

**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 2021**

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

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

**For the year ended 31 December 2021**

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**QR. 99-8**

**RN: 816/MMS/FY2022**

## **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 2021, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 2021, 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.

<i><b>Key Audit Matters</b></i>	<i><b>How our audit addressed the key audit matter</b></i>
<p><b>Impairment of goodwill</b></p> <p>As at 31 December 2021, the carrying value of goodwill amounted to QR. 344 million, or 12% of total assets 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.</p> <p>We considered the impairment of goodwill to be a key audit matter, given the method for determining the recoverable amount and the significance of the amount in the Group's consolidated financial statements.</p>	<p>We tested the impairment models and the key assumptions used by management with the involvement of our valuation specialists. Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• Understanding the business process for the impairment assessment, identifying the relevant internal controls and testing their design, implementation and operating effectiveness of controls over the impairment assessment process, including indicators of impairment.</li><li>• Evaluating whether the cash flows in the models used by management to calculate the recoverable value are reasonable and are in accordance with the requirements of IFRSs.</li><li>• Obtaining and 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;</li><li>• Assessing the methodology used by the Group to estimate the Weighted Average Cost of Capital (WACC).</li></ul> <p>We performed sensitivity analysis on the key assumptions used by management to understand the extent to which these assumptions need to be adjusted before resulting in additional impairment loss.</p> <p>We assessed the overall presentation, structure and content of the related disclosures in notes 4 and 12 to the financial statements against the requirements of IFRSs.</p>

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Key Audit Matters

<b>Key Audit Matters</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Revenue recognition</b></p> <p>Revenue recognition from sales of goods to retail customers, is recognized when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods. Revenue is measured at fair value of consideration received or receivable, taking into account the contractually agreed terms of payment.</p> <p>Revenue recognition is considered a significant risk given the complexity of the IT systems involved, the high volume of transactions and changes caused by price updates and promotional offers affecting the various products and services offered.</p> <p>Revenue for the year is disclosed in note 5 to the consolidated financial statements.</p>	<p>We have inquired with sales, marketing department, and other process owners to understand the critical path of sales process.</p> <p>We have performed audit procedures, which were a combination of substantive testing and tests of controls.</p> <p>We considered the appropriateness of the Group's revenue recognition accounting policies, including the recognition and classification criteria.</p> <p>We performed test of details to verify occurrence and accuracy of revenue transactions on a sample basis.</p> <p>Due to the high reliance of revenue recognition on information technology systems, we evaluated the integrity of the general IT control environment and tested the operating effectiveness of key IT application controls.</p> <p>We assessed the disclosure in the consolidated financial statements relating to revenue against the requirements of IFRSs.</p>

### 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.

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

### 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.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **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 Country Commercial Companies Law and the Company's Articles of Associations were committed during the year which would materially affect the Company's financial position or its financial performance.
- Reference to Note 3 to the consolidated financial statements, the Group is in the process of assessing the impact of the amendments to Qatar Commercial Companies Law, as per Law no. 8 of 2021. Management believes that the said amendments will not have a material impact on the consolidated financial statements of the Group.

**Doha -Qatar**  
**22 February 2022**

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 2021

	Notes	2021 QR.	2020 QR.
Sales	5	2,820,695,856	3,407,739,938
Cost of sales	6	(2,269,300,678)	(2,815,652,132)
<b>Gross profit</b>		<b>551,395,178</b>	<b>592,087,806</b>
Rental income		81,304,820	65,114,399
Other income	7	15,158,737	17,873,868
General and administrative expenses	8	(313,495,802)	(330,537,162)
Depreciation and amortisation	10,11 & 13	(118,912,849)	(116,425,260)
Share of loss of an associate	15	(42,969)	(1,534,424)
Finance costs	33	(20,068,826)	(16,557,962)
<b>Profit before tax</b>		<b>195,338,289</b>	<b>210,021,265</b>
Income tax benefit / (expense)	9	126,460	(91,123)
<b>Profit for the year</b>		<b>195,464,749</b>	<b>209,930,142</b>
<b>Attributable to:</b>			
Equity holders of the parent		196,257,914	209,037,000
Non-controlling interests	32	(793,165)	893,142
		<b>195,464,749</b>	<b>209,930,142</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share attributable to equity holders of the parent	30	0.98	1.05



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



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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2021

	Notes	2021 QR.	2020 QR.
<b>Profit for the year</b>		<b>195,464,749</b>	<b>209,930,142</b>
<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>605,969</u>	<u>69,529,271</u>
<b>Total comprehensive income for the year</b>		<b><u>196,070,718</u></b>	<b><u>279,459,413</u></b>
<b>Attributable to:</b>			
Equity holders of the parent		<u>196,863,883</u>	<u>278,566,271</u>
Non-controlling interests		<u>(793,165)</u>	<u>893,142</u>
		<b><u>196,070,718</u></b>	<b><u>279,459,413</u></b>

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**AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2021**

	Notes	2021 QR.	2020 QR.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	10	1,209,037,115	1,115,073,874
Right-of-use assets	11	314,007,625	207,471,146
Goodwill	12	344,097,998	344,097,998
Intangible assets	13	306,141	1,389,904
Financial assets at fair value through other comprehensive income	14	355,578,649	346,915,631
Deferred tax assets	9	774,117	472,359
Investment in associate	15	--	--
<b>Total non-current assets</b>		<b>2,223,801,645</b>	<b>2,015,420,912</b>
<b>Current assets</b>			
Inventories	16	208,462,897	198,719,012
Trade and other receivables	17	61,377,123	58,476,248
Amounts due from a related party	25	19,344,641	18,851,044
Cash and bank balances	18	342,315,523	448,888,395
<b>Total current assets</b>		<b>631,500,184</b>	<b>724,934,699</b>
<b>TOTAL ASSETS</b>		<b>2,855,301,829</b>	<b>2,740,355,611</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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	56,070,081	68,750,766
Retained earnings		370,111,373	345,184,917
<b>Equity attributable to equity holders of the parent</b>		<b>1,549,221,892</b>	<b>1,536,976,121</b>
Non-controlling interests	32	40,283,902	41,077,067
<b>Total equity</b>		<b>1,589,505,794</b>	<b>1,578,053,188</b>
<b>Non-current liabilities</b>			
Loans and borrowings	21	278,011,417	192,829,002
Lease liabilities	23	273,236,547	178,920,029
Employees' end of service benefits	22	43,047,965	43,801,028
Retentions payable	24	3,187,795	1,785,315
<b>Total non-current liabilities</b>		<b>597,483,724</b>	<b>417,335,374</b>
<b>Current liabilities</b>			
Trade and other payables	24	572,282,095	672,483,293
Lease liabilities	23	56,107,760	38,027,680
Loans and borrowings	21	39,922,456	34,456,076
<b>Total current liabilities</b>		<b>668,312,311</b>	<b>744,967,049</b>
<b>Total liabilities</b>		<b>1,265,796,035</b>	<b>1,162,302,423</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,855,301,829</b>	<b>2,740,355,611</b>

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

Mr. Ali Hilal Ali Omran Al- Kuwari  
Vice Chairman

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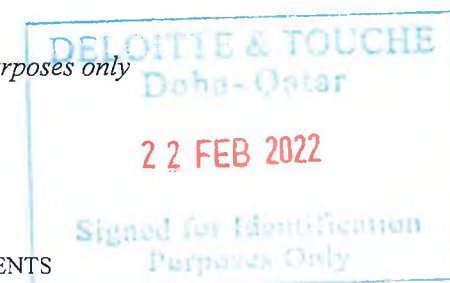
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

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

For the year ended 31 December 2021

	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 2020	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
Profit for the year	--	--	--	--	196,257,914	196,257,914	(793,165)	195,464,749
Reclassification of gains on sale of financial assets at fair value through other comprehensive income	--	--	--	(13,286,654)	13,286,654	--	--	--
Net change in fair value of financial assets (Note 14)	--	--	--	605,969	--	605,969	--	605,969
Appropriation for contribution to social and sports fund (Note 29)	--	--	--	--	(4,618,112)	(4,618,112)	--	(4,618,112)
Dividends paid (Note 28)	--	--	--	--	(180,000,000)	(180,000,000)	--	(180,000,000)
<b>Balance at 31 December 2021</b>	<b>200,000,000</b>	<b>901,289,603</b>	<b>21,750,835</b>	<b>56,070,081</b>	<b>370,111,373</b>	<b>1,549,221,892</b>	<b>40,283,902</b>	<b>1,589,505,794</b>

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

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

For the year ended 31 December 2021

	Notes	2021 QR.	2020 QR.
<b>OPERATING ACTIVITIES</b>			
Profit before tax		195,338,289	210,021,265
<i>Adjustments for:</i>			
Depreciation and amortisation	10,11&13	118,912,849	116,425,260
Interest income	7	(3,786,050)	(3,491,090)
Provision for credit loss allowance	17 & 18	167,048	3,908,462
Provision for employees' end of service benefits	22	7,394,165	12,239,929
(Reversal) of / Allowance for obsolete and slow moving inventories – net	16	(4,341,976)	13,987,889
Share in loss of an associate	15	42,969	1,534,424
Loss on disposal of property and equipment		97,659	100,668
Dividend income	7	(10,740,259)	(9,455,793)
Finance costs	33	20,068,826	16,557,962
Operating profit before changes in working capital		323,153,520	361,828,976
<i>Working capital changes:</i>			
Inventories		(5,401,909)	(5,489,103)
Trade and other receivables		(4,814,118)	974,135
Amounts due from related parties		(493,600)	(2,056,417)
Trade and other payables		(86,100,904)	78,651,031
Cash flows from operating activities		226,342,989	433,908,622
Employees' end of service benefits paid	22	(8,147,228)	(5,894,602)
Income tax paid		(421,316)	(168,637)
Payment of contribution to social and sports fund		(4,989,521)	(4,452,991)
Net cash flows from operating activities		212,784,924	423,392,392
<b>INVESTING ACTIVITIES</b>			
Purchase of financial assets at fair value through other comprehensive income	14	(138,172,389)	(195,012,421)
Proceeds from sale of financial assets at fair value through other comprehensive income	14	130,115,340	186,404,190
Purchase of property and equipment		(157,573,833)	(62,278,402)
Proceeds from disposal of property and equipment		87,255	565,361
Purchase of intangible assets		(150,300)	--
Net movement in deposits maturing after 90 days		66,200,000	(78,400,000)
Net movement in restricted bank accounts		12,067,228	(9,513,745)
Dividends received	7	10,740,259	9,455,793
Interest received		4,863,571	3,231,482
Net cash flows used in investing activities		(71,822,869)	(145,547,742)

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

For the year ended 31 December 2021

	Note	2021 QR.	2020 QR.
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(192,214,625)	(160,318,993)
Net movement in loans and borrowings		90,527,707	7,014,951
Repayment of principal portion of lease liabilities		(42,035,152)	(38,744,663)
Repayment of interest portion of lease liabilities		(14,680,910)	(10,808,776)
Finance costs paid		(11,133,393)	(10,251,985)
Net cash flows used in financing activities		(169,536,373)	(213,109,466)
Net (decrease) / increase in cash and cash equivalents		(28,574,318)	64,735,184
Cash and cash equivalents at 1 January		271,677,522	206,942,338
Cash and cash equivalents at 31 December	18	243,103,204	271,677,522

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 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 regulations of Qatar Financial Markets Authority in 2019, the Company implemented a 10 for 1 share split with par value of QR. 1 per share which resulted in increase in share capital to 200,000,000 shares with nominal value of QR. 1 per share.

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 22 February 2022.

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>2021</i>	<i>2020</i>
Al Meera Holding Company W.L.L.	Qatar	Subsidiary	<b>100%</b>	100%
Al Meera Supermarkets Company W.L.L.	Qatar	Subsidiary	<b>100%</b>	100%
Al Meera Development Company W.L.L.	Qatar	Subsidiary	<b>100%</b>	100%
Qatar Markets Company W.L.L.	Qatar	Subsidiary	<b>100%</b>	100%
Al Meera Bookstore W.L.L.	Qatar	Subsidiary	<b>100%</b>	100%
MAAR Trading & Services Company W.L.L.	Qatar	Subsidiary	<b>100%</b>	100%
Al Meera Logistics Services Company W.L.L.	Qatar	Subsidiary	<b>100%</b>	100%
Al Oumara Bakeries Company W.L.L.	Qatar	Associate	<b>51%</b>	51%
Al Meera Oman S.A.O.C	Oman	Subsidiary	<b>70%</b>	70%
Al Meera Markets S.A.O.C	Oman	Subsidiary	<b>70%</b>	70%

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2021

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#### **1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES (CONTINUED)**

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

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

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

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

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

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

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the IASB and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations effective as of 1 January 2021:

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these consolidated financial statements.

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<i>Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16</i>	Beginning on or after 1 June 2020
<p>On 28 May 2020, the IASB issued Covid 19 – related rent concessions – amendments to IFRS 16 Leases, which provides relief to lessees from applying IFRS 16 on lease modification accounting for rent concessions arising as a direct consequence of the Covid 19 pandemic by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.</p> <p>On 31 March 2021, the Board published Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends, by one year until 30 Jun 2022, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with an early application permitted.</p>	
<i>Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</i>	1 January 2021
<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>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.</p>	



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

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

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

**New and revised IFRSs**

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

*Amendments to IFRS 3 – Reference to the Conceptual Framework*

1 January 2022

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

*Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract*

1 January 2022. Early application permitted.

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

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

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
<i>Annual Improvements to IFRS Standards 2018–2020</i>	1 January 2022. Early application permitted.
The Annual Improvements include amendments to four Standards.	
<i>IFRS 1 First-time Adoption of International Financial Reporting Standards</i>	
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 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).	
<i>IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition on financial liabilities</i>	
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.	
<i>IFRS 16 Leases</i>	
The amendment removes the illustration of the reimbursement of leasehold improvements.	
<i>IAS 41 Agriculture</i>	
The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.	
The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.	

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

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

**New and revised IFRSs**

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

*Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use*

1 January 2022. Early application permitted.

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

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

**2.2 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**

*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.

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

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

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
<p><i>Amendments to IAS 8 – Definition of Accounting Estimates</i></p> <p>The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.</p> <p>The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:</p> <ul style="list-style-type: none"><li>• A change in accounting estimate that results from new information or new developments is not the correction of an error.</li><li>• The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors</li></ul>	<p>1 January 2023</p>
<p><i>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)</i></p> <p>The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.</p> <p>The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.</p>	<p>1 January 2023</p>

**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)****2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)**

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
<p><i>Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i></p> <p>The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.</p> <p>Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.</p> <p>Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.</p> <p>The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:</p> <ul style="list-style-type: none"> <li>• A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: <ul style="list-style-type: none"> <li>– Right-of-use assets and lease liabilities</li> <li>– Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset</li> </ul> </li> <li>• The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.</li> </ul>	1 January 2023

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

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

#### New and revised IFRSs

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

##### *Amendments to IAS 1 – Classification of Liabilities as Current or Non-current*

1 January 2023. Early application is permitted.

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.

##### *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.

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

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB). The consolidated financial statements comply with the requirements of Qatar Commercial Companies Law No.11 of 2015, whose certain provisions were subsequently amended by Law No.8 of 2021. The management is in the process of taking necessary actions needed to ensure full compliance with the amended law, including amending the Articles of Association of the Company where necessary, and has concluded that any non-compliance as at the reporting date does not have a material impact on the consolidated financial statements.

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

#### **Basis of preparation**

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

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

#### **Basis of consolidation**

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

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

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

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

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



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of consolidation (continued)**

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

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

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

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

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

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

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.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue recognition**

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume discounts, which are estimated based on the historical data or forecast and projections. The Group recognises revenue when it transfers control over goods or services to its customers.

*Sale of goods - retail*

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

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

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

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

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

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

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue recognition (continued)**

*Sale of goods – retail (continued)*

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

*Refund liabilities*

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

*Right of return assets*

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

*Rental income*

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

*Dividend and interest income*

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

**Property and equipment**

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

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

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **Property and equipment (continued)**

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

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

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

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

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

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

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.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Intangible assets**

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

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

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

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

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

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

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

**Investment in associates**

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment in associates (continued)**

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

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

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

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

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

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

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

**Financial instruments**

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial assets**

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

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

*Classification of financial assets*

(i) Debt instruments designated at amortised cost

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

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

(ii) Debt instrument designated at other comprehensive income

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

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

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

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

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

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial assets (continued)**

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

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

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

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

(iii) Equity instruments designated as at FVTOCI

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

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

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

(iv) Financial assets at FVTPL

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

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



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial assets (continued)**

(iv) Financial assets at FVTPL (continued)

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

*Impairment of financial assets*

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

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

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

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

(i) Significant increase in credit risk

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

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial assets (continued)**

*Impairment of financial assets (continued)*

(i) Significant increase in credit risk (continued)

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

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

(ii) Definition of default

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of expected credit losses

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial assets (continued)**

*Impairment of financial assets (continued)*

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

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

*Derecognition of financial assets*

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

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

**Financial liabilities**

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

*Financial liabilities at FVTPL*

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

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.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial liabilities (continued)**

*Financial liabilities measured subsequently at amortised cost*

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

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

*Derecognition of financial liabilities*

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

**Offsetting of financial instruments**

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

**Impairment of non-financial assets**

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

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

**Inventories**

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

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

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Fair value measurement**

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

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

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

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

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

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

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

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

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

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Foreign currencies**

*Foreign currency translation*

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

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

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

**Employees' end of service benefits**

*End of service gratuity plans*

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

*(a) Pension plan (Qatar)*

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

*(b) Pension plan (Oman)*

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Provisions**

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

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

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

**Earnings per share**

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

**Segment reporting**

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

**Taxes**

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

*Current income tax*

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

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

*Deferred tax*

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Taxes (continued)**

*Deferred tax (continued)*

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

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

**Leases**

*The Group as lessee*

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

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

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

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

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

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



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (continued)**

*The Group as lessee (continued)*

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

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

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

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

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

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

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

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

- (i) Variable lease payments

*Estimation uncertainty arising from variable lease payments*

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (continued)**

*The Group as lessee (continued)*

(ii) Extension and termination options

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

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

(iii) Short-term leases

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

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

*The Group as lessor*

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

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

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

**Borrowing costs**

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

**Dividend distribution**

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

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Events after the reporting date**

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

#### **Current versus non-current classification**

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

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

#### **Critical judgments and estimates**

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

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

#### **Critical judgments**

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

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

**Critical judgments (continued)**

***Revenue from contracts with customers***

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

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

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

***Determination of transaction price***

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

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

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

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

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

***Principal versus agent consideration***

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

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

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

**Critical judgments (continued)**

***Revenue from contracts with customers (continued)***

***Principal versus agent consideration (continued)***

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

- 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.

***Capitalisation of costs***

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

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

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

***Capitalisation of borrowing costs***

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

***Determining the lease term***

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

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

In this respect, the Group depreciates its buildings built on leased land based on their useful lives, which exceed the lease term in some cases (after the reasonably certain extension).

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

**Critical judgments (continued)**

*Business model assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

*Significant increase in credit risk*

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

*Recognition of goodwill at CGU level*

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

The Group allocates goodwill to groups of cash-generating units, where each country / group of retail outlets represents a cash-generating unit for the Group's retail operations, as this represents the lowest level at which goodwill is monitored by management.

*Going concern*

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

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

**Critical judgments (continued)**

*Classification of associates, joint ventures and subsidiaries*

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

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

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

**Estimates**

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

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

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

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

As points issued under the programme 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 2021, the estimated liability for unredeemed points was QR. 2,378,260 (2020: QR. 3,165,574) (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.

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

**Estimates (continued)**

*Estimating variable consideration for returns (continued)*

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

*Variable lease payments*

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

*Discounting of lease payments*

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

*Grouping of right-of-use asset*

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

*Impairment of inventories*

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

*Impairment of tangible and intangible assets*

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

*Estimated useful lives of property and equipment and intangibles*

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

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



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

**Estimates (continued)**

*Estimated useful lives of property and equipment and intangibles (continued)*

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.

Reference to note 10 to the consolidated financial statements. The Group has made a key judgment related to the useful lives of the buildings built on leased lands. (with shorter lease terms than the estimated useful lives)

*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., 6.9% and 7.5% respectively (2020: 6.4% and 9.2%) and terminal growth rate of 1.0% and 2.0%, respectively (2020: 2.0% and 2.0%).

*Fair value measurements*

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

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

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

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

**AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2021

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**4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)****Estimates (continued)***Provision for expected credit losses of trade receivables and other financial assets (continued)*

The 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.

	<u>2021</u>	<u>2020</u>
	<u>QR.</u>	<u>QR.</u>
<i>Sale of goods – at a point in time</i>		
Retail	<b>2,790,982,881</b>	3,383,887,839
Wholesale – corporate sales	<b>29,712,975</b>	23,852,099
	<b><u>2,820,695,856</u></b>	<b><u>3,407,739,938</u></b>

**6. COST OF SALES**

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

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

For the year ended 31 December 2021

**7. OTHER INCOME**

	<b>2021</b>	2020
	<b>QR.</b>	QR.
Dividend income	<b>10,740,259</b>	9,455,793
Interest income	<b>3,786,050</b>	3,491,090
Miscellaneous income	<b>632,428</b>	4,926,985
	<b>15,158,737</b>	17,873,868

**8. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2021</b>	2020
	<b>QR.</b>	QR.
Salaries, wages and other benefits	<b>210,245,993</b>	225,160,779
Water and electricity	<b>29,078,587</b>	5,856,853
Repairs and maintenance	<b>18,231,229</b>	15,905,764
Bank charges, commission and credit card charges	<b>13,107,674</b>	14,424,541
Short term rent and staff accommodation expenses	<b>10,624,037</b>	15,069,696
Advertisement expenses	<b>7,727,516</b>	8,823,804
Board of Directors' remuneration (Note 25)	<b>7,581,950</b>	7,581,950
Vehicle and insurance expenses	<b>6,852,162</b>	6,059,654
Telephone and postage	<b>3,612,849</b>	3,170,370
Professional fees	<b>2,739,079</b>	6,075,897
Printing and stationery	<b>2,033,387</b>	1,938,829
Travel expenses	<b>288,826</b>	943,059
Loss allowance (Notes 17 and 18)	<b>167,048</b>	3,908,462
(Reversal of)/provision for slow moving inventory (Note 16)	<b>(3,229,415)</b>	8,836,688
Other expenses	<b>4,434,880</b>	6,780,816
	<b>313,495,802</b>	330,537,162

**9. INCOME TAX**

The major components of income tax expenses is as follows:

	<b>2021</b>	2020
	<b>QR.</b>	QR.
Income tax expense	<b>175,298</b>	460,326
Deferred income tax	<b>(301,758)</b>	(369,203)
<b>Income tax (benefit) / expense reported in the consolidated statement of profit or loss</b>	<b>(126,460)</b>	91,123

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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 10. PROPERTY AND EQUIPMENT

	<b>Land QR.</b>	<b>Buildings QR.</b>	<b>Refrigerators and equipment QR.</b>	<b>Motor vehicles QR.</b>	<b>Furniture and fixtures QR.</b>	<b>Computer equipment QR.</b>	<b>Leasehold and other improvements QR.</b>	<b>Capital work in progress QR.</b>	<b>Total QR.</b>
<b>Cost:</b>									
At 1 January 2021	5,922,495	1,007,487,392	274,288,165	19,404,556	57,416,467	44,521,563	108,891,647	75,413,441	1,593,345,726
Additions	--	5,388,535	3,531,011	289,015	1,372,639	1,166,549	1,476,854	152,634,961	165,859,564
Disposals	--	--	(642,220)	(12,369)	(135,205)	(188,525)	(96,506)	--	(1,074,825)
Transfers	--	24,885,535	6,685,273	--	1,146,196	297,644	12,484,079	(45,498,727)	--
At 31 December 2021	<u>5,922,495</u>	<u>1,037,761,462</u>	<u>283,862,229</u>	<u>19,681,202</u>	<u>59,800,097</u>	<u>45,797,231</u>	<u>122,756,074</u>	<u>182,549,675</u>	<u>1,758,130,465</u>
<b>Accumulated Depreciation:</b>									
At 1 January 2021	--	165,535,607	164,480,254	16,406,669	40,926,931	33,628,032	57,294,359	--	478,271,852
Charge for the year	--	26,612,933	23,687,576	1,135,506	7,082,745	4,581,233	8,618,416	--	71,711,409
Relating to disposals	--	--	(600,164)	(12,331)	(104,697)	(70,465)	(102,254)	--	(889,911)
At 31 December 2021	<u>--</u>	<u>192,148,540</u>	<u>187,560,666</u>	<u>17,529,844</u>	<u>47,904,979</u>	<u>38,138,800</u>	<u>65,810,521</u>	<u>--</u>	<u>549,093,350</u>
<b>Net book value:</b>									
At 31 December 2021	<u><u>5,922,495</u></u>	<u><u>845,612,922</u></u>	<u><u>96,301,563</u></u>	<u><u>2,151,358</u></u>	<u><u>11,895,118</u></u>	<u><u>7,658,431</u></u>	<u><u>56,945,553</u></u>	<u><u>182,549,675</u></u>	<u><u>1,209,037,115</u></u>

Notes:

- Buildings with a carrying amount of QR. 627,722,311 (2020: 618,212,677) were constructed on leased plots of land from Government of Qatar. These plots of land were acquired on leases for a period of 25 years. The management has resolved to depreciate these buildings over 40 years based on the expected useful life period as management is reasonably certain that these lease contracts will be renewed for a period of time exceeding the useful life of these buildings.
- The capital work-in-progress includes constructions of new supermarkets and major renovation of existing supermarkets. The amount of amortisation on right-of-use asset and interest expense on lease liabilities capitalised during the year ended 31 December 2021 amounted to QR. 2,327,961 and QR. 1,506,269 (2020: QR. 557,524 and QR. 1,222), respectively.
- During the year ended 31 December 2021, the Group has capitalised borrowing cost amounting to QR. 3,585,462 of loans in Qatar and Sultanate of Oman for which the Group has obtained to finance the acquisition of two properties in the State of Qatar and the construction of a new mall in Sultanate of Oman (Notes 21 and 33).
- As of the reporting date, the Group has 31 (2020: 31) plots of land granted by the Government of Qatar at nominal values in the books.

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

For the year ended 31 December 2021

**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 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>5,922,495</u>	<u>841,951,785</u>	<u>109,807,912</u>	<u>2,997,887</u>	<u>16,489,536</u>	<u>10,893,531</u>	<u>51,597,288</u>	<u>75,413,440</u>	<u>1,115,073,874</u>

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For the year ended 31 December 2021

**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:

	<u>2021</u> <u>QR.</u>	<u>2020</u> <u>QR.</u>
Balance at 1 January	<b>207,471,146</b>	223,397,648
New leases added during the year	<b>149,944,235</b>	50,159,957
Contract modifications	<b>4,887,582</b>	(2,280,151)
Derecognition of right-of-use assets	--	(19,729,970)
Amortisation of right-of-use of assets	<b>(45,967,377)</b>	(43,408,788)
Transferred to work-in-progress	<b>(2,327,961)</b>	(557,524)
Allocated to an associate	--	(110,026)
Balance at 31 December	<b><u>314,007,625</u></b>	<u>207,471,146</u>

Amounts recognised in profit and loss

	<u>2021</u> <u>QR.</u>	<u>2020</u> <u>QR.</u>
Amortisation expense on right-of-use assets	<b>45,967,377</b>	43,408,788
Expense relating to short-term leases (Note 8)	<b>10,146,253</b>	13,865,213
Expense relating to variable lease payments not included in the measurement of the lease liability (Note 8)	<b>477,784</b>	1,204,483

During the year, amortisation on right-of-use assets amounting QR. 2,327,961 (2020: QR. 557,524) was capitalised to work-in-progress.

**12. GOODWILL**

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

	<u>2021</u> <u>QR.</u>	<u>2020</u> <u>QR.</u>
Qatar Markets Company W.L.L.	<b>227,028,986</b>	227,028,986
Al Meera Market S.A.O.C.	<b>117,069,012</b>	117,069,012
	<b><u>344,097,998</u></b>	<u>344,097,998</u>

*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 6.9% (2020: 6.4%). 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 1.0% (2020: 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 2021 and 2020.

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

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

The recoverable amount of the cash generating unit has been determined based on value in use calculations. The calculation uses cash flow projections based on forecast revenues and profit margins approved by management covering five years period at a discount rate of 7.5% (2020: 9.2%). The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The cash flows beyond five year period are extrapolated using a steady growth rate of 2.0% (2020: 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:

	<b>2021</b>	<b>2020</b>
	<b>QR.</b>	<b>QR.</b>
<b>Cost:</b>		
At 1 January	<b>17,880,025</b>	17,880,025
Additions for the year	<b>150,300</b>	--
At 31 December	<b>18,030,325</b>	17,880,025
<b>Amortisation:</b>		
At 1 January	<b>16,490,121</b>	15,148,510
Charge for the year	<b>1,234,063</b>	1,341,611
At 31 December	<b>17,724,184</b>	16,490,121
<b>Net book value at 31 December</b>	<b>306,141</b>	1,389,904

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

For the year ended 31 December 2021

**14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<u>2021</u> <u>QR.</u>	<u>2020</u> <u>QR.</u>
Quoted equity shares	<b>349,281,349</b>	340,855,380
Unquoted equity shares	<b>6,297,300</b>	6,060,251
	<b><u>355,578,649</u></b>	<u>346,915,631</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. 316,658,371 (2020: QR. 312,095,234) and QR. 32,622,978 (2020: QR. 28,760,146) 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>2021</u> <u>QR.</u>	<u>2020</u> <u>QR.</u>
At 1 January	<b>346,915,631</b>	268,778,129
Additions	<b>138,172,389</b>	195,012,421
Disposals	<b>(130,115,340)</b>	(186,404,190)
Net changes in fair value	<b>605,969</b>	69,529,271
At 31 December	<b><u>355,578,649</u></b>	<u>346,915,631</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>2021</u> <u>%</u>	<u>2020</u> <u>%</u>
Al Oumara Bakeries Company W.L.L.	Manufacture and sale of bakery products	Qatar	<b>51%</b>	51%



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

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**15. INVESTMENTS IN ASSOCIATES (CONTINUED)**

The movement of investment in associates is as follows:

	<b>2021</b>	<b>2020</b>
	<b>QR.</b>	<b>QR.</b>
At 1 January	--	--
Provision recorded on Al Oumara Bakeries Company W.L.L. as at 1 January (Note 24)	<b>(10,352,716)</b>	(8,818,292)
Share of results for the year	<b>(42,969)</b>	(1,534,424)
Presented separately as a provision for deficit in an associate on Al Oumara Bakeries Company W.L.L. (Note 24)	<b>10,395,685</b>	10,352,716
At 31 December	<b>--</b>	<b>--</b>

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

	<b>2021</b>	<b>2020</b>
	<b>QR.</b>	<b>QR.</b>
Group's share of associates' statement of financial position:		
Current assets	<b>152,264</b>	154,621
Non-current assets	<b>52,267</b>	73,586
Current liabilities	<b>(10,600,216)</b>	(10,580,923)
Carrying amount of the investments	<b>(10,395,685)</b>	(10,352,716)
Group's share of associates' revenue and results:		
Sales	<b>--</b>	1,620,992
Share of results	<b>(42,969)</b>	(1,534,424)

**16. INVENTORIES**

	<b>2021</b>	<b>2020</b>
	<b>QR.</b>	<b>QR.</b>
Finished goods	<b>226,566,472</b>	221,795,626
Consumables and spare parts	<b>1,541,123</b>	910,061
	<b>228,107,595</b>	222,705,687
Less: Provision for obsolete and slow-moving inventories	<b>(19,644,698)</b>	(23,986,675)
	<b>208,462,897</b>	198,719,012

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

	<b>2021</b>	<b>2020</b>
	<b>QR.</b>	<b>QR.</b>
At 1 January	<b>23,986,675</b>	9,998,786
(Reversal) / Charges recognised in general and administrative expenses (Note 8)	<b>(3,229,415)</b>	8,836,688
(Reversal) / Charges recognised in cost of sales	<b>(1,112,562)</b>	5,151,201
At 31 December	<b>19,644,698</b>	23,986,675

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

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**17. TRADE AND OTHER RECEIVABLES**

	<b>2021</b>	2020
	<b>QR.</b>	QR.
Trade receivables	<b>7,157,269</b>	5,982,372
Advances to suppliers – net	<b>8,774,109</b>	11,448,455
Credit card receivables	<b>14,984,702</b>	10,354,736
Deposits	<b>12,461,598</b>	15,777,627
Prepaid expenses	<b>5,157,551</b>	5,188,626
Staff receivables	<b>3,482,029</b>	3,991,804
Lease receivables	<b>6,100,720</b>	6,839,822
Accrued interest income	<b>443,856</b>	1,521,377
Other receivables	<b>7,852,425</b>	1,972,843
	<b>66,414,259</b>	63,077,662
Less: Allowance for impairment of trade receivables (Note 34)	<b>(5,037,136)</b>	(4,601,414)
	<b>61,377,123</b>	58,476,248

*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:

	<b>2021</b>	2020
	<b>QR.</b>	QR.
Cash in hand	<b>2,576,763</b>	1,838,649
Cash at bank	<b>155,776,441</b>	78,938,873
Short term deposits (i)	<b>84,750,000</b>	190,900,000
<b>Total cash and cash equivalents</b>	<b>243,103,204</b>	271,677,522
Term deposits maturing after 90 days	<b>17,100,000</b>	83,300,000
Restricted bank accounts (ii)	<b>82,332,904</b>	94,400,132
Less: Allowance for expected credit loss on term deposits (iii) (Note 34)	<b>(220,585)</b>	(489,259)
<b>Total cash on hand and at banks</b>	<b>342,315,523</b>	448,888,395

*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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**19. SHARE CAPITAL**

	<u>2021</u>	<u>2020</u>
	<u>QR.</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>

**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 as stipulated in Qatar Commercial Companies Law.

*Optional reserve*

In accordance with the Group's Articles of Association, upon suggestion of the Board of Directors, the General Assembly may decide to deduct a portion of the net profit for the optional reserve. This optional reserve shall be used in the forms and ways that will be decided by the General Assembly. There were no movements during the year ended 31 December 2021 (2020: 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>2021</u>	<u>2020</u>
	<u>QR.</u>	<u>QR.</u>
Loan 1	<b>79,562,721</b>	89,181,330
Loan 2	<b>208,801,209</b>	125,000,000
Loan 3	<b>30,052,030</b>	13,706,923
Deferred financing arrangement cost	<b>(482,087)</b>	(603,175)
	<u><b>317,933,873</b></u>	<u>227,285,078</u>

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

Presented in the consolidated statement of financial position as follows:

	<u>2021</u>	<u>2020</u>
	<u>QR.</u>	<u>QR.</u>
Non-current portion	<b>278,011,417</b>	192,829,002
Current portion	<b>39,922,456</b>	34,456,076
	<b><u>317,933,873</u></b>	<b><u>227,285,078</u></b>

**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 provided Covid-19 support to the Group by deferring the repayment of the loan for 6 months starting from March 2020. This deferment is 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 April 2020, the loan was restructured 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 January 2021, the Group entered into a loan top up agreement of QR. 50 million, thereby increasing the total facility to QR. 250 million. Profit rate of QMRL + 0.25% with a minimum of 2.95% with a grace period of 1 year over the balance unutilised portion of QR 125 million was agreed with the bank. Management performed an assessment to assess whether the restructuring constitutes as a significant modification and concluded that the restructuring doesn't qualify as a significant modification. Gain on restructuring was not recognised due to its insignificance.

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

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

For the year ended 31 December 2021

**21. LOANS AND BORROWINGS (CONTINUED)****Loan 3**

During 2020, Al Meera Oman S.A.O.C, one of the Group's subsidiaries has entered into a Master facility agreement with one of the commercial banks in Sultanate of Oman. The facility allows multiple drawdowns during the availability period of 24 months with a limit of QR 52 million (RO 5.5 million).

During 2020, there was an initial drawdown of QR 13.7 million (RO 1.4 million). During 2021, the company had an additional drawdown of QR 16.3 million (RO 1.7 million). The total combined drawdown as of 31 December 2021 is QR 30.0 million (RO 3.1 million). The facility is subject to a profit rate of 5.75% p.a. The facility is repayable after 6 months of completion of the availability period. The facility is secured by a mortgage on proposed Usufruct of Al Meera Retail Complex in Amerat.

**22. EMPLOYEES' END OF SERVICE BENEFITS**

	<b>2021</b>	2020
	<b>QR.</b>	QR.
At 1 January	<b>43,801,028</b>	37,455,701
Provided during the year	<b>7,394,165</b>	12,239,929
End of service benefits paid	<b>(8,147,228)</b>	(5,894,602)
At 31 December	<b>43,047,965</b>	43,801,028

**23. LEASE LIABILITIES**

	<b>2021</b>	2020
	<b>QR.</b>	QR.
At 1 January	<b>216,947,709</b>	226,517,863
Additions during the year	<b>149,544,207</b>	50,159,957
Contract modification	<b>4,887,582</b>	(1,255,478)
Derecognition of lease liability	<b>--</b>	(19,729,970)
Accretion of interest	<b>14,680,906</b>	10,808,776
Payments during the year	<b>(56,716,097)</b>	(49,553,439)
At 31 December	<b>329,344,307</b>	216,947,709
Current	<b>56,107,760</b>	38,027,680
Non-current	<b>273,236,547</b>	178,920,029
	<b>329,344,307</b>	216,947,709

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

	<b>2021</b>	2020
	<b>QR.</b>	QR.
Not later than 1 year	<b>57,178,395</b>	38,910,939
Later than 1 year and not later than 5 years	<b>162,776,904</b>	103,317,532
Later than 5 years	<b>243,235,107</b>	201,282,373
	<b>463,190,406</b>	343,510,844

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**23. LEASE LIABILITIES (CONTINUED)**

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**

	<b>2021</b>	<b>2020</b>
	<b>QR.</b>	<b>QR.</b>
Trade and services payables	<b>373,317,196</b>	431,197,237
Dividends payable	<b>100,404,492</b>	112,619,117
Accrued expenses	<b>61,551,094</b>	83,231,827
Retentions payable	<b>1,677,182</b>	5,099,455
Provision for deficit in an associate (Note 15)	<b>10,395,685</b>	10,352,716
Provision for social and sports fund	<b>4,618,114</b>	4,989,523
Payable to contractors	<b>2,829,974</b>	5,561,511
Contract liability on loyalty program	<b>2,378,260</b>	3,165,574
Income tax payable	<b>195,863</b>	441,886
Other payables	<b>14,914,235</b>	15,824,447
	<b><u>572,282,095</u></b>	<b><u>672,483,293</u></b>
<i>Retentions payable presented in the consolidated statement of financial position as follows:</i>		
Current portion (see above)	<b>1,677,182</b>	5,099,455
Non-current portion	<b><u>3,187,795</u></b>	<b><u>1,785,315</u></b>
	<b><u>4,864,977</u></b>	<b><u>6,884,770</u></b>

**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.

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

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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:

	<b>2021</b>	<b>2020</b>
	<b>QR.</b>	<b>QR.</b>
<i>Al Oumara Bakeries Company W.L.L. (Associate)</i>		
Purchases	--	3,104,790
Sales	--	337,243
Sales commission income	--	698,303
Staff cost	--	2,105,705
Lease charges	--	115,123

**Related party balances**

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

	<b>2021</b>	<b>2020</b>
	<b>QR.</b>	<b>QR.</b>
<i>Amounts due from a related party:</i>		
<i>Associates:</i>		
Al Oumara Bakeries Company W.L.L.*	<b>19,344,641</b>	18,851,044
	<b>19,344,641</b>	18,851,044

\*The Group has not recognised an allowance for expected credit losses for amounts due from a related party since a provision for deficit in an associate amounting to QR. 10.4 million (2020: QR. 10.3 million) is recognised in the consolidated financial statements (Notes 15 and 24). The provision recognised by the Group represents the deficit in the associate's equity to the extent of the Group share of 51% (2020: 51%).

**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 against any related party balance.

**Compensation of key management personnel**

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

	<b>2021</b>	<b>2020</b>
	<b>QR.</b>	<b>QR.</b>
Key management remuneration	<b>9,568,168</b>	10,453,008
Board of Directors' remuneration	<b>7,581,950</b>	7,581,950
	<b>17,150,118</b>	18,034,958

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

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

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

	<u>2021</u> <u>QR.</u>	<u>2020</u> <u>QR.</u>
<b>Capital commitments – Property and equipment</b>		
Estimated capital expenditure approved and contracted as of the reporting date	<u><u>37,857,771</u></u>	<u><u>67,572,186</u></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 supermarkets.

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

	<u>2021</u> <u>QR.</u>	<u>2020</u> <u>QR.</u>
Current - within one year	<u><u>8,236,750</u></u>	<u><u>8,146,750</u></u>

**27. CONTINGENCIES**

At 31 December 2021 and 2020, 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>2021</u> <u>QR.</u>	<u>2020</u> <u>QR.</u>
Letters of guarantees	<u><u>2,841,480</u></u>	11,536,868
Letters of credits	<u><u>1,685,888</u></u>	<u><u>1,543,330</u></u>
	<u><u>4,527,368</u></u>	<u><u>13,080,198</u></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 2021, which is subject to the approval of the shareholders at the Annual General Assembly (2020: QR. 0.90 per share, totalling QR. 180 million for the year 2020).



## 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. 4.62 million for the year ended 31 December 2021 (2020: QR. 4.99 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.

	<b>2021</b>	<b>2020</b>
	<b>QR.</b>	<b>QR.</b>
Profit attributable to equity holders of the parent	<b>196,257,914</b>	209,037,000
Weighted average number of shares outstanding	<b>200,000,000</b>	200,000,000
Basic and diluted earnings per share	<b>0.98</b>	1.05

#### 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:

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

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

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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.

	<b>Retail</b>	<b>Investment</b>	<b>Leasing</b>	<b>Total</b>
	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>
<i><b>Year ended 31 December 2021:</b></i>				
Sales	<b>2,820,695,856</b>	--	--	<b>2,820,695,856</b>
Cost of sales	<b>(2,269,300,678)</b>	--	--	<b>(2,269,300,678)</b>
Gross profit	<b>551,395,178</b>	--	--	<b>551,395,178</b>
Rental income	--	--	<b>81,304,820</b>	<b>81,304,820</b>
Income from equity investments	--	<b>10,493,135</b>	--	<b>10,493,135</b>
Income from fixed deposits	--	<b>1,441,670</b>	--	<b>1,441,670</b>
Other income	<b>3,088,359</b>	<b>47,853</b>	<b>87,720</b>	<b>3,223,932</b>
Operating income	<b>554,483,537</b>	<b>11,982,658</b>	<b>81,392,540</b>	<b>647,858,735</b>
General and administrative expenses	<b>(306,522,036)</b>	<b>(2,463,190)</b>	<b>(4,510,576)</b>	<b>(313,495,802)</b>
Depreciation and amortisation	<b>(108,087,479)</b>	<b>(1,081,557)</b>	<b>(9,743,813)</b>	<b>(118,912,849)</b>
Share of loss of an associate	--	<b>(42,969)</b>	--	<b>(42,969)</b>
Finance costs	<b>(19,034,531)</b>	<b>(27,101)</b>	<b>(1,007,194)</b>	<b>(20,068,826)</b>
Profit before income tax	<b>120,839,491</b>	<b>8,367,841</b>	<b>66,130,957</b>	<b>195,338,289</b>
Income tax expense	<b>122,147</b>	<b>(750)</b>	<b>5,063</b>	<b>126,460</b>
Profit for the year	<b>120,961,638</b>	<b>8,367,091</b>	<b>66,136,020</b>	<b>195,464,749</b>

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**31. SEGMENT INFORMATION (CONTINUED)**

	Retail QR.	Investment QR.	Leasing QR.	Total 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	--	8,876,123	--	8,876,123
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	11,769,781	65,114,399	675,076,073
General and administrative expenses	(325,315,488)	(1,888,683)	(3,332,991)	(330,537,162)
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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2020: 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 2021 and 31 December 2020 respectively:

	Retail QR.	Investment QR.	Leasing QR.	Total QR.
<b>Segment assets:</b>				
<b>At 31 December 2021</b>	<b>2,095,073,107</b>	<b>469,703,942</b>	<b>290,524,780</b>	<b>2,855,301,829</b>
At 31 December 2020	1,933,850,302	523,435,814	283,069,496	2,740,355,612
Other disclosures				
	Retail QR.	Investment QR.	Leasing QR.	Total QR.
<b>Capital expenditure:</b>				
<b>At 31 December 2021</b>	<b>137,989,088</b>	<b>--</b>	<b>27,870,476</b>	<b>165,859,564</b>
At 31 December 2020	56,388,357	--	6,448,791	62,837,148

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	
	2021 QR.	2020 QR.	2021 QR.	2020 QR.	2021 QR.	2020 QR.	2021 QR.	2020 QR.
Total assets	<b>2,602,297,202</b>	2,481,439,073	<b>299,919,767</b>	302,891,740	<b>(46,915,140)</b>	(43,975,202)	<b>2,855,301,829</b>	2,740,355,611
Total liabilities	<b>1,144,903,981</b>	1,039,008,453	<b>165,640,113</b>	165,968,195	<b>(44,748,059)</b>	(42,674,225)	<b>1,265,796,035</b>	1,162,302,423

	Qatar		Oman		Eliminations		Total	
	2021 QR.	2020 QR.	2021 QR.	2020 QR.	2021 QR.	2020 QR.	2021 QR.	2020 QR.
Sales	<b>2,688,134,466</b>	3,258,876,515	<b>132,561,390</b>	148,863,423	--	--	<b>2,820,695,856</b>	3,407,739,938
Net income	<b>198,974,737</b>	207,745,576	<b>(2,643,883)</b>	2,977,105	<b>(866,105)</b>	(792,539)	<b>195,464,749</b>	209,930,142

*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 (loss) profit		Accumulated balances	
		2021	2020	2021	2020	2021	2020
		%	%	QR.	QR.	QR.	QR.
Al Meera Markets S.A.O.C.	Oman	30%	30%	(759,512)	916,666	39,061,260	39,820,768
Al Meera Oman S.A.O.C.	Oman	30%	30%	(33,653)	(23,524)	1,222,642	1,256,299
				<u>(793,165)</u>	<u>893,142</u>	<u>40,283,902</u>	<u>41,077,067</u>

*Notes:*

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

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

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

*Statement of profit or loss:*

	2021 QR.	2020 QR.
Sales	132,561,391	148,863,423
Other income	5,620,439	8,309,717
Expenses	<u>(141,127,466)</u>	<u>(154,565,238)</u>
(Loss)/Profit before income tax	(2,945,636)	2,607,902
Income tax expense	<u>301,753</u>	<u>369,203</u>
(Loss)/Profit for the year	<u>(2,643,883)</u>	<u>2,977,105</u>
<i>Attributable to:</i>		
Equity holders of the parent	(1,850,718)	2,083,963
Non-controlling interests	<u>(793,165)</u>	<u>893,142</u>
	<u>(2,643,883)</u>	<u>2,977,105</u>

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

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

	<b>2021</b>	2020
	<b>QR.</b>	QR.
Non-current assets	<b>245,654,467</b>	235,469,252
Current assets	<b>72,078,112</b>	67,422,488
	<b>317,732,579</b>	302,891,740
Equity attributable to equity holders of the parent	<b>93,995,745</b>	95,846,481
Non-controlling interests	<b>40,283,902</b>	41,077,067
Non-current liabilities	<b>83,801,208</b>	72,449,252
Current liabilities	<b>99,651,724</b>	93,518,940
	<b>317,732,579</b>	302,891,740

*Statement of cash flows*

	<b>2021</b>	2020
	<b>QR.</b>	QR.
Net cash from operating activities	<b>13,095,000</b>	31,937,442
Net cash used in investing activities	<b>(22,840,594)</b>	(25,578,959)
Net cash from financing activities	<b>7,379,885</b>	(2,023,624)
Net decrease cash and cash equivalents	<b>(2,365,709)</b>	4,334,859

**33. FINANCE COSTS**

	<b>2021</b>	2020
	<b>QR.</b>	QR.
Interest on bank loans	<b>10,479,651</b>	6,712,212
Interest expense on lease liabilities (Note 23)	<b>14,680,906</b>	10,808,776
Total interest expense	<b>25,160,557</b>	17,520,988
Less : Interest on bank overdraft and loans capitalised in cost of qualifying assets (Note 10)	<b>(3,585,462)</b>	(956,707)
Less : Interest expense on lease liabilities capitalised in cost of qualifying assets (Note 10)	<b>(1,506,269)</b>	(1,222)
Interest expense on lease liabilities - allocated to associate	<b>--</b>	(5,097)
	<b>20,068,826</b>	16,557,962

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

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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.

	<b>2021</b>	<b>2020</b>
	<b>QR.</b>	<b>QR.</b>
Potential change in basis points	<b>-/+25</b>	<b>-/+25</b>
Effect on profit or loss	<b>54,984</b>	<b>106,144</b>

##### 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.

	<b>2021</b>	<b>2020</b>
	<b>QR.</b>	<b>QR.</b>
Change in equity prices	<b>-/+5</b>	<b>-/+5</b>
Effect on equity	<b>17,464,067</b>	<b>17,042,769</b>

**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 2021, 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 (2020: 360 days) of when they fall due.



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

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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 (2020: 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 2021 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	0.22%	12 month expected losses	101,850,000	101,629,415
Trade receivables from government entities	Investment grade	46.88%	12 month expected losses	5,115,409	2,717,132

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

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

*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 2021 and 31 December 2020 is determined as follows:

		31 – 60 days past due	61 – 90 days past due	91 - 120 days past due	121 - 180 days past due	181 - 360 days past due	More than 360 days past due	Total
31 December 2021	Current QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Gross carrying amount	2,417,273	556,130	505,514	425,176	583,988	1,649,437	2,005,062	8,142,580
Loss allowance provision	45,380	38,359	49,794	58,530	138,857	574,298	1,733,641	2,638,859
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

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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 2020	158,010	1,024,201	1,182,211
Loss allowance charged in profit or loss during the year	2,318,120	1,590,342	3,908,462
As at 31 December 2020	2,476,130	2,614,543	5,090,673
Loss allowance charged in profit or loss during the year (Note 8)	142,732	24,316	167,048
<b>At 31 December 2021</b>	<b>2,618,862</b>	<b>2,638,859</b>	<b>5,257,721</b>

The gross carrying amount of trade and lease receivables is QR. 13,257,987 (2020: QR 12,822,194) (Note 17).

Total loss allowance presented as follows:

	<b>2021</b> QR.	2020 QR.
Allowance for trade receivable (Note 17)	<b>5,037,136</b>	4,601,414
Allowance for term deposits at amortised cost (Note 18)	<b>220,585</b>	489,259
	<b>5,257,721</b>	5,090,673

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

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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.

<b>At 31 December 2021</b>	<b>On demand QR.</b>	<b>Less than 1 year QR.</b>	<b>1- 5 years QR.</b>	<b>&gt; 5 years QR.</b>	<b>Total QR.</b>
Trade payables	--	373,317,196	--	--	373,317,196
Dividends payable	100,404,492	--	--	--	100,404,492
Retentions payable	--	1,677,182	3,187,795	--	4,864,977
Payable to contractors	--	2,829,974	--	--	2,829,974
Lease liability	--	56,107,760	139,570,303	133,666,244	329,344,307
Other payables	--	14,914,235	--	--	14,914,235
Income tax payable	--	195,863	--	--	195,863
Loans and borrowings	--	39,922,456	216,029,083	61,982,334	317,933,873
	<u>100,404,492</u>	<u>488,964,666</u>	<u>358,787,181</u>	<u>195,648,578</u>	<u>1,143,804,917</u>
<b>At 31 December 2020</b>	<b>On demand QR.</b>	<b>Less than 1 year QR.</b>	<b>1- 5 years QR.</b>	<b>&gt; 5 years QR.</b>	<b>Total QR.</b>
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>

**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 2021 and 31 December 2020.

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

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

For the year ended 31 December 2021

**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:

<b>31 December 2021</b>	<b>Total QR.</b>	<b>Level 1 QR.</b>	<b>Level 2 QR.</b>	<b>Level 3 QR.</b>
Quoted equity shares	<b>349,281,349</b>	<b>349,281,349</b>	--	--
Un-quoted equity shares	<b>6,297,300</b>	--	--	<b>6,297,300</b>
<b>31 December 2020</b>	<b>Total QR.</b>	<b>Level 1 QR.</b>	<b>Level 2 QR.</b>	<b>Level 3 QR.</b>
Quoted equity shares	340,855,380	340,855,380	--	--
Un-quoted equity shares	6,060,251	--	--	6,060,251

During the year ended 31 December 2021, 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 (2020: 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.

	<b>1 January 2021 QR.</b>	<b>Financing cash flow QR.</b>	<b>Non-cash changes QR.</b>	<b>31 December 2021 QR.</b>
Lease liabilities	<b>216,947,709</b>	(56,716,062)	169,112,660	<b>329,344,307</b>
Loans and borrowings	<b>227,285,078</b>	90,527,707	121,088	<b>317,933,873</b>
	<b>444,232,787</b>	33,811,645	169,233,748	<b>647,278,180</b>
	<b>1 January 2020 QR.</b>	<b>Financing cash flow QR.</b>	<b>Non-cash changes QR.</b>	<b>31 December 2020 QR.</b>
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

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 37. COVID-19 IMPACT

The outbreak of 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 31 December 2021. 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.

*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 2022.

#### 38. COMPARATIVE INFORMATION

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

	2020 QR. (Audited)	Reclassifications QR.	2020 QR. (Reclassified)
<i>Statement of profit or loss</i>			
Other income	16,706,680	1,167,188	<b>17,873,868</b>
General and administrative expenses	(329,369,974)	(1,167,188)	<b>(330,537,162)</b>