Al Meera

Al Meera | Annual Report | 2018

Your Favourite Neighbourhood Retailer

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Sheikh Tamim Bin Hamad
Al Thani

Amir of the State of Qatar

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Deputy Amir

Introduction

About Al Meera

About us

Al Meera is Qatar's leader in the retail industry. For the last 13 years, we have been committed in providing quality products and services at reasonable prices in order to meet the ever-changing needs of our customers in a responsible and receptive manner.

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

At present, Al Meera operates through 57 supermarkets and convenience stores and has an energetic workforce who put our customers first in everything they do. We have invested in our stores, our employees and our channels to deliver the best possible shopping experience. Our strong culture and values are part of our identity and an integral part to our success.

Vision

"The trusted retailer of choice."

Mission

"Serving customers' daily needs conveniently."

Market Positioning

"Al Meera is aspiring to be a leading international company, the favourite neighbourhood retailer, serving customers' common needs with the freshest products in the market, offering healthy options, all at competitive prices.

At Al Meera, customers will find care, trust, convenience and efficiency, in a friendly atmosphere."

Promise

"To make customers happy with a constant attention to the freshness of products, to their availability and competitive prices, high level of services requirement and healthy sensitivity."

Personality

FRIENDLY
TRENDY
EASY

Values

INTEGRITY
RESPECT
TRANSPARENCY

Board of Directors

Board of Directors Profiles

Sheikh Thani bin Thamer Bin Mohammed Al Thani

Chairman of the Board of Directors
Nominated by Qatar Holding

Holds a Post-graduate Diploma in Management from the University of Hull in the UK, and a Bachelor of Science in Petroleum Engineering from the University of Tulsa in the US.

Sheikh Thani has administrative and practical experience in the Oil & Gas sector and currently serves as Vice Chairman in Qatar Petrochemical Company (QAPCO), Qatar Vinyl Company Ltd, Qatofin Company Limited and member of the board in Qatar Solar Tech, in addition to his position in Oryx GTL Limited as Vice Chairman of the Board of Directors and Chief Executive Officer.

The previous experience of HE Thani bin Thamer bin Mohammed Al Thani includes holding the position of Deputy General Manager of Shell-Qatar from 2003 to 2015, where his duties included supporting the project's General Manager, managing a number of other projects and responsibilities, and actively participating in attracting many competent Oil & Gas industry institutions and securing investment opportunities for them in order to implement projects for the benefit of Qatar Petroleum and Shell-Qatar.

In the period from 1998 to 2003, he served as the Lead Petroleum Engineer at Qatar Petroleum where he managed a variety of responsibilities including setting up programs, managing the North Field, monitoring development schemes, assessing the results of Oil & Gas Studies, preparing for studies on fields and new discoveries, participating in the development of oil fields schemes and coordinating with consultants for project preparation.

Sheikh Thani worked as a Petroleum engineer from 1997 to 1998 and participated in a training mission for a year at the "Mobil Oil" company in the United States about the North Field in Qatar and the evaluative studies for future projects in the State of Qatar.

Between 1994 and 1996, he served the function of Well Site Engineer, where the focus of his work was at the onshore and offshore sites for oil and gas fields, supervising the digging of wells and the establishment of production plants.

Dr. Saif Said Al Sowaidi

Vice-Chairman of the Board of Directors
Nominated by Qatar Holding

Dr. Saif has a PhD in Economics from Durham University, UK, has a Master's Degree from Ball State University, USA. In addition, a Bachelor's Degree in Economics from Oregon University, USA.

He also has a vast and dynamic professional career. Currently, Dr. Saif is the Vice President of Planning since November 2008 to present. Previous experience includes being the Executive Director of Rawafed project and the Executive Director of Serdal project at Qatar University. He served in many committees and task force teams both in Qatar and outside the country. Dr. Saif's academic record includes a list of published researches in his field of specialty. He is the Board Member of Al Meera Consumer Goods, Co. from 2005 until now. He is the Vice Chairman and Board of Directors of Al Meera Consumer Goods, Co. from 2007 until now. He was the Board Member of Doha Securities Market (presently Qatar Exchange) from 1995 to 2002.

Dr. Saif has rich experience in the education sector; where he started his career at the GCC Development Studies Centre at Qatar University in 1983, then became a Demonstrator at the Faculty of Administration & Economics in 1985 and was later promoted as a Professor. In addition, he was the Deputy Chairman and Executive Director of Oracle System Installation and Operations, Qatar University from 2003 to 2006. He was the head of the Follow-up Committee for the Nomination of Teaching Staff at Qatar University 2003-2005 and member of Qatar University Senate from 1995 to 2003. Dr. Saif is the managing lead of two very ambitious projects at Qatar Universities: Strategic Planning and Institutional Accreditation.

At the present, Dr. Saif's community contribution includes chairing the Index Committee at Qatar Exchange, and being a member of the Anti-trust Committee at the Ministry of Commerce and Industry.

Lately, Dr. Saif has won the State Encouragement Award in Economics.

He is the Chairman of Al Meera's Tenders & Auctions Committee, and member of the Audit Committee.

H. E. Dr. Saleh Mohammed Al Nabit

Member of the Board of Directors
Elected by the shareholders

On June 2013, H.E. Dr. Saleh bin Mohammed Al-Nabit was appointed as the Minister of Development Planning and Statistics. Since June 2011, H.E. was the Secretary-General for the General Secretariat for Development Planning (GSDP), where H.E. contributed to the development of Qatar National Vision (QNV) 2030 and the National Development Strategy (NDS) 2011-2016.

Academically, H.E. Dr. Saleh bin Mohammed Al-Nabit received his Ph.D. in Economics from the University of Bradford, England, and his Master's degree in Business Administration and Economics from University of St. Louis, USA. H.E. received his Bachelor's degree in Economics (Cum Laude) from Qatar University. Having graduated from the university, H.E. worked for a brief period for Qatar Central Bank. In 1993, H.E. worked in the Department of Economics at Qatar University, where H.E. taught many economic curricula and was named as board member in the department and the college. In addition, H.E. chaired many academic and scientific committees in Qatar University.

He is the member of Al Meera's Investment Committee.

Board of Directors Profiles

Mr. Ahmed Abdullah Al Khulaifi

Member of the Board of Directors

Elected by the shareholders

Mr. Khulaifi is a PhD Student in Marketing Service at Warwick University, UK. He holds M.S. in Business Administration from Oklahoma City University, USA.

He has been involved as the Ministry Assistant for Administration in Supreme Council of Health since 2009 until 2016. He was the Deputy Chairman and Managing Director of Al Jazeera Network from 2007 to 2009. He also has held the position of the Deputy Director General of Corporate Support, DAGOC from 2003 to 2007. In addition, Mr. Khulaifi has held several positions in various information institutions and government departments; including teaching experience in the field of Business Administration at Qatar University.

He is the Chairman of Al Meera's Audit Committee, and member of Nomination & Remuneration Committee.

Mr. Mohammed Ibrahim Al Sulaiti

Member of the Board of Directors

Elected by the shareholders

Mr. Sulaiti received his B.Sc. in Business Administration degree from USA in 1989.

He was the Deputy CEO of Finance and Administrative Affairs, Qatar Navigation Company from 1998 until 2015. He was a member of the Board of Directors of various companies such as Halul Offshore Services Company, Beema Insurance Company, Barwa Real Estate and Barwa Bank.

He is the Chairman of Al Meera's Investment Committee.

Mr. Mohammad Abdulla Al Mustafawi Al Hashemi

Member of the Board of Directors

Elected by the shareholders

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

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

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

He is a member of Al Meera's Tenders & Auctions Committee and Chairman of the Nomination & Remuneration Committee at Al Meera Company.

Mr. Hassan Abdallah Al Asmakh

Member of the Board of Directors

Elected by the shareholders

Mr. Al Asmakh received his B.Sc. in Business Administration degree from the University of Miami, Florida in 2000.

He is the Head of Private Banking, Qatar National Bank since 2011.

He worked in the Corporate Banking, Commercial Bank of Qatar from 2005 until 2011. He also worked in the Corporate Banking, HSBC Bank from 2001 until 2005.

He is a member of Al Meera's Audit Committee and a member of the Investment Committee and Nomination & Remuneration of Al Meera.

Executive Management Profiles

Mr. Didier Castaing

Chief Executive Officer

Mr. Didier Castaing is a career retailer, having spent over 35 years in leadership positions within the sector of retail in Europe, North East Asia and Middle East.

Prior to his appointment as CEO of Al Meera, he owned and managed hotels inside Paris and built a modern retail consultant firm, focusing on operations strategy and global company organization; helping retail executives taking decision in change management.

In retail experiences, Mr. Didier Castaing led teams in multi-billion dollar operations, dealing with hypermarkets and supermarkets in Panda Group and Carrefour. His mission was to conduct intensive expansion, achieve the yearly budget and to train the team in the best practices of the modern retail.

Mr. Salah Ahmed Al- Hammadi

Deputy Chief Executive Officer

Prior to joining Al Meera, Eng. Salah Ahmed Al-Hammadi was the Managing Director at Nectar Trust where he was responsible for developing and implementing strategic plans and has executed projects across Europe.

Eng. Salah occupied a senior associate position in Aventicum Capital Management, a JV between Qatar Holding and Credit Suisse, where he was responsible for covering the retail and consumer sector in the MENA region. Prior to this, he held a position as project controls engineer in RasGas, based in Japan. Eng. Salah hold a Bachelor's degree in mechanical engineering from Concordia University, Canada.

Chairman's Message

Chairman's Message

Sheikh Thani bin Thamer Bin Mohammed Al Thani

Chairman Nominated by Qatar Holding

In the Name of Allah, Most Gracious, Most Merciful

Dear Shareholders,

On behalf of the Board of Directors, I am honored to present to you Al Meera Group's Annual Report for the year ended 31 December 2018.

2018 continued to be a year of significant challenges as the ongoing unjust economic blockade imposed on Qatar entered its second year. The market conditions, regionally, remained depressed, leading to continuous decline in consumer spending in many sectors, including the retail sector.

On the back drop of several retail chains exiting the Qatar market, Al Meera has not only managed to retain its market share but has seen its sales grown by 4.7% in 2018, compared to 2017.

As the government took initiatives to expand its self-sufficiency in local produce, Al Meera took on the responsibility to play a major leading role in supporting these initiatives by offering shelf spaces for local producers to market their products in Al Meera stores throughout the country.

Al Meera is now the market leader in the country as it continues to expand its foothold and loyal customer base with the support of a new enlarged competent and experienced management team. The company has taken numerous steps to re-organize its store interior's "look and feel" by making its displays more visible and appealing to customers.

Lately, with the efforts of its commercial and marketing teams, Al Meera has expanded its promotion programs and run several festivities to launch products imported from Turkey and the Philippines, with more to come in 2019.

Furthermore, Al Meera signed MoU with Tekzen, a Turkish Corporation and part of Tekzen Group, to import non-food products. This collaboration will enable Al Meera to increase its non-food offerings to the Qatar Market.

Likewise, in the last quarter of the year 2018, Al Meera started a very ambitious MAAR/ Q RAIL project, which entails opening stores at the rail stations across Qatar, making life easier and convenient for travelers. Indeed, this concept may very well be a vehicle to increase Al Meera market share in the neighborhoods in Qatar in the next few years.

In 2018, Al Meera opened 5 new malls in the State of Qatar. These 5-community shopping centres – located in Rawdat Aba El Heran, Al Khor, Leabeeb 1, Azghawa and Al Sailiya – added a further 10,100 m2 selling area to the company's presence in Qatar.

In the Sultanate of Oman, Al Meera has started the construction of its commercial center in Al Amirat, with the second commercial center in Salalah under bidding, to fulfill its vision for the Omani market to double its network of branches in the Sultanate. Furthermore, a new branch has been opened in Sohar replacing an old branch.

With a view to enhance customer satisfaction and show appreciation for their support, Al Meera launched its loyalty program "Meera Rewards". The launch of "Meera Rewards" is a step in the way of Al Meera's e-shopping plan to serve its customers better. Al Meera seeks to enhance its relationship with its customers and be the 'Favourite Neighbourhood Retailer' with its presence across Qatar through 52 branches.

In addition to the new management team, 2018 also witnessed to joining of our new Chief Executive Officer, who brings with him over 30 years of retail experience. We are confident that this new leadership and management team will help Al Meera overcome market challenges and take the Group to a whole new level in line with the company's re-defined vision and mission and strategic direction.

For the second year in a row, Al Meera was again been awarded the 'Best Investor Relations' in the Small-Cap Company category at the recent Qatar Stock Exchange's 2018 Investor Relations Excellence Awards Ceremony. This reflects our transparency and commitment in facilitating open communication with the financial markets.

On behalf of the Board of Directors, I would like to express our sincere appreciation and gratitude to His Highness Sheikh Tamim Bin Hamad Al Thani, the Amir of The State of Qatar, for his relentless and unequivocal leadership of the State, and his vision for the continuous growth, development and stability of Qatar.

We would also like to thank His Highness the Father Amir Sheikh Hamad bin Khalifa Al Thani, who has initiated and built the solid foundations upon which the nation continues to prosper and gain international commendations.

The Board would also like to express its thanks to His Excellency Sheikh Abdullah Bin Nasser Bin Khalifa Al Thani, Prime Minister and Minister of Interior, for his unceasing support and guidance. Our appreciation and thanks also go to the Companies Control Department at the Ministry of Commerce and Industry for its invaluable cooperation and advice.

We would like to sincerely thank our valued shareholders, for the continued support that has enabled Al Meera to scale to new heights, year-on-year, as it continues to strive for excellence to fulfill its vision of being "Your Favourite Neighbourhood Retailer". Our thanks are also extended to the executive management and employees of Al Meera for their commitment and dedication to make Al Meera great.

We ask Allah, the Almighty and Exalted, to give us guidance as we strive to achieve all that is good for our beloved country, our stakeholders and the people of Qatar.

Thank you,

Sheikh Thani bin Thamer Bin Mohammed Al Thani
Chairman of the Board

Corporate Governance Report

9th Corporate Governance Report

1. Report on Corporate Governance

Corporate Governance entails an internal system, which encompasses people, policies and processes. This system is aimed at fulfilling shareholders' interests through effective direction and control of management activities utilizing good business practices, objectivity and above all, integrity. We, at Al Meera, are committed to meeting the aspirations of all of our stakeholders. We also believe that Corporate Governance is a way of life, rather than a mere legal compulsion, as it inspires and strengthens investors' confidence and commitment to the Company.

In our commitment to serve the interests of our stakeholders, Al Meera is committed to creating a governance structure that reflects the highest standards of independence, oversight and transparency. Our guiding framework is the provisions of the newly introduced Corporate Governance Code for public listed entities, which was issued by the Qatar Financial Market Authority ("QFMA") on 15 May 2016. We have also drawn general reference from other applicable laws and regulations of the State of Qatar and Qatar Exchange, in addition to internationally regarded good governance practices.

This governance report highlights key components of the governance framework as designed and implemented in Al Meera for the reporting period from 1 January 2018 to 31 December 2018.

2. Steps taken to achieve compliance with the QFMA Corporate Governance Code

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

Under the guidance of its Board of Directors, Al Meera has worked to develop an integrated vision of the requirements of the Corporate Governance Code, which included the steps necessary to comply with them. Furthermore, Al Meera contracted an internationally acclaimed consultant to work jointly with the concerned persons in the company to reconcile the company with the requirements of the code.

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

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

3. Shareholders

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

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

The annual general assembly was held on 27 March 2018, during which the following resolutions were adopted:

- Heard and approved the Board of Directors' Report on the Company's activities, Financial Results achieved in the year 2017, and the Company's plan.
- Approved External Auditors' Report for the financial year ended 31 December 2017.
- Approved the Balance Sheet and Profit and Loss Accounts for the year ended 31 December 2017.
- Endorsed the eighth Corporate Governance Report for Al Meera, which covers 2017.

- Approved the recommendation of the Board of Directors' to distribute cash dividend of 85% of the par value of the share equivalent to the shareholders (QAR 8.50 per share). Absolved the Directors of the Board from any liabilities for the financial year ended 31 December 2017, and approved their remuneration.
- Approved the extension of services of Ernst and Young for the financial year 2018.

All the Directors of the Board (who are also Board sub-committee members) and representatives from Ministry of Business and Trade, Internal Audit and External Auditors of the Company attended the Annual General Assembly.

4. Shareholding Information

Al Meera Consumer Goods Company Q.S.C. was established by the Law 24 of 2004 regarding transforming Consumer Co-operative Societies into a Qatari shareholding company. The decision number 40 of 2005 dated 28 February 2005 was issued by the Minister of Economy and Commerce to establish the Company in accordance with the provisions of Article No. 68 of Law No. 5 of 2002 regarding Commercial Companies and their Memorandum and Articles of Association.

The Company's conditions were reconciled in accordance with the resolutions of the Extraordinary General Assembly held on October 5, 2016. Under Law No. 11 of the year 2015 issuing the Commercial Companies Law and the provisions of the Memorandum of Association and the amended Articles of Association.

The capital of the Company is QAR 200,000,000, which is divided into 20,000,000 shares at a nominal value of QAR 10 per share.

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

Shareholders	Shares held	Shareholding Percentage
Qatar Holding	5,200,000	26%
Shareholders of Private Sector	14,800,000	74%

The amended Articles of Association states that Qatar Holding owns 26% of the total shares, and the total shares owned by one shareholder shall not exceed 5% of the total shares of the Company. Al Meera continues to rely on Qatar Exchange to obtain valid and up-to-date records of shareholding.

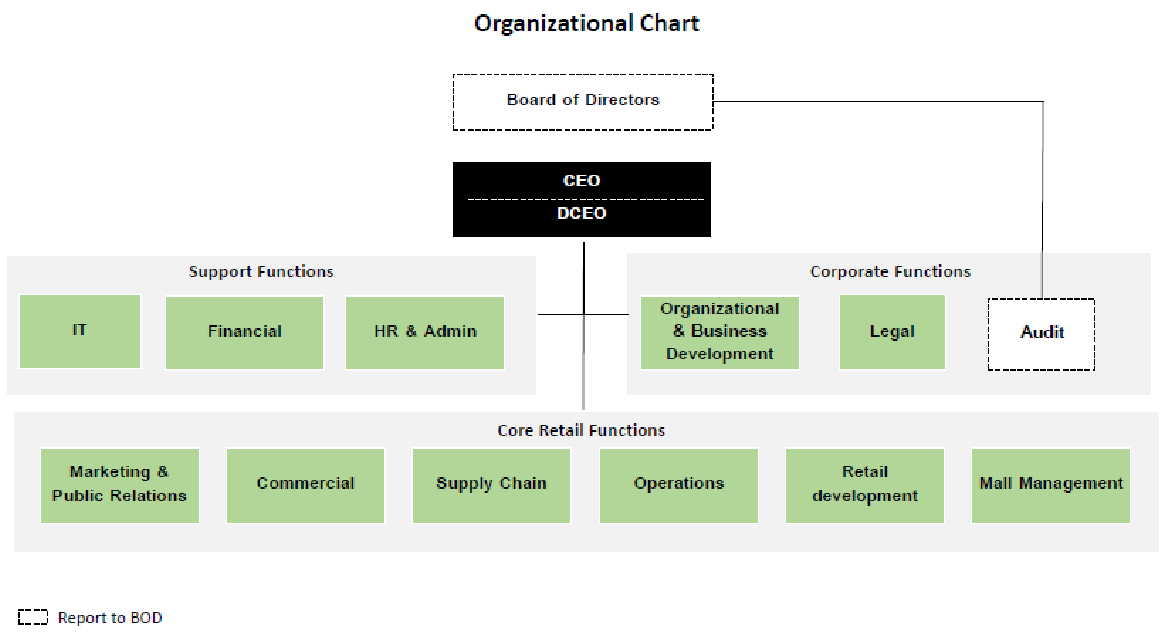
On 31 May 2012, the Board of Al Meera has approved a number of important changes which have been approved by the competent authorities and the shareholders at the Extraordinary General Assembly held on 08 October 2012. The shareholders approved to increase the capital of the Company by 100% through rights issue of new shares at an offer price of ten Qatari Riyals plus eighty five Qatari Riyals premium per share. The capital structure of the Company has been accordingly changed, and the Company has updated its incorporation documents accordingly.

In addition, the Board of Directors of the Company approved important decisions after the approval of the competent authorities and the shareholders in the Extraordinary General Assembly Meeting held on 05/10/2016, including the amendment of the Articles of Association of the company as per the requirements of the regulatory bodies in accordance with the Articles of the Commercial Companies Law No. 11 of 2015.

5. The Board of Directors & the Executive Management

The Board of Directors provides overall oversight of Al Meera and is jointly responsible for the delivery of the business plan alongside the Chairperson. The Board is vested with all powers necessary for the management and administration of Al Meera's business operations.

The Board has the responsibility to oversee management and be informed, investigate and act as necessary to promote Al Meera's strategic and business objectives. The Board has reviewed the organizational structure of the Company, within the current operation framework and short and long term operational structure taking into consideration expansion and development plans in the local and foreign markets, and adopted the structure depicted below.



6. The Delegation of Authority

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

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

6.1. Board Charter

Al Meera has adopted a Board Charter for its Board to assist in the exercise of its powers and fulfillment of its duties. The Charter details the purpose of the Board, its composition, meetings proceedings and responsibilities of the Board. Al Meera took advantage of the permitted period from the QFMA to ensure compliance with the provisions of the newly introduced Code.

In addition, the amended Board Charter has been published on the corporate website for general reference by the stakeholders.

6.2. Board Code of Conduct

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

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

6.3 Board Composition

In accordance with Articles of Association, Al Meera's Board is currently composed of seven (7) members of whom two members are nominated by Qatar Holding, from whom a Chairman is selected. The remaining Five (5) Members were elected by way of a secret ballot involving the shareholders in the Annual General Assembly held on 28 March 2016.

The election was conducted under full supervision of representatives from the Ministry of Business and Trade, and the External Auditors. The principle of "one share for one vote" was followed in accordance with the Company's Articles of Association and Article 96 of the Commercial Companies Law No. 11 of 2015. Qatar Holding did not participate in these elections.

Furthermore, Al Meera has updated its Articles of Association to ensure compliance with the provisions of the newly introduced Code of the QFMA, specifically articles 5, 6 and 7 of the Governance Code for Companies & Legal Entities Listed on the Main Market. Further details of our distinguished Board members are included in Annex 1:

No.	Name	Role	First Appointment	Representing	Status	Shares Owned
1	Sheikh Thani Bin Thamer Al Thani	Chairman	March 2016	Qatar Holding	Non Independent	Not applicable
2	Dr. Saif Said Al Sowaidi	Vice Chairman	February 2005	Qatar Holding	Non Independent	Not applicable
3	Dr. Saleh Mohammed Al Nabit	Member	February 2005	Shareholders	Independent	36,500
4	Mr. Ahmed Abdullah Al Khulaifi*	Member	May 2007	Shareholders	Non Independent	2,000
5	Mr. Mohammed Ibrahim Al Sulaiti	Member	June 2007	Shareholders	Independent	69,500
6	Mr. Mohammad Abdullah Al Mustafawi Al Hashemi	Member	March 2010	Shareholders	Independent	2,514
7	Mr. Hassan Abdullah Al Asmakh	Member	March 2013	Shareholders	Independent	2,000

*Has ongoing commercial dealings with the company as per article 1 of the Corporate Governance Code (Independent Board Members definition)

6.4 Board Meetings

The Board met seven times during the reporting period with the following attendance.

Al Meera took advantage of the permitted period from the QFMA to ensure compliance of the provisions of the newly introduced Code, specifically article 14 that is related to the frequency of the meetings and the permitted elapsed period between the meetings.

Board meetings	Meeting date	Attendees	Absentees	Votes by proxy	# of days between meetings	Date of Inviting the Board
1	26 February 2018	7	-	-	-	13 February 2018
2	26 April 2018	5	2	2	59	12 April 2018
3	27 June 2018	7	-	-	62	17 June 2018
4	29 August 2018	7	-	-	63	16 August 2018
5	16 October 2018	4	3	-	48	4 October 2018
6	20 November 2018	6	1	-	35	11 November 2018
7	16 December 2018	3	4	4	26	4 December 2018

6.5 Board Member Induction and Ongoing Educational Development

Every newly Board Member shall upon his/her appointment become familiar with the Company structure, management and all other information enabling the said Board Member to assume his/her responsibilities.

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

In addition to updating the policy in the charter, the company will continue its efforts to align the current procedures with the requirement of the new corporate governance code.

6.6 Segregation of Duties of Board Chairman and Chief Executive Officer

The Company has ensured separation of roles of the Board Chairman, H.E. Sheikh Thani Bin Thamer Al Thani and the Chief Executive Officer, Mr. Didier Castaing. Their respective functions are governed by clearly documented terms of reference.

6.7 Duties of the Chairman of the Board

The Chairman is responsible for ensuring the proper functioning of the Board in an appropriate and effective manner, including timely receipt of complete and accurate information by the Board Members.

The Chairman is not a member of any of the Board committee, and his duties and responsibilities include, but are not limited to, chairing the Board and general meetings ensuring efficient conduct of meetings, encouraging effective participation of

Board members. The Chairman role also mandates the approval of Board meeting agenda, facilitating effective communication with shareholders and communication of their opinions to the Board of Directors, and annual evaluation of Board performance.

Furthermore, the Company took advantage of the permitted period from the QFMA to ensure compliance with the provisions of the newly introduced Code, specifically article 11 of the newly introduced code.

6.8 Fiduciary Duties Of Board Members

Board members should consider that their primary role is to provide leadership for the company, to identify long-term strategic objectives, and to develop a strong corporate governance and risk management practices.

The Company took advantage of the permitted period from the QFMA to ensure compliance with the provisions of the newly introduced Code, specifically article 12 of the newly introduced code.

6.9 Board activities

- Adopting the minutes of the meeting for the year 2018.
- Approved the Corporate Governance Report for 2018.
- Approving the agenda of the Annual General Assembly.
- Approved the audited consolidated financial statements for the year 2018.
- Approval of tenders.
- Discussing update and development of the Company's operations.
- Discussing investment initiatives of Al Meera.
- Discussing legal matters of Al Meera.
- Approved the compensation of senior management based on performance appraisal and the financial results of the company, as recommended by the Remuneration and Nomination Committee.

6.10 Performance Assessment of the Board of Directors

The Board of Directors has successfully discharged its roles and responsibilities and accordingly was absolved from any liabilities for the financial year ended 31 December 2017. Additionally, the proposed Board remuneration was approved by the shareholders at the Annual General Assembly.

7. Board Committees

The Board has established the two committees as per the requirements of the CG code, which are the Audit Committee and the Nomination and Remuneration committee. The board has also established the following committees, which are the Investment Committee, Leasing Committee, and Tenders, and Auctions Committee to facilitate and assist in the execution of the Board's responsibilities.

7.1 Audit Committee

The Audit Committee was established in 2005 by and reports to the Board and has a mandate to review the effectiveness of the systems of internal control for the accounting year and the period to the date of approval of the financial statements.

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

The Company has taken advantage of the time limit provided by the Qatar Financial Market Authority (QFMA) to update the charter of the current audit committee.

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

No.	Name	Role	Status
1	Mr. Ahmed Abdullah Al Khulaifi	Chairman	Board Member, Non – Executive
2	Dr. Saif Said Al Sowaidi	Member	Board Member, Non – Executive
3	Mr. Hassan Abdallah Al Asmakh	Member	Board Member, Non – Executive
4	Mr. Hisham Walid Dally	Secretary	Internal Audit, Executive

The Audit Committee has met 8 times in 2018, and the majority of the members have financial and accounting experience. The responsibilities of the Committee as documented in the Audit Committee Charter are to:

- Review the charters of the Audit Committee, Internal Audit and Compliance annually and recommend changes or updates to the Board.
- Recommend to the Board the external auditors to be nominated, approve the compensation of the external auditors, and review the scope and results of the audit, and its effectiveness.
- Approve any non-audit work to be performed by the external auditors.
- Review and concur in the appointment, replacement, reassignment, or dismissal of the Head(s) of Internal Audit and Compliance. Also, review the performance and recommend the remuneration of the Head(s) of Internal Audit and Compliance.
- Confirm and assure the independence of the Head(s) of Internal Audit and Compliance and the external auditors, including hiring, termination, and compensation of members of internal audit department and review of management consulting services and related fees provided by the external auditors annually.
- Review with other Committees, management, the Head(s) of Internal Audit and Compliance and external auditors, the significant risks or exposures that exist and assess the steps Management has taken to minimize such risk to the Company.
- Consider, in consultation with the external auditors and the Head of Internal Audit, the audit scope and plans of the internal auditors and external auditors.
- Review with the Head of Internal Audit and the external auditors the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
- Review the following with the Director of Finance and External Auditors upon completion of the quarterly reviews and annual examination:
  - The quarterly and audited annual financial statements and related footnotes, integrity of financial reporting of the Company in accordance with accounting principles applied in the Company. The Audit Committee shall approve, on behalf of the Board, each of the quarterly financial statements and the corresponding announcements for the first 3 quarters of each financial year.
- The Audit Committee shall recommend to the Board, for approval, the annual financial results and the related announcements:
  - The external auditors' audit of the annual financial statements and reports thereon;
  - The adequacy of the Company's system of accounting controls;
  - The assistance given by Management to external auditors;
  - Any related significant findings and recommendations of the external auditors and internal auditors together with Management's responses thereto; and
  - Any significant changes required in the external auditors' audit plan, any serious difficulties or disputes with Management encountered during the course of the audit and their resolution, and other matters related to the conduct of the audit.

- Consider and review with Management and the Head(s) of Internal Audit and Compliance annually:
  - Significant internal audit and compliance observations during the year and Management's responses thereto;
  - The effectiveness of the Company's internal controls over management, business and technology systems and practices and compliance risks;
  - Any changes required in the planned scope of the Head(s) of Internal Audit and Compliance's audit plans; and
  - The Internal Audit and Compliance Department is budget and staffing.
- Review self-interested person's transactions, and improper activities of the Company (if any).
- Review with the Head(s) of Internal Audit and Compliance or Management, the results of their review of the Company's compliance with the external regulations and Company's Code of Conduct.
- Review legal and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies, and programs and reports received from regulators.
- Oversee business continuity management and business continuity planning for the Company.
- Meet with the Head(s) of Internal Audit and Compliance, the external auditors, other Committees, and Management in separate executive sessions, to discuss any matters that these groups believe should be discussed privately with the Audit Committee.
- Consider and prepare a letter for inclusion in the annual report that describes the Audit Committee's composition and responsibilities, and how they were discharged.
- Report actions and minutes of the Audit Committee to the Board with such recommendations, as the Audit Committee considers appropriate.

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

- Reviewed proposal from external audit firms for the provision of audit of the financial statements for the year 2018.
- Approved the annual internal audit plan for 2018.
- Discussed internal audit reports issued by the Internal Audit Department.
- Reviewed of the annual and quarterly financial statements and recommend the financial results to the Board of Directors, for approval.

7.2 Nomination and Remuneration Committee

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

- To study and submit nomination for Board of Directors vacancies.
- To make periodic review of the Board of Directors and its Committees to ensure that the members have the required expertise.
- To make sure that complete policies for rotation and replacement of the Board of Directors are in place.
- To issue the letter of appointment of the members of the Board of Directors.
- To submit proposals for comprehensive policy of financial compensation.
- To consult with the CEO regarding the proposed financial compensation for top management jobs.

The Committee comprises of four (4) following members including the secretary, and has met twice during 2018:

No.	Name	Role	Status	First Meeting (4/2/2018)	Second Meeting (25/10/2018)
1	Mohammed Abdullah Al Mustafawi Al Hashemi	Chairman	Board Member, Non – Executive	Attended	Attended
2	Mr. Hassan Abdullah Al Asmakh	Member	Board Member, Non – Executive	Attended	Attended
3	Mr. Ahmed Abdullah Al Khulaifi	Member	Board Member, Non – Executive	Attended	Absent
4	Mr. Elamin Mastour Elfaig	Secretary	Legal and Compliance, Executive	Attended	Attended

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

- The committee reviewed the proposed implementation of new incentive scheme that will promote sales growth and improve profitability of the company.
- The committee discussed the report on grading and compensation structure prepared by external consultant.
- The Committee discussed the compensation of the senior management based on performance appraisal and the financial results of the company.

7.3 Investment Committee

In order to assist the Board of Directors with more detailed assessments of investment opportunities, an Investment Committee was established by the Board of Directors through its decision dated 19 April 2005.

The terms of reference for the Investment Committee sets out the provisions for committee composition, its meeting, resolution and recommendations, roles and responsibilities, and the investment policy to help in investment decisions.

The Committee comprises of seven (7) members, and has met five (5) times during 2018. The Committee members are:

No.	Name	Role	Status
1	Mr. Mohammed Ibrahim Al Sulaiti	Chairman	Board Member, Non – Executive
2	He. Dr. Saleh Mohamed Al Nabit	Member	Board Member, Non – Executive
3	Mr. Hassan Abdullah Al Asmakh	Member	Board Member, Non – Executive
4	Abdulhadi Al Hajjiri	Member	Independent Advisor, Non – Executive
5	Mr. Didier Castaing	Member	CEO, Executive
6	Mr. Salah Al Hammadi	Member	Deputy CEO, Executive
7	Mr. Teck Boo Chow	Member & Secretary	Finance, Executive

The responsibilities of the Committee are to:

- Study, review and approve all the different investment proposals forwarded from the Board, and any other matters referred to the Committee.
- The Committee can make investment decisions up to QAR 10 Million for one investment, and anything exceeding the same will be referred to the Board.
- The investments of the Company will be in the activities as stated in the formation document and, according to the Laws of The State of Qatar.

7.4 Tenders and Auctions

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

The Committee comprises of the seven (7) following members including the secretary:

No.	Name	Role	Status
1	Dr. Saif Said Al Sowaidi	Chairman	Board Member, Non – Executive
2	Mr. Mohammed Abdullah Al Mustafawi Al Hashemi	Member	Board Member, Non – Executive
3	Dr. Saleh Mohammed Al Nabit	Member	Board Member, Non – Executive
4	Mr. Teck Boo Chow	Member	Finance, Executive
5	Mr. Elamin Mastour Elfaig	Member	Legal and Compliance, Executive
6	Mr. Hisham Walid Dally	Member	Internal Audit, Executive
7	Mr. Mohammed Alaaeldin Mansour	Secretary	Secretary, Executive

The committee has met 24 times during 2018 and the responsibilities of the Committee are to:

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

8. Board Secretary

Al Meera has appointed a Board Secretary, who also holds the additional responsibility as the Company's Director of Legal and Compliance.

The Board Secretary works closely with the Chairman of the Board to arrange meetings and, plays a vital role in facilitating communication between the Board Members and Senior Management. Minutes of all Board meetings are maintained and Board resolutions are documented.

The Company took advantage of the permitted period from the QFMA to ensure compliance with the provisions of the newly introduced Code, specifically articles 16 and 17 of the newly introduced code.

9. Shareholding Information

All financial information is disclosed in the annual report of the Company that is also available on the corporate website.

The shares of each Board Members and their roles in various committees is reported in the annual report of the Company which can be found in corporate website. The Information on controlling and significant shareholders is as follows:

9.1 Shares held by Controlling Shareholders

Shareholder Name	Number of Shares
Qatar Holding Company	5,200,000

9.2 Disclosure of Shares held by Significant Shareholders

The Articles of Association (as amended) stipulate that the total shares owned by one shareholder shall not exceed 5% of total shares of the Company hence the only major shareholder is Qatar Holding.

10. Stakeholders' Rights

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

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

11. Internal Control System

The Board is responsible for the Internal Control System (ICS) in the Company. The Board has adopted a comprehensive set of governance documents including inter alia organizational structure, employees' grades and salary structure, job descriptions, policies and procedures and a financial and operational delegation of authority to govern the Company's operations. The Board has ensured, through the existing delegations of authority, that no individual has unfettered powers.

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

The company started to take the appropriate steps to comply with the new requirements by implementing a periodic review and assessment of internal control system on quarterly basis.

12. Related Party Transactions

For information on the related party transactions, please refer to Note 19 "Related Party Disclosures" of Al Meera's audited consolidated financial statements for the year 2018.

13. External Auditors

The Annual General Assembly held on 27 March 2018 extended the contract of "Ernst & Young" as Al Meera's external auditor for Year 2018 based upon recommendations of the Audit Committee and Board of Directors, to provide half-yearly reviews and year-end audits.

The external auditor is independent from the Company and its Board, and the Company will take advantage of the permitted period from the QFMA to ensure compliance the provisions of the newly introduced code, specifically to ensure the mandate of the external auditor meets the requirement of articles 23 and 24.

14. Dividend Policy

The payment of dividend is subject to recommendation by the Board of Directors and is subject to approval by the Shareholders. The board of directors have proposed 85% cash dividend of QAR 8.5 per share for the year 2018 subject to the approval of the shareholders at the Annual General Assembly.

During the Annual General Assembly held on 27 March 2018, the shareholders approved the distribution dividend of QAR 8.5 per share relating to financial year 2017.

15. Remuneration Policy

The Articles of Association governs the remuneration of Board members. Board remuneration is subject to approval of the General Assembly with a maximum limit of 5% of the net profit to be attributed to bonus distribution. For the fiscal year 2018, the Board of Directors proposed the Board remuneration in the amount of QAR 6,329,800, subject to approval of the shareholders at the Annual General Assembly.

During the Annual General Assembly held on 27 March 2018, the shareholders approved the Board remuneration amounting to QAR 6,235,802 relating to financial year 2017.

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

The Board approved the new performance related bonus for CEO and the Deputy CEO, senior management and staff subject to company's performance. At present, Al Meera practices annual and semi-annual performance review of each member of the senior management team.

16. Compliance

The Company's Legal Department continuously updates its Board and Senior Management for new or changed laws and regulations. Al Meera consistently seeks to comply with all new or changed laws and regulations. Al Meera was successful in abiding by all the applicable laws and regulations and was not subject to any fines or penalties in 2018.

17. Legal and Judicial Dispute

There are six cases being looked at by the courts for the judicial year 2018 for the period from 1/1/2018 to 31/12/2018 and have not yet been adjudicated.

18. Risk Management

The Board has the overall responsibility for the management of the Company and to enhance risk management practices further, Al Meera has successfully established an independent risk management function.

Al Meera has documented clear systems, policies, and procedures with regard to risk management to ensure a comprehensive risk assessment is performed, including defining and implementing risk appetite and risk reporting. The role of the Risk Management function shall fall under the purview of the Audit Committee.

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

19. Related Party Policy and Conflicts of Interest

Whilst existing related party transactions are disclosed, Al Meera has prepared a formal related party policy to govern commercial transactions with related parties and potential conflicts of interest as well as the related practices and disclosures. The policy has been disclosed once adopted.

In light of the disclosure requirements of the QFMA Code, Al Meera has enhanced its existing annual declarations by Board members and Senior Management on their interests, shareholding, trading in company shares, other Board mandates, significant transactions with the Company, employment and shareholdings of relatives, qualifications, experience and other interests.

20. Insider Trading

Al Meera has formulated clear guidelines for insider trading to prohibit its Board members and employees from trading in the company's shares that might be subject to insider trading, and disclosed information where relevant and as made available. In this context, a declaration process for Board members and senior management has been implemented.

21. Internal Audit

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

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

22. Whistle blowing

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

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

23. Investor Relations

In support of management's commitment to establish transparent and close communication with the shareholders, clear and comprehensive access to Information procedures for shareholders has been provided.

24. Policies and Procedures

The existing and comprehensive set of governance documents and administration and finance policies has been improved. In this context, the existing documents have been reviewed by specialized consultant and enhanced by incorporating existing practices in the documentation and ensuring that the document covers all areas of Al Meera's operations.

25. Subsidiaries

The Company is the ultimate parent of the following Companies:

- Al Meera Holding Company L.L.C.
- Al Meera Supermarkets Company S.P.C.
- Al Meera Development Company L.L.C.
- Qatar Markets Company W.L.L.
- Al Meera Bookstore S.P.C.
- Maar Trading and Servicing Company. L.L.C.

Qatari Associates

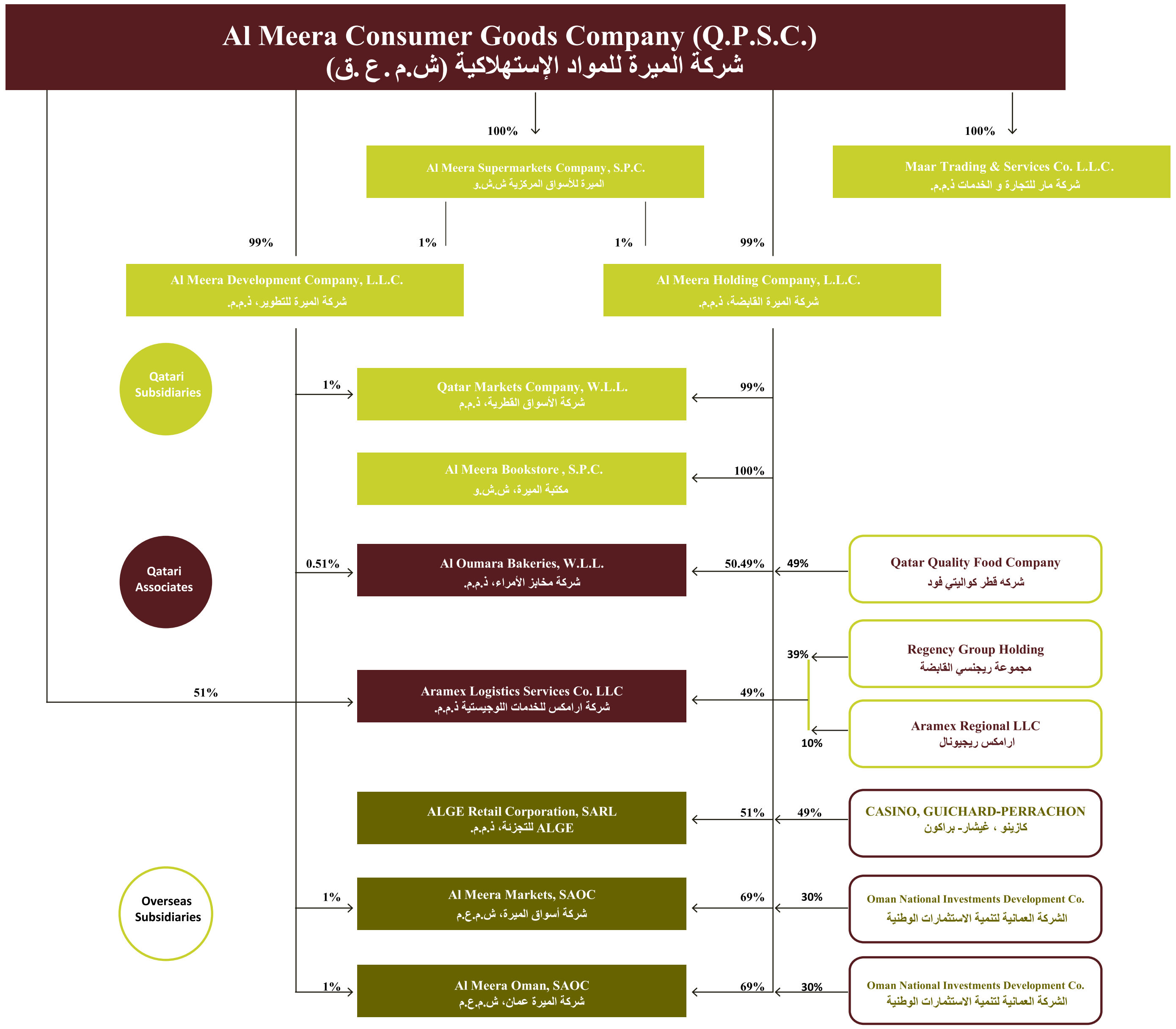
- Al Oumara Bakeries Compnay W.L.L.
- Aramex Logistics Services Co. L.L.C.

Overseas Subsidiaries

- ALGE Retail Corporation SARL
- Al Meera Oman SAOC
- Al Meera Markets SAOC

The Board of Directors made a resolution at its seventh meeting dated 7 December 2016 to liquidate ALGE Corporation SARL registered in Switzerland as a JV. Between Al Meera Holding and Casino, Group in 2012 to acquire, manage & Establish Companies in Egypt, Jordan, Libya & Tunisia. The liquidation of ALGE is proceeding according to the Swiss laws and regulations.

Al Meera Legal Structure الهيكل القانوني لمجموعة الميرة



Board of Directors' Report

BOARD OF DIRECTORS' REPORT

In the Name of Allah, Most Gracious, Most Merciful

Dear Shareholders,

The Board of Directors of Al Meera Consumer Goods Company Q.S.C. is pleased to present to you its thirteenth Annual Report on the Company's operations and financial position for the year ended 31 December 2018.

As the ongoing unjust economic blockade imposed on Qatar enters its second year, and consumer spending in many sectors, including the retail sector, continues its decline, with several retail chains exiting the Qatar market, Al Meera has not only managed to retain its market share but has seen its sales grown by 4.7% in 2018 compared to 2017.

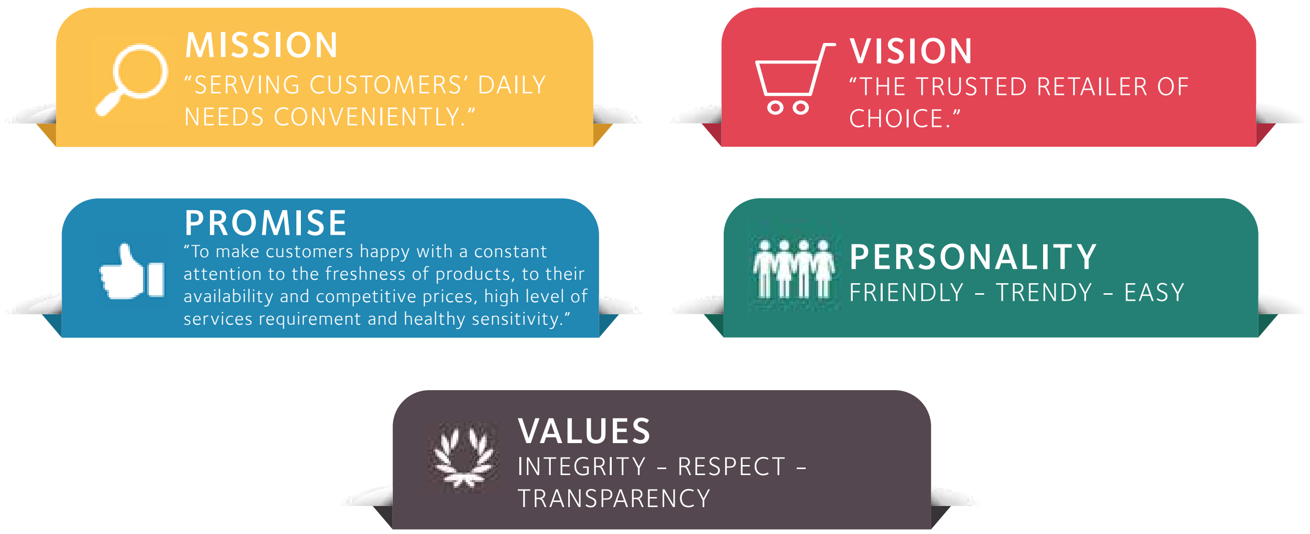
Over the last 8 years, Al Meera has expanded and grown significantly in line with the strategic directives set by the Board, from 25 stores, at the beginning of 2011, to 52 stores in the State of Qatar, plus 5 stores in the Sultanate of Oman. The total store selling area of the Group currently exceeds 97,000 m2. The increase in the number of new world-class stores in more neighbourhoods and regions across Qatar has made it possible for Al Meera to solidify its position as the country's retailer of choice. Al Meera continues to play a strategic and important role in supporting the country's economy.

Al Meera is at the phase of its expansion and growth plan, wherein to excel to a next new level of excellence, will require the company to restructure, reorganize and strengthen its management team. 2018 witnessed the addition of several key directors, in our Commercial, Operations, Marketing, IT, Leasing and Projects Directorates, and the joining of our new Chief Executive Officer, who brings with him over 30 years of retail experience. Under this new leadership and management team, the Board is confident that Al Meera is in a very strong position to overcome any market challenges, capitalize on, and take advantage of the current market conditions to propel the Group to the next evolution phase, in line with the company's newly defined mission and vision and strategic direction.

Al Meera's re-defined Mission and Vision Statements and Brand Positioning Statements

To align with the company's new business strategy, its objectives and its approach to reach those objectives, and the desired future position of the company, Al Meera's has re-defined its Mission and Vision Statements and Brand Positioning Statements as follows:

Mission and Vision Statements and Brand Positioning Statements



With these statements in mind various key directorates have undertaken many actions to align themselves with the vision and mission of the company.

Commercial Directorate

To expand its sourcing capabilities to ensure freshness, availability and competitive prices, the Commercial Directorate has rebuilt, reorganized and strengthened its various departments and management team to include within Commercial Directorate: FMCG Director, Non-Food Director, Fresh Food Director, Sales Development Director, and a dedicated Direct Import department.

This new structural change enables Commercial to apply modern category management rules to uplift our offering to our customers and optimize our sales and revenues (positive impact will be seen as of 2019). Indeed, all efforts shall be taken to improve sales and profitability. The year 2018 showed a relative fall in net profit in 2018 compared to 2017; this can be contributed to a number of factors including road works in the neighborhood of a number of branches, which limited accessibility (for example, Hyatt Plaza, Rawdat Eqdeem, Azghawa, and Gulf Mall); official constraint on Ramadan promotions; constraint on listing fees; and increase in electricity tariff rates.

Adopting a direct import approach to securing our independency in some key lines, has made it possible for Al Meera to align with Qatar strategic objectives to ensure food supplies continuity and availability (more than 500 products from different origins: Turkey, India, Oman, Macedonia, have been introduced to the Qatar market in 2018).

Commercial, jointly with Marketing, has launched increasing numbers of promotion activities, especially during the last quarter of 2018, and have succeeded in maintaining sustainable promotion and advertising plans by issuing 34 flyers during the year 2018, versus 4 flyers in 2017.

During the year, we signed an MOU to establish a strategic partnership with Tekzen Group, a leading non-food distributor in Turkey, to combine our efforts and leverage our purchases of non-food products. This collaboration has enabled Al Meera to increase its non-food offerings to the Qatar Market.

To compliment the government's initiatives to expand its self-sufficiency in local produce, Al Meera has admitted more than 30 SME's and family businesses to list and display their products in Al Meera stores throughout the whole country, giving these SME's and family businesses direct and immediate access to our customers to sell their produce. Nevertheless, we believe that more can be done within this important domain of collaboration; Al Meera has approached since again Qatar Development Bank to draft a joint protocol to make space more available to these SME's and explore potential production cooperation.

As part of our new initiatives to serve community of all nationalities, we have launched national festivals to strengthen our ties with different communities living in Qatar (Turkish, Indian, Filipino).

Operations Directorates

To accomplish Al Meera's re-defined Mission and Vision Statements and Brand Positioning, Operations' target is focused on **"Excellence".**

To ensure Al Meera is meeting the best possible customer experience, Operations has assessed and identified the team required and to train this team to concentrate on the 3 main basics:

Firstly, we are reviewing and re-designing 100% of our store layout and planogram with regards to respecting and implementing our daily basic tasks and responsibility to our customers: **"customer greetings and services, store and mall cleanliness, having the right items at the right place, at the right moment and at the right price"**.

As a first step, to ease our customer shopping experience, we are making sure products are assorted in a more convenient way. Actually, Al Meera is responding to customers' dissatisfaction with cases where the same product is not always assorted and displayed next to each other as they expect. Our execution of this has begun, a step which would have positive impact on customers as they find it easier to compare products and prices.

Secondly, we have started to improve the quality, choice and prices of our fresh food items. We are now having better product range available in our bakery and pastry, and in fruits and vegetables. We have also enhanced the quality of our fishery and butchery presentations. Nevertheless, there is always room for further improvement as we continue to assess performance in the fresh section as it's an essential component of customers' satisfaction.

Finally, we are working on stock availability of the 80/20 items, that we are highlighting and displaying in the main customer flow, and in their respective assigned categories. Although the revisit of the stock keeping unit (sku) may have impacted the number of items stocked and entered Al Meera in 2018, the reduction of the number of items is an important exercise to align Al Meera with best practices in retail. The actions taken have freed shelve and warehouse space and, consequently, should reduce stock management cost. Moreover, reduction of sku's shall be closely monitored to make room for other products that meet customers' demand and expectations.

Operations anticipates 2019 as the year of big improvements, and we have started to focus on team training and building, and strong predetermined Key Performance Indicators (KPIs) to control our daily operations.

"Retail is detail". This is the motto we will be following on daily basis; …… **"For the best and much more to come….."**

Marketing Directorates

Our new Marketing team has made significant contributions in 2018, especially with the launching of "Meera Rewards", done jointly with our IT Directorates and Operations Directorates; the increase in the number of promotions and festival activities to bring Al Meera in closer contact with our customers, has made an impact.

Meera Rewards

Staying loyal to our customers, we have launched an inhouse, bespoke loyalty program offering the opportunity to our customers to get rewarded every time they shop at their favorite neighborhood store.

Meera Rewards is a unique loyalty program where customers stand to earn and accumulate points for their shopping at Al Meera. These points can be redeemed for free shopping once the redeemed threshold is reached. The unique proposition of this program is that our customers can add members, called "household", into a single account whereby all the family members, up to 6 members, can earn independently as they shop at Al Meera, with their points pooled into one account.

Since launched, the Meera Rewards program has been able to register majority of its regular customers into this program. Within a couple of months, more than 130,000 members have joined. Also, there has been consistent growth in enrolment into this program. Bringing excitement into the program, we have been frequently offering bonus points, targeted promotions and exclusive benefits for the members. Indeed, we plan to assess the success of this program by the middle of 2019; assessment may result in further technical enhancements as well as the earn and redeem scheme.

Promotions and festivities

As always, 2018 was the year where we stayed close to communities and customers by ensuring consistent and continuous communication through promotions, print media, social media and visual media. It has been an aggressive year in terms of marketing efforts to reach out to the customers. This was the year where, we upgraded our trade calendar; we consistently run promotions and marketing campaigns throughout the year.

For the first time, Al Meera launched several successful festival themed campaigns like Turkish Festival, Indian Festival, Filipino Festival, etc., aimed at getting closer to communities. All these campaigns were greatly supported by our suppliers, customers and embassies of the respective countries.

Incorporation of a new wholly-owned subsidiaries

In the last quarter of the year 2018, the Group incorporated a new wholly-owned subsidiary, namely **"Maar Trading & Services Company (L.L.C) ("MAAR")**.

MAAR is a limited liability company incorporated in the State of Qatar. All the Group's Qatar Rail units will run under MAAR's umbrella. In addition to making life easier and convenient for travellers, MAAR will very well be a vehicle to increase Al Meera market share in the neighbourhoods in Qatar in the next few years.

MAAR will operate 6 convenience stores and 4 convenience stores along Qatar Rail Red line and Green Line, respectively.

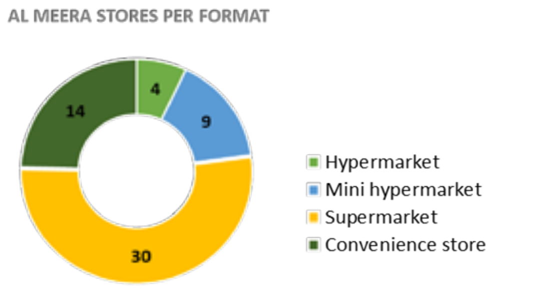
As the art of managing convenience stores is very different from managing larger sized stores; to manage convenience stores successfully will require separate management team with different mindset and experience. It is the Group's intention to eventually transfer the management of all its convenience stores under the umbrella and management of MAAR in the near future.

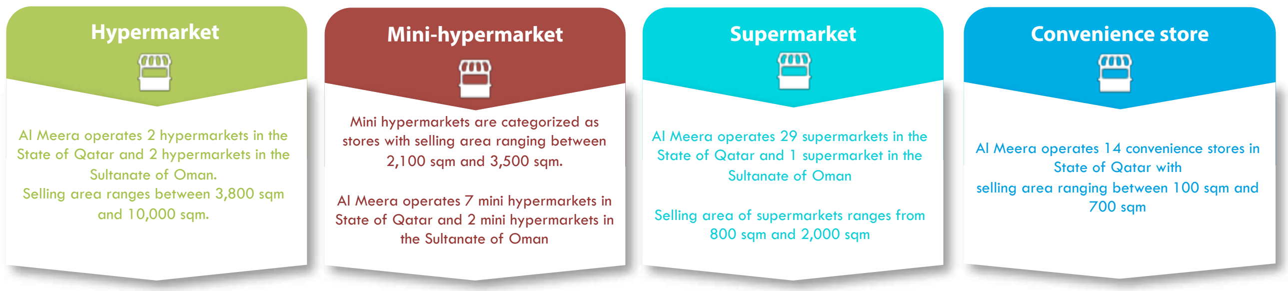
Al Meera's store format re-defined

To better manage its different sized stores, the new management has re-defined Al Meera's store format into four main formats, namely:

- Hypermarket
- Mini-hypermarket
- Supermarket
- Convenience stores

The table below shows and explains these new store formats:





Expansion

In 2018, Al Meera made strides to continue the Company's expansion plan, in line with its strategic plan to covers new areas and others that have recently witnessed a population boom.

This translated in the launch of 5 new shopping centres during the year, bringing the number of branches to 52 that have opened their doors to consumers since the Company announced its expansion plan in 2011. These 5 community shopping centres – located in Rawdat Aba El Heran, Al Khor, Leabeeb 1, Azghawa and Al Sailiya – added a total of 10,100 m^2 supermarket area to the company's presence in Qatar.

In the Sultanate of Oman, Al Meera has started the construction of its commercial center in Al Amirat, with the second commercial center in Salalah under bidding, to fulfil its vision for the Omani market to double its network of branches in the Sultanate. Furthermore, a new branch has been opened in Sohar replacing an old branch.

Future Plans

The development of the new mall in Rawdat Al Hamama is nearing completion and this mall is planned to open for business in the third quarter of 2019. Indeed, the year 2019 will witness the construction of Al Jumailiya branch and Al Shamal branch; they will replace the old branches and provide service to customers.

In addition to the 10 MAAR convenience stores in Qatar Rail, Al Meera has 20 pieces of land from the Qatar government currently under study and evaluation for future development. Of these 20 pieces of land, Al Meera have started soliciting consulting companies for Design Consultancy and Technical Services for 5 of these sites in 2019.

The Group is also assessing the feasibility of leasing various new sites in Qatar, and considering a number of potential acquisition opportunities which, if executed, will enlarge operations and contribute significantly to future sales.

The main expansion objective for 2019 is to increase the selling area of the Group from the current 97,000 m2 to over 100,000 m2 by the end of the year.

Al Meera recognizes existence of opportunities to enhance the fresh section even further; we are tempted to implement a plan to accomplish this; however, the start we have made in one of our branches is under assessment for improvement before adopting a suitable model of managing the fresh in all Al Meera branches.

Seemingly, we will revisit the experience of our private label because it has not been assessed as there exist an array of opportunities to increase sales and profit. Therefore, the year 2019 is likely to witness a relaunch of Al Meera private label products, and this will include design, diversity, product range, packaging, and re-branding. We foresee in this an element which could feed into net profit.

Realizing need for attracting young Qatari to join the company, Al Meera is planning to set up a training academy. The purpose of this is two-fold. First, establish a platform to train staff and continue to improve their knowledge and skills to be more effective, efficient and be more customer focused.

Second, deliver basic retail training to school students and college students to expose them to retail and energize their interests in business; one day some of these students may join Al Meera and reach executive positions.

Seemingly, Al Meera will renegotiate contracts with main suppliers to reach better terms and conditions. Given its expansion and market size, all efforts shall be taken to significantly improve the terms to reposition Al Meera's gain comparatively to the size of sale these suppliers make in the 52 branches all over Qatar. Indeed, though gains will be noticed over time, the end of 2019 financial performance will include some of these gains.

Further work remains ahead regarding adopting an efficient and effective management of the sku's. Al Meera shall do its best to smooth out this process; however, once completed, the outcomes will place Al Meera competitively at par with the competition.

Social responsibility

At Al Meera, we believe that businesses should balance profit-making activities with activities that benefit society and environment. To Al Meera, this is a critical factor to operating efficiently and effectively. Hence, it is the aim of Al Meera to develop businesses with a positive relationship to the society and environment in which it operates.

In line with this belief, Al Meera took several social responsibility initiatives and participated in a range of charity, health awareness and sports activities during the year, namely:

Charity activities

As one of its key charity initiatives, Al Meera continued to work with Qatar Charity to provide and distribute essential commodities through its branches to the needy.

During the Holy Month of Ramadan, in collaboration with Doha Municipality, the company played an active role in embracing Doha Municipality's initiative to distribute Ramadan baskets to workers in need.

To foster closer relationship with the student community, Al Meera supported and took part in the annual spring fare organized by Doha College.

Health awareness activities

Being one of the major food retailers in Qatar, Al Meera supported and participated in the Eid Women Centre's awareness initiative on "Food safety awareness and efficient shopping method" campaign.

In the 2018 World Cancer Day event organized by Qatar Cancer Society at Aspire Park, Al Meera supported the event by distributing health refreshments to the participants.

For several years in succession, Al Meera, in collaboration with Hamad Medical Corporation, conducted blood donation drive for its employees and customers.

During the breast cancer awareness campaign, our staff attended awareness campaign classes organised by Qatar Cancer Society.

Sports activities

Like culture and art, recreation and leisure, sports activities play an important role in communities. Sports bring many benefits, including improving the health and well-being of individuals. Promoting healthy living in communities is essential to ensuring the communities we serve are health conscious.

To this end, Al Meera has actively supported and contributed to several sporting events during the year.

Al Meera was one of the sponsors for the "Fun Run" organized by the Olympic Council of Asia and Qatar Olympic Committee to support Qatar Team in the 2018 Jakarta Asian Games, and a Gold Sponsor for the Qatar Triathlon Event 2018 organised by the Qatar Triathlon Federation.

Below is a list of national and community sporting events where Al Meera has supported and participated during the year:

- 2018 annual 24 hours Bicycle Endurance Race organized by Blue Group;
- 1st Girls Rhythmic Gymnastics Cup organized by the Qatar Olympic Committee;
- 2018 walking day and flag relay held in November and December 2018 organized by Qatar Olympic Committee's Al Ad'am Tour;
- QCFL 2018 – Qatar Community Football League organised by Supreme Committee for Delivery and Legacy;
- 2018 Qatar Sports Day. Al Meera's role here, involved offering sports enthusiasts and event participants fresh fruits, healthy snacks and water at different locations throughout Katara.

Awards and Accolades

Al Meera was honored by the Qatar Today Business Excellence Awards (QTBEA) for being amongst the top-ten performing company listed on the Qatar Stock Exchange for its performance in 2018 in providing unbeatable value to its shareholders.

At the 2018 Investor Relations Excellence Award Ceremony organized by Qatar Stock Exchange and Iridium, Al Meera was voted by Investors (both local and international) as the 'Best Investor Relations' in the Small-Cap Company category. This is the second time in a row Al Meera have won this prestigious investor award. Al Meera won the same award in 2017.

This reflects our transparency and commitment in facilitating open communication with the financial markets.

Performance Review

REVIEW OF 2018 PERFORMANCE

Operations highlights

- Restructured, reorganized and strengthened the management team with the addition of several key directors, in our Commercial, Operations, Marketing, IT, Leasing and Projects Directorates and hiring of a new Chief Executive Officer, who brings with him over 30 years of retail experience, to lead the team.
- Re-defined the group's Mission and Vision Statements and Brand Positioning Statements to align with the company's new business strategy, its objectives and its approach to reach those objectives, and the desired future position of the company.
- Signed an MOU to establish a strategic partnership with Tekzen Group, a leading non-food distributor in Turkey, to combine our efforts and leverage our purchases of non-food products, which has enabled Al Meera to increase its non-food offerings to the Qatar Market.
- Admitted more than 30 SME's and family businesses to list and display their products in Al Meera stores throughout the whole country, giving these SME's and family businesses direct and immediate access to our customers to sell their produce.
- Launched national festivals to strengthen our ties with different communities living in Qatar (Turkish, Indian, Filipino) as part of our new initiatives to serve community of all nationalities.
- Opened five new Al Meera community shopping malls located in Al Khor (New), Rawdat Aba El Heran, Azghawa New, Leabaib 1 and Sailiya in Qatar, thereby, adding a total of 10,100 m2 supermarket area to the company's presence in Qatar.
- In the Sultanate of Oman, started the construction of its commercial center in Al Amirat, with the second commercial center in Salalah under bidding, and opened a new branch in Sohar to replace an old branch.
- Incorporated a new wholly-owned subsidiary, MAAR Trading & Services Company L.L.C., a limited liability company incorporated in the State of Qatar, to manage all the Group's Qatar Rail units.
- Launched "Meera Rewards", an inhouse, bespoke loyalty program offering the opportunity to our customers to get rewarded every time they shop at their favorite neighborhood store.
- Honored by the Qatar Today Business Excellence Awards (QTBEA) for being amongst the top-ten performing company listed on the Qatar Stock Exchange for its performance in 2018 in providing unbeatable value to its shareholders.
- Received the 2018 Best Investor Relations – Small Cap Award sponsored by Qatar Stock Exchange and Iridium, second year in a row.

Financial highlights

- Group sales increased **4.7% (QAR 134.8 million)**, from **QAR 2.8 billion** to **QAR 3.0 billion**.
- Group gross profit increased **3.9% (QAR 18.5 million)**, from **QAR 477.9 million** to **QAR 496.4 million**.
- Group gross shops rental income increased **9.1% (QAR 6.3 million)**, from **QAR 69.5 million** to **QAR 75.8 million.**
- Group operating income increased **4.1% (QAR 23.0 million)**, from **QAR 563.7 million** to **QAR 586.7 million**.
- Group net profit attributable to equity holders of the parent decreased **6.0% (QAR 11.7 million)** from **QAR 194.0 million** to **QAR 182.4 million**.

Financial Results

Sales and gross profit

Sales for the year totaled QAR 2,996.0 million, an increase of 4.7% (QAR 134.8 million), compared to QAR 2,861.2 million in 2017. The five new stores opened in 2018 (AL Khor (New), Rawdat Aba El Heran, Azghawa New, Leabaib 1 and Sailiya) contributed QAR 117.1 million to the total sales.

Group gross profit increased by 3.9% to QAR 496.4 million, compared to 2017.

Operating income

Operating income increased by 4.1%, from QAR 563.7 million to QAR 586.7 million, attributable mainly to increased sales.

Shop rental income from leased shops in company's malls increased slightly (9.1%) from QAR 69.5 million in 2017 to QAR 75.8 million in 2018. The increase came mainly from rental of shops in the newly opened malls.

2018 continued to be a difficult year for the rental market in Qatar. Many tenants experienced a decline in sales. During the year Al Meera continued to grant rent reductions where needed, and in specific cases a rent waiver, to assist them to cope with the difficult market conditions. This was done even though the gesture negatively impacted shop rental income from existing malls in 2018.

Net profit attributable equity holders of the parent

The group ended the year 2018 with net profit attributable to equity holders of the parent of QAR 182.4 million, a decrease of 6.0%, compared to 2017.

As mentioned in the earlier part of this report, several factors contributed to this decline, including road works in the neighborhood of a number of branches, which limited accessibility (for example, Hyatt Plaza, Rawdat Eqdeem, Azghawa, and Gulf Mall); official constraint on Ramadan promotions; constraint on listing fees; and increase in electricity tariff rates.

Earnings per share

Earnings per share attributable to equity holders of the parent in 2018 equated to QAR 9.12 per share, compared to QAR 9.70 in 2017.

Dividends for shareholders – 2018

On 24 February 2018, the Board of Directors proposed cash dividend of QAR 8.50 per share amounting to QAR 170 million for the shareholders which is subject for approval of the Annual General Assembly.

Total assets

Total assets increased by 8.4% (QAR 185.9 million), from QAR 2,219.4 million in 2017 to QAR 2,405.3 million as at 31 December 2018.

Total equity

Total equity increased by 2.0% (QAR 28.4 million) from QAR 1,421.5 million to QAR 1,450.0 million as at 31 December 2018.

Bank debt

Bank borrowings – current and non-current as at 31 December 2018, totaled QAR 233.1 million, compared to QAR 121.7 million as at 31 December 2017.

Loan 1 This facility was obtained to partially fund an acquisition of a subsidiary in Oman from Qatar Development Bank.

Loan 2 During the year, the Group entered into a Murabaha loan facility agreement amounting to QAR 200 million with a local bank in the State of Qatar to finance the expansion plans of the Group.

Net profit contribution from each operating segment

Al Meera has three reportable operating segments:

1. Retail operations
2. Leasing / Shop rental income
3. Investments – mainly, dividend income and bank profit income

The net profit contribution from each segment are as shown in the table below:

Comparative net profit of each business segment				
Segment	31-Dec-18	31-Dec-17	Variance (QAR)	Variance (%)
Retail	113.9	129.2	(15.3)	(11.8%)
Leasing	62.1	58.9	3.2	5.4%
Investments	6.5	6.2	0.3	4.8%
Total	**182.5**	**194.3**	**(11.8)**	**(6.1%)**

- Net profit from retail segment decreased by QAR 15.3 million due mainly to the decline in gross margin.
- Net profit from leasing segment increased by QAR 3.2 million due to increase in number of lease contracts.
- Net profit from investment segment increased by QAR 0.3 million due to increase in interest from fixed deposit and dividend income.

Key Performance Indicators

The table below highlights the main key performance indicators of the Company:

Key Performance Indicators (KPIs)	As at	
Key KPI's	**31-Dec-18**	**31-Dec-17**
Return on assets	7.9%	8.8%
Return on equity attributable to equity holders of the parent	13.1%	13.9%
Current ratio	1.13	0.98
Quick asset ratio	0.85	0.68
Debt to equity ratio	0.66	0.56

- Return on assets decreased of 0.9 percentage points, from 8.8% in 31 December 2017 to 7.9% in 31 December 2018.
- Return on equity of owners of the parent decreased by 0.8 percentage points, from 13.9% as at 31 December 2017, to 13.1%, as at 31 December 2018
- Current ratio as of 31 December 2018 is higher by 0.15 points compared to 31 December 2017 ratio. The increase in ratio was due to substantial increase in cash (42.1%) resulting from decrease in inventory average days and lesser increase in trade payables during the year.
- Quick asset ratio increased from 0.68 points in 31 December 2017 to 0.85 in 31 December 2018 due mainly to substantial increase in cash but lesser increase in trade payables.
- Debt to equity ratio increased from 0.56 points in 31 December 2017 to 0.66 in 31 December 2018 due to additional loan obtained from a local bank amounting to QAR 125 million to finance the existing projects.

Key Performance indicators (2009-2018)

A summary of all the company's key performance indicators from 2009 to 2018 are given in the table below:

Al Meera Consumer Goods Company (Q.S.C.) - Consolidated Financial Statements

Key Performance Indicators (2009 – 2018)

Key Performance Indicators (2009 – 2018)	In Millions Qatari Riyals									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net sales	2,996.0	2,861.2	2,604.4	2,449.1	2,176.0	1,946.0	1,503.5	1,163.7	914.8	863.5
Total assets	2,405.2	2,219.4	2,209.3	1,966.4	1,990.9	1,795.3	1,046.2	764.9	434.5	393.1
Average total assets	2,312.3	2,214.4	2,087.8	1,978.6	1,893.1	1,420.7	905.5	599.7	413.8	402.3
Total equity	1,450.0	1,421.5	1,442.6	1,425.2	1,444.7	1,404.0	305.2	271.5	249.2	220.9
Average total equity	1,435.7	1,432.0	1,433.9	1,434.9	1,424.3	854.6	288.3	260.4	235.1	220.7
Total equity attributable to equity holders of the parent	1,408.7	1,380.3	1,401.7	1,385.0	1,404.8	1,364.2	302.9	271.5	249.2	220.9
Average equity attributable to equity holders of the parent	1,394.5	1,391.0	1,393.4	1,394.9	1,384.5	833.6	287.2	260.4	235.1	220.7
Total liabilities	955.3	797.9	766.7	541.2	546.2	391.4	740.9	493.4	185.3	172.1
Total bank debts	233.1	121.7	133.9	88.5	88.3	0.0	408.5	246.6	0.0	0.0
Total current assets	788.4	636.7	777.2	711.7	837.7	1,006.3	450.3	243.7	215.7	215.9
Total current liabilities	700.0	647.8	606.3	430.4	434.6	370.3	314.5	230.3	172.6	161.3
Finance costs	3.2	2.6	3.6	2.9	1.4	3.7	12.1	6.5	0.0	0.0
EBIT	185.7	197.1	203.8	165.3	228.2	198.8	117.3	83.8	65.5	45.5
Net profit attributable to owners of the company	182.4	194.0	199.2	162.1	226.6	196.1	105.8	77.3	65.5	45.5
EBIDA	251.8	254.8	251.9	201.0	252.7	233.1	141.4	99.3	77.8	56.1
Number of shares in millions QR	20.000	20.000	20.000	20.000	20.000	19.101	11.757	10.000	10.000	10.000

Gross profit percentage	16.6%	16.7%	17.0%	17.4%	16.7%	16.4%	17.0%	15.1%	13.4%	12.0%
Net profit percentage	6.1%	6.8%	7.6%	6.6%	10.4%	10.1%	7.0%	6.6%	7.2%	5.3%
Return on average total assets	7.9%	8.8%	9.5%	8.2%	12.0%	13.8%	11.7%	12.9%	15.8%	11.3%
Return on average equity attributable to equity holders of the parent	13.1%	13.9%	14.3%	11.6%	16.4%	23.5%	36.8%	29.7%	27.9%	20.6%
Total liabilities to equity ratio	65.9%	56.1%	53.1%	38.0%	37.8%	27.9%	242.7%	181.8%	74.3%	77.9%
Bank debts to equity ratio	16.1%	8.6%	9.3%	6.2%	6.1%	0.0%	133.8%	90.8%	0.0%	0.0%
Current ratio	1.1	1.0	1.3	1.7	1.9	2.7	1.4	1.1	1.2	1.3
Times finance cost earned	58.5	74.7	56.9	57.7	160.4	54.0	9.7	12.9	0.0	0.0
Earnings per share	9.12	9.70	9.96	8.10	11.33	10.27	9.00	7.73	6.55	4.55
Nominal value per share	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Book value per share	70.43	69.02	70.09	69.25	70.24	71.42	25.77	27.15	24.92	22.09

Al Meera Group Legal Structure

Al Meera Consumer Goods Company (Q.P.S.C.) is the ultimate parent of the following Companies:

Qatari subsidiaries

- Al Meera Holding Company L.L.C.
- Al Meera Supermarkets Company S.P.C.
- Al Meera Development Company L.L.C.
- Qatar Markets Company W.L.L.
- Al Meera Bookstore S.P.C.
- MAAR Trading & Services Company L.L.C.

Qatari associates

- Al Oumara Bakeries Company W.L.L.
- Aramex Logistics Services Co. L.L.C.

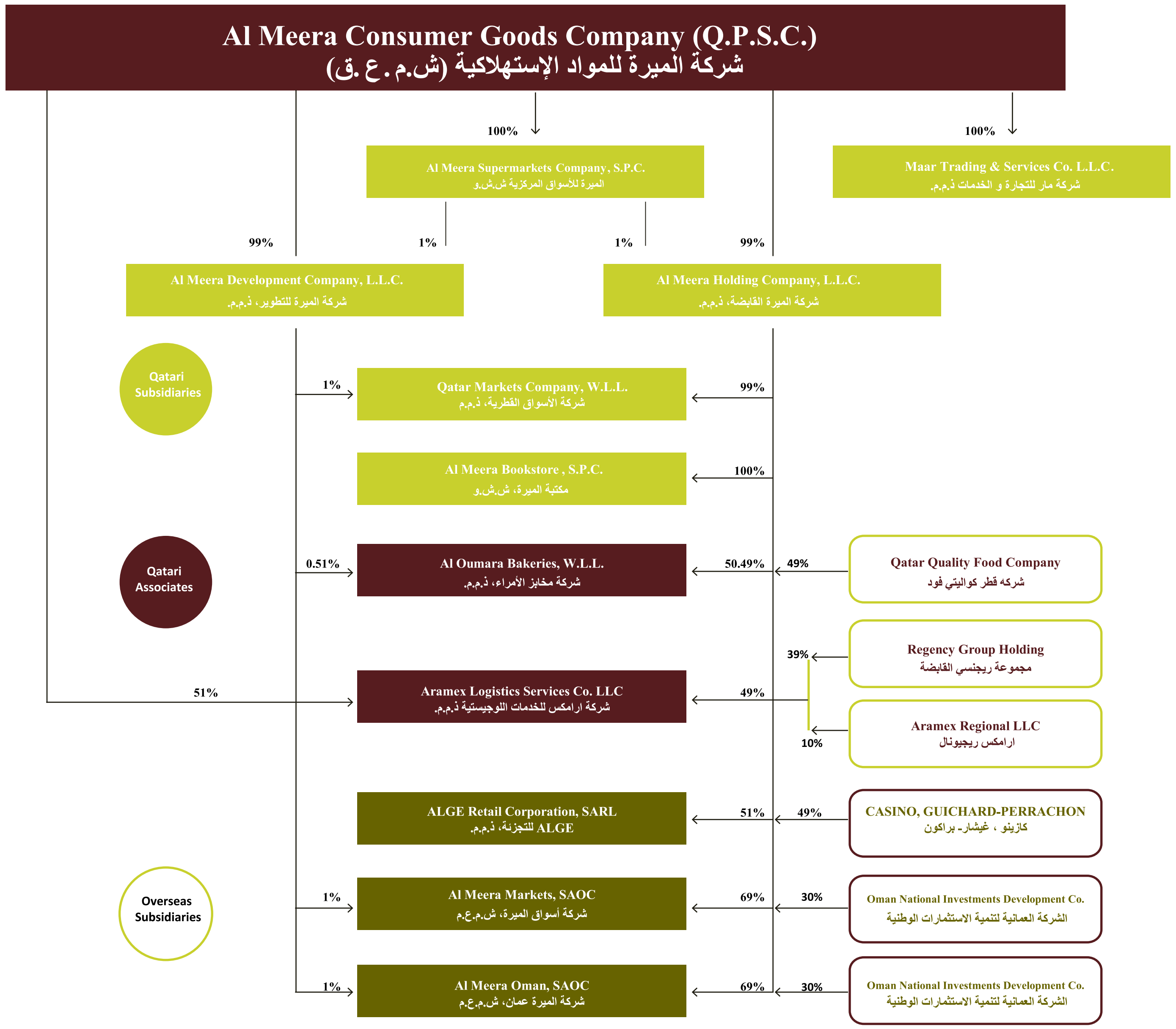
Overseas subsidiaries

- ALGE Retail Corporation SARL
- Al Meera Oman SAOC
- Al Meera Markets SAOC

The Group's effective shareholding percentage in the subsidiaries and associates are as follows:

			Group effective shareholding percentage	
Names of subsidiaries	Country of incorporation	Relationship	2018	2017
Al Meera Holding Company L.L.C.	Qatar	Subsidiary	**100%**	100%
Al Meera Supermarkets Company S.P.C.	Qatar	Subsidiary	**100%**	100%
Al Meera Development Company L.L.C.	Qatar	Subsidiary	**100%**	100%
Qatar Markets Company W.L.L.	Qatar	Subsidiary	**100%**	100%
Alge Retail Corporation Sarl.	Switzerland	Subsidiary	**51%**	51%
Al Meera Oman S.A.O.C.	Oman	Subsidiary	**70%**	70%
Al Meera Markets S.A.O.C.	Oman	Subsidiary	**70%**	70%
Al Meera Bookstore S.P.C.	Qatar	Subsidiary	**100%**	100%
Al Oumara Bakeries Company W.L.L.	Qatar	Associate	**51%**	51%
Aramex Logistics Services Company L.L.C.	Qatar	Associate	**51%**	51%
MAAR Trading & Services Co L.L.C.	Qatar	Subsidiary	**100%**	-

Al Meera Legal Structure الهيكل القانوني لمجموعة الميرة



Independent Auditor's Report

Independent Auditor's Report to the Shareholders of Al Meera Consumer Goods Company Q.P.S.C

Report on the Audit of 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 (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matters	How our audit addressed the key audit matter
Goodwill impairment assessment	
As described in Note 7 to the consolidated financial statements the goodwill balance as of the reporting date is QR 344,097,998, which represents around 14% of the total assets of the Group. The management uses the value in use assessment to support the carrying value of the goodwill and the resulting impairment, if any. This assessment involves the application of subjective judgement about future business performance. Therefore, the assumptions made by management in the impairment review have been considered by the audit team to be the key areas of judgement, notably the cash flow forecasts, overall growth rates, inflation rates, terminal value and the discount rates applied. Therefore, this has been considered as a key audit matter.	We have evaluated management's future cash flow forecasts and the process by which they were determined and approved, including ensuring that forecasts were consistent with the latest Board approved budgets and the mathematical accuracy of the underlying calculations were accurate. We also considered the accuracy of previous forecasts made by management. We checked the corroborating evidence regarding the carrying value of goodwill, and the related disclosures, such as key assumptions for growth rates in the cash flow forecasts by comparing them to historical results, economic forecasts and the discount rates by independently estimating a range based on the relevant market data. We involved our internal specialists to assist us in reviewing the valuation model used.
Revenue recognition	
Revenue from sales of goods to retail customers, 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. Revenue is measured at fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. Revenue recognition is considered a significant inherent 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. We have identified this as a key audit matter due to the complexity relating to the involvement of IT systems supporting the information.	We have conducted audit procedures, with the assistance of our specialists in IT systems, to test the revenue recognition process, which included: We have inquired with sales, marketing department, and other process owners to understand the critical path of sales process. We checked the Group's revenue recognition accounting policies, including the recognition and classification criteria. Due to the high reliance of revenue recognition on IT, we also checked the integrity of the general IT control environment and tested the operating effectiveness of key IT application controls. We performed testing over the completeness and accuracy of the data, by assessing mandatory fields and critical segregation of duties. We also considered the accuracy of the Group's description of the accounting policy related to revenue and the related disclosures. We have performed walkthrough procedures on sales process to confirm our understanding over the critical path and to ensure the design of the controls as documented, in addition to the testing of IT application controls and substantive procedures we have also performed test of controls of manual prevent and manual detect controls with respect to revenue. We have also used Data analytics to identify any issues with respect to segregation of duties or unusual entries.

Report on the Audit of Consolidated Financial Statements (continued)

Other Information included in the Group's 2018 Annual Report

Other information consists of the information included in Annual Report other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. The Group's 2018 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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, the Management of the Parent Company 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 Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Report on Legal and Other Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company, an inventory count has been conducted in accordance with established principles, and the financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above-mentioned law or the Articles of Association having occurred during the year, which might have had a material adverse effect on the Group's financial position or performance.

Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

Date: 24 February 2019
Doha

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Notes	2018 QR	2017 QR
Sales		**2,995,961,214**	2,861,191,431
Cost of sales		**(2,499,536,685)**	(2,383,300,077)
Gross profit		**496,424,529**	477,891,354
Shops rental income		**75,842,670**	69,509,192
Other income	3	**14,413,076**	16,312,003
General and administrative expenses	4	**(333,017,324)**	(307,391,496)
Depreciation and amortisation	6 & 8	**(66,086,214)**	(57,684,733)
Share of loss of an associate	10	**(1,853,432)**	(1,551,769)
Finance costs		**(3,175,016)**	(2,638,538)
Profit before tax		**182,548,289**	194,446,013
Income tax expense	5	**(68,229)**	(171,504)
Profit for the year		**182,480,060**	194,274,509
Attributable to:			
Equity holders of the parent		**182,393,172**	194,048,081
Non-controlling interests	26	**86,888**	226,428
		182,480,060	194,274,509
Earnings per share			
Basic and diluted earnings per share attributable to equity holders of the parent	24	**9.12**	9.70

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	2018 QR	2017 QR
PROFIT FOR THE YEAR		**182,480,060**	194,274,509
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Financial assets at fair value through other comprehensive income			
Net change in the fair value	9	**20,336,327**	(30,794,992)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**202,816,387**	163,479,517
Attributable to:			
Equity holders of the parent		**202,729,499**	163,253,089
Non-controlling interests		**86,888**	226,428
		202,816,387	163,479,517

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 QR	2017 QR
ASSETS			
Non-current assets			
Property and equipment	6	**1,122,876,210**	1,102,989,156
Goodwill	7	**344,097,998**	344,097,998
Other intangible assets	8	**4,292,266**	5,754,370
Financial assets at fair value through other comprehensive income	9	**145,415,332**	129,748,485
Investment in associates	10	**98,497**	98,497
Total non-current assets		**1,616,780,303**	1,582,688,506
Current assets			
Inventories	11	**195,860,677**	196,517,603
Trade and other receivables	12	**66,161,626**	68,926,794
Amounts due from related parties	19	**13,902,210**	10,562,087
Bank balances and cash	13	**512,520,490**	360,694,848
Total current assets		**788,445,003**	636,701,332
TOTAL ASSETS		**2,405,225,306**	2,219,389,838
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**200,000,000**	200,000,000
Legal reserve	15	**901,289,603**	901,289,603
Optional reserve	15	**21,750,835**	21,750,835
Other reserves	15	**(6,089,426)**	(26,096,996)
Retained earnings		**291,734,009**	283,393,408
Equity attributable to equity holders of the parent		**1,408,685,021**	1,380,336,850
Non-controlling interests	26	**41,204,167**	41,117,279
Total equity		**1,449,889,188**	1,421,454,129
Non-current liabilities			
Loans and borrowings	16	**219,990,753**	108,972,229
Employees' end of service benefits	17	**34,297,992**	31,489,217
Retentions payable	18	**812,689**	9,423,111
Deferred tax liability	5	**276,070**	207,841
Total non-current liabilities		**255,377,504**	150,092,398
Current liabilities			
Trade and other payables	18	**686,880,549**	635,157,118
Loans and borrowings	16	**13,078,065**	12,686,193
Total current liabilities		**699,958,614**	647,843,311
Total liabilities		**955,336,118**	797,935,709
TOTAL EQUITY AND LIABILITIES		**2,405,225,306**	2,219,389,838

....

Dr. Saif Said Al-Sowaidi
Vice Chairman

....

Mr. Mohammad Abdulla Al Mustafawi Al Hashemi
Board Member

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	2018 QR	2017 QR
OPERATING ACTIVITIES			
Profit before tax		**182,548,289**	194,446,013
Adjustments for:			
Depreciation and amortisation	6&8	**66,086,214**	57,684,733
Interest income	3	**(4,813,592)**	(4,822,333)
Allowance (reversed) recognised for credit loss	27	**1,960,715**	(1,037,142)
Provision for employees' end of service benefits	17	**7,620,647**	7,749,461
Provision for obsolete and slow moving inventories	11	**2,407,677**	1,041,078
Share in loss of an associate	10	**1,853,432**	1,551,769
Transfers from Capital work in progress to expenses	6	**-**	82,779
Loss (Gain) on disposal of property and equipment		**60,456**	(230,465)
Dividend income	3	**(7,140,066)**	(7,524,013)
Finance costs		**3,175,016**	2,638,538
Operating profit before changes in working capital		**253,758,788**	251,580,418
Working capital changes:			
Inventories		**(1,750,751)**	(12,696,576)
Trade and other receivables		**1,133,196**	14,605,370
Amounts due from related parties		**(3,340,123)**	(2,084,847)
Trade and other payables		**39,359,415**	32,751,742
Cash flows from operating activities		**289,160,525**	284,156,107
Employees' end of service benefits paid	17	**(4,811,872)**	(5,104,141)
Payment of contribution to social and sports fund		**(4,665,166)**	(4,751,925)
Net cash flows from operating activities		**279,683,487**	274,300,041
INVESTING ACTIVITIES			
Purchase of Financial assets at fair value through other comprehensive income	9	**(193,999,071)**	(228,900,497)
Proceeds from sale of Financial assets at fair value through other comprehensive income	9	**198,668,551**	228,283,891
Purchase of property and equipment	6	**(84,639,837)**	(238,645,049)
Proceeds from disposal of property and equipment		**68,217**	331,555
Net movement in deposits maturing after 90 days		**(32,116,000)**	147,016,000
Net movement in restricted bank accounts		**(3,628,280)**	(5,714,987)
Dividends received	3	**7,140,066**	7,524,013
Interest received		**3,709,751**	5,075,690
Net cash flows used in investing activities		**(104,796,603)**	(85,029,384)
FINANCING ACTIVITIES			
Dividends paid		**(167,039,716)**	(173,588,798)
Net movement in loans and borrowings		**111,410,396**	(12,198,216)
Finance costs paid		**(3,175,016)**	(2,638,538)
Net cash flows used in financing activities		**(58,804,336)**	(188,425,552)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**116,082,548**	845,105
Cash and cash equivalents at 1 January		**269,547,021**	268,701,916
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	13	**385,629,569**	269,547,021

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Equity attributable to equity holders of the parent							
	Share capital	*Legal reserve*	*Optional reserve*	*Other reserves*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total*
	QR	*QR*	*QR*	*QR*	*QR*	*QR*	*QR*	*QR*
Balance as at 1 January 2017	200,000,000	901,289,603	21,750,835	(7,120,717)	285,829,206	1,401,748,927	40,890,851	1,442,639,778
Profit for the year	-	-	-	-	194,048,081	194,048,081	226,428	194,274,509
Reclassification of gains on sales of Financial assets at fair value through other comprehensive income	-	-	-	11,818,713	(11,818,713)	-	-	-
Net change in fair value (Note 9)	-	-	-	(30,794,992)	-	(30,794,992)	-	(30,794,992)
Total comprehensive income for the year	-	-	-	(18,976,279)	182,229,368	163,253,089	226,428	163,479,517
Appropriation for contribution to social and sports fund (Note 23)	-	-	-	-	(4,665,166)	(4,665,166)	-	(4,665,166)
Dividends paid (Note 22)	-	-	-	-	(180,000,000)	(180,000,000)	-	(180,000,000)
Balance as at 31 December 2017	200,000,000	901,289,603	21,750,835	(26,096,996)	283,393,408	1,380,336,850	41,117,279	1,421,454,129
Profit for the year	-	-	-	-	182,393,172	182,393,172	86,888	182,480,060
Reclassification of gains on sales of Financial assets at fair value through other comprehensive income	-	-	-	(328,757)	328,757	-	-	-
Net change in fair value (Note 9)	-	-	-	20,336,327	-	20,336,327	-	20,336,327
Total comprehensive income for the year	-	-	-	20,007,570	182,721,929	202,729,499	86,888	202,816,387
Appropriation for contribution to social and sports fund (Note 23)	-	-	-	-	(4,381,328)	(4,381,328)	-	(4,381,328)
Dividends paid (Note 22)	-	-	-	-	(170,000,000)	(170,000,000)	-	(170,000,000)
Balance as at 31 December 2018	**200,000,000**	**901,289,603**	**21,750,835**	**(6,089,426)**	**291,734,009**	**1,408,685,021**	**41,204,167**	**1,449,889,188**

The attached notes 1 to 29 form part of these consolidated financial statements.

Your Favourite Neighbourhood Retailer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

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.

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 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 24 February 2019.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The 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.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No. 11 of 2015.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to consolidated financial statements are disclosed in Note 29.

2.2 Basis of consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

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:

			Group effective shareholding percentage	
Names of subsidiaries	***Country of incorporation***	***Relationship***	***2018***	*2017*
Al Meera Holding Company L.L.C.	Qatar	Subsidiary	**100%**	100%
Al Meera Supermarkets Company S.P.C.	Qatar	Subsidiary	**100%**	100%
Al Meera Development Company L.L.C.	Qatar	Subsidiary	**100%**	100%
Qatar Markets Company W.L.L.	Qatar	Subsidiary	**100%**	100%
Alge Retail Corporation Sarl.	Switzerland	Subsidiary	**51%**	51%
Al Meera Oman S.A.O.C.	Oman	Subsidiary	**70%**	70%
Al Meera Markets S.A.O.C.	Oman	Subsidiary	**70%**	70%
Al Meera Bookstore S.P.C.	Qatar	Subsidiary	**100%**	100%
Al Oumara Bakeries Company W.L.L.	Qatar	Associate	**51%**	51%
Aramex Logistics Services Company L.L.C.	Qatar	Associate	**51%**	51%
MAAR Trading & Services Co L.L.C.	Qatar	Subsidary	**100%**	-

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

Al Meera Supermarkets Company S.P.C.
("Al Meera Supermarkets") is a single person company incorporated in the State of Qatar. The Company is engaged in the establishment and management of business enterprise and investing therein, owning share, moveable and immovable properties necessary to carry out its activities.

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

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

Alge Retail Corporation Sarl
("Alge Corporation") is a limited liability company incorporated in Switzerland. The Company is engaged in development of retail business in Tunisia, Libya, Egypt and Jordan. As at the reporting date, this company has not commenced its operations.

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

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

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

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

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

MAAR Trading & Services Co L.L.C.
is a limited liability company incorporated in State of Qatar. The Company is engaged in the sale of food stuff and household items. As at the reporting date, this company has not commenced its operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

2.3 New and amended standards and interpretations adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards and interpretations effective as of 1 January 2018.

The Group has early adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of 1 January 2016. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. The impacts of the change in accounting policy have been disclosed in Note 31 of the consolidated financials for the year ended 31 December 2016.

The Group applied, for the first time IFRS 15 *Revenue from Contracts with Customers*. In accordance with the transitional provisions of this new standard, comparatives have not been restated. The nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The new standard establishes a five-step model to account for the revenue arising from contract with customers, under IFRS 15: revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method of transition whereby the Group shall recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings at 1 January 2018 and not restating the comparative financial information of 2017. Under this transition method, the Group have assessed only those contracts, which are not yet complete as at 1 January 2018.

The Group is in the business of retail trading of various types of consumer goods commodities. The Group's contracts with customers for the sale generally include one performance obligation. The Group has concluded that the revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Upon the adoption of IFRS 15, financial liabilities arising from third party customer loyalty program should be accounted as an adjustment to the transaction price. This has led to a reduction in revenue and general and administrative expenses by QR 3,968,588 for the year ended 31 December 2017.

In addition, upon the adoption of IFRS 15, the right of return assets and refund liabilities to be recognised when the Group expects the goods to be returned by customers. The Group concluded that these amounts are insignificant.

As required for the consolidated financial statements, the Group disaggregated revenue recognised from contract with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors (Refer Note 25).

2.4 Standards issued but not yet effective

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

Contents	*Effective dates*
IFRS 16: Leases	1 January 2019
IFRS 17: Insurance Contracts	1 January 2021
IFRIC Interpretation 23 Uncertainty over Income Tax Treatment	1 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to IAS 28: Long-term interests in associates and joint ventures	1 January 2019
Annual Improvements 2015-2017 Cycle (issued in December 2017)	1 January 2019
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In preparation for the first time application of IFRS 16, the Group carried out an implementation project by appointing a consultant. As of the reporting date the Group has completed the first phase and review of around 62 lease contracts. However, the impact of applying the Standard is still under final assessment as of the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

2.5 Significant accounting policies

Revenue recognition

Accounting policy applied up to 31 December 2017

Revenue comprises the fair value of the consideration received or receivables for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods - retail

The Group operates a chain of retail outlets. Sales of goods are recognised when the Group sells a product to the customer. Retail sales are usually in cash or by credit card.

Accounting policy applied from 1 January 2018

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.

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. 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.

Shops 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. Land and capital work-in -progress is not depreciated.

Depreciation on other assets is calculated using the straight-line method to allocate their cost 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.

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.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

Capital work-in-progress

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

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

Investment in associates

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

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

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

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

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

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.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

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- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the profit or loss statement within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in the interest income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about

  past events, current conditions and forecast of future economic conditions.

Note 27 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivable and rent receivable except for receivables from government institution, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  (a) the Group has transferred substantially all the risks and rewards of the asset, or
  (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, bank balances and short-term deposits with an original maturity of three months or less, net of bank overdrafts, if any.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade payables, dividends payable, payable to contractors, retentions payables, loans and borrowings and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Loans and borrowings

Loans and borrowings are recognised initially at fair value of the amount borrowed, less directly attributable transaction costs. After initial recognition, Loans and borrowings and subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Gain or loss is recognised in consolidated statement of profit or loss when the liability is derecognised.

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.

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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.

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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

Foreign currencies

Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange ruling at date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the exchange rate ruling at reporting date. Any gain or loss arising from changes in exchange rates is recognised in the consolidated statement of profit or loss.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;

(b) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

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 Law No. 14 of 2004, the Labour Law and Omani Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, 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.

Trade payable and accruals

Liabilities are recognised for amounts to be paid in the future for services received or when the risks and rewards associated with goods are transferred to the Group, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

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 Company 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. The Group operations inside Qatar are not subject to income tax.

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.

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

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

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

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

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee
Finance leases that substantially transfer all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain benefit after the end of the lease term, the asset is depreciated over the lease term.

Operating lease payments are recognised as an operating expense in the consolidated statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer, substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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.

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.

Use of estimates
The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates (See Note 29).

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3 OTHER INCOME

	2018	*2017*
	QR	*QR*
Dividend income	**7,140,066**	7,524,013
Interest income	**4,813,592**	4,822,333
Miscellaneous income	**2,459,418**	3,965,657
	14,413,076	16,312,003

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4 GENERAL AND ADMINISTRATIVE EXPENSES

	2018 QR	2017 QR
Salaries, wages and other benefits	**178,414,153**	164,116,691
Rent	**43,716,072**	42,780,963
Contract labour charges	**25,877,881**	28,698,550
Water and electricity	**24,986,138**	21,867,750
Repairs and maintenance	**12,243,878**	11,625,531
Bank charges, commission and credit card charges	**9,804,883**	8,958,714
Board of Directors' remuneration (Note 19)	**6,329,800**	6,235,802
Consulting and professional fees	**6,189,236**	2,862,286
Advertisement expenses	**4,980,046**	2,616,748
Franchise fee	**3,662,517**	3,806,056
Vehicle running and insurance expenses	**3,577,057**	3,718,696
Telephone and postage	**3,173,318**	2,977,899
Printing and stationery	**2,110,379**	1,578,038
Provision for bad debts	**1,960,715**	(1,037,141)
Travelling expenses	**1,564,509**	1,575,499
Provision for slow moving inventory (Note 11)	**1,546,324**	1,914,801
Donations	**119,660**	118,323
Other expenses	**2,760,758**	2,976,290
	333,017,324	307,391,496

5 INCOME TAX

The major components of income tax expenses is as follows:

	2018 QR	2017 QR
Income tax expense		
Deferred income tax	**68,229**	171,504
Income tax expense reported in the consolidated statement of profit or loss	**68,229**	171,504

The Group is subject to income tax on its operation in the Sultanate of Oman. Due to tax losses incurred on operations in Sultanate of Oman, no current tax expenses were recognised during the year.

The movements on the deferred income tax liability as follows:

	2018 QR	2017 QR
Balance at 1 January	**207,841**	36,337
Reversal of temporary differences for the year	**68,229**	171,504
At 31 December	**276,070**	207,841

The deferred tax liability comprises the following temporary differences:

	2018 QR	2017 QR
Plant and equipment qualifying for accelerated tax relief	**440,572**	610,376
Carried forward losses	**(79,002)**	(332,852)
Allowance for shrinkage and other losses	**(85,500)**	(68,400)
Provision for bad debts	-	(1,283)
At 31 December	**276,070**	207,841

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

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6 PROPERTY AND EQUIPMENT

	Land	*Buildings*	*Refrigerators and equipment*	*Motor vehicles*	*Furniture and fixtures*	*Computer equipment*	*Leasehold and other im-provements*	*Capital work in progress*	*Total*
	QR	*QR*	*QR*	*QR*	*QR*	*QR*	*QR*	*QR*	*QR*
Cost:									
At 1 January 2018	5,922,488	746,529,480	223,521,145	17,288,920	43,314,004	30,666,895	79,507,977	233,420,290	1,380,171,199
Additions	-	5,635,791	2,706,908	3,366,500	5,122,602	4,784,345	987,296	62,036,395	84,639,837
Disposals	-	-	(345,976)	-	(22,691)	(45,830)	(9,187)	(26,312)	(449,996)
Transfers	-	207,493,445	25,218,018	-	403,220	1,776,839	6,441,859	(241,333,381)	-
At 31 December 2018	5,922,488	959,658,716	251,100,095	20,655,420	48,817,135	37,182,249	86,927,945	54,096,992	1,464,361,040
Depreciation:									
At 1 January 2018	-	97,530,802	96,029,247	12,217,695	17,490,876	21,682,004	32,231,419	-	277,182,043
Charge for the year	-	21,069,189	21,454,109	2,735,457	7,303,828	4,315,642	7,745,885	-	64,624,110
Relating to disposals	-	-	(259,431)	-	(20,765)	(35,069)	(6,058)	-	(321,323)
At 31 December 2018	-	118,599,991	117,223,925	14,953,152	24,773,939	25,962,577	39,971,246	-	341,484,830
Net carrying amount:									
At 31 December 2018	**5,922,488**	**841,058,725**	**133,876,170**	**5,702,268**	**24,043,196**	**11,219,672**	**46,956,699**	**54,096,992**	**1,122,876,210**

Notes:

1. Buildings with a carrying amount of QR 423,970,579 (2017: QR 404,374,132) were constructed on leased plots of land from Government of Qatar. These plots of land were acquired on operating 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 and they believe that these lease contracts will be renewed for another period of time exceeding the useful life of these buildings.
2. The capital work-in-progress includes constructions of 5 new supermarkets and a central warehouse and these constructions are financed by loans obtained from local banks. The amount of borrowing costs capitalised during the year ended 31 December 2018 amounted to QR 5,953,600 (2017: QR 1,426,533). These loans carry profit rates in the range of 3% to 5.5% per annum (2017: 3% per annum).
3. As of the reporting date, the Group has recorded 31 (2017: 31) plots of land granted by the Government of Qatar at nominal values in the books.

Your Favourite Neighbourhood Retailer

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6 PROPERTY AND EQUIPMENT (CONTINUED)

	Land	*Buildings*	*Refrigerators and equipment*	*Motor vehicles*	*Furniture and fixtures*	*Computer equip-ment*	*Leasehold and other im-provements*	*Capital work in progress*	*Total*
	QR	*QR*	*QR*	*QR*	*QR*	*QR*	*QR*	*QR*	*QR*
Cost:									
At 1 January 2017	5,872,473	597,641,319	200,327,693	16,695,130	37,996,801	26,618,867	75,523,973	181,731,350	1,142,407,606
Additions	50,015	4,657,396	1,879,874	808,800	3,888,971	3,771,990	2,469,121	221,118,882	238,645,049
Disposals	-	-	(97,154)	(215,010)	(124,178)	(66,361)	(295,974)	-	(798,677)
Transfers	-	144,230,765	21,410,732	-	1,552,410	342,399	1,810,857	(169,347,163)	-
Written off	-	-	-	-	-	-	-	(82,779)	(82,779)
At 31 December 2017	5,922,488	746,529,480	223,521,145	17,288,920	43,314,004	30,666,895	79,507,977	233,420,290	1,380,171,199
Depreciation:									
At 1 January 2017	-	81,400,043	77,165,476	9,868,819	10,785,265	17,483,887	25,025,691	-	221,729,181
Charge for the year	-	16,130,759	18,954,841	2,563,876	6,770,908	4,243,627	7,486,438	-	56,150,449
Relating to disposals	-	-	(91,070)	(215,000)	(65,297)	(45,510)	(280,710)	-	(697,587)
At 31 December 2017	-	97,530,802	96,029,247	12,217,695	17,490,876	21,682,004	32,231,419	-	277,182,043
Net carrying amount:									
At 31 December 2017	5,922,488	648,998,678	127,491,898	5,071,225	25,823,128	8,984,891	47,276,558	233,420,290	1,102,989,156

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7 GOODWILL

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

	2018 QR	2017 QR
Qatar Markets Company W.L.L.	**227,028,986**	227,028,986
Al Meera Market S.A.O.C. (Al Safeer Oman) – five supermarkets	**117,069,012**	117,069,012
	344,097,998	344,097,998

Qatar Markets Company W.L.L.:
The recoverable amounts of these cash generating units have been determined based on value in use calculations. The calculation uses cash flow projections based on forecast revenues and profit margins approved by management covering 5 years period at a discount rate of 8.57 % (2017: 8%). The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The cash flows beyond five – year period is extrapolated using a steady growth rate of 2.7% (2017: 3%), which is the projected long term growth rate of the Company.

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

Management believes that any reasonably possible change in the above key assumptions on which the recoverable amount is based would not cause the carrying value of the goodwill to materially exceed its recoverable amount, accordingly, no impairment loss was recognised in years 2018 and 2017. No impairment has been recognised on Goodwill since its initial recognition.

Al Meera Market S.A.O.C. (Al Safeer Oman) – five supermarkets:
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 5 years period at a discount rate of 10.58 % (2017: 10%). 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 2.2 % (2017: 2.6%), which is the projected long term growth rate of the Company.

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

Management believes that any reasonably possible change in the above key assumptions on which the recoverable amount is based would not cause the carrying value of the goodwill to materially exceed its recoverable amount, accordingly, no impairment loss was recognised in years 2018 and 2017. No impairment has been recognised on Goodwill since its initial recognition.

8 OTHER INTANGIBLE ASSETS

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

The movements are as follows:

	2018 QR	2017 QR
Cost:		
At 1 January	**17,811,175**	17,811,175
At 31 December	**17,811,175**	17,811,175
Amortisation:		
At 1 January	**12,056,805**	10,522,521
Charge for the year	**1,462,104**	1,534,284
At 31 December	**13,518,909**	12,056,805
Net carrying amount:		
31 December	**4,292,266**	5,754,370

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018 QR	2017 QR
Quoted equity shares	**135,211,105**	122,620,712
Unquoted equity shares	**10,204,227**	7,127,773
	145,415,332	129,748,485

Notes:

(i) Investment securities represent investments in quoted and un-quoted shares carried at fair value through other comprehensive income (FVOCI).

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

(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 investment securities are as follows:

	2018 QR	2017 QR
At 1 January	**129,748,485**	159,926,871
Additions	**193,999,071**	228,900,497
Disposals	**(198,668,551)**	(228,283,891)
Net changes in fair value	**20,336,327**	(30,794,992)
At 31 December	**145,415,332**	129,748,485

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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10 INVESTMENTS IN ASSOCIATES

The Group has the following investment in associates:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest 2018 %	2017 %
Aramex Logistics Services Company L.L.C.	Warehousing, value added services and delivery truck	Qatar	**51%**	51%
Al Oumara Bakeries Company W.L.L.	Manufacture and sale of bakery products	Qatar	**51%**	51%

Even though the ownership in the above stated companies is more than 50%, the Group has only a significant influence over financial and operating policies. Therefore, these companies have not been considered as subsidiaries of the Group.

The movement of investment in associates is as follows:

	2018 QR	2017 QR
At 1 January	**98,497**	98,497
Provision recorded on Al Oumara Bakeries Company W.L.L. as at 1 January	**(5,431,486)**	(3,879,717)
Share of results for the year	**(1,853,432)**	(1,551,769)
Presented separately as a provision for deficit in an associate on Al Oumara Bakeries Company W.L.L. (Note 18)	**7,284,918**	5,431,486
At 31 December	**98,497**	98,497

11 INVENTORIES

	2018 QR	2017 QR
Finished goods	**203,274,214**	201,016,260
Consumables and spare parts	**1,240,558**	1,747,761
	204,514,772	202,764,021
Less: Provision for obsolete and slow-moving inventories	**(8,654,095)**	(6,246,418)
	195,860,677	196,517,603

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

	2018 QR	2017 QR
At 1 January	**6,246,418**	5,205,340
Charges for the year	**2,407,677**	1,041,078
At 31 December	**8,654,095**	6,246,418

The charges for the year disclosed in general and administrative expenses amounting to QR 1,546,324 (2017: QR 1,914,801)

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12 TRADE AND OTHER RECEIVABLES

	2018 QR	2017 QR
Trade receivables	6,291,171	9,740,496
Advances to supplier	13,048,931	22,549,011
Credit card receivables	9,422,410	11,389,585
Deposits	15,140,980	10,557,423
Prepaid expenses	9,915,255	7,799,098
Staff receivables	4,578,336	4,713,879
Rent receivables	7,566,807	2,159,206
Accrued interest income	2,052,425	948,584
Other receivables	1,444,907	409,579
	69,461,222	70,266,861
Less: Allowance for impairment of receivables (Note 27)	(3,299,596)	(1,340,067)
	66,161,626	68,926,794

Notes:

i) The credit risk disclosures to expected credit losses on trade receivable under IFRS 9, have been disclosed in Note 27.

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

13 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:

	2018 QR	2017 QR
Cash in hand	2,138,753	2,311,610
Cash at bank	385,787,808	308,388,123
	387,926,561	310,699,733
Short term deposits	124,716,000	50,116,000
Less: Allowance for expected credit loss on term deposits (Note 27)	(122,071)	(120,885)
	124,593,929	49,995,115
Total bank balances and cash	512,520,490	360,694,848
Term deposits maturing after 90 days	(42,716,000)	(10,600,000)
Restricted bank accounts *(Note (iii))*	(84,296,992)	(80,668,712)
Allowance for expected credit loss on term deposits	122,071	120,885
	385,629,569	269,547,021

Notes:

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

ii) The credit risk disclosures to expected credit losses on term deposit under IFRS 9 have been disclosed in Note 27.

iii) Restricted bank accounts consist amounts held in the banks for the dividends approved in the Annual General Assembly.

14 SHARE CAPITAL

	2018 QR	2017 QR
Authorised, issued and fully paid:		
20,000,000 shares of QR 10 each	200,000,000	200,000,000

Note:

(i) Subsequent to the reporting date, the Qatar Financial Markets Authority issued instructions to all entities listed in the main market of Qatar Stock Exchange to perform a split of the nominal value of ordinary shares from QR 10 per share to QR 1 per share. As a result, the Company's shares will be split into 200,000,000 shares with a value of QR 1 per share. This stock split is subject to the approval of shareholders at the Company's Extraordinary General Assembly to be held in due course.

15 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 such time as it equals at least 50% of the issued share capital of the Group. The Group has resolved to discontinue such transfers as the reserve exceeded 50% of share capital. This reserve is not available for distribution except in the circumstances stipulated in Qatar Commercial Companies Law.

Optional reserve

In accordance with the Group's Articles of Association, upon suggestion of the Board of Directors, the General Assembly may decide to deduct a portion of the net profit for the optional reserve. This optional reserve shall be used in the forms and ways that will be decided by the General Assembly. There were no movements during the year ended 31 December 2018 (2017: Nil).

Other reserves

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

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

16 LOANS AND BORROWINGS

	2018 QR	2017 QR
Loan 1	108,068,818	121,658,422
Loan 2	125,000,000	-
	233,068,818	121,658,422

Presented in the consolidated statement of financial position as follows:

	2018 QR	2017 QR
Non-current portion	219,990,753	108,972,229
Current portion	13,078,065	12,686,193
	233,068,818	121,658,422

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16 LOANS AND BORROWINGS (CONTINUED)

Loan 1

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

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 Company and repayable over 40 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 Company.

Loan 2

During the year, 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.

17 EMPLOYEES' END OF SERVICE BENEFITS

	2018 QR	2017 QR
At 1 January	**31,489,217**	28,843,897
Provided during the year	**7,620,647**	7,749,461
End of service benefits paid	**(4,811,872)**	(5,104,141)
At 31 December	**34,297,992**	31,489,217

18 TRADE AND OTHER PAYABLES

	2018 QR	2017 QR
Trade payables	**487,595,083**	431,406,765
Dividends payable	**97,692,093**	94,731,809
Accrued expenses	**52,391,294**	41,679,878
Retentions payable	**21,360,381**	29,156,290
Provision for deficit in an associate (Note 10)	**7,284,918**	5,431,486
Provision for social and sports fund	**4,381,328**	4,665,166
Payable to contractors	**2,020,230**	13,491,441
Contract liability on loyalty program	**576,313**	-
Deferred rent income	**574,892**	1,022,179
Other payables	**13,004,017**	13,572,104
	686,880,549	635,157,118

Retentions payable presented in the consolidated statement of financial position as follows:

Current portion	**21,360,381**	29,156,290
Non-current portion	**812,689**	9,423,111
	22,173,070	38,579,401

19 RELATED PARTY DISCLOSURES

Related party transactions

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

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

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

	2018 QR	2017 QR
Purchases:		
Al Oumara Bakeries Company W.L.L. (Associate)	**1,404,870**	5,144,909
Sales:		
Al Oumara Bakeries Company W.L.L. (Associate)	**2,512,791**	3,651,219
Sales commission income:		
Al Oumara Bakeries Company W.L.L. (Associate)	**1,137,263**	1,286,227

Your Favourite Neighbourhood Retailer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Related party balances

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

Amounts due from related parties:	**2018 QR**	*2017 QR*
Associates:		
Al Oumara Bakeries Company W.L.L.	**13,877,091**	10,550,618
Aramex Logistics Services Company L.L.C.	**25,119**	11,469
	13,902,210	10,562,087

Terms and conditions of transactions with related parties

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

Compensation of key management personnel

	2018 QR	*2017 QR*
Key management remuneration	**9,055,901**	4,534,537
Board of Directors' remuneration	**6,329,800**	6,235,802
	15,385,701	10,770,339

There were increases in the number of key management personnel during the current reporting year.

20 COMMITMENTS

(a) Capital commitments

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

	2018 QR	*2017 QR*
Capital commitments – Property and equipment		
Estimated capital expenditure approved and contracted as of the reporting date	**120,718,029**	98,405,756

(b) Operating lease commitments

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

Future minimum lease rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2018 QR	2017 QR
Within one year	**30,437,901**	34,920,340
After one year, but not more than five years	**91,093,915**	79,264,526
More than five years	**138,920,066**	111,988,775
	260,451,882	226,173,641

21 CONTINGENCIES

At 31 December 2018, 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:

	2018 QR	*2017 QR*
Letters of guarantees	**1,325,514**	2,054,575
Letters of credits	**1,228,064**	660,252
	2,553,578	2,714,827

22 DIVIDENDS

The Board of Directors have proposed a 85% cash dividend of QR 8.5 per share totalling QR170 million for the year 2018, which is subject to the approval of the equity holders at the Annual General Assembly (2017: QR 8.5 per share totalling QR 170 million for the year 2017).

During the current reporting year, following the approval at the Annual General Assembly held on 27 March 2018, the Company paid a cash dividend of QR 8.5 per share totalling QR 170 million (2017: QR 9 per share, totalling QR 180 million) relating to the year 2017.

23 CONTRIBUTION TO SOCIAL AND SPORTS FUND

In accordance with Law No. 13 of 2008, the Company made an appropriation of profit of QR 4.38 million in 2018 (2017: QR 4.66 million) equivalent to 2.5% of the adjusted net profit of the Company and that of its subsidiaries for the year for the support of sports, cultural, social and charitable activities.

24 EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year 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.

	2018 QR	*2017 QR*
Profit attributable to equity holders of the parent	**182,393,172**	194,048,081
Weighted average number of shares	**20,000,000**	20,000,000
Basic and diluted earnings per share	**9.12**	9.70

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25 SEGMENT INFORMATION

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

i) The retail segment, which comprises the buying and selling of consumer good

ii) The investment segment, which comprises equity and funds held as investment securities and fixed deposits.

iii) The leasing segment, which comprise mainly of renting shops in various malls owned by the Group.

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

	Retail	*Investment*	*Leasing*	*Total*
	QR	*QR*	*QR*	*QR*
Year ended 31 December 2018:				
Sales	**2,995,961,214**	-	-	**2,995,961,214**
Cost of sales	**(2,499,536,685)**	-	-	**(2,499,536,685)**
Gross profit	**496,424,529**	-	-	**496,424,529**
Shops rental income	-	-	**75,842,670**	**75,842,670**
Income from equity investment	-	**7,071,165**	-	**7,071,165**
Income from fixed deposits	-	**2,962,432**	-	**2,962,432**
Other income	**4,379,479**	-	-	**4,379,479**
Operating income	**500,804,008**	**10,033,597**	**75,842,670**	**586,680,275**
General and administrative expenses	**(324,541,380)**	**(595,870)**	**(7,880,074)**	**(333,017,324)**
Share of loss of an associate	-	**(1,853,432)**	-	**(1,853,432)**
Depreciation and amortisation	**(59,135,982)**	**(1,067,969)**	**(5,882,263)**	**(66,086,214)**
Finance costs	**(3,175,016)**	-	-	**(3,175,016)**
Profit before income tax	**113,951,630**	**6,516,326**	**62,080,333**	**182,548,289**
Income tax expense	**(68,229)**	-	-	**(68,229)**
Profit for the year	**113,883,401**	**6,516,326**	**62,080,333**	**182,480,060**

	Retail	*Investment*	*Leasing*	*Total*
	QR	*QR*	*QR*	*QR*
Year ended 31 December 2017:				
Sales	2,861,191,431	-	-	2,861,191,431
Cost of sales	(2,383,300,077)	-	-	(2,383,300,077)
Gross profit	477,891,354	-	-	477,891,354
Shops rental income	-	-	69,509,192	69,509,192
Income from equity investment	-	6,408,784	-	6,408,784
Income from fixed deposits	-	3,069,622	-	3,069,622
Other income	6,833,597	-	-	6,833,597
Operating income	484,724,951	9,478,406	69,509,192	563,712,549
General and administrative expenses	(301,570,349)	(668,286)	(5,152,861)	(307,391,496)
Share of loss of an associate	-	(1,551,769)	-	(1,551,769)
Depreciation and amortisation	(51,139,752)	(1,067,083)	(5,477,898)	(57,684,733)
Finance costs	(2,638,538)	-	-	(2,638,538)
Profit before income tax	129,376,312	6,191,268	58,878,433	194,446,013
Income tax expense	(171,504)	-	-	(171,504)
Profit for the year	129,204,808	6,191,268	58,878,433	194,274,509

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25 SEGMENT INFORMATION (CONTINUED)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2017: Nil). The accounting policies of the reportable segment are the same as per the Group accounting policies described in Note 2.

The following table presents segmental assets regarding the Group's business segments for the year ended 31 December 2018 and 31 December 2017 respectively:

	Retail	*Investment*	*Leasing*	*Total*
	QR	*QR*	*QR*	*QR*
Segment assets:				
At 31 December 2018	**2,007,396,199**	**194,997,619**	**202,831,488**	**2,405,225,306**
At 31 December 2017	1,528,154,216	534,253,587	156,982,035	2,219,389,838

Other disclosures

	Retail	*Investment*	*Leasing*	*Total*
	QR	*QR*	*QR*	*QR*
Capital expenditure :				
At 31 December 2018	**82,078,109**	-	**2,561,728**	**84,639,837**
At 31 December 2017	232,412,935	-	6,232,114	238,645,049

Capital expenditure consists of additions of property, plant and equipment.

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*	
	2018	*2017*	***2018***	*2017*	***2018***	*2017*	***2018***	*2017*
	QR	*QR*	***QR***	*QR*	***QR***	*QR*	***QR***	*QR*
Total assets	**2,244,128,368**	2,058,295,846	**191,352,608**	185,296,221	**(30,255,670)**	(24,202,229)	**2,405,225,306**	2,219,389,838
Total liabilities	**931,613,537**	773,922,687	**53,978,251**	48,215,251	**(30,255,670)**	(24,202,229)	**955,336,118**	797,935,709

	Qatar		*Oman*		*Eliminations*		*Total*	
	2018	*2017*	***2018***	*2017*	***2018***	*2017*	***2018***	*2017*
	QR	*QR*	***QR***	*QR*	***QR***	*QR*	***QR***	*QR*
Sales	**2,856,380,977**	2,719,122,070	**139,580,237**	142,069,361	**-**	-	**2,995,961,214**	2,861,191,431
Profit (*Note*)	**181,406,684**	192,700,363	**1,073,376**	1,574,146	**-**	-	**182,480,060**	194,274,509

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

26 MATERIAL PARTLY OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Names of the subsidiaries	*Country of incorporation*	*Non-controlling interests*		*Allocated profit (loss)*		*Accumulated balances*	
		2018	*2017*	***2018***	*2017*	***2018***	*2017*
Al Meera Markets S.A.O.C.	Oman	**30%**	30%	**110,062**	270,989	**39,876,866**	39,766,804
Al Meera Oman S.A.O.C.	Oman	**30%**	30%	**(22,048)**	(34,527)	**1,335,867**	1,357,915
Alge Retail Corporation Sarl	Switzerland	**49%**	49%	**(1,126)**	(10,034)	**(8,566)**	(7,440)
				86,888	226,428	**41,204,167**	41,117,279

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26 MATERIAL PARTLY OWNED SUBSIDIARIES (CONTINUED)

Notes:

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

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interest is set out below. Since there were no material transaction and balances in Alge Retail Corporation Sarl, the relevant amounts have not been included in the summarised financial information. 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:

	2018	*2017*
	QR	*QR*
Revenue	**139,580,237**	142,069,362
Other income	**8,392,188**	8,869,079
Expenses	**(147,610,815)**	(149,978,727)
Profit before income tax	**361,610**	959,714
Income tax expense	**(68,229)**	(171,504)
Profit for the year	**293,381**	788,210
Attributable to:		
Equity holders of the parent	**205,367**	551,748
Non-controlling interests	**88,014**	236,462
	293,381	788,210

Statement of financial position:

	2018	*2017*
	QR	*QR*
Non-current assets	**148,149,013**	142,485,624
Current assets	**43,203,594**	46,238,120
	191,352,607	188,723,744
Equity attributable to equity holders of the parent	**96,163,039**	95,957,676
Non-controlling interests	**41,212,732**	41,124,719
Non-current liabilities	**1,524,996**	1,387,216
Current liabilities	**52,451,840**	50,254,133
	191,352,607	188,723,744

Statement of cash flows

	2018	*2017*
	QR	*QR*
Net cash from operating activities	**3,388,451**	10,062,277
Net cash used in investing activities	**(10,889,784)**	(1,027,045)
Net cash from / (used) in financing activities	**4,491,572**	(3,635,935)
Net (decrease) / increase in cash and cash equivalents	**(3,009,761)**	5,399,297

27 FINANCIAL RISK MANAGEMENT

Objective and policies

The Group's principal financial liabilities comprises 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, staff receivables, 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 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 effect of decreases will be equal and opposite to the effect of increases shown below:

	Changes in basis points	*Effect on profit*
		QR
2018		
Floating rate instruments	**+25 b.p**	**504,432**
2017		
Floating rate instruments	+25 b.p	713,230

Equity price risk

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.

	Changes in equity prices	*Effect on equity*
		QR
2018		
Quoted equity shares	**+5%**	**6,760,555**
2017		
Quoted equity shares	+5%	6,131,036

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

The Group is exposed to credit risk if counterparties fail to make payments as they fall due in respect of:

- Payment of trade and rent receivables as invoices fall due 360 days (2017 : 120 days) after being raised
- Contractual cash flows of bank deposits carried at amortised cost

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 (2017: 120 days) of when they fall due.

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 for as uncollectable when a debtor fails to make contractual payments greater than 360 days (2017: 120 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 2018 Category	***External Credit rating***	***Expected credit loss rate***	***Basis for recognition of expected credit loss provision***	***Estimated gross carrying amount at default***	***Carrying amount (net of impairment provision)***
Short term deposit	Investment grade	**0.10%**	12 month expected losses	**124,716,000**	**124,593,929**
Trade receivable from government entities	Investment grade	**0.51%**	12 month expected losses	**5,154,984**	**5,128,843**

31 December 2017 Category	*External Credit rating*	*Expected credit loss rate*	*Basis for recognition of expected credit loss provision*	*Estimated gross carrying amount at default*	*Carrying amount (net of impair-ment provision)*
Short term deposit	Investment grade	0.24%	12 month expected losses	50,116,000	49,995,115
Trade receivable from government entities	Investment grade	0.34%	12 month expected losses	7,401,776	7,376,482

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2018 is determined as follows:

31 December 2018	***Current***	***30 – 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***
Gross carrying amount	**2,033,212**	**1,420,357**	**969,995**	**701,165**	**972,869**	**1,826,099**	**779,297**	**8,702,994**
Loss allowance provision	**320,104**	**334,769**	**317,901**	**293,410**	**518,108**	**709,866**	**779,297**	**3,273,455**

31 December 2017	*Current*	*30 – 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*
Gross carrying amount	1,833,095	1,166,191	174,136	153,015	127,066	234,769	809,654	4,497,926
Loss allowance provision	178,502	213,348	72,726	93,527	46,671	120,929	589,070	1,314,773

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*
As at 1 January 2017	747,576	1,750,518	2,498,094
Loss allowance reversed in profit or loss during the year	(601,397)	(435,745)	(1,037,142)
As at 31 December 2017	146,179	1,314,773	1,460,952
Loss allowance charged in profit or loss during the year	2,033	1,958,682	1,960,715
As at 31 December 2018	**148,212**	**3,273,455**	**3,421,667**

The gross carrying amount of trade and rent receivables is QR 13,857,978 (2017: QR 11,899,702) (Note 12).

The Group made no write-offs of trade receivables and it does not expect to receive future cash flows or any recoveries from the previously written off financial assets for year ended 31 December 2018 (2017: Nil).

Total loss allowance presented as follows:

	2018 QR	*2017 QR*
Allowance for trade receivable (Note 12)	**3,299,596**	1,340,067
Allowance for term deposits at amortised cost (Note 13)	**122,071**	120,885
	3,421,667	1,460,952

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

27 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.

The table below summaries the maturity profile of the Group's financial liabilities at 31 December based on undiscounted contractual payment dates and current market interest rate.

At 31 December 2018	***On demand QR***	***Less than 1 year QR***	***1- 5 years QR***	***> 5 years QR***	***Total QR***
Trade payables	-	**487,595,083**	-	-	**487,595,083**
Dividends payable	**97,692,093**	-	-	-	**97,692,093**
Retentions payable	-	**21,360,381**	**812,689**	-	**22,173,070**
Payable to contractors	-	**2,796,514**	-	-	**2,796,514**
Other payables	-	**13,004,017**	-	-	**13,004,017**
Loans and borrowings	-	**16,256,910**	**202,695,772**	**86,795,481**	**305,748,163**
	97,692,093	**541,012,905**	**203,508,461**	**86,795,481**	**929,008,940**

At 31 December 2017	*On demand QR*	*Less than 1 year QR*	*1- 5 years QR*	*> 5 years QR*	*Total QR*
Trade payables	-	431,406,765	-	-	431,406,765
Dividends payable	94,731,809	-	-	-	94,731,809
Retentions payable	-	29,156,290	9,423,111	-	38,579,401
Payable to contractors	-	13,491,441	-	-	13,491,441
Other payables	-	13,572,104	-	-	13,572,104
Loans and borrowings	-	16,256,910	81,284,550	43,455,514	140,996,974
	94,731,809	503,883,510	90,707,661	43,455,514	732,778,494

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

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 2018 and 31 December 2017.

Capital includes share capital, legal reserves, optional reserves and retained earnings and is measured at QR 1,414,774,447 at 31 December 2018 (2017: QR 1,406,433,846).

28 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values

Financial instruments comprise financial assets and financial liabilities.

Financial assets consists of bank balances and cash, investment securities, and trade and other receivables. Financial liabilities consist of loans and borrowings and trade and other payables.

Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

31 December 2018	***Total QR***	***Level 1 QR***	***Level 2 QR***	***Level 3 QR***
Quoted equity shares	**135,211,105**	**135,211,105**	-	-
Un-quoted equity shares	**10,204,227**	-	-	**10,204,227**

31 December 2017	*Total QR*	*Level 1 QR*	*Level 2 QR*	*Level 3 QR*
Quoted equity shares	122,620,712	122,620,712	-	-
Un-quoted equity shares	7,127,773	-	-	7,127,773

During the year ended 31 December 2018, 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 (2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

29 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has used its judgments and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant judgments and estimates used are as follows:

Revenue from contracts with customers

The Group applied the following judgements 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 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 judgement, 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, 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.

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 do not expire, 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 2018, the estimated liability for unredeemed points was QR 576,313 (2017: Nil).

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. The Group is considered to be the principal as its controls the goods before they are transferred to the customers. This control is evidenced by the Group's responsibility to transfer the goods to the customers and having discretion in establishing prices subject to the price limit set by the Government of Qatar.

Estimating variable consideration for returns

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

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

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.

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. This estimate is determined after considering the expected usage of the asset and intangibles, physical wear and tear, technical or commercial obsolescence. The Group's management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate the present value. The recoverable amount of the cash generating unit is determined by management based on value in use calculation which uses cash flow projections based on forecast revenue and profit margin which have been projected for five years discrete period. The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The management used discount rates for Qatar Markets Company W.L.L. and Al Meera Market S.A.O.C. (Al Safeer Oman) – five supermarkets 8.57 % and 10.58% (2017: 8% and 10%) and terminal growth rate of 2.7 % and 2.2 % respectively (2017: 3% and 2.6%).

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

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables and other financial assets is disclosed in Note 27.

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 as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.