

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE SIX MONTH PERIOD ENDED  
30 JUNE 2020**

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REVIEW REPORT**

For the six month period ended 30 June 2020

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## INDEPENDENT AUDITOR'S REVIEW REPORT

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

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Meera Consumer Goods Company Q.P.S.C. (the "Parent") and its subsidiaries (together referred to as the "Group") as of 30 June 2020, and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and other related explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, 'Interim financial reporting' as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by IASB.

Doha – Qatar  
12 August 2020

For Deloitte & Touche  
Qatar Branch



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



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six month period ended 30 June 2020

	Six month period ended 30 June	
	2020	2019
	(Reviewed) QR.	(Reviewed) QR.
	<i>Note</i>	
Sales	1,907,788,929	1,580,961,097
Cost of sales	(1,596,717,997)	(1,323,895,334)
<b>Gross profit</b>	<b>311,070,932</b>	<b>257,065,763</b>
Rental income	27,510,376	37,758,681
Other income	12,476,432	11,455,138
General and administrative expenses	(176,148,281)	(149,156,341)
Depreciation and amortisation expenses	(57,603,664)	(54,701,508)
Finance costs	(8,565,351)	(7,291,126)
Share of loss of an associate	(951,684)	(726,988)
<b>Profit before tax</b>	<b>107,788,760</b>	<b>94,403,619</b>
Income tax (expense) / benefit	(62,724)	79,059
<b>Profit for the period</b>	<b>107,726,036</b>	<b>94,482,678</b>
<b>Attributable to:</b>		
Equity holders of the parent	107,172,868	94,996,382
Non-controlling interests	553,168	(513,704)
	<b>107,726,036</b>	<b>94,482,678</b>
Basic and diluted earnings per share attributable to equity holders of the parent	4	0.54
		0.47



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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the six month period ended 30 June 2020


	<b>Six month period ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR.</b>	<b>QR.</b>
<b>Profit for the period</b>	<b>107,726,036</b>	<b>94,482,678</b>
<i>Other comprehensive income</i>		
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>		
Net changes in the fair value of financial assets at fair value through other comprehensive income	<u>(2,827,383)</u>	<u>4,582,603</u>
<b>Total comprehensive income for the period</b>	<b><u>104,898,653</u></b>	<b><u>99,065,281</u></b>
<b>Attributable to:</b>		
Equity holders of the parent	<b>104,345,485</b>	<b>99,578,985</b>
Non-controlling interests	<b><u>553,168</u></b>	<b><u>(513,704)</u></b>
	<b><u>104,898,653</u></b>	<b><u>99,065,281</u></b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	<i>Notes</i>	<b>30 June 2020 (Reviewed) QR.</b>	31 December 2019 (Audited) QR.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	1,114,710,360	1,124,577,616
Right-of-use assets	6	217,392,060	223,397,648
Goodwill	7	344,097,998	344,097,998
Intangible assets	8	2,061,155	2,731,515
Financial assets at fair value through other comprehensive income	9	276,935,495	268,778,129
Deferred tax assets		249,803	103,151
<b>Total non-current assets</b>		<b>1,955,446,871</b>	<b>1,963,686,057</b>
<b>Current assets</b>			
Inventories	10	219,864,267	207,217,798
Trade and other receivables		77,556,085	61,590,669
Amounts due from related parties	15 (b)	18,290,400	16,679,504
Bank balances and cash	11	380,872,275	296,580,504
<b>Total current assets</b>		<b>696,583,027</b>	<b>582,068,475</b>
<b>TOTAL ASSETS</b>		<b>2,652,029,898</b>	<b>2,545,754,532</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		200,000,000	200,000,000
Legal reserve		901,289,603	901,289,603
Optional reserve		21,750,835	21,750,835
Fair value reserve		(880,965)	229,617
Retained earnings		243,138,437	310,129,318
<b>Equity attributable to equity holders of the parent</b>		<b>1,365,297,910</b>	<b>1,433,399,373</b>
Non-controlling interests		40,737,093	40,183,925
<b>Total equity</b>		<b>1,406,035,003</b>	<b>1,473,583,298</b>
<b>Non-current liabilities</b>			
Loans and borrowings	13	196,998,159	181,641,159
Lease liabilities	14	178,760,105	176,578,567
Employees' end of service benefits		42,251,837	37,455,701
Retentions payable		3,389,520	2,944,716
<b>Total non-current liabilities</b>		<b>421,399,621</b>	<b>398,620,143</b>
<b>Current liabilities</b>			
Trade and other payables		758,032,768	585,125,684
Lease liabilities	14	44,580,089	49,939,296
Loans and borrowings	13	21,982,417	38,486,111
<b>Total current liabilities</b>		<b>824,595,274</b>	<b>673,551,091</b>
<b>Total liabilities</b>		<b>1,245,994,895</b>	<b>1,072,171,234</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,652,029,898</b>	<b>2,545,754,532</b>

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

  
Mr. Ali Hilal Ali Omran Al-Kuwari  
Vice Chairman

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



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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six month period ended 30 June 2020

	Equity attributable to equity holders of the parent							Total equity QR.
	Share capital QR.	Legal reserve QR.	Optional reserve QR.	Fair value reserve QR.	Retained earnings QR.	Total QR.	Non- controlling interest QR.	
Balance at 1 January 2020 (Audited)	200,000,000	901,289,603	21,750,835	229,617	310,129,318	1,433,399,373	40,183,925	1,473,583,298
Profit for the period	--	--	--	--	107,172,868	107,172,868	553,168	107,726,036
Reclassification of gain on sale of financial assets at fair value through other comprehensive income	--	--	--	1,716,801	(1,716,801)	--	--	--
Other comprehensive income for the period	--	--	--	(2,827,383)	--	(2,827,383)	--	(2,827,383)
Appropriation for contribution to social and sports fund	--	--	--	--	(2,446,948)	(2,446,948)	--	(2,446,948)
Dividends paid (Note 12)	--	--	--	--	(170,000,000)	(170,000,000)	--	(170,000,000)
<b>Balance at 30 June 2020 (Reviewed)</b>	<b>200,000,000</b>	<b>901,289,603</b>	<b>21,750,835</b>	<b>(880,965)</b>	<b>243,138,437</b>	<b>1,365,297,910</b>	<b>40,737,093</b>	<b>1,406,035,003</b>
Balance at 1 January 2019 (Audited)	200,000,000	901,289,603	21,750,835	(6,089,426)	291,734,009	1,408,685,021	41,204,167	1,449,889,188
Profit for the period	--	--	--	--	94,996,382	94,996,382	(513,704)	94,482,678
Reclassification of losses on sale of financial assets at fair value through other comprehensive income	--	--	--	(3,631,410)	3,631,410	--	--	--
Other comprehensive income for the period	--	--	--	4,582,603	--	4,582,603	--	4,582,603
Appropriation for contribution to social and sports fund	--	--	--	--	(2,165,128)	(2,165,128)	--	(2,165,128)
Dividends paid (Note 12)	--	--	--	--	(170,000,000)	(170,000,000)	--	(170,000,000)
<b>Balance at 30 June 2019 (Reviewed)</b>	<b>200,000,000</b>	<b>901,289,603</b>	<b>21,750,835</b>	<b>(5,138,233)</b>	<b>218,196,673</b>	<b>1,336,098,878</b>	<b>40,690,463</b>	<b>1,376,789,341</b>

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



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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six month period ended 30 June 2020

	<b>Six month period ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR.</b>	<b>QR.</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the period before income tax	107,788,760	94,403,619
<i>Adjustments for:</i>		
Depreciation and amortisation	57,603,664	54,701,508
Provision for employees' end of service benefits	6,738,823	3,880,058
Provision for obsolete and slow moving inventories	16,460,106	11,278,056
Allowance recognised for credit loss	4,983,043	744,047
Finance costs	8,565,351	7,291,126
Dividend income from financial assets at fair value through other comprehensive income	(9,294,954)	(8,391,274)
Share of loss on an associate	951,684	726,988
(Gain)/loss on disposal of property and equipment	(467,913)	3,209
Interest income	(1,718,151)	(2,215,439)
Operating profit before changes in working capital	<u>191,610,413</u>	<u>162,421,898</u>
<i>Working capital changes:</i>		
Trade and other receivables	(21,067,221)	(18,192,728)
Inventories	(29,106,575)	(18,048,841)
Amounts due from related parties	(1,521,630)	(1,416,845)
Trade, retentions and other payables	<u>161,356,607</u>	<u>30,494,791</u>
Cash flows from operating activities	<u>301,271,594</u>	<u>155,258,275</u>
Payment of contribution to social and sports fund	(4,452,991)	(4,381,328)
Income tax paid	(168,632)	--
Employees' end of service benefits paid	<u>(1,942,687)</u>	<u>(2,109,326)</u>
<b>Net cash generated from operating activities</b>	<u>294,707,284</u>	<u>148,767,621</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(64,170,591)	(121,096,895)
Proceeds from sale of financial assets at fair value through other comprehensive income	53,185,842	110,805,706
Purchase of property and equipment	(23,807,297)	(27,350,971)
Proceeds from disposal of property and equipment	589,737	96,400
Purchase of intangible assets	--	(68,854)
Net movement in restricted bank accounts	(16,705,678)	(8,736,843)
Net movement in deposits maturing after 90 days	(70,800,000)	(299,995)
Dividends received	9,294,954	8,391,274
Interest received	<u>2,077,673</u>	<u>3,121,185</u>
<b>Net cash flows used in investing activities</b>	<u>(110,335,360)</u>	<u>(35,138,993)</u>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(153,374,021)	(159,293,151)
Finance costs paid	(6,638,887)	(10,107,978)
Repayment of principal portion of lease liabilities	(19,608,838)	(17,169,173)
Repayment of interest portion of lease liabilities	(6,505,202)	(6,512,777)
Net movement in loans and borrowings	<u>(1,218,123)</u>	<u>(6,493,664)</u>
<b>Net cash flows used in financing activities</b>	<u>(187,345,071)</u>	<u>(199,576,743)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(2,973,147)</u>	<u>(85,948,115)</u>
Cash and cash equivalents at 1 January	<u>206,942,338</u>	<u>385,629,569</u>
<b>Cash and cash equivalents at 30 June</b>	<u>203,969,191</u>	<u>299,681,454</u>

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



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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2020

### 1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

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

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

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

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.

These interim condensed consolidated financial statements of the Group for the six month period ended 30 June 2020 were authorized for issue by the Board of Directors on 12 August 2020.

The Group’s subsidiaries and associates are as follows:

<i>Name of subsidiaries and associates</i>	<i>Country of incorporation</i>	<i>Relationship</i>	<i>Group effective shareholding percentage</i>	
			<i>2020</i>	<i>2019</i>
Al Meera Holding Company W.L.L.	Qatar	Subsidiary	100%	100%
Al Meera Supermarkets Company W.L.L.	Qatar	Subsidiary	100%	100%
Al Meera Development Company W.L.L.	Qatar	Subsidiary	100%	100%
Qatar Markets Company W.L.L.	Qatar	Subsidiary	100%	100%
Al Meera Bookstore W.L.L.	Qatar	Subsidiary	100%	100%
MAAR Trading & Services Company W.L.L.	Qatar	Subsidiary	100%	100%
Al Meera Logistics Services Company W.L.L. (previously Aramex Logistics Services W.L.L.)	Qatar	Subsidiary	100%	100%
Al Meera Oman S.A.O.C	Oman	Subsidiary	70%	70%
Al Meera Markets S.A.O.C	Oman	Subsidiary	70%	70%
Al Oumara Bakeries Company W.L.L.	Qatar	Associate	51%	51%

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

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



**1. INCORPORATE AND PRINCIPAL ACTIVITIES (CONTINUED)**

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

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

**Al Meera Bookstore W.L.L. (“Al Meera Bookstore”)** is a limited liability company incorporated in the State of Qatar. The Company is engaged in the sale of stationery, computer accessories, books and toys. During the period, the board of directors resolved to discontinue the operation of Al Meera Bookstore (Refer to Note 20).

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

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

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

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

**Al 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.

**2. BASIS OF PREPARATION**

The interim condensed consolidated financial statements for the six month period ended 30 June 2020 have been prepared in accordance with with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”), and in conformity with Qatar Commercial Companies Law.

The interim condensed consolidated financial statements have been presented in Qatar Riyals (“QR.”), which is the functional and presentation currency of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2019. In addition, the results for the six month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

## 2. BASIS OF PREPARATION (CONTINUED)

### *Judgments, estimates and risk management*

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2019, except as mentioned in Note 21, which are primarily arising due to impact of Coronavirus ("COVID-19").

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

### **(i) Revised standards**

Effective for annual periods beginning on or after 1 January 2020

- Amendments to IFRS 3 *Amendments to clarify the definition of a business*
- Amendments to IFRS 7 *Amendments regarding pre-replacement issues in the context of the IBOR reform.*
- Amendments to IFRS 9 *Amendments regarding pre-replacement issues in the context of the IBOR reform*
- Amendments to IAS 1, IAS 8 *Amendments regarding the definition of material*
- Amendments to References to the Conceptual Framework *Amendments to References to the Conceptual Framework in IFRS Standards*

Effective for annual periods beginning on or after June 1, 2020

- Amendment to IFRS 16 *Amendments to Rent Concessions (Covid-19-Related)*

### **(ii) New and revised standards and interpretations but not yet effective**

Effective for annual periods beginning on or after 1 January 2022

- Amendments regarding the classification of liabilities
- Amendments regarding IAS 16 Property, Plant and Equipment - Proceeds before Intended Use
- Annual improvement 2018-2020 Cycle
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

Effective for annual periods beginning on or after 1 January 2023

- Original issue regarding IFRS 17 Insurance contracts
- Amendments regarding IFRS 17



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

For the six month period ended 30 June 2020

**4. BASIC AND DILUTED EARNINGS PER SHARE**

Basic and diluted earnings per share are calculated by dividing the profit attributable to the equity holders of the parent company for the period by the number of shares outstanding during the period as follows:

	<b>Six month period ended 30 June</b>	
	<b>2020</b> <b>(Reviewed)</b>	<b>2019</b> <b>(Reviewed)</b>
Profit for the period attributable to equity holders of the parent (QR.)	<u>107,172,868</u>	<u>94,996,382</u>
Weighted average number of ordinary shares outstanding	<u>200,000,000</u>	<u>200,000,000</u>
Basic and diluted earnings per share (QR.)	<u>0.54</u>	<u>0.47</u>

- (i) Basic and diluted earnings per share are equal as the Company has not issued any instruments which will dilute the existing shareholding.

**5. PROPERTY AND EQUIPMENT**

	<b>30 June</b> <b>2020</b> <b>(Reviewed)</b> <b>QR.</b>	<b>31 December</b> <b>2019</b> <b>(Audited)</b> <b>QR.</b>
<b>Cost:</b>		
Balance at the beginning of the period / year	1,534,570,040	1,464,361,040
Additions during the period / year	25,917,600	71,124,646
Disposals during the period / year	<u>(2,844,619)</u>	<u>(915,646)</u>
Balance at the end of the period / year	<u>1,557,643,021</u>	<u>1,534,570,040</u>
<b>Accumulated depreciation:</b>		
Balance at the beginning of the period / year	409,992,424	341,484,830
Charge for the period/ year	35,662,993	69,389,360
Relating to disposals	<u>(2,722,756)</u>	<u>(881,766)</u>
Balance at the end of the period /year	<u>442,932,661</u>	<u>409,992,424</u>
<b>Net carrying amount at the end of the period /year</b>	<u>1,114,710,360</u>	<u>1,124,577,616</u>

Please refer to Note 21 for the assessment and conclusion on the impact of COVID-19 on these interim condensed consolidated financial statements.

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2020

#### 6. RIGHT-OF-USE ASSETS

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

	<b>30 June 2020 (Reviewed) QR.</b>	31 December 2019 (Audited) QR.
Net book value at beginning of the period / year	<b>223,397,648</b>	238,602,300
Additions	<b>17,803,380</b>	28,825,618
Contract modification	<b>(1,372,211)</b>	(2,352,620)
Amortisation expense	<b>(22,436,757)</b>	(41,677,650)
Carrying value at the end of the period / year	<b><u>217,392,060</u></b>	<u>223,397,648</u>

Please refer to Note 21 for the assessment and conclusion on the impact of COVID-19 on these interim condensed consolidated financial statements.

#### 7. GOODWILL

	<b>30 June 2020 (Reviewed) QR.</b>	31 December 2019 (Audited) QR.
Qatar Markets Company W.L.L.	<b>227,028,986</b>	227,028,986
Al Meera Market S.A.O.C. (Al Safeer Oman) – five super markets	<b>117,069,012</b>	117,069,012
	<b><u>344,097,998</u></b>	<u>344,097,998</u>

Management performs goodwill impairment assessment annually and when there are indications that the carrying value may be impaired. Management believes that any reasonably possible change in the key assumptions used for impairment assessment performed on 31 December 2019 will not cause the carrying value of the goodwill to materially exceed its recoverable amount. Accordingly, no impairment loss was recognised for the six month period ended 30 June 2020 (30 June 2019: Nil).

Please refer to Note 21 for the assessment and conclusion on the impact of COVID-19 on these interim condensed consolidated financial statements.

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**8. INTANGIBLE ASSETS**

This represents computer software, customer contracts and non-compete agreement acquired by the Group. These assets are amortised over its useful economic lives.

	<b>30 June 2020 (Reviewed) QR.</b>	<b>31 December 2019 (Audited) QR.</b>
<b>Cost:</b>		
Balance at the beginning of the period / year	17,880,025	17,811,175
Addition for the period / year	--	68,850
Balance at the end of the period / year	<u>17,880,025</u>	<u>17,880,025</u>
<b>Accumulated amortisation:</b>		
Balance at the beginning of the period / year	15,148,510	13,518,909
Charge for the period / year	670,360	1,629,601
Balance at the end of the period / year	<u>15,818,870</u>	<u>15,148,510</u>
<b>Net carrying amount at the end of the period / year</b>	<u><u>2,061,155</u></u>	<u><u>2,731,515</u></u>

Please refer to Note 21 for the assessment and conclusion on the impact of COVID-19 on these interim condensed consolidated financial statements.

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

	<b>30 June 2020 (Reviewed) QR.</b>	<b>31 December 2019 (Audited) QR.</b>
Quoted equity shares	268,539,383	259,800,914
Unquoted equity shares	8,396,112	8,977,215
	<u>276,935,495</u>	<u>268,778,129</u>

**10. INVENTORIES**

	<b>30 June 2020 (Reviewed) QR.</b>	<b>31 December 2019 (Audited) QR.</b>
Finished goods	245,018,406	215,910,298
Consumables and spare parts	1,304,754	1,306,286
	<u>246,323,160</u>	<u>217,216,584</u>
Less: Provision for obsolete and slow moving inventories	<u>(26,458,893)</u>	<u>(9,998,786)</u>
	<u><u>219,864,267</u></u>	<u><u>207,217,798</u></u>



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**11. CASH AND CASH EQUIVALENTS**

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<b>30 June 2020 (Reviewed) QR.</b>	<b>31 December 2019 (Audited) QR.</b>
Cash on hand	2,568,533	2,686,023
Cash at banks	<u>237,292,723</u>	<u>233,442,702</u>
	<u>239,861,256</u>	<u>236,128,725</u>
Short term deposits	141,400,000	60,600,000
Less: Allowance for credit loss on term deposits	<u>(388,981)</u>	<u>(148,221)</u>
	<u>141,011,019</u>	<u>60,451,779</u>
Total bank balances and cash	380,872,275	296,580,504
Term deposits maturing after 90 days	<u>(75,700,000)</u>	<u>(4,900,000)</u>
Restricted bank accounts	<u>(101,592,065)</u>	<u>(84,886,387)</u>
Allowance for credit loss on term deposits	388,981	148,221
<b>Cash and cash equivalents</b>	<u><u>203,969,191</u></u>	<u><u>206,942,338</u></u>

**12. DIVIDENDS**

During the current period, following the approval at the Annual General Assembly held on 17 March 2020, the Company declared a cash dividend of QR. 8.5 per share totaling to QR. 170 million (2019: QR. 8.5 per share, totaling to QR. 170 million) relating to the year 2019.

**13. LOANS AND BORROWINGS**

	<b>30 June 2020 (Reviewed) QR.</b>	<b>31 December 2019 (Audited) QR.</b>
Loan 1	94,655,179	95,873,302
Loan 2	125,000,000	125,000,000
Deferred financing arrangement cost	<u>(674,603)</u>	<u>(746,032)</u>
	<u>218,980,576</u>	<u>220,127,270</u>

Presented in the interim condensed consolidated statement of financial position as follows:

	<b>30 June 2020 (Reviewed) QR.</b>	<b>31 December 2019 (Audited) QR.</b>
Non-current portion	196,998,159	181,641,159
Current portion	<u>21,982,417</u>	<u>38,486,111</u>
	<u>218,980,576</u>	<u>220,127,270</u>

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**14. LEASE LIABILITIES**

	<b>30 June 2020 (Reviewed) QR.</b>	<b>31 December 2019 (Audited) QR.</b>
At beginning of the period / year	226,517,863	235,013,386
Additions during the year	17,803,380	28,825,618
Contract modification	(1,372,211)	(2,285,166)
Accretion of interest	6,505,202	12,933,345
Payments during the year	<u>(26,114,040)</u>	<u>(47,969,320)</u>
<b>At the end of the period / year</b>	<b><u>223,340,194</u></b>	<b><u>226,517,863</u></b>
Current	44,580,089	49,939,296
Non-current	<u>178,760,105</u>	<u>176,578,567</u>
	<b><u>223,340,194</u></b>	<b><u>226,517,863</u></b>

**15. RELATED PARTY DISCLOSURES**

**a) 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 share 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.

Transactions with related parties included in the interim condensed consolidated statement of profit or loss are as follows:

	<b>Six month period ended 30 June</b>	
	<b>2020 (Reviewed) QR.</b>	<b>2019 (Reviewed) QR.</b>
<i>Al Oumara Bakeries Company W.L.L. (Associate):</i>		
Sales	<u>2,562,630</u>	<u>2,814,803</u>
Purchase of goods	<u>241,210</u>	<u>1,466,810</u>
Sales commission expenses	<u>576,592</u>	<u>711,696</u>
Staff cost expenses	<u>1,450,927</u>	<u>1,120,144</u>

**b) Due from related parties**

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

	<b>30 June 2020 (Reviewed) QR.</b>	<b>31 December 2019 (Audited) QR.</b>
<i>Associates:</i>		
Al Oumara Bakeries Company W.L.L.	<u>18,290,400</u>	<u>16,679,504</u>
	<b><u>18,290,400</u></b>	<b><u>16,679,504</u></b>



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**15. RELATED PARTY DISCLOSURES (CONTINUED)**

**c) Compensation of key management personnel**

The remuneration of directors and other members of key management during the period is as follows:

	<b>Six month period ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR.</b>	<b>QR.</b>
Key management remuneration	4,771,122	5,098,663
Board of Directors' remuneration	4,536,815	3,110,001
	<b>9,307,937</b>	<b>8,208,664</b>

**16. SEGMENT REPORTING**

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

- The retail segment, which comprises the buying and selling of consumer goods.
- The investment segment, which comprises equity and funds held as investment in associates, financial assets at fair value through other comprehensive income and fixed deposits.
- The leasing segment, which comprises letting of vacant premises and spaces in malls.

Management monitors the operating results for 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 interim condensed consolidated financial statements.

*Period ended 30 June 2020: (Reviewed)*

	<b>Retail</b>	<b>Investment</b>	<b>Leasing</b>	<b>Total</b>
	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>
Sales	1,907,788,929	--	--	1,907,788,929
Cost of sales	(1,596,717,997)	--	--	(1,596,717,997)
<b>Gross profit</b>	<b>311,070,932</b>	<b>--</b>	<b>--</b>	<b>311,070,932</b>
Rental income	--	--	27,510,376	27,510,376
Income from equity investment	--	8,184,502	--	8,184,502
Income from fixed deposits	--	1,319,185	--	1,319,185
Other income	2,972,745	--	--	2,972,745
<b>Operating income</b>	<b>314,043,677</b>	<b>9,503,687</b>	<b>27,510,376</b>	<b>351,057,740</b>
General and administrative expenses	(172,256,022)	(534,049)	(3,358,210)	(176,148,281)
Depreciation and amortization	(52,341,614)	(535,988)	(4,726,062)	(57,603,664)
Finance costs	(8,112,617)	--	(452,734)	(8,565,351)
Share of loss of an associate	--	(951,684)	--	(951,684)
<b>Profit for the period before income tax</b>	<b>81,333,424</b>	<b>7,481,966</b>	<b>18,973,370</b>	<b>107,788,760</b>
Income tax expense	(62,724)	--	--	(62,724)
<b>Profit for the period</b>	<b>81,270,700</b>	<b>7,481,966</b>	<b>18,973,370</b>	<b>107,726,036</b>

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

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**16. SEGMENT REPORTING (CONTINUED)**

*Period ended 30 June 2019: (Reviewed)*

	Retail QR.	Investment QR.	Leasing QR.	Total QR.
Sales	1,580,961,097	--	--	1,580,961,097
Cost of sales	(1,323,895,334)	--	--	(1,323,895,334)
<b>Gross profit</b>	<b>257,065,763</b>	<b>--</b>	<b>--</b>	<b>257,065,763</b>
Rental income	--	--	37,758,681	37,758,681
Income from equity investment	--	7,273,552	--	7,273,552
Income from fixed deposits	--	2,796,217	--	2,796,217
Other income	1,385,369	--	--	1,385,369
<b>Operating income</b>	<b>258,451,132</b>	<b>10,069,769</b>	<b>37,758,681</b>	<b>306,279,582</b>
General and administrative expenses	(146,219,265)	(513,096)	(2,423,980)	(149,156,341)
Depreciation and amortization	(50,050,663)	(547,626)	(4,103,219)	(54,701,508)
Finance costs	(6,804,066)	--	(487,060)	(7,291,126)
Share of loss of an associate	--	(726,988)	--	(726,988)
<b>Profit for the period before income tax</b>	<b>55,377,138</b>	<b>8,282,059</b>	<b>30,744,422</b>	<b>94,403,619</b>
Income tax benefit	79,059	--	--	79,059
<b>Profit for the period</b>	<b>55,456,197</b>	<b>8,282,059</b>	<b>30,744,422</b>	<b>94,482,678</b>

*Note:*

The Group sales from all segments are generated from external customers and no inter-segment transactions occurred during the period.

The following table presents segmental assets regarding the Group's business segments for the period ended 30 June 2020 and for the year ended 31 December 2019 respectively.

	Retail QR.	Investment QR.	Leasing QR.	Total QR.
<b>Segment assets</b>				
<b>At 30 June 2020 (Reviewed)</b>	<b>1,925,175,792</b>	<b>451,222,505</b>	<b>275,631,601</b>	<b>2,652,029,898</b>
At 31 December 2019 (Audited)	1,926,550,185	348,981,775	270,222,572	2,545,754,532

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**16. SEGMENT REPORTING (CONTINUED)**

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

	Qatar		Oman		Eliminations		Total	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Total assets	2,385,278,901	2,292,668,989	309,365,080	294,341,969	(42,614,083)	(41,256,426)	2,652,029,898	2,545,754,532
Total liabilities	1,114,053,127	952,523,660	173,574,750	160,395,562	(41,632,982)	(40,747,988)	1,245,994,895	1,072,171,234
	Qatar		Oman		Eliminations		Total	
	Six month period ended 30 June 2020	Six month period ended 30 June 2019	Six month period ended 30 June 2020	Six month period ended 30 June 2019	Six month period ended 30 June 2020	Six month period ended 30 June 2019	Six month period ended 30 June 2020	Six month period ended 30 June 2019
Sales	1,824,773,036	1,511,133,082	83,015,893	69,828,015	--	--	1,907,788,929	1,580,961,097
Profit (loss)	106,373,246	97,105,000	1,825,453	(1,997,847)	(472,663)	(624,475)	107,726,036	94,482,678

Note:

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



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#### 17. COMMITMENTS AND CONTINGENCIES

##### Capital commitments

The Group's capital commitments contracted but not provided for in the interim condensed consolidated financial statement as at 30 June 2020 amounted to QR. 83.69 million (31 December 2019: QR. 95.92 million).

##### Commitment under lease within 12 months/ operating lease:

	<b>30 June 2020 (Reviewed) QR.</b>	<b>31 December 2019 (Audited) QR.</b>
Within one year	<u>4,059,750</u>	<u>8,302,000</u>
Total	<u><u>4,059,750</u></u>	<u><u>8,302,000</u></u>

##### Contingent liabilities

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:

	<b>30 June 2020 (Reviewed) QR.</b>	<b>31 December 2019 (Audited) QR.</b>
Letters of guarantees	11,247,439	10,508,710
Letters of credits	<u>92,542</u>	<u>52,255</u>
	<u><u>11,339,981</u></u>	<u><u>10,560,965</u></u>

#### 18. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2019.

#### 19. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consists of cash and cash equivalents, financial assets at fair value through other comprehensive income, amounts due from related parties and trade and other receivables. Financial liabilities consist of loans and borrowings and trade and other payables.

The fair values of financial instruments are not materially different from their carrying values.

##### Fair values

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**19. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)****Valuation methods and assumptions**

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, trade receivables, trade payables, and other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of quoted financial assets at fair value through other comprehensive income is derived from quoted market prices in active markets.
- Fair value of unquoted financial assets at fair value through other comprehensive income is estimated using appropriate valuation techniques.

The Group does not hold credit enhancement or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

**Fair value hierarchy**

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

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

As at reporting date, the Group held the following financial instruments measured at fair value:

	<b>30 June 2020 (Reviewed)</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>
<b>Financial assets at fair value through other comprehensive income</b>				
Quoted shares	<u>268,539,383</u>	<u>268,539,383</u>	<u>--</u>	<u>--</u>
Un-quoted equity shares	<u>8,396,112</u>	<u>--</u>	<u>--</u>	<u>8,396,112</u>
	<b>31 December 2019 (Audited)</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>
<b>Financial assets at fair value through other comprehensive income</b>				
Quoted shares	<u>259,800,914</u>	<u>259,800,914</u>	<u>--</u>	<u>--</u>
Un-quoted equity shares	<u>8,977,215</u>	<u>--</u>	<u>--</u>	<u>8,977,215</u>

During the period ended 30 June 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements (2019: Nil).

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#### 19. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

##### Fair value hierarchy (continued)

The tables above illustrate the classification of the Group's financial instruments based on the fair value hierarchy. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments.

#### 20. DISCONTINUED OPERATIONS

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

The book values of assets and liabilities of the subsidiary at 30 June 2020 are as follows:

	<u>30 June 2020</u> QR.
<b>ASSETS</b>	
Bank balances and cash	257,038
Accounts receivable and prepayments	19,727
Property and equipment	81,322
<b>Total assets</b>	<u>358,087</u>
<b>LIABILITIES AND EQUITY</b>	
Accounts payable and accruals	1,056,943
Due to related parties	11,754,356
Share capital	200,000
Accumulated losses	<u>(12,653,212)</u>
<b>Total liabilities and equity</b>	<u>358,087</u>

The results of the discontinued operation for the period ended 30 June 2020 are as follows:

	<u>30 June 2020</u> QR.
Sales	351,677
Cost of sales	(457,365)
General and administrative expenses	(416,659)
Depreciation and amortisation expense	(23,915)
Other income	166,171
<b>Loss from discontinued operations</b>	<u>(380,091)</u>

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



## 21. IMPACT OF COVID-19

On 11 March 2020, Covid-19 was declared as pandemic by the World Health Organisation and is causing disruptions to businesses and economic activities. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications. The Group will continue to closely monitor as the situation progresses and has activated its business continuity planning and other risk management practices to manage the potential business operations disruption and financial performance in 2020.

COVID-19 has brought about uncertainties in the global economic environment. In light of the rapidly escalating situation, the Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the consolidated financial statements. The Group's business operations remain largely unaffected by the current situation. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing a material adjustments to the interim condensed consolidated financial statements:

### *Impairment of non-financial assets*

The Group has considered any impairment indicators and any significant uncertainties impacting its property and equipment (Note 5), right-of-use assets (Note 6), goodwill (Note 7) and intangible assets (Note 8) and concluded that there is no material impact of COVID-19.

### *Expected Credit Losses ("ECL") and impairment of financial assets*

The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 30 June 2020. The Group has updated the relevant forward-looking information of its operations with respect to; significant increase in credit risk; and assessing the indicators of impairment for the exposures in potentially affected sectors. As a result, the Group has appropriately recorded a provision on impacted assets for the six-month period ended 30 June 2020.

### *Commitments and contingent liabilities*

The Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group entities, customers and suppliers, to determine if there is any potential increase in contingent liabilities and commitments. As a result of the assessment, the Company concluded that there is no material impact on the Group's contingent liabilities and commitments. Refer to Note 17.

### *Government grants and lease concessions*

In March 2020, the Government of the State of Qatar issued a directive to exempt certain sectors from utility fees for a period of six months in exchange of providing lease concession to their tenants. To adhere with this directive, the Group granted lease concessions to certain lessees in exchange for the benefit received from utility exemption which resulted in loss of rent income of approximately QR. 10.28 million. The Group recognised a deduction from utility expenses of approximately QR. 6.75 million for the period ended 30 June 2020.

### *Going concern*

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Group has sufficient resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2019. As a result, these interim condensed consolidated financial statements have been appropriately prepared on a going concern basis.

The Group will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its' operations and financial performance in 2020.