

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED
30 SEPTEMBER 2019**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine month period ended 30 September 2019

	Nine month period ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
<i>Note</i>	QR.	QR.
Sales	2,255,996,892	2,254,377,715
Cost of sales	(1,883,424,282)	(1,896,719,353)
Gross profit	372,572,610	357,658,362
Shops rental income	56,035,740	56,688,929
Other income	13,093,767	12,652,811
General and administrative expenses	(224,222,500)	(253,162,464)
Depreciation and amortisation expenses	(82,427,045)	(48,881,801)
Finance costs	(11,434,193)	(2,293,623)
Share of loss of an associate	(1,039,895)	(1,431,832)
Profit before tax	122,578,484	121,230,382
Income tax benefit / (expense)	79,059	(15,096)
Profit for the period	122,657,543	121,215,286
Attributable to:		
Equity holders of the parent	123,627,873	121,343,863
Non-controlling interests	(970,330)	(128,577)
	122,657,543	121,215,286
Basic and diluted earnings per share attributable to equity holders of the parent	5	0.61
	0.62	

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

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

For the nine month period ended 30 September 2019

	Nine month period ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	QR.	QR.
Profit for the period	122,657,543	121,215,286
<i>Other comprehensive income</i>		
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>		
Net changes in the fair value of financial assets at fair value through other comprehensive income	1,561,432	14,469,516
Total comprehensive income for the period	124,218,975	135,684,802
Attributable to:		
Equity holders of the parent	125,189,305	135,813,379
Non-controlling interests	(970,330)	(128,577)
	124,218,975	135,684,802

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	Notes	30 September 2019 (Unaudited) QR.	31 December 2018 (Audited) QR.
ASSETS			
Non-current assets			
Property and equipment	6	1,123,699,839	1,122,876,210
Right-of-use assets	3	219,634,150	--
Goodwill	7	344,097,998	344,097,998
Intangible assets	8	3,067,443	4,292,266
Financial assets at fair value through other comprehensive income	9	174,278,306	145,415,332
Investment in associates		98,497	98,497
Total non-current assets		<u>1,864,876,233</u>	<u>1,616,780,303</u>
Current assets			
Inventories	10	191,713,115	195,860,677
Trade and other receivables		74,228,210	66,161,626
Amounts due from related parties	14	16,047,952	13,902,210
Bank balances and cash	11	345,075,772	512,520,490
Total current assets		<u>627,065,049</u>	<u>788,445,003</u>
TOTAL ASSETS		<u>2,491,941,282</u>	<u>2,405,225,306</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		200,000,000	200,000,000
Legal reserve		901,289,603	901,289,603
Optional reserve		21,750,835	21,750,835
Fair value reserve		(9,082,582)	(6,089,426)
Retained earnings		247,035,776	291,734,009
Equity attributable to equity holders of the parent		<u>1,360,993,632</u>	<u>1,408,685,021</u>
Non-controlling interests		40,233,837	41,204,167
Total equity		<u>1,401,227,469</u>	<u>1,449,889,188</u>
Non-current liabilities			
Loans and borrowings	13	191,269,080	219,990,753
Lease liabilities	3	194,350,893	--
Employees' end of service benefits		36,804,268	34,297,992
Retentions payable		1,960,338	812,689
Deferred tax liability		197,011	276,070
Total non-current liabilities		<u>424,581,590</u>	<u>255,377,504</u>
Current liabilities			
Trade and other payables		608,196,583	686,880,549
Lease liabilities	3	25,801,092	--
Loans and borrowings	13	32,134,548	13,078,065
Total current liabilities		<u>666,132,223</u>	<u>699,958,614</u>
Total liabilities		<u>1,090,713,813</u>	<u>955,336,118</u>
TOTAL EQUITY AND LIABILITIES		<u>2,491,941,282</u>	<u>2,405,225,306</u>

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

Mr. Ali Hilal Ali Omran Al-Kuwari
Vice Chairman

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine month period ended 30 September 2019

	Equity attributable to equity holders of the parent							
	Share capital	Legal reserve	Optional reserve	Fair value reserve	Retained earnings	Total	Non-controlling interest	Total equity
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Balance at 1 January 2018 (Audited)	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 period	--	--	--	--	121,343,863	121,343,863	(128,577)	121,215,286
Reclassification of losses on sale financial assets at fair value through other comprehensive income	--	--	--	2,911,019	(2,911,019)	--	--	--
Other comprehensive income for the period	--	--	--	14,469,516	--	14,469,516	--	14,469,516
Appropriation for contribution to social fund	--	--	--	--	(2,855,581)	(2,855,581)	--	(2,855,581)
Dividends paid (Note 12)	--	--	--	--	(170,000,000)	(170,000,000)	--	(170,000,000)
Balance at 30 September 2018 (Unaudited)	200,000,000	901,289,603	21,750,835	(8,716,461)	228,970,671	1,343,294,648	40,988,702	1,384,283,350
Balance at 1 January 2019 (Audited)	200,000,000	901,289,603	21,750,835	(6,089,426)	291,734,009	1,408,685,021	41,204,167	1,449,889,188
Profit for the period	--	--	--	--	123,627,873	123,627,873	(970,330)	122,657,543
Reclassification of gain on sale of financial assets at fair value through other comprehensive income	--	--	--	(4,554,588)	4,554,588	--	--	--
Other comprehensive income for the period	--	--	--	1,561,432	--	1,561,432	--	1,561,432
Appropriation for contribution to social fund	--	--	--	--	(2,880,694)	(2,880,694)	--	(2,880,694)
Dividends paid (Note 12)	--	--	--	--	(170,000,000)	(170,000,000)	--	(170,000,000)
Balance at 30 September 2019 (Unaudited)	200,000,000	901,289,603	21,750,835	(9,082,582)	247,035,776	1,360,993,632	40,233,837	1,401,227,469

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine month period ended 30 September 2019

	Nine month period ended 30	
	September	
	2019 (Unaudited) QR.	2018 (Unaudited) QR.
	<i>Note</i>	
OPERATING ACTIVITIES		
Profit for the period before income tax	122,578,484	121,230,382
<i>Adjustments for:</i>		
Depreciation and amortisation	82,427,045	48,881,808
Provision for employees' end of service benefits	5,451,065	5,630,409
Provision for obsolete and slow moving inventories	8,442,171	3,965,406
Allowance recognised for credit loss	218,635	2,079,806
Finance costs	11,434,193	2,293,623
Dividend income from financial assets at fair value through other comprehensive income	(8,400,094)	(7,120,605)
Share of loss on an associate	1,039,895	1,431,835
Loss/(gain) on disposal of property and equipment	12,155	(39,039)
Interest income	(2,952,681)	(3,638,453)
Operating profit before changes in working capital	<u>220,250,868</u>	<u>174,715,172</u>
<i>Working capital changes:</i>		
Trade and other receivables	(12,984,181)	(5,039,472)
Inventories	(4,294,609)	51,454,139
Amounts due from related parties	(1,987,105)	(2,649,843)
Trade and other payables	(79,428,655)	(50,957,865)
Cash flows from operating activities	<u>121,556,318</u>	<u>167,522,131</u>
Payment of contribution to social fund	(4,381,328)	(4,665,166)
Employees' end of service benefits paid	(2,944,789)	(2,997,783)
Net cash generated from operating activities	<u>114,230,201</u>	<u>159,859,182</u>
INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(159,290,902)	(166,720,677)
Proceeds from sale of financial assets at fair value through other comprehensive income	131,989,361	152,589,167
Purchase of property and equipment	(46,338,129)	(56,374,440)
Proceeds from disposal of property and equipment	110,628	166,460
Purchase of intangible assets	(68,850)	--
Net movement in restricted bank accounts	(5,601,013)	1,623,971
Net movement in deposits maturing after 90 days	(14,384,000)	(55,800,000)
Dividends received	8,400,094	7,120,605
Interest received	4,206,199	3,091,287
Net cash flows used in investing activities	<u>(80,976,612)</u>	<u>(114,303,627)</u>
FINANCING ACTIVITIES		
Dividends paid	(162,598,915)	(164,257,804)
Finance costs paid	(12,306,808)	(4,655,878)
Repayment of principal portion of lease liabilities	(26,201,138)	--
Repayment of interest portion of lease liabilities	(9,672,562)	--
Net movement in loans and borrowings	(9,760,427)	114,576,319
Net cash flows used in financing activities	<u>(220,539,850)</u>	<u>(54,337,363)</u>
Net decrease in cash and cash equivalents	<u>(187,286,261)</u>	<u>(8,781,808)</u>
Cash and cash equivalents at 1 January	<u>385,629,569</u>	<u>269,547,021</u>
Cash and cash equivalents at 30 September	<u>11</u> <u>198,343,308</u>	<u>-260,765,213</u>

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 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 (Note 5).

The Company and its subsidiaries (together the "Group") are mainly involved in wholesale and retail trading of various types of consumer goods commodities, owning and managing consumer outlets and trading in food stuff and consumer goods.

The Company is listed on the Qatar Exchange and 26% ownership of the Company is held by Qatar Holding L.L.C.

These interim condensed consolidated financial statements of the Group for the nine month period ended 30 September 2019 were authorized for issue by the Board of Directors on 27 October 2018.

The Group's subsidiaries and associates are as follows:

<i>Name of subsidiaries and associates</i>	<i>Country of incorporation</i>	<i>Relationship</i>	<i>Group effective shareholding percentage</i>	
			<i>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%	51%
Al Oumara Bakeries Company W.L.L.	Qatar	Associate	51%	51%
Aramex Logistics Services Company W.L.L.	Qatar	Associate	51%	51%

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2019

1. INCORPORATE AND PRINCIPAL ACTIVITIES (CONTINUED)

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

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

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

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. As of the reporting date, this company has not commenced its commercial operations.

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

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine month period ended 30 September 2019 have been prepared in accordance with with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”), and in conformity with Qatar Commercial Companies Law.

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2018. In addition, the results for the nine month period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2019

2. BASIS OF PREPARATION (CONTINUED)

Judgments, estimates and risk management

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2018, except as mentioned in Note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

(i) New and amended standards adopted by the Group

The Group adopted IFRS 16 "Leases", 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 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019.

IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognised in the Group's consolidated statement of financial position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 into operating or finance leases is eliminated for lessees. For each lease, the lessee recognises a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalised, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortised over the useful life.

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. 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. Comparatives for the 2018 financial year have not been restated.

	<u>Amount</u> <u>QR.</u>
Operating lease commitments disclosed as 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 as at 1 January 2019	235,013,386
Of which are:	
Current lease liabilities	47,061,062
Non-current lease liabilities	187,952,324
	<u>235,013,386</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the nine month period ended 30 September 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) New and amended standards adopted by the Group (continued)

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:

	30 September 2019	1 January 2019
	QR.	QR.
Commercial shops and land	199,582,185	209,870,057
Staff accommodation	20,051,965	28,732,243
Total right-of-use assets	<u>219,634,150</u>	<u>238,602,300</u>

The additions during the period for right-of-use assets amounted to QR. 11,339,739 and depreciation of right-of-use assets amounted to QR. 1,545,111.

The change in accounting policy affected the following items in the interim condensed consolidated statement of financial position at 1 January 2019:

- Right-of-use assets – increase by QR. 238,602,300
- Lease liabilities – increase by QR. 235,013,386

The difference of QR 3,588,914 is on account of prepayments related to these leases. As a result, there was no impact on the retained earnings as at 1 January 2019.

The change in accounting policy affected the following items in the interim condensed consolidated statement of profit or loss for the nine month period ended 30 September 2019:

- Rent expense – decrease by QR. 32,568,048
- Depreciation – increase by QR. 29,193,080
- Finance cost – increase by QR. 8,448,338

The Group's leasing activities and how these are accounted for:

The Group leases various office space, staff accommodation, commercial shops and land. Rental contracts are typically made for fixed periods of 2 to 25 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and leased assets are not used as security for borrowing purposes.

Until the financial year 2018, these were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) New and amended standards adopted by the Group (continued)

The Group's leasing activities and how these are accounted for (continued):

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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.

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 interim condensed consolidated statement of profit or loss in the period in which the condition that triggers those payments occurs.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine month period ended 30 September 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) New and amended standards adopted by the Group (continued)

Practical expedient (continued):

(ii) Extension and termination options

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

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

(iii) Short-term leases

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

(ii) Revised standards

Effective for annual periods beginning on or after 1 January 2019

- Amendments to IFRS 9 Prepayment Features with Negative Compensation and Modification of financial liabilities
- Amendments to IAS 28 Investment in Associates and Joint Ventures: Relating to long-term interests in associates and joint ventures.
- Annual Improvements to IFRSs 2015-2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRIC 23 Uncertainty over Income Tax Treatments

(i) New and revised standards and interpretations but not yet effective

The Group has not applied the following new and revised IFRS Standards that have been issued but are effective for annual periods beginning after 1 January 2020:

- Amendments regarding the definition of material
- Amendments to clarify the definition of a business
- IFRS 17 *Insurance Contracts*
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.
- Amendments to 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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical judgements and estimates used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018 except for the changes highlighted below:

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).

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-to-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.

5. BASIC AND DILUTED EARNINGS PER SHARE

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

	Nine month period ended 30 September	
	2019 (Unaudited) QR.	2018 (Unaudited) QR.
Profit for the period attributable to equity holders of the parent (QR.)	<u>123,627,873</u>	<u>121,343,863</u>
Weighted average number of ordinary shares outstanding	<u>200,000,000</u>	<u>200,000,000</u>
Basic and diluted earnings per share (QR.)	<u>0.62</u>	<u>0.61</u>

- (i) Earnings per share for comparative period has been restated to reflect the stock split (Note 1).
- (ii) 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.

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6. PROPERTY AND EQUIPMENT

	30 September 2019 (Unaudited) QR.	31 December 2018 (Audited) QR.
Cost:		
Balance at the beginning of the period / year	1,464,361,040	1,380,171,199
Additions during the period / year	52,886,711	84,639,837
Disposals during the period / year	(987,876)	(449,996)
Balance at the end of the period / year	<u>1,516,259,875</u>	<u>1,464,361,040</u>
Accumulated depreciation:		
Balance at the beginning of the period / year	341,484,830	277,182,043
Charge for the period/ year	51,940,292	64,624,110
Relating to disposals	(865,086)	(321,323)
Balance at the end of the period /year	<u>392,560,036</u>	<u>341,484,830</u>
Net carrying amount at the end of the period /year	<u>1,123,699,839</u>	<u>1,122,876,210</u>

The depreciation charge has been allocated in the interim condensed consolidated statement of profit or loss as follows:

	Nine month period ended 30 September	
	2019 (Unaudited) QR.	2018 (Unaudited) QR.
As a separate line in interim condensed consolidated statement of profit or loss	<u>51,940,292</u>	<u>47,776,660</u>

7. GOODWILL

	30 September 2019 (Unaudited) QR.	31 December 2018 (Audited) QR.
Qatar Markets Company W.L.L.	227,028,986	227,028,986
Al Meera Market S.A.O.C. (Al Safeer Oman) – five super markets	117,069,012	117,069,012
	<u>344,097,998</u>	<u>344,097,998</u>

The management performs goodwill impairment assessment annually and when there are indications that the carrying value may be impaired. Management believes that any reasonably possible change in the key assumptions used for impairment assessment performed on 31 December 2018 will not cause the carrying value of the goodwill to materially exceed its recoverable amount. Accordingly, no impairment loss was recognised for the nine month period ended 30 September 2019 (30 September 2018: Nil).

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8. INTANGIBLE ASSETS

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

	30 September 2019 (Unaudited) QR.	31 December 2018 (Audited) QR.
Cost:		
Balance at the beginning of the period / year	17,811,175	17,811,175
Addition for the period / year	68,850	--
Balance at the end of the period / year	<u>17,880,025</u>	<u>17,811,175</u>
Accumulated amortisation:		
Balance at the beginning of the period / year	13,518,909	12,056,805
Charge for the period / year	1,293,673	1,462,104
Balance at the end of the period / year	<u>14,812,582</u>	<u>13,518,909</u>
Net carrying amount at the end of the period / year	<u>3,067,443</u>	<u>4,292,266</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2019 (Unaudited) QR.	31 December 2018 (Audited) QR.
Quoted equity shares	165,745,873	135,211,105
Unquoted equity shares	8,532,433	10,204,227
	<u>174,278,306</u>	<u>145,415,332</u>

10. INVENTORIES

	30 September 2019 (Unaudited) QR.	31 December 2018 (Audited) QR.
Finished goods	207,301,904	203,274,214
Consumables and spare parts	1,507,477	1,240,558
	<u>208,809,381</u>	<u>204,514,772</u>
Less: Provision for obsolete and slow moving inventories	<u>(17,096,266)</u>	<u>(8,654,095)</u>
	<u>191,713,115</u>	<u>195,860,677</u>

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11. CASH AND CASH EQUIVALENTS

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

	30 September 2019 (Unaudited) QR.	31 December 2018 (Audited) QR.
Cash on hand	2,380,936	2,138,753
Cash at banks	<u>242,844,376</u>	<u>385,787,808</u>
	<u>245,225,312</u>	<u>387,926,561</u>
Short term deposits	100,116,000	124,716,000
Less: Allowance for credit loss on term deposits	<u>(265,540)</u>	<u>(122,071)</u>
	<u>99,850,460</u>	<u>124,593,929</u>
Total bank balances and cash	345,075,772	512,520,490
Term deposits maturing after 90 days	<u>(57,100,000)</u>	<u>(42,716,000)</u>
Restricted bank accounts	<u>(89,898,004)</u>	<u>(84,296,992)</u>
Allowance for credit loss on term deposits	<u>265,540</u>	<u>122,071</u>
Cash and cash equivalents	<u>198,343,308</u>	<u>385,629,569</u>

12. DIVIDENDS

During the current period, 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 totaling to QR. 170 million (2018: QR. 8.5 per share, totaling to QR 170 million) relating to the year 2018.

13. LOANS AND BORROWINGS

	30 September 2019 (Unaudited) QR.	31 December 2018 (Audited) QR.
Loan 1	99,185,374	108,068,818
Loan 2	<u>124,218,254</u>	<u>125,000,000</u>
	<u>223,403,628</u>	<u>233,068,818</u>

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

	30 September 2019 (Unaudited) QR.	31 December 2018 (Audited) QR.
Non-current portion	191,269,080	219,990,753
Current portion	<u>32,134,548</u>	<u>13,078,065</u>
	<u>223,403,628</u>	<u>233,068,818</u>

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14. RELATED PARTY DISCLOSURES

a) Related party transactions

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

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

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

	Nine month period ended 30 September	
	2019 (Unaudited) QR.	2018 (Unaudited) QR.
<i>Al Oumara Bakeries Company W.L.L. (Associate):</i>		
Sales	1,718,550	2,994,570
Purchase of goods	3,089,381	2,116,180
Sales commission expenses	760,613	748,643
Staff cost expenses	2,266,930	2,149,472
Rent expense	--	84,678

b) Due from related parties

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

	30 September 2019 (Unaudited) QR.	31 December 2018 (Audited) QR.
<i>Associates:</i>		
Al Oumara Bakeries Company W.L.L.	16,018,233	13,877,091
Aramex Logistics Services Company W.L.L.	29,719	25,119
	16,047,952	13,902,210

c) Compensation of key management personnel

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

	Nine month period ended 30 September	
	2019 (Unaudited) QR.	2018 (Unaudited) QR.
Key management remuneration	6,993,508	6,242,480
Board of Directors' remuneration	4,669,001	4,674,750
	11,662,509	10,917,230

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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15. SEGMENT REPORTING

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

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

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

Period ended 30 September 2019: (Unaudited)

	Retail QR.	Investment QR.	Leasing QR.	Total QR.
Sales	2,255,996,892	--	--	2,255,996,892
Cost of sales	<u>(1,883,424,282)</u>	--	--	<u>(1,883,424,282)</u>
Gross profit	372,572,610	--	--	372,572,610
Shops rental income	--	--	56,035,740	56,035,740
Income from equity investment	--	7,030,157	--	7,030,157
Income from fixed deposits	--	2,631,781	--	2,631,781
Other income	<u>3,431,829</u>	--	--	<u>3,431,829</u>
Operating income	376,004,439	9,661,938	56,035,740	441,702,117
General and administrative expenses	(220,555,140)	(609,673)	(3,057,687)	(224,222,500)
Depreciation and amortization	(75,355,576)	(811,522)	(6,259,947)	(82,427,045)
Finance costs	(10,710,524)	--	(723,669)	(11,434,193)
Share of loss of an associate	--	<u>(1,039,895)</u>	--	<u>(1,039,895)</u>
Profit for the period before income tax	69,383,199	7,200,848	45,994,437	122,578,484
Income tax benefit	<u>79,059</u>	--	--	<u>79,059</u>
Profit for the period	<u>69,462,258</u>	<u>7,200,848</u>	<u>45,994,437</u>	<u>122,657,543</u>

Period ended 30 September 2018: (Unaudited)

	Retail QR.	Investment QR.	Leasing QR.	Total QR.
Sales	2,254,377,715	--	--	2,254,377,715
Cost of sales	<u>(1,896,719,353)</u>	--	--	<u>(1,896,719,353)</u>
Gross profit	357,658,362	--	--	357,658,362
Shops rental income	--	--	56,688,929	56,688,929
Income from equity investment	--	6,917,843	--	6,917,843
Income from fixed deposits	--	3,253,524	--	3,253,524
Other income	<u>2,481,444</u>	--	--	<u>2,481,444</u>
Operating income	360,139,806	10,171,367	56,688,929	427,000,102
General and administrative expenses	(246,972,027)	(936,655)	(5,253,782)	(253,162,464)
Depreciation and amortization	(43,777,748)	(804,247)	(4,299,806)	(48,881,801)
Finance cost	(2,293,623)	--	--	(2,293,623)
Share of loss of an associate	--	<u>(1,431,832)</u>	--	<u>(1,431,832)</u>
Profit for the period before income tax	67,096,408	6,998,633	47,135,341	121,230,382
Income tax expense	<u>(15,096)</u>	--	--	<u>(15,096)</u>
Profit for the period	<u>67,081,312</u>	<u>6,998,633</u>	<u>47,135,341</u>	<u>121,215,286</u>

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15. SEGMENT REPORTING (CONTINUED)

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

The following table presents segmental assets regarding the Group's business segments for the period ended 30 September 2019 and for the year ended 31 December 2018 respectively.

	<u>Retail</u> QR.	<u>Investment</u> QR.	<u>Leasing</u> QR.	<u>Total</u> QR.
Segment assets				
At 30 September 2019 (Unaudited)	<u>1,925,917,476</u>	<u>301,844,980</u>	<u>264,178,825</u>	<u>2,491,941,281</u>
At 31 December 2018 (Audited)	<u>1,838,484,621</u>	<u>321,614,626</u>	<u>245,126,059</u>	<u>2,405,225,306</u>

Comparative figures for segment assets pertaining to 31 December 2018 have been reclassified in order to conform to the current year presentation. Such reclassifications were made to improve the quality of the information presented and do not affect previously reported profit and total comprehensive income or equity.

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15. SEGMENT REPORTING (CONTINUED)

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

	Qatar		Oman		Eliminations		Total	
	30 September 2019 (Unaudited) QR.	31 December 2018 (Audited) QR.	30 September 2019 (Unaudited) QR.	31 December 2018 (Audited) QR.	30 September 2019 (Unaudited) QR.	31 December 2018 (Audited) QR.	30 September 2019 (Unaudited) QR.	31 December 2018 (Audited) QR.
Total assets	<u>2,332,662,979</u>	<u>2,244,128,368</u>	<u>193,383,759</u>	<u>191,352,608</u>	<u>(34,105,456)</u>	<u>(30,255,670)</u>	<u>2,491,941,282</u>	<u>2,405,225,306</u>
Total liabilities	<u>996,302,414</u>	<u>931,613,537</u>	<u>128,516,855</u>	<u>53,978,251</u>	<u>(34,105,456)</u>	<u>(30,255,670)</u>	<u>1,090,713,813</u>	<u>955,336,118</u>
	Nine month period ended 30 September							
	Qatar		Oman		Eliminations		Total	
	2019 (Unaudited) QR.	2018 (Unaudited) QR.	2019 (Unaudited) QR.	2018 (Unaudited) QR.	2019 (Unaudited) QR.	2018 (Unaudited) QR.	2019 (Unaudited) QR.	2018 (Unaudited) QR.
Sales	<u>2,154,725,404</u>	<u>2,150,150,706</u>	<u>101,271,488</u>	<u>104,227,009</u>	<u>--</u>	<u>--</u>	<u>2,255,996,892</u>	<u>2,254,377,715</u>
Profit/(loss)	<u>126,243,230</u>	<u>121,644,548</u>	<u>(3,519,937)</u>	<u>(429,262)</u>	<u>(65,750)</u>	<u>--</u>	<u>122,657,543</u>	<u>121,215,286</u>

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16. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2018.

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

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

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

Fair values

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

Valuation methods and assumptions

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

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

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

Fair value hierarchy

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

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

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18. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	30 September 2019 (Unaudited)			
	Total	Level 1	Level 2	Level 3
	QR.	QR.	QR.	QR.
Financial assets at fair value through other comprehensive income				
Quoted shares	<u>165,745,873</u>	<u>165,745,873</u>	<u>--</u>	<u>--</u>
Un-quoted equity shares	<u>8,532,433</u>	<u>--</u>	<u>--</u>	<u>8,532,433</u>
	31 December 2018 (Audited)			
	Total	Level 1	Level 2	Level 3
	QR.	QR.	QR.	QR.
Financial assets at fair value through other comprehensive income				
Quoted shares	<u>135,211,105</u>	<u>135,211,105</u>	<u>--</u>	<u>--</u>
Un-quoted equity shares	<u>10,204,227</u>	<u>--</u>	<u>--</u>	<u>10,204,227</u>

During the period ended 30 September 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).

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