

# Overview of Company's Activities 2013

## Dear Shareholders,

The Board of Directors of Al Meera Consumer Goods Company (Q.S.C.) is pleased to present the Company's Consolidated Financial Statements and Independent Auditor's Report for the year ended December 31, 2013.

Your company has continued to deliver another record achievement in 2013, in both operations and financial results.

## 2013 Business review

### Review of performance

#### Operations highlights

- Increased store space in Qatar by 4,100 SqM with addition of 2 new supermarkets and 3 convenience stores
- Inaugurated first Géant Hypermarket in Qatar
- Launched two W H Smith franchise stores in Qatar operated by Al Meera Bookstore
- Opened five new stores in Oman with total store space of 15,400 SqM

#### Financial highlights

- Group sales up QAR 442.4 million, 29.4%, to QAR 1,946.0 million
- Group gross profit up QAR 63.8 million, 25.0%, to QAR 319.5 million
- Group shops rental income up QAR 3.8 million, 11.7%, to QAR 36.6 million
- Gain on expropriation of land and building in Al Khor amounted to QAR 71.4 million
- Group operating income, increased 21.2% to QAR 382.2 million.
- Group net profit attributable to Owners of the Company after non-controlling interests and inclusive of gain on expropriation of land and building, rose 85.4% to QAR 196.1 million

#### Operations

The beginning of 2013 saw the inauguration of Al Meera's first Géant Hypermarket at Hyatt Plaza. The opening of the Géant Hypermarket is in line with our commitment to all our stakeholders to provide high quality and diverse product offerings for our customers.

Fulfilling Al Meera's pledge to the communities all over Qatar, Al Meera has successfully opened two new neighborhood malls – Nuaija Mall and Lqutaifiya Mall – and three convenience stores located in Sealine, Beverly Hills 3, and Barwa Messaimeer, during the year.

Nuaija Mall, built to international and stringent specifications, has been outfitted with Al Meera's new interior design to allow for and create a more convenient and memorable shopping experience. The new Al Meera's store in Nuaija (2,000 SqM) reconfirms our promises to our shoppers to deliver a breadth of fresh food offerings, while adhering to the strict international standards to ensure product freshness and quality. Al Meera's store (850 SqM) in Lqutaifiya Mall was opened in November 2013. Also outfitted with the latest interior design and lighting system, the new look and design of the mall has attracted the attention of many well-known national and international retailers and restaurant operators who have expressed desire to partner with Al Meera in this and all its future malls. This store is the first Al Meera store to stay open 24/7.

Al Meera's new permanent convenience store at Sealine is located at the entrance of Sealine Resort. After three years of having only a seasonal winter camp store at Sealine, this new store will now serve campers and visitors to the area all year round.

Al Meera has 9 malls currently under construction and 1 leased store under fit out. The construction of the 9 malls and fit out of the 1 store are scheduled to complete in 2014. When completed, they will increase our store space by another 18,000 SqM. A further 15 malls totaling approximately 32,500 SqM are under plan for construction within the next 2 to 5 years throughout Qatar. The strategy is to double the store space to over 100,000 SqM when all these malls become operational. All these new malls will be built to stringent international specifications and outfitted with the latest interior design and lighting system, and will have the "look and feel" similar to that of Lqutaifiya Mall.

The acquisition of 5 stores (3 Hypermarkets and 2 Supermarkets) in Oman was completed in February 2013. The stores, with store space totaling approximately 15,400 SqM are located in Azaiba, Barka, Al Kuwair, Sohar and Al Falaj, of which, Azaiba (5,100 SqM) is the largest. The renovation and refurbishment of Azaiba was completed in November 2013 with plans to renovate another 3 stores this year to bring these stores to the same level of quality as the new Al Meera's stores in Qatar.

## Financial Results

### Sales and gross profit

The addition of new stores and the increase in footfall from our refurbished stores have contributed to our strong sales growth in 2013. Group sales for the year 2013 have increased by 29.4%, to almost QAR 2.0 billion (from QAR 1,503.5 million in 2012 to QAR 1,946.0 million).

Al Meera Qatar Retail's Sales of fresh produce in 2013 increased 24.4% over last year and contributed to 19.0% of the total sales of Qatar Retail.

Total number of customers' transactions in Al Meera Qatar Retail grew by about 10%, from 19.2 million in 2012 to 21.1 million in 2013, while average check-out basket increased 2.8%, from QAR 83.35 in 2012 to QAR 85.63 in 2013.

Gross profit was up by 25.0% from QAR 255.7 million in 2012, to QAR 319.5 million.

### Expropriation of land and building

In July 2013, as part of the government infrastructure, design and expansion, the land and building located in Al Khor with a net book value of QAR 1.0 million was sold by the Group to the Government of Qatar represented by Municipality and Urban Planning. The total proceeds received from the sale amounted to QAR 72.4 million, giving rise to a net gain on expropriation of land and building of QAR 71.4 million.

### Operating income

Operating income increased 21.2% to QAR 382.2 million.

Shop rental income from leased shops in different Company's branches increased 11.7% in 2013 to QAR 36.6 million from QAR 32.7 million in 2012.

### Net profit attributable to Owners of the Company

Net profit attributable to Owners of the Company, after non-controlling interest and inclusive of gain on expropriation of land and building of QAR 71.4 million, rose 85.4% to QAR 196.1 million while the net profit attributable to Owners of the Company, excluding gain on expropriation of land and building, rose 17.9% to QAR 124.7 million

### Earnings per share (including gain on expropriation of land and building)

Earnings per share in 2013, including gain on expropriation of land and building equated to QAR 10.27 per share (adjusted for rights issue) compared to QAR 9.00 in 2012 (restated for rights issue).

### Total assets

Total assets rose 71.6%, from QAR 1,046.2 million in 2012 to QAR 1,795.3 million as at December 31, 2013.

### Rights Issue

On March 25, 2013, after obtaining necessary approvals, the Group issued 10 million shares as rights issue at issue price of QAR 95.00 per share, upon obtaining approval from the shareholders in the Extraordinary General Assembly held on October 8, 2012. The rights issue was over-subscribed by 140%.

### Total equity

Total equity soared 360.0% from QAR 305.2 million in 2012 to QAR 1,404.0 million as at December 31, 2013 as a result of the capital increase and earnings generated during the year 2013.

### Bank Debt

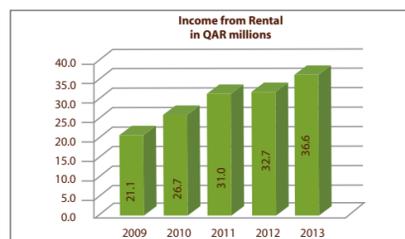
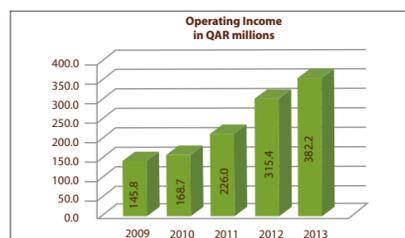
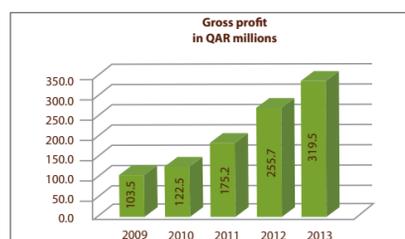
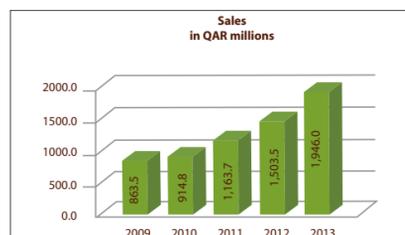
During the year the Company repaid all its bank borrowing and has no bank debt as at December 31, 2013

### Available-for-sale investments

Available-for-sale investments increased 17.8%, from QAR 125.8 million in 2012, to QAR 148.3 million as at December 31, 2013.

The Company's Investment Portfolio generated net realized gains of QAR 14.9 million, up 98.4% from QAR 7.5 million the previous year. Dividend income for 2013 was QAR 5.3 million, down 9.4%.

## KEY PERFORMANCE INDICATORS (2009 – 2013)



## Al Meera Consumer Goods Company (Q.S.C.) - Consolidated Financial Statements

Key Performance Indicators (2007 – 2013)	In Millions Qatari Riyals						
	2013	2012	2011	2010	2009	2008	2007
<b>NET SALES</b>	1,946.0	1,503.5	1,163.7	914.8	863.5	748.7	577.2
<b>TOTAL ASSETS</b>	1,795.3	1,046.2	764.9	434.5	393.1	411.5	379.6
<b>AVERAGE TOTAL ASSETS</b>	1,420.7	905.5	599.7	413.8	402.3	395.5	365.7
<b>TOTAL SHAREHOLDERS' EQUITY</b>	1,404.0	305.2	271.5	249.2	220.9	220.4	228.5
<b>AVERAGE TOTAL SHAREHOLDERS' EQUITY</b>	854.6	288.3	260.4	235.1	220.7	224.5	225.2
<b>TOTAL LIABILITIES</b>	391.4	740.9	493.4	185.3	172.1	191.1	151.0
<b>TOTAL BANK DEBTS</b>	0.0	408.5	246.6	0.0	0.0	0.0	0.0
<b>TOTAL CURRENT ASSETS</b>	1,006.3	450.3	243.7	215.7	215.9	260.6	209.1
<b>TOTAL CURRENT LIABILITIES</b>	370.3	314.5	230.3	172.6	161.3	183.5	144.6
<b>FINANCE COSTS</b>	3.7	12.1	6.5	0.0	0.0	0.0	0.0
<b>EBIT</b>	198.8	117.9	83.8	65.5	45.5	63.8	35.6
<b>NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	196.1	105.8	77.3	65.5	45.5	63.8	35.6
<b>EBIDA</b>	233.6	142.0	99.3	77.8	56.1	74.1	46.1
	Weighted Average number of shares	Restated for rights issue					
<b>NUMBER OF SHARES</b>	19,101,370	11,757,049	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000

<b>GROSS PROFIT PERCENTAGE</b>	16.4%	17.0%	15.1%	13.4%	12.0%	13.3%	12.4%
<b>NET PROFIT PERCENTAGE</b>	10.1%	7.0%	6.6%	7.2%	5.3%	8.5%	6.2%
<b>RETURN ON AVERAGE TOTAL ASSETS</b>	13.8%	11.7%	12.9%	15.8%	11.3%	16.1%	9.7%
<b>RETURN ON AVERAGE TOTAL SHAREHOLDERS' EQUITY</b>	22.9%	36.7%	29.7%	27.9%	20.6%	28.4%	15.8%
<b>TOTAL LIABILITIES TO EQUITY RATIO</b>	27.9%	242.7%	181.8%	74.3%	77.9%	86.7%	66.1%
<b>BANK DEBTS TO EQUITY RATIO</b>	0.0%	133.8%	90.8%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT RATIO</b>	2.7	1.4	1.1	1.2	1.3	1.4	1.4
<b>TIMES FINANCE COST EARNED</b>	54.0	9.7	12.9	0.0	0.0	0.0	0.0
<b>EARNINGS PER SHARE</b>	10.27	9.00	7.73	6.55	4.55	6.38	3.56
<b>NOMINAL VALUE PER SHARE</b>	10.00	10.00	10.00	10.00	10.00	10.00	10.00
<b>BOOK VALUE PER SHARE</b>	73.50	25.96	27.15	24.92	22.09	22.04	22.85

## AL MEERA CONSUMER GOODS COMPANY Q.S.C. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2013

	2013 QR	2012 QR
Sales	1,945,952,216	1,503,516,973
Cost of sales	(1,626,436,774)	(1,247,842,467)
<b>Gross profit</b>	<b>319,515,442</b>	<b>255,674,506</b>
Shops rental income	36,584,593	32,742,429
Other income	26,065,893	26,999,190
<b>Operating income</b>	<b>382,165,928</b>	<b>315,416,125</b>
General and administrative expenses	(220,401,189)	(173,995,732)
Depreciation	(32,627,390)	(22,205,745)
Amortisation of intangible assets	(1,733,251)	(1,932,199)
Finance costs	(3,690,470)	(12,130,050)
<b>Profit before expropriation of land and building</b>	<b>123,713,628</b>	<b>105,152,399</b>
Gain on expropriation of land and building	71,417,621	--
<b>Profit before income tax</b>	<b>195,131,249</b>	<b>105,152,399</b>
Income tax credit	490,162	--
<b>Profit for the year</b>	<b>195,621,411</b>	<b>105,152,399</b>
<b>Attributable to :</b>		
Owners of the Company	196,123,109	105,755,855
Non-controlling interests	(501,698)	(603,456)
	<b>195,621,411</b>	<b>105,152,399</b>
<b>Basic and diluted earnings per share</b>		
Basic EPS as previously stated	--	10.58
Basic EPS (2012 restated for rights issue)	10.27	9.00
<b>Weighted average number of shares</b>	<b>19,101,370</b>	<b>11,757,049</b>

## AL MEERA CONSUMER GOODS COMPANY Q.S.C. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2013

	2013 QR	2012 QR
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property and equipment	284,324,943	233,147,629
Intangible assets	11,804,398	9,912,534
Available for sale investments	148,276,661	125,825,910
Deferred tax assets	490,162	--
Goodwill	344,097,998	227,028,986
<b>Total non-current assets</b>	<b>788,994,162</b>	<b>595,915,059</b>
<b>Current assets</b>		
Inventories	148,548,895	116,018,879
Accounts receivable and prepayments	47,929,842	35,799,332
Cash and bank balances	809,863,801	298,441,888
<b>Total current assets</b>	<b>1,006,342,538</b>	<b>450,260,099</b>
<b>Total assets</b>	<b>1,795,336,700</b>	<b>1,046,175,158</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	200,000,000	100,000,000
Legal reserve	901,289,603	53,509,967
Optional reserve	21,750,835	21,750,835
Fair value reserve	6,609,740	4,504,437
Retained earnings	234,535,493	123,181,999
<b>Equity attributable to the owners of the Company</b>	<b>1,364,185,671</b>	<b>302,947,238</b>
Non-controlling interests	39,785,118	2,286,605
<b>Total equity</b>	<b>1,403,970,789</b>	<b>305,233,843</b>
<b>Non-current liabilities</b>		
Loans and borrowings	--	408,498,236
Employees' end of service benefits	21,095,034	17,897,797
<b>Total non-current liabilities</b>	<b>21,095,034</b>	<b>426,396,033</b>
<b>Current liabilities</b>		
Accounts payable and accruals	370,270,877	314,545,282
<b>Total current liabilities</b>	<b>370,270,877</b>	<b>314,545,282</b>
<b>Total liabilities</b>	<b>391,365,911</b>	<b>740,941,315</b>
<b>Total equity and liabilities</b>	<b>1,795,336,700</b>	<b>1,046,175,158</b>

H.E. Abdulla Bin Khalid Al Qahtani  
Chairman

Dr. Saif Saeed Al Sowaidi  
Vice Chairman

## AL MEERA CONSUMER GOODS COMPANY Q.S.C. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2013

	2013 QR	2012 QR
<b>Profit for the year</b>	<b>195,621,411</b>	<b>105,152,399</b>
<b>Other comprehensive loss</b>		
Net movement in fair value of available-for-sale investments	2,105,303	(1,769,263)
<b>Total comprehensive income for the year</b>	<b>197,726,714</b>	<b>103,383,136</b>
<b>Attributable to :</b>		
Owners of the Company	198,228,412	103,986,592
Non-controlling interests	(501,698)	(603,456)
	<b>197,726,714</b>	<b>103,383,136</b>

## AL MEERA CONSUMER GOODS COMPANY Q.S.C. CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2013

	2013 QR	2012 QR
<b>OPERATING ACTIVITIES</b>		
Profit before income tax	195,131,249	105,152,399
Adjustments for:		
Depreciation	32,865,935	22,475,783
Amortisation of intangibles	1,733,251	1,932,199
Interest income	(7,274,115)	(1,782,504)
Gain on sale of available for sale of investments, net	(14,881,237)	(7,501,520)
Provision for doubtful debts, net	184,376	18,912
Provision employees' end of service benefits	4,877,741	4,674,394
Provision for shrinkage and slow moving inventories	958,323	--
Net (gain) /loss on disposal of property and equipment	(65,624,883)	(40,925)
Dividend income	(5,338,503)	(5,892,508)
Finance cost	3,690,470	12,130,050
	<b>146,322,607</b>	<b>131,166,280</b>
<b>Working capital changes:</b>		
Accounts receivable and prepayments	(8,868,664)	3,365,396
Inventories	(18,077,363)	(28,315,916)
Accounts payable and accruals	24,020,410	71,210,101
<b>Cash from operations</b>	<b>143,396,990</b>	<b>177,425,861</b>
Payment of employees' end of service benefits	(1,680,504)	(5,448,853)
Payment of contribution to social fund	(4,320,225)	--
<b>Net cash generated by operating activities</b>	<b>137,396,261</b>	<b>171,977,008</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of business net of cash acquired	(116,786,292)	--
Purchase of available-for-sale investments	(218,403,566)	(119,604,532)
Proceeds from sale of available-for-sale investments	212,939,355	109,241,638
Purchase of property and equipment	(89,974,836)	(83,097,457)
Proceeds from disposal of property and equipment	73,705,576	65,369
Purchase of intangible assets	(1,235,748)	--
Net movement in deposits maturing after 90 days	(556,409,910)	27,264,032
Dividends received	5,338,503	5,892,508
Interest received	4,522,229	1,782,504
<b>Net cash used in investing activities</b>	<b>(686,304,689)</b>	<b>(58,455,938)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from loans and borrowings	--	410,134,826
Repayments of loans and borrowings	(408,498,236)	(248,301,993)
Proceeds from rights issued	947,779,636	--
Dividends paid	(69,670,710)	(54,261,748)
Interest paid	(3,690,470)	(15,111,931)
Non-controlling interest arising from investments in subsidiaries	38,000,211	2,890,061
<b>Net cash generated by financing activities</b>	<b>503,920,431</b>	<b>95,349,215</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(44,987,997)</b>	<b>208,870,285</b>
Cash and cash equivalents at the beginning of the year	253,518,099	44,647,814
<b>Cash and cash equivalents at the end of the year</b>	<b>208,530,102</b>	<b>253,518,099</b>

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS AL MEERA CONSUMER GOODS COMPANY Q.S.C.

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Al Meera Consumer Goods Company Q.S.C. (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

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

#### Auditor's Responsibility

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

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

Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Independent AUDITOR'S REPORT (CONTINUED)

#### Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Al Meera Consumer Goods Company Q.S.C. and its subsidiaries as at December 31, 2013 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### OTHER LEGAL AND REGULATORY REQUIREMENTS

We are also of the opinion that proper books of account were maintained by the Company, physical inventory verification has been duly carried out and the contents of the directors' report are in agreement with the Group's consolidated financial statements. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, no contraventions of the Qatar Commercial Companies Law No. 5 of 2002 and the Company's Articles of Association were committed during the year which would materially affect the Company's activities or its financial position.

Doha - Qatar  
February 17, 2014

For Deloitte & Touche  
Midhat Salha  
License No. 257