

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
31 DECEMBER 2019**

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

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2019

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QR. 99-8

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Meera Consumer Goods Company Q.P.S.C (the "Parent Company") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 2019, 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.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 24 February 2019.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters

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

<i>Key Audit Matters</i>	<i>How our audit addressed the key audit matter</i>
<p>Impairment of goodwill</p> <p>As at 31 December 2019, the carrying value of goodwill amounted to QR. 344 million, or 14% of total assets as disclosed in Note 11.</p> <p>In accordance with IAS 36, Impairment of Assets, an entity is required to test goodwill acquired in a business combination for impairment at least annually irrespective of whether there is any indication of impairment.</p> <p>An impairment is recognised on the consolidated statement of financial position when the recoverable amount is less than the net carrying amount in accordance with IAS 36, as described in Note 11 to the consolidated financial statements. The determination of the recoverable amount is mainly based on discounted future cash flows.</p> <p>We considered the impairment of goodwill to be a key audit matter, given the method for determining the recoverable amount and the significance of the amount in the Group's consolidated financial statements.</p>	<p>We tested the impairment models and the key assumptions used by management with the involvement of our valuation specialists. Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Understanding the business process for the impairment assessment, identifying the relevant internal controls and testing their design, implementation and operating effectiveness of controls over the impairment assessment process, including indicators of impairment. • Evaluating whether the cash flows in the models used by management to calculate the recoverable value are reasonable and are in accordance with the requirements of IFRSs. • Obtaining and analyzing the business plans for each such asset (or CGU, as applicable) to assess the accuracy of the computations and the overall reasonableness of key assumptions; • Assessing the methodology used by the Group to estimate the Weighted Average Cost of Capital (WACC); <p>We performed sensitivity analysis on the key assumptions used by management to understand the extent to which these assumptions need to be adjusted before resulting in additional impairment loss.</p> <p>We assessed the overall presentation, structure and content of the related disclosures in notes 4 and 11 to the consolidated financial statements against the requirements of IFRSs.</p>
<p>Revenue recognition</p> <p>Revenue recognition from sales of goods to retail customers, is recognized when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods. Revenue is measured at fair value of consideration received or receivable, taking into account the contractually agreed terms of payment.</p> <p>Revenue recognition is considered a significant risk given the complexity of the IT systems involved, the high volume of transactions and changes caused by price updates and promotional offers affecting the various products and services offered.</p> <p>Revenue for the year is disclosed in note 5 to the consolidated financial statements.</p>	<p>We have inquired with sales, marketing department, and other process owners to understand the critical path of sales process.</p> <p>We have performed audit procedures, which were a combination of substantive testing and tests of controls.</p> <p>We considered the appropriateness of the Group's revenue recognition accounting policies, including the recognition and classification criteria. Due to the high reliance of revenue recognition on information technology systems, we evaluated the integrity of the general IT control environment and tested the operating effectiveness of key IT application controls.</p>

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (continued)

<i>Key Audit Matters</i>	<i>How our audit addressed the key audit matter</i>
First-time adoption of IFRS 16 Leases <p>The Group adopted IFRS 16 Leases with effect from 1 January 2019, which resulted in changes to the accounting policies. The Group has elected not to restate comparative information in accordance with the transitional provisions contained within IFRS 16</p> <p>The impact of IFRS 16 is a change in the accounting policy for operating leases. This change in accounting policy results in right-of-use assets and lease liabilities being recognised in the consolidated statement of financial position. The incremental borrowing rate ("IBR") method has been applied where the implicit rate in a lease is not readily determinable.</p> <p>The adoption of IFRS 16 has resulted in changes to processes, systems and controls.</p> <p>Because of the number of judgments which have been applied and the estimates made in determining the impact of IFRS 16, this area is considered as a key audit matter.</p> <p>The transitional impact of IFRS 16 has been disclosed in Note 2 to the consolidated financial statements.</p>	<p>We assessed the design and implementation of key controls pertaining to the application of IFRS 16.</p> <p>We assessed the appropriateness and reasonableness of key assumptions, judgments and inputs used in the application of the standard.</p> <p>We verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contracts or other supporting information and checked the integrity and mechanical accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustment.</p> <p>We considered the completeness of the lease data by reviewing other related accounts, reading other relevant information and by considering if we had knowledge of any other contracts which may contain a lease.</p> <p>We determined if the disclosures made in the consolidated financial statements pertaining to leases, including disclosures relating to the transition to IFRS 16, were in compliance with IFRSs.</p>

Other Information

Management is responsible for the other information. The other information comprises the Director's report, which will be available for us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and applicable provisions of Qatar Commercial Companies law, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on Other Legal and Regulatory Requirements

Further, as required by the Country Commercial Companies Law, we report the following:

- We are also in the opinion that proper books of account were maintained by the Group, physical inventory verification has been duly carried out and the contents of the director's report are in agreement with the Group's financial statements.
- We obtained all the information and explanations which we considered necessary for our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies' Law and the Company's Articles of Associations were committed during the year which would materially affect the Group's financial position and performance.

Doha -Qatar
19 February 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Notes	2019 QR.	2018 QR.
Sales	5	2,985,153,270	2,995,961,214
Cost of sales		(2,466,540,264)	(2,499,536,685)
Gross profit		518,613,006	496,424,529
Rental income		74,778,270	75,842,670
Other income	6	14,916,910	14,413,076
General and administrative expenses	7	(292,465,795)	(333,017,324)
Depreciation and amortisation	9,10 & 12	(111,212,125)	(66,086,214)
Share of loss of an associate	14	(1,533,374)	(1,853,432)
Finance costs	32	(17,758,681)	(3,175,016)
Profit before tax		185,338,211	182,548,289
Income tax benefit / (expense)	8	229,029	(68,229)
Profit for the year		185,567,240	182,480,060
Attributable to:			
Equity holders of the parent		186,587,482	182,393,172
Non-controlling interests	31	(1,020,242)	86,888
		185,567,240	182,480,060
Earnings per share			
Basic and diluted earnings per share attributable to equity holders of the parent	29	0.93	0.91

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 QR.	2018 QR.
Profit for the year		185,567,240	182,480,060
<i>Other comprehensive income</i>			
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>			
Net change in the fair value of financial assets at fair value through other comprehensive income	13	<u>12,579,861</u>	<u>20,336,327</u>
Total comprehensive income for the year		<u>198,147,101</u>	<u>202,816,387</u>
Attributable to:			
Equity holders of the parent		199,167,343	202,729,499
Non-controlling interests		<u>(1,020,242)</u>	<u>86,888</u>
		<u>198,147,101</u>	<u>202,816,387</u>



AL MEERA CONSUMER GOODS COMPANY Q.P.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	2019 QR.	2018 QR.
ASSETS			
Non-current assets			
Property and equipment	9	1,124,577,616	1,122,876,210
Right-of-use assets	10	223,397,648	--
Goodwill	11	344,097,998	344,097,998
Intangible assets	12	2,731,515	4,292,266
Financial assets at fair value through other comprehensive income	13	268,778,129	145,415,332
Deferred tax assets	8	103,151	--
Investment in associates	14	--	98,497
Total non-current assets		1,963,686,057	1,616,780,303
Current assets			
Inventories	15	207,217,798	195,860,677
Trade and other receivables	16	61,590,669	61,871,756
Amounts due from related parties	24	16,679,504	13,902,210
Bank balances and cash	17	296,580,504	512,520,490
Total current assets		582,068,475	784,155,133
TOTAL ASSETS		2,545,754,532	2,400,935,436
EQUITY AND LIABILITIES			
Equity			
Share capital	18	200,000,000	200,000,000
Legal reserve	19	901,289,603	901,289,603
Optional reserve	19	21,750,835	21,750,835
Fair value reserve	19	229,617	(6,089,426)
Retained earnings		310,129,318	291,734,009
Equity attributable to equity holders of the parent		1,433,399,373	1,408,685,021
Non-controlling interests	31	40,183,925	41,204,167
Total equity		1,473,583,298	1,449,889,188
Non-current liabilities			
Loans and borrowings	20	181,641,159	219,990,753
Lease liabilities	22	176,578,567	--
Employees' end of service benefits	21	37,455,701	34,297,992
Retentions payable	23	2,944,716	812,689
Deferred tax liability	8	--	276,070
Total non-current liabilities		398,620,143	255,377,504
Current liabilities			
Trade and other payables	23	585,125,684	682,590,679
Lease liabilities	22	49,939,296	--
Loans and borrowings	20	38,486,111	13,078,065
Total current liabilities		673,551,091	695,668,744
Total liabilities		1,072,171,234	951,046,248
TOTAL EQUITY AND LIABILITIES		2,545,754,532	2,400,935,436

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

.....
Mr. Mohammad Abdullah Al Mustafawi Al Hashemi
Board Member

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

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

For the year ended 31 December 2019

	Equity attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital	Legal reserve	Optional reserve	Fair value reserve	Retained earnings	Total		
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Balance at 1 January 2018	200,000,000	901,289,603	21,750,835	(26,096,996)	283,393,408	1,380,336,850	41,117,279	1,421,454,129
Profit for the year	--	--	--	--	182,393,172	182,393,172	86,888	182,480,060
Reclassification of gains on sales of financial assets at fair value through other comprehensive income	--	--	--	(328,757)	328,757	--	--	--
Net change in fair value of financial assets (Note 13)	--	--	--	20,336,327	--	20,336,327	--	20,336,327
Appropriation for contribution to social and sports fund (Note 28)	--	--	--	--	(4,381,328)	(4,381,328)	--	(4,381,328)
Dividends paid (Note 27)	--	--	--	--	(170,000,000)	(170,000,000)	--	(170,000,000)
Balance at 31 December 2018	200,000,000	901,289,603	21,750,835	(6,089,426)	291,734,009	1,408,685,021	41,204,167	1,449,889,188
Profit for the year	--	--	--	--	186,587,482	186,587,482	(1,020,242)	185,567,240
Reclassification of gains on sales of financial assets at fair value through other comprehensive income	--	--	--	(6,260,818)	6,260,818	--	--	--
Net change in fair value of financial assets (Note 13)	--	--	--	12,579,861	--	12,579,861	--	12,579,861
Appropriation for contribution to social and sports fund (Note 28)	--	--	--	--	(4,452,991)	(4,452,991)	--	(4,452,991)
Dividends paid (Note 27)	--	--	--	--	(170,000,000)	(170,000,000)	--	(170,000,000)
Balance at 31 December 2019	200,000,000	901,289,603	21,750,835	229,617	310,129,318	1,433,399,373	40,183,925	1,473,583,298

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

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

For the year ended 31 December 2019

	Notes	2019 QR.	2018 QR.
OPERATING ACTIVITIES			
Profit before tax		185,338,211	182,548,289
<i>Adjustments for:</i>			
Depreciation and amortisation	9,10&12	111,212,125	66,086,214
Interest income	6	(3,644,956)	(4,813,592)
(Reversal of) / provision for loss allowance	16 & 17	(2,239,456)	1,960,715
Provision for employees' end of service benefits	21	6,918,055	7,620,647
Allowance for obsolete and slow moving inventories - net	15	1,344,691	2,407,677
Share in loss of an associate	14	1,533,374	1,853,432
Loss on disposal of property and equipment		839	60,456
Dividend income	6	(8,467,827)	(7,140,066)
Finance costs	32	17,758,681	3,175,016
Operating profit before changes in working capital		309,753,737	253,758,788
<i>Working capital changes:</i>			
Inventories		(12,701,812)	(1,750,751)
Trade and other receivables		(1,622,566)	1,133,196
Amounts due from related parties		(2,568,939)	(3,340,123)
Trade and other payables		(98,618,634)	39,359,415
Cash flows from operating activities		194,241,786	289,160,525
Employees' end of service benefits paid	21	(3,760,346)	(4,811,872)
Payment of contribution to social and sports fund		(4,381,328)	(4,665,166)
Net cash flows from operating activities		186,100,112	279,683,487
INVESTING ACTIVITIES			
Purchase of financial assets at fair value through other comprehensive income	13	(272,373,253)	(193,999,071)
Proceeds from sale of financial assets at fair value through other comprehensive income	13	161,590,317	198,668,551
Purchase of property and equipment	9	(64,976,840)	(84,639,837)
Proceeds from disposal of property and equipment		33,041	68,217
Purchase of intangible assets		(68,850)	--
Net movement in deposits maturing after 90 days		37,816,000	(32,116,000)
Net movement in restricted bank accounts		(589,395)	(3,628,280)
Dividends received	6	8,467,827	7,140,066
Interest received		4,435,612	3,709,751
Net cash flows used in investing activities		(125,665,541)	(104,796,603)

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

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

For the year ended 31 December 2019

	Note	2019 QR.	2018 QR.
FINANCING ACTIVITIES			
Dividends paid		(164,753,983)	(167,039,716)
Net movement in loans and borrowings		(13,084,405)	111,410,396
Repayment of principal portion of lease liabilities		(35,035,975)	--
Repayment of interest portion of lease liabilities		(12,933,345)	--
Finance costs paid		(13,314,094)	(3,175,016)
Net cash flows used in financing activities		(239,121,802)	(58,804,336)
Net (decrease) / increase in cash and cash equivalents		(178,687,231)	116,082,548
Cash and cash equivalents at 1 January		385,629,569	269,547,021
Cash and cash equivalents at 31 December	17	206,942,338	385,629,569

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

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

For the year ended 31 December 2019

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

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

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

To comply with the instructions of Qatar Financial Markets Authority, the Company implemented a 10 for 1 share split i.e. 10 new shares with a par value of QR. 1 each were exchanged for 1 old share with a par value of QR. 10 each. The Company obtained its shareholders' approval at the Company's Extraordinary General Assembly held on 24 March 2019. The share split was approved by Ministry of Economy and Commerce together with the approval of the amended Articles of Association. The listing of the new shares on Qatar Exchange was effective from 18 June 2019. Consequently, earnings per share for comparative periods has been restated to reflect the share split (Notes 18 and 29).

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 19 February 2020.

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

<i>Name of subsidiaries and associates</i>	<i>Country of incorporation</i>	<i>Relationship</i>	<i>Group effective shareholding percentage</i>	
			<i>2019</i>	<i>2018</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 Oman S.A.O.C	Oman	Subsidiary	70%	70%
Al Meera Markets S.A.O.C	Oman	Subsidiary	70%	70%
Alge Retail Corporation Sarl	Switzerland	Subsidiary	--	51%
Al Oumara Bakeries Company W.L.L.	Qatar	Associate	51%	51%
Al Meera Logistics Services Company W.L.L. (previously Aramex Logistics Services Company W.L.L.)	Qatar	Subsidiary (2018: Associate)	100%	51%

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES (CONTINUED)

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

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

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

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

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

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

Al Meera 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.

Alge Retail Corporation S.A.R.L ("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. Alge Corporation has not commenced its commercial operations. During the year, Company sold its shares on Alge Corporation to a third party.

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

Al Meera 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.

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

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

In the current year, the Group, for the first time, has adopted IFRS 16 *Leases* (as issued by the IASB in January 2016). The standard replaces the existing guidance on leases, including IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC 15 “Operating Leases – Incentives” and SIC 27 “Evaluating the Substance of Transactions in the Legal Form of a Lease”.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Group’s financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has opted for the simplified approach permitted by IFRS 16 upon adoption of the new standard without any impact on retained earnings at 1 January 2019. During the first time application of IFRS 16 to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application. IFRS 16 transition disclosures also requires the Group to present a reconciliation of the off-balance sheet lease obligations as at 31 December 2018 to the recognised lease liabilities at 1 January 2019. Comparatives for the 2018 financial year have not been restated.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 January 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases, the Group:

- a) recognises right-of-use assets and lease liabilities in the statement of consolidated financial position, initially measured at the present value of future lease payments;

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact on Lessee Accounting (continued)

Former operating leases (continued)

- b) recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and
- c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rent expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*. This replaces the previous requirement to recognise a provision for onerous lease contracts. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented in the general and administrative expenses in the consolidated statement of profit or loss.

Former finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have an effect on the Group's consolidated financial statements.

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)**2.1 New and amended IFRS Standards that are effective for the current year (continued)****Financial impact of initial application of IFRS 16**

The tables below show the amount of adjustment for each consolidated financial statement line item affected by the application of IFRS 16 for the year ended 31 December 2019.

Impact on consolidated statement of profit or loss

	31 December 2019 QR.
Increase in amortisation expense	40,193,164
Increase in finance costs	11,312,524
Decrease in rent expenses	(44,878,856)

Impact on consolidated statement of cash flows

	31 December 2019 QR.
Repayment of principal portion of lease liabilities	(35,035,975)
Repayment of interest portion of lease liabilities	(12,933,345)
Net cash flows from financing activities	(47,969,320)

Impact on assets, liabilities and equity at 1 January 2019

	As previously reported QR.	Adjustments QR.	As restated QR.
Right-of-use assets	--	238,602,300	238,602,300
Trade and other receivables	61,871,756	(3,588,914)	58,282,842
Net impact on total assets	<u>61,871,756</u>	<u>235,013,386</u>	<u>296,885,142</u>
Lease liabilities	--	235,013,386	235,013,386
Net impact on total liabilities	<u>--</u>	<u>235,013,386</u>	<u>235,013,386</u>

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Financial impact of initial application of IFRS 16 (continued)

The off-balance sheet lease obligations as at 31 December 2018 are reconciled as follows to the recognised lease liabilities as at 1 January 2019.

	<u>Amount</u> <u>QR.</u>
Operating lease commitments disclosed at 31 December 2018	260,451,881
Add: reassessment of operating lease	60,202,508
Add: adjustments as a result of a different treatment of extension options	61,502,749
Less: short term leases recognised on a straight line basis as expense	(7,296,031)
Discounted using the lessee's incremental borrowing rate at the date of initial application	(139,847,721)
Lease liabilities recognised at 1 January 2019	<u>235,013,386</u>
Of which are:	
Current lease liabilities	47,061,062
Non-current lease liabilities	187,952,324
	<u>235,013,386</u>

Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019 <u>QR.</u>	1 January 2019 <u>QR.</u>
Commercial shops and land	206,285,572	209,870,057
Staff accommodation	17,112,076	28,732,243
Total right-of-use assets	<u>223,397,648</u>	<u>238,602,300</u>

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Financial impact of initial application of IFRS 16 (continued)

Under IFRS 16, lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities (the Group has included these payments as part of payments to suppliers and employees);
- Cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Group has opted to include the interest paid as part of financing activities); and
- Cash payments for the principal portion for leases liability, as part of financing activities. Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased by QR. 48 million and net cash used in financing activities increased by the same amount.

The adoption of IFRS 16 did not have an impact on net cash flows.

2.2 New and amended IFRS applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2019, have been adopted in these consolidated financial statements.

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 9 <i>Prepayment Features with Negative Compensation and Modification of financial liabilities</i>	1 January 2019
The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payments of Principal and Interest (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.	
The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.	

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

2.2 New and amended IFRS applied with no material effect on the consolidated financial statement (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 28 <i>Investment in Associates and Joint Ventures</i> : Relating to long-term interests in associates and joint ventures.	1 January 2019
These amendments clarify that an entity applies IFRS 9 <i>Financial Instruments</i> to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	
Annual Improvements to IFRSs 2015-2017 <i>Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs</i>	1 January 2019
The <i>Annual Improvements</i> include amendments to four Standards.	
IAS 12 <i>Income Taxes</i>	1 January 2019
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	
IAS 23 <i>Borrowing costs</i>	1 January 2019
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	
IFRS 3 <i>Business Combinations</i>	1 January 2019
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.	
IFRS 11 <i>Joint Arrangements</i>	1 January 2019
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.	

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)**2.2 New and amended IFRS applied with no material effect on the financial statement (continued)**

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 19 <i>Employee Benefits Plan Amendment, Curtailment or Settlement</i>	1 January 2019
The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements.	
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:	
<ul style="list-style-type: none"> • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances. 	
The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.	

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

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Definition of Material - Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'	
Definition of a Business – Amendments to IFRS 3 <i>Business Combinations</i>	1 January 2020
The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	

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

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to <i>References to the Conceptual Framework in IFRS Standards</i>	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	
IFRS 7 <i>Financial Instruments: Disclosures</i> and IFRS 9 — <i>Financial Instruments</i>	1 January 2020
Amendments regarding pre-replacement issues in the context of the IBOR reform	
IFRS 17 <i>Insurance Contracts</i>	1 January 2022
IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 <i>Insurance Contracts</i> as at 1 January 2022.	
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation

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

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

Basis of consolidation

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

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

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

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

Goodwill

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

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

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

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

The Group's policy for goodwill arising on the acquisition of a subsidiary is described in Note 11.

Revenue recognition

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Sale of goods - retail

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Refund liabilities

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

Right of return assets

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

Rental income

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

Dividend and interest income

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

Property and equipment

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

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

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

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

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

Capital work-in-progress

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

Intangible assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

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

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

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

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

Investment in associates

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in associates (continued)

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

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

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

Financial instruments

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

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

Financial assets

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

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

Classification of financial assets

(i) Debt instruments designated at amortised cost

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Classification of financial assets (continued)

(ii) Debt instrument designated at other comprehensive income

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

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

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

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

Amortised cost and effective interest rate (EIR) method

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Classification of financial assets (continued)

(iii) Equity instruments designated as at FVTOCI

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

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

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

(iv) Financial assets at FVTPL

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

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

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

Impairment of financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)

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

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

(i) Significant increase in credit risk

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

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

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

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

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

(ii) Definition of default

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of expected credit losses

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

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

Derecognition of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Derecognition of financial assets (continued)

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

Financial liabilities

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

Financial liabilities at FVTPL

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

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

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

Financial liabilities measured subsequently at amortised cost

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Derecognition of financial liabilities

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

Offsetting of financial instruments

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

Impairment of non-financial assets

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

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

Inventories

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Foreign currency translation

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

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

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

Employees' end of service benefits

End of service gratuity plans

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

(a) Pension plan (Qatar)

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

(b) Pension plan (Oman)

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

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

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

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

Earnings per share

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

Segment reporting

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

Taxes

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

Current income tax:

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

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

Deferred tax

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes

Deferred tax (continued)

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

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

Leases,

Leases under IFRS 16, applicable after 1 January 2019

The Group as lessee

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as lessee (continued)

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

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

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

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

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

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

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

Practical expedient

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- the election, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as single lease component.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as lessee (continued)

Practical expedient (continued)

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

(i) Variable lease payments

Estimation uncertainty arising from variable lease payments

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

(ii) Extension and termination options

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

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

(iii) Short-term leases

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

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

The Group as lessor

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Leases under IAS 17, applicable before 1 January 2019

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

Group as a lessee

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

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

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

Group as a lessor

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

Borrowing costs

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

Dividend distribution

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

Events after the reporting date

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgments and estimates

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

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

Critical judgments

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

Revenue from contracts with customers

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

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

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

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

Critical judgments (continued)

Revenue from contracts with customers (continued)

Determination of transaction price

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

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

Determining whether the loyalty points provide material rights to customers

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

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

Principal versus agent consideration

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

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

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

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

These indicators are used to determine whether the Group has exposure to the significant risks and rewards associated with the sale of goods or rendering of services. The Group is considered to be the principal as it controls the goods before they are transferred to the customers. This control is evidenced by the Group’s responsibility to transfer the goods to the customers and having discretion in establishing prices subject to the price limit set by the Government of Qatar.

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

Critical judgments (continued)

Capitalisation of costs

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

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

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

Business model assessment

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

Significant increase in credit risk

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

Determining the lease term

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

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

In this respect, the Group depreciates its buildings built on leased land based on their useful lives not exceeding the lease term (after the reasonably certain extension).

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

Critical judgments (continued)

Going concern

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

Classification of investments

Management decides on acquisition of an investment whether to classify it as financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss. The Group classifies investments as financial assets at fair value through profit or loss if the investment is classified as held for trading and upon initial recognition it is designated by the Group as at fair value through profit or loss. All other investments are classified as financial assets at fair value through other comprehensive income.

Classification of investments in associate

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

Estimates

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

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

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

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

As points issued under the programme do not expire, estimates of the stand-alone selling price are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at 31 December 2019, the estimated liability for unredeemed points was QR 1,993,460 (2018: QR. 576,313) (Note 23).

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

Estimates (continued)

Estimating variable consideration for returns

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

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

Variable lease payments

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

Discounting of lease payments

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

Grouping of right-of-use asset

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

Impairment of inventories

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

Impairment of tangible and intangible assets

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

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

Estimates (continued)

Estimated useful lives of property and equipment and intangibles

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

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

Management has not made estimates of residual values for any items of property and equipment at the end of their useful lives as these have been deemed to be insignificant.

The Group's management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate the present value. The recoverable amount of the cash generating unit is determined by management based on value in use calculation which uses cash flow projections based on forecast revenue and profit margin which have been projected for five years discrete period. The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The management used discount rates for Qatar Markets Company W.L.L. and Al Meera Market S.A.O.C. (Al Safeer Oman) 8.51% and 9.17%, respectively (2018: 8.57% and 13.90%) and terminal growth rate of 2.0% and 2.0 %, respectively (2018: 2.7% and 2.1%).

Fair value measurements

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

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

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other financial assets is disclosed in Note 33.

5. SALES

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

	2019	2018
	QR.	QR.
Sale of goods - retail	2,966,470,581	2,979,476,609
Sale of goods - wholesale	18,682,689	16,484,605
	<u>2,985,153,270</u>	<u>2,995,961,214</u>

6. OTHER INCOME

	2019	2018
	QR.	QR.
Dividend income	8,467,827	7,140,066
Interest income	3,644,956	4,813,592
Miscellaneous income	2,804,127	2,459,418
	<u>14,916,910</u>	<u>14,413,076</u>

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7. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2019</u>	<u>2018</u>
	<u>QR.</u>	<u>QR.</u>
Salaries, wages and other benefits	166,670,790	161,755,508
Water and electricity	28,598,955	24,986,138
Contract labour charges	22,365,927	25,877,881
Rent and staff accommodation	13,847,439	60,374,717
Repairs and maintenance	12,953,028	12,243,878
Advertisement expenses	11,837,847	4,980,046
Bank charges, commission and credit card charges	10,598,757	9,804,883
Board of Directors' remuneration (Note 24)	6,322,351	6,329,800
Consulting and professional fees	3,955,975	6,189,236
Vehicle running and insurance expenses	3,830,459	3,577,057
Telephone and postage	3,000,837	3,173,318
Provision for slow moving inventories (Note 15)	2,419,273	1,546,324
Printing and stationery	2,110,175	2,110,379
Travelling expenses	1,671,715	1,564,509
Franchise fee	1,050,000	3,662,517
Donations	26,377	119,660
(Reversal of) / provision for loss allowance (Notes 16 and 17)	(2,239,456)	1,960,715
Other expenses	3,445,346	2,760,758
	<u>292,465,795</u>	<u>333,017,324</u>

8. INCOME TAX

The major components of income tax expenses is as follows:

	<u>2019</u>	<u>2018</u>
	<u>QR.</u>	<u>QR.</u>
Income tax expense	150,192	--
Deferred income tax	(379,221)	68,229
Income tax expense reported in the consolidated statement of profit or loss	<u>(229,029)</u>	<u>68,229</u>

The Group is subject to income tax on its operation in the State of Qatar and Sultanate of Oman. Due to tax losses incurred on operations in Sultanate of Oman, no current tax expenses were recognised during the year. During the year, based on the updated income tax law of State of Qatar, the management have assessed that its subsidiaries operating in the State of Qatar were subject to tax.

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9. 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 2019	5,922,488	959,658,716	251,100,095	20,655,420	48,817,135	37,182,249	86,927,945	54,096,992	1,464,361,040
Additions	7	679,458	3,250,963	439,310	2,867,669	2,607,895	2,757,710	58,521,634	71,124,646
Disposals	--	--	(123,859)	(65,500)	(24,669)	(53,278)	(648,340)	--	(915,646)
Transfers	--	39,992,063	10,792,686	32,810	(66,682)	1,775,871	5,115,800	(57,642,548)	--
At 31 December 2019	5,922,495	1,000,330,237	265,019,885	21,062,040	51,593,453	41,512,737	94,153,115	54,976,078	1,534,570,040
Accumulated Depreciation:									
At 1 January 2019	--	118,599,991	117,223,925	14,953,152	24,773,939	25,962,577	39,971,246	--	341,484,830
Charge for the year	--	22,945,009	24,317,959	2,912,909	8,141,656	2,786,292	8,285,535	--	69,389,360
Relating to disposals	--	--	(100,678)	(65,499)	(18,427)	(48,824)	(648,338)	--	(881,766)
At 31 December 2019	--	141,545,000	141,441,206	17,800,562	32,897,168	28,700,045	47,608,443	--	409,992,424
Net book value:									
At 31 December 2019	5,922,495	858,785,237	123,578,679	3,261,478	18,696,285	12,812,692	46,544,672	54,976,078	1,124,577,616

Notes:

- Buildings with a carrying amount of QR 628,395,177 (2018: QR 631,041,277) were constructed on leased plots of land from Government of Qatar. These plots of land were acquired on leases for an extendable period of 25 years. The management has resolved to depreciate these buildings over 40 years based on the expected useful life period as management is reasonably certain that these lease contracts will be renewed for another period of time exceeding the useful life of these buildings.
- The capital work-in-progress includes constructions of new supermarkets and a central warehouse and major renovation of existing supermarkets. These costs are financed by loans obtained from local banks. The amount of borrowing costs capitalised during the year ended 31 December 2019 amounted to QR 3,250,854 (2018: QR 5,953,600). These loans carry profit rates in the range of 5.5% per annum (2018: 5.5% per annum). The amount of amortisation on right-of-use asset and interest expense on lease liabilities capitalised during the year ended 31 December 2019 amounted to QR. 1,296,068 and QR. 1,600,884, respectively.
- As of the reporting date, the Group has recorded 31 (2018: 31) plots of land granted by the Government of Qatar at nominal values in the books.

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

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10. RIGHT-OF-USE ASSETS

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

	Right-of-use assets		
	Commercial	Staff	Total
	shops and land	accommodation	
	QR.	QR.	QR.
At 1 January 2019 (restated)	209,870,057	28,732,243	238,602,300
Additions	28,825,618	--	28,825,618
Contract modification	(2,352,620)	--	(2,352,620)
Amortisation expense	(30,057,483)	(11,620,167)	(41,677,650)
At 31 December 2019	<u>206,285,572</u>	<u>17,112,076</u>	<u>223,397,648</u>

Amounts recognised in profit and loss

	31 December 2019 QR.
Amortisation expense on right-of-use assets	40,193,164
Expense relating to short-term leases	9,587,040
Expense relating to variable lease payments not included in the measurement of the lease liability	4,260,399

During the year, amortisation on right-of-use assets amounting QR. 1,296,068 and QR. 188,418 was capitalised to work-in-progress and allocated to an associate, respectively.

11. GOODWILL

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

	2019 QR.	2018 QR.
Qatar Markets Company W.L.L.	227,028,986	227,028,986
Al Meera Market S.A.O.C. (Al Safeer Oman)	117,069,012	117,069,012
	<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 five years period at a discount rate of 8.51% (2018: 8.57%). The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The cash flows beyond five year period is extrapolated using a steady growth rate of 2.0% (2018: 2.7%), which is the projected long term growth rate of the Company.

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

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

Management believes that any reasonably possible change in the above key assumptions on which the recoverable amount is based would not cause the carrying value of the goodwill to materially exceed its recoverable amount, accordingly, no impairment loss was recognised in years 2019 and 2018. No impairment has been recognised on Goodwill since its initial recognition.

Al Meera Market S.A.O.C. (Al Safeer Oman):

The recoverable amount of the cash generating unit has been determined based on value in use calculations. The calculation uses cash flow projections based on forecast revenues and profit margins approved by management covering five years period at a discount rate of 9.17% (2018: 13.90%). The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The cash flows beyond five year period are extrapolated using a steady growth rate of 2.0% (2018: 2.1%), which is the projected long term growth rate of the Company.

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

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

12. 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:

	<u>2019</u>	<u>2018</u>
	QR.	QR.
Cost:		
At 1 January	17,811,175	17,811,175
Additions for the year	68,850	--
At 31 December	<u>17,880,025</u>	<u>17,811,175</u>
Amortisation:		
At 1 January	13,518,909	12,056,805
Charge for the year	1,629,601	1,462,104
At 31 December	<u>15,148,510</u>	<u>13,518,909</u>
Net book value at 31 December	<u><u>2,731,515</u></u>	<u><u>4,292,266</u></u>

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13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>2019</u> <u>QR.</u>	<u>2018</u> <u>QR.</u>
Quoted equity shares	259,800,914	135,211,105
Unquoted equity shares	8,977,215	10,204,227
	<u>268,778,129</u>	<u>145,415,332</u>

Notes:

- (i) The above quoted equity investments are managed by reputable assets managers, who take investment decisions on behalf of the Group.
- (ii) 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.
- (iii) The movements in these financial assets at fair value through other comprehensive income are as follows:

	<u>2019</u> <u>QR.</u>	<u>2018</u> <u>QR.</u>
At 1 January	145,415,332	129,748,485
Additions	272,373,253	193,999,071
Disposals	(161,590,317)	(198,668,551)
Net changes in fair value	12,579,861	20,336,327
At 31 December	<u>268,778,129</u>	<u>145,415,332</u>

14. INVESTMENTS IN ASSOCIATES

The Group has the following investment in associates:

<u>Name of associate</u>	<u>Principal activity</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest</u>	
			<u>2019</u> <u>%</u>	<u>2018</u> <u>%</u>
Al Meera Logistics Services W.L.L. (previously Aramex Logistics Services Company L.L.C.)	Warehousing, value added services and delivery truck	Qatar	--	51%
Al Oumara Bakeries Company W.L.L.	Manufacture and sale of bakery products	Qatar	51%	51%

As disclosed in Note (1), the Parent Company acquired all shares of Al Meera Logistics during the year. Thus, the Group accounted Al Meera Logistics as a subsidiary from the date of acquisition.

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14. INVESTMENTS IN ASSOCIATES (CONTINUED)

The movement of investment in associates is as follows:

	2019	2018
	QR.	QR.
At 1 January	98,497	98,497
Disposal of Al Meera Logistics Services W.L.L. (previously Aramex Logistics Services W.L.L.)	(98,497)	--
Provision recorded on Al Oumara Bakeries Company W.L.L. as at 1 January	(7,284,918)	(5,431,486)
Share of results for the year	(1,533,374)	(1,853,432)
Presented separately as a provision for deficit in an associate on Al Oumara Bakeries Company W.L.L. (Note 23)	8,818,292	7,284,918
At 31 December	<u>--</u>	<u>98,497</u>

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

	2019	2018
	QR.	QR.
Group's share of associates' statement of financial position:		
Current assets	455,384	844,582
Non-current assets	114,258	153,326
Current liabilities	(9,267,712)	(8,171,206)
Non-current liabilities	(120,222)	(111,620)
Carrying amount of the investments	<u>(8,818,292)</u>	<u>(7,284,918)</u>
Group's share of associates' revenue and results:		
Sales	2,714,568	2,706,201
Share of results	<u>(1,533,374)</u>	<u>(1,853,432)</u>

15. INVENTORIES

	2019	2018
	QR.	QR.
Finished goods	215,910,298	203,274,214
Consumables and spare parts	1,306,286	1,240,558
	<u>217,216,584</u>	<u>204,514,772</u>
Less: Provision for obsolete and slow-moving inventories	(9,998,786)	(8,654,095)
	<u>207,217,798</u>	<u>195,860,677</u>

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

	2019	2018
	QR.	QR.
At 1 January	8,654,095	6,246,418
Charges recognised in general and administrative expenses (Note 7)	2,419,273	1,546,324
(Reversal) / charges recognised in cost of sales	(1,074,582)	861,353
At 31 December	<u>9,998,786</u>	<u>8,654,095</u>

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16. TRADE AND OTHER RECEIVABLES

	2019	2018
	QR.	QR.
Trade receivables	4,930,555	6,291,171
Advances to supplier - net	10,199,828	9,155,344
Credit card receivables	9,008,659	9,422,410
Deposits	15,583,556	15,140,980
Prepaid expenses	6,915,646	9,915,255
Staff receivables	5,327,466	4,578,336
Lease receivables	7,455,310	7,566,807
Accrued interest income	1,261,769	2,052,425
Other receivables	1,941,870	1,048,624
	62,624,659	65,171,352
Less: Allowance for impairment of trade receivables (Note 33)	(1,033,990)	(3,299,596)
	61,590,669	61,871,756

Notes:

- i) The credit risk disclosures to expected credit losses on trade receivable under IFRS 9, have been disclosed in Note 33.
- ii) It is not the practice of the Group to obtain collateral over trade receivable and the vast majority are, therefore, unsecured.

17. 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:

	2019	2018
	QR.	QR.
Cash in hand	2,686,023	2,138,753
Cash at bank	233,442,702	385,787,808
	236,128,725	387,926,561
Short term deposits	60,600,000	124,716,000
Less: Allowance for expected credit loss on term deposits (Note 33)	(148,221)	(122,071)
	60,451,779	124,593,929
Total bank balances and cash	296,580,504	512,520,490
Term deposits maturing after 90 days	(4,900,000)	(42,716,000)
Restricted bank accounts (Note iii)	(84,886,387)	(84,296,992)
Allowance for expected credit loss on term deposits	148,221	122,071
Cash and cash equivalents	206,942,338	385,629,569

Notes:

- i) The term deposits have different maturities and carry profit margin at market rates.
- ii) The credit risk disclosures to expected credit losses on term deposit under IFRS 9 have been disclosed in Note 33.
- iii) Restricted bank accounts consist of amounts held in the banks for the dividends declared and not collected by shareholders yet.

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

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18. SHARE CAPITAL

	<u>2019</u> <u>QR.</u>	<u>2018</u> <u>QR.</u>
<i>Authorised, issued and fully paid:</i> 200,000,000 shares of QR 1 each	<u>200,000,000</u>	<u>200,000,000</u>

Note:

To comply with the instructions of Qatar Financial Markets Authority, the Company implemented a 10 for 1 share split i.e. 10 new shares with a par value of QR. 1 each were exchanged for 1 old share with a par value of QR. 10 each. The Company obtained its shareholders' approval at the Company's Extraordinary General Assembly held on 24 March 2019. The share split was approved by Ministry of Economy and Commerce together with the approval of the amended Articles of Association. The listing of the new shares on Qatar Exchange was effective from 18 June 2019. Consequently, earnings per share for comparative periods have been restated to reflect this.

19. RESERVES*Legal reserve*

In accordance with Qatar Commercial Companies Law No. 11 of 2015, 10% of the profit for the year is transferred to a legal reserve. Transfers to this reserve are required to be made until the reserves reaches minimum 50% of the issued share capital of the Group. The Group has resolved to discontinue such transfers as the reserve exceeded 50% of share capital. This reserve is not available for distribution except in the circumstances stipulated in Qatar Commercial Companies Law.

Optional reserve

In accordance with the Group's Articles of Association, upon suggestion of the Board of Directors, the General Assembly may decide to deduct a portion of the net profit for the optional reserve. This optional reserve shall be used in the forms and ways that will be decided by the General Assembly. There were no movements during the year ended 31 December 2019 (2018: Nil).

*Fair value reserve**Financial assets at fair value through other comprehensive income reserve*

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

20. LOANS AND BORROWINGS

	<u>2019</u> <u>QR.</u>	<u>2018</u> <u>QR.</u>
Loan 1	95,873,302	108,957,707
Loan 2	125,000,000	125,000,000
Deferred financing arrangement cost	(746,032)	(888,889)
	<u>220,127,270</u>	<u>233,068,818</u>

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

For the year ended 31 December 2019

20. LOANS AND BORROWINGS (CONTINUED)

Presented in the consolidated statement of financial position as follows:

	<u>2019</u>	<u>2018</u>
	<u>QR.</u>	<u>QR.</u>
Non-current portion	181,641,159	219,990,753
Current portion	38,486,111	13,078,065
	<u>220,127,270</u>	<u>233,068,818</u>

Loan 1

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

The facility agreement contains certain covenants related to the capital structure of the operation of the business of Al Meera Markets S.A.O.C., one of the Group's subsidiaries in Oman. The facility carries profit rate of 3% per annum.

There was an initial drawdown of the facility on 20 June 2014, amounting to QR 89 million. This amount is repayable over 40 quarterly instalments starting 30 September 2016.

During the latter part of the year 2016, there was an additional draw down amounting to QR 50 million, which have been fully utilised for the construction of certain supermarkets of the Group and repayable over 39 quarterly instalments starting 5 December 2016.

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

Loan 2

During 2018, the Group entered into a Murabaha loan facility agreement amounting to QR 200 million with a local bank in the State of Qatar to finance the expansion plans of the Group. The unsecured facility carries a profit rate of QMRL plus 0.25% with a minimum rate of 5.25%. There was an initial drawdown of the facility on 21 March 2018, amounting to QR 125 million. This amount is repayable over 20 quarterly instalments starting March 2020.

Subsequent to the reporting date, management is in discussion with the bank to revise the terms of loan agreement.

21. EMPLOYEES' END OF SERVICE BENEFITS

	<u>2019</u>	<u>2018</u>
	<u>QR.</u>	<u>QR.</u>
At 1 January	34,297,992	31,489,217
Provided during the year	6,918,055	7,620,647
End of service benefits paid	(3,760,346)	(4,811,872)
At 31 December	<u>37,455,701</u>	<u>34,297,992</u>

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22. LEASE LIABILITIES

	2019 QR.	2018 QR.
At 1 January	235,013,386	--
Additions during the year	28,825,618	--
Contract modification	(2,285,166)	--
Accretion of interest	12,933,345	--
Payments during the year	(47,969,320)	--
At 31 December	226,517,863	--
Current	49,939,296	--
Non-current	176,578,567	--
	226,517,863	--

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

	2019 QR.	2018 QR.
Not later than 1 year	49,939,296	--
Later than 1 year and not later than 5 years	105,748,922	--
Later than 5 years	198,102,724	--
	353,790,942	--

During the year, interest on lease liabilities amounting QR. 1,600,884 and QR. 19,937, was capitalized to work-in-progress and allocated to an associate, respectively.

The Group does not face a significant liquidity risk with regard to its liabilities. Lease liabilities are monitored within the Group's management.

23. TRADE AND OTHER PAYABLES

	2019 QR.	2018 QR.
Trade and services payables	383,816,201	483,305,213
Dividends payable	102,938,110	97,692,093
Accrued expenses	53,866,759	52,391,294
Retentions payable	11,866,935	21,360,381
Provision for deficit in an associate (Note 14)	8,818,292	7,284,918
Provision for social and sports fund	4,452,991	4,381,328
Payable to contractors	3,583,502	2,020,230
Contract liability on loyalty program	1,993,460	576,313
Deferred rent income	657,402	574,892
Income tax payable	150,192	--
Other payables	12,981,840	13,004,017
	585,125,684	682,590,679

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

Current portion (see above)	11,866,935	21,360,381
Non-current portion	2,944,716	812,689
	14,811,651	22,173,070

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24. RELATED PARTY DISCLOSURES**Related party transactions**

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

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

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

	<u>2019</u> <u>QR.</u>	<u>2018</u> <u>QR.</u>
<i>Al Oumara Bakeries Company W.L.L. (Associate)</i>		
Purchases	<u>5,322,682</u>	<u>4,112,365</u>
Sales	<u>2,330,110</u>	<u>2,898,000</u>
Sales commission income	<u>1,197,603</u>	<u>1,193,912</u>
Staff cost	<u>2,357,264</u>	<u>2,122,962</u>
Rent expense	<u>--</u>	<u>112,904</u>
Lease charges	<u>208,355</u>	<u>--</u>

Related party balances

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

	<u>2019</u> <u>QR.</u>	<u>2018</u> <u>QR.</u>
<i>Amounts due from related parties:</i>		
<i>Associates:</i>		
Al Oumara Bakeries Company W.L.L.	16,679,504	13,877,091
Al Meera Logistics Services W.L.L. (previously Aramex Logistics Services Company W.L.L.)	<u>--</u>	<u>25,119</u>
	<u>16,679,504</u>	<u>13,902,210</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.

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24. RELATED PARTY DISCLOSURES (CONTINUED)**Compensation of key management personnel**

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

	<u>2019</u>	<u>2018</u>
	QR.	QR.
Key management remuneration	7,941,666	9,055,901
Board of Directors' remuneration	6,322,351	6,329,800
	<u>14,264,017</u>	<u>15,385,701</u>

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

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

	<u>2019</u>	<u>2018</u>
	QR.	QR.
Capital commitments – Property and equipment		
Estimated capital expenditure approved and contracted as of the reporting date	<u>95,922,530</u>	<u>120,718,029</u>

(b) Commitment under lease within 12 months/operating lease:

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

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

	<u>2019</u>	<u>2018</u>
	QR.	QR.
Within one year	8,302,000	30,437,901
After one year, but not more than five years	--	91,093,915
More than five years	--	138,920,066
	<u>8,302,000</u>	<u>260,451,882</u>

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26. CONTINGENCIES

At 31 December 2019 and 2018, the Group had contingent liabilities in respect of letters of credit and letters of guarantee and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. The details are as follows:

	<u>2019</u> <u>QR.</u>	<u>2018</u> <u>QR.</u>
Letters of guarantees	10,508,710	1,325,514
Letters of credits	52,255	1,228,064
	<u>10,560,965</u>	<u>2,553,578</u>

27. DIVIDENDS

The Board of Directors have proposed a 85% cash dividend on the paid up capital of QR. 0.85 per share totalling QR. 170 million for the year 2019, which is subject to the approval of the shareholders at the Annual General Assembly (2018: QR. 8.5 per share, before share split, totalling QR. 170 million for the year 2018).

During the year, following the approval at the Annual General Assembly held on 17 March 2019, the Company declared a cash dividend of QR. 8.5 per share, before share split, totalling to QR. 170 million (2018: QR. 8.5 per share, before share split, totalling QR. 170 million) relating to the year 2018.

28. CONTRIBUTION TO SOCIAL AND SPORTS FUND

In accordance with Law No. 13 of 2008, the Group has taken a provision for the support of sports, social, cultural and charitable activities with an amount equivalent to 2.5% of the net profit after deducting dividend received from listed investments. This social and sports contribution is considered as an appropriation of retained earnings of the group and presented in the consolidated statement of changes in equity.

The Group made an appropriation from retained earnings amounting to QR. 4.45 million for the year ended 31 December 2019 (2018: QR. 4.38 million) for contribution to the Social and Sports Development Fund of Qatar.

29. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to equity holders of the Parent by the weighted average number of shares outstanding during the year. The computation of basic and diluted earnings per share are equal as the Company has not issued any instruments which will dilute the existing shareholding.

	<u>2019</u> <u>QR.</u>	<u>2018</u> <u>QR.</u> <i>(Restated)</i>
Profit attributable to equity holders of the parent (QR.)	<u>186,587,482</u>	<u>182,393,172</u>
Weighted average number of shares outstanding (2018 restated)	<u>200,000,000</u>	<u>200,000,000</u>
Basic and diluted earnings per share (QR.)	<u>0.93</u>	<u>0.91</u>

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29. EARNINGS PER SHARE (CONTINUED)

- (i) As a result of the 10 for 1 share split (Note 1), the weighted average number of shares outstanding and the computed earnings per share have been retrospectively adjusted from QR. 9.12 to QR. 0.91 for the year 31 December 2018.

30. SEGMENT INFORMATION

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

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

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

	Retail	Investment	Leasing	Total
	QR.	QR.	QR.	QR.
<i>Year ended 31 December 2019:</i>				
Sales	2,985,153,270	--	--	2,985,153,270
Cost of sales	(2,466,540,264)	--	--	(2,466,540,264)
Gross profit	518,613,006	--	--	518,613,006
Rental income	--	--	74,778,270	74,778,270
Income from equity investments	--	6,661,650	--	6,661,650
Income from fixed deposits	--	2,069,607	--	2,069,607
Other income	6,185,653	--	--	6,185,653
Operating income	524,798,659	8,731,257	74,778,270	608,308,186
General and administrative expenses	(291,834,541)	(988,589)	357,335	(292,465,795)
Depreciation and amortisation	(101,524,635)	(1,083,511)	(8,603,979)	(111,212,125)
Share of loss of an associate	--	(1,533,374)	--	(1,533,374)
Finance costs	(17,758,681)	--	--	(17,758,681)
Profit before income tax	113,680,802	5,125,783	66,531,626	185,338,211
Income tax expense	229,029	--	--	229,029
Profit for the year	113,909,831	5,125,783	66,531,626	185,567,240

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30. SEGMENT INFORMATION (CONTINUED)

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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2018: Nil). The accounting policies of the reportable segment are the same as per the Group accounting policies described in Note 3.

The following table presents segmental assets regarding the Group's business segments for the year ended 31 December 2019 and 31 December 2018 respectively:

	Retail QR.	Investment QR.	Leasing QR.	Total QR.
Segment assets:				
At 31 December 2019	1,926,550,185	348,981,775	270,222,572	2,545,754,532
At 31 December 2018	2,003,106,329	194,997,619	202,831,488	2,400,935,436
Other disclosures				
	Retail QR.	Investment QR.	Leasing QR.	Total QR.
Capital expenditure :				
At 31 December 2019	64,158,649	--	6,965,997	71,124,646
At 31 December 2018	82,078,109	--	2,561,728	84,639,837

Capital expenditure consists of additions of property and equipment.

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30. SEGMENT INFORMATION (CONTINUED)

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

	Qatar		Oman		Eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Total assets	<u>2,292,668,989</u>	<u>2,239,838,498</u>	<u>294,341,969</u>	<u>191,352,608</u>	<u>(41,256,426)</u>	<u>(30,255,670)</u>	<u>2,545,754,532</u>	<u>2,400,935,436</u>
Total liabilities	<u>952,523,660</u>	<u>927,323,667</u>	<u>160,395,562</u>	<u>53,978,251</u>	<u>(40,747,988)</u>	<u>(30,255,670)</u>	<u>1,072,171,234</u>	<u>951,046,248</u>
	Qatar		Oman		Eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Sales	<u>2,850,436,126</u>	<u>2,856,380,977</u>	<u>134,717,144</u>	<u>139,580,237</u>	<u>--</u>	<u>--</u>	<u>2,985,153,270</u>	<u>2,995,961,214</u>
Net income	<u>189,505,040</u>	<u>181,406,684</u>	<u>(3,429,362)</u>	<u>1,073,376</u>	<u>(508,438)</u>	<u>--</u>	<u>185,567,240</u>	<u>182,480,060</u>

Note:

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

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31. 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	
		2019	2018	2019	2018	2019	2018
		%	%	QR.	QR.	QR.	QR.
Al Meera Markets S.A.O.C.	Oman	30%	30%	(972,757)	110,062	38,904,109	39,876,866
Al Meera Oman S.A.O.C.	Oman	30%	30%	(56,051)	(22,048)	1,279,816	1,335,867
Alge Retail Corporation Sarl (Note 1)	Switzerland	--	49%	8,566	(1,126)	--	(8,566)
				<u>(1,020,242)</u>	<u>86,888</u>	<u>40,183,925</u>	<u>41,204,167</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. 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:

	2019 QR.	2018 QR.
Sales	134,717,144	139,580,237
Other income	7,614,697	8,392,188
Expenses	<u>(146,140,424)</u>	<u>(147,610,815)</u>
(Loss)/Profit before income tax	(3,808,583)	361,610
Income tax expense	<u>379,221</u>	<u>(68,229)</u>
(Loss)/Profit for the year	<u>(3,429,362)</u>	<u>293,381</u>
Attributable to:		
Equity holders of the parent	(2,400,554)	205,367
Non-controlling interests	<u>(1,028,808)</u>	<u>88,014</u>
	<u>(3,429,362)</u>	<u>293,381</u>

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

	<u>2019</u> QR.	<u>2018</u> QR.
Non-current assets	235,737,599	148,149,013
Current assets	58,604,370	43,203,594
	<u>294,341,969</u>	<u>191,352,607</u>
Equity attributable to equity holders of the parent	93,762,482	96,163,039
Non-controlling interests	40,183,925	41,212,732
Non-current liabilities	100,205,726	1,524,996
Current liabilities	60,189,836	52,451,840
	<u>294,341,969</u>	<u>191,352,607</u>

Statement of cash flows

	<u>2019</u> QR.	<u>2018</u> QR.
Net cash from / (used in) operating activities	4,185,396	(5,028,987)
Net cash used in investing activities	(20,145,776)	(8,488,602)
Net cash from financing activities	13,947,995	10,507,827
Net decrease cash and cash equivalents	<u>(2,012,385)</u>	<u>(3,009,762)</u>

32. FINANCE COSTS

	<u>2019</u> QR.	<u>2018</u> QR.
Interest on bank overdraft and loans	9,697,011	9,128,616
Interest expense on lease liabilities (Note 22)	12,933,345	--
Total interest expense	22,630,356	9,128,616
Less : Interest on bank overdraft and loans capitalised in cost of qualifying assets (Note 9)	(3,250,854)	(5,953,600)
Less : Interest expense on lease liabilities capitalised in cost of qualifying assets (Note 22)	(1,600,884)	--
Interest expense on lease liabilities - allocated to associate (Note 22)	(19,937)	--
	<u>17,758,681</u>	<u>3,175,016</u>

33. FINANCIAL RISK MANAGEMENT**Financial risk management objectives**

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, rent receivables, amounts due from related parties, other receivables, financial assets at fair value through other comprehensive income and cash and bank balances, which arise directly from its operations. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. Management reviews and agrees policies for managing each of these risks which are summarised below:

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity price will affect the Group's income, equity or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group's activities expose it primarily to the financial risks of changes in interest rates and equity price risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's call deposits and loans and borrowings with floating interest rates.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate agreements.

	2019	2018
	QR.	QR.
Potential change in basis points	-/+25	-/+25
Effect on profit or loss	1,135,790	1,549,364

Equity price risk

The Group is exposed to equity price risks arising from quoted equity shares. Quoted equity shares are held for strategic rather than trading purposes. The following table demonstrates the sensitivity of the effect of cumulative changes in fair values recognised in the equity to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	2019	2018
	QR.	QR.
Change in equity prices	-/+5	-/+5
Effect on equity	12,990,046	6,760,555

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

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

Credit risk

The Group is exposed to credit risk if counterparties will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2019, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The following credit risk modelling applies for financial assets originated from 1 January 2018:

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the customer;
- Significant increases in credit risk on other financial instruments of the same customer;
- Significant changes in the expected performance and behavior of the customer, including changes in the payment status of customers in the group and changes in the operating results of the customer.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 360 days (2018: 360 days) of when they fall due.

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

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

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

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

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable as uncollectable when a debtor fails to make contractual payments greater than 360 days (2018 : 360 days) past due. Where loans or receivables have been fully provided, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in consolidated statement of profit or loss.

i. General approach

General approach is used for fixed deposits and trade receivables with extended credit terms. The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables, and adjusts for forward looking macroeconomic data. The Group provides for credit losses against these financial assets as at 31 December is as follows:

31 December 2019 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	60,600,000	60,451,779
Trade receivables from government entities	Investment grade	0.23%	12 month expected losses	4,326,259	4,316,470

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33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

31 December 2018 Category	External Credit rating	Expected credit loss rate	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default	Carrying amount (net of impairment provision)
Short term deposits	Investment grade	0.10%	12 month expected losses	124,716,000	124,593,929
Trade receivable from government entities	Investment grade	0.51%	12 month expected losses	5,154,984	5,128,843

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 2019 is determined as follows:

31 December 2019	Current	31 – 60 days past due	61 – 90 days past due	91 – 120 days past due	121 – 180 days past due	181 – 360 days past due	More than 360 days past due	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Gross carrying amount	3,841,974	1,180,194	440,681	402,676	721,894	921,586	550,601	8,059,606
Loss allowance provision	55,952	57,029	25,915	35,057	94,483	205,164	550,601	1,024,201

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

31 December 2018	Current	31 – 60 days past due	61 – 90 days past due	91 – 120 days past due	121 – 180 days past due	181 – 360 days past due	More than 360 days past due	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Gross carrying amount	2,033,212	1,420,357	969,995	701,165	972,869	1,826,099	779,297	8,702,994
Loss allowance provision	320,104	334,769	317,901	293,410	518,108	709,866	779,297	3,273,455

The expected credit losses below also incorporate forward looking information.

The movements in the loss allowance provision are as follows:

	General approach QR.	Simplified approach QR.	Total QR.
At 1 January 2018	146,179	1,314,773	1,460,952
Loss allowance charged in profit or loss during the year	2,033	1,958,682	1,960,715
As at 31 December 2018	148,212	3,273,455	3,421,667
Loss allowance charged / (reversed) in profit or loss during the year	9,798	(2,249,254)	(2,239,456)
At 31 December 2019	158,010	1,024,201	1,182,211

The gross carrying amount of trade and lease receivables is QR. 12,385,865 (2018: QR 13,857,978) (Note 16).

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 2019 (2018: Nil).

Total loss allowance presented as follows:

	2019 QR.	2018 QR.
Allowance for trade receivable (Note 16)	1,033,990	3,299,596
Allowance for term deposits at amortised cost (Note 17)	148,221	122,071
	1,182,211	3,421,667

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33. FINANCIAL RISK MANAGEMENT (CONTINUED)**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's operations and reputation.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	On demand	Less than 1 year	1- 5 years	> 5 years	Total
At 31 December 2019	QR.	QR.	QR.	QR.	QR.
Trade payables	--	383,816,201	--	--	383,816,201
Dividends payable	102,938,110	--	--	--	102,938,110
Retentions payable	--	11,866,935	2,944,716	--	14,811,651
Payable to contractors	--	3,583,502	--	--	3,583,502
Other payables	--	12,981,840	--	--	12,981,840
Loans and borrowings	--	47,199,376	192,693,138	8,529,214	248,421,728
	<u>102,938,110</u>	<u>459,447,854</u>	<u>195,637,854</u>	<u>8,529,214</u>	<u>766,553,032</u>
At 31 December 2018	On demand	Less than 1 year	1- 5 years	> 5 years	Total
	QR.	QR.	QR.	QR.	QR.
Trade payables	--	483,305,213	--	--	483,305,213
Dividends payable	97,692,093	--	--	--	97,692,093
Retentions payable	--	21,360,381	812,689	--	22,173,070
Payable to contractors	--	2,020,230	--	--	2,020,230
Other payables	--	13,004,017	--	--	13,004,017
Loans and borrowings	--	23,049,805	223,635,604	24,786,124	271,471,533
	<u>97,692,093</u>	<u>542,739,646</u>	<u>224,448,293</u>	<u>24,786,124</u>	<u>889,666,156</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 2019 and 31 December 2018.

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

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34. FAIR VALUES OF FINANCIAL INSTRUMENTS

Significant accounting policies

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 3 to the financial statements.

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

31 December 2019	Total QR.	Level 1 QR.	Level 2 QR.	Level 3 QR.
Quoted equity shares	<u>259,800,914</u>	<u>259,800,914</u>	--	--
Un-quoted equity shares	<u>8,977,215</u>	--	--	<u>8,977,215</u>
31 December 2018	Total QR.	Level 1 QR.	Level 2 QR.	Level 3 QR.
Quoted equity shares	<u>135,211,105</u>	<u>135,211,105</u>	--	--
Un-quoted equity shares	<u>10,204,227</u>	--	--	<u>10,204,227</u>

During the year ended 31 December 2019, 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 (2018: Nil).

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows from financing activities.

	1 January 2019 QR. (Restated)	Financing cash flow QR.	Non-cash changes QR.	31 December 2019 QR.
Lease liabilities	<u>235,013,386</u>	(47,969,320)	39,473,797	<u>226,517,863</u>
Loans and borrowings	<u>233,068,818</u>	(13,084,405)	142,857	<u>220,127,270</u>
	<u>468,082,204</u>	<u>(61,053,725)</u>	<u>39,616,654</u>	<u>446,645,133</u>
	1 January 2018 QR.	Financing cash flow QR.	Non-cash changes QR.	31 December 2018 QR.
Loans and borrowings	<u>121,658,422</u>	111,410,396	--	<u>233,068,818</u>
	<u>121,658,422</u>	<u>111,410,396</u>	--	<u>233,068,818</u>

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36. COMPARATIVE INFORMATION

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

	<u>2018</u>	<u>Reclassifications</u>	<u>2018</u>
	<u>QR.</u>	<u>QR.</u>	<u>QR.</u>
	(Audited)		(Reclassified)
ASSETS			
Current assets			
Trade and other receivables	66,161,626	(4,289,870)	61,871,756
LIABILITIES			
Current liabilities			
Trade and other payables	(686,880,549)	4,289,870	(682,590,679)