling QAR 180 million for the year 2020, which is subject to shareholders approval during the Annual General Assembly.

Total Assets

Total assets increased by 7.6%, from QAR 2.5 billion in 2019 to QAR 2.7 billion as at the end of 2020.

Total Equity

Total equity increased by 7.1%, from QAR 1.5 billion to QAR 1.6 billion as at the end of 2020.

Loans and Borrowings

Bank borrowings, totaling to QAR 227.3 million, consist of the following:

- **Loan 1**

  A bank facility obtained in 2014 from Qatar Development Bank to partially fund the acquisition of a subsidiary in the Sultanate of Oman. The amount of this loan totaled QAR 89.2 million as at 31 December 2020.

- **Loan 2**

  An initial drawdown of QAR 125 million was made on 21 March 2018 from the QAR 200 million Murabaha loan facility with a local bank in the State of Qatar to finance the expansion plans of the Group. Initially, this loan was repayable over 20 quarterly instalments starting March 2020. The repayment date has been extended to start March 2021. Hence, the loan amount remained at QAR 125 million as at 31 December 2020.

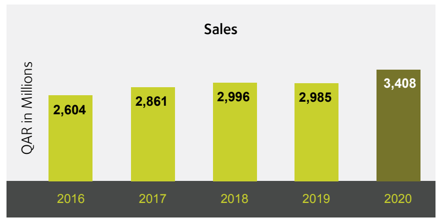
- **Loan 3**

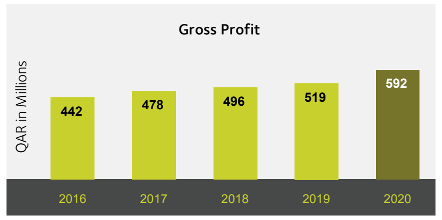
  During the year the Al Meera Oman S.A.O.C., one of the Group's subsidiaries has entered into a Master facility agreement with one of the commercial banks in Sultanate of Oman. As per the Master facility letter, the bank has provided an Islamic financial facility with a limit of QR 52 Million (RO 5.5 million). The facility is available for drawdown in multiple tranches during the availability period of 24 months from the date of facility letter. During the year, the Company has drawdown an amount of QR 13.7 million (RO 1.4 million) for the purpose of financing the construction of Al Meera Amirat Mall in Muscat, Oman.

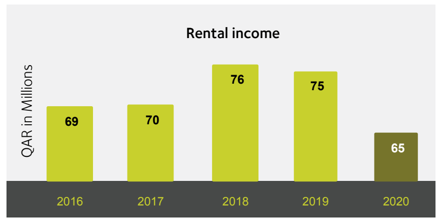
KEY FINANCIAL INFORMATION

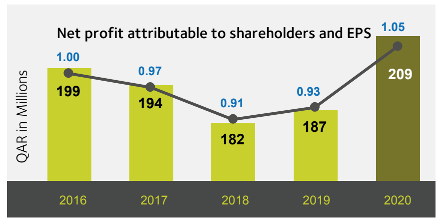
	2020	2019	2018	2017	2016
Income statement items (in QAR millions, unless otherwise stated)					
Sales	3,407.7	2,985.2	2,996.0	2,861.2	2,604.4
Gross profit	592.1	518.6	496.4	477.9	442.2
Net profit attributable to equity holders of Parent	209.0	186.6	182.4	194.0	199.2
Earnings per share in QAR	1.05	0.93	0.91	0.97	1.00
Balance sheet items (in QAR millions)					
Total non-current assets	2,015.4	1,963.7	1,616.8	1,582.7	1,432.1
Total current assets	724.9	582.1	784.2	636.7	777.2
Total assets	2,740.4	2,545.8	2,400.9	2,219.4	2,209.3
Total liabilities	1,162.3	1,072.2	951.0	797.9	766.7
Total equity	1,578.1	1,473.6	1,449.9	1,421.5	1,442.6
Key financial ratios (in QAR millions, unless otherwise stated)					
Gross profit margin	17.4%	17.4%	16.6%	16.7%	17.0%
Net profit margin	6.1%	6.3%	6.1%	6.8%	7.6%
Return on average total assets	7.9%	7.5%	7.9%	8.8%	9.5%
Return on average equity attributable to equity holders of the Parent Company	14.1%	13.1%	13.1%	13.9%	14.3%
Nominal value per share*	1.00	1.00	1.00	1.00	1.00
Price per share*	20.71	15.30	14.80	14.49	17.55
Book value per share*	7.68	7.17	7.04	6.90	7.01
Price earnings ratio (PE)	19.81	16.40	16.23	14.93	17.62
Price to book value ratio	2.69	2.13	2.10	2.10	2.50
Dividend per share*	0.90	0.85	0.85	0.90	0.90
Dividend yield	4.3%	5.6%	5.7%	6.2%	5.1%
Dividend payout	0.86	0.91	0.93	0.93	0.90

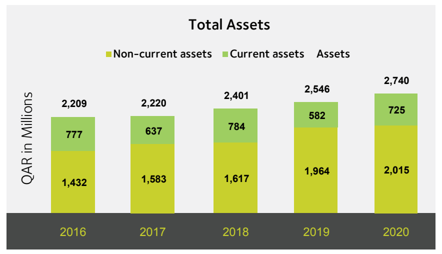
* To comply with requirements of Qatar Financial Markets Authority, Al Meera implemented a 10 for 1 share split effective 18 June 2019. Consequently, EPS, nominal value per share, book value per share, and dividend per share for 2016 to 2018 have been adjusted to reflect the split.

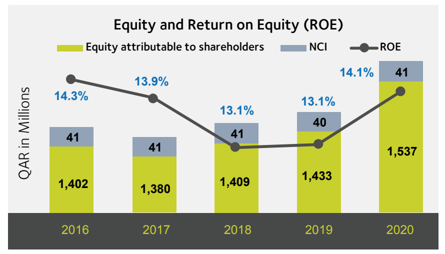


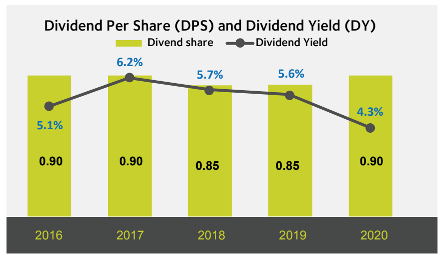












Independent **Auditor's Report**

Independent Auditor's Report to the Shareholders of

Al Meera Consumer Goods Company Q.P.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Meera Consumer Goods Company Q.P.S.C (the "Parent Company") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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 2020, the carrying value of goodwill amounted to QR. 344 million, 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. Management of the Group has considered the impact of COVID-19 in its modelling based on reasonable and supportable information available to management at year end. 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 testing their design, implementation and operating effectiveness of controls over the impairment assessment process, including indicators of impairment. • 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. • Obtaining and analysing the business plans for each such asset (or CGU, as applicable) to assess the accuracy of the computations and the overall reasonableness of key assumptions; • Assessing the methodology used by the Group to estimate the Weighted Average Cost of Capital (WACC); We performed sensitivity analysis on the key assumptions used by management, including the factoring of the potential prolonged COVID-19 impact, to understand the extent to which these assumptions need to be adjusted before resulting in additional impairment loss. We assessed the overall presentation, structure and content of the related disclosures in notes 4 and 12 to the consolidated financial statements against the requirements of IFRSs.
Revenue recognition Revenue recognition from sales of goods to retail customers is recognized when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods. Revenue is measured at fair value of consideration received or receivable, taking into account the contractually agreed terms of payment. Revenue recognition is considered a significant risk given the complexity of the IT systems involved, the high volume of transactions and changes caused by price updates and promotional offers affecting the various products and services offered. Revenue for the year is disclosed in note 5 to the consolidated financial statements.	We have inquired with sales, marketing department, and other process owners to understand the critical path of sales process. We have performed audit procedures, which were a combination of substantive testing and tests of controls. We considered the appropriateness of the Group's revenue recognition accounting policies, including the recognition and classification criteria. Due to the high reliance of revenue recognition on information technology systems, we evaluated the integrity of the general IT control environment and tested the operating effectiveness of key IT application controls.

Report on the Audit of Consolidated Financial Statements (continued)

Other Information

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

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

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

Responsibilities of Management and 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.
- 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 Country Commercial Companies Law, we report the following:

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

For Deloitte & Touche
Qatar Branch

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

Doha -Qatar
23 February 2021

Consolidated **Financial Statements**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Notes	2020	2019
		QR.	QR.
Sales	5	**3,407,739,938**	2,985,153,270
Cost of sales	6	**(2,815,652,132)**	(2,466,540,264)
Gross profit		**592,087,806**	518,613,006
Rental income		**65,114,399**	74,778,270
Other income	7	**16,706,680**	14,916,910
General and administrative expenses	8	**(329,369,974)**	(292,465,795)
Depreciation and amortisation	10,11 & 13	**(116,425,260)**	(111,212,125)
Share of loss of an associate	15	**(1,534,424)**	(1,533,374)
Finance costs	33	**(16,557,962)**	(17,758,681)
Profit before tax		**210,021,265**	185,338,211
Income tax (expense)/benefit	9	**(91,123)**	229,029
Profit for the year		**209,930,142**	185,567,240
Attributable to:			
Equity holders of the parent		**209,037,000**	186,587,482
Non-controlling interests	32	**893,142**	(1,020,242)
		209,930,142	185,567,240
Earnings per share			
Basic and diluted earnings per share attributable to equity holders of the parent	30	**1.05**	0.93

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020	2019
		QR.	QR.
PROFIT FOR THE YEAR		**209,930,142**	185,567,240
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	**69,529,271**	12,579,861
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**279,459,413**	198,147,101
Attributable to:			
Equity holders of the parent		**278,566,271**	199,167,343
Non-controlling interests		**893,142**	(1,020,242)
		279,459,413	198,147,101

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020	2019
		QR.	QR.
ASSETS			
Non-current assets			
Property and equipment	10	1,115,073,874	1,124,577,616
Right-of-use assets	11	207,471,146	223,397,648
Goodwill	12	344,097,998	344,097,998
Intangible assets	13	1,389,904	2,731,515
Financial assets at fair value through other comprehensive income	14	346,915,631	268,778,129
Deferred tax assets	9	472,359	103,151
Investment in associate	15	--	--
Total non-current assets		2,015,420,912	1,963,686,057
Current assets			
Inventories	16	198,719,012	207,217,798
Trade and other receivables	17	58,476,248	61,590,669
Amounts due from related parties	25	18,851,044	16,679,504
Cash and bank balances	18	448,888,395	296,580,504
Total current assets		724,934,699	582,068,475
TOTAL ASSETS		2,740,355,611	2,545,754,532
EQUITY AND LIABILITIES			
Equity			
Share capital	19	200,000,000	200,000,000
Legal reserve	20	901,289,603	901,289,603
Optional reserve	20	21,750,835	21,750,835
Fair value reserve	20	68,750,766	229,617
Retained earnings		345,184,917	310,129,318
Equity attributable to equity holders of the parent		1,536,976,121	1,433,399,373
Non-controlling interests	32	41,077,067	40,183,925
Total equity		1,578,053,188	1,473,583,298
Non-current liabilities			
Loans and borrowings	21	192,829,002	181,641,159
Lease liabilities	23	178,920,029	176,578,567
Employees' end of service benefits	22	43,801,028	37,455,701
Retentions payable	24	1,785,315	2,944,716
Total non-current liabilities		417,335,374	398,620,143
Current liabilities			
Trade and other payables	24	672,483,293	585,125,684
Lease liabilities	23	38,027,680	49,939,296
Loans and borrowings	21	34,456,076	38,486,111
Total current liabilities		744,967,049	673,551,091
Total liabilities		1,162,302,423	1,072,171,234
TOTAL EQUITY AND LIABILITIES		2,740,355,611	2,545,754,532

....

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

Mr. Ali Hilal Ali Omran Al- Kuwari
Vice Chairman

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020	2019
		QR.	QR.
OPERATING ACTIVITIES			
Profit before tax		210,021,265	185,338,211
Adjustments for:			
Depreciation and amortisation	10,11&13	116,425,260	111,212,125
Interest income	7	(3,491,090)	(3,644,956)
(Reversal of) / provision for loss allowance	17 & 18	3,908,462	(2,239,456)
Provision for employees' end of service benefits	22	12,239,929	6,918,055
Allowance for obsolete and slow moving inventories - net	16	13,987,889	1,344,691
Share in loss of an associate	15	1,534,424	1,533,374
Loss on disposal of property and equipment		100,668	839
Dividend income	7	(9,455,793)	(8,467,827)
Right of use contract modification		1,024,673	--
Finance costs	33	16,557,962	17,758,681
Operating profit before changes in working capital		362,853,649	309,753,737
Working capital changes:			
Inventories		(5,489,103)	(12,701,812)
Trade and other receivables		(50,538)	(1,622,566)
Amounts due from related parties		(2,056,417)	(2,568,939)
Trade and other payables		78,651,031	(98,618,634)
Cash flows from operating activities		433,908,622	194,241,786
Employees' end of service benefits paid	22	(5,894,602)	(3,760,346)
Income tax paid		(168,637)	--
Payment of contribution to social and sports fund		(4,452,991)	(4,381,328)
Net cash flows from operating activities		423,392,392	186,100,112
INVESTING ACTIVITIES			
Purchase of financial assets at fair value through other comprehensive income	14	(195,012,421)	(272,373,253)
Proceeds from sale of financial assets at fair value through other comprehensive income	14	186,404,190	161,590,317
Purchase of property and equipment	10	(62,278,402)	(64,976,840)
Proceeds from disposal of property and equipment		565,361	33,041
Purchase of intangible assets		--	(68,850)
Net movement in deposits maturing after 90 days		(78,400,000)	37,816,000
Net movement in restricted bank accounts		(9,513,745)	(589,395)
Dividends received	7	9,455,793	8,467,827
Interest received		3,231,482	4,435,612
Net cash flows used in investing activities		(145,547,742)	(125,665,541)
FINANCING ACTIVITIES			
Dividends paid		(160,318,993)	(164,753,983)
Net movement in loans and borrowings		7,014,951	(13,084,405)
Repayment of principal portion of lease liabilities		(38,744,663)	(35,035,975)
Repayment of interest portion of lease liabilities		(10,808,776)	(12,933,345)
Finance costs paid		(10,251,985)	(13,314,094)
Net cash flows used in financing activities		(213,109,466)	(239,121,802)
Net (decrease) / increase in cash and cash equivalents		64,735,184	(178,687,231)
Cash and cash equivalents at 1 January		206,942,338	385,629,569
Cash and cash equivalents at 31 December	18	271,677,522	206,942,338

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Equity attributable to equity holders of the parent							
	Share capital	Legal reserve	Optional reserve	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Balance at 1 January 2019	200,000,000	901,289,603	21,750,835	(6,089,426)	291,734,009	1,408,685,021	41,204,167	1,449,889,188
Profit for the year	--	--	--	--	186,587,482	186,587,482	(1,020,242)	185,567,240
Reclassification of gains on sale of financial assets at fair value through other comprehensive income	--	--	--	(6,260,818)	6,260,818	--	--	--
Net change in fair value of financial assets (Note 14)	--	--	--	12,579,861	--	12,579,861	--	12,579,861
Appropriation for contribution to social and sports fund (Note 29)	--	--	--	--	(4,452,991)	(4,452,991)	--	(4,452,991)
Dividends paid (Note 28)	--	--	--	--	(170,000,000)	(170,000,000)	--	(170,000,000)
Balance at 31 December 2019	200,000,000	901,289,603	21,750,835	229,617	310,129,318	1,433,399,373	40,183,925	1,473,583,298
Profit for the year	--	--	--	--	209,037,000	209,037,000	893,142	209,930,142
Reclassification of gains on sale of financial assets at fair value through other comprehensive income	--	--	--	(1,008,122)	1,008,122	--	--	--
Net change in fair value of financial assets (Note 14)	--	--	--	69,529,271		69,529,271	--	69,529,271
Appropriation for contribution to social and sports fund (Note 29)	--	--	--	--	(4,989,523)	(4,989,523)	--	(4,989,523)
Dividends paid (Note 28)	--	--	--	--	(170,000,000)	(170,000,000)	--	(170,000,000)
Balance at 31 December 2020	**200,000,000**	**901,289,603**	**21,750,835**	**68,750,766**	**345,184,917**	**1,536,976,121**	**41,077,067**	**1,578,053,188**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

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

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

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

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

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

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 23 February 2021.

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

Name of subsidiaries and associates	*Country of incorporation*	*Relationship*	*Group effective shareholding percentage*	
			2020	*2019*
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. (previously Aramex 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%

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

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

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

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

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

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

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c) There is no substantive change to other terms and conditions of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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

2.2 Impact of initial application of other new and amended standards on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2020, have been adopted in these financial statements.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in IFRS Standards The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.	1 January, 2020
Amendments to IFRS 3 Definition of a business The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.	1 January, 2020
Amendments to IAS 1 and IAS 8 Definition of material The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.	1 January, 2020

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

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. 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 1 January 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. 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.	1 January, 2023
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 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.	Available for optional adoption/ effective date deferred indefinitely
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current The amendments to IAS 1 affect only the presentation of liabilities as current or non-current 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. 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.	1 January, 2023. Early application is permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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

2.3 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 3 – Reference to the Conceptual Framework	1 January, 2022
The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.	
Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise 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 the beginning of that earliest period presented.	1 January, 2022.Early application permitted.
Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise 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 the date of initial application.	1 January, 2022. Early application permitted.

New and revised IFRSs	Effective for annual periods beginning on or after
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January, 2021
The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to: – changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and – hedge accounting.	
Hedge accounting The amendments provide exceptions to the hedge accounting requirements in the following areas. – Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform. – When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined. – When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to subgroups based on the benchmark rates being hedged. – If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date. *Disclosure* The amendments will require the Group to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities. *Transition* The Group plans to apply the amendments from 1 January 2021. Application will not impact amounts reported for 2020 or prior periods. Annual Improvements to IFRS Standards 2018–2020 The Annual Improvements include amendments to four Standards.	1 January, 2021
IFRS 1 First-time Adoption of International Financial Reporting Standards The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).	1 January, 2022. Early application permitted.
IFRS 9 Financial Instruments The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted. *IFRS 16 Leases* *The amendment removes the illustration of the reimbursement of leasehold improvements.*	1 January, 2022. Early application permitted.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3. SIGNIFICANT 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) and applicable requirements of Qatar Commercial Companies' Law No. 11 of 2015.

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

Basis of preparation

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 Company and the financial statements of the entities controlled by the Company 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:

- 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

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

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

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Sale of goods – retail (continued)

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.

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.

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

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

Capital work-in-progress

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

Intangible assets

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

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

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

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

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

Investment in associates

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in associates (continued)

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

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

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

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

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

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

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

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. Gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the associate.

Financial instruments

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

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

Financial assets

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

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

Classification of financial assets

(i) Debt instruments designated at amortised cost

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

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

(ii) Debt instrument designated at other comprehensive income

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Amortised cost and effective interest rate (EIR) method

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

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

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

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

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

(iii) Equity instruments designated as at FVTOCI

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Classification of financial assets (continued)

(iv) Financial assets at FVTPL

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

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

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

Impairment of financial assets

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

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

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

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

(i) Significant increase in credit risk

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

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

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

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

(1) The financial instrument has a low risk of default,

(2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

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

(iii) Credit-impaired financial assets

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

(a) (significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

(v) Measurement and recognition of expected credit losses

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

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

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Financial liabilities at FVTPL

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

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

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

Financial liabilities measured subsequently at amortised cost

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

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

Derecognition of financial liabilities

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

Offsetting of financial instruments

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

Impairment of non-financial assets

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

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Inventories

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

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

Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

Foreign currencies

Foreign currency translation

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

Foreign currency translation (continued)

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

Employees' end of service benefits

End of service gratuity plans

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

(a) Pension plan (Qatar)

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

(b) Pension plan (Oman)

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

Provisions

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

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

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

Earnings per share

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

Segment reporting

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

Taxes

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

Current income tax

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

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

Deferred tax

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

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

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

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

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as lessee (continued)

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.

(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.

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:

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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

Critical judgments (continued)

Determining whether the loyalty points provide material rights to customers (continued)

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

Principal versus agent consideration

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

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

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

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

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

Capitalisation of costs

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

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

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

Determining the lease term

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

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

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

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 allocates goodwill to groups of 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.

Going concern

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

Classification of investments

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

Classification of investments in associate

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

Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

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

The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated quarterly and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the Group considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. The Group ensures that the value assigned to the loyalty points is commensurate to the standalone selling price of the products eligible for redemption (i.e.,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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

Estimates (continued)

Estimating stand-alone selling price – Al Meera Rewards Loyalty Programme (continued)

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 2020, the estimated liability for unredeemed points was QR. 3,165,574 (2019: QR. 1,993,460) (Note 24).

Estimating variable consideration for returns

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

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

Variable lease payments

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

Discounting of lease payments

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

Grouping of right-of-use asset

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

Impairment of inventories

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

Impairment of tangible and intangible assets

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

Estimated useful lives of property and equipment and intangibles

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

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

Management has not made estimates of residual values for any items of property and equipment at the end of their useful lives as these have been deemed to be insignificant.

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate the present value. The recoverable amount of the cash generating unit is determined by management based on value in use calculation which uses cash flow projections based on forecast revenue and profit margin which have been projected for five years discrete period. The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The management used discount rates for Qatar Markets Company W.L.L. and Al Meera Market S.A.O.C. (Al Safeer Oman), 6.4% and 9.2% respectively (2019: 8.51% and 9.17%) and terminal growth rate of 2.0% and 2.0 %, respectively (2019: 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).

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 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

5. SALES

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

	2020	2019
	QR.	QR.
Sale of goods – at a point in time		
Retail	**3,383,887,839**	2,966,470,581
Wholesale	**23,852,099**	18,682,689
	3,407,739,938	2,985,153,270

6. COST OF SALES

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

7. OTHER INCOME

	2020	2019
	QR.	QR.
Dividend income	**9,455,793**	8,467,827
Interest income	**3,491,090**	3,644,956
Miscellaneous income	**3,759,797**	2,804,127
	16,706,680	14,916,910

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
	QR.	QR.
Salaries, wages and other benefits	**200,196,740**	166,670,790
Contract labour charges	**31,204,510**	22,365,927
Repairs and maintenance	**15,416,176**	12,953,028
Rent and staff accommodation	**13,482,950**	13,847,439
Bank charges, commission and credit card charges	**13,257,353**	10,598,757
Provision for slow moving inventories (Note 16)	**8,836,688**	2,419,273
Advertisement expenses	**8,823,804**	11,837,847
Board of Directors' remuneration (Note 25)	**7,581,950**	6,322,351
Consulting and professional fees	**6,075,897**	3,955,975
Water and electricity	**5,856,853**	28,598,955
Vehicle running and insurance expenses	**4,575,895**	3,830,459
Provision for/(Reversal of) loss allowance (Notes 17 and 18)	**3,908,462**	(2,239,456)
Telephone and postage	**3,170,370**	3,000,837
Printing and stationery	**1,938,829**	2,110,175
Travelling expenses	**943,059**	1,671,715
Franchise fee	**262,500**	1,050,000
Donations	**45,139**	26,377
Other expenses	**3,792,799**	3,445,346
	329,369,974	292,465,795

9. INCOME TAX

The major components of income tax expenses is as follows:

	2020	2019
	QR.	QR.
Income tax expense	**460,326**	150,192
Deferred income tax	**(369,203)**	(379,221)
Income tax expense reported in the consolidated statement of profit or loss	**91,123**	(229,029)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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 2020	5,922,495	1,000,330,237	265,019,885	21,062,040	51,593,453	41,512,737	94,153,115	54,976,078	1,534,570,040
Additions	--	1,753,832	3,945,359	1,065,002	2,715,950	2,967,264	2,517,251	47,872,490	62,837,148
Disposals	--	(85,051)	(983,233)	(2,722,486)	(248,663)	(7,674)	(14,355)	--	(4,061,462)
Transfers	--	5,488,374	6,306,155	--	3,355,727	49,236	12,235,636	(27,435,128)	--
At 31 December 2020	5,922,495	1,007,487,392	274,288,166	19,404,556	57,416,467	44,521,563	108,891,647	75,413,440	1,593,345,726
Accumulated Depreciation:									
At 1 January 2020	--	141,545,000	141,441,206	17,800,562	32,897,168	28,700,045	47,608,443	--	409,992,424
Charge for the year	--	24,071,113	23,525,508	1,278,070	8,175,412	4,935,616	9,689,142	--	71,674,861
Relating to disposals	--	(80,506)	(486,460)	(2,671,963)	(145,649)	(7,629)	(3,226)	--	(3,395,433)
At 31 December 2020	--	165,535,607	164,480,254	16,406,669	40,926,931	33,628,032	57,294,359	--	478,271,852
Net book value:									
At 31 December 2020	**5,922,495**	**841,951,785**	**109,807,912**	**2,997,887**	**16,489,536**	**10,893,531**	**51,597,288**	**75,413,440**	**1,115,073,874**

Notes:

1. Buildings with a carrying amount of QR. 618,212,677 (2019: QR 628,395,177) 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 another period of time exceeding the useful life of these buildings.

2. The capital work-in-progress includes constructions of new supermarkets and warehouse and major renovation of existing supermarkets. These costs are financed by loans obtained from local banks. The amount of borrowing costs capitalised during the year ended 31 December 2020 amounted to QR Nil (2019: QR 3,250,854). These loans carry profit in the range of 5.5% per annum (2019: 5.5% per annum). The amount of amortisation on right-of-use asset and interest expense on lease liabilities capitalised during the year ended 31 December 2020 amounted to QR. 557,524 and QR. 1,222(2019: QR. 1,296,068 and QR. 1,600,884), respectively.

3. As of the reporting date, the Group has 31 (2019: 31) plots of land granted by the Government of Qatar at nominal values in the books.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

11. RIGHT-OF-USE ASSETS

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

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

	2020	2019
	QR.	QR.
Balance at 1 January	223,397,648	238,602,300
New leases added during the year	50,159,957	28,825,618
Contract modifications	(2,280,151)	(2,352,620)
Derecognition of right-of-use assets	(19,729,970)	--
Amortistion of right-of-use of assets	(43,408,788)	(40,193,164)
Transferred to work-in-progress	(557,524)	(1,296,068)
Allocated to an associate	(110,026)	(188,418)
Balance at 31 December	207,471,146	223,397,648

Amounts recognised in profit and loss

	2020	2019
	QR.	QR.
Amortisation expense on right-of-use assets	43,408,788	40,193,164
Expense relating to short-term leases	8,973,127	9,587,040
Expense relating to variable lease payments not included in the measurement of the lease liability	1,204,483	4,260,399

During the year, amortisation on right-of-use assets amounting QR. 557,524 (2019:QR. 1,296,068) and QR. 110,026 (2019:QR. 188,418) was capitalised to work-in-progress and allocated to an associate, respectively. During the year a project for construction of a central warehouse was discontinued and accordingly the right of use asset of QR. 19,729,970 was derecognized.

12. GOODWILL

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

	2020	2019
	QR.	QR.
Qatar Markets Company W.L.L.	227,028,986	227,028,986
Al Meera Market S.A.O.C. (Al Safeer Oman)	117,069,012	117,069,012
	344,097,998	344,097,998

Qatar Markets Company W.L.L.:

The recoverable amounts of these cash generating units have been determined based on value in use calculations. The calculation uses cash flow projections based on forecast revenues and profit margins approved by management covering five years period at a discount rate of 6.4% (2019: 8.51%). The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The cash flows beyond five year period is extrapolated using a steady growth rate of 2% (2019: 2.0%), which is the projected long term growth rate of the Company.

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

Management believes that any reasonably possible change in the above key assumptions on which the recoverable amount is based would not cause the carrying value of the goodwill to materially exceed its recoverable amount, accordingly, no impairment loss was recognised in years 2020 and 2019.

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

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

The recoverable amount of the cash generating unit has been determined based on value in use calculations. The calculation uses cash flow projections based on forecast revenues and profit margins approved by management covering five years period at a discount rate of 9.2% (2019: 9.17%). 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% (2019: 2.0%), which is the projected long term growth rate of the Company.

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

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

13. INTANGIBLE ASSETS

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

The movements are as follows:

	2020	2019
	QR.	QR.
Cost:		
At 1 January	17,880,025	17,811,175
Additions for the year	--	68,850
At 31 December	17,880,025	17,880,025
Amortisation:		
At 1 January	15,148,510	13,518,909
Charge for the year	1,341,611	1,629,601
At 31 December	16,490,121	15,148,510
Net book value at 31 December	1,389,904	2,731,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020	2019
	QR.	QR.
Quoted equity shares	340,855,380	259,800,914
Unquoted equity shares	6,060,251	8,977,215
	346,915,631	268,778,129

Notes:

(i) The above quoted equity investments are managed by reputable assets managers, who take investment decisions on behalf of the Group.

(ii) Quoted equity investments include investments in Qatar of QR. 312,095,234 (2019: QR. 210,085,446) and QR. 28,760,146 (2019: QR. 49,715,468) outside Qatar.

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

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

	2020	2019
	QR.	QR.
At 1 January	268,778,129	145,415,332
Additions	195,012,421	272,373,253
Disposals	(186,404,190)	(161,590,317)
Net changes in fair value	69,529,271	12,579,861
At 31 December	346,915,631	268,778,129

15. INVESTMENTS IN ASSOCIATES

The Group has the following investment in associate:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest 2020	2019
			%	%
Al Oumara Bakeries Company W.L.L.	Manufacture and sale of bakery products	Qatar	51%	51%

The movement of investment in associates is as follows:

	2020	2019
	QR.	QR.
At 1 January	--	98,497
Disposal of Al Meera Logistics Services W.L.L. (previously Aramex Logistics Services W.L.L.)	--	(98,497)
Provision recorded on Al Oumara Bakeries Company W.L.L. as at 1 January	(8,818,292)	(7,284,918)
Share of results for the year	(1,534,424)	(1,533,374)
Presented separately as a provision for deficit in an associate on Al Oumara Bakeries Company W.L.L. (Note 24)	10,352,716	8,818,292
At 31 December	--	--

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

	2020	2019
	QR.	QR.
Group's share of associates' statement of financial position:		
Current assets	154,621	455,384
Non-current assets	73,586	114,258
Current liabilities	(10,580,923)	(9,267,712)
Non-current liabilities	--	(120,222)
Carrying amount of the investments	(10,352,716)	(8,818,292)
Group's share of associates' revenue and results:		
Sales	1,620,992	2,714,568
Share of results	(1,534,424)	(1,533,374)

16. INVENTORIES

	2020	2019
	QR.	QR.
Finished goods	221,795,626	215,910,298
Consumables and spare parts	910,061	1,306,286
	222,705,687	217,216,584
Less: Provision for obsolete and slow-moving inventories	(23,986,675)	(9,998,786)
	198,719,012	207,217,798

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

	2020	2019
	QR.	QR.
At 1 January	9,998,786	8,654,095
Charges recognised in general and administrative expenses (Note 8)	8,836,688	2,419,273
Charges recognised / Reversal in cost of sales	5,151,201	(1,074,582)
At 31 December	23,986,675	9,998,786

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

17. TRADE AND OTHER RECEIVABLES

	2020 QR.	2019 QR.
Trade receivables	**5,982,372**	4,930,555
Advances to supplier - net	**11,448,455**	10,199,828
Credit card receivables	**10,354,736**	9,008,659
Deposits	**15,777,627**	15,583,556
Prepaid expenses	**5,188,626**	6,915,646
Staff receivables	**3,991,804**	5,327,466
Lease receivables	**6,839,822**	7,455,310
Accrued interest income	**1,521,377**	1,261,769
Other receivables	**1,972,843**	1,941,870
	63,077,662	62,624,659
Less: Allowance for impairment of trade receivables (Note 34)	**(4,601,414)**	(1,033,990)
	58,476,248	61,590,669

Notes:

i. The credit risk disclosures of expected credit losses on trade receivable under IFRS 9, have been disclosed in Note 34.

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

18. 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:

	2020 QR.	2019 QR.
Cash in hand	**1,838,649**	2,686,023
Cash at bank	**78,938,873**	143,656,315
Short term deposits (i)	**190,900,000**	60,600,000
Total cash and cash equivalents	**271,677,522**	206,942,338
Term deposits maturing after 90 days	**83,300,000**	4,900,000
Restricted bank accounts (ii)	**94,400,132**	84,886,387
Less: Allowance for expected credit loss on term deposits (iii) (Note 34)	**(489,259)**	(148,221)
Total cash on hand and at banks	**448,888,395**	296,580,504

Notes:

i) The term deposits have different maturities and carry profit margin at market rates.

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

iii) The credit risk disclosures to expected credit losses on term deposit under IFRS 9 have been disclosed in Note 34.

19. SHARE CAPITAL

	2020 QR.	2019 QR.
Authorised, issued and fully paid:		
200,000,000 shares of QR 1 each	**200,000,000**	200,000,000

Note:

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

20. RESERVES

Legal reserve

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

Optional reserve

In accordance with the Group's Articles of Association, upon suggestion of the Board of Directors, the General Assembly may decide to deduct a portion of the net profit for the optional reserve. This optional reserve shall be used in the forms and ways that will be decided by the General Assembly. There were no movements during the year ended 31 December 2020 (2019: 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.

21. LOANS AND BORROWINGS

	2020 QR.	2019 QR.
Loan 1	**89,181,330**	95,873,302
Loan 2	**125,000,000**	125,000,000
Loan 3	**13,706,923**	--
Deferred financing arrangement cost	**(603,175)**	(746,032)
	227,285,078	220,127,270

Presented in the consolidated statement of financial position as follows:

	2020 QR.	2019 QR.
Non-current portion	**192,829,002**	181,641,159
Current portion	**34,456,076**	38,486,111
	227,285,078	220,127,270

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

21. LOANS AND BORROWINGS(CONTINUED)

Loan 1 (continued)

In March 2020, the bank agreed with the Group on the postponement of the repayment of loan for 6 months starting from March 2020. The postponement was free of any profit or fees during the extended six months.

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 December 2019, the Group received proposal from the bank for the restructuring of the loan, extending the grace period to 3 years from its original grace period of 2 years and new profit rate of QMRL + 0.25% with a minimum of 4.5% (QMRL + 0.25% with no minimum during grace period). In April 2020, the terms were finalized and management restructured the loans. Management performed a testing to assess whether the restructuring constitutes as a significant modification and concluded that the restructuring doesn't qualify as a significant modification. Gain on the restructuring was not recognised due to its insignificance.

Loan 3

During the year the Al Meera Oman S.A.OC, one of the Group's subsidiaries has entered into a Master facility agreement with one of the commercial banks in Sultanate of Oman. As per the Master facility letter, the bank has provided a financial facility with a limit of QR 52 Million (RO 5.5 Millions). The facility shall be available for drawdown in multiple tranches during the availability period of 24 months from the date of facility letter. During the year, the Company has drawdown an amount of QR 13.71 million (RO 1.4 million) for the purpose of capital expenditure. The term loan facility is subject to a profit rate of 5.75% p.a. during the availability period. The repayment of the term loan shall happen after the availability period and after moratorium period of 6 months from the end of availability period. Thus, there is no repayment due in the next 12 months. The term loans are secured by a mortgage on proposed Usufruct of Al Meera Retail Complex in Amerat. The Company has complied with all the financial covenants.

22. EMPLOYEES' END OF SERVICE BENEFITS

	2020 QR.	2019 QR.
At 1 January	**37,455,701**	34,297,992
Provided during the year	**12,239,929**	6,918,055
End of service benefits paid	**(5,894,602)**	(3,760,346)
At 31 December	**43,801,028**	37,455,701

23. LEASE LIABILITIES

	2020 QR.	2019 QR.
At 1 January	**226,517,863**	235,013,386
Additions during the year	**50,159,957**	28,825,618
Contract modification	**(1,255,478)**	(2,285,166)
Derecognition of lease liability	**(19,729,970)**	--
Accretion of interest	**10,808,776**	12,933,345
Payments during the year	**(49,553,439)**	(47,969,320)
At 31 December	**216,947,709**	226,517,863
Current	**38,027,680**	49,939,296
Non-current	**178,920,029**	176,578,567
	216,947,709	226,517,863

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

	2020 QR.	2019 QR.
Not later than 1 year	**38,910,939**	49,939,296
Later than 1 year and not later than 5 years	**103,317,532**	105,748,922
Later than 5 years	**201,282,373**	198,102,724
	343,510,844	353,790,942

During the year a project for construction of a central warehouse was discontinued and accordingly the associated lease liability of QR. 19,729,970 was derecognized.

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

24. TRADE AND OTHER PAYABLES

	2020 QR.	2019 QR.
Trade and services payables	**431,197,237**	383,816,201
Dividends payable	**112,619,117**	102,938,110
Accrued expenses	**83,231,827**	53,866,759
Retentions payable	**5,099,455**	11,866,935
Provision for deficit in an associate (Note 15)	**10,352,716**	8,818,292
Provision for social and sports fund	**4,989,523**	4,452,991
Payable to contractors	**5,561,511**	3,583,502
Contract liability on loyalty program	**3,165,574**	1,993,460
Deferred rent income	**284,434**	657,402
Income tax payable	**441,886**	150,192
Other payables	**15,540,013**	12,981,840
	672,483,293	585,125,684
Retentions payable presented in the consolidated statement of financial position as follows:		
Current portion (see above)	**5,099,455**	11,866,935
Non-current portion	**1,785,315**	2,944,716
	6,884,770	14,811,651

25. RELATED PARTY DISCLOSURES

Related party transactions

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

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

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

	2020 QR.	2019 QR.
Al Oumara Bakeries Company W.L.L. (Associate)		
Purchases	**3,104,790**	5,322,682
Sales	**337,243**	2,330,110
Sales commission income	**698,303**	1,197,603
Staff cost	**2,105,705**	2,357,264
Lease charges	**115,123**	208,355

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

25. RELATED PARTY DISCLOSURES (CONTINUED)

Related party balances

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

	2020	2019
Amounts due from related parties:	**QR.**	QR.
Associates:		
Al Oumara Bakeries Company W.L.L.	**18,851,044**	16,679,504
	18,851,044	16,679,504

Terms and conditions of transactions with related parties

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

Compensation of key management personnel

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

	2020	2019
	QR.	QR.
Key management remuneration	**10,453,008**	7,941,666
Board of Directors' remuneration	**7,581,950**	6,322,351
	18,034,958	14,264,017

26. COMMITMENTS

(a) Capital commitments

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

	2020	2019
	QR.	QR.
Capital commitments – Property and equipment		
Estimated capital expenditure approved and contracted as of the reporting date	**67,572,186**	95,922,530

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

The Group has entered into non-cancellable lease agreements for certain land and buildings in various super markets.

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

	2020	2019
	QR.	QR.
Current - within one year	**8,146,750**	8,302,000

27. CONTINGENCIES

At 31 December 2020 and 2019, 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:

	2020	2019
	QR.	QR.
Letters of guarantees	**11,536,868**	10,508,710
Letters of credits	**1,543,330**	52,255
	13,080,198	10,560,965

28. DIVIDENDS

The Board of Directors have proposed a 90% cash dividend on the paid up capital of QR. 0.90 per share totalling QR. 180 million for the year 2020, which is subject to the approval of the shareholders at the Annual General Assembly (2019: QR. 0.85 per share, after share split, totalling QR. 170 million for the year 2019).

29. CONTRIBUTION TO SOCIAL AND SPORTS FUND

In accordance with Law No. 13 of 2008, the Group has taken a provision for the support of sports, social, cultural and charitable activities with an amount equivalent to 2.5% of the net profit after deducting dividend received from listed investments. This social and sports contribution is considered as an appropriation of retained earnings of the group and presented in the consolidated statement of changes in equity.

The Group made an appropriation from retained earnings amounting to QR. 4.99 million for the year ended 31 December 2020 (2019: QR. 4.45 million) for contribution to the Social and Sports Development Fund of Qatar.

30. EARNINGS PER SHARE

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

	2020	2019
	QR.	QR.
Profit attributable to equity holders of the parent	**209,037,000**	186,587,482
Weighted average number of shares outstanding	**200,000,000**	200,000,000
Basic and diluted earnings per share	**1.05**	0.93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

31. SEGMENT INFORMATION

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

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

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

	Retail	**Investment**	**Leasing**	**Total**
	QR.	**QR.**	**QR.**	**QR.**
Year ended 31 December 2020:				
Sales	**3,407,739,938**	--	**--**	**3,407,739,938**
Cost of sales	**(2,815,652,132)**	--	**--**	**(2,815,652,132)**
Gross profit	**592,087,806**	--	**--**	**592,087,806**
Rental income	--	--	**65,114,399**	**65,114,399**
Income from equity investments	**--**	**7,708,935**	**--**	**7,708,935**
Income from fixed deposits	**5,845**	**2,516,512**	**--**	**2,522,357**
Other income	**6,098,242**	**377,146**	**--**	**6,475,388**
Operating income	**598,191,893**	**10,602,593**	**65,114,399**	**673,908,885**
General and administrative expenses	**(325,315,488)**	**(721,495)**	**(3,332,991)**	**(329,369,974)**
Depreciation and amortisation	**(105,657,956)**	**(1,074,201)**	**(9,693,103)**	**(116,425,260)**
Share of loss of an associate	**--**	**(1,534,424)**	**--**	**(1,534,424)**
Finance costs	**(15,669,803)**	--	**(888,159)**	**(16,557,962)**
Profit before income tax	**151,548,646**	**7,272,473**	**51,200,146**	**210,021,265**
Income tax expense	**(91,123)**	--	**--**	**(91,123)**
Profit for the year	**151,457,523**	**7,272,473**	**51,200,146**	**209,930,142**

31. SEGMENT INFORMATION (CONTINUED)

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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2019: Nil). The accounting policies of the reportable segment are the same as per the Group accounting policies described in Note 3.

The following table presents segmental assets regarding the Group's business segments for the year ended 31 December 2020 and 31 December 2019 respectively:

	Retail	Investment	Leasing	Total
	QR.	QR.	QR.	QR.
Segment assets:				
At 31 December 2020	**1,933,850,302**	**523,435,814**	**283,069,496**	**2,740,355,612**
At 31 December 2019	1,926,550,185	348,981,775	270,222,572	2,545,754,532

Other disclosures

	Retail	Investment	Leasing	Total
	QR.	QR.	QR.	QR.
Capital expenditure :				
At 31 December 2020	**56,388,357**	--	**6,448,791**	**62,837,148**
At 31 December 2019	64,158,649	--	6,965,997	71,124,646

Capital expenditure consists of additions of property and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

31. 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	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	QR.	QR.	**QR.**	QR.	**QR.**	QR.	**QR.**	QR.
Total assets	**2,481,439,073**	2,292,668,989	**302,891,740**	294,341,969	**(43,975,202)**	(41,256,426)	**2,740,355,611**	2,545,754,532
Total liabilities	**1,039,008,453**	952,523,660	**165,968,195**	160,395,562	**(42,674,225)**	(40,747,988)	**1,162,302,423**	1,072,171,234

	Qatar		Oman		Eliminations		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	QR.	QR.	**QR.**	QR.	**QR.**	QR.	**QR.**	QR.
Sales	**3,258,876,515**	2,850,436,126	**148,863,423**	134,717,144	--	--	**3,407,739,938**	2,985,153,270
Net income	**207,745,576**	189,505,040	**2,977,105**	(3,429,362)	**(792,539)**	**(508,438)**	**209,930,142**	185,567,240

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

32. MATERIAL PARTLY OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:
Proportion of equity interest held by non-controlling interests:

Names of the subsidiaries	Country of incorporation	Non-controlling interests		Allocated profit (loss)		Accumulated balances	
		2020	2019	**2020**	2019	**2020**	2019
		%	%	**QR.**	QR.	**QR.**	QR.
Al Meera Markets S.A.O.C.	Oman	**30%**	30%	**916,666**	(972,757)	**39,820,768**	38,904,109
Al Meera Oman S.A.O.C.	Oman	**30%**	30%	**(23,524)**	(56,051)	**1,256,299**	1,279,816
Alge Retail Corporation Sarl	Switzerland		--	**--**	8,566	**--**	--
				893,142	(1,020,242)	**41,077,067**	40,183,925

Notes:

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

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

32. MATERIAL PARTLY OWNED SUBSIDIARIES (CONTINUED)

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

Statement of profit or loss:

	2020	2019
	QR.	QR.
Sales	**148,863,423**	134,717,144
Other income	**8,309,717**	7,614,697
Expenses	**(154,565,238)**	(146,140,424)
(Loss)/Profit before income tax	**2,607,902**	(3,808,583)
Income tax expense	**369,203**	379,221
(Loss)/Profit for the year	**2,977,105**	(3,429,362)
Attributable to:		
Equity holders of the parent	**2,083,963**	(2,400,554)
Non-controlling interests	**893,142**	(1,028,808)
	2,977,105	(3,429,362)

Statement of financial position:

	2020	2019
	QR.	QR.
Non-current assets	**235,469,252**	235,737,599
Current assets	**67,422,488**	58,604,370
	302,891,740	294,341,969
Equity attributable to equity holders of the parent	**95,846,481**	93,762,482
Non-controlling interests	**41,077,067**	40,183,925
Non-current liabilities	**72,449,252**	100,205,726
Current liabilities	**93,518,940**	60,189,836
	302,891,740	294,341,969

Statement of cash flows:

	2020	2019
	QR.	QR.
Net cash from operating activities	**31,937,442**	4,185,396
Net cash used in investing activities	**(25,578,959)**	(20,145,776)
Net cash from financing activities	**(2,023,624)**	13,947,995
Net decrease cash and cash equivalents	**4,334,859**	(2,012,385)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

33. FINANCE COSTS

	2020 QR.	2019 QR.
Interest on bank overdraft and loans	**5,755,505**	9,697,011
Interest expense on lease liabilities (Note 23)	**10,808,776**	12,933,345
Total interest expense	**16,564,281**	22,630,356
Less : Interest on bank overdraft and loans capitalised in cost of qualifying assets (Note 10)	**--**	(3,250,854)
Less : Interest expense on lease liabilities capitalised in cost of qualifying assets (Note 23)	**(1,222)**	(1,600,884)
Interest expense on lease liabilities - allocated to associate (Note 23)	**(5,097)**	(19,937)
	16,557,962	17,758,681

34. 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. The Group has various financial assets comprise trade receivables, credit card receivables, deposits, rent receivables, amounts due from related parties, other receivables, financial assets at fair value through other comprehensive income and cash and bank balances, which arise directly from its operations. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. Management reviews and agrees policies for managing each of these risks which are summarised below:

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity price will affect the Group's income, equity or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group's activities expose it primarily to the financial risks of changes in interest rates and equity price risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk

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

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

	2020 QR.	2019 QR.
Potential change in basis points	**-/+25**	-/+25
Effect on profit or loss	**1,177,051**	1,135,790

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Equity price risk

The Group is exposed to equity price risks arising from quoted equity shares. Quoted equity shares are held for strategic rather than trading purposes. The following table demonstrates the sensitivity of the effect of cumulative changes in fair values recognised in the equity to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	2020 QR.	2019 QR.
Change in equity prices	**-/+5**	-/+5
Effect on equity	**17,042,769**	12,990,046

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 2020, 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 (2019: 360 days) of when they fall due.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 (2019 : 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 2020 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	**0.26%**	12 month expected losses	**190,900,000**	**190,410,741**
Trade receivables from government entities	Investment grade	**60.13%**	12 month expected losses	**3,855,466**	**1,537,346**

31 December 2019 Category	External Credit rating	Expected credit loss rate	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default	Carrying amount (net of impairment provision)
				QR.	QR.
Short term deposit	Investment grade	0.24%	12 month expected losses	60,600,000	60,451,779
Trade receivable from government entities	Investment grade	0.23%	12 month expected losses	4,326,259	4,316,470

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 2020 and 31 December 2019 is determined as follows:

31 December 2020	**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	**1,524,083**	**939,327**	**1,079,659**	**937,040**	**1,721,109**	**625,335**	**1,042,172**	**7,868,725**
Loss allowance provision	**74,276**	**81,306**	**147,348**	**172,879**	**524,518**	**274,622**	**1,008,345**	**2,283,294**

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

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 2019	148,212	3,273,455	3,421,667
Loss allowance charged in profit or loss during the year	9,798	(2,249,254)	(2,239,456)
As at 31 December 2019	158,010	1,024,201	1,182,211
Loss allowance charged / (reversed) in profit or loss during the year (Note 8)	2,318,120	1,590,342	3,908,462
At 31 December 2020	**2,476,130**	**2,614,543**	**5,090,673**

The gross carrying amount of trade and lease receivables is QR. 12,822,194 (2019: QR 12,385,865) (Note 17).

Total loss allowance presented as follows:

	2020	2019
	QR.	QR.
Allowance for trade receivable (Note 17)	**4,601,414**	1,033,990
Allowance for term deposits at amortised cost (Note 18)	**489,259**	148,221
	5,090,673	1,182,211

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

34. 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.

	On demand	**Less than 1 year**	**1- 5 years**	**> 5 years**	**Total**
At 31 December 2020	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
Trade payables	**--**	**431,197,237**	**--**	**--**	**431,197,237**
Dividends payable	**112,619,117**	**--**	**--**	**--**	**112,619,117**
Retentions payable	**--**	**5,099,455**	**1,785,315**	**--**	**6,884,770**
Payable to contractors	**--**	**5,561,511**	**--**	**--**	**5,561,511**
Lease liability	**--**	**38,027,680**	**75,928,078**	**102,991,951**	**216,947,709**
Other payables	**--**	**15,650,556**	**--**	**--**	**15,650,556**
Income tax payable	**--**	**441,886**	**--**	**--**	**441,886**
Loans and borrowings	**--**	**34,456,076**	**176,487,704**	**16,341,298**	**227,285,078**
	112,619,117	**530,434,401**	**254,201,097**	**119,333,249**	**1,016,587,864**

	On demand	Less than 1 year	1- 5 years	> 5 years	Total
At 31 December 2019	QR.	QR.	QR.	QR.	QR.
Trade payables	--	383,816,201	--	--	383,816,201
Dividends payable	102,938,110	--	--	--	102,938,110
Retentions payable	--	11,866,935	2,944,716	--	14,811,651
Payable to contractors	--	3,583,502	--	--	3,583,502
Lease liability	--	49,939,296	71,915,802	104,662,765	226,517,863
Other payables	--	12,981,840	--	--	12,981,840
Income tax payable	--	150,192	--	--	150,192
Loans and borrowings	--	47,199,376	192,693,138	8,529,214	248,421,728
	102,938,110	509,537,342	267,553,656	113,191,979	993,221,087

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 2020 and 31 December 2019.

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

35. FAIR VALUES OF FINANCIAL INSTRUMENTS

Significant accounting policies

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

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

31 December 2020	**Total**	**Level 1**	**Level 2**	**Level 3**
	QR.	**QR.**	**QR.**	**QR.**
Quoted equity shares	**340,855,380**	**340,855,380**	--	--
Un-quoted equity shares	**6,060,251**	--	--	**6,060,251**
31 December 2019	Total	Level 1	Level 2	Level 3
	QR.	QR.	QR.	QR.
Quoted equity shares	259,800,914	259,800,914	--	--
Un-quoted equity shares	8,977,215	--	--	8,977,215

During the year ended 31 December 2020, 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 (2019: Nil).

36. 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 2020	Financing cash flow	Non-cash changes	**31 December 2020**
	QR.	QR.	QR.	**QR.**
Lease liabilities	**226,517,863**	(49,553,439)	39,983,285	**216,947,709**
Loans and borrowings	**220,127,270**	7,014,951	142,857	**227,285,078**
	446,645,133	(42,538,488)	40,126,142	**444,232,787**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

37. COVID-19 IMPACT

The outbreak of Novel Coronavirus continues to disrupt business operations and economic activity globally. The extent and duration of the impacts depend highly on future events that cannot be accurately predicted. As the situation is rapidly evolving, the impact on the Group's activities and operations is uncertain and accordingly management estimates in the measurement of amounts reported in these financial statements remain sensitive to market fluctuations.

Expected Credit Losses ("ECL") and impairment of financial assets: The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at December 31, 2020. The Group has updated the relevant forward-looking information with respect to the weightage of the relevant macroeconomic scenarios of the market; increase in credit risk; and assessing the indicators of impairment for the exposures in potentially affected sectors.

Commitments and contingent liabilities: The Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group entities, customers and suppliers, to determine if there is any potential increase in contingent liabilities and commitments.

Government grants and lease concessions

In March 2020, the Government of the State of Qatar issued a directive to exempt certain sectors from utility fees for a period of six months in exchange of providing lease concession to their tenants. To adhere with this directive, the Group granted lease concessions to certain lessees in exchange for the benefit received from utility exemption which resulted in loss of rent income of approximately QR. 10.56 million. The Group recognised the reduction in the utilities cost during the period ended 31 December 2020.

Going concern: The Group has performed an assessment of whether going concern assumption is appropriate in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity, incorporating the potential impact of COVID -19 in the coming periods.

Management has a reasonable expectation that the Group has adequate resources to continue operating as a going concern for the foreseeable future. The Group will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance in 2021.

38. DISCONTINUED OPERATIONS

During the period, the Board of Directors resolved to discontinue the operation of Al Meera Bookstore, one of the subsidiaries of the Company.

The book values of assets and liabilities of the subsidiary as presented in its own books at 31 December 2020 are as follows:

	2020
	QR.
ASSETS	
Bank balances and cash	**209,705**
Total assets	**209,705**
LIABILITIES AND EQUITY	
Accounts payable and accruals	**110,545**
Share capital	**200,000**
Accumulated losses	**(100,840)**
Total liabilities and equity	**209,705**

The major items of the profit or loss statement of the discontinued operation for the year ended 31 December 2020 are as follows:

	2020
	QR.
Sales	**367,387**
Cost of sales	**(427,999)**
General and administrative expenses	**(333,921)**
Depreciation and amortisation expense	**(38,109)**

Due to the insignificance of the above, the Group has not presented Al Meera Bookstore as discontinued operations in the consolidated financial statements.

www.almeera.com.qa