Al Meera Consumer Goods Company

Financial statements
31 December 2010

	Page(s)
Board of Directors' report	
Independent auditor's report	**1 - 3**
Statement of financial position	**4**
Statement of income	**5**
Statement of comprehensive income	**6**
Statement of changes in equity	**7**
Statement of cash flows	**8**
Notes to the financial statements	**9 - 32**

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Independent auditor's report to the shareholders of Al Meera Consumer Goods Company (Q.S.C)

Report on the financial statements

We have audited the accompanying financial statements of Al Meera Consumer Goods Company (Q.S.C) ("the Company"), which comprise the statement of financial position as of 31 December 2010 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes 1 to 24.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

Basis for qualified opinion

We were appointed as auditors of the company after 31 December 2009 and thus did not observe the counting of the physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 31 December 2009. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the statement of income and the net cash flows from operating activities reported in the statement of cash flows.

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Independent auditor's report to the shareholders of
Al Meera Consumer Goods Company (Q.S.C)

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly in all material respects, the financial position of Al Meera Consumer Goods Company (Q.S.C) as at 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters

The financial statements of the company for the year ended 31 December 2009 were audited by another auditor who expressed an unmodified opinion on those statements on 7 March 2010.

Report on other legal and regulatory requirements

We report that we have obtained all the information we considered necessary for the purpose of our audit, the Company has maintained proper books of account and the financial statements are in agreement therewith and the inventory counts were taken in accordance with recognised practices.

Further, we confirm that the financial information included in the Director's report is consistent with the books of account of the Company. Nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Qatar Commercial Companies Law No. 5 of 2002, or the Articles of Association of the Company which would materially affect its activities or its financial position as at 31 December 2010.

Ahmed El Badawi
PricewaterhouseCoopers

Auditor's registration number 249
Doha, 20 March 2011

Statement of financial position

	Note	31 December 2010 2010	2009 (Restated)
ASSETS			
Non-current assets			
Property and equipment	5	109,714,049	94,117,682
Intangible assets		1,039,355	-
Available-for-sale investments	7	108,084,470	83,023,349
		218,837,874	**177,141,031**
Current assets			
Inventories	8	52,220,446	48,684,781
Trade and other receivables	9	21,322,984	33,912,515
Cash and cash equivalents	10	142,165,672	133,328,819
		215,709,102	**215,926,115**
Total assets		**434,546,976**	**393,067,146**
LIABILITIES AND EQUITY			
Equity			
Share capital	11	100,000,000	100,000,000
Statutory reserve	12	53,509,967	53,509,967
Optional reserve	13	21,750,835	21,750,835
Fair value reserve for investments	7	9,542,911	208,271
Retained earnings		64,441,663	45,450,869
Total equity		**249,245,376**	**220,919,942**
Liabilities			
Non-current liabilities			
Employees' end of service benefits	15	12,705,949	10,847,241
Current liabilities			
Trade payables		108,104,583	101,917,735
Other payables	16	64,491,068	59,382,228
		172,595,651	161,299,963
Total liabilities		**185,301,600**	**172,147,204**
Total shareholders' equity and liabilities		**434,546,976**	**393,067,146**

These financial statements were approved and authorised for issue by the Board of Directors on March 14, 2011 and signed on its behalf by:

HE Abdulla Bin Khalid Al Qahtani
Chairman

Dr. Saif Saeed Al-Sowaidi
Vice Chairman

Statement of income

	Note	Year ended 31 December 2010	2009 (Restated)
Sales		914,795,192	863,549,784
Cost of sales		(792,330,678)	(760,053,077)
Gross profit		122,464,514	103,496,707
Shops rental income		26,747,788	21,066,537
Other operating income		2,774,849	2,925,660
Gross operating income		151,987,151	127,488,904
General and administrative expenses	17	(92,486,674)	(89,696,946)
Depreciation and amortisation		(12,230,394)	(10,662,364)
Net operating income		47,270,083	27,129,594
Other income	18	11,752,826	10,817,584
Finance income	19	4,967,885	7,503,691
Profit for the year		63,990,794	45,450,869
Earnings per share			
Basic and diluted earnings per share		6.40	4.55
Number of shares outstanding at the year end		10,000,000	10,000,000

Statement of comprehensive income

	Year ended 31 December	
	2010	**2009 (Restated)**
Profit for the year	63,990,794	45,450,869
Other comprehensive income		
Net movement in the available-for-sale investment fair value reserve	9,334,640	4,076,606
Total comprehensive income for the year	73,325,434	49,527,475

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Statement of changes in equity

	Capital	Statutory reserve	Optional reserve	Fair value reserve for investments	Retained earnings	Total
Balance at 31 December 2008	100,000,000	52,535,145	-	(3,868,335)	71,750,835	220,417,645
Dividends for 2008	-	-	-	-	(50,000,000)	(50,000,000)
Total comprehensive income for the year	-	-	-	4,076,606	54,010,712	58,087,318
Transfer to optional reserve	-	-	21,750,835	-	(21,750,835)	-
Transfer to statutory reserve	-	974,822	-	-	-	974,822
Balance at 31 December 2009	100,000,000	53,509,967	21,750,835	208,271	54,010,712	229,479,785
Balance at 31 December 2009 (as previously reported)	100,000,000	53,509,967	21,750,835	208,271	54,010,712	229,479,785
Restatement on corrections of inventories (Note 22)	-	-	-	-	(8,559,843)	(8,559,843)
Balance at 31 December 2009 (as restated)	100,000,000	53,509,967	21,750,835	208,271	45,450,869	220,919,942
Dividends for 2009	-	-	-	-	(45,000,000)	(45,000,000)
Total comprehensive income for the year	-	-	-	9,334,640	63,990,794	73,325,434
Balance at 31 December 2010	100,000,000	53,509,967	21,750,835	9,542,911	64,441,663	249,245,376

Statements of cash flows

	Note	Year ended 31 December 2010	2009 (Restated)
Cash flows from operating activities			
Profit for the year		63,990,794	45,450,869
Adjustments for:			
Depreciation of property, and equipment	5	11,866,475	10,662,364
Amortization of intangible assets		363,919	-
Interest income		(4,967,885)	(7,503,691)
Profits from sale of investments, net		(7,135,141)	(2,280,783)
Provision for doubtful debts, net		(146,080)	(358,120)
Provision for slow moving inventories		-	(2,040,368)
Provision of employees' end of service benefits	15	2,546,054	4,234,112
Profit on sale of property, and equipment		(3,500)	(41,189)
Operating cash flows before payment of employees' end of service benefits and changes in working capital		66,514,636	48,123,194
Payment of employees' end of service benefits		(687,346)	(970,386)
Changes in working capital:			
Trade and other receivables		12,735,611	(3,456,526)
Inventories		(3,535,665)	10,617,121
Accounts payable		6,186,848	(31,296,316)
Other payables		1,373,681	(812,768)
Net cash generated from operating activities		**82,587,765**	**22,204,319**
Cash flows from investing activities			
Interest income		4,967,885	7,503,691
Purchase of property, and equipment	5	(27,462,842)	(24,557,293)
Purchase of intangible assets		(1,403,274)	-
Purchase of available-for-sale investments		(130,316,048)	(387,019,267)
Proceed from sale of property, and equipment		3,500	50,452
Bank deposit over 90 days		19,625,235	(31,241,755)
Proceeds from sale of available-for-sale investments		121,724,708	381,052,607
Net cash (used in) investing activities		**(12,860,836)**	**(54,211,565)**
Cash flow from financing activities			
Dividends paid		(41,264,841)	(34,333,061)
Increase in statutory reserve		-	974,822
Net cash used in financing activities		(41,264,841)	**(33,358,239)**
Net increase in cash and cash equivalents		**28,462,088**	**(65,365,485)**
Cash and cash equivalents at the beginning of the year		28,660,757	94,026,242
Cash and cash equivalents at the end of year	**10**	**57,122,845**	**28,660,757**

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Notes to the financial statements

1 General 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 (Al Meera Consumer Goods Co.) 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 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.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations. The financial statements have been prepared under historical cost convention.

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

2.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Company

The following amendment to standards is mandatory for the first time for the financial year beginning 1 January 2010.

- IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The revision had no material impact on the Company's financial statements.

- IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping

Notes to the financial statements

of intangible assets as a single asset if each asset has similar useful economic lives. The amendment had no material impact on the Company's financial statements.

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. The revision had no material impact on the Company's financial statements.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Company

- IAS 1 (revised), "Presentation of financial statements";
- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010;
- IFRS 2 (amendments), 'Group cash settled share-based payment transactions', effective from 1 January 2010;
- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations';
- IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement', effective 1 July 2009;
- IFRIC 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009;
- IFRIC 17, 'Distributions of non-cash assets to owners' (effective from 1 July 2009);
- IFRIC 18, 'Transfers of assets from customers' (effective from 1 July 2009);

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2011 or later periods, but the Company has not early adopted them and they are not expected to have any significant impact on the Company's financial statements:

- 'Classification of rights issues' (amendment to IAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010;

- Revised to IAS 24 (revised), 'Related party disclosures' (effective 1 January 2011);
- IFRS 9, 'Financial instruments' (effective 1 January 2013);
- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14) (effective1 January 2011);
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments' (effective 1 July 2010)

Notes to the financial statements

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company 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 Company's functional and presentation currency.

(b) 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. Settlement of such transactions are made in the foreign currency equivalent of the functional currency amount recorded hence no gain/loss is recognised.

2.3 Property and equipment

Property and equipment is stated at historical cost less depreciation. 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 Company 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:

Buildings	5%
Refrigerators and equipment	20%
Furniture and office fittings	20%
Computers and software	20% - 33%
Motor vehicles	20%
Decorations and 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 are recorded at nominal amounts estimated by management.
Capital work in progress comprises of various expansions projects currently under construction.

Notes to the financial statements

2.4 Intangible assets

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

2.5 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.

2.6 Financial assets

2.6.1 Classification

The Company 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.

(a) 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.

(b) 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 Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 2.10 and 2.11).

(c) 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.

Notes to the financial statements

2.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company 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 Company 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 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'.

Interest on available-for-sale securities calculated using the effective interest 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 Company's right to receive payments is established.

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the 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.

2.8 Impairment of financial assets

(a) Assets carried at amortized cost

The Company 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 Company 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 Company, 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

Notes to the financial statements

- 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 Company 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 losses 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 Company 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.

(b) Assets classified as available for sale

The Company 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 Company 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.

Impairment testing of trade receivables is described in note 2.10.

2.9 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.

Notes to the financial statements

2.10 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 method, less provision for impairment.

2.11 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.

2.12 Share capital

Ordinary shares are classified as equity.

2.13 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.

2.14 Employee benefits

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

(b) Employees' end-of-service benefits

The liability recognised in the 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.

(c) Employees' retirement contribution

The Company 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 Company's obligations are limited to these contributions

Notes to the financial statements

which are expensed when due. This provision is included in 'trade and other payables' in the statement of financial position.

(d) Bonus

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

2.15 Provisions

Provisions are recognized when the Company 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.

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of returns, rebates and discounts. The Company 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 Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods – retail

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

(b) Shop rental income

Rental income is recognized in the statement of comprehensive income on a straight-line basis over the term of the lease.

(c) Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Company 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

Notes to the financial statements

unwinding the discount as interest income. Interest income on impaired loan and receivables are recognized using the original effective interest rate.

(d) Dividend income

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

2.17 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.

2.18 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.

2.19 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the management under policies approved by the board of directors.

Market risk

(i) Foreign currency exchange risk

The Company records foreign currency denominated purchase transactions in Qatari Riyal equivalent using the exchange rate at transaction date. Payments are made based on the amount booked hence there is no exposure in foreign currency exchange risk.

(ii) Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet as available-for-sale. To manage its price risk arising

Notes to the financial statements

from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

The Company's investments in equity of other entities that are publicly traded are included in Qatar Exchange.

The table below summarises the impact of increases/decreases of the equity indexes on the Company's equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 5% with all other variables held constant.

	Impact on equity	
	2010	**2009**
Index		
Qatar Exchange	4,672,290	3,419,234
Equity securities - unlisted	676,500	676,500
Investment in funds	55,433	55,433
	5,404,223	**4,151,167**

(iii) Cash flow and fair value interest rate risk

The Company's exposure to changes in interest rates arises primarily from the Company's fixed deposits. Fixed deposits issued at variable rates expose the Company to cash flow interest risks. Fixed deposits issued at fixed rates expose the Company to fair value interest rate risks.

At the statement of financial position date, the interest rate profile of the Company's financial assets and liabilities are as follows:

At 31 December 2010	Interest bearing, less than 3 months	Interest bearing, more than 3 months	Non-interest bearing	Total
Assets				
Trade and other receivables	-	-	20,506,628	20,506,628
Cash and cash equivalent		85,042,827	57,122,845	142,165,672
Total assets	-	85,042,827	**77,629,473**	**162,672,300**
Liabilities				
Trade and other payables	-	-	172,595,651	172,595,651
Total liabilities	-	-	**172,595,651**	**172,595,651**
Interest sensitivity gap		**85,042,827**		

G

Notes to the financial statements

At 31 December 2009	Interest bearing, less than 3 months	Interest bearing, more than 3 months	Non-interest bearing	Total
Assets				
Trade and other receivables	-	-	33,301,518	33,301,518
Cash and cash equivalent	-	104,668,062	23,975,437	128,643,499
Total assets	**-**	**104,668,062**	**57,276,955**	**161,945,017**
Liabilities				
Trade and other payables	-	-	161,299,963	161,299,963
Total liabilities	**-**	**-**	**161,299,963**	**161,299,963**
Interest sensitivity gap		**104,668,062**		

The above table provides an indication of the sensitivity of the interest rates in relation to the Company's financial assets and liabilities.

At 31 December 2010, if interest rates had been 0.50% higher/lower with all variables held constant, the impact on the total comprehensive income for the year would be QR 425,214 (2009: QR 523,340).

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. Financial assets, which potentially subject the Company to concentrations of credit risk, consist primarily of trade and other receivables and balances with banks.

Credit risk arises from cash and cash equivalents and deposits with banks and credit exposures to customers, including outstanding receivables and committed transactions. The Company only transacts with institutions that are reputable. If customers are independently rated, these ratings are used. If there is no independent rating, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

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

	Gross maximum exposure	
	2010	**2009**
Cash and cash equivalents (excluding cash in hand)	141,629,039	132,767,187
Trade and other receivables (excluding prepayments)	20,506,628	33,301,518
	162,135,667	166,068,705

G A

Notes to the financial statements

The tables below show the distribution of bank balances at the statement of financial position date:

	2010	2009
Cash at bank and time deposits		
Bank 1	19,028,930	22,361,504
Bank 2	56,490,729	48,991,624
Bank 3	62,597,495	57,841,991
Bank 4	67,357	67,457
Bank 5	240,530	453,665
Bank 6	3,203,998	3,051,576
	141,629,039	**132,767,817**

Customers' balances generally pertain to government offices that have been conducting business with the Company for numerous years.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient funding to enable the business of the Company to continue without disruptions. In accordance with prudent liquidity risk management, the management of the Company aim to maintain an adequate amount of funding, through timely collection of outstanding receivables. Management monitors rolling forecasts of the Company's liquidity reserve (comprising cash and cash equivalents (Note 2.11)) on the basis of expected cash flow.

Forecast liquidity reserve for year ending 31 December 2010 is as follows:

	2011
Opening balance	142,166,000
Operating proceeds	1,050,716,000
Operating cash outflows	(968,163,000)
Cash out flows on investing activities	(14,292,000)
Cash out flows on financing activities	(94,788,000)
Closing balance	**115,639,000**

The following are the contractual maturities of financial liabilities, including interest bearing financial liabilities:

As at 31 December 2010	Carrying amount	6 months or less	6 - 12 months	more than 12 months
Trade payables	108,104,583	108,104,583	-	-
Other payables	64,491,068	64,491,068	-	-
	172,595,651	**172,595,651**	-	-

Notes to the financial statements

As at 31 December 2009	Carrying amount	6 months or less	6 - 12 months	more than 12 months
Trade payables	101,917,735	101,917,735	-	-
Other payables	59,382,228	59,382,228	-	-
	161,299,963	161,299,963	-	-

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or issue additional debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including trade and other payables and amounts due to related parties) less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The gearing ratio at the statement of financial position date was as follows:

	2010	2009
Trade payables	108,104,583	101,917,735
Other payables	64,491,068	59,382,228
	172,595,651	161,299,963
Less: Cash and cash equivalents	(142,165,672)	(133,328,819)
Net Debt	30,429,979	27,971,144
Total Equity	249,245,376	220,919,942
Total Capital	269,675,355	248,891,086
Gearing ratio	11%	11%

3.3 Fair value estimation

The carrying value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of other financial liabilities for disclosure purposes is estimated, by discounting the future contractual cash flows at the current market interest rates available to the Company for similar financial instruments.

Note 2.6 to the financial statements shows the policies used in valuing the financial instruments. In the opinion of the Company's management, the fair value of the Company's cash in hand and at banks, investments, accounts receivable and accounts payable are not significantly different from their carrying amounts.

Notes to the financial statements

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2010.

	Level 1	Level 2	Total
Assets			
Available for sale financial assets			
Equity securities - listed	93,445,806	-	93,445,806
Equity securities - unlisted	-	13,530,000	13,530,000
Investment in funds	-	1,108,664	1,108,664
	93,445,806	**14,638,664**	**108,084,470**

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2009.

Assets	Level 1	Level 2	Total
Available for sale financial assets			
Equity securities - listed	68,384,685	-	68,384,685
Equity securities - unlisted	-	13,530,000	13,530,000
Investment in funds	-	1,108,664	1,108,664
	68,384,685	**14,638,664**	**83,023,349**

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Useful lives of property and equipment

The Company's management determines the estimated useful lives, and related depreciation charges, for property and equipment. This estimate is subject to change as a result of various factors, including overhauls and other repairs that extend the useful life of an asset. Management continually assesses the useful lives of property, and equipment.

Were the actual useful lives of property and equipment to differ by 10% from management's estimates, the carrying amount of the property and equipment would be an estimated QR 974,656 higher or QR 1,176,375 lower.

Notes to the financial statements

(b) Provision for impairment of slow moving inventories

The Company's management determines a provision for inventories based on the estimated amount of slow moving items. The estimate is based on the age of items of inventories. This provision is subject to change as a result of usage of items and future demand for goods by customers. Were the provision for impairment of slow moving inventories to differ by 10% from management's estimates, the provision for impairment of slow moving inventories would be an estimated QR 22,675 higher or QR 22,675 lower.

(c) Provision for impairment of available for sale investments

The Company follows the guidance of IAS 39 to determine when an available-for-sale investment is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. If all of the declines in fair value below cost were considered significant or prolonged, the Company would suffer an additional loss of QR 224,748 in its 2010 financial statements, being the transfer of the accumulated fair value adjustments recognized in equity on the impaired available-for-sale financial assets to the statement of comprehensive income.

Notes to the financial statements

5 Property, and equipment

	Lands	Buildings	Refrigerator and equipment	Furniture and office fittings	Computers & software	Motor vehicles	Decoration & improvements	Capital work-in-progress	Total
At 1 January 2009									
Cost	5,383,975	93,802,410	35,895,309	18,725,772	11,452,187	3,313,830	9,865,919	1,408,816	179,848,218
Accumulated depreciation	-	(34,871,112)	(32,594,770)	(16,459,549)	(7,453,605)	(2,464,772)	(5,772,394)	-	(99,616,202)
Net book amount	5,383,975	58,931,298	3,300,539	2,266,223	3,998,582	849,058	4,093,525	1,408,816	80,232,016
Year ended 31 December 2009									
Opening net book amount	5,383,975	58,931,298	3,300,539	2,266,223	3,998,582	849,058	4,093,525	1,408,816	80,232,016
Additions	-	-	2,272,886	473,800	599,359	1,027,500	128,768	20,054,980	24,557,293
Transfers	-	-	5,278,800	1,281,587	1,011,413	-	786,295	(8,358,095)	-
Disposals	-	-	-	(9,263)	-	-	-	-	(9,263)
Depreciation charge	-	(4,655,182)	(1,952,353)	(1,126,448)	(1,778,271)	(508,774)	(641,336)	-	(10,662,364)
Closing net book amount	**5,383,975**	**54,276,116**	**8,899,872**	**2,885,899**	**3,831,083**	**1,367,784**	**4,367,252**	**13,105,701**	**94,117,682**
At 1 January 2010									
Cost	5,383,975	93,802,410	43,446,995	20,438,959	13,062,959	4,341,330	10,780,982	13,105,701	204,363,311
Accumulated depreciation	-	(39,526,294)	(34,547,123)	(17,553,060)	(9,231,876)	(2,973,546)	(6,413,730)	-	(110,245,629)
Net book amount	5,383,975	54,276,116	8,899,872	2,885,899	3,831,083	1,367,784	4,367,252	13,105,701	94,117,682
Year ended 31 December 2010									
Opening net book amount	5,383,975	54,276,116	8,899,872	2,885,899	3,831,083	1,367,784	4,367,252	13,105,701	94,117,682
Additions/transfers	-	-	6,805,306	1,890,432	1,836,168	679,600	497,138	15,754,198	27,462,842
Depreciation charge	-	(4,654,505)	(2,828,790)	(1,096,009)	(2,081,703)	(525,128)	(680,340)	-	(11,866,475)
Closing net book amount	**5,383,975**	**49,621,611**	**12,876,388**	**3,680,322**	**3,585,548**	**1,522,256**	**4,184,050**	**28,859,899**	**109,714,049**
At 31 December 2010									
Cost	5,383,975	93,802,410	49,303,746	22,329,391	14,899,127	5,020,930	11,278,120	28,859,899	230,877,598
Accumulated depreciation	-	(44,180,799)	(36,427,358)	(18,649,069)	(11,313,579)	(3,498,674)	(7,094,070)	-	(121,163,549)
Net book amount	**5,383,975**	**49,621,611**	**12,876,388**	**3,680,322**	**3,585,548**	**1,522,256**	**4,184,050**	**28,859,899**	**109,714,049**

Notes to the financial statements

The Company has obtained initial approval from the Urban Planning & Development Authority on allocating of number of proposed lands for constructing new branches. Titles of the lands will be transferred to the Company upon the completion of the construction. The Government has all the rights to use the lands in case the Company does not construct any buildings on these lands as per the letter received from the General Manager of Urban Planning & Development Authority dated 18 June 2007.

Lease rentals amounting to QR 6,659,300 (2009 – QR 9,019,356) relating to the lease of premises and staff accommodations are included in the general and administrative expenses (note 17).

6a Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	2010	2009
Assets as per statement of financial position		
Loans and receivables		
Trade and other receivables (excluding prepayments)	20,506,628	33,301,518
Cash at banks	141,629,039	132,767,817
	162,135,667	166,069,335
Available-for-sale		
Available-for-sale investments	108,084,470	83,023,349
	270,220,137	**249,092,684**
Liabilities as per statement of financial position		
Trade payables	108,104,583	101,917,735
Other payables	64,491,068	59,382,228
	172,595,651	**161,299,963**

Notes to the financial statements

6b Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2010	2009
Trade receivables		
Counter parties without external credit rating		
Group 1	395,852	2,840,910
Group 2	1,857,311	2,369,915
Total unimpaired trade receivables	2,253,163	5,210,825

Group 1 - New customers (less than 6 months)
Group 2 – Existing customers (more than 6 months) with no defaults in the past.

	2010	2009
Cash at bank and time deposits		
Bank 1	19,028,930	22,361,504
Bank 2	56,490,729	48,991,624
Bank 3	62,597,495	57,841,991
Bank 4	67,357	67,457
Bank 5	240,530	453,665
Bank 6	3,203,998	3,051,576
	141,629,039	**132,767,817**

7 Available-for-sale investments

	2010	2009
At 1 January	83,023,349	70,699,300
Additions	130,316,049	452,714,258
Disposals	(114,589,569)	(440,598,480)
Net gains / (losses) transfer to equity	18,147,409	1,386,080
Net gains / (losses) transfer from equity	(8,812,768)	(1,177,809)
	108,084,470	**83,023,349**

The maximum exposure to credit risk at the reporting date is the carrying value of the investments.

G A

Notes to the financial statements

Available-for-sale investments include the following:

	2010	2009
Equity securities - listed	93,445,806	68,384,685
Equity securities - unlisted	13,530,000	13,530,000
Investment in funds	1,108,664	1,108,664
	108,084,470	**83,023,349**

Available-for-sale investments are denominated in Qatari Riyals.

8 Inventories

	2010	2009 (restated)
Inventories	52,447,195	48,911,530
Provisions for slow moving inventories	(226,749)	(226,749)
	52,220,446	**48,684,781**

9 Trade and other receivables

	2010	2009
Trade receivables	4,586,646	7,832,383
Provision for doubtful debts	(1,456,055)	(1,602,135)
	3,130,591	6,230,248
Letter of guarantee and letter of credit	7,421,547	11,895,393
Credit card	2,344,585	1,382,234
Rent receivable	3,383,390	6,788,929
Staff loans	1,941,190	3,004,132
Refundable deposit	873,817	1,099,246
Prepaid expenses	816,356	610,997
Accrued interest	665,547	1,899,751
Other receivables	745,961	1,001,585
	21,322,984	**33,912,515**

As of 31 December 2010, trade receivables of QR 2,253,163 (2009 – QR 5,210,825) were fully performing.

As of 31 December 2010, trade receivables of QR 877,428 (2009 - QR 1,019,423) were past due but not impaired. These relates to independent customers for whom there is no recent history of default. These receivables are aged 3 to 12 months.

As of 31 December 2010, trade receivables of QR 1,456,055 (2009 – QR 1,602,135) were past due and impaired and provided for. The individually impaired receivables mainly relate to customers

Notes to the financial statements

which are in unexpectedly difficult economic situations. These receivables are aged more than 12 months.

The carrying amounts of the Company's trade and other receivables are denominated in Qatari Riyals.

Movements in the provision for impairment of trade receivables are as follows:

	2010	2009
At 1 January	1,602,135	1,960,255
Provision for impairment of receivables	261,217	-
Amount recovered during the year	(407,297)	(358,120)
AT 31 December	**1,456,055**	**1,602,135**

The establishment of the provision for impaired receivables and recovery of amounts previously provided for have been included in general and administrative expenses in the statement of comprehensive income (note 18). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

At 31 December 2010, the fair value of trade and other receivables was approximately equal to its carrying value.

10 Cash and cash equivalents

	2010	2009
Cash at bank	56,586,212	28,099,755
Cash on hand	536,633	561,002
	57,122,845	28,660,757
Time deposits maturing over 90 days	85,042,827	104,668,062
Cash and cash equivalents	**142,165,672**	**133,328,819**

The effective interest rate on time deposits during the year was 3% (2009: 5.7%).

For the purpose of cash flows, time deposits is not considered a cash equivalent.

11 Share capital

The Company's authorized, issued and paid up capital as at 31 December is 10,000,000 shares with par value of QR 10 per share.

Notes to the financial statements

12 Statutory reserve

In accordance with Qatar Commercial Companies Law No. 5 of 2002, 10% of the profit for the year is transferred to a statutory 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. This reserve is not available for distribution except in the circumstances stipulated in Qatar Commercial Companies Law No. 5 of 2002.

In accordance with the Company's Articles of Association No. (7) the Company acquired the shares of its shareholders who withdrawn their shares from the Qatar Exchange. These gain on subsequent sale of these shares were transferred to statutory reserve.

13 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.

On 21 April 2009, the General Assembly approved to transfer QR 21,750,835 of the profits to the optional reserve for the development of projects and other activities that will be decided by the Board of Directors.

14 Dividends

On 14 March 2011, the Board of Directors has proposed cash dividends of QR 5 per share (QR 50 million) for the shareholders for the year 2010 which is subject to approval at the Annual General Meeting of the shareholders (on 28 March 2010, the Annual General Meeting held approved 45% cash dividends (QR 45 million) for the shareholders for the year 2009).

15 Employees' end of service benefits

	2010	**2009**
At 1 January	10,847,241	7,583,515
Provision during the year	2,546,054	4,234,112
Payment during the year	(687,346)	(970,386)
	12,705,949	**10,847,241**

In accordance with the provision of IAS 19, management has carried out an exercise to assess the net present value of the Company's obligations as at 31 December 2010, in respect of employee's end of service benefits payable under Qatari's Labours Law. The obligation as at 31 December 2010 is not materially different from the provision computed in accordance with the Law.

Notes to the financial statements

16 Other payables

	2010	2009
Dividends payable	49,865,107	46,129,948
Provision for employee bonus	4,635,681	4,479,678
Accrued expenses	2,686,029	2,322,333
Provision for board directors' remuneration	2,775,000	1,938,000
Provision for leave salary and airfare	1,612,540	1,811,903
Provision for social and sports activities	1,533,919	1,265,779
Retention payable	1,283,105	1,430,345
Others	99,687	4,242
	64,491,068	**59,382,228**

17 General and administrative expenses

	Year ended 31 December	
	2010	**2009**
Staff costs	57,176,744	54,552,443
Rent	6,659,300	9,019,356
Water and electricity	4,872,759	5,376,151
General cleaning charges	4,032,214	1,428,473
Consulting, professional and security fees	3,053,687	2,883,898
Board of directors remuneration	2,775,000	1,938,000
Bank charges, commission and credit cards	2,279,146	2,052,086
Immigration and government fees	2,104,981	1,964,970
Repairs and maintenance	2,011,501	2,165,874
Provision for social and sports activities	1,533,919	1,265,779
Advertisement	1,130,710	1,289,544
Telephone and post	1,005,984	896,675
Vehicles and insurance expenses	975,767	946,633
Printing and stationary	518,193	525,936
Provision for impairment of receivables (note 11)	261,217	-
Donations	50,000	1,519,086
Other expenses	2,045,552	1,872,042
	92,486,674	**89,696,946**

Notes to the financial statements

18 Other income

	Year ended 31 December	
	2010	**2009**
Investment dividend income	4,167,960	4,645,327
Profits from sale of investments	6,642,103	1,963,868
Other income	942,763	4,208,389
	11,752,826	**10,817,584**

19 Finance income

Finance income relates to interest income generated from bank deposits. Effective interest rate on bank deposits is 3% (2009 - 5.7%).

20 Contingencies and commitments

	2010	**2009**
Letter of credits	7,167,107	11,549,414
Letter of guarantees	254,441	179,905
Bank acceptances	-	166,075
	7,421,548	**11,895,394**

The Company's contingent liabilities consists of letter of credits and guarantees relating to purchases of goods associated with the Company'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 Company leases various staff accommodations and premises under cancellable operating lease agreements with terms ranging from 2 to 10 years. The lease expenditure charged to the statement of comprehensive income is disclosed on note 17.

21 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 Company supplies its commodities to various Government and semi Government agencies in the State of Qatar. The Company also avails of various services from these parties.

The Company has obtained initial approval from the Urban Planning & Development Authority on allocating of number of proposed lands for constructing new branches. Titles of the lands will be transferred to the Company upon the completion of the construction. The Government has all the rights to use the lands in case the Company does not construct any buildings on these lands as per the letter received from the General Manager of Urban Planning & Development Authority dated 18 June 2007.

Notes to the financial statements

b) Transactions with key management personnel

	Year ended 31 December	
	2010	2009
Salaries and other short term employee benefits	1,483,429	1,558,165
Termination benefits	17,096	157,732
Board of directors' remuneration	2,775,000	1,938,000
	4,275,525	**3,653,897**

22 Restatement

During the year, the Company discovered that there had been an error in the valuation of inventories as at 31 December 2009 resulting in overstatement of the inventories and the total comprehensive income. This error has been rectified during the year. The corrections affected inventories, cost of sales and retained earnings as of 31 December 2009:

	Inventories	Profit for the year	Retained earnings
Balances at 1 January 2010 as previously reported	57,244,624	54,010,712	9,010,712
Correction of error in the inventory valuation as at 31 December 2009	(8,559,843)	(8,559,843)	(8,559,843)
Balances as restated at 1 January 2010	**48,684,781**	**45,450,869**	**450,869**

23 Segment information

The Company is organized into one business segment unit which comprises the buying and selling consumer goods. Geographically, the Company's entire business operation is concentrated in the State of Qatar.

24 Comparatives

The following corresponding figures have been reclassified to conform to the current year presentation.

	Year ended 31 December 2009		
	Before reclassification	Reclassification done	After reclassification
Cost of sales	830,673,263	(70,620,186)	760,053,077
Other operating income	73,545,846	(70,620,186)	2,925,660
General and administrative expenses (note 17)	88,431,167	1,265,779	89,696,946
Provision for social and sports activities	1,265,779	(1,265,779)	-
Other income (note 18)	18,321,275	(7,503,691)	10,817,584
Finance income	-	7,503,691	7,503,691