

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2015**

**AL MEERA CONSUMER GOODS COMPANY Q.S.C.**  
**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**For the year ended December 31, 2015**

---

<b>INDEX</b>	<b>Page</b>
Independent auditor's report	--
Consolidated statement of financial position	1
Consolidated statement of profit or loss	2
Consolidated statement of profit or loss and other comprehensive income	3
Consolidated statement of changes in equity	4
Consolidated statement of cash flows	5 - 6
Notes to the consolidated financial statements	7 - 49

QR. 32203

## INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDERS  
AL MEERA CONSUMER GOODS COMPANY Q.S.C.

### Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Al Meera Consumer Goods Company Q.S.C. (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's responsibility for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable Qatar Commercial Companies Law provisions, 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.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### *Opinion*

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Al Meera Consumer Goods Company Q.S.C. and its subsidiaries as at December 31, 2015 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Other legal and regulatory requirements**

We are also of the opinion that proper books of account were maintained by the Company, physical inventory verification has been duly carried out and the contents of the directors' report are in agreement with the Group's consolidated financial statements. We have obtained all the information and explanations which we considered necessary for the purpose of 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 by-laws were committed during the year which would materially affect the Company's activities or its financial position. As explained in note 3 to the consolidated financial statements, a new Qatar Commercial Law was issued on July 7, 2015. The Group is in the process of assessing the impact of the new Qatar Commercial Companies' Law on the Company and its subsidiaries.

Doha – Qatar  
February 21, 2016


For Deloitte & Touche  
Qatar Branch



Midhat Salha  
Partner  
License No. 257

AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at December 31, 2015

	Notes	2015 QR	2014 QR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	691,190,809	588,020,015
Intangible assets	6	8,730,961	10,240,782
Available-for-sale investments	7	210,262,821	210,304,302
Investment in associates	8	98,497	98,497
Deferred tax assets	19	298,937	421,429
Goodwill	9	344,097,998	344,097,998
<b>Total non-current assets</b>		<b>1,254,680,023</b>	<b>1,153,183,023</b>
<b>Current assets</b>			
Inventories	10	183,419,260	171,829,639
Accounts receivable and prepayments	11	51,084,395	41,925,435
Due from related parties	28	5,660,379	6,869
Cash and bank balances	12	471,522,458	623,972,031
<b>Total current assets</b>		<b>711,686,492</b>	<b>837,733,974</b>
<b>Total assets</b>		<b>1,966,366,515</b>	<b>1,990,916,997</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	200,000,000	200,000,000
Legal reserve	14	901,289,603	901,289,603
Optional reserve	14	21,750,835	21,750,835
Fair value reserve		(11,943,444)	(13,918,815)
Retained earnings		273,927,930	295,654,041
<b>Equity attributable to the owners of the Company</b>		<b>1,385,024,924</b>	<b>1,404,775,664</b>
Non-controlling interests	29	40,169,089	39,920,960
<b>Total equity</b>		<b>1,425,194,013</b>	<b>1,444,696,624</b>
<b>Non-current liabilities</b>			
Loans and borrowings	16	84,963,255	88,279,923
Employees' end of service benefits	17	25,799,696	23,384,170
<b>Total non-current liabilities</b>		<b>110,762,951</b>	<b>111,664,093</b>
<b>Current liabilities</b>			
Accounts payable and accruals	18	426,844,718	434,556,280
Loans and borrowings	16	3,564,833	--
<b>Total current liabilities</b>		<b>430,409,551</b>	<b>434,556,280</b>
<b>Total liabilities</b>		<b>541,172,502</b>	<b>546,220,373</b>
<b>Total equity and liabilities</b>		<b>1,966,366,515</b>	<b>1,990,916,997</b>

  
H.E. Abdulla Bin Khalid Al Qahtani  
Chairman

  
Dr. Saif Saeed Al-Sowaidi  
Vice Chairman

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

AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
For the year ended December 31, 2015

	Notes	2015 QR	2014 QR
Sales		2,449,080,123	2,176,005,386
Cost of sales		<u>(2,021,922,739)</u>	<u>(1,813,085,592)</u>
<b>Gross profit</b>		427,157,384	362,919,794
Shops rental income		50,333,872	42,761,250
Other income	22	<u>21,088,129</u>	<u>81,067,092</u>
<b>Operating income</b>		498,579,385	486,748,136
General and administrative expenses	23	(252,786,100)	(231,195,193)
Depreciation	5	(34,135,363)	(23,022,563)
Impairment losses on available-for-sale investments	7	(47,550,889)	(450,000)
Amortisation of intangible assets	6	(1,515,821)	(1,514,990)
Share in net loss of associates	8 & 15	(692,902)	(3,503)
Finance costs		<u>(2,863,370)</u>	<u>(1,422,733)</u>
<b>Profit before income tax</b>		159,034,940	229,139,154
Income tax expense	19	<u>(122,492)</u>	<u>(68,733)</u>
<b>Profit for the year from continuing operations</b>		158,912,448	229,070,421
<b>Discontinued operations</b>			
Profit/(loss) for the year from discontinued operations	15	<u>3,430,004</u>	<u>(2,350,140)</u>
<b>Profit for the year</b>		<u>162,342,452</u>	<u>226,720,281</u>
<b>Attributable to :</b>			
Owners of the Company		162,094,323	226,584,439
Non-controlling interests	29	<u>248,129</u>	<u>135,842</u>
		<u>162,342,452</u>	<u>226,720,281</u>
<b>Basic earnings per share (EPS)</b>	24		
Attributable to equity holders of the Company from continuing and discontinued operations		<u>8.10</u>	<u>11.33</u>
Attributable to equity holders of the Company from continuing operations		<u>7.93</u>	<u>11.45</u>

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

AL MEERA CONSUMER GOODS COMPANY Q.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2015

	<u>Note</u>	<u>2015</u> <u>QR</u>	<u>2014</u> <u>QR</u>
<b>Profit for the year</b>		<b>162,342,452</b>	<b>226,720,281</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net movement in cumulative changes in fair value	25	<u>1,975,371</u>	<u>(20,528,555)</u>
<b>Total comprehensive income for the year</b>		<u><b>164,317,823</b></u>	<u><b>206,191,726</b></u>
<b>Attributable to:</b>			
Owners of the Company		164,069,694	206,055,884
Non-controlling interests		<u>248,129</u>	<u>135,842</u>
		<u><b>164,317,823</b></u>	<u><b>206,191,726</b></u>

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

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

For the year ended December 31, 2015

	Share capital	Legal reserve	Optional reserve	Fair value reserve	Retained earnings	Total equity attributable to the owners of the Company	Non-controlling interests	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Balance at December 31, 2013	200,000,000	901,289,603	21,750,835	6,609,740	234,535,493	1,364,185,671	39,785,118	1,403,970,789
Total comprehensive income for the year	-	-	-	(20,528,555)	226,584,439	206,055,884	135,842	206,191,726
Appropriation for contribution to social fund (Note 21)	-	-	-	-	(5,465,891)	(5,465,891)	-	(5,465,891)
Dividends declared	-	-	-	-	(160,000,000)	(160,000,000)	-	(160,000,000)
<b>Balance at December 31, 2014</b>	<b>200,000,000</b>	<b>901,289,603</b>	<b>21,750,835</b>	<b>(13,918,815)</b>	<b>295,654,041</b>	<b>1,404,775,664</b>	<b>39,920,960</b>	<b>1,444,696,624</b>
Total comprehensive income for the year	-	-	-	1,975,371	162,094,323	164,069,694	248,129	164,317,823
Appropriation for contribution to social fund (Note 21)	-	-	-	-	(3,820,434)	(3,820,434)	-	(3,820,434)
Dividends declared (Note 20)	-	-	-	-	(180,000,000)	(180,000,000)	-	(180,000,000)
<b>Balance at December 31, 2015</b>	<b>200,000,000</b>	<b>901,289,603</b>	<b>21,750,835</b>	<b>(11,943,444)</b>	<b>273,927,930</b>	<b>1,385,024,924</b>	<b>40,169,089</b>	<b>1,425,194,013</b>

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



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

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

	2015	2014
	QR	QR
<b>OPERATING ACTIVITIES</b>		
Profit before income tax from continuing and discontinued operations	162,464,944	226,789,014
Adjustments for:		
Depreciation	34,233,046	23,285,351
Amortisation of intangibles	1,515,821	1,514,990
Interest income	(6,459,861)	(9,284,896)
Gain on sale of available for sale of investments, net	(1,051,844)	(61,051,635)
Provision for doubtful debts, net	325,760	181,777
Provision employees' end of service benefits	4,564,955	4,865,612
Impairment losses on available-for-sale investment	47,550,889	450,000
Provision for shrinkage and slow moving inventories	742,722	490,241
Share in net loss of associates	692,902	3,503
Gain on sale of investment in a subsidiary	(4,641,573)	--
Gain on disposal of property and equipment	(884,412)	(199,005)
Dividend income	(9,276,948)	(7,948,796)
Finance cost	2,863,370	1,422,733
	<u>232,639,771</u>	<u>180,518,889</u>
<b>Working capital changes:</b>		
Accounts receivable and prepayments	(12,360,892)	6,962,548
Inventories	(12,753,916)	(23,770,985)
Due from related parties	(1,192,235)	(6,869)
Accounts payable and accruals	<u>(21,006,463)</u>	<u>53,333,806</u>
<b>Cash generated by operations</b>	<b>185,326,265</b>	<b>217,037,389</b>
Payment of employees' end of service benefits	(1,989,107)	(2,576,476)
Payment of contribution to social fund	<u>(5,465,891)</u>	<u>(4,769,615)</u>
<b>Net cash generated by operating activities</b>	<b><u>177,871,267</u></b>	<b><u>209,691,298</u></b>
<b>INVESTING ACTIVITIES</b>		
Net proceeds on disposal of partial interest in a subsidiary that involves loss of control	2,878,353	--
Acquisition of investment in associates	--	(102,000)
Purchase of available-for-sale investments	(195,494,585)	(688,022,139)
Proceeds from sale of available-for-sale investments	151,012,391	666,067,578
Purchase of property and equipment	(138,348,380)	(327,162,060)
Proceeds from disposal of property and equipment	980,907	429,267
Net movement in deposits maturing after 90 days	295,316,000	173,017,699
Dividends received	9,276,948	7,948,796
Interest received	9,243,339	8,144,977
<b>Net cash generated by/(used in) investing activities</b>	<b><u>134,864,973</u></b>	<b><u>(159,677,882)</u></b>

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

AL MEERA CONSUMER GOODS COMPANY Q.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

	Note	2015 QR	2014 QR
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings		--	88,279,923
Dividends paid		(167,254,608)	(149,744,677)
Interest paid		(2,615,205)	(1,422,733)
Net cash used in financing activities		<u>(169,869,813)</u>	<u>(62,887,487)</u>
Increase/(decrease) in cash and cash equivalents		142,866,427	(12,874,071)
Cash and cash equivalents at the beginning of the year		<u>195,656,031</u>	<u>208,530,102</u>
Cash and cash equivalents at the end of the year	12	<u>338,522,458</u>	<u>195,656,031</u>

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

**AL MEERA CONSUMER GOODS COMPANY Q.S.C.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2015

**I. INCORPORATION AND ACTIVITIES**

On July 13, 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, Al-Meera Consumer Goods Company (the "Company"), which is governed by the Qatar Commercial Companies Law No. 5 of 2002. The Company was registered under Article 68 of Commercial Companies Law with commercial registration number 29969 on March 2, 2005. The Company's registered office address is at P.O. Box 3371 Doha, State of Qatar.

On October 8, 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 February 10, 2013.

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 foodstuff and consumer goods.

The Company is listed on the Qatar Exchange. The Government of the State of Qatar owns 26% of the Company's shares.

The Group's subsidiaries and associates are as follows:

Entity Name	Country of incorporation	Relationship	Ultimate ownership interest	
			2015	2014
Al Meera Holding Company L.L.C.	Qatar	Subsidiary	100%	100%
Al Meera Supermarkets Company S.P.C.	Qatar	Subsidiary	100%	100%
Al Meera Development Company L.L.C.	Qatar	Subsidiary	100%	100%
Qatar Markets Company W.L.L.	Qatar	Subsidiary	100%	100%
Alge Retail Corporation Sarl	Switzerland	Subsidiary	51%	51%
Al Meera Oman S.A.O.C	Oman	Subsidiary	70%	70%
Al Meera Markets S.A.O.C	Oman	Subsidiary	70%	70%
Al Meera Bookstore S.P.C	Qatar	Subsidiary	100%	100%
Al Oumara Bakeries Company W.L.L.	Qatar	Associate /Subsidiary	51%	100%
Aramex Logistics Services Company L.L.C.	Qatar	Associate	51%	51%

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

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

**1. INCORPORATION AND ACTIVITIES (CONTINUED)**

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

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

**Al Oumara Bakeries Company W.L.L. ("Al Oumara Bakeries")** is a limited liability company, incorporated in the State of Qatar. The Company is engaged in manufacture and sale of bakery products (Note 15).

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

**Al Meera Oman S.A.O.C ("Al Meera Oman")** is a limited liability company incorporated in Sultanate of Oman. The Company is engaged in the construction and management of shopping centers and related facilities. As at the reporting date, this company has not commenced its operations. The financial information of the subsidiary is disclosed in Note 29.

**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. The financial information of the subsidiary is disclosed in Note 29.

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

**Aramex Logistics Services Company L.L.C.** is a limited liability company incorporated in State of Qatar. The Company is engaged in the warehousing and delivery truck services.

These consolidated financial statements of the Group for the year ended December 31, 2015 were authorized for issue by the Chairman and Vice Chairman on February 21, 2016.

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

### 2.1 New and revised IFRSs affecting amounts reported in the financial statements

The following are the revised IFRSs that were effective in the current year and have been applied in the preparation of these consolidated financial statements:

#### (i) Revised Standards:

Effective for annual periods beginning on or after July 1, 2014

- IAS 19 (Revised) *Amendments to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.*
- Annual improvements to IFRSs 2010-2012 cycle *Amendments to issue clarifications on IFRSs- IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.*
- Annual Improvements 2011-2013 Cycle *Amendments to issue clarifications on IFRSs- IFRS 1, IFRS 3, IFRS 13 and IAS 40.*

The adoption of these new and revised standards had no significant effect on the consolidated financial statements of the Group for the year ended December 31, 2015, other than certain presentation and disclosure changes.

### 2.2 New and revised IFRSs in issue but not yet effective (Early adoption allowed)

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

#### (i) New Standards:

Effective for annual periods beginning on or after January 1, 2016

- IFRS 14 *Regulatory Deferral Accounts.*

Effective for annual periods beginning on or after January 1, 2018

- IFRS 15 *Revenue from Contracts with Customers.*
- IFRS 9 *Financial Instruments.*

Effective for annual periods beginning on or after January 1, 2019

- IFRS 16 *Leases*

#### (ii) Revised Standards:

Effective for annual periods beginning on or after January 1, 2016

- IFRS 10 & IAS 28 (Revised) *Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture.*
- IFRS 11 (Revised) *Amendments regarding the accounting for acquisitions of an interest in a joint operation.*
- IFRS 12 (Revised) *Amendments regarding the application of the consolidation exception.*

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

**2.2 New and revised IFRSs in issue but not yet effective (Early adoption allowed) (continued)**

**(ii) Revised Standards:**

Effective for annual periods beginning on or after January 1, 2016

- IAS 1 (Revised) *Amendments resulting from the disclosure initiative.*
- IAS 16 (Revised) *Amendments regarding the clarification of acceptable methods of depreciation and amortization and amendments bringing bearer plants into the scope of IAS 16.*
- IAS 27 (Revised) *Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.*
- IAS 38 (Revised) *Amendments regarding the clarification of acceptable methods of depreciation and amortization.*
- IAS 41 (Revised) *Amendments bringing bearer plants into the scope of IAS 16.*
- Annual Improvements 2012-2014 Cycle *Amendments to issue clarifications and add additional/specific guidance to IFRS 5, IFRS 7, IAS 19 and IAS 34.*

Effective for annual periods beginning on or after January 1, 2018 (or on early application of IFRS 9)

- IFRS 7 (Revised) *Financial Instruments Disclosures - Amendments requiring disclosures about the initial application of IFRS 9*
- IAS 39 (Revised) *Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception.*

The management anticipates that IFRS 15, IFRS 9 and IFRS 16 will be adopted in the Group's consolidated financial statements on the required effective dates. The application of these standards may have significant impact on amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements. However, the management have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

Management anticipates that the adoption of other Standards and Interpretations in future periods will have no material financial impact on the consolidated financial statements of the Group in the period of initial application, other than certain presentation and disclosure changes.

### 3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and applicable provisions of Qatar Commercial Companies Law. A new Qatar Commercial Law issued on July 7, 2015 is extended to be adopted by August 7, 2016. The Group is in the process of assessing its compliance with the new Qatar Commercial Companies Law.

#### Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for available-for-investments that are measured at fair value.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of the acquisition and up to the effective date of disposal.

Wherever necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All inter group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets that is not held by the Group and are presented separately in the consolidated profit or loss, consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position separately from the equity attributable to the owners of the Company.

**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Revenue**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts. The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

*Sales of goods – retail*

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

*Shop rental income*

Rental income is recognized 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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Foreign currency translation**

*Functional and presentation currency*

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in 'Qatari Riyals' ('QR'), which is the Group's functional and presentation currency.

*Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. 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 is determined.



**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

The remaining borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

**Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

**Property and equipment**

Property and equipment is stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized 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. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Land 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	3%
Refrigerators and equipment	10%
Motor vehicles	20%
Furniture and fixtures	20%
Computer equipment	20% - 33%
Leasehold improvements	10% - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other income' in the consolidated statement of profit or loss.

**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Property and equipment (continued)**

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

Properties in the course of construction for rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

**Intangible assets**

Intangible assets other than goodwill are recognized at cost and carried at cost less accumulated amortization. The amortization is calculated using the straight-line method to allocate the cost over the estimated useful life of 5 years. 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.

**Business combination and goodwill**

Business combinations are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of asset given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

**Impairment of 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 purposes 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 less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill 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 consolidated statement of profit or loss.

**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Impairment of goodwill (continued)**

An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**Impairment of tangible and intangible assets other than goodwill**

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**Investments in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

**Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises the purchase price, import duties, transportation handling and other direct costs incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial assets**

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), available-for-sale investments, held to maturity investments and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

*Effective interest rate method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or where appropriate, a shorter period to the net carrying amount on initial recognition.

*Financial assets at fair value through profit or loss (FVTPL)*

Financial assets are classified as at FVTPL where the financial asset is either held for trading or is designated as at FVTPL.

A financial asset is classified as held for trading if:

- (i) it has been acquired principally for the purpose of selling in the near future;
- (ii) on initial recognition it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- (iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- (ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- (iii) it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

*Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial assets (continued)**

*Available for sale (AFS) investments*

AFS investments are non-derivative financial assets that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed securities held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at cost because the management considers that fair value cannot be reliably measured. Gains and losses arising from changes in fair value are recognised directly in equity in the fair value reserve, with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in the consolidated statement of profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is taken to the consolidated statement of profit or loss.

Dividends on AFS equity instruments are recognised in the consolidated statement of profit or loss when the Group's right to receive the dividends is established.

*Loans and advances*

Loans and advances are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, loans and advances are subsequently measured at amortised cost using the effective interest rate method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial. The amortisation is included in 'interest income' in the consolidated statement of profit or loss. The losses arising from impairment are recognised in the consolidated statement of profit or loss.

*Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand, bank balances and short term deposits with an original maturity of three months or less.

*Trade receivables*

Accounts receivable are stated at original invoice amount, less any impairment for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Financial asset (continued)**

*Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For other financial assets, objective evidence of impairment could include:

- (i) significant financial difficulty of the issuer or counterparty; or
- (ii) default or delinquency in interest or principal payments; or
- (iii) it is becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- (iv) the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated statement of profit or loss.

When an AFS financial asset is considered to be impaired, cumulative losses previously recognised in other comprehensive income are reclassified to consolidated statement of profit or loss in the period.

**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial assets (continued)**

*Impairment of financial assets (continued)*

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the consolidated statement of profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised through the consolidated statement of profit or loss are not reversed through the consolidated statement of profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of fair value reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through consolidated statement of profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or 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.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in consolidated statement of profit or loss.

**Financial liabilities and equity instruments issued by the Group**

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

*Trade payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial liabilities and equity instruments issued by the Group (continued)**

*Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

**Employee benefits**

*Annual leave and air-fare ticket entitlements*

A provision is made for the estimated liability for employees' entitlement to annual leave and air-fare ticket as a result of services rendered by the employees up to the reporting date. This provision is included under 'trade and other payables' in the consolidated statement of financial position.

*Employees' end-of-service benefits*

A provision is made for employees end of service benefits which are payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salary and accumulated period of service as at the reporting date.

*Employees' retirement contribution*

The Group makes contribution to the General Pension Fund Authority calculated as a percentage of employees' salaries in accordance with the requirements of Law No. 24 of 2002 pertain to Retirement and Pensions. The Group's obligations are limited to these contributions which are expensed when due. This provision is included under 'trade and other payables' in the consolidated statement of financial position.

**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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

**Income tax**

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.



**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Income tax (continued)**

Income tax is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax assets/liabilities are calculated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset as there is a legally enforceable right to offset these in applicable tax jurisdiction.

**Dividend distribution**

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

**4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Impairment of receivables**

An estimate of the collectible amount of receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss.

**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 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.

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

**Useful lives of property and equipment**

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation 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 rate of 7% (2014: 7%) and terminal growth rate of 5% (2014: 5%).

**Impairment of available for sale investments**

The Group follows the guidance of IAS 39 "Financial Instruments: Recognition and measurement" to determine when an available-for-sale investment is impaired. This determination requires significant judgment. In making this judgement, the Group assesses, among other factors, whether objective evidence of impairment exists.

The Group treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. The Group treats "significant" generally as 20% or more and 'prolonged' greater than nine (9) months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

During the year, the Group recognized an impairment of QR. 47.55 million (2014: QR 450 thousand) on its available-for-sale financial assets.

**Loss of control over a subsidiary**

During the year, the Group disposed of 49% of a wholly-owned subsidiary (Note 15). Based on the terms of the transaction, the Group has concluded that control of the subsidiary has been lost and that the remaining interest in the investee gives the Group the power to exercise significant influence.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**5. PROPERTY AND EQUIPMENT**

	Land		Buildings		Refrigerators and equipment		Motor vehicles		Furniture and fixtures		Computer equipment		Leasehold and other improvements		Capital work-in-progress		Total	
	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR
<b>Cost</b>																		
At January 1, 2015	5,452,860	212,084,253	132,226,032	8,938,032	10,257,298	16,485,178	30,138,417	320,252,446	755,834,516									
Additions	109,583	677,698	5,152,298	2,876,511	12,242,041	1,146,503	5,373,671	112,770,075	138,348,380									
Disposals	--	--	(49,391)	(1,416,697)	(58,289)	--	(37,938)	--	--									
Transfers	310,030	311,566,088	51,015,249	6,346,000	1,131,257	(2,424,243)	25,375,399	(393,319,780)	--									
Derecognition from disposal of a subsidiary (Note 15)	--	--	(4,938,741)	(182,950)	(674,103)	--	--	--	--									(5,795,794)
<b>At December 31, 2015</b>	<b>5,872,473</b>	<b>524,328,039</b>	<b>183,405,447</b>	<b>16,560,896</b>	<b>22,898,204</b>	<b>15,207,438</b>	<b>58,849,549</b>	<b>39,702,741</b>	<b>866,824,787</b>									
<b>Accumulated depreciation</b>																		
At January 1, 2015	--	61,677,848	53,283,591	6,495,835	5,192,054	9,569,023	11,596,150	--	147,814,501									
Provided during the year	--	7,742,638	13,736,996	2,386,973	2,032,073	2,519,717	5,814,649	--	34,233,046									
Relating to disposals	--	--	(40,221)	(1,410,950)	(3,004)	--	(5,645)	--	(1,459,820)									
Derecognition from disposal of a subsidiary (Note 15)	--	--	(4,218,338)	(128,555)	(606,856)	--	--	--	(4,953,749)									
<b>At December 31, 2015</b>	<b>--</b>	<b>69,420,486</b>	<b>62,762,028</b>	<b>7,343,303</b>	<b>6,614,267</b>	<b>12,088,740</b>	<b>17,405,154</b>	<b>--</b>	<b>175,633,978</b>									
<b>Net book value</b>																		
At December 31, 2015	5,872,473	454,907,553	120,643,419	9,217,593	16,283,937	3,118,698	41,444,395	39,702,741	691,190,809									

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

For the year ended December 31, 2015

**5. PROPERTY AND EQUIPMENT (CONTINUED)**

	Land		Buildings		Refrigerators and equipment		Motor vehicles		Furniture and fixtures		Computer equipment		Leasehold and other improvements		Capital work-in-progress		Total	
	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR
Cost																		
At January 1, 2014	5,452,860	208,167,924	92,695,924	9,126,185	30,300,682	10,356,841	20,993,417	33,295,750	410,389,583									
Additions	--	4,433,411	18,078,360	114,950	2,195,841	1,122,697	3,314,722	297,902,079	327,162,060									
Disposals	--	(517,082)	(199,840)	(373,657)	(8,436)	(112,385)	(505,727)	--	(1,717,127)									
Transfers	--	--	21,651,588	70,554	(22,230,789)	5,118,025	6,336,005	(10,945,383)	--									
At December 31, 2014	5,452,860	212,084,253	132,226,032	8,938,032	10,257,298	16,485,178	30,138,417	320,252,446	735,834,516									
Accumulated depreciation																		
At January 1, 2014	--	58,001,623	38,413,022	5,779,625	15,106,948	3,275,587	5,487,835	--	126,064,640									
Provided during the year	--	4,193,307	9,898,950	1,019,294	1,263,578	2,095,273	4,814,949	--	23,285,351									
Relating to disposals	--	(517,082)	(55,636)	(573,638)	(7,592)	(75,826)	(505,716)	--	(1,535,490)									
Transfers	--	--	5,027,255	70,554	(11,170,880)	4,273,989	1,799,082	--	--									
At December 31, 2014	--	61,677,848	53,283,591	6,495,835	5,192,054	9,569,023	11,596,150	--	147,814,501									
Net book value																		
At December 31, 2014	5,452,860	150,406,405	78,942,441	2,442,197	5,065,244	6,916,155	18,542,267	320,252,446	588,020,015									

**AL MEERA CONSUMER GOODS COMPANY Q.S.C.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2015

**5. PROPERTY AND EQUIPMENT (CONTINUED)**

*Change in estimated useful life of property and equipment*

The Group reviews the estimated useful lives of property and equipment at the end of each reporting period. In 2014, the Group determined that the actual lives of certain asset categories were generally longer than the useful lives used for depreciation purposes. Therefore, after taking the necessary approval, the Group extended the estimated useful lives of certain categories of property and equipment, effective January 1, 2014. The following are the new and old depreciation rates:

	<u>New rates</u>	<u>Old rates</u>
Buildings	3%	5%
Refrigerators and equipment	10%	20%
Motor vehicles	20%	20%
Furniture and fixtures	20%	20%
Computer equipments	20% - 33%	20% - 33%
Leasehold improvements	10%- 33%	10%- 33%

Assuming there were no changes in the estimated useful life of the assets, the depreciation expense in 2015 would have been higher by QR 13.11 million (2014: QR 17.47 million).

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

	<u>2015</u>	<u>2014</u>
	QR	QR
Cost of sales	97,683	262,788
Depreciation	<u>34,135,363</u>	<u>23,022,563</u>
	<u>34,233,046</u>	<u>23,285,351</u>

**6. INTANGIBLE ASSETS**

	<u>2015</u>	<u>2014</u>
	QR	QR
<b>Cost</b>		
At the beginning of the year	17,714,027	17,762,653
Transfers	6,000	--
Disposals	--	(48,626)
At the end of the year	<u>17,720,027</u>	<u>17,714,027</u>
<b>Accumulated amortisation</b>		
At the beginning of the year	7,473,245	5,958,255
Charge for the year	<u>1,515,821</u>	<u>1,514,990</u>
At the end of the year	<u>8,989,066</u>	<u>7,473,245</u>
<b>Net book value at the end of the year</b>	<u>8,730,961</u>	<u>10,240,782</u>

AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the year ended December 31, 2015

7. AVAILABLE-FOR-SALE INVESTMENTS

	<u>2015</u>	<u>2014</u>
	QR	QR
Quoted equity investments	196,562,702	196,160,238
Unquoted equity investments	13,700,119	14,144,064
	<u>210,262,821</u>	<u>210,304,302</u>
	<u>2015</u>	<u>2014</u>
	QR	QR
Carrying value of available-for-sale investments		
At January 1,	210,304,302	148,276,661
Additions	195,494,585	688,022,139
Disposals	(149,960,548)	(605,015,943)
Changes in fair value of investment	1,975,371	(20,528,555)
Impairment loss	(47,550,889)	(450,000)
	<u>210,262,821</u>	<u>210,304,302</u>

The above quoted equity investments are managed by reputable fund managers who take investment decisions on behalf of the Group.

8. INVESTMENT IN ASSOCIATES

	<u>2015</u>	<u>2014</u>
	QR	QR
At January 1,	98,497	--
Additions during the year	--	102,000
Provision recorded upon recognition of Al Oumara (Note 15)	(1,708,576)	--
Share in net loss for the year	(692,902)	(3,503)
Presented separately as a provision for deficit in an associate (Note 18)	2,401,478	--
	<u>98,497</u>	<u>98,497</u>

AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the year ended December 31, 2015

8. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of the Group's associate at December 31, is as follows:

Name of an associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest	
			2015 %	2014 %
Aramex Logistics Services Company L.L.C (i)	Warehousing, value added services and delivery truck	Qatar	51%	51%
Al Oumara Bakeries Company W.L.L. (ii)	Manufacture and sale of bakery products	Qatar	51%	(2014: Subsidiary)

- (i) This investment in an associate is accounted for using equity method in these financial statements. This associate has not commenced operations and the summarized financial information in respect of the Group's associate is set out below:

	2015	2014
	QR	QR
Total assets	200,000	200,000
Total liabilities	(6,869)	(6,869)
Net assets	193,131	193,131
Group's share in associate's net assets	98,497	98,497
Net loss for the year	--	(6,869)
Group's share in associate's net losses	--	(3,503)

One of the partner in Aramex Logistics Services Company L.L.C. is a related party of the Group.

- (ii) The share in the net assets of this associate was brought to nil due to a deficit in equity of the investee at year end. The Group has recognized the share in net deficit amounting to QR 2.4 million as at December 31, 2015 as provision for deficit in an associate (Notes 15 and 18).

AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the year ended December 31, 2015

9. GOODWILL

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

	<u>2015</u>	<u>2014</u>
	QR	QR
Qatar Markets Company W.L.L.	227,028,986	227,028,986
Al Meera Market (Al Safeer Oman) – five supermarkets	<u>117,069,012</u>	<u>117,069,012</u>
	<u>344,097,998</u>	<u>344,097,998</u>

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 a 5 year period and a discount rate of 7% (2014: 7%). 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 the five-year period are extrapolated using a steady growth rate of 5% (2014: 5%) which is the projected long term growth rate of the Group.

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 recognized in years 2015 and 2014. No impairment has been recognized on Goodwill since initial recognition.

10. INVENTORIES

	<u>2015</u>	<u>2014</u>
	QR	QR
Finished goods	184,684,471	172,966,300
Inventories consumable and spare parts	<u>1,152,824</u>	<u>538,652</u>
	185,837,295	173,504,952
Less: Allowance for shrinkage and slow moving inventories	<u>(2,418,035)</u>	<u>(1,675,313)</u>
	<u>183,419,260</u>	<u>171,829,639</u>

The movement in the allowance for shrinkage and slow moving inventories is as follows:

	<u>2015</u>	<u>2014</u>
	QR	QR
At January 1,	1,675,313	1,185,072
Increase in allowance recognized during the year	<u>742,722</u>	<u>490,241</u>
	<u>2,418,035</u>	<u>1,675,313</u>



AL MEFRA CONSUMER GOODS COMPANY Q.S.C.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the year ended December 31, 2015

11. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	<u>2015</u>	<u>2014</u>
	QR	QR
Trade receivables	13,832,546	12,094,867
Credit card receivables	6,911,351	5,490,036
Prepayments	5,856,599	4,137,858
Deposits	7,511,302	2,814,348
Staff receivables	3,817,246	2,420,459
Accrued interest income	1,353,033	4,136,511
Rent receivables	1,789,356	192,487
Advances to supplier	12,017,419	12,126,966
Other receivables	<u>315,589</u>	<u>506,189</u>
	53,404,441	43,919,721
Less: Allowance for impairment of trade receivables	<u>(2,320,046)</u>	<u>(1,994,286)</u>
	<u>51,084,395</u>	<u>41,925,435</u>

At December 31, 2015, trade receivables at nominal value of QR 2,320,046 (2014: QR 1,994,286) were impaired.

Movements in the allowance for impairment of trade receivables were as follows:

	<u>2015</u>	<u>2014</u>
	QR	QR
At January 1,	1,994,286	1,812,509
Charge for the year	<u>325,760</u>	<u>181,777</u>
	<u>2,320,046</u>	<u>1,994,286</u>

At December 31, the ageing of unimpaired trade receivables is as follows:

	<u>Total</u>	<u>&lt;30 days</u>	<u>Past due but not impaired</u>			
			<u>30-60 days</u>	<u>61-90 days</u>	<u>91-120 days</u>	<u>&gt;120 days</u>
	QR	QR	QR	QR	QR	QR
2015	<u>11,512,500</u>	<u>4,757,019</u>	<u>2,803,443</u>	<u>1,130,850</u>	<u>1,940,328</u>	<u>880,860</u>
2014	<u>10,100,581</u>	<u>2,226,271</u>	<u>3,120,348</u>	<u>1,770,163</u>	<u>1,562,360</u>	<u>1,421,439</u>

Unimpaired trade receivables are expected to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables.

**AL MEERA CONSUMER GOODS COMPANY Q.S.C.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2015

**12. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at the end of the financial 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:

	<u>2015</u>	<u>2014</u>
	QR	QR
Cash at banks	271,131,342	193,450,791
Fixed deposits	198,366,000	428,316,000
Cash on hands	<u>2,025,116</u>	<u>2,205,240</u>
	471,522,458	623,972,031
Time deposits maturing over 90 days	<u>(133,000,000)</u>	<u>(428,316,000)</u>
	<u>338,522,458</u>	<u>195,656,031</u>

Fixed deposits have different maturities and carry profit margin ranging from 1% to 2% (2014: 1% to 2%) per annum.

**13. SHARE CAPITAL**

	<u>2015</u>	<u>2014</u>
	QR	QR
Authorised, issued and fully paid 20,000,000 ordinary shares of QR 10 each (2014: 20,000,000 ordinary shares)	<u>200,000,000</u>	<u>200,000,000</u>

**14. RESERVES**

**Legal reserve**

In accordance with Qatar Commercial Companies Law, 10% of the profit for the year is transferred to a legal reserve. Transfers to this reserve are required to be made until such time as it equals at least 50% of the issued share capital of the Group. 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.

AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the year ended December 31, 2015

15. DISPOSAL OF A SUBSIDIARY

During the year, the Group disposed of 49% of its interest in Al Oumara Bakeries Company W.L.L., a subsidiary, to Qatar Quality Food Company L.L.C., reducing its continuing interest to 51%. The proceeds on disposal amounting to QR 3 million were received in cash. The disposal was completed on July 29, 2015, on which the control of Al Oumara was transferred to the acquirer. The retained ownership interest in Al Oumara is recognized as investment in associate and accounted for using equity method.

a. Analysis of net assets derecognised

The Group derecognized the assets, liabilities and equity as at date of the loss of control as follows:

	<u>2015</u>
	QR
Property and equipment	842,045
Inventories	421,573
Accounts receivable and prepayments	92,695
Due from a related party	729,595
Cash and bank balances	121,647
Employees' end of service benefits	(160,322)
Accounts payable and accruals	(206,512)
Due to a related party	(5,190,870)
	<u>(3,350,149)</u>

The realised gain on disposal of subsidiary is as follows:

	<u>2015</u>
	QR
Proceeds received	3,000,000
Less: Carrying amount of the 49% interest disposed (deficit)	(1,641,573)
Gain on disposal of a subsidiary	<u>4,641,573</u>

Net cash inflows on disposal of partial interest in a subsidiary:

	<u>2015</u>
	QR
Consideration received in cash and cash equivalents	3,000,000
Less: cash and bank balances disposed of	(121,647)
	<u>2,878,353</u>

AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the year ended December 31, 2015

15. DISPOSAL OF A SUBSIDIARY (CONTINUED)

*b. Discontinued operations*

The results of discontinued operations included in the consolidated statement of profit or loss arising from the above transaction. The comparative profit from discontinued operations have been re-presented to include those operations as discontinued in the current year.

	Up to the date of disposal in 2015	December 31, 2014
	QR	QR
Sales	1,570	222
Cost of sales	<u>(1,118,206)</u>	<u>(1,842,644)</u>
Gross loss	(1,116,636)	(1,842,422)
General and administrative expenses	(70,225)	(380,206)
Depreciation	<u>(24,708)</u>	<u>(127,512)</u>
Loss for the period up to the date of derecognition	(1,211,569)	(2,350,140)
Gain on disposal of a subsidiary	<u>4,641,573</u>	<u>--</u>
Profit/(loss) for the year from discontinued operations attributable to owners of the Company	<u>3,430,004</u>	<u>(2,350,140)</u>
Net cash flows from discontinued operations are set out below:		
	2015	2014
	QR	QR
Net cash (used in)/generated by operating activities	(6,414)	65,447
Net cash used in financing activities	<u>(60,304)</u>	<u>(190,036)</u>
Net decrease in cash and cash equivalents	<u>(66,718)</u>	<u>(124,589)</u>

**AL MEERA CONSUMER GOODS COMPANY Q.S.C.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2015

**15. DISPOSAL OF A SUBSIDIARY (CONTINUED)**

*c. Provision for deficit in an associate*

The 51% retained interest in Al Oumara is accounted for using the equity method in these consolidated financial statements. Provisions are recognised to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The summarized financial information below represents amounts shown in the associate's financial statements for the period from recognition of the associate to December 31, 2015. These financial statements were prepared in accordance with International Financial Reporting Standards:

	<u>2015</u>
	QR
Total revenue	<u>1,071,668</u>
Total loss for the period	<u>(1,358,631)</u>
Group's proportionate interest in associate's net loss	<u>(692,902)</u>
Total assets	<u>1,893,715</u>
Total liabilities	<u>(6,602,495)</u>
Net deficit	<u>(4,708,780)</u>
Group's proportionate interest (provision) in associate's net deficit	<u>(2,401,478)</u>

**16. LOANS AND BORROWINGS**

	<u>2015</u>	<u>2014</u>
	QR	QR
Long term Murabaha facility	88,900,000	88,900,000
Deferred financing arrangement cost	<u>(371,912)</u>	<u>(620,077)</u>
	88,528,088	88,279,923
Less: Current portion	<u>3,564,833</u>	<u>--</u>
	<u>84,963,255</u>	<u>88,279,923</u>

This loan represents clean Murabaha facility obtained from Qatar Development Bank on June 30, 2014. The facility carries a profit rate of 3% per annum and is payable over 40 quarterly instalments starting September 30, 2016. The loan is presented net of unamortised financing arrangement cost.

The loan was obtained to partially fund an acquisition of a subsidiary in Oman in prior years. 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., the Group subsidiary in Oman.

AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the year ended December 31, 2015

**17. EMPLOYEES' END OF SERVICE BENEFITS**

	<u>2015</u>	<u>2014</u>
	QR	QR
At January 1,	23,384,170	21,095,034
Provision for the year	4,564,955	4,865,612
Payments during the year	(1,989,107)	(2,576,476)
Derecognition from disposal of a subsidiary (Note 15)	<u>(160,322)</u>	<u>--</u>
	<u>25,799,696</u>	<u>23,384,170</u>

**18. ACCOUNTS PAYABLE AND ACCRUALS**

	<u>2015</u>	<u>2014</u>
	QR	QR
Trade payables	290,451,283	292,833,648
Dividends payable	70,573,020	57,827,628
Payable to contractors	18,496,861	34,484,115
Accrued expenses	12,680,143	10,917,282
Staff bonus	10,131,935	10,170,361
Provision for Board remuneration	5,740,000	7,500,000
Provision for air tickets and leave pay	4,041,086	4,156,538
Provision for social and sports activities contribution	3,820,434	5,465,891
Provision for deficit in an associate (Note 15 (c))	2,401,478	--
Deferred rent income	1,736,389	1,705,867
Other payables	<u>6,772,089</u>	<u>9,494,950</u>
	<u>426,844,718</u>	<u>434,556,280</u>

**19. TAXATION**

	<u>2015</u>	<u>2014</u>
	QR	QR
Deferred tax	<u>122,492</u>	<u>68,733</u>

**a) Current tax**

The Group is subject to income tax at the rate of 12% of taxable profits in excess of QR 285,000 (RO 30,000) on its operation in the Sultanate of Oman. Due to tax losses incurred on operations in Sultanate of Oman, no current tax expenses were recognised during the year.

**AL MEEKA CONSUMER GOODS COMPANY Q.S.C.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2015

**19. TAXATION (CONTINUED)**

**b) Deferred tax asset**

The net deferred tax asset amounting to QR 298,937 (2014: QR 421,429) is based on timing differences between the tax and accounting basis of various assets and liabilities of the Group.

**20. DIVIDENDS**

On February 21, 2016, the Board of Directors proposed cash dividend of QR. 9 per share amounting to QR. 180 million for the shareholders which is subject for approval of the Annual General Assembly (2015: QR 9 per share amounting to QR 180 million which has been approved in the Annual General Assembly on March 1, 2015).

**21. CONTRIBUTION TO SOCIAL FUND**

In accordance with Law No. 13 of 2008, the Group made an appropriation of profit of QR 3.82 million in 2015 (2014: QR 5.46 million) equivalent to 2.5% of the adjusted net profit of the Group and that of its subsidiaries for the year for the support of sports, cultural, social and charitable activities.

**22. OTHER INCOME**

	<u>2015</u>	<u>2014</u>
	QR	QR
Dividend income	9,276,948	7,948,796
Gain on sale of available for sale of investments, net	1,051,844	61,051,635
Interest income	6,459,861	9,284,896
Gain on sale of property and equipment	884,412	199,005
Other income	<u>3,415,064</u>	<u>2,582,760</u>
	<u>21,088,129</u>	<u>81,067,092</u>

**AI. MEERA CONSUMER GOODS COMPANY Q.S.C.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2015

**23. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>2015</u>	<u>2014</u>
	QR	QR
Staff costs	141,231,298	132,216,992
Rent	39,825,039	33,246,514
Water and electricity	13,098,586	10,892,962
Contract labour charges	18,123,419	14,931,399
Consulting and professional fees	1,293,208	3,623,586
Board of Directors' remuneration	5,381,575	7,576,000
Bank charges, commission and credit card charges	6,871,741	5,575,863
Repairs and maintenance	6,405,425	5,369,205
Advertisement	4,925,585	3,702,461
Vehicles and insurance expenses	2,779,243	2,757,039
Telephone and post	2,170,229	1,894,851
Printing and stationary	1,386,051	1,121,870
Travelling expenses	2,266,639	2,300,331
Franchise fee	3,327,991	3,743,982
Donations	106,285	83,000
Others	3,593,786	2,159,138
	<u>252,786,100</u>	<u>231,195,193</u>

**24. BASIC EARNINGS PER SHARE**

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

	<u>2015</u>	<u>2014</u>
Profit attributable to the equity holders for the year from continuing and discontinued operations (QR)	<u>162,094,323</u>	<u>226,584,439</u>
Profit/(loss) attributable to the equity holders for the year from discontinued operations (QR)	<u>3,430,004</u>	<u>(2,350,140)</u>
Number of shares outstanding (no. of shares)	<u>20,000,000</u>	<u>20,000,000</u>
<b>Basic earnings per share</b>		
Attributable to equity holders of the Company from continuing operations	7.93	11.45
Attributable to equity holders of the Company from discontinued operations	0.17	(0.12)
<b>Total basic earnings per share</b>	<u>8.10</u>	<u>11.33</u>



AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the year ended December 31, 2015

**25. COMPONENTS OF OTHER COMPREHENSIVE INCOME**

	<u>2015</u> QR	<u>2014</u> QR
<i>Available-for-sale investments</i>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net fair value (loss)/gain on available for sale investments	(44,035,128)	40,523,080
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	(1,540,390)	(61,051,635)
Cumulative loss reclassified to profit or loss on impairment of available-for-sale financial asset	47,550,889	--
	<u>1,975,371</u>	<u>(20,528,555)</u>

**26. CONTINGENCIES AND COMMITMENTS**

	<u>2015</u> QR	<u>2014</u> QR
Letter of credits	232,250	1,813,242
Letter of guarantees	4,780,502	4,490,441
	<u>5,012,752</u>	<u>6,303,683</u>

The Group's contingent liabilities consist of letters of credit and guarantee relating to purchases of goods associated with the Group's existing contracts with certain suppliers. It is not anticipated that any material liabilities will arise from the letters of credit and guarantees which were issued in the normal course of the business.

*Capital commitment*

The Group's capital commitment contracted but not provided for in the consolidated financial statements as at December 31, 2015 amounted to QR 195 million (2014: QR 98 million).

**27. COMMITMENTS UNDER OPERATING LEASES**

The Group leases various staff accommodations and premises under annual cancellable operating lease agreements with terms ranging from 2 to 25 years. For non-cancellable operating leases, future minimum lease commitments are as follows:

	<u>2015</u> QR	<u>2014</u> QR
Not later than one year	32,122,548	29,290,229
Later than one year and not later than five years	104,586,596	103,980,945
Later than five years	55,786,608	44,175,067
	<u>192,495,752</u>	<u>177,446,241</u>

AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the year ended December 31, 2015

**28. RELATED PARTY DISCLOSURES**

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

**(i) Related party transactions**

*a) Related party balances*

Due from related parties included in the consolidated statement of financial position is as follows:

	<u>2015</u> QR	<u>2014</u> QR
<b>Associates</b>		
Al Oumara Bakeries Company W.L.L.	5,653,460	--
Aramex Logistics Services Company L.L.C.	6,919	6,869
	<u>5,660,379</u>	<u>6,869</u>

*b) Transaction with government*

The Government of Qatar holds 26% of the Company's capital. In the normal 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.

*c) Transactions with key management personnel*

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

	<u>2015</u> QR	<u>2014</u> QR
Key management remuneration	5,872,890	5,297,853
Board of Directors' remuneration	5,797,000	7,576,000
	<u>11,669,890</u>	<u>12,873,853</u>

**AL MEERA CONSUMER GOODS COMPANY Q.S.C.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2015

---

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

*d) Transactions with related parties*

	<u>2015</u>	<u>2014</u>
	QR	QR
<b>Purchases</b>		
Al Oumara Bakeries Company W.L.L.	<u>4,912,717</u>	<u>--</u>
<b>Sales</b>		
Al Oumara Bakeries Company W.L.L.	<u>2,101,069</u>	<u>--</u>
<b>Sales Commission</b>		
Al Oumara Bakeries Company W.L.L.	<u>525,267</u>	<u>--</u>

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

For the year ended December 31, 2015

**29. NON-CONTROLLING INTERESTS**

Name of subsidiary	Place of incorporation	Proportionate interest and voting rights held by non-controlling interest		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interest	
		2015	2014	2015	2014	2015	2014
Al Meera Markets S.A.O.C. (i)	Oman	30%	30%	264,632	149,364	38,760,644	38,496,012
Al Meera Oman S.A.O.C. (i)	Oman	30%	30%	(7,062)	(7,350)	1,400,217	1,407,279
Alge Retail Corporation Sarl	Switzerland	49%	49%	(9,441)	(6,172)	8,228	17,669
				<u>248,129</u>	<u>135,842</u>	<u>40,169,089</u>	<u>39,920,960</u>

(i) The Group owns 70% equity shares of Al Meera Markets S.A.O.C. and Al Meera Oman S.A.O.C. and based on the contractual arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the Board of Directors of these subsidiaries. The relevant activities of these subsidiaries are determined by the Board of Directors based on simple majority votes. Therefore, the directors of the Group concluded that the Group has control over Al Meera Markets S.A.O.C. and Al Meera Markets Oman and these entities are consolidated in these financial statements.

AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the year ended December 31, 2015

29. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

(i) Al Meera Markets S.A.O.C. and Al Meera Oman S.A.O.C.

	2015	2014
	QR	QR
Current assets	44,732,709	42,823,487
Non-current assets	145,734,571	147,899,958
Current liabilities	55,758,693	57,170,367
Non-current liabilities	839,050	542,112
Equity attributable to owners of the Company	93,708,676	93,107,675
Non-controlling interests	40,160,861	39,903,291
	2015	2014
	QR	QR
Revenue	147,236,189	151,904,519
Other income	8,643,752	6,906,587
Expenses	(155,021,373)	(158,337,731)
Profit for the year	858,568	473,375
Profit attributable to owners of the Company	600,998	331,361
Profit attributable to non-controlling interests	257,570	142,014
Profit for the year	858,568	473,375
Net cash (used in)/generated by operating activities	(1,487,292)	5,813,563
Net cash used in investing activities	(2,953,341)	(14,128,163)
Net cash generated by/(used in) financing activities	7,842,963	(799,995)
Net increase/(decrease) in cash and cash equivalents	3,402,330	(9,114,595)

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

**30. SEGMENT INFORMATION**

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 good.
- The investment segment, which comprises equity and funds held as available-for-sale investments, and fixed deposits.
- 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
<b>Year ended December 31, 2015</b>				
Sales	2,449,080,123	--	--	2,449,080,123
Cost of sales	(2,021,922,739)	--	--	(2,021,922,739)
Gross profit	427,157,384	--	--	427,157,384
Shops rental income	--	--	50,333,872	50,333,872
Dividend income	--	9,276,948	--	9,276,948
Gain on available for sale investments, net	--	1,051,844	--	1,051,844
Interest income	--	6,459,861	--	6,459,861
Other income	4,299,476	--	--	4,299,476
<b>Operating Income</b>	<b>431,456,860</b>	<b>16,788,653</b>	<b>50,333,872</b>	<b>498,579,385</b>
General and administrative expenses	(249,854,030)	--	(2,932,070)	(252,786,100)
Impairment loss	--	(47,550,889)	--	(47,550,889)
Share in net loss of an associate	--	(692,902)	--	(692,902)
Finance costs	(2,863,370)	--	--	(2,863,370)
Depreciation and amortisation	(32,720,641)	--	(2,930,543)	(35,651,184)
<b>Profit before income tax</b>	<b>146,018,819</b>	<b>(31,455,138)</b>	<b>44,471,259</b>	<b>159,034,940</b>
Income tax expense	(122,492)	--	--	(122,492)
<b>Profit from continuing operations</b>	<b>145,896,327</b>	<b>(31,455,138)</b>	<b>44,471,259</b>	<b>158,912,448</b>
<b>Profit for the year from discontinued operations</b>	<b>3,430,004</b>	<b>--</b>	<b>--</b>	<b>3,430,004</b>
<b>Profit for the year</b>	<b>149,326,331</b>	<b>(31,455,138)</b>	<b>44,471,259</b>	<b>162,342,452</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**30. SEGMENT INFORMATION (CONTINUED)**

	Retail	Investment	Leasing	Total
	QR	QR	QR	QR
Year ended December 31, 2014				
Sales	2,176,005,386	--	--	2,176,005,386
Cost of sales	<u>(1,813,085,592)</u>	--	--	<u>(1,813,085,592)</u>
Gross profit	362,919,794	--	--	362,919,794
Shops rental income	--	--	42,761,250	42,761,250
Dividend income	--	7,948,796	--	7,948,796
Gain on available for sale investments, net	--	61,051,635	--	61,051,635
Interest income	--	9,284,896	--	9,284,896
Other income	2,781,765	--	--	2,781,765
Operating income	365,701,559	78,285,327	42,761,250	486,748,136
General and administrative expenses	(226,834,868)	--	(4,360,325)	(231,195,193)
Impairment loss	--	(450,000)	--	(450,000)
Share in net loss of an associate	--	(3,503)	--	(3,503)
Finance costs	(1,422,733)	--	--	(1,422,733)
Depreciation and amortisation	(23,004,703)	--	(1,532,850)	(24,537,553)
Profit before income tax	114,439,255	77,831,824	36,868,075	229,139,154
Income tax expense	(68,733)	--	--	(68,733)
Profit from continuing operations	114,370,522	77,831,824	36,868,075	229,070,421
Loss for the year from discontinued operations	(2,350,140)	--	--	(2,350,140)
Profit for the year	<u>112,020,382</u>	<u>77,831,824</u>	<u>36,868,075</u>	<u>226,720,281</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: Nil). The accounting policies of the reportable segment are the same as the Group accounting policies described in Note 3.

The following table presents segmental assets regarding the Group's business segments for the year ended December 31, 2015 and December 31, 2014 respectively:

	Retail	Investment	Leasing	Total
	QR	QR	QR	QR
Segment assets				
At December 31, 2015	<u>1,565,832,359</u>	<u>343,361,317</u>	<u>57,172,839</u>	<u>1,966,366,515</u>
At December 31, 2014	<u>1,296,634,785</u>	<u>638,718,798</u>	<u>55,563,414</u>	<u>1,990,916,997</u>

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

For the year ended December 31, 2015

**30. SEGMENT INFORMATION (CONTINUED)**

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

	Qatar		Oman		Total	
	2015 QR	2014 QR	2015 QR	2014 QR	2015 QR	2014 QR
Total assets	<u>1,780,535,474</u>	<u>1,804,854,292</u>	<u>185,831,041</u>	<u>186,062,705</u>	<u>1,966,366,515</u>	<u>1,990,916,997</u>
Total liabilities	<u>520,914,780</u>	<u>514,527,863</u>	<u>20,252,722</u>	<u>31,692,510</u>	<u>541,172,502</u>	<u>546,220,373</u>
	Qatar		Oman		Total	
	2015 QR	2014 QR	2015 QR	2014 QR	2015 QR	2014 QR
Total revenue	<u>2,301,843,934</u>	<u>2,024,101,089</u>	<u>147,236,189</u>	<u>151,904,297</u>	<u>2,449,080,123</u>	<u>2,176,005,386</u>
Net income	<u>160,326,843</u>	<u>225,204,780</u>	<u>2,015,609</u>	<u>1,515,501</u>	<u>162,342,452</u>	<u>226,720,281</u>



**31. FINANCIAL RISK MANAGEMENT****Objective and policies**

The Group's principal financial liabilities comprise accounts payable 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 such as trade and other receivables, due from related parties, available for sale investments 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. The management reviews and agrees policies for managing each of these risks, which arise directly from its operations.

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity prices will affect the Group's income or value of its holding of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing return.

**Interest rate risk**

The Group is exposed to interest rate risk on its floating rate interest-bearing assets (bank deposits). The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant. 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 the year based on the floating rate financial instruments held at December 31, 2015 and 2014. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increase shown.

	<u>Increase in basis points</u>	<u>Effect on profit</u>
2015	+25	332,500
2014	+25	1,070,790

**Equity price risk**

The following table demonstrates the sensitivity of the effect of cumulative changes in fair values recognised in the equity to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	<u>Changes in equity prices</u>	<u>Effect on equity</u>
2015		
Available-for-sale investments – quoted	+5%	9,828,135
2014		
Available-for-sale investments – quoted	+5%	9,808,012

The Group also has unquoted investments carried at cost where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired, when the consolidated statement of profit or loss and other comprehensive income will be impacted.

AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the year ended December 31, 2015

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

*Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. As the Qatari Riyal is pegged to the 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*

Credit risk is the risk that one party to a financial instrument will fail to discharge on obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances and certain assets as reflected in the consolidated statement of financial position.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits and monitoring outstanding receivables.

With respect to credit risk arising from the financial assets of the Group, including receivables and bank balance, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets in the consolidated statement of financial position.

The table below shows the maximum gross exposure to credit risk for the components of the consolidated statement of financial position.

	2015	2014
	QR	QR
Bank balances	469,497,342	621,766,791
Trade and other receivables	45,227,796	37,787,577
	<u>514,725,138</u>	<u>659,554,368</u>

*Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial 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 its reputation.

The table below summarises the maturities of the Group's financial liabilities at December 31, based on contractual payment dates and current market interest rate.

AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the year ended December 31, 2015

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

	On demand	Less than 1 year	More than 1 year and less than 2 years	More than 2 years and less than 5 years	More than 5 years	Total
	QR	QR	QR	QR	QR	QR
<b>2015</b>						
Trade payables	--	290,451,283	--	--	--	290,451,283
Dividends payable	70,573,020	--	--	--	--	70,573,020
Other payables	--	27,005,339	--	--	--	27,005,339
Loans and borrowings	--	3,564,833	7,700,087	16,377,652	60,885,516	88,528,088
<b>Total</b>	<b>70,573,020</b>	<b>321,021,455</b>	<b>7,700,087</b>	<b>16,377,652</b>	<b>60,885,516</b>	<b>476,557,730</b>

	On Demand	Less than 1 year	More than 1 year and less than 2 years	More than 2 years and less than 5 years	More than 5 years	Total
	QR	QR	QR	QR	QR	QR
<b>2014</b>						
Trade payables	--	292,833,648	--	--	--	292,833,648
Dividends payable	57,827,628	--	--	--	--	57,827,628
Other payables	--	45,684,932	--	--	--	45,684,932
Loans and borrowings	--	--	3,606,082	23,788,325	60,885,516	88,279,923
<b>Total</b>	<b>57,827,628</b>	<b>338,518,580</b>	<b>3,606,082</b>	<b>23,788,325</b>	<b>60,885,516</b>	<b>484,626,131</b>

**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 stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes loans and borrowings disclosed in Note 16, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings as disclosed in notes 12, 13 and 14, respectively.

AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the year ended December 31, 2015

**31. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Capital management (continued)**

Gearing ratio

The gearing ratio at year end was as follows:

	<u>2015</u>	<u>2014</u>
	QR	QR
Debt (i)	88,279,923	88,279,923
Cash and bank balances	<u>(471,522,458)</u>	<u>(623,972,031)</u>
Net cash	<u>(383,242,535)</u>	<u>(535,692,108)</u>
Equity (ii)	<u>1,425,194,013</u>	<u>1,444,696,624</u>
Net debt to equity ratio	<u>(27%)</u>	<u>(37%)</u>

(i) Debt is defined as long-term debt, as detailed in note 16

(ii) Equity includes all capital and reserves of the Group that are managed as capital

**32. FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, available-for-sale investments, and trade and other receivables. Financial liabilities consist of loans and borrowings and trade and other payables.

The fair values of the financial assets and liabilities, with the exception of certain unquoted available-for-sale investments carried at cost, are not materially different from their carrying values.

**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.

AL MEERA CONSUMER GOODS COMPANY Q.S.C.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the year ended December 31, 2015

32. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	<u>2015</u> QR	<u>Level 1</u> QR	<u>Level 2</u> QR	<u>Level 3</u> QR
Available-for-sale investments				
-Quoted shares	<u>196,562,702</u>	<u>196,562,702</u>	<u>--</u>	<u>--</u>
	<u>2014</u> QR	<u>Level 1</u> QR	<u>Level 2</u> QR	<u>Level 3</u> QR
Available-for-sale investments				
-Quoted shares	<u>196,160,238</u>	<u>196,160,238</u>	<u>--</u>	<u>--</u>

Available-for-sale investments amounting to QR 13,700,119 (2014: QR 14,144,064) are carried at cost since the fair value cannot be reliably determined by the management.

During the year ended December 31, 2015, 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.