

Al Meera Annual  
Report 2017

# Advancing in the face of blockade





His Highness,  
Sheikh Tamim Bin Hamad  
Al Thani

*Emir of the state of Qatar*



His Highness,  
Sheikh Hamad Bin Khalifa  
Al Thani

The Father Emir

# Advancing in the face of Blockade

Al Meera stands  
resilient, and continues  
the march towards  
Qatar National Vision  
2030.



# About Al Meera

### About us

Al Meera is Qatar's leader in the retail industry. For the last 11 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 52 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.

### Our Vision

**To be the favourite  
neighbourhood  
retailer.**

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### Our Mission

To serve our customers with quality and dedication, develop friendly and knowledgeable employees and share our resources with the community.

To serve our customers with unmatched quality & dedication.

To develop friendly, knowledgeable employees in a professional work environment.

To reward the communities we work within by implementing the highest standards in everything we do and share our resources.

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### Our Values

#### Lead

We believe risk is a key ingredient to leadership. AI Meera will lead, by embracing a risk-taking culture. We will grow our brands into proud national retail symbols and export them to achieve an international leadership position.

#### Listen

We believe that our customers should live at the center of everything we do. Without them, we do not exist.

We will listen to them, understand and anticipate their needs. In our stores, they should feel our passion, smiles and true commitment to satisfy them.

#### Innovate

We believe that creativity is the new currency in our global economy. In a relentless pursuit of our customers' loyalty, we will constantly delight and surprise them with ideas, and inspiration, to improve their lives. We will invest in creative resources.

#### Respect

We believe it is our duty to create a positive social and environmental impact in our community. We define our corporate social responsibility by three areas: Supply chain ethics and quality standards, Environmentally sound practices, Charitable support

# Board of Directors

**Leading calmly  
through the blockade**

Providing alternatives for  
supply shortages;  
Stabilizing prices despite the  
acquired costs of emergency  
logistics.





## Board of Directors Profiles

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### Sheikh Thani Bin Thamer Bin Mohammed Al Thani

(Chairman

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 a board member in Qatar Petrochemical Company (QAPCO), in addition to his position as a member of the Board of Directors at Oryx GTL Limited.

The previous experience of Sheikh 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 programmes, 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.

## Board of Directors



### Dr. Saif Said Al Sowaidi

**(Vice Chairman  
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. and 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 till now. He is the Vice Chairman and Board of Directors of Al Meera Consumer Goods, Co. from 2007 till 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. At the present Dr. Saif is the managing lead for two very ambitious projects at Qatar Universities: Strategic Planning and Institutional Accreditation.

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



### H. E. Dr. Saleh Mohammed Al Nabit

**(Elected Board Member)**

On June 2013, H.E. Dr. Saleh 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 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 a Member of Al Meera's Investment Committee.

## Board of Directors Profiles

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**Mr. Mohammad Abdulla  
Al Mustafawi Al Hashemi**  
(Elected Board Member)

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

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

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

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



**Mr. Hassan Abdallah Al Asmakh**  
(Elected Board Member)

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 till 2011.

He also worked in the Corporate Banking, HSBC Bank from 2001 till 2005.

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



## Board of Directors

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### **Mr. Ahmed Abdullah Al Khulaifi**

#### **(Elected Board Member)**

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. 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 a Member of Nomination & Remuneration Committee.



### **Mr. Mohammed Ibrahim Al Sulaiti**

#### **(Elected Board Member)**

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. He is the member of the Board of Directors of various companies such as Halul Offshore Services Company, Al Meera Consumer Goods, Co. and Beema Insurance company, Barwa Real Estate and Barwa Bank

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

## 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 2017.

Indeed, 2017 was a year that bore significant challenges to the local and regional market environment, at the forefront of which was the June GCC crisis and the economic blockade of Qatar.

As the political crisis progressed, various national institutions undertook the responsibility to assure the needs of the population are met, and in regards to the day-to-day essentials of the people, Al Meera took on the responsibility with rigor.

With the closure of the land borders and the ensuing confusion amongst the population, Al Meera calmly

addressed each challenge presented, and brought assurance to the people of Qatar, with the support of the country's leadership. Al Meera emerged as a stronger national brand, with an even more loyal customer base.

In this context, our international expertise led us to leverage our relationships to ensure that we could maximize international supply chains, bringing a plethora of new products from dozens of supporting countries, including Turkey, Azerbaijan, Brazil, Lebanon, Kuwait and Oman, to name just a few.

Since the announcement of the blockade, Al Meera has listed over 20,000 individual items as direct replacements for those from blockading countries, and continues tirelessly in this journey. The program of direct import from supporting countries has been supported by dedicated personnel, and has brought about a change in the buying culture of companies. This has resulted in the ability to source new ranges and products, as well as goods that are similar to existing ones at lower prices – a benefit for every consumer in Qatar.

In doing so, Al Meera not only succeeded in securing all of the short-term needs of the country, but also started to forge new long-term relationships, all whilst in the backdrop of supporting locally produced, Qatari products.

Thanks to our loyal customers, and the support of key stakeholders including the Ministry of Economy and Commerce, Ministry of Finance, and Hassad Qatar, Al Meera played a pivotal role throughout the year in steering the national economy towards supporting local entrepreneurs and SMEs, achieving more economic diversification, and self-sustainability.

In addition to welcoming our new deputy chief operating officer (DCEO) on board, the new leadership has positively – in line with the company's policies and strategic direction – helped Al Meera overcome market

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challenges, all whilst continuing to bring its vision to life.

This has led to our continued growth, and solid financial results, reflected in the positive changes to Al Meera's key performance indicators (KPI's) in 2017.

Moreover, 2017 also witnessed further progress in the company's expansion plan, which aims to bring Al Meera's signature shopping experience to more neighborhoods across the various regions of Qatar, while effectively contributing to the real estate development of areas that are witnessing a population boom or where existing retail services are lackluster. In 2017, Al Meera brought on-line 4 new malls, adding a further 6,095 sqm to its retail space. In addition, the company added 3 convenience stores, further fulfilling the Company's vision of becoming Qatar's 'Favourite Neighbourhood Retailer'.

In 2017, Al Meera spared no effort to live up to its role-model status in the realm of good corporate citizenship, with a lineup of humanitarian, social and environmental initiatives that were successfully met with great acclaim and engagement from all segments of society.

One such example of this was Al-Meera's commitment to the economic lives of the local community. Already supporting local farmers and producers, Al Meera soon found itself in a position of practically supporting local entities, from ensuring that locally grown vegetables were found on the majority of our shelves, and supporting the up-scaling of locally produced milk, to ensuring that niche Qatari home-produced goods have visibility in our key stores, under a special initiative that was established in partnership with the MEC and Bedaya.

The company's outstanding achievements, continuous growth and sustained profitability over its decade-long history, culminated in Forbes Middle East honoring Al Meera for its pivotal role in shaping Qatar's economy and leading the country towards another successful era.

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 Emir of The State of Qatar, for the unequivocal leadership of the State and his vision for the growth, development and security of Qatar.

We would also like to thank His Highness the Father Emir Sheikh Hamad bin Khalifa Al Thani, who built the solid foundations upon which the nation continues to be developed.

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 continuous support and guidance. Our appreciation and thanks also go to the Companies Control Department at the Ministry of Economy and Commerce for its constant 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 and continue in its vision of being "Your Favourite Neighbourhood Retailer". Our thanks are also extended to the executive management and employees of Al Meera for their dedication and diligence.

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,**

**Chairman of the Board**

Al Meera Annual Report 2017

# Corporate Governance Report

At pace with urban  
development,  
Al Meera shopping  
centers are state of  
the art.

Spacious with intelligent  
design; Providing a diverse  
retail experience.





### 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 2017 to 31 December 2017.

### 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 of 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 take advantage of the permitted period from the QFMA 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. Their 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 19 March 2017, 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 2016, and the Company's plan.
- Approved External Auditors' Report for the financial year ended 31 December 2016.
- Approved the Balance Sheet and Profit and Loss Accounts for the year ended 31 December 2016.
- Endorsed the seventh Corporate Governance Report for Al Meera, which covers 2016.
- Approved the Board of Directors' recommendation to distribute 90% cash dividends to shareholders amounting to QAR 180,000,000 (QAR 9 per share).
- Absolved the Directors of the Board from any liabilities for the financial year ended 31 December 2016, and approved their remuneration.

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 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 introduced 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 10,000,000 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.

Additionally, the Board of Directors also approved in the Extraordinary General Assembly meeting held on 05/10/2016, the amendment of the Articles of Association as per the requirements of the regulatory bodies in accordance with the articles of the Commercial Companies Law No. 11 of 2015. The Company is currently in the process of updating its Articles of Association

Furthermore, the following decisions were approved in the same Extraordinary General Assembly meeting:

- Amend Article no (6) of the Articles of Association of the company to transfer the shares of the Government of the State of Qatar amounting to 26% in Al Meera to Qatar Holding Company.

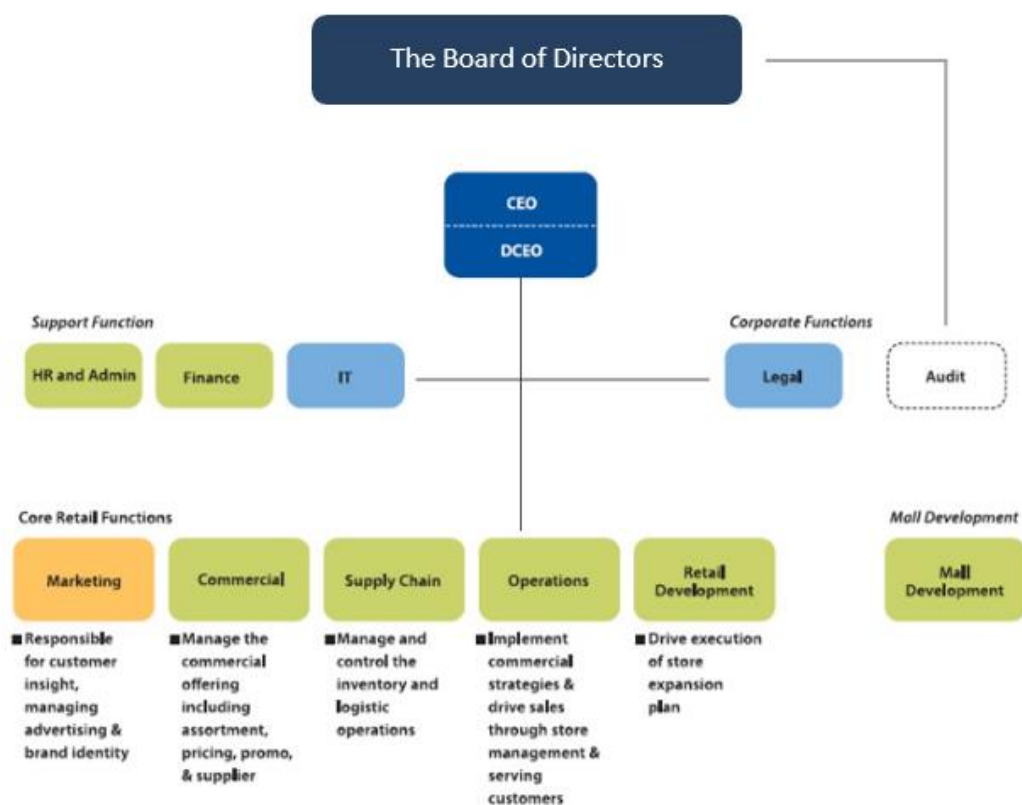
- Amend article number (26) of the Articles of Association to state “The Board of Directors shall manage the company and shall consist of seven members two of them shall be appointed by Qatar Holding against its shares, provided that one of them shall be the Chairman of the Board. The remaining members shall be elected by secret ballot and Qatar Holding may not participate in the election of the board members.”
- Amend article number (35) of the Articles of Association to state “The General Assembly may dismiss the Chairman of the Board or any of the Board Members according to the suggestion issued by the Board of Directors by absolute majority, or according to the request signed by a number of shareholders holding not less than quarter of the company’s capital subject the approval of Qatar Holding. If the dismissal is related to the Chairman of the Board or the other member who is appointed for the Holding Company’s shares.”
- The sentence “The Government of the State of Qatar “shall be replaced with the sentence “ Qatar Holding Company” wherever seen and read in the company’s Articles of Association”.

### 5. The Board of Directors

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 take advantage of the permitted period from the QFMA to ensure compliance the provisions of the newly introduced Code.

### 6.1. Board Charter

AI 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. AI Meera will take advantage of the permitted period from the QFMA to ensure compliance the provisions of the newly introduced Code, specifically articles 8 and 9 of the newly introduced code.

Once approved, the amended Board Charter will be 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.

In addition to the efforts that have been made, the company will take advantage of the permitted period from the QFMA to ensure compliance the provisions of the newly introduced Code. Once approved, the amended Board Code of Conduct will be published on the corporate website for general reference by the 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, and the one vote principle was followed as per the Article of Association and the Commercial Company Law number 5 of 2002 and its amendments. Qatar Holding did not participate in this election.

Furthermore, Al Meera will take advantage of the permitted period from the QFMA to ensure compliance the provisions of the newly introduced Code, specifically articles 5, 6 and 7 of the newly introduced code. Further details of our distinguished Board members are included in Annex 1 to this Report.

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	Mr. Ahmed Abdullah Al Khulaifi*	Member	May 2007	Shareholders	Non Independent	2,000
4	Dr. Saleh Mohammed Al Nabit	Member	February 2005	Shareholders	Independent	36,500
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 6 times during the reporting period with the following attendance.

Al Meera will take advantage of the permitted period from the QFMA to ensure compliance 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	Date of Inviting the Board
1	20 February 2017	7	-	-	8 February 2017
2	18 July 2017	6	1	-	5 July 2017
3	9 August 2017	4	3	-	31 July 2017
4	14 October 2017	5	2	-	2 October 2017
5	21 November 2017	6	1	1	9 November 2017
6	21 December 2017	4	3	-	7 December 2017

### 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.

### 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 Acting Chief Executive Officer, Mr. Cobus Lombard. 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, Al Meera will take advantage of the permitted period from the QFMA to ensure compliance 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.

Al Meera will take advantage of the permitted period from the QFMA to ensure compliance the provisions of the newly introduced Code, specifically article 12 of the newly introduced code.

### **6.9. 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 Board proposed remuneration was approved by the General Assembly.

## **7. Board Committees**

The Board has established the following 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 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 it a mandate to review of 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.

Furthermore, Al Meera will take advantage of the permitted period from the QFMA to ensure compliance the provisions of the newly introduced Code, specifically articles 18 and 19 of the newly introduced code.

The Committee comprises of five (5) members:

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. El Sayed Mohammed Salem	Member	Executive – Internal Audit
5	Mr. Hisham Walid Dally	Member & Secretary	Executive – Internal Audit

The Audit Committee has met 5 times in 2016, 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 a 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 co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
- Review the following with the Director of Finance and External Auditors upon completion of the quarterly reviews and annual examination:
  - The quarterly and audited annual financial statements and related footnotes, integrity of financial reporting of the Company in accordance with accounting principles applied in the Company. The Audit

## Corporate Governance Report

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.

### 7.2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was established in 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) members, and has met twice during 2017:

No.	Name	Role	Status
1	Mohammed Abdullah Al Mustafawi Al Hashemi	Chairman	Board Member, Non – Executive
2	Mr. Hassan Abdullah Al Asmakh	Member	Board Member, Non – Executive
3	Mr. Ahmed Abdullah Al Khulaifi	Member	Board Member, Non – Executive
4	Mr. Elamin Mastour Elfaig	Secretary	Legal and Compliance, Executive

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

- The Committee recommended that the personnel regulations of the Company be amended to include the right of Qatari employees working in the Company to be paid end of service benefits for their period of service.

- The Committee agreed to amending the remuneration policy of the members of the Board so that it shall not exceed 5% of the net profit after deduction of reserves and deductions in accordance with the provisions of the new Companies Law. The Committee also decided to reward the Secretary of the Board of Directors in accordance with the ongoing practices of the listed companies.
- The Committee discussed the annual remuneration of the employees of the Company and decided that it is calculated based on the performance assessment for 2017.
- The Committee discussed the proposed annual salary increments for 2017.
- The Committee discussed the Draft Policy on Remuneration and Nominations issued by the Advisory Office, which is guided by local and regional practices and determinants that do not conflict with the regulations of the State of Qatar.

### 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 six (6) members, and has met four (4) times during 2017. 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
5	Mr. Cobus Lombard	Member	Acting CEO, Executive
6	Mr. Teck Boo Chow	Member & Secretary	Director of 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 six (6) following members, and it has met 22 times during 2017:

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	Mr. Teck Boo Chow	Member	Director of Finance, Executive
4	Mr. Elamin Mastour Elfaig	Member	Legal and Compliance, Executive
5	Mr. Hisham Walid Dally	Member	Internal Audit, Executive
6	Mr. Mohammed Alaaeldin Mansour	Secretary	Secretary

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 recruited 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.

Al Meera will take advantage of the permitted period from the QFMA to ensure compliance 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 Member in addition to the board composition in various committees may be found in the annual report of the Company in addition to the 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.

Al Meera will take advantage of the permitted period from the QFMA to ensure compliance the provisions of the newly introduced Code, specifically with increasing the reporting frequency to be quarterly

### 12. Related Party Transactions

For information on the related party transactions, please refer to Note 25 "Related Party Disclosures" of Al Meera's audited consolidated financial statements for the year 2017.

### 13. External Auditors

The Annual General Assembly held on 19 March 2017 appointed "Ernest & Young" as Al Meera's external auditor for Year 2017 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. For the Year 2016, cash dividend of QAR 180,000,000 Million, i.e., QAR 9 per share was approved by the Annual General Assembly held on 19 March 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 year 2016, the Shareholders approved the Board remuneration in the amount of QAR 6,156,000.

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 approves performance related bonus for 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 2017.

### 17. Legal and Judicial Dispute

There are four cases being looked at by the courts for the judicial year 2017 for the period from 1/1/2017 to 31/12/2017 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 Company will take advantage of the permitted period from the QFMA to ensure compliance 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 services, the internal audit has provided a documented assessment of the internal control system on an annual basis.

Al Meera will take advantage of the permitted period from the QFMA to ensure compliance the provisions of the newly introduced Code.

### 22. Whistle blowing

A mechanism has been designed and implemented to enable employees 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.

### 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 Central Markets S.P.C.
- Al Meera Development Company L.L.C.
- Qatar Markets Company L.L.C.
- Al Oumara Bakeries Company L.L.C.
- Al Meera Bookstore Company S.P.C.
- Aramex Logistics Services Company. 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 the Swiss laws and regulations.

Al Meera Annual Report 2017

# Board of Directors' Report

**Al Meera is bringing  
Qatar National Vision  
2030 to life.**

We honor our  
participation with the  
individual, the community,  
and the economy.





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 Twelfth Annual Report on the Company's operations and financial position for the year ended 31 December 2017.

Under the guidance of the Board of Directors, Al Meera confirmed its position as the country's retailer of choice and continued to play an instrumental role in supporting its national economy, while bringing the retail chain's world-class shopping experience to consumers in more neighbourhoods and regions across Qatar.

Now in its 12th year, Al Meera continues to build upon the stable growth it has established over the years, as well as invest in the future of the organisation, all while staying true to the social and cultural values of the beautiful State of Qatar. This was all achieved under the aims of supporting the vision for success, as defined by the Emir of Qatar, and the Qatar National Vision (QNV) 2030.

### Expansion

In 2017, Al Meera made strides to continue the Company's expansion plan, in line with its mission to keep pace with Qatar's urban planning and development, which covers new areas and others that have recently witnessed a population boom.

This translated in the launch of 4 new shopping centres during the year, bringing the number of branches that have opened their doors to consumers since the Company announced its 14-branch expansion plan, to 47. The 4 community shopping centres – located in Um Salal Ali, Al Wakra East, Leaibab 2, and Umm Garn – add a total of 6,095 square meters supermarket area to

the company's presence in Qatar. During the year, the Company also opened three convenience stores; two in education institutions – Doha Institute and HBKU (Qatar Foundation) – to offer students easy access to their daily needs, and a third in Al Udeid Army Camp to serve the country's military personnel.

All of Al Meera's branches opened in 2017 are equipped with modern interior designs and shelving installations, state-of-the-art facilities, and parking spaces, in addition to shops and a food court, providing their areas' residents with all their shopping needs under one roof, in line with the Company's motto of being consumers' 'Favourite Neighbourhood Retailer'. Some of the shopping centres also feature Al Meera's popular fresh sections, which include a butchery, fishery, bakery and a delicatessen.

In parallel, Al Meera Markets SAOC (Al Meera Oman) spared no effort on its plan to grow its network to reach 10 community malls spread across the country's various regions by 2022. The current expansion phase comes as part of the Company's mission to provide consumers in every corner of the Sultanate with a great shopping experience that provides true value for money.

In 2017, Al Meera Oman announced the beginning of engineering design works for a number of its branches in the Sultanate, following the signing of lease contracts for four plots of land in Al Amirat (about 14,000 square meters), Salalah (40,000 square meters), Sur (40,000 square meters), and Al Suwaiq (about 22,000 square meters). The design work has begun at Al Amirat branch, and the master site plan for the Salalah branch has been submitted for approval.

By the end of 2017, Al Meera boasted a network of 52 branches with 47 in Qatar (endowed with a total retail space of nearly 71,552 square meters, including its hypermarket at Hyatt Plaza) and 5 in the Sultanate of Oman.

Need to touch on main financial indicators such as total sales, net profit and some percentages.

## Future Plans

Al Meera will focus on completing its projects that are scheduled to come on-line in the first quarter of 2018, and will continue coordinating with the Ministry of Municipality and Environment (MME) to ensure that as the State of Qatar continues in its quest for urban growth and expansion, Al Meera will be the partner of choice to serve those areas.

In this context, the Company is currently working on the establishment of nine more stores, which are set to bring Al Meera's distinctive shopping experience and world-class services to consumers in Al Khor, Rawdat Aba El Heran, Al Saliya, Leaibab 1, Azghawa, Rawdat Al Hamama, Msheireb Downtown Doha, Jeryan Junaihat and Ain Khaled.

The ambitious expansion plan has been set in motion as an answer to Al Meera's strategic research and its mission to continue serving the diverse communities in Qatar wherever they are, while effectively contributing to the urban development of the country.

Among the company's upcoming shopping centres, Al Meera Msheireb Downtown Doha store will be a unique, one of its kind facility in the State of Qatar. Fifty percent of the store area will house an organic store. Within the organic store, dedicated areas will accommodate an organic café and restaurant along with a special section for organic fruits and vegetables. This new project will spearhead the move of Al Meera into providing organic products to its customers in communities where there is a demand for such speciality.

In addition to that, Al Meera is in the final stages of

confirming two exciting projects that aim to bring about greater efficiencies and a boost in sales. The first project revolves around the strategic review of the business, with the aim of better understanding the constantly changing marketplace. Especially post-blockade, the perceived shift in demographic, the fluctuating urbanisation levels, and the evolving needs of the consumer, all require a detailed strategy review in order to understand the marketplace better, and to drive efficiencies in fulfilling consumers' demands in Qatar.

**Our  
net profit  
194M**

# Notable Achievements

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For the second project, Al Meera is in the final stages of selecting a partner for delivering a new customer-excellence scheme that revolves around multiple channels. One of the core elements of the new scheme is the loyalty and marketing platform, which will allow us to understand the customer on a deeper level and subsequently deliver marketing that better represents their needs; direct, customer-focused, needs-orientated marketing that utilises modern communication channels will create a positive impact on sales.

Furthermore, the Company will continue to bring progress to its vision for the Omani market, with the aim of doubling its network of branches in the Sultanate within the next five years. Al Meera Oman is currently considering the possibility of setting up major partnerships with a number of organizations to establish its presence in the four sites that Al Meera will develop, to provide goods and services that cater to the needs of the residents of those areas. The company is also seeking to tender the construction of its commercial centre in Al Amirat during the first quarter of 2018, as well as for its Salalah branch, following which it will focus on the development of its properties in Sur and Suwaiq, respectively.

## 2017 Notable Achievements

One of the highlights of the year was the expansion of Al Meera's international supply chain, in response to the changing market dynamics and regional logistical challenges. This has led to opening previously untapped markets, bringing a plethora of new products from dozens of supporting countries, including Turkey, Azerbaijan, Brazil, Lebanon, Kuwait and Oman, to name just a few.

In the course of diversifying the country's national economy and achieving self-sustainability, the Company

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strengthened its collaboration with local farmers and continued to work closely with Small and Medium Enterprises (SMEs) in order to allow startups to grow with Al Meera, while enriching consumers' choices and balancing the big players' monopoly of the market.

In this framework, Al Meera participated in Qatar Development Bank's (QDB) 2nd Government Procurement & Contracting Conference and Exhibition "Moushtarayat 2017", held under the patronage of Prime Minister and Minister of Interior, HE Sheikh Abdullah Bin Nasser Bin Khalifa Al Thani. As part of its participation, the Company provided local SMEs and Startups with an ideal platform, through which they can grow their business and usher in a new wave of opportunities for public-private sector cooperation, towards the diversification of the national economy.

Furthermore, Al Meera announced the launch of a special initiative, in collaboration with Bedaya Center and the Ministry of Economy and Commerce (MEC), to offer local producers and startups in the food industry with prominent shelf space in its store at Gulf Mall shopping center, thereby providing entrepreneurs in the country with a premium platform to introduce their products to the market and sell them to consumers.



**Al Meera strengthened its collaboration with local farmers and continued to work closely with Small and Medium Enterprises (SMEs) in order to allow startups to grow**



*Responsibilities of Management and Board of Directors*

**Al Meera participated in Qatar Development Bank's (QDB) 2nd Government Procurement & Contracting Conference and Exhibition "Moushtarayat 2017"**



## Social Responsibility

### Social Responsibility

In 2017, Al Meera spared no effort to live up to its role-model status in the realm of good corporate citizenship, with a line-up of humanitarian, social, and environmental initiatives that were successfully met with great acclaim and engagement from all segments of society.

To celebrate the honourable values of the Holy Month of Ramadan, Al Meera launched its '1438 consumer goods at cost price' offer, as a tribute to the Islamic Year 1438. The campaign came as an extension of the previous year's Ramadan offer, and presented patrons of 35 Al Meera branches, as well as its Hypermarket in Hyatt Plaza, with the opportunity to purchase 1438 products that had been carefully selected to cater to the specific needs of shoppers in the holy month. The products were offered at cost to the consumer, thereby actively giving back to the community in a time where there is such reliance upon the sharing of food.

As an extension of its Ramadan campaign, Al Meera also participated at the 'Meerat Ramadan at Katara' consumer goods festival. The festival hosted more than 30 local food supply companies offering a variety of Ramadan culinary items at low prices, in order to help families around the country in their preparations for welcoming the Holy Month.

In addition – and for the first time as part of its campaign during the Holy Month – Al Meera launched its 'Feed Hope' food bank initiative at five of the Company's shopping centres as well as its Hypermarket in Hyatt Plaza. Through dedicated booths located at the exits of the selected stores, Al Meera's customers had the chance to donate purchased items, which were then assembled by Al Meera's energetic workforce, and delivered to Qatar Charity.

In the context of providing consumers with the most convenient shopping experience in Qatar, Al Meera made arrangements with the Ministry of Economy and

Commerce (MEC) to extend the operating hours at 2 of its branches, in addition to turning its shopping centre in Al Mansoura into the Company's second 24-hour branch in Qatar.

Honouring the Company's annual traditions, Al Meera continued to mark its presence in national events and activities, and extended its support to local events that reflect the Company's pride in its homeland and its gratitude to the nation's leadership.

Al Meera celebrated the 2017 Qatar National Day alongside government institutions on the 18th of December, sponsoring a variety of events. In support of the Organizing Committee of the National Day activities, Al Meera was present at Darb Al Sai, reflecting the need to be a part of every community activity. Al Meera provided snack bags for the schools visiting the event, while our presence at the National Day parade was witnessed by the distribution of free water to the public. Moreover, Al Meera's choice as the golden sponsor of the "Qatar National Record" illustrated its support for the leadership of the country, and served as a statement to the world of the position, status, and achievements of the State of Qatar, HH the Emir, and the glorious heritage of the country.

As one of the leading national companies in Qatar and a cornerstone of its national economy, Al Meera installed wall murals featuring the iconic 'Tamim Al Majd' portrait at several of its branches across the country. The initiative gave Al Meera's patrons, as well as Qatar's citizens and residents, the chance to stamp their support for the country's leadership amid the challenging blockade.

On an equally important front, the Company's keenness on spreading the culture of sports among society's various segments, led Al Meera to celebrate Qatar's sixth National Sport Day at the Cultural Village Foundation (Katara). Al Meera's role involved offering

sports enthusiasts and event participants fresh fruits, healthy snacks and water at different locations throughout Katara, with the aim of inspiring the community to lead happy and healthy lives.

In addition to taking part in the National Sport Day celebrations, Al Meera sponsored several prominent sports events throughout the year including the Artistic Gymnastics World Cup 2017 and the Diamond League organized by Qatar Olympic Committee. Al Meera was also an Official Partner of the FINA Airweave Swimming World Cup 2017.

In parallel with such open handed initiatives, Al Meera sponsored and supported various community-development initiatives in 2017, including sponsoring the GCC Traffic Week, organized by the Ministry of Interior's Traffic Department, supporting the Qatar Society for Rehabilitation of Special Needs by providing water and essential goods to the institution, and providing the clients of the Qatar Foundation for Elderly People Care (EHSAN) with free shopping vouchers to use at its stores.

**Our  
total assets  
(QAR)**

**2.2B**

**EPS (QAR)**

**9.7**

# Awards and Accolades

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### Awards and Accolades

Crowning its steadfast evolution and community development efforts, Al Meera's achievements in 2017 translated into many awards and certificates from eminent institutions.

In May 2017, Al Meera was awarded the ISO 9001:2015 certificate by Bureau Veritas Certification Holding SAS – UK, as a testament to the Company's unwavering commitment to quality. The remarkable achievement marked the first time in Qatar that a Company in the retail sector claims this sought-after certification.

The Company also received an accolade from Forbes Middle East for its pivotal role in shaping Qatar's economy and leading the country towards another successful era. Al Meera took home the coveted trophy during a special ceremony that celebrated individuals and businesses that have made strides in taking the peninsula's economic and social status to greater heights.

Moreover, Al Meera's fruitful community development efforts culminated in winning Qatar University's (QU) responsible leadership award. Al Meera claimed the sought-after award in recognition of its draft of the global management project "Social responsibility and its impact on local and international companies".

Al Meera was proud to have won a prestigious award in Qatar Stock Exchange's Investor Relations Excellence Awards Ceremony, as the "Best Investor Relations" in Small-Cap Company category. This reflected our transparency and excellence in facilitating open communication to financial markets.

Going forward, Al Meera will continue to strive and pour all efforts to mark even more accomplishments across its journey.

**Al Meera's fruitful  
community  
development efforts  
culminated in winning  
Qatar University's (QU)  
responsible leadership  
award**



*Excellence Award 2017*

**The award ceremony  
was held in the  
presence of HE Salah  
bin Ghanem Al Ali, the  
Minister of Culture and  
Sports, who received  
'The CSR Person of the  
Year 2016' award.**



Al Meera Annual Report 2017

# Performance Review

**We worked  
hand-in-hand with  
the community**

Al Meera's immediate response and action plan during the blockade is an example of Qatar's strength as a country and people.





Fresh  
Laban

1 Ltr

Full Fat

لبن  
مالح



## Review of 2017 performance

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### Operations highlights

- Listed over 20,000 individual items as direct replacements for those from blockading countries, since the announcement of the blockade, from dozens of supporting countries including Turkey, Azerbaijan, Brazil, Lebanon, Kuwait and Oman.
- Established partnership with the MEC and Bedaya to support and sell Qatari home-produced goods – locally grown vegetables and locally produced milk – in Al Meera's key stores to further strengthen its collaboration with local farmers.
- Continued to work closely with Small and Medium Enterprises (SMEs) to allow startups to grow with Al Meera, while enriching consumers' choices and balancing the big players' influence of the market.
- Opened four new Al Meera community shopping malls located in Umm Salal Ali, Al Wakra East, Leaibab 2, and Umm Garn in Qatar.
- Opened three convenience stores; two in education institutions – Doha Institute and HBKU (Qatar Foundation) – and a third in Al Udeid Army Camp.
- Finalised plans to open six new Al Meera community shopping malls in 2018, located in Al Khor, Rawdat Aba El Heran, Al Sailiya, Leaibab 1, Azghawa and Rawdat Al Hamama.
- Finalised plans to open Al Meera Msheireb Downtown Doha store in 2018, with fifty percent of the store area dedicated to housing an organic speciality store.
- Signed lease contracts for four plots of land in the Sultanate of Oman – Al Amirat, Salalah, Sur and Al Suwaiq.
- Completed design work for Al Amirat branch, and the master site plan for the Salalah branch and submitted plans for approval.
- Commenced a project to conduct a detailed strategic review of the business, with the aim of better understanding the constantly changing marketplace.
- Commenced a project to launch a new personalised, customer focused, lifestyle loyalty programme in 2018, aimed at offering Al Meera customers, transaction and interaction based recognition, together with privileges, tangible rewards and benefits.
- Awarded the ISO 9001:2015 certificate by Bureau Veritas Certification Holding SAS – UK, as a testament to the Company's unwavering commitment to quality.
- Received an accolade from Forbes Middle East for its pivotal role in shaping Qatar's economy and leading the country towards another successful era.
- Won Qatar University's (QU) responsible leadership award in recognition of its draft of the global management project "Social responsibility and its impact on local and international companies".
- Received the 2017 Best Investor Relations – Small Cap Award sponsored by Qatar Stock Exchange and Iridium.

### Financial highlights

- Group sales increased 10.0% (QAR 260.8 million), from QAR 2,604.4 million to QAR 2,865.2 million.
- Group gross profit increased 9.0% (QAR 39.7 million), from QAR 442.2 million to QAR 481.9 million.
- Group gross shops rental income increased 0.3% (QAR 0.2 million), from QAR 69.3 million to QAR 69.5 million.
- Group operating income increased 6.8% (QAR 36.1 million), from QAR 531.6 million to QAR 567.7 million.
- Group net profit attributable to equity holders of the parent decreased 2.6% (QAR 5.1 million) from QAR 199.2 million to QAR 194.1 million.

### Financial Results

#### Sales and gross profit

Sales for the year totaled QAR 2,865.2 million, an increase of 10.0% (QAR 260.8 million), compared to QAR 2,604.4 million in 2016. The eight new stores opened in 2017 (Umm Salal Ali, Al Wakra East, Leaibab 2, Umm Garn, Muzn – Oman, Doha Institute, HBKU (Qatar Foundation), and Al Udeid Army Camp) and two new stores opened in the last quarter of 2016 (Bu Sidra and North Sailiya) together contributed QAR 226.3 million to the total sales.

Like for like sales from 46 stores operating in Qatar and Oman, grew by 3.3% in 2017.

The table shows the sales from like for like sales, new stores and closed stores for 2017, compared to 2016:

#### QAR IN MILLION

	2017	2016	Variance (QR)	Variance (%)
<b>Like for like sales</b>	<b>2,634.6</b>	2,551.0	83.6	3.3%
<b>New stores</b>	<b>226.3</b>	12.8	213.5	1668.0%
<b>Closed</b>	<b>4.3</b>	40.6	(36.3)	-89.4%
<b>Total</b>	<b>2,865.2</b>	2,604.4	260.8	10.0%

The closed stores were Mora store and Beverly Hills store (closed in 2017) and Airport Road store (closed in 2016).

Group gross profit increased by 9.0% to QAR 481.9 million, compared to 2016.

## Review of 2017 performance - Continued

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### Financial Results - Continued

#### Operating income

Shop rental income from leased shops in company's malls increased slightly (0.3%) from QAR 69.3 million in 2016 to QAR 69.5 million in 2017.

2017 has been a difficult year for the rental market in Qatar. Many tenants experienced a decline in sales. This prompted Al Meera 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 in 2017.

Operating income increased by 6.8%, from QAR 531.6 million to QAR 567.7 million, attributable mainly to increased sales.

#### Net profit attributable to equity holders of the parent

Despite a challenging year, the group ended the year 2017 with net profit attributable to equity holders of the parent of QAR 194.1 million, a decrease of 2.6%, compared to 2016.

#### Earnings per share

Earnings per share attributable to equity holders of the parent in 2017 equated to QAR 9.70 per share, compared to QAR 9.96 in 2016.

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### Dividends for shareholders – 2017

On 27 February 2018, the Board of Directors proposed cash dividend of QAR 8.5 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 0.5% (QAR 10.1 million), from QAR 2,209.3 million in 2016 to QAR 2,219.4 million as at 31 December 2017.

#### Total equity

Total equity decreased by 1.5% (QAR 21.2 million) from QAR 1,442.6 million to QAR 1,421.5 million as at 31 December 2017.

#### Bank debt

Bank borrowings – current and non-current as at 31 December 2017, totaled QAR 121.7 million, compared to QAR 133.9 million as at 31 December 2016. This relates to a loan taken from Qatar Development Bank (QDB) to partially fund the acquisition and store renovations.

### Net profit contribution from each operating segment

AI 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-17	31-DEC-16	Variance (QR)	Variance (%)
<b>Retail</b>	<b>125.6</b>	<b>121.3</b>	<b>4.3</b>	<b>3.5%</b>
<b>Leasing</b>	<b>60.5</b>	<b>63.6</b>	<b>(3.1)</b>	<b>-4.9%</b>
<b>Investments</b>	<b>8.2</b>	<b>14.9</b>	<b>(6.7)</b>	<b>-45.0%</b>
<b>Total</b>	<b>194.3</b>	<b>199.8</b>	<b>(5.5)</b>	<b>-2.8%</b>

- Net profit from retail operations increased by 4.2% in 2017, compared to 2016 because of increased in sales.
- Net profit from leasing activities declined by 4.9% in 2017, compared to 2016, mainly attributable to adverse rental market conditions.
- Net profit from investment activities declined by 45.0% in 2017, compared to 2016, due to lower dividend income, and bank profit income as more cash was utilised to fund expansion.

## Review of 2017 performance - Continued

### Key Performance Indicators

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

Key Performance Indicators (KPIs)	As at	
	31-DEC-17	31-DEC-16
Return on assets	8.8%	9.6%
Return on equity attributable to equity holders of the parent	14.0%	14.3%
Current ratio	1.0	1.3
Quick asset ratio	0.7	1.0
Debt to equity ratio	0.6	0.5

- Return on assets decreased from 9.6% (2016) to 8.8% as at 31 December 2017. The decrease was mainly attributable to increase in property and equipment during the year. These new assets have yet to generate profit for company.
- Return on equity attributable to equity holders of the parent decreased from 14.3% (2016) to 14.0% as at 31 December 2017. The decrease was due to lower net profit (QAR 194.1 million) achieved in 2017, compared to 2016 (QAR 199.2 million).
- Current ratio decreased from 1.3 times as at 31 December 2016 to 1.0 times as at 31 December 2017. The decline in current ratio was brought about by conversion of cash to fixed assets, and an increase in suppliers' payables.
- Quick asset ratio decreased from 1.0 times as at 31 December 2016 to 0.7 times as at 31 December 2017. The decrease was brought about mainly by an increase in payables to suppliers and contractors.
- Debt to equity ratio increased slightly, from 0.5 times as at 31 December 2016, to 0.6 times as at 31 December 2017.



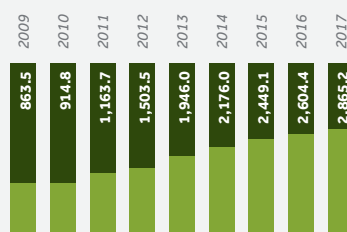


# Review of 2017 performance - Continued

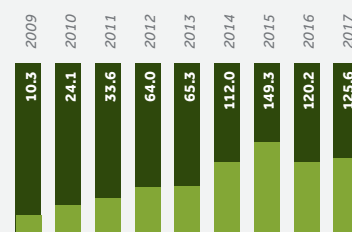
A summary of all the company's key performance indicators from 2006 to 2017 are given in the table below:

Key Performance Indicators (2006-2017)	In Millions Qatari Riyals				
	2017	2016	2015	2014	2013
Net sales	2,865.2	2,604.4	2,449.1	2,176.0	1,946.0
Total assets	2,219.4	2,209.3	1,966.4	1,990.9	1,795.3
Average total assets	2,214.4	2,087.8	1,978.6	1,893.1	1,420.7
Total equity	1,421.5	1,442.6	1,425.2	1,444.7	1,404.0
Average total equity	1,432.0	1,433.9	1,434.9	1,424.3	854.6
Total equity attributable to equity holders of the parent	1,380.3	1,401.7	1,385.0	1,404.8	1,364.2
Average equity attributable to equity holders of the parent	1,391.0	1,393.4	1,394.9	1,384.5	833.6
Total liabilities	797.9	766.7	541.2	546.2	391.4
Total bank debts	121.7	133.9	88.5	88.3	0.0
Total current assets	636.7	777.2	711.7	837.7	1,006.3
Total current liabilities	647.8	606.3	430.4	434.6	370.3
Finance costs	2.6	3.6	2.9	1.4	3.7
EBIT	197.1	203.8	165.3	228.2	198.8
Net profit attributable to owners of the company	194.1	199.2	162.1	226.6	196.1
EBITDA	254.8	251.9	200.9	252.7	233.6
Number of shares in millions	20.000	20.000	20.000	20.000	19.101
Gross profit percentage	16.8%	17.0%	17.4%	16.7%	16.4%
Net profit percentage	6.8%	7.6%	6.6%	10.4%	10.1%
Return on average total assets	8.8%	9.5%	8.2%	12.0%	13.8%
Return on average equity attributable to equity holders of the parent	13.9%	14.3%	11.6%	16.4%	23.5%
Total liabilities to equity ratio	56.1%	53.1%	38.0%	37.8%	27.9%
Bank debts to equity ratio	8.6%	9.3%	6.2%	6.1%	0.0%
Current ratio	1.0	1.3	1.7	1.9	2.7
Times finance cost earned	74.7	56.9	57.7	160.4	54.0
Earnings per share	9.70	9.96	8.10	11.33	10.27
Nominal value per share	10.00	10.00	10.00	10.00	10.00
Book value per share	69.02	70.09	69.25	70.24	71.42

Sales  
(millions QR)



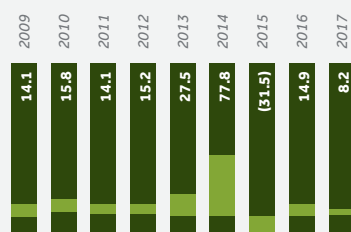
Retail Segment Net Profit  
(millions QR)



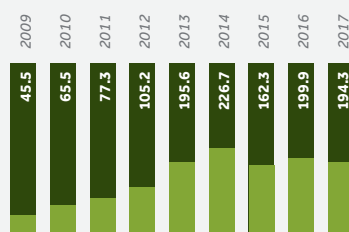
**In Millions Qatari Riyals**

	2012	2011	2010	2009	2008	2007	2006
	1,503.5	1,163.7	914.8	863.5	748.7	577.2	507.9
	1,046.2	764.9	434.5	393.1	411.5	379.6	351.9
	905.5	599.7	413.8	402.3	395.5	365.7	333.8
	305.2	271.5	249.2	220.9	220.4	228.5	221.9
	288.3	260.4	235.1	220.7	224.5	225.2	111.0
	302.9	271.5	249.2	220.9	220.4	228.5	221.9
	287.2	260.4	235.1	220.7	224.5	225.2	212.7
	740.9	493.4	185.3	172.1	191.1	151.0	130.0
	408.5	246.6	0.0	0.0	0.0	0.0	0.0
	450.3	243.7	215.7	215.9	260.6	209.1	195.8
	314.5	230.3	172.6	161.3	183.5	144.6	124.1
	12.1	6.5	0.0	0.0	0.0	0.0	0.0
	117.3	83.8	65.5	45.5	63.8	36.0	34.5
	105.8	77.3	65.5	45.5	63.8	36.0	34.5
	141.4	99.3	77.8	56.1	74.1	46.6	45.4
	11.757	10.000	10.000	10.000	10.000	10.000	10.000
	17.0%	15.1%	13.4%	12.0%	13.3%	12.4%	10.0%
	7.0%	6.6%	7.2%	5.3%	8.5%	6.2%	6.8%
	11.7%	12.9%	15.8%	11.3%	16.1%	9.9%	10.3%
	36.8%	29.7%	27.9%	20.6%	28.4%	16.0%	16.2%
	242.7%	181.8%	74.3%	77.9%	86.7%	66.1%	58.6%
	133.8%	90.8%	0.0%	0.0%	0.0%	0.0%	0.0%
	1.4	1.1	1.2	1.3	1.4	1.4	1.6
	9.7	12.9	0.0	0.0	0.0	0.0	0.0
	9.00	7.73	6.55	4.55	6.38	3.60	3.45
	10.00	10.00	10.00	10.00	10.00	10.00	10.00
	25.77	27.15	24.92	22.09	22.04	22.85	22.19

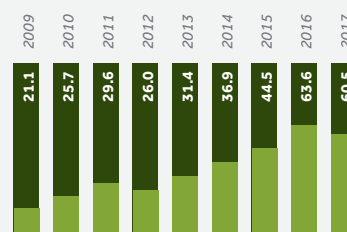
**Investment Segment Net Profit  
(millions QR)**



**Net Profit  
(millions QR)**



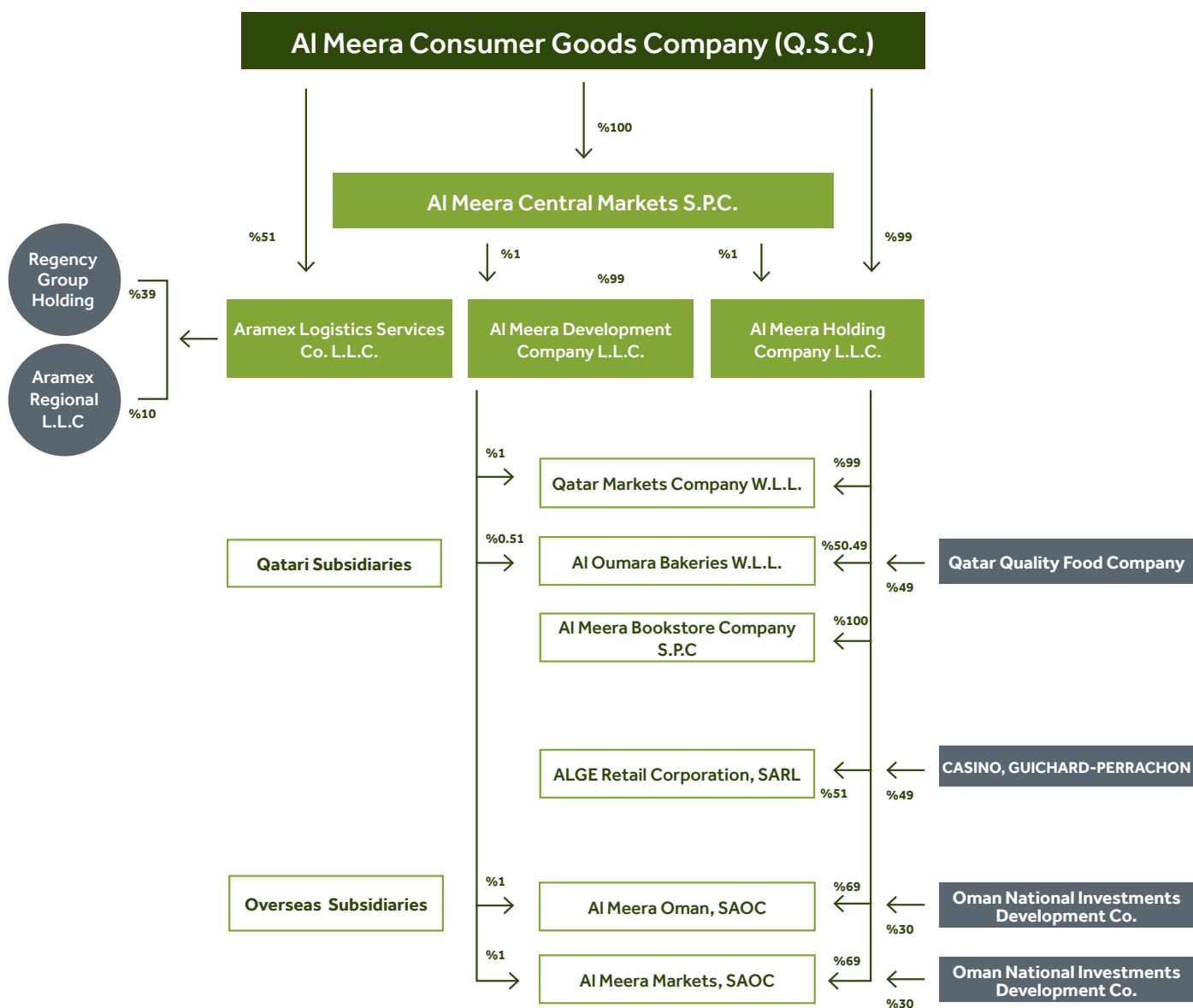
**Rental Segment Net Profit  
(millions QR)**



# AI Meera Legal Structure

## AI Meera Group Legal Structure

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



# Al Meera Legal Structure

## Qatari subsidiaries

- Al Meera Holding Company L.L.C.
- Al Meera Central Markets S.P.C.
- Al Meera Development Company L.L.C.
- Qatar Markets Company W.L.L.
- Al Meera Bookstore Company S.P.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:

Name of subsidiaries	Country of incorporation	Relationship	Group effective shareholding percentage	
			2017	2016
Al Meera Holding Company L.L.C.	Qatar	Subsidiary	<b>100%</b>	100%
Al Meera Central Markets S.P.C.	Qatar	Subsidiary	<b>100%</b>	100%
Al Meera Development Company L.L.C.	Qatar	Subsidiary	<b>100%</b>	100%
Qatar Markets Company W.L.L.	Qatar	Subsidiary	<b>100%</b>	100%
Alge Retail Corporation Sarl	Switzerland	Subsidiary	<b>51%</b>	51%
Al Meera Oman S.A.O.C	Oman	Subsidiary	<b>70%</b>	70%
Al Meera Markets S.A.O.C	Oman	Subsidiary	<b>70%</b>	70%
Al Meera Bookstore S.P.C	Qatar	Subsidiary	<b>100%</b>	100%
Al Oumara Bakeries Company W.L.L.	Qatar	Associate	<b>51%</b>	51%
Aramex Logistics Services Company L.L.C.	Qatar	Associate	<b>51%</b>	51%

Al Meera Annual Report 2017

# Independent Auditors' Report

**We grow with  
our community**

Providing financial and strategic support; Expanding the capacity and variety of Qatar's national produce, dairy and plants included.





## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL MEERA CONSUMER GOODS COMPANY Q.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.S.C. (the "Parent Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, 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 2017, 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
<b>Goodwill impairment assessment</b> <p>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 16% of the total assets of the Group.</p> <p>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.</p>	<p>We 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.</p> <p>We obtained and evaluated 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 market data. We performed sensitivity analysis around these assumptions to ascertain the extent of change that individually would be required for the goodwill to be impaired. We involved our internal specialists for this purpose.</p>



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL MEERA CONSUMER GOODS COMPANY Q.S.C. (CONTINUED)**

### **Report on the Audit of Consolidated Financial Statements (continued)**

#### **Other Information included in the Group's 2017 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 2017 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.



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL MEERA CONSUMER GOODS COMPANY Q.S.C. (CONTINUED)

### Report on the Audit of Consolidated Financial Statements (continued)

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

  
Ihab Marzouk  
of Ernst & Young  
Auditor's Registration No. 338

Date: 27 February 2018  
Doha





Al Meera Annual Report 2017

# Consolidated Financial Statements

**Group financials  
are steadily rising**  
10.0% increase in sales,  
6.8% rise in operating  
income, 9.0% gross  
profit increase.





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

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	Notes	2017 QR	2016 QR
Sales		2,865,160,019	2,604,445,088
Cost of sales		(2,383,300,077)	(2,162,238,923)
<b>Gross profit</b>		<b>481,859,942</b>	<b>442,206,165</b>
Shops rental income		69,509,192	69,255,385
Other income	3	16,312,003	20,124,223
General and administrative expenses	4	(311,360,084)	(278,163,392)
Depreciation and amortisation	6 & 8	(57,684,733)	(48,150,302)
Share of loss of an associate	10	(1,551,769)	(1,478,239)
Finance costs		(2,638,538)	(3,581,182)
<b>Profit before tax</b>		<b>194,446,013</b>	<b>200,212,658</b>
Income tax expense	5	(171,504)	(335,274)
<b>Profit for the year</b>		<b>194,274,509</b>	<b>199,877,384</b>
<b>Attributable to:</b>			
Equity holders of the parent		194,048,081	199,155,622
Non-controlling interests	26	226,428	721,762
		<b>194,274,509</b>	<b>199,877,384</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share attributable to equity holders of the parent	24	9.70	9.96

Al Meera Consumer Goods Company Q.S.C.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	<i>Note</i>	<i>2017 QR</i>	<i>2016 QR</i>
<b>PROFIT FOR THE YEAR</b>		<b>194,274,509</b>	<b>199,877,384</b>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
<i>Investment securities:</i>			
Net change in the fair value	9	<u>(30,794,992)</u>	<u>1,643,265</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>163,479,517</u></b>	<b><u>201,520,649</u></b>
<i>Attributable to:</i>			
Equity holders of the parent		<u>163,253,089</u>	<u>200,798,887</u>
Non-controlling interests		<u>226,428</u>	<u>721,762</u>
		<b><u>163,479,517</u></b>	<b><u>201,520,649</u></b>

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 QR	2016 QR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	1,102,989,156	920,678,425
Goodwill	7	344,097,998	344,097,998
Other intangible assets	8	5,754,370	7,288,654
Investment securities	9	129,748,485	159,926,871
Investment in associates	10	98,497	98,497
<b>Total non-current assets</b>		<b>1,582,688,506</b>	<b>1,432,090,445</b>
<b>Current assets</b>			
Inventories	11	196,517,603	184,862,105
Trade and other receivables	12	68,926,794	83,345,459
Amounts due from related parties	19	10,562,087	8,477,240
Bank balances and cash	13	360,694,848	500,553,676
<b>Total current assets</b>		<b>636,701,332</b>	<b>777,238,480</b>
<b>TOTAL ASSETS</b>		<b>2,219,389,838</b>	<b>2,209,328,925</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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	(26,096,996)	(7,120,717)
Retained earnings		283,393,408	285,829,206
<b>Equity attributable to equity holders of the parent</b>		<b>1,380,336,850</b>	<b>1,401,748,927</b>
Non-controlling interests	26	41,117,279	40,890,851
<b>Total equity</b>		<b>1,421,454,129</b>	<b>1,442,639,778</b>
<b>Non-current liabilities</b>			
Loans and borrowings	16	108,972,229	121,546,529
Employees' end of service benefits	17	31,489,217	28,843,897
Retentions payable	18	9,423,111	9,944,299
Deferred tax liability	5	207,841	36,337
<b>Total non-current liabilities</b>		<b>150,092,398</b>	<b>160,371,062</b>
<b>Current liabilities</b>			
Trade and other payables	18	635,157,118	594,007,976
Loans and borrowings	16	12,686,193	12,310,109
<b>Total current liabilities</b>		<b>647,843,311</b>	<b>606,318,085</b>
<b>Total liabilities</b>		<b>797,935,709</b>	<b>766,689,147</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,219,389,838</b>	<b>2,209,328,925</b>

H.E. Shiekh Thani Bin Thamer Bin Mohamed Al Thani  
Chairman

Dr. Saif Saeed Al-Sowaidi  
Vice Chairman

**Al Meera Consumer Goods Company Q.S.C.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2017

	Notes	2017 QR	2016 QR
<b>OPERATING ACTIVITIES</b>			
Profit before tax		194,446,013	200,212,658
Adjustments for:			
Depreciation and amortisation	6&8	57,684,733	48,150,302
Interest income	3	(4,822,333)	(7,259,270)
Allowance (reversed) recognised for credit loss	27	(1,037,142)	178,048
Provision for employees' end of service benefits	17	7,749,461	5,745,073
Provision for obsolete and slow moving inventories	11	1,041,078	2,787,305
Share in loss of an associate	10	1,551,769	1,478,239
Transfers from Capital work in progress to expenses	6	82,779	-
(Gain) loss on disposal of property and equipment		(230,465)	15,912
Dividend income	3	(7,524,013)	(9,800,370)
Finance costs		2,638,538	3,581,182
Operating profit before changes in working capital		251,580,418	245,089,079
Working capital changes:			
Inventories		(12,696,576)	(4,230,150)
Trade and other receivables		14,605,370	(31,872,239)
Amounts due from related parties		(2,084,847)	(2,816,861)
Trade and other payables		32,751,742	156,950,241
Cash flows from operating activities		284,156,107	363,120,070
Employees' end of service benefits paid	17	(5,104,141)	(2,700,872)
Payment of contribution to social and sports fund		(4,751,925)	(3,820,434)
Net cash flows from operating activities		274,300,041	356,598,764
<b>INVESTING ACTIVITIES</b>			
Purchase of investment securities	9	(228,900,497)	(58,505,662)
Proceeds from sale of investment securities	9	228,283,891	111,161,918
Purchase of property and equipment	6	(238,645,049)	(276,219,852)
Purchase of intangible assets	8	-	(91,148)
Proceeds from disposal of property and equipment		331,555	99,477
Net movement in deposits maturing after 90 days		147,016,000	(24,616,000)
Net movement in restricted bank accounts		(5,714,987)	(17,061,382)
Dividends received	3	7,524,013	9,800,370
Interest received		5,075,690	7,410,362
Net cash flows used in investing activities		(85,029,384)	(248,021,917)
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(173,588,798)	(162,252,413)
Net movement in Loans and borrowings		(12,198,216)	45,328,549
Finance costs paid		(2,638,538)	(3,581,182)
Net cash used in financing activities		(188,425,552)	(120,505,046)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>845,105</b>	<b>(11,928,199)</b>
Cash and cash equivalents at 1 January		268,701,916	280,630,115
<b>CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER</b>	13	<b>269,547,021</b>	<b>268,701,916</b>

# AI Meera Consumer Goods Company Q.S.C.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Equity attributable to equity holders of the parent					Non-controlling interests	Total
	Share capital	Legal reserve	Optional reserve	Other reserves	Retained earnings	QR	QR
Balance as at 1 January 2016	200,000,000	901,289,603	21,750,835	(11,943,444)	273,927,930	40,169,089	1,425,194,013
Adjustment on adoption of IFRS 9	-	-	-	677,041	-	-	677,041
Adjusted total equity at 1 January 2016	200,000,000	901,289,603	21,750,835	(11,266,403)	273,927,930	40,169,089	1,425,871,054
Profit for the year	-	-	-	-	199,155,622	721,762	199,877,384
Reclassification of losses on sales of investment securities	-	-	-	2,502,421	(2,502,421)	-	-
Net change in fair value (Note 9)	-	-	-	1,643,265	-	-	1,643,265
Total comprehensive income for the year	-	-	-	4,145,686	196,653,201	721,762	201,520,649
Appropriation for contribution to social and sports fund (Note 23)	-	-	-	-	(4,751,925)	-	(4,751,925)
Dividends paid (Note 22)	-	-	-	-	(180,000,000)	-	(180,000,000)
Balance as at 31 December 2016	200,000,000	901,289,603	21,750,835	(7,120,717)	285,829,206	40,890,851	1,442,639,778
Profit for the year	-	-	-	-	194,048,081	226,428	194,274,509
Reclassification of losses on sales of investment securities	-	-	-	11,818,713	(11,818,713)	-	-
Net change in fair value (Note 9)	-	-	-	(30,794,992)	-	-	(30,794,992)
Total comprehensive income for the year	-	-	-	(18,976,279)	182,229,368	226,428	163,479,517
Appropriation for contribution to social and sports fund (Note 23)	-	-	-	-	(4,665,166)	-	(4,665,166)
Dividends paid (Note 22)	-	-	-	-	(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	41,117,279	1,421,454,129

The attached notes 1 to 30 form part of these consolidated financial statements.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

#### 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.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 27 February 2018.

#### 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 investment securities 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 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.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Basis of consolidation (continued)

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

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

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

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.

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

Name of subsidiaries	Country of incorporation	Relationship	Group effective shareholding percentage	
			2017	2016
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%



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Basis of consolidation (continued)

**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.

**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.

**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.

**Aramex Logistics Services Company L.L.C.** is a limited liability company incorporated in 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.

### 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 2016, except for:

#### *Content*

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

*Annual Improvements Cycle – 2014-2016*

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The above amendments to the standards did not have any impact on the Group's performance and financial position for the current year.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

<i>Contents</i>	<i>Effective dates</i>
IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2	1 January 2018
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4	1 January 2018
IFRS 15: Revenue from Contracts with Customers	1 January 2018
IFRS 16: Leases	1 January 2019
IFRS 17: Insurance Contracts	1 January 2021
Transfers of Investment Property - Amendments to IAS 40	1 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC Interpretation 23 Uncertainty over Income Tax Treatment	1 January 2019
Annual Improvements 2014-2016 Cycle (issued in December 2016)	1 January 2018
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

#### IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Subsequently, amendments to IFRS 15 Revenue from Contracts with Customers were issued to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

#### Transition to IFRS 15

The Group will utilize the option for simplified initial application, i.e., the contracts that are not completed by 1 January 2018 will be accounted for as if they had been recognized in accordance with IFRS 15 from the very beginning. The cumulative effect arising from the transition will be recognized as an adjustment to the opening balance of equity in the year of initial application.

Prior-year comparatives will not be adjusted; instead, the Group will provide an explanation of the reasons for the changes in items in the consolidated statement of financial position and in the consolidated statement of profit or loss for the current period as a result of applying IFRS 15 for the first time.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Standards issued but not yet effective (continued)

The Group intends to use the following practical expedients on transition, because in the view of the Group, the cost of providing the information significantly outweighs any benefits:

- Completed contracts that begin and end within the same annual reporting period will not be revised;
- For completed contracts that have variable consideration, the transaction price at the date the contract was completed will be used, rather than estimating variable consideration amounts in the comparative reporting periods.

#### Financial Impact

Based on management's latest assessments and estimates at the date of reporting, the following is the expected impact of adopting IFRS 15, on the consolidated financial statements.

Depending on the business model applied, the new provisions affect the following issues in particular including its financial impact:

- Revenue is recognised for the transferred products in the amount of consideration to which the entity expects to be entitled (revenue would not be recognised for the products expected to be returned). Refund liability will be recorded as well as an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers on settling the refund liability. The Group estimates the revenue would have been decrease by QR 387,693 and refund liability will increase by QR 387,693 at year end had IFRS 15 been applied during the year.
- Financial liabilities arising from third party customer loyalty program should be accounted as an adjustment to the transaction price. The Group estimates the revenue and general and administrative expenses would have been reduced by QR 4,113,103 respectively, had IFRS 15 been applied during the year.

When IFRS 15 is adopted, it can be applied either on a fully retrospective basis, requiring restatement of the comparative periods presented in the consolidated financial statements, or with the cumulative retrospective impact of IFRS 15 applied as an adjustment to equity on the date of adoption; when the latter approach is applied it is necessary to disclose the impact of IFRS 15 on each line item in the consolidated financial statements at the reporting period. The Group currently intends to reflect the cumulative impact of IFRS 15 in equity on the date of adoption.

The Group expects to have no significant possible impact of the application of all other standards, amendments and interpretations effective from 1 January 2018.

### 2.5 Significant accounting policies

#### Revenue recognition

Revenue comprises the fair value of the consideration received or receivable 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:

##### *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.

##### *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.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Significant accounting policies (continued)

#### Revenue recognition (continued)

##### *Dividend and interest income*

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

#### Property and equipment

Property and equipment is stated at cost, less accumulated depreciation and accumulated impairment in value. Land and capital work-in-progress is not depreciated.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows;

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

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

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.

Lands donated by Government are recorded at nominal amounts estimated by the management.

#### *Capital work-in-progress*

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

#### Intangible assets

Intangible assets 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.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Significant accounting policies (continued)

#### **Intangible assets (continued)**

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 income statement 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.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Significant accounting policies (continued)

#### 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.

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.

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

##### (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.
- **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.



## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Significant accounting policies (continued)

#### Investments and other financial assets (continued)

##### (ii) Measurement (continued)

###### 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 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 losses 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 recognizes 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 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.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Significant accounting policies (continued)

#### 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 statement of comprehensive income.

#### 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 are 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.

#### 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.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Significant accounting policies (continued)

#### Fair value measurement

The Group measures financial instruments, such as, derivatives 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 income statement.

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;

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.5 Significant accounting policies (continued)**

**Foreign currencies (continued)**

*Foreign currency translation (continued)*

(b) income and expenses for each income statement 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. 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.

*Pension plan*

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.

**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.

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.5 Significant accounting policies (continued)**

*Deferred tax:*

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet 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 income statement.

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.

## **2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.5 Significant accounting policies (continued)**

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

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



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

#### 3 OTHER INCOME

	2017 QR	2016 QR
Dividend income	7,524,013	9,800,370
Interest income	4,822,333	7,259,270
Miscellaneous income	3,965,657	3,064,583
	<u>16,312,003</u>	<u>20,124,223</u>

#### 4 GENERAL AND ADMINISTRATIVE EXPENSES

	2017 QR	2016 QR
Salaries, wages and other benefits	164,116,691	147,480,350
Rent	42,780,963	41,966,577
Contract labour charges	28,651,536	23,098,790
Water and electricity	21,867,750	19,251,275
Repairs and maintenance	11,444,736	8,671,366
Bank charges, commission and credit card charges	8,958,715	7,614,230
Advertisement and business promotion expenses	6,585,336	4,551,776
Board of Directors' remuneration (Note 19)	6,235,802	6,234,936
Franchise fee	3,806,056	3,231,928
Vehicle running and insurance expenses	3,684,793	2,941,081
Telephone and postage	2,977,899	2,691,477
Consulting and professional fees	2,862,286	2,691,299
Printing and stationery	1,578,038	1,331,602
Travelling expenses	1,532,331	2,135,040
Donations	118,323	90,699
Others	4,158,829	4,180,966
	<u>311,360,084</u>	<u>278,163,392</u>

#### 5 INCOME TAX

The major components of income tax expenses is as follows:

	2017 QR	2016 QR
<b>Income tax expense</b>		
Deferred income tax	<u>171,504</u>	<u>335,274</u>
<b>Income tax expense reported in the consolidated statement of profit or loss</b>	<u>171,504</u>	<u>335,274</u>

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:

	2017 QR	2016 QR
Balance at 1 January	(36,337)	298,937
Reversal of temporary differences for the year	<u>(171,504)</u>	<u>(335,274)</u>
At 31 December	<u>(207,841)</u>	<u>(36,337)</u>

Al Meera Consumer Goods Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

6 PROPERTY AND EQUIPMENT

	Land QR	Buildings QR	Refrigerators and equipment QR	Motor vehicles QR	Furniture and fixtures QR	Computer equipment QR	Leasehold and other improvements QR	Capital work in progress QR	Total QR
Cost:									
At 1 January 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)	(293,974)	-	(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

Notes:

- 1) Buildings with a carrying amount of QR 404,374,132 (2016: QR 263,304,584) were constructed on leased lands from Government of Qatar. These lands 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 can 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 these constructions are financed by a loan obtained from a local bank at the latter part of the year 2016. The amount of borrowing costs capitalised during the year ended 31 December 2017 amounted to QR 1,426,533 (2016: Nil). This loan carries profit rate of 3% per annum.

Al Meera Consumer Goods Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

6 PROPERTY AND EQUIPMENT (CONTINUED)

	Land QR	Buildings QR	Refrigerators and equipment QR	Motor vehicles QR	Furniture and fixtures QR	Computer equipment QR	Leasehold and other improvements QR	Capital work in progress QR	Total QR
Cost:									
At 1 January 2016	5,872,473	524,328,039	183,405,447	16,560,896	22,898,204	15,207,438	58,849,549	39,702,741	866,824,787
Additions	-	2,539,470	4,397,339	140,253	2,184,918	3,326,429	1,932,509	261,678,934	276,219,852
Disposals	-	-	(113,897)	(6,019)	(5,930)	(29,122)	(456,312)	(25,753)	(637,033)
Transfers	-	78,863,685	19,066,933	-	12,796,439	1,809,143	7,088,352	(119,624,572)	-
Reclassification	-	(8,089,875)	(6,428,129)	-	123,150	6,304,979	8,089,875	-	-
At 31 December 2016	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
Depreciation:									
At 1 January 2016	-	69,420,486	62,762,028	7,343,303	6,614,267	12,088,740	17,405,154	-	175,633,978
Charge for the year	-	12,080,607	16,497,814	2,531,515	4,086,578	3,452,259	7,968,074	-	46,616,847
Reclassification	-	(101,050)	(2,033,284)	-	84,420	1,948,865	101,049	-	-
Relating to disposals	-	-	(61,082)	(5,999)	-	(5,977)	(448,586)	-	(521,644)
At 31 December 2016	-	81,400,043	77,165,476	9,868,819	10,785,265	17,483,887	25,025,691	-	221,729,181
Net carrying amount:									
At 31 December 2016	5,872,473	516,241,276	123,162,217	6,826,311	27,211,536	9,134,980	50,498,282	181,731,350	920,678,425

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

#### 7 GOODWILL

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

	2017 QR	2016 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
	<u>344,097,998</u>	<u>344,097,998</u>

##### *Qatar Markets Company W.L.L.:*

The recoverable amounts of these cash generating units have been determined based on value in use calculations. The calculation uses cash flow projections based on forecast revenues and profit margins approved by management covering 5 years period at a discount rate of 8% (2016: 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 are extrapolated using a steady growth rate of 3% (2016: 3.6%), 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 2017 and 2016. 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% (2016: 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 2.6% (2016: 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 2017 and 2016. No impairment has been recognised on Goodwill since its initial recognition.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

#### 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:

	2017 QR	2016 QR
Cost:		
At 1 January	17,811,175	17,720,027
Additions	-	91,148
At 31 December	17,811,175	17,811,175
Amortisation:		
At 1 January	10,522,521	8,989,066
Charge for the year	1,534,284	1,533,455
At 31 December	12,056,805	10,522,521
Net carrying amount: 31 December	5,754,370	7,288,654

#### 9 INVESTMENT SECURITIES

	2017 QR	2016 QR
Quoted equity shares	122,620,712	145,574,712
Unquoted equity shares	7,127,773	14,352,159
	129,748,485	159,926,871

Notes:

- Investment securities represent investments in quoted and un-quoted shares carried at fair value through other comprehensive income (FVOCI).
- The above quoted equity investments are managed by reputable assets managers, who take investment decisions on behalf of the Group.
- 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.
- The movements in these investment securities are as follows:

	2017 QR	2016 QR
At 1 January	159,926,871	210,262,821
Additions	228,900,497	58,505,662
Disposals	(228,283,891)	(111,161,918)
Net changes in fair value	(30,794,992)	1,643,265
Adjustment on adoption of IFRS 9	-	677,041
At 31 December	129,748,485	159,926,871



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

#### 10 INVESTMENT IN ASSOCIATES

The Group has the following investment in associates:

<i>Name of associate</i>	<i>Principal activity</i>	<i>Place of incorporation and operation</i>	<i>Proportion of ownership Interest</i>	
			<i>2017</i> %	<i>2016</i> %
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:

	<i>2017</i> <i>QR</i>	<i>2016</i> <i>QR</i>
At 1 January	98,497	98,497
Provision recorded on Al Oumara Bakeries Company W.L.L. as at 1 January	(3,879,717)	(2,401,478)
Share of results for the year	(1,551,769)	(1,478,239)
Presented separately as a provision for deficit in an associate on Al Oumara Bakeries Company W.L.L. (Note 18)	<u>5,431,486</u>	<u>3,879,717</u>
At 31 December	<u>98,497</u>	<u>98,497</u>

#### 11 INVENTORIES

	<i>2017</i> <i>QR</i>	<i>2016</i> <i>QR</i>
Finished goods	201,016,260	188,391,278
Consumables and spare parts	<u>1,747,761</u>	<u>1,676,167</u>
	202,764,021	190,067,445
Less: Provision for obsolete and slow moving inventories	<u>(6,246,418)</u>	<u>(5,205,340)</u>
	<u>196,517,603</u>	<u>184,862,105</u>

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

	<i>2017</i> <i>QR</i>	<i>2016</i> <i>QR</i>
At 1 January	5,205,340	2,418,035
Charge for the year	<u>1,041,078</u>	<u>2,787,305</u>
At 31 December	<u>6,246,418</u>	<u>5,205,340</u>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

#### 12 TRADE AND OTHER RECEIVABLES

	2017 QR	2016 QR
Trade receivables	9,740,496	11,914,829
Advances to supplier	22,549,011	32,427,920
Credit card receivables	11,389,585	17,222,818
Deposits	10,557,423	9,252,602
Prepaid expenses	7,799,098	6,990,009
Staff receivables	4,713,879	3,779,027
Rent receivables	2,159,206	1,838,297
Accrued interest income	948,584	1,201,941
Other receivables	409,579	498,145
	<u>70,266,861</u>	<u>85,125,588</u>
Less: Allowance for impairment of receivables (Note 27)	<u>(1,340,067)</u>	<u>(1,780,129)</u>
	<u>68,926,794</u>	<u>83,345,459</u>

Notes:

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

	2017 QR	2016 QR
Cash in hand	2,311,610	2,988,921
Cash at bank	<u>308,388,123</u>	<u>246,628,938</u>
	<u>310,699,733</u>	<u>249,617,859</u>
Short term deposits	50,116,000	251,653,782
Less: Allowance for credit loss on term deposits (Note 27)	<u>(120,885)</u>	<u>(717,965)</u>
	<u>49,995,115</u>	<u>250,935,817</u>
Total bank balances and cash	360,694,848	500,553,676
Term deposits maturing after 90 days	(10,600,000)	(157,616,000)
Restricted bank accounts (Note (iii))	(80,668,712)	(74,953,725)
Allowance for credit loss on term deposits	<u>120,885</u>	<u>717,965</u>
	<u>269,547,021</u>	<u>268,701,916</u>

Notes:

- The term deposits have different maturities and carry profit margin at market rates.
- The credit risk disclosures to expected credit losses on term deposit under IFRS 9 have been disclosed in Note 27.
- Restricted bank accounts consist amounts held in the banks for the dividends approved in the Annual General Assembly.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

### 14 SHARE CAPITAL

	2017 QR	2016 QR
<i>Authorised, issued and fully paid:</i>		
20,000,000 shares of QR 10 each	<u>200,000,000</u>	<u>200,000,000</u>

### 15 RESERVES

#### *Legal reserve*

In accordance with Qatar Commercial Companies Law, 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 2017 (2016: Nil).

#### *Other reserves*

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

The Group has recognise 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

	2017 QR	2016 QR
Long term Murabaha facility	<u>121,658,422</u>	<u>133,856,638</u>

Presented in the consolidated statement of financial position as follows:

	2017 QR	2016 QR
Non-current portion	108,972,229	121,546,529
Current portion	<u>12,686,193</u>	<u>12,310,109</u>
	<u>121,658,422</u>	<u>133,856,638</u>

The Murabaha was obtained to partially fund an acquisition of a subsidiary in Oman obtained 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 carry 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 super markets of the Group and repayable over 40 quarterly instalments starting 5 December 2016.

This loan is secured by corporate guarantee in the name of Al Meera Holding L.L.C., which is a fully owned subsidiary of the Company.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

### 17 EMPLOYEES' END OF SERVICE BENEFITS

	2017 QR	2016 QR
At 1 January	28,843,897	25,799,696
Provided during the year	7,749,461	5,745,073
End of service benefits paid	(5,104,141)	(2,700,872)
At 31 December	31,489,217	28,843,897

### 18 TRADE AND OTHER PAYABLES

	2017 QR	2016 QR
Trade payables	431,406,765	405,232,415
Dividends payable	94,731,809	88,320,607
Accrued expenses	41,679,878	37,605,549
Retentions payable	29,156,290	26,321,863
Payable to contractors	13,491,441	15,723,218
Provision for deficit in an associate (Note 10)	5,431,486	3,879,717
Provision for social and sports fund	4,665,166	4,751,925
Deferred rent income	1,022,179	785,916
Other payables	13,572,104	11,386,766
	635,157,118	594,007,976
Retentions payable presented in the consolidated statement of financial position as follows:		
Current portion	29,156,290	26,321,863
Non-current portion	9,423,111	9,944,299
	38,579,401	36,266,162

### 19 RELATED PARTY DISCLOSURES

#### Related party transactions

Related parties represent associated companies, Government and semi Government agencies, 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. 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:

	2017 QR	2016 QR
<i>Purchases:</i>		
Al Oumara Bakeries Company W.L.L. (Associate)	5,144,909	2,847,958
<i>Sales:</i>		
Al Oumara Bakeries Company W.L.L. (Associate)	3,651,219	3,985,944
<i>Sales Commission Income:</i>		
Al Oumara Bakeries Company W.L.L. (Associate)	1,286,227	1,157,210

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

### 19 RELATED PARTY DISCLOSURES (CONTINUED)

#### Related party balances

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

	2017 QR	2016 QR
<i>Amounts due from related parties:</i>		
<i>Associates:</i>		
Al Oumara Bakeries Company W.L.L.	10,550,618	8,465,771
Aramex Logistics Services Company L.L.C.	11,469	11,469
	<u>10,562,087</u>	<u>8,477,240</u>

#### Terms and conditions of transactions with related parties

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

#### Compensation of key management personnel

	2017 QR	2016 QR
Key management remuneration	4,534,537	5,152,011
Board of Directors' remuneration (Note 4)	6,235,802	6,234,936
	<u>10,770,339</u>	<u>11,386,947</u>

### 20 COMMITMENTS

#### (a) Capital commitments

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

	2017 QR	2016 QR
<b>Capital commitments – Property and equipment</b>		
Estimated capital expenditure approved and contracted as of the reporting date	<u>98,405,756</u>	<u>247,558,393</u>

#### (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:

	2017 QR	2016 QR
Within one year	34,920,340	35,484,553
After one year, but not more than five years	79,264,526	91,324,505
More than five years	111,988,775	114,100,398
	<u>226,173,641</u>	<u>240,909,456</u>



## 21 CONTINGENCIES

At 31 December 2017, 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:

	2017 QR	2016 QR
Letters of guarantees	2,054,575	4,949,651
Letters of credits	660,252	892,210
	<u>2,714,827</u>	<u>5,841,861</u>

## 22 DIVIDENDS

The Board of Directors have proposed a 85% cash dividend of QR 8.5 per share totalling QR 170 million for the year 2017, which is subject to the approval of the equity holders at the Annual General Assembly (2016: QR 9 per share totalling QR 180 million for the year 2016).

During the current reporting year, following the approval at the Annual General Assembly held on 19 March 2017, the Company paid a cash dividend of QR 9 per share totalling QR 180 million (2016: QR 9 per share, totalling QR 180 million) relating to the year 2016.

## 23 CONTRIBUTION TO SOCIAL AND SPORTS FUND

In accordance with Law No. 13 of 2008, the Group made an appropriation of profit of QR 4.66 million in 2017 (2016: QR 4.75 million) equivalent to 2.5% of the adjusted net profit of the Group 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 net 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 there were no differences in the net profit attributable to equity holders of the parent and weighted number of shares.

	2017 QR	2016 QR
Profit attributable to equity holders of the parent	<u>194,048,081</u>	<u>199,155,622</u>
Weighted average number of shares	<u>20,000,000</u>	<u>20,000,000</u>
Basic and diluted earnings per share	<u>9.70</u>	<u>9.96</u>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

#### 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.

	<i>Retail QR</i>	<i>Investment QR</i>	<i>Leasing QR</i>	<i>Total QR</i>
<b>Year ended 31 December 2017:</b>				
Sales	2,865,160,019	-	-	2,865,160,019
Cost of sales	(2,383,300,077)	-	-	(2,383,300,077)
Gross profit	481,859,942	-	-	481,859,942
Shops rental income	-	-	69,509,192	69,509,192
Dividend income	-	7,524,013	-	7,524,013
Interest income	-	4,822,333	-	4,822,333
Other income	3,965,657	-	-	3,965,657
Operating income	485,825,599	12,346,346	69,509,192	567,681,137
General and administrative expenses	(306,203,593)	(1,515,542)	(3,640,949)	(311,360,084)
Share of loss of an associate	-	(1,551,769)	-	(1,551,769)
Depreciation and amortisation	(51,254,594)	(1,053,336)	(5,376,803)	(57,684,733)
Finance costs	(2,638,538)	-	-	(2,638,538)
Profit before income tax	125,728,874	8,225,699	60,491,440	194,446,013
Income tax expense	(171,504)	-	-	(171,504)
Profit for the year	125,557,370	8,225,699	60,491,440	194,274,509

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

### 25 SEGMENT INFORMATION (CONTINUED)

	<i>Retail QR</i>	<i>Investment QR</i>	<i>Leasing QR</i>	<i>Total QR</i>
<i>Year ended 31 December 2016:</i>				
Sales	2,604,445,088	-	-	2,604,445,088
Cost of sales	(2,162,238,923)	-	-	(2,162,238,923)
Gross profit	442,206,165	-	-	442,206,165
Shops rental income	-	-	69,255,385	69,255,385
Dividend income	-	9,800,370	-	9,800,370
Interest income	-	7,259,270	-	7,259,270
Other income	2,860,374	204,209	-	3,064,583
Operating income	445,066,539	17,263,849	69,255,385	531,585,773
General and administrative expenses	(275,797,701)	(896,140)	(1,469,551)	(278,163,392)
Share of loss of an associate	-	(1,478,239)	-	(1,478,239)
Depreciation and amortisation	(44,008,158)	-	(4,142,144)	(48,150,302)
Finance costs	(3,581,182)	-	-	(3,581,182)
Profit before income tax	121,679,498	14,889,470	63,643,690	200,212,658
Income tax expense	(335,274)	-	-	(335,274)
Profit for the year	121,344,224	14,889,470	63,643,690	199,877,384

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: 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 2017 and 31 December 2016 respectively:

	<i>Retail QR</i>	<i>Investment QR</i>	<i>Leasing QR</i>	<i>Total QR</i>
<b>Segment assets:</b>				
<b>At 31 December 2017</b>	<b>1,528,154,216</b>	<b>534,253,587</b>	<b>156,982,035</b>	<b>2,219,389,838</b>
<b>At 31 December 2016</b>	<b>1,641,683,617</b>	<b>423,741,919</b>	<b>143,903,389</b>	<b>2,209,328,925</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 25 SEGMENT INFORMATION (CONTINUED)

Geographically, the Group operates in the State of Qatar and the Sultanate of Oman. Following is the summary of key balances related to each geography:

	Qatar		Oman		Total	
	2017	2016	2017	2016	2017	2016
	QR	QR	QR	QR	QR	QR
Total assets	2,034,093,617	2,024,784,701	185,296,221	184,544,224	2,219,389,838	2,209,328,925
Total liabilities	773,922,687	745,703,184	24,013,022	20,985,963	797,935,709	766,689,147
Sales	2,723,090,658	2,468,794,842	142,069,361	135,650,246	2,865,160,019	2,604,445,088
Profit (Note)	192,700,363	196,301,631	1,574,146	3,575,753	194,274,509	199,877,384

Note:

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

### 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	
		2017	2016	2017	2016	2017	2016
Al Meera Markets S.A.O.C.	Oman	30%	30%	270,989	735,171	39,766,804	39,495,815
Al Meera Oman S.A.O.C.	Oman	30%	30%	(34,527)	(7,775)	1,357,915	1,392,442
Alge Retail Corporation Sarl	Switzerland	49%	49%	(10,034)	(5,634)	(7,440)	2,594
				<u>226,428</u>	<u>721,762</u>	<u>41,117,279</u>	<u>40,890,851</u>

#### Notes:

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

	2017 QR	2016 QR
Revenue	142,069,362	135,650,245
Other income	8,869,079	9,327,918
Expenses	(149,978,727)	(142,553,511)
Profit before income tax	959,714	2,424,652
Income tax expense	(171,504)	-
Profit for the year	<u>788,210</u>	<u>2,424,652</u>
Attributable to:		
Equity holders of the parent	551,748	1,697,256
Non-controlling interests	<u>236,462</u>	<u>727,396</u>
	<u>788,210</u>	<u>2,424,652</u>



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

#### 26 MATERIAL PARTLY OWNED SUBSIDIARIES (CONTINUED)

##### *Statement of financial position:*

	2017 QR	2016 QR
Non-current assets	142,485,624	146,268,162
Current assets	46,238,120	42,880,676
	<u>188,723,744</u>	<u>189,148,838</u>
Equity attributable to equity holders of the parent	95,957,676	95,405,928
Non-controlling interests	41,124,719	40,888,257
Non-current liabilities	1,387,216	951,060
Current liabilities	50,254,133	51,903,593
	<u>188,723,744</u>	<u>189,148,838</u>

##### *Statement of cash flows*

	2017 QR	2016 QR
Net cash from operating activities	10,062,277	14,551,597
Net cash used in investing activities	(1,027,045)	(13,297,682)
Net cash used in financing activities	(3,635,935)	(7,801,105)
Net increase (decrease) in cash and cash equivalents	<u>5,399,297</u>	<u>(6,547,190)</u>

#### 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, investment securities 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 summarized 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 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 held at 31 December. The effect of decreases will be equal and opposite to the effect of increases shown below:

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Interest rate risk (continued)

	<i>Changes in basis points</i>	<i>Effect on profit QR</i>
<b>2017</b>		
Floating rate instruments	<b>+25 b.p</b>	<b>713,230</b>
<b>2016</b>		
Floating rate instruments	<b>+25 b.p</b>	<b>369,191</b>

### 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.

	<i>Changes in equity prices</i>	<i>Effect on equity QR</i>
<b>2017</b>		
Quoted equity shares	<b>+5%</b>	<b>6,131,036</b>
<b>2016</b>		
Quoted equity shares	<b>+5%</b>	<b>7,278,736</b>

### Currency risk

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

### Credit risk

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

- Payment of trade receivables as invoices fall due 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 2017:

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 120 days of when they fall due.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

### 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Credit risk (continued)

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 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 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 impairment 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
31 December 2016 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	0.3%	12 month expected losses	250,935,817	250,217,852
Trade receivable from government entities	Investment grade	0.34%	12 month expected losses	8,691,185	8,661,574

#### 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 2017 is determined as follows:

31 December 2017	Current	30 – 60 days past due	61 – 90 days past due	91 - 120 days past due	More than 120 days past due	Total
Gross carrying amount	1,833,098	1,166,191	174,136	153,015	1,171,486	4,497,926
Loss allowance provision	178,502	213,348	72,726	93,527	756,670	1,314,773

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

#### 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### Credit risk (continued)

<i>31 December 2016</i>	<i>Current</i>	<i>30 – 60 days past due</i>	<i>61 – 90 days past due</i>	<i>91 – 120 days past due</i>	<i>More than 120 days past due</i>	<i>Total</i>
Gross carrying amount	2,279,378	1,171,984	210,486	157,036	1,243,057	5,061,941
Loss allowance provision	194,808	193,859	136,097	132,944	1,092,810	1,750,518

The expected credit losses below also incorporate forward looking information.

The movements in the loss allowance provision are as follows:

	<i>General approach QR</i>	<i>Simplified approach QR</i>	<i>Total QR</i>
As at 1 January 2016	891,264	1,428,782	2,320,046
Loss allowance (reversed) recognised in profit or loss during the year	(143,688)	321,736	178,048
As at 31 December 2016	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)
<b>As at 31 December 2017</b>	<b>146,179</b>	<b>1,314,773</b>	<b>1,460,952</b>

The gross carrying amount of trade and rent receivables is QR 11,899,702 (2016: QR 13,753,126) (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 2017 (2016: Nil).

Total loss allowance presented as follows:

	<i>2017 QR</i>	<i>2017 QR</i>
Allowance for trade receivable (Note 12)	1,340,067	1,780,129
Allowance for term deposits at amortised cost (Note 13)	120,885	717,965
	<b>1,460,952</b>	<b>2,498,094</b>

##### 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.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

#### 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### Liquidity risk (continued)

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

<i>At 31 December 2017</i>	<i>On demand QR</i>	<i>Less than 1 year QR</i>	<i>1- 5 years QR</i>	<i>&gt; 5 years QR</i>	<i>Total QR</i>
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	-	18,237,270	-	-	18,237,270
Loans and borrowings	-	16,256,910	81,284,550	43,455,514	140,996,974
	<u>94,731,809</u>	<u>508,548,676</u>	<u>90,707,661</u>	<u>43,455,514</u>	<u>737,443,660</u>
<i>At 31 December 2016</i>	<i>On demand QR</i>	<i>Less than 1 year QR</i>	<i>1- 5 years QR</i>	<i>&gt; 5 years QR</i>	<i>Total QR</i>
Trade payables	-	405,232,415	-	-	405,232,415
Dividends payable	88,320,607	-	-	-	88,320,607
Retentions payable	-	26,321,863	9,944,299	-	36,266,162
Payable to contractors	-	15,723,218	-	-	15,723,218
Other payables	-	16,138,691	-	-	16,138,691
Loans and borrowings	-	16,256,910	65,027,640	75,969,334	157,253,884
	<u>88,320,607</u>	<u>479,673,097</u>	<u>74,971,939</u>	<u>75,969,334</u>	<u>718,934,977</u>

##### Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group makes adjustments to its capital structure, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, or issue new shares. No changes were made in the objectives, policies or processes during the years end 31 December 2017 and 31 December 2016.

Capital includes share capital, legal reserves, optional reserves and retained earnings and is measured at QR 1,406,433,846 at 31 December 2017 (2016: QR 1,408,869,644).

#### 28 FAIR VALUES OF FINANCIAL INSTRUMENTS

##### Fair values

Financial instruments comprise financial assets and financial liabilities.

Financial assets consists of bank balances and cash, available-for-sale investments, 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.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

#### 28 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

##### Fair value hierarchy (continued)

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

<i>31 December 2017</i>	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Quoted equity shares	122,620,712	122,620,712	-	-
Un-quoted equity shares	7,127,773	-	-	7,127,773
<i>31 December 2016</i>	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Quoted equity shares	145,574,712	145,574,712	-	-
Un-quoted equity shares	14,352,159	-	-	14,352,159

During the year ended 31 December 2017, 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 (2016: Nil).

#### 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 financial statements. The most significant judgments and estimates used are as follows:

##### *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 Safer Oman) – five supermarkets 8% and 10% (2016: 8% and 10%) and terminal growth rate of 3% and 2.6% (2016: 3.6% and 2.6%).

##### *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.

**30 COMPARATIVE FIGURES**

Certain comparative figures pertaining to 31 December 2016 have been reclassified in order to conform to the current year presentation. Such reclassifications were made to improve the quality of the information presented and do not affect previously reported profit, total comprehensive income or equity.

