

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE SIX MONTH PERIOD ENDED  
JUNE 30, 2014**

**AL MEERA CONSUMER GOODS COMPANY (Q.S.C.)**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT**  
**AUDITOR'S REVIEW REPORT**  
For the six month period ended June 30, 2014

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QR. 32203

## INDEPENDENT AUDITOR'S REVIEW REPORT

**The Board of Directors**  
**AL MEERA CONSUMER GOODS COMPANY (Q.S.C.)**  
**Doha - Qatar**

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Meera Consumer Goods Company (Q.S.C.) ("the Company") and its subsidiaries (together referred to as "the Group") as at June 30, 2014, and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34 – "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No. 34 – "Interim Financial Reporting".

**Doha - Qatar**  
**August 5, 2014**

**For Deloitte & Touche**  
**Qatar Branch**



**Mdhat Salha**  
**Partner**  
**License No. 257**

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at June 30, 2014

	Notes	June 30, 2014 (Reviewed) QR	December 31, 2013 (Audited) QR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	358,114,547	284,324,943
Intangible assets	5	11,048,111	11,804,398
Available-for-sale investments		186,620,043	148,276,661
Deferred tax assets		490,162	490,162
Goodwill	6	344,097,998	344,097,998
<b>Total non-current assets</b>		<b>900,370,861</b>	<b>788,994,162</b>
<b>Current assets</b>			
Inventories	7	148,476,152	148,548,895
Accounts receivable and other debit balances	8	80,844,412	47,929,842
Cash and bank balances	9	632,119,846	809,863,801
<b>Total current assets</b>		<b>861,440,410</b>	<b>1,006,342,538</b>
<b>Total assets</b>		<b>1,761,811,271</b>	<b>1,795,336,700</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	200,000,000	200,000,000
Statutory reserve	13	901,289,603	901,289,603
Optional reserve		21,750,835	21,750,835
Fair value reserve		(9,533,031)	6,609,740
Retained earnings		184,710,193	234,535,493
<b>Equity attributable to owners of the Company</b>		<b>1,298,217,600</b>	<b>1,364,185,671</b>
Non-controlling interests		39,688,392	39,785,118
<b>Total equity</b>		<b>1,337,905,992</b>	<b>1,403,970,789</b>
<b>Non-current liabilities</b>			
Employees' end of service benefits		22,119,258	21,095,034
<b>Total non-current liabilities</b>		<b>22,119,258</b>	<b>21,095,034</b>
<b>Current liabilities</b>			
Accounts payable and accruals	10	401,786,021	370,270,877
<b>Total current liabilities</b>		<b>401,786,021</b>	<b>370,270,877</b>
<b>Total liabilities</b>		<b>423,905,279</b>	<b>391,365,911</b>
<b>Total equity and liabilities</b>		<b>1,761,811,271</b>	<b>1,795,336,700</b>

Dr. Saif Saeed Al Sowaidi  
Vice Chairman

Guy Sauvage  
Chief Executive Officer

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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the six month period ended June 30, 2014

	Note	Six month period ended	
		June 30,	June 30,
		2014	2013
		(Reviewed)	(Reviewed)
		QR	QR
Sales		1,084,166,596	876,581,416
Cost of sales		<u>(922,482,414)</u>	<u>(735,452,790)</u>
<b>Gross profit</b>		<b>161,684,182</b>	<b>141,128,626</b>
Other income		61,873,499	22,281,137
Shops rental income		20,872,799	17,849,717
General and administrative expenses		(120,162,600)	(105,065,780)
Interest expense		(365,802)	(3,653,746)
Depreciation and amortisation expenses		<u>(11,202,981)</u>	<u>(15,083,389)</u>
<b>Net profit for the period</b>		<b><u>112,699,097</u></b>	<b><u>57,456,565</u></b>
<b>Attributable to:</b>			
Owners of the Company		112,795,877	57,555,873
Non-controlling interests		<u>(96,780)</u>	<u>(99,308)</u>
		<b><u>112,699,097</u></b>	<b><u>57,456,565</u></b>
<b>Basic and diluted earnings per share</b>			
Basic EPS	3	<u>5.64</u>	<u>3.16</u>
<b>Weighted average number of shares</b>		<b><u>20,000,000</u></b>	<b><u>18,197,802</u></b>

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

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

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

For the six month period ended June 30, 2014

	<b>Six month period ended</b>	
	<b>June 30, 2014 (Reviewed) QR</b>	<b>June 30, 2013 (Reviewed) QR</b>
<b>Net profit for the period</b>	<b>112,699,097</b>	<b>57,456,565</b>
<b>Other comprehensive (loss)/income</b>		
Net movement in the fair value reserve	<u>(16,142,771)</u>	<u>2,847,511</u>
<b>Total comprehensive income for the period</b>	<b><u>96,556,326</u></b>	<b><u>60,304,076</u></b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Group	<b>96,653,106</b>	<b>60,403,384</b>
Non-controlling interests	<u>(96,780)</u>	<u>(99,308)</u>
	<b><u>96,556,326</u></b>	<b><u>60,304,076</u></b>

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

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

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

For the six month period ended June 30, 2014

	Capital	Statutory	Optional	Fair value	Retained	Equity	Non-	Total
	QR	reserve	reserve	reserves	earnings	attributable to	controlling	QR
		QR	QR	QR	QR	owners of the	interest	QR
						Company		
						QR	QR	QR
Balance at December 31, 2012 (Audited)	100,000,000	53,509,967	21,750,835	4,504,437	123,181,999	302,947,238	2,286,605	305,233,843
Total comprehensive income for the period	--	--	--	2,847,511	57,555,873	60,403,384	(99,308)	60,304,076
Appropriation for contribution to social fund	--	--	--	--	(1,305,434)	(1,305,434)	--	(1,305,434)
Non-controlling interests arising from investments in subsidiaries	--	--	--	--	--	--	38,000,264	38,000,264
Dividends declared (Note 14)	--	--	--	--	(80,000,000)	(80,000,000)	--	(80,000,000)
Issuance of share capital (Note 12 & 13)	100,000,000	847,779,636	--	--	--	947,779,636	--	947,779,636
<b>Balance at June 30, 2013 (Reviewed)</b>	<b>200,000,000</b>	<b>901,289,603</b>	<b>21,750,835</b>	<b>7,351,948</b>	<b>99,432,438</b>	<b>1,229,824,824</b>	<b>40,187,561</b>	<b>1,270,012,385</b>
<b>Balance at December 31, 2013 (Audited)</b>	<b>200,000,000</b>	<b>901,289,603</b>	<b>21,750,835</b>	<b>6,609,740</b>	<b>234,535,493</b>	<b>1,364,185,671</b>	<b>39,785,118</b>	<b>1,403,970,789</b>
Total comprehensive income for the period	--	--	--	(16,142,771)	112,795,877	96,653,106	(96,780)	96,556,326
Appropriation for contribution to social fund	--	--	--	--	(2,621,177)	(2,621,177)	--	(2,621,177)
Movement in non-controlling interest	--	--	--	--	--	--	54	54
Dividends declared (Note 14)	--	--	--	--	(160,000,000)	(160,000,000)	--	(160,000,000)
<b>Balance at June 30, 2014 (Reviewed)</b>	<b>200,000,000</b>	<b>901,289,603</b>	<b>21,750,835</b>	<b>(9,533,031)</b>	<b>184,710,193</b>	<b>1,298,217,600</b>	<b>39,688,392</b>	<b>1,337,905,992</b>

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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six month period ended June 30, 2014

	<b>Six month period ended</b>	
	<b>June 30, 2014 (Reviewed) QR</b>	<b>June 30, 2013 (Reviewed) QR</b>
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	112,699,097	57,456,565
Adjustments for:		
Depreciation and amortisation	11,267,237	15,208,240
Provision for employees' end of service benefits	4,780,402	2,800,212
Provision for impairment of unquoted shares	180,000	--
Provision for slow moving inventories	(259,323)	210,001
Recovery of provision for bad debts, net	91,801	(13,792)
Finance cost	365,802	3,653,746
Dividend income from available-for-sale investments	(7,948,796)	(5,338,503)
Gain on sale of available-for-sale investments	(47,688,127)	(6,590,853)
Gain on disposal of property, plant and equipment	(244,314)	(35,564)
Interest income	(4,967,947)	(2,368,108)
Cash from operations before changes in working capital	<u>68,275,832</u>	<u>64,981,944</u>
<b>Working capital changes:</b>		
Accounts receivable and other debit balances	(31,411,939)	(15,316,159)
Inventories	332,066	(20,923,659)
Accounts payable and accruals	<u>19,083,102</u>	<u>6,501,084</u>
<b>Cash from operations</b>	<u>56,279,061</u>	<u>35,243,210</u>
Payment of contribution to social fund	(4,769,615)	(4,320,225)
End of service benefits paid	<u>(3,756,178)</u>	<u>(656,094)</u>
<b>Net cash generated by operating activities</b>	<u>47,753,268</u>	<u>30,266,891</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of available-for-sale investments	(284,724,303)	(42,410,069)
Purchase of property and equipment	(84,335,638)	(47,687,787)
Purchase of intangible assets	--	(1,049,217)
Acquisition of business, net of cash acquired	--	(116,786,302)
Proceeds from sale of property and equipment	279,398	101,767
Change in investment in time deposits	211,242,763	(471,603,188)
Dividend received on available-for-sale investments	7,948,796	5,338,503
Interest income received	3,373,515	2,368,108
Proceeds from sale of available-for-sale investments	<u>277,746,277</u>	<u>48,927,002</u>
<b>Net cash generated by/(used in) investing activities</b>	<u>131,530,808</u>	<u>(622,801,183)</u>

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



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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six month period ended June 30, 2014

	Note	Six month period ended	
		June 30,	June 30,
		2014 (Reviewed) QR	2013 (Reviewed) QR
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(145,419,520)	(80,000,000)
Net proceeds from rights issue		--	947,779,636
Bank borrowings paid		--	(408,498,236)
Finance cost paid		(365,802)	(3,653,746)
Movement in non-controlling interest		54	38,000,264
<b>Net cash (used in)/generated by financing activities</b>		<b>(145,785,268)</b>	<b>493,627,918</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>33,498,808</b>	<b>(98,906,374)</b>
Cash and cash equivalents at the beginning of the period		208,530,102	253,518,099
Cash and cash equivalents at the end of the period	9	242,028,910	154,611,725

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2014

### 1. 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 Company is the ultimate parent of the following companies:

Entity Name	Country of incorporation	Relationship	Ultimate ownership interest	
			2014	2013
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%
Al Oumara Bakeries Company W.L.L.	Qatar	Subsidiary	100%	100%
Alge Retail Corporation S.A.R.L.	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 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.

## **AL MEERA CONSUMER GOODS COMPANY (Q.S.C.)**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2014

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#### **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.

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

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

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

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

These interim condensed consolidated financial statements of the Group for the six month period ended June 30, 2014 were authorised for issue on August 5, 2014.

#### **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

The interim condensed consolidated financial statements for the six months ended June 30, 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting under the historical cost convention except for certain financial instruments which have been stated at fair value.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2014

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2013. In addition, results for the six month period ended June 30, 2014 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2014.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2013 except for the adoption of new and revised standards and interpretations effective as at January 1, 2014.

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

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

	<b>Six month period ended June 30,</b>	
	<b>2014 (Reviewed) QR</b>	<b>2013 (Reviewed) QR</b>
Profit for the period attributable to the owners of the Group	<u>112,795,877</u>	<u>57,555,873</u>
Weighted average number of shares outstanding during the period	<u>20,000,000</u>	<u>18,197,802</u>
Basic and diluted earnings per share	<u>5.64</u>	<u>3.16</u>

(i) The weighted average number of shares has been calculated as follows:

	<b>2014</b>	<b>2013</b>
Qualifying shares at beginning of the period	<u>20,000,000</u>	<u>10,000,000</u>
Effect of rights issue, including bonus element	<u>--</u>	<u>8,197,802</u>
<b>Weighted average number of shares at the end of the period</b>	<u><b>20,000,000</b></u>	<u><b>18,197,802</b></u>

AL MEERA CONSUMER GOODS COMPANY (Q.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2014

4. PROPERTY AND EQUIPMENT

	June 30, 2014 (Reviewed) QR	December 31, 2013 (Audited) QR
<b>Cost:</b>		
At beginning of the period/year	410,389,583	399,811,055
Additions	84,335,638	91,976,391
Disposals	(84,501)	(81,397,863)
At end of the period/year	<u>494,640,720</u>	<u>410,389,583</u>
<b>Accumulated depreciation:</b>		
At beginning of the period/year	126,064,640	166,663,426
Charge for the period/year	10,510,950	32,865,935
Disposal	(49,417)	(73,464,721)
At end of the period/year	<u>136,526,173</u>	<u>126,064,640</u>
<b>Net book value:</b>		
At end of the period/year	<u>358,114,547</u>	<u>284,324,943</u>

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

	June 30, 2014 (Reviewed) QR	June 30, 2013 (Reviewed) QR
Cost of sales	64,256	124,851
Depreciation – as a separate line item in other expenses	<u>10,446,694</u>	<u>14,341,927</u>
	<u>10,510,950</u>	<u>14,466,778</u>

*Change in estimated useful life of property and equipment*

The Company reviews the estimated useful lives of property and equipment at the end of each reporting period. During the period, the Company 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 Company extended the estimated useful lives of certain categories of property and equipment, effective January 1, 2014.

The depreciation charge for the period amounted to QR. 10.5 million. Assuming there were no changes in the estimated useful life of the assets, the depreciation expense during the period would have been higher by QR. 7.5 million.

AL MEERA CONSUMER GOODS COMPANY (Q.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2014

5. INTANGIBLE ASSETS

	June 30, 2014 (Reviewed) QR	December 31, 2013 (Audited) QR
<b>Cost:</b>		
At beginning of the period/year	17,762,653	16,085,978
Additions	--	3,772,567
Disposals	--	(2,095,892)
At end of the period/year	<u>17,762,653</u>	<u>17,762,653</u>
<b>Accumulated amortization:</b>		
At beginning of the period/year	5,958,255	6,173,444
Charge for the period/year	756,287	1,733,251
Disposals	--	(1,948,440)
At end of the period/year	<u>6,714,542</u>	<u>5,958,255</u>
<b>Net book value:</b>		
At end of the period/year	<u>11,048,111</u>	<u>11,804,398</u>

6. BUSINESS COMBINATION

The movement in goodwill is as follows:

	June 30, 2014 (Reviewed) QR	December 31, 2013 (Audited) QR
Balance, December 31	344,097,998	227,028,986
Related to acquisition of subsidiary during the period	--	117,069,012
Balance, June 30	<u>344,097,998</u>	<u>344,097,998</u>

**Acquisition of Safer Oman**

Effective from February 1, 2013, the Group acquired the business of five supermarket outlets in the Sultanate of Oman and has taken over certain related assets and assumed liabilities based on estimated fair values on that date. The transaction is accounted for as a business combination in accordance with IFRS 3 "Business Combinations".

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2014

**6. BUSINESS COMBINATION (CONTINUED)**

The fair values of the identifiable assets and liabilities of the acquired business as at the date of acquisition were:

	<u>QR</u>
<b>Assets</b>	
Property, plant and equipment	2,001,555
Intangible assets (Note (i))	2,536,918
Inventory	15,410,976
Advance payments and other receivables	694,336
<b>Total assets</b>	<u>20,643,785</u>
<b>Liabilities</b>	
Trade payables	20,289,416
Store rental payable	546,554
Advances received and other payables	90,535
<b>Total liabilities</b>	<u>20,926,505</u>
<b>Identifiable net liabilities assumed</b>	<u>(282,720)</u>
Fair value of purchase consideration	<u>(116,786,292)</u>
<b>Goodwill arising in acquisition</b>	<u>117,069,012</u>
<b>Cash flow on acquisition</b>	
Cost of acquisition	<u>116,786,292</u>

(i) These intangible assets include favourable lease agreements and software systems acquired as part of the acquisition.

**7. INVENTORIES**

	<u>June 30, 2014 (Reviewed) QR</u>	<u>December 31, 2013 (Audited) QR</u>
Finished goods	148,472,272	149,373,149
Inventories consumable and spare parts	929,629	360,818
	<u>149,401,901</u>	<u>149,733,967</u>
Less: Allowance for slow moving inventories	<u>(925,749)</u>	<u>(1,185,072)</u>
	<u>148,476,152</u>	<u>148,548,895</u>

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2014

**8. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES**

	June 30, 2014 (Reviewed) QR	December 31, 2013 (Audited) QR
Trade receivables	12,939,179	8,153,954
Credit card receivables	6,190,049	4,222,453
Advances to suppliers	38,185,128	16,157,383
Prepayments	15,222,999	12,545,575
Refundable deposits	2,936,843	2,820,725
Staff receivables	1,155,600	1,156,563
Accrued interest income	4,591,024	2,996,592
Rent receivables	380,001	285,991
Other receivables	1,147,899	1,403,115
	<u>82,748,722</u>	<u>49,742,351</u>
Less: Allowance for impairment of receivables	(1,904,310)	(1,812,509)
	<u>80,844,412</u>	<u>47,929,842</u>

**9. CASH AND CASH EQUIVALENTS**

	June 30, 2014 (Reviewed) QR	December 31, 2013 (Audited) QR
Cash at bank	630,151,836	808,020,778
Cash on hand	1,968,010	1,843,023
Total	<u>632,119,846</u>	<u>809,863,801</u>
Time deposits maturing over 90 days	(390,090,936)	(601,333,699)
	<u>242,028,910</u>	<u>208,530,102</u>

**10. ACCOUNTS PAYABLE AND ACCRUALS**

	June 30, 2014 (Reviewed) QR	December 31, 2013 (Audited) QR
Trade payables	291,015,737	267,845,628
Dividends payable	62,152,785	47,572,305
Deferred rent income	2,151,536	1,756,417
Staff bonus	12,359,318	9,229,584
Provision for social and sports activities contribution	2,621,177	4,769,615
Provision for air tickets and leave pay	4,883,440	3,697,274
Accrued expenses	9,753,554	5,976,255
Other payables and provisions	16,848,474	29,423,799
	<u>401,786,021</u>	<u>370,270,877</u>



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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2014

### 11. RELATED PARTY TRANSACTIONS

#### a) 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 of various services from these parties in the State of Qatar.

#### b) Compensation of key management personnel

	Six month period ended	
	June 30, 2014 (Reviewed) QR	June 30, 2013 (Reviewed) QR
Key management remuneration	1,683,014	1,535,482
Board of directors' remuneration	79,250	59,500
	<u>1,762,264</u>	<u>1,594,982</u>

### 12. SHARE CAPITAL

At June 30, 2014, the authorised share capital comprised 20 million ordinary shares (2013: 20 million). These instruments have a par value of QR. 10. All issued shares are fully paid.

#### *Right Issue*

On February 10, 2013, after obtaining necessary approvals, the Group issued 10 million shares as rights at issue price of QR. 95 per share, upon obtaining approval from the shareholders in the Annual General Meeting held on October 8, 2012.

### 13. STATUTORY RESERVE

As required by Qatar Commercial Companies' Law No. 5 of 2002, 10% of the profit for the year is required to be transferred to a legal reserve, until such reserve equals 50% of the issued share capital. The Group has resolved to cease such annual transfers as the legal reserve has reached the minimum required level. The reserve is not generally available for distribution except in the circumstances stipulated in the above law.

In accordance with Article 22 of the Company's Article of Association, the Company transferred the share capital premium from the rights issued amounting to QR 847.77 million to the legal reserve on December 31, 2013.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2014

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**14. DIVIDENDS**

On February 17, 2014, the Board of Directors proposed cash dividend of QR. 8 per share amounting to QR 160 million for the shareholders (2013: QR. 8 per share amounting to QR 80 million). This has been approved in the Annual General Assembly held subsequent to that date.

**15. CONTRIBUTION TO SOCIAL FUND**

In accordance with Law No. 13 of 2008, the Group has made an appropriation of profit of QR. 2.6 million during the period 2014 (in 2013: QR. 1.3 million) equivalent to 2.5% of the adjusted net profit of the Group for the period for the support of sports, cultural, social and charitable activities.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2014

**16. SEGMENT REPORTING**

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

- The retail segment, which comprises the buying and selling of consumer goods.
- The investment segment, which comprises equity and funds held as available-for sale investments, and fixed deposits.
- The leasing segment, which comprise letting of gondolas, vacant premises and spaces in stores.

Amounts and balances related to the above segments are separately disclosed in the financial statements.

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	
	June 30, 2014 (Reviewed) QR	December 31, 2013 (Audited) QR	June 30, 2014 (Reviewed) QR	December 31, 2013 (Audited) QR	June 30, 2014 (Reviewed) QR	December 31, 2013 (Audited) QR
Total assets	<u>1,582,330,912</u>	<u>1,612,501,854</u>	<u>179,480,359</u>	<u>182,834,846</u>	<u>1,761,811,271</u>	<u>1,795,336,700</u>
Total liabilities	<u>397,449,256</u>	<u>336,380,261</u>	<u>26,456,023</u>	<u>54,985,650</u>	<u>423,905,279</u>	<u>391,365,911</u>
	Qatar		Oman		Total	
	June 30, 2014 (Reviewed) QR	June 30, 2013 (Reviewed) QR	June 30, 2014 (Reviewed) QR	June 30, 2013 (Reviewed) QR	June 30, 2014 (Reviewed) QR	June 30, 2013 (Reviewed) QR
Total revenue	<u>1,006,854,354</u>	<u>811,834,911</u>	<u>77,312,242</u>	<u>64,746,505</u>	<u>1,084,166,596</u>	<u>876,581,416</u>
Net income/(loss)	<u>113,021,432</u>	<u>57,787,466</u>	<u>(322,335)</u>	<u>(330,901)</u>	<u>112,699,097</u>	<u>57,456,565</u>

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2014

**17. FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, available-for-sale investments, and trade and other receivables. Financial liabilities consist of accounts payable and accruals.

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.

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

	June 30, 2014 (Reviewed) QR	Level 1 QR	Level 2 QR	Level 3 QR
Available-for-sale investments				
- Quoted shares	<u>172,205,979</u>	<u>172,205,979</u>	<u>--</u>	<u>--</u>
	December 31, 2013 (Audited) QR	Level 1 QR	Level 2 QR	Level 3 QR
Available-for-sale investments				
- Quoted shares	<u>133,682,597</u>	<u>133,682,597</u>	<u>--</u>	<u>--</u>

Available-for-sale investments amounting to QR 14,414,064 (2013: 14,594,064) are carried at cost since the fair value cannot be reliably determined by the management.

During the period ending June 30, 2014, 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.