

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
31 DECEMBER 2020**

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

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2020

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QR. 99-8

RN: 1658/MMS/FY2020

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Meera Consumer Goods 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matter
<p>Impairment of goodwill</p> <p>As at 31 December 2020, the carrying value of goodwill amounted to QR. 344 million, as disclosed in Note 12.</p> <p>In accordance with IAS 36, Impairment of Assets, an entity is required to test goodwill acquired in a business combination for impairment at least annually irrespective of whether there is any indication of impairment.</p> <p>An impairment is recognised on the consolidated statement of financial position when the recoverable amount is less than the net carrying amount in accordance with IAS 36, as described in Note 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.</p> <p>We considered the impairment of goodwill to be a key audit matter, given the method for determining the recoverable amount and the significance of the amount in the Group's consolidated financial statements.</p>	<p>We tested the impairment models and the key assumptions used by management with the involvement of our valuation specialists. Our audit procedures included the following:</p> <ul style="list-style-type: none"> • 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); <p>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.</p> <p>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.</p>
<p>Revenue recognition</p> <p>Revenue recognition from sales of goods to retail customers is recognized when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods. Revenue is measured at fair value of consideration received or receivable, taking into account the contractually agreed terms of payment.</p> <p>Revenue recognition is considered a significant risk given the complexity of the IT systems involved, the high volume of transactions and changes caused by price updates and promotional offers affecting the various products and services offered.</p> <p>Revenue for the year is disclosed in note 5 to the consolidated financial statements.</p>	<p>We have inquired with sales, marketing department, and other process owners to understand the critical path of sales process.</p> <p>We have performed audit procedures, which were a combination of substantive testing and tests of controls.</p> <p>We considered the appropriateness of the Group's revenue recognition accounting policies, including the recognition and classification criteria. Due to the high reliance of revenue recognition on information technology systems, we evaluated the integrity of the general IT control environment and tested the operating effectiveness of key IT application controls.</p>

INDEPENDENT AUDITOR'S REPORT (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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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.

Doha -Qatar
23 February 2021

For Deloitte & Touche
Qatar Branch

Midhat Salha
Partner

License No.257

QFMA Auditor License No.120156



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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Notes	2020 QR.	2019 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

DELOITTE & TOUCHE
Doha- Qatar

23 FEB 2021

Signed for Identification
Purposes Only

This consolidated statement has been prepared by the Company and stamped by the Auditors for identification purposes only

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<u>Notes</u>	<u>2020</u> <u>QR.</u>	<u>2019</u> <u>QR.</u>
Profit for the year		209,930,142	185,567,240
<i>Other comprehensive income</i>			
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>			
Net change in the fair value of financial assets at fair value through other comprehensive income	14	<u>69,529,271</u>	<u>12,579,861</u>
Total comprehensive income for the year		<u>279,459,413</u>	<u>198,147,101</u>
Attributable to:			
Equity holders of the parent		<u>278,566,271</u>	<u>199,167,343</u>
Non-controlling interests		<u>893,142</u>	<u>(1,020,242)</u>
		<u>279,459,413</u>	<u>198,147,101</u>



This statement has been prepared by the Company and stamped by the Auditors for identification purposes only

AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 QR.	2019 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

This statement has been prepared by the Company and stamped by the Auditors for identification purposes only.

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

AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Equity attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital	Legal reserve	Optional reserve	Fair value reserve	Retained earnings	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

AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2020

	Notes	2020 QR.	2019 QR.
OPERATING ACTIVITIES			
Profit before tax		210,021,265	185,338,211
<i>Adjustments for:</i>			
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
<i>Working capital changes:</i>			
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)

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

AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2020

	Note	2020	2019
		QR.	QR.
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	<u>271,677,522</u>	<u>206,942,338</u>

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

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

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:

<i>Name of subsidiaries and associates</i>	<i>Country of incorporation</i>	<i>Relationship</i>	<i>Group effective shareholding percentage</i>	
			<i>2020</i>	<i>2019</i>
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 CONSUMER GOODS COMPANY Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES (CONTINUED)

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

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

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

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

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

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

Al Meera Logistics Services W.L.L. (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.

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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.

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.

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<i>Amendments to References to the Conceptual Framework in IFRS Standards</i>	1 January, 2020
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.	

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 (continued)

New and revised IFRSs

**Effective for
annual periods
beginning on or after**

Amendments to IFRS 3 Definition of a business

1 January, 2020

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.

Amendments to IAS 1 and IAS 8 Definition of material

1 January, 2020

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.

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

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

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

New and revised IFRSs

Effective for annual periods beginning on or after

IFRS 17 Insurance Contracts

1 January, 2023

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 of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Available for optional adoption/ effective date deferred indefinitely

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

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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)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<i>Amendments to IAS 1 – Classification of Liabilities as Current or Non-current</i> 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.
<i>Amendments to IFRS 3 – Reference to the Conceptual Framework</i> 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.	1 January, 2022
<i>Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use</i> 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.	1 January, 2022. Early application permitted.

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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)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<p><i>Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use (continued)</i></p> <p>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.</p> <p>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.</p> <p>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.</p> <p><i>Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract</i></p> <p>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).</p> <p>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.</p> <p>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.</p> <p><i>Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</i></p> <p>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.</p>	<p>1 January, 2022. Early application permitted.</p> <p>1 January, 2022. Early application permitted.</p> <p>1 January, 2021</p>

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***Hedge accounting*

1 January, 2021

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.

IFRS 1 First-time Adoption of International Financial Reporting Standards

1 January, 2022. Early application permitted.

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).

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)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<i>IFRS 9 Financial Instruments</i>	1 January, 2022. Early application permitted.
<p>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.</p>	

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

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

3. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

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

Goodwill

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Sale of goods – retail (continued)

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

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

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

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

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

The Group has a loyalty points programme, Al Meera Rewards, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed, 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

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%

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

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

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

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

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

Investment in associates

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in associates (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Classification of financial assets (continued)

(ii) Debt instrument designated at other comprehensive income

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

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

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

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

Amortised cost and effective interest rate (EIR) method

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Classification of financial assets (continued)

(iii) Equity instruments designated as at FVTOCI

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

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

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

(iv) Financial assets at FVTPL

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

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

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

Impairment of financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of expected credit losses

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

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

Derecognition of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Derecognition of financial assets (continued)

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

Financial liabilities

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

Financial liabilities at FVTPL

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

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

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

Financial liabilities measured subsequently at amortised cost

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

Foreign currency translation (continued)

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

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

Employees' end of service benefits

End of service gratuity plans

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

(a) Pension plan (Qatar)

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

(b) Pension plan (Oman)

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

Provisions

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as lessee (continued)

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

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

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

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

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

(i) Variable lease payments

Estimation uncertainty arising from variable lease payments

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current versus non-current classification (continued)

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.

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

Critical judgments (continued)

Revenue from contracts with customers (continued)

Determination of transaction price (continued)

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

Determining whether the loyalty points provide material rights to customers

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

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

Principal versus agent consideration

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

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

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

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

These indicators are used to determine whether the Group has exposure to the significant risks and rewards associated with the sale of goods or rendering of services. The Group is considered to be the principal as it 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.

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

Critical judgments (continued)

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.

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

Critical judgments (continued)

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.

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

Estimates (continued)

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

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

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

As points issued under the programme expire within one year, estimates of the stand-alone selling price are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at 31 December 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.

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

Estimates (continued)

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%).

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

Estimates (continued)

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.

5. SALES

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

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

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.

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For the year ended 31 December 2020

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.

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10. PROPERTY AND EQUIPMENT

	Land QR.	Buildings QR.	Refrigerators and equipment QR.	Motor vehicles QR.	Furniture and fixtures QR.	Computer equipment QR.	Leasehold and other improvements QR.	Capital work in progress QR.	Total 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	<u>5,922,495</u>	<u>1,007,487,392</u>	<u>274,288,166</u>	<u>19,404,556</u>	<u>57,416,467</u>	<u>44,521,563</u>	<u>108,891,647</u>	<u>75,413,440</u>	<u>1,593,345,726</u>
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	<u>--</u>	<u>165,535,607</u>	<u>164,480,254</u>	<u>16,406,669</u>	<u>40,926,931</u>	<u>33,628,032</u>	<u>57,294,359</u>	<u>--</u>	<u>478,271,852</u>
Net book value:									
At 31 December 2020	<u><u>5,922,495</u></u>	<u><u>841,951,785</u></u>	<u><u>109,807,912</u></u>	<u><u>2,997,887</u></u>	<u><u>16,489,536</u></u>	<u><u>10,893,531</u></u>	<u><u>51,597,288</u></u>	<u><u>75,413,440</u></u>	<u><u>1,115,073,874</u></u>

Notes:

- 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.
- 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.
- 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.

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10. PROPERTY AND EQUIPMENT (CONTINUED)

	Land QR.	Buildings QR.	Refrigerators and equipment QR.	Motor vehicles QR.	Furniture and fixtures QR.	Computer equipment QR.	Leasehold and other improvements QR.	Capital work in progress QR.	Total 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	<u>5,922,495</u>	<u>1,000,330,237</u>	<u>265,019,885</u>	<u>21,062,040</u>	<u>51,593,453</u>	<u>41,512,737</u>	<u>94,153,115</u>	<u>54,976,078</u>	<u>1,534,570,040</u>
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	<u>--</u>	<u>141,545,000</u>	<u>141,441,206</u>	<u>17,800,562</u>	<u>32,897,168</u>	<u>28,700,045</u>	<u>47,608,443</u>	<u>--</u>	<u>409,992,424</u>
Net book value:									
At 31 December 2019	<u>5,922,495</u>	<u>858,785,237</u>	<u>123,578,679</u>	<u>3,261,478</u>	<u>18,696,285</u>	<u>12,812,692</u>	<u>46,544,672</u>	<u>54,976,078</u>	<u>1,124,577,616</u>

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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)	--
Amortisation 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.

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12. GOODWILL (CONTINUED)*Qatar Markets Company W.L.L. (continued)*

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

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

The movements are as follows:

	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

AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2020

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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:

	<u>2020</u> <u>QR.</u>	<u>2019</u> <u>QR.</u>
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	<u>346,915,631</u>	<u>268,778,129</u>

15. INVESTMENTS IN ASSOCIATE

The Group has the following investment in associate:

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

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15. INVESTMENTS IN ASSOCIATES (CONTINUED)

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

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For the year ended 31 December 2020

17. TRADE AND OTHER RECEIVABLES

	2020	2019
	QR.	QR.
Trade receivables	5,982,372	4,930,555
Advances to suppliers – 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	2019
	QR.	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.

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For the year ended 31 December 2020

19. SHARE CAPITAL

	<u>2020</u> <u>QR.</u>	<u>2019</u> <u>QR.</u>
<i>Authorised, issued and fully paid:</i>		
200,000,000 shares of QR 1 each	<u>200,000,000</u>	<u>200,000,000</u>

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

	<u>2020</u> <u>QR.</u>	<u>2019</u> <u>QR.</u>
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)
	<u>227,285,078</u>	<u>220,127,270</u>

AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2020

21. LOANS AND BORROWINGS (CONTINUED)

Presented in the consolidated statement of financial position as follows:

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

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.

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.

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For the year ended 31 December 2020

21. LOANS AND BORROWINGS (CONTINUED)**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 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	2019
	QR.	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	2019
	QR.	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	2019
	QR.	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

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23. LEASE LIABILITIES (CONTINUED)

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	2019
	QR.	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
	<u>672,483,293</u>	<u>585,125,684</u>
<i>Retentions payable presented in the consolidated statement of financial position as follows:</i>		
Current portion (see above)	5,099,455	11,866,935
Non-current portion	1,785,315	2,944,716
	<u>6,884,770</u>	<u>14,811,651</u>

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.

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25. RELATED PARTY DISCLOSURES (CONTINUED)**Related party transactions (continued)**

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

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

Related party balances

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

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

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:

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

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26. COMMITMENTS**(a) Capital commitments**

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

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

(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:

	<u>2020</u> <u>QR.</u>	<u>2019</u> <u>QR.</u>
Current - within one year	<u>8,146,750</u>	<u>8,302,000</u>

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:

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

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).

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

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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.

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

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.

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31. SEGMENT INFORMATION (CONTINUED)

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.
<i>Year ended 31 December 2020:</i>				
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

AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31. SEGMENT INFORMATION (CONTINUED)

	Retail QR.	Investment QR.	Leasing QR.	Total QR.
<i>Year ended 31 December 2019:</i>				
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 QR.	Investment QR.	Leasing QR.	Total 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 QR.	Investment QR.	Leasing QR.	Total 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.

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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.

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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.

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

Statement of profit or loss:

	2020 QR.	2019 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)
<i>Attributable to:</i>		
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)

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32. MATERIAL PARTLY OWNED SUBSIDIARIES (CONTINUED)*Statement of financial position:*

	<u>2020</u> <u>QR.</u>	<u>2019</u> <u>QR.</u>
Non-current assets	235,469,252	235,737,599
Current assets	67,422,488	58,604,370
	<u>302,891,740</u>	<u>294,341,969</u>
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
	<u>302,891,740</u>	<u>294,341,969</u>

Statement of cash flows

	<u>2020</u> <u>QR.</u>	<u>2019</u> <u>QR.</u>
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	<u>4,334,859</u>	<u>(2,012,385)</u>

33. FINANCE COSTS

	<u>2020</u> <u>QR.</u>	<u>2019</u> <u>QR.</u>
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)
	<u>16,557,962</u>	<u>17,758,681</u>

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

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

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

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

Credit risk

The Group is exposed to credit risk if counterparties will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 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.

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)**Credit risk (continued)**

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

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

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

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable as uncollectable when a debtor fails to make contractual payments greater than 360 days (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 QR.	Carrying amount (net of impairment provision) 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

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)
Credit risk (continued)

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 QR.	Carrying amount (net of impairment provision) QR.
Short term deposit	Investment grade	0.24%	12 month expected losses	60,600,000	60,451,779
Trade receivables from government entities	Investment grade	0.23%	12 month expected losses	4,326,259	4,316,470

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 QR.	31 – 60 days past due QR.	61 – 90 days past due QR.	91 - 120 days past due QR.	121 - 180 days past due QR.	181 - 360 days past due QR.	More than 360 days past due QR.	Total 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 QR.	31 – 60 days past due QR.	61 – 90 days past due QR.	91 - 120 days past due QR.	121 - 180 days past due QR.	181 - 360 days past due QR.	More than 360 days past due QR.	Total 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

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)**Credit risk (continued)**

The expected credit losses below also incorporate forward looking information.

The movements in the loss allowance provision are as follows:

	General approach QR.	Simplified approach QR.	Total 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 QR.	2019 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

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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.

At 31 December 2020	On demand QR.	Less than 1 year QR.	1- 5 years QR.	> 5 years QR.	Total 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
	<u>112,619,117</u>	<u>530,434,401</u>	<u>254,201,097</u>	<u>119,333,249</u>	<u>1,016,587,864</u>
At 31 December 2019	On demand QR.	Less than 1 year QR.	1- 5 years QR.	> 5 years QR.	Total 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
	<u>102,938,110</u>	<u>509,537,342</u>	<u>267,553,656</u>	<u>113,191,979</u>	<u>993,221,087</u>

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.

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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 QR.	Level 1 QR.	Level 2 QR.	Level 3 QR.
Quoted equity shares	340,855,380	340,855,380	--	--
Un-quoted equity shares	6,060,251	--	--	6,060,251
31 December 2019	Total QR.	Level 1 QR.	Level 2 QR.	Level 3 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 QR.	Financing cash flow QR.	Non-cash changes QR.	31 December 2020 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 QR.	Financing cash flow QR.	Non-cash changes QR.	31 December 2019 QR.
	(Restated)			
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

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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.

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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:

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

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

	<u>2020</u> 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.