Al Meera Consumer Goods Company Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL MEERA CONSUMER GOODS COMPANY Q.S.C.

Report on the 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 "the Group"), which comprise the consolidated statement of financial position as at 31 December 2011 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 about whether the consolidated 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity'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 entity'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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The financial statements of the Company for the year ended 31 December 2010 were audited by another auditor, whose report dated 20 March 2011 expressed a qualified audit opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles, and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material effect on the business of the Company or on its financial position.

Firas Qoussous
Of Ernst & Young
Auditor's Registration No. 236

Date: 12 March 2012
Doha

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Notes	2011 QR	2010 QR (Restated)
ASSETS			
Non-current assets			
Property and equipment	3	**172,550,399**	109,714,049
Intangible assets	4	**1,311,333**	1,039,355
Available-for-sale investments	5	**109,730,759**	108,084,470
Goodwill	6	**237,562,386**	-
		521,154,877	218,837,874
Current assets			
Inventories	7	**87,702,963**	52,220,446
Accounts receivable and prepayments	8	**40,027,437**	21,322,984
Bank balances and cash	9	**116,835,635**	142,165,672
		244,566,035	215,709,102
Total assets		**765,720,912**	434,546,976
LIABILITIES AND EQUITY			
Equity			
Share capital	10	**100,000,000**	100,000,000
Legal reserve	11	**53,509,967**	53,509,967
Optional reserve	11	**21,750,835**	21,750,835
Fair value reserve for investments		**6,273,700**	9,542,911
Retained earnings		**89,922,728**	64,441,663
Total equity		**271,457,230**	249,245,376
Liabilities			
Non-current liabilities			
Loans and borrowings	12	**244,407,273**	-
Employees' end of service benefits	13	**18,672,256**	12,705,949
		263,079,529	12,705,949
Current liability			
Accounts payable and accruals	14	**229,016,986**	172,595,651
Loans and borrowings	12	**2,167,167**	-
		231,184,153	172,595,651
Total liabilities		**494,263,682**	185,301,600
Total shareholders' equity and liabilities		**765,720,912**	434,546,976

Mr. Abdulla Bin Khalid Al Qahtani
Chairman

Dr. Saif Saeed Al-Sowaidi
Vice Chairman

The attached notes 1 to 28 are an integral part of these financial statements

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2011

	Notes	*2011* *QR*	*2010* *QR* *(Restated)*
Sales		**1,166,268,962**	914,795,192
Cost of sales		**(989,366,738)**	(792,330,678)
Gross profit		**176,902,224**	122,464,514
Shops rental income		**30,977,867**	26,747,788
Other income	17	**18,074,131**	19,495,560
Operating income		**225,954,222**	168,707,862
General and administrative expenses	18	**(126,692,739)**	(90,952,755)
Depreciation	3	**(14,839,859)**	(11,866,475)
Finance costs		**(6,490,924)**	-
Amortisation of intangible assets	4	**(625,994)**	(363,919)
Profit for the year		**77,304,706**	65,524,713
BASIC AND DILUTED EARNINGS PER SHARE (Expressed as QR per share)	19	**7.73**	6.55

The attached notes 1 to 28 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Note	2011 QR	2010 QR (Restated)
Profit for the year		**77,304,706**	65,524,713
Other comprehensive income			
Net movement in fair value of available-for-sale investments	20	**(3,269,211)**	9,334,640
Total comprehensive income for the year		**74,035,495**	74,859,353

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 December 2011

	Notes	2011 QR	2010 QR (Restated)
OPERATING ACTIVITIES			
Profit for the year		**77,304,706**	65,524,713
Adjustments for:			
Depreciation	3	**14,969,533**	11,866,475
Amortisation of intangibles	4	**625,994**	363,919
Interest income	17	**(2,671,046)**	(4,967,885)
Gain on sale of available for sale of investments, net	17	**(7,075,585)**	(6,642,103)
Provision/(recovery) for doubtful debts, net	8	**100,502**	(146,080)
Provision of employees' end of service benefits	13	**3,342,330**	2,546,054
Loss/(gain) on sale of property and equipment		**748,240**	(3,500)
Dividends income	17	**(4,359,053)**	(4,167,960)
		82,985,621	64,373,633
Working capital changes:			
Accounts receivable and prepayments		**12,488,088**	13,401,158
Inventories		**(6,408,299)**	(3,535,665)
Accounts payable and accruals		**18,093,577**	7,292,389
Cash from operations		**107,158,987**	81,531,515
Payment of employees' end of service benefits	13	**(1,349,325)**	(687,346)
Payment of contribution to social fund		**(1,533,919)**	(1,265,779)
Net cash from operating activities		**104,275,743**	79,578,390
INVESTING ACTIVITIES			
Acquisition of subsidiaries net of cash acquired	6	**(242,422,346)**	-
Purchase of available-for-sale investments		**(82,429,510)**	(130,316,048)
Proceeds from sale of available-for-sale investments		**84,589,595**	121,231,670
Purchase of property and equipment	3	**(63,846,144)**	(27,462,842)
Proceed from sale of property and equipment		**117,407**	3,500
Purchase of intangible assets	4	**(125,000)**	(1,403,274)
Net movement in deposits maturing after 90 days		**12,855,006**	19,625,235
Dividend received	17	**4,359,053**	4,167,960
Interest received		**1,937,070**	4,302,338
Net cash used in investing activities		**(284,964,869)**	(9,851,461)
FINANCING ACTIVITIES			
Net movement in Loans and borrowings	12	**246,574,440**	-
Dividends paid		**(78,360,345)**	(41,264,841)
Net cash from/(used in) financing activities		**168,214,095**	(41,264,841)
(Decrease)/increase in cash and cash equivalents		**(12,475,031)**	28,462,088
Cash and cash equivalents at 1 January		**57,122,845**	28,660,757
Cash and cash equivalents at 31 December	9	**44,647,814**	57,122,845

The attached notes 1 to 28 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011

	Capital *QR*	*Legal reserve* *QR*	*Optional reserve* *QR*	*Fair value reserve for investments* *QR*	*Retained earnings* *QR*	*Total* *QR*
Balance at 1 January 2010	100,000,000	53,509,967	21,750,835	208,271	45,450,869	220,919,942
Profit for the year (as previously stated)	-	-	-	-	63,990,794	63,990,794
Prior period adjustment (Note 27)	-	-	-	-	1,533,919	1,533,919
Profit for the year (as restated)	-	-	-	-	65,524,713	65,524,713
Other comprehensive income	-	-	-	9,334,640	-	9,334,640
Total comprehensive income for the year (as restated)	-	-	-	9,334,640	65,524,713	74,859,353
Appropriation for contribution to social fund (Note 16 and 27)	-	-	-	-	(1,533,919)	(1,533,919)
Dividends declared (Note 15)	-	-	-	-	(45,000,000)	(45,000,000)
Balance at 31 December 2010 (as restated)	100,000,000	53,509,967	21,750,835	9,542,911	64,441,663	249,245,376
Profit for the year	-	-	-	-	77,304,706	77,304,706
Other comprehensive loss	-	-	-	(3,269,211)		(3,269,211)
Total comprehensive income for the year	-	-	-	(3,269,211)	77,304,706	74,035,495
Appropriation for contribution to social fund (Note 16)	-	-	-	-	(1,823,641)	(1,823,641)
Dividends declared (Note 15)	-	-	-	-	(50,000,000)	(50,000,000)
Balance at 31 December 2011	**100,000,000**	**53,509,967**	**21,750,835**	**6,273,700**	**89,922,728**	**271,457,230**

The attached notes 1 to 28 are an integral part of these financial statements

1 CORPORATE INFORMATION

On 13 July 2004, the Law No. (24) for 2004 was issued in order to transfer the former Consumers Cooperative Societies to Qatari Shareholding Company with a capital of QR 100,000,000, thus, incorporating a new company Al Meera Consumer Goods Company Q.S.C. (the "Company") which is governed by the Qatar Commercial Companies Law No. 5 of 2002. The Company was registered under commercial registration number 29969 on 2 March 2005. The Company's registered office address is at P.O. Box 3371 Doha, State of Qatar

The Company and its subsidiaries (together "the Group") operate in the State of Qatar and their main activities involve the 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*	
			2011	*2010*
Al Meera Holding Company L.L.C.	Qatar	Subsidiary	100%	-
Al Meera Supermarkets Company S.P.C.	Qatar	Subsidiary	100%	-
Al Meera Development Company L.L.C.	Qatar	Subsidiary	100%	-
Qatar Markets Company W.L.L.	Qatar	Subsidiary	100%	-
Al Oumara Bakeries Company W.L.L.	Qatar	Subsidiary	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 investments and managing its subsidiaries, owning patents, trade-works, incorporeal rights, fungibles 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 Qatar. The company is engaged in establishment and management of business enterprise and investing therein, owing shares, movable and immovable properties necessary to carry out its activities.

- **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, incorporeal rights, fungibles 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. Its share capital is owned 99% and 1% by Al Meera Holding and Al Meera Development respectively. The company is engaged in the sale of food stuff, household items and garments.

- **Al Oumara Bakeries Company W.L.L. ("Al Oumara")** is a limited liability company, incorporated in the State of Qatar. Its share capital is owned 99% and 1% by Al Meera Holding and Al Meera Development respectively. The company is engaged in the manufacture and sale of bakery products.

The consolidated financial statements of the Company for the year ended 31 December 2011 were authorized for issue by the Chairman and the Vice Chairman on 12 March 2012.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation

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

2.2 Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of Al Meera Consumer Goods Company Q.S.C. and its subsidiaries as at 31 December 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Jointly controlled entities are proportionately consolidated from the date of acquisition, being the date in which the Group obtains joint control, and continue to be proportionately consolidated until the date that such joint control ceases.

The financial statements of the subsidiaries and jointly controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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 income statement, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

2.4 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except as noted below.

During the year, the Group adopted the following standards effective for annual periods beginning on or after 1 January 2011.

IAS 24, 'Related Party Disclosures (Revised)'

The definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control. A partial exemption from the disclosures has been included for government-related entities.

For these entities, the general disclosure requirements of IAS 24 will not apply. Instead, alternative disclosures have been included, requiring: (a) The name of the government and the nature of its relationship with the reporting entity (b) The nature and amount of individually significant transactions (c) A qualitative or quantitative indication of the extent of other transactions that are collectively significant. This amendment did not give rise to any changes to the Group's financial statements.

IAS 32, 'Financial Instruments: Presentation - Classification of rights issues (Amendment)'

The definition of a financial liability has been amended to classify rights issues (and certain options or warrants) as equity instruments if: (a) The rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments and (b) In order to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment provide reliefs to entities that issue rights (fixed in a currency other than their functional currency), from treating the rights as derivatives with fair value changes recorded in profit or loss. Rights issued in foreign currencies that were previously accounted for as derivatives will now be classified as equity instruments. This amendment did not give rise to any changes to the Group's financial statements.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Changes in accounting policies and disclosures (continued)

Improvements to IFRSs

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Group.

- *IFRS 3 Business Combinations:* The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

- *IFRS 7 Financial Instruments — Disclosures:* The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

- *IAS 1 Presentation of Financial Statements:* The amendment clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements. The Group provides this analysis in Note 20.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRS 3 Business Combinations (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008)).
- IFRS 3 Business Combinations (Un-replaced and voluntarily replaced share-based payment awards)
- IAS 27 Consolidated and Separate Financial Statements
- IAS 34 Interim Financial Statements

The following interpretation and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRIC 13 Customer Loyalty Programmes (determining the fair value of award credits)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective. The Group is currently considering the implications of the new IFRSs which are effective for future accounting periods and has not early adopted any of the new Standards as listed below:

Standard	*Title*
IAS 1	Financial Statement Presentation - Presentation of Items of Other Comprehensive Income (Effective for annual periods on or after 1 July 2012).
IAS 27	IAS 27 Separate Financial Statements (as revised in 2011) (Effective 1 January 2013)
IAS 28	Investments in Associates and Joint Ventures (as revised in 2011) (Effective 1 January 2013)
IFRS 9	Instruments: Classification & Measurement (Part 1) (Effective 1 January 2015)
IFRS 10	Consolidated Financial Statements (Effective 1 January 2013)
IFRS 11	Joint Arrangements (Effective 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities (Effective 1 January 2013)
IFRS 13	Fair Value Measurement (Effective 1 January 2013)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies

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 statement of comprehensive income on a straight-line basis over the term of the lease.

Interest income
Interest income is recognized using the effective interest rate method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognized using the original effective interest rate.

Dividend income

Dividend income is recognized when the right to receive payment is established.

Foreign currency translation

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

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Property and equipment
Property and equipment is stated at historical cost less depreciation and any impairment in value. 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 statement of comprehensive income 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:

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies (continued)

Property and equipment (continued)

Buildings	5%
Refrigerators and equipment	20%
Motor vehicles	20%
Furniture and fixtures	20%
Computer equipments	20% - 33%
Leasehold improvements	10%

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 statement of comprehensive income.

Land donated by Government is recorded at nominal amounts estimated by management.

Capital work in progress comprises of various expansions projects currently under construction.

Business combinations 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 assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. 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 acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Where goodwill forms part of a cash-generating unit (group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated income statement. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies (continued)

Intangible assets

Trademark and brand
Intangible assets are recognized at cost and carried at cost less accumulated amortization. Intangible assets of the Group represent the cost incurred on the development of Al Meera trademark and logo. The amortization is calculated using the straight line method to allocate the cost over its useful life of 5 years.

Impairment of non-financial assets
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). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

Classification
The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' presented in the consolidated statement of financial position

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition, measurement and derecognition
Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest rate method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of comprehensive income as 'gains and losses from investment securities'.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies (continued)

Financial assets (continued)

Recognition and measurement (continued)
Interest on available-for-sale securities calculated using the effective interest rate method is recognized in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognized in the statement of comprehensive income as part of other income when the Group's right to receive payments is established.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortized cost
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losnses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies (continued)

Impairment of financial assets (continued)

Assets classified as available for sale
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the separate statement of comprehensive income. Impairment losses recognized in the separate statement of comprehensive income on equity instruments are not reversed through the separate statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the separate statement of comprehensive income.

Inventories
Inventories are stated at the lower of cost and net realizable value. 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.

Trade receivables
Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

Cash and cash equivalents
Cash and cash equivalents consist of cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Share capital
Ordinary shares are classified as equity.

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.

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 consolidated statement of financial position date. This provision is included in 'trade and other payables' in the consolidated statement of financial position.

Employees' end-of-service benefits
The liability recognised in the consolidated statement of financial position in respect of end of service benefits is the present value of the defined benefit obligation at the end of the reporting period. This is calculated annually by management using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the effective interest rate. The provision relating to end of service benefits is disclosed as non-current liability.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies (continued)

Employee benefits (continued)

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 in 'trade and other payables' in the consolidated statement of financial position.

Bonus
The Group recognizes a liability and an expense for bonuses based on a certain formula. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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.

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 statement of comprehensive income on a straight-line basis over the period of the lease.

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

3 PROPERTY AND EQUIPMENT

	Lands *QR*	*Buildings* *QR*	*Refrigerators and equipment* *QR*	*Motor vehicles* *QR*	*Furniture and fixtures* *QR*	*Computer equipments* *QR*	*Leasehold improvements* *QR*	*Capital work-in-progress* *QR*	*Total* *QR*
Cost:									
At 1 January 2011	5,383,975	93,802,410	49,303,746	5,020,930	22,329,391	14,899,127	11,278,120	28,859,899	230,877,598
Acquisition of assets	-	-	18,312,967	2,095,044	17,469,551	-	1,079,958	-	38,957,520
Additions	-	-	3,631,133	664,901	1,047,638	402,917	1,970,913	56,128,642	63,846,144
Disposals	-	(3,786,959)	(7,383,243)	(80,000)	(2,607,055)	(97,405)	(267,315)	-	(14,221,977)
Transfers	-	370,575	8,515,227	-	335,745	388,947	4,926,112	(14,536,606)	-
At 31 December 2011	5,383,975	90,386,026	72,379,830	7,700,875	38,575,270	15,593,586	18,987,788	70,451,935	319,459,285
Depreciation:									
At 1 January 2011	-	44,180,799	36,427,358	3,498,674	18,649,069	11,313,579	7,094,070	-	121,163,549
Relating to acquisition of assets	-	-	12,975,353	1,433,633	8,751,755	-	971,393	-	24,132,134
Provided during the year	-	4,177,582	5,173,269	690,960	2,069,442	1,670,324	1,187,956	-	14,969,533
Relating to disposals	-	(3,214,736)	(7,258,571)	(8,384)	(2,586,808)	(97,401)	(190,430)	-	(13,356,330)
At 31 December 2011	-	45,143,645	47,317,409	5,614,883	26,883,458	12,886,502	9,062,989	-	146,908,886
Net book amount									
At 31 December 2011	**5,383,975**	**45,242,381**	**25,062,421**	**2,085,992**	**11,691,812**	**2,707,084**	**9,924,799**	**70,451,935**	**172,550,399**

3 PROPERTY AND EQUIPMENT (continued)

	Lands QR	*Buildings QR*	*Refrigerators and equipment QR*	*Motor vehicles QR*	*Furniture and fixtures QR*	*Computer equipments QR*	*Leasehold improvements QR*	*Capital work-in-progress QR*	*Total QR*
Cost:									
At 1 January 2010	5,383,975	93,802,410	43,446,995	4,341,330	20,438,959	13,062,959	10,780,982	13,105,701	204,363,311
Additions	-	-	4,071,144	679,600	255,472	1,181,126	121,350	21,154,150	27,462,842
Transfers	-	-	2,734,162	-	1,634,960	655,042	375,788	(5,399,952)	-
Disposals	-	-	(948,555)	-	-	-	-	-	(948,555)
At 31 December 2010	5,383,975	93,802,410	49,303,746	5,020,930	22,329,391	14,899,127	11,278,120	28,859,899	230,877,598
Depreciation:									
At 1 January 2010	-	39,526,294	34,547,123	2,973,546	17,553,060	9,231,876	6,413,730	-	110,245,629
Provided during the year	-	4,654,505	2,828,790	525,128	1,096,009	2,081,703	680,340	-	11,866,475
Relating to disposals	-	-	(948,555)	-	-	-	-	-	(948,555)
At 31 December 2010	-	44,180,799	36,427,358	3,498,674	18,649,069	11,313,579	7,094,070	-	121,163,549
Net book amount									
At 31 December 2010	5,383,975	49,621,611	12,876,388	1,522,256	3,680,322	3,585,548	4,184,050	28,859,899	109,714,049

3 PROPERTY AND EQUIPMENT (continued)

Note:

The depreciation charged has been allocated in the consolidated income statement as follows:

	2011 *QR*	*2010* *QR*
Cost of sales	**129,674**	-
Depreciation - line item	**14,839,859**	11,866,475
	14,969,533	11,866,475

4 INTANGIBLE ASSETS

	2011 *QR*	*2010* *QR*
Cost:		
At the beginning of the year	**2,019,518**	-
Additions	**125,000**	1,403,274
Acquisition of assets	**3,408,060**	-
Transfers	**-**	616,244
At the end of the year	**5,552,578**	2,019,518
Accumulated amortisation:		
At the beginning of the year	**980,163**	-
Charge for the year	**625,994**	363,919
Relating to acquisition of assets	**2,635,088**	-
Relating to transfers	**-**	616,244
At the end of the year	**4,241,245**	980,163
Net book value at the end of the year	**1,311,333**	1,039,355

5 AVAILABLE-FOR-SALE INVESTMENTS

	2011 *QR*	*2010* *QR*
Quoted equity investments	**95,092,095**	93,445,806
Unquoted equity investments	**14,638,664**	14,638,664
Total	**109,730,759**	108,084,470
Carrying value of available-for-sale investments:		
At cost	**103,457,059**	98,541,559
Net gain from fair value adjustments	**6,273,700**	9,542,911
	109,730,759	108,084,470

6 GOODWILL

On 13 July 2011, the Group acquired 100% of the share capital of Qatar Markets Company W.L.L. (inclusive of Al Oumara Bakery Company W.L.L.). The principal business of the subsidiaries is retail trading of various types of consumer goods commodities and operating a bakery.

The provisional values assigned to the identifiable assets and liabilities of Qatar Markets Company W.L.L. (inclusive of Al Oumara Bakery Company W.L.L.) as at the date of acquisition, which will be reviewed within one year of acquisition or finalisation of the Purchase Price Allocation, are shown below:

	2011 QR (Provisional values)
ASSETS	
Property and equipment	**14,825,386**
Intangible assets	**772,972**
Inventories	**29,074,217**
Accounts receivables and prepayments	**30,559,068**
Cash and cash equivalents	**26,173,989**
Total assets	**101,405,632**
LIABILITIES	
Employees end of service benefits	**3,973,302**
Accounts payable and accruals	**66,398,381**
Total liabilities	**70,371,683**
Total identifiable net assets acquired	**31,033,949**
Goodwill arising on acquisition	**237,562,386**
Purchase consideration transferred	**268,596,335**
Cash flow on acquisition	
Cost of acquisition	**268,596,335**
Less: Cash and cash equivalents in subsidiaries acquired	**(26,173,989)**
Net cash flow on acquisition	**242,422,346**

Notes:

(i) The goodwill of QR 237.56 million comprises the value of expected synergies arising from the acquisition.

(ii) Due to the recent date of acquisition, the Group has not yet finalised the Purchase Price Allocation to identify separately the intangible assets and goodwill arising from the acquisition. This will be finalized in due course, within the stipulated timeframe of one year from the date of acquisition.

6 GOODWILL (continued)

(iii) The sales and net profit of the acquired businesses contributed QR 208 million and QR 10.3 million respectively, and had the acquisition occurred on 1 January 2011 sales and net profit contributed by the acquired businesses would have been QR 413.5 million and QR 15.6 million respectively, as shown in the table below:

	Al Meera Consumer QR	*Qatar Markets QR*	*Al Oumara QR*	*Al Meera Holding QR*	*Total QR*
From acquisition date					
Sales	958,231,516	203,119,301	4,918,145	-	1,166,268,962
Net profit (loss)	74,756,812	10,520,206	(212,781)	(7,759,531)	77,304,706
Pre-acquisition					
Sales	-	201,069,141	4,391,024	-	205,460,165
Net profit (loss)	-	5,440,469	(93,718)	-	5,346,751
Full year					
Sales	958,231,516	404,188,442	9,309,169	-	1,371,729,127
Profit (Loss)	74,756,812	15,960,675	(306,499)	(7,759,531)	82,651,457

7 INVENTORIES

	2011 QR	*2010 QR*
Finished goods	**87,929,712**	52,447,195
Less: Allowance for slow moving inventories	**(226,749)**	(226,749)
	87,702,963	52,220,446

There were no movements in the allowance for slow moving inventories during the year (2010: Nil).

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2011 QR	*2010 QR*
Trade receivables	**12,075,798**	4,289,641
Credit card receivables	**4,676,086**	2,344,585
Cash margins	**1,819,740**	7,421,547
Advances to suppliers	**2,074,671**	330,000
Prepayments	**12,357,370**	816,356
Deposits	**1,547,017**	873,817
Staff receivables	**1,074,999**	1,941,190
Notes receivables	**1,015,070**	1,131,010
Accrued interest income	**733,976**	665,547
Rent receivables	**500,192**	1,922,380
Other receivables	**3,761,739**	1,042,966
	41,636,658	22,779,039
Less: Allowance for impairment of receivables	**(1,609,221)**	(1,456,055)
	40,027,437	21,322,984

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

At 31 December 2011, trade receivables at nominal value of QR 1,609,221 (2010: QR 1,456,055) were impaired.

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

	2011 *QR*	*2010* *QR*
At 1 January	**1,456,055**	1,602,135
Relating to receivables acquired	**52,664**	-
Charge for the year	**110,902**	261,217
Recovery for the year	**(10,400)**	(407,297)
	1,609,221	1,456,055

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

		Neither past due nor		Past due but not impaired			
	Total	*impaired*	*< 30 days*	*30 – 60 days*	*61 – 90 Days*	*91 – 120 days*	*>120 days*
2011	**12,075,798**	**3,743,848**	**1,614,637**	**1,801,454**	**1,590,065**	**2,632,128**	**693,666**
2010	4,289,641	1,089,904	541,964	298,833	184,302	2,174,638	-

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

9 CASH AND CASH EQUIVALENTS

	2011 *QR*	*2010* *QR*
Cash at banks	**115,084,455**	141,629,039
Cash on hand	**1,751,180**	536,633
	116,835,635	142,165,672
Time deposits maturing over 90 days	**(72,187,821)**	(85,042,827)
	44,647,814	57,122,845

10 SHARE CAPITAL

	2011 *QR*	*2010* *QR*
Authorised, issued and fully paid		
10,000,000 ordinary shares of QR 10 each	**100,000,000**	100,000,000

11 RESERVES

Legal reserve

In accordance with Qatar Commercial Companies Law No. 5 of 2002, 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 Company. No transfer has been made during the year since the reserve exceeds 50% of the share capital. This reserve is not available for distribution except in the circumstances stipulated in Qatar Commercial Companies Law No. 5 of 2002.

11 RESERVES (continued)

Optional reserve
In accordance with Article 22 of the Company's Articles of Association, upon the 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.

12 LOANS AND BORROWINGS

	2011 *QR*	*2010* *QR*
Loan (i)	**244,407,273**	-
Loan (ii)	**2,167,167**	-
	246,574,440	-
Presented in the consolidated statement of financial position as follows		
Current portion	**2,167,167**	-
Non –current portion	**244,407,273**	-
	246,574,440	-

Notes:

(i) This loan represents a Murabaha facility obtained from a local bank for an amount of QR 245 million. The effective date of drawdown is 13 July 2011. The facility carries a fixed profit rate of 4.95% per annum and is repayable in 24 semi-annual instalments starting on 11 August 2014 with the last instalment due on 11 February 2026. This facility is secured by up to 75% proceeds from the outlets financed by the bank. The above loan is presented net of unamortised financing arrangement costs of QR 592,727 and deferred profit of QR 121.3 million.

(ii) This loan represents a short term loan obtained from a local bank for an amount of QR 22.04 million. The loan is unsecured and carries fixed profit rate of 4.95% per annum.

13 EMPLOYEES' END OF SERVICE BENEFITS

	2011 *QR*	*2010* *QR*
At 1 January	**12,705,949**	10,847,241
Provision at acquisition date of subsidiaries (Note 6)	**3,973,302**	-
Provision during the year	**3,342,330**	2,546,054
Payment during the year	**(1,349,325)**	(687,346)
	18,672,256	12,705,949

14 ACCOUNTS PAYABLE AND ACCRUALS

	2011 *QR*	*2010* *QR*
Trade payables	**176,221,718**	101,972,736
Dividends payable	**21,504,762**	49,865,107
Deferred rent income	**1,608,566**	1,575,145
Staff bonus	**6,029,185**	4,635,681
Provision for social and sports activities contribution	**1,823,641**	1,533,919
Provision for air tickets and leave pay	**1,757,318**	1,612,540
Accrued expenses	**12,056,049**	2,686,029
Other payables	**8,015,747**	8,714,494
	229,016,986	172,595,651

15 DIVIDENDS

On 14 March 2011, the Board of Directors has proposed cash dividends of QR 5 per share amounting to QR 50 million for the shareholders for the year ending 2010 (2010: QR 4.5 per share QR 45 million for the shareholders for the year ending 2009).

16 CONTRIBUTION TO SOCIAL FUND

In accordance with Law No. 13 of 2008, the Group made an appropriation of profit of QR 1.82 million (2010: QR 1.53 million) equivalent to 2.5% of the adjusted net profit of the Company and that of its subsidiaries for the year for the support of sports, cultural, social and charitable activities.

In January 2010, a clarification relating to Law No. 13 of 2008 was issued, which requires the amount payable to be recognised as a distribution of income rather than an expense. Accordingly, the amount provided during 2009 and 2010, has been considered as a restatement of the 2009 and 2010 retained earnings in accordance with "IAS 8 – Accounting policies, changes in accounting estimates and errors" (see Note 27 for details).

17 OTHER INCOME

	2011 *QR*	*2010* *QR*
Dividend income	**4,359,053**	4,167,960
Gain on sale of available for sale of investments, net	**7,075,585**	6,642,103
Interest income	**2,671,046**	4,967,885
Other income	**3,968,447**	3,717,612
	18,074,131	19,495,560

18 GENERAL AND ADMINISTRATIVE EXPENSES

	2011 *QR*	*2010* *QR* *(Restated)*
Staff costs	**75,815,159**	57,176,744
Rent	**13,485,154**	6,659,300
Consulting, professional and security fees	**5,848,938**	5,158,668
Water and electricity	**5,776,616**	4,872,759
General cleaning charges	**4,130,537**	4,032,214
Advertisement	**3,451,217**	1,130,710
Bank charges, commission and credit cards	**3,396,904**	2,279,146
Board of directors remuneration	**3,817,140**	2,775,000
Repairs and maintenance	**2,882,446**	2,011,501
Telephone and post	**1,561,554**	1,005,984
Vehicles and insurance expenses	**1,404,628**	975,767
Loss on sale of property and equipment	**748,240**	-
Printing and stationary	**549,927**	518,193
Donations	**200,444**	50,000
Other	**3,623,835**	2,306,769
	126,692,739	90,952,755

19 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit attributable to the equity holders of the parent for the year by weighted average number of shares outstanding during the year.

The following reflects the income and share data used in basic and diluted earnings per share computation:

	2011	*2010* *(Restated)*
Profit attributable to the equity holders of the parent for the year	**77,304,706**	65,524,713
Weighted average number of shares outstanding during the year	**10,000,000**	10,000,000
Basic and diluted earnings per share (expressed in QR per share)	**7.73**	6.55

20 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2011 *QR*	*2010* *QR*
Available-for-sale investments		
Unrealised (loss)/gain from fair value adjustments	**(149,139)**	9,210,098
Realised (gain)/loss included in the consolidated income statement	**(3,120,072)**	124,542
	(3,269,211)	9,334,640

21 CONTINGENCIES AND COMMITMENTS

	2011 *QR*	*2010* *QR*
Letter of credits	**2,202,406**	7,167,107
Letter of guarantees	**4,574,095**	254,441
	6,776,501	7,421,548

The Group's contingent liabilities consists of letter of credits and guarantees 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.

The Group leases various staff accommodations and premises under annual cancellable operating lease agreements with terms ranging from 2 to 10 years. For non-cancellable operating leases, future minimum lease commitments are as follows:

	2011 *QR*	*2010* *QR*
Operating lease commitments		
Within one year	**7,440,393**	-
After one year, but not more than five years	**64,236,748**	-
	71,677,141	-

22 RELATED PARTY TRANSACTIONS

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.

Related party transactions
Except for advances made to related parties, there were no purchases nor sales of goods or services made with related parties (Nil).

Related party balances
There were no outstanding related party balances as at 31 December 2011 (2010: Nil).

a) Transaction with government

The Government of Qatar holds 26% of the Group'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.

b) Transactions with key management personnel

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

	2011 *QR*	*2010* *QR*
Key management remuneration	**5,016,352**	1,500,525
Board of directors' remuneration	**3,817,140**	2,775,000
	8,833,492	4,275,525

22 RELATED PARTY TRANSACTIONS (continued)

b) Transactions with key management personnel (continued)

The increase in key management remuneration represents a full year's remuneration for certain executives who commenced employment towards the end of prior year.

Terms and conditions of transactions with related parties
The sales to and purchases from related parties are made at normal market prices. Outstanding balances for the year ended 31 December 2011 and 2010 are unsecured, interest free and the settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2011, the Group has not recorded any impairment of receivables relating to amounts owed by the related parties (2010: Nil). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

23 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 goods.
- 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.

Operating segments
The following table present revenue and profit information regarding the Group's operating segments for the year ended 31 December 2011 and 2010 respectively:

	Retail *QR*	*Investment* *QR*	*Leasing* *QR*	***Total*** ***QR***
Year ended 31 December 2011				
Sales	1,166,268,962	-	-	**1,166,268,962**
Cost of sales	(989,366,738)	-	-	**(989,366,738)**
Gross profit	176,902,224	-	-	**176,902,224**
Shops rental income	-	-	30,977,867	**30,977,867**
Dividend income	-	11,434,638	-	**11,434,638**
Gain on available for sale investments, net	-	2,671,046	-	**2,671,046**
Other income	3,968,447	-	-	**3,968,447**
Operating income	180,870,671	14,105,684	30,977,867	**225,954,222**
General and administrative expenses	(125,872,425)	-	(820,314)	**(126,692,739)**
Finance costs	(6,490,924)	-	-	**(6,490,924)**
Depreciation and amortisation	(14,891,557)	-	(574,296)	**(15,465,853)**
Profit for the year	33,615,765	14,105,684	29,583,257	**77,304,706**

23 SEGMENT INFORMATION (continued)

Operating segments (continued)

	Retail *QR*	*Investment* *QR*	*Leasing* *QR*	*Total* *QR*
Year ended 31 December 2010 (Restated)				
Sales	914,795,192	-	-	914,795,192
Cost of sales	(792,330,678)	-	-	(792,330,678)
Gross profit	122,464,514	-	-	122,464,514
Shops rental income	-	-	26,747,788	26,747,788
Dividend income	-	4,167,960	-	4,167,960
Gain on available for sale investments, net	-	6,642,103	-	6,642,103
Interest income	-	4,967,885	-	4,967,885
Other income	3,717,612	-	-	3,717,612
Operating income	126,182,126	15,777,948	26,747,788	168,707,862
General and administrative expenses	(90,563,900)	-	(388,855)	(90,952,755)
Depreciation and amortisation	(11,556,331)	-	(674,063)	(12,230,394)
Profit for the year	24,061,895	15,777,948	25,684,870	65,524,713

The following table present segmental assets regarding the Group's business segments for the year ended 31 December 2011 and 31 December 2010 respectively:

	Retail *QR*	*Investment* *QR*	*Leasing* *QR*	*Total* *QR*
Segment assets:				
At 31 December 2011	629,036,672	126,947,332	9,736,908	765,720,912
At 31 December 2010	301,395,128	108,809,884	24,341,964	434,546,976

24 FINANCIAL RISK MANAGEMENT

Objective and policies

The Group's principal financial liabilities comprise accounts payable and accruals, 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 available for sale investments, 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 are summarized below.

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.

24 FINANCIAL RISK MANAGEMENT (continued)

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 income statement to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the consolidated income statement 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 31 December 2011 and 2010. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

	Increase in basis points	*Effect on profit QR*
2011	**+25**	**287,711**
2010	+25	354,073

There is no impact on the Group's equity.

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.

	Changes in equity prices	*Effect on equity QR*
2011		
Available-for-sale investments	**+5**	**4,754,605**
2010		
Available-for-sale investments	+5	4,672,290

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 statement of comprehensive income will be impacted.

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 an 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 balances, 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.

24 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

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

	2011 *QR*	*2010* *QR*
Bank balances	**115,084,455**	141,629,039
Trade and other receivables	**25,657,600**	20,758,866
	140,742,055	162,387,905

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 undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

2011	***On demand QR***	***Less than 1 year QR***	***1-3 years QR***	***3-5 years QR***	***Total QR***
Trade payables	-	176,221,718	-	-	176,221,718
Dividends payable	21,504,762	-	-	-	21,504,762
Other payables and accruals	-	21,895,437	-	-	21,895,437
Loans and borrowings	-	2,686,178	76,320,478	290,017,816	369,024,472
Total	**21,504,762**	**200,803,333**	**76,320,478**	**290,017,816**	**588,646,389**

2010	*On demand QR*	*Less than 1 year QR*	*1-3 years QR*	*3-5 years QR*	*Total QR*
Trade payables	-	101,972,736	-	-	101,972,736
Dividends payable	49,865,107	-	-	-	49,865,107
Other payables and accruals	-	12,934,442	-	-	12,934,442
Total	49,865,107	114,907,178	-	-	164,772,285

Capital management

The Group manages its capital structure and makes adjustments to it, in light of changes in business conditions and shareholders' expectation. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 2010. Capital comprises share capital and retained earnings, and is measured at QR 189,922,728 at 31 December 2011 (2010: QR 164,441,663).

25 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.

As at 31 December 2011, the Group held the following financial instruments measured at fair value:

	31 December 2011 QR	***Level 1 QR***	***Level 2 QR***	***Level 3 QR***
Available-for-sale investments				
- Listed equity shares	**95,092,095**	**95,092,095**	**-**	**-**

	31 December 2010 QR	*Level 1 QR*	*Level 2 QR*	*Level 3 QR*
Available-for-sale investments				
- Listed equity shares	93,445,806	93,445,806	-	-

During the year ending 31 December 2011, 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.

26 SIGNIFICANT ASSUMPTIONS, ESTIMATES AND JUDGMENTS

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and certain disclosures at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

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.

At the end of the reporting period, gross amounts of trade receivables was QR 12,075,798 (2010: QR 4,289,641) and the allowance for impairment of receivables was QR 1,609,221 (2010: QR 1,456,055). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated income statement.

26 SIGNIFICANT ASSUMPTIONS, ESTIMATES AND JUDGMENTS (continued)

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.

At the reporting date, gross inventories were QR 87,929,712 (2010: QR 52,447,195), with provisions for old and obsolete inventories of QR 226,749 (2010: 226,749). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated income statement.

Useful lives of furniture and equipment
The Group's management determines the estimated useful lives of its furniture 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.

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

27 PRIOR PERIOD ADJUSTMENTS

As per Law No. 13 of 2008 with respect to the contribution to Social and Sports Development Fund of Qatar, the Company contributed QR 1.53 million in 2010 (2009: QR 1.26 million) representing 2.5% of the Company's net profit to the above fund.

The contribution to Social and Sports Development Fund of Qatar, representing 2.5% of the Company's net profit for the years ended 2009 and 2010, was charged to the income statement. Pursuant to further clarification of the law in 2010, the contribution was treated as an appropriation of retained earnings and accordingly the comparative amounts have been restated to reflect this clarification. This has resulted in an increase in the previously reported net profits by QR 1.26 million and QR 1.53 million in 2009 and 2010 respectively.

The effect of this prior period adjustment is presented as follows:

	2010 *QR* *Increase (decrease)*	*2009* *QR* *Increase (decrease)*
Impact on previously reported profit:		
Adjustment related to contribution to social fund	1,533,919	1,265,779
Impact on retained earnings:		
Appropriation for contribution to social fund	(1,533,919)	(1,265,779)
Net impact on retained earnings	-	-

The above adjustment did not have any impact on the previously reported equity of the Group.

28 COMPARATIVES

Certain accounts in 2010 financial statements have been reclassified to conform to the 2011 presentation. The changes have been made to improve the quality of information presented and do not affect the previously reported profit or equity of the Group.