





**H.H. Sheikh Hamad Bin Khalifa Al Thani**  
Emir of the State of Qatar



**H.H. Sheikh Tamim Bin Hamad Al Thani**  
Heir Apparent



# Board of Directors



**H.E. Abdulla Bin Khalid Al Qahtani**

Chairman





**Dr. Saif Said Al Sowaidi**  
Vice Chairman



**Dr. Saleh Mohammed Al Nabit**  
Board Member



**Mr. Ahmed Abdullah Al Khulaifi**  
Board Member



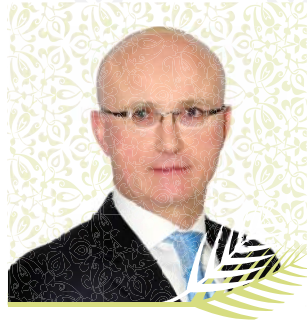
**Mr. Mohammed Ibrahim Al Sulaiti**  
Board Member



**Mr. Jassim Mohammed Al Kubaisi**  
Board Member



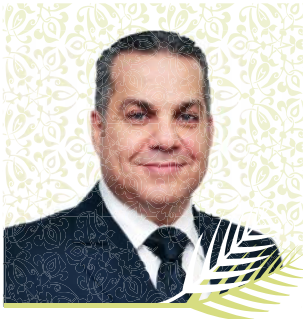
**Mr. Mohammad Abdulla  
Al Mustafawi Al Hashemi**  
Board Member



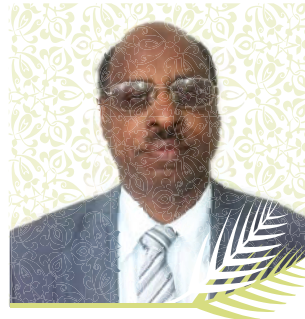
**Mr. Guy Sauvage**  
CEO



**Dr. Mohammed Nasser Al-Qahtani**  
Deputy CEO



**Maher Elhalabi**  
Sales & Operations Director



**Alamin Elfaig**  
Director of Legal Affairs  
Board Secretary



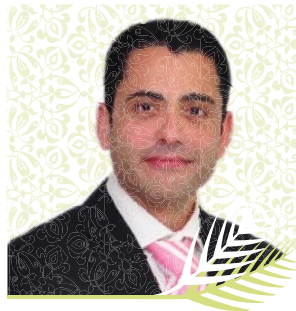
**Teck Boo Chow**  
Finance Director



**Christopher Rowlands Mottram**  
Assets & Property Management Director



**Azhar Mushtaq**  
Business Controls Director



**Karim Noui**  
Commercial Director &  
Acting Supply Chain Director



**Khalid Ali Al-Ebrahim**  
Administration Affairs Manager



**Emad El Din Mahmoud El Kahlout**  
Senior Lawyer - Acting Director, Mall Management

# Chairman's Message



**H.E. Abdulla Bin Khalid Al Qahtani**

**Chairman**

In the Name of Allah, the Most Gracious , the Most Merciful

**Dear Shareholders,**

I am always pleased to communicate with you, our valued shareholders, on your Company's performance and accomplishments of the past fiscal year, and the strategic objectives we have put in place and the decisions and actions we have taken to ensure we continue to deliver sustainable value for you.

I am proud to report that your Company has been able to surpass all odds and challenges to gain market share and to deliver another good set of results. This performance has been achieved through continued development of our product offerings and enhancement of our customers' shopping experience. We have attracted new customers to our existing stores and to our new stores.

In 2012 we have increased gross store space by 8,900 SqM (21%) with the opening of new branches in Umbearik, Airport Road and Sailiya.

Further, the completion of our state-of-the-art Mall in Nuaija, scheduled for opening first quarter of 2013, will add another 2,000 SqM of gross store space to our operations. The year 2012 also saw the development of three convenient stores and two supermarkets which are all expected to open in 2013. Design work has started on another 10 stores,



including a mid-sized mall in Ain Khalid. 10 stores are currently being tendered for their design and construction and more tenders will be announced soon.

To fund these expansions, the Board of Directors proposed to increase the Capital through a rights issue equal to 100% of the current total shares at the rights price of QR 95.00 per share, which was approved at the Extraordinary General Assembly meeting held on 08 October 2012.

In addition to increasing our reach across the State of Qatar, we have purchased five stores in the Sultanate of Oman with our partner, National Investment Fund Company, Oman (NIFCO). The enlargement of our customer base locally and internationally will enhance our market share and accordingly, shareholders' value going forward. Our actions of the past year, led by the Executive Management team, have resulted in increased sales and profitability and spreading Al Meera brand name beyond the borders of Qatar.

Therefore, not only was 2012 a lucrative year for us, but it was also a year we have set the stage for building a sustainable future and a robust springboard for driving continuous growth in sales, profits and return to our shareholders. Al Meera brand name is associated with strength, sustainability, and profitability, and continues to attract the attention of investors, producers, financiers, and developers alike.

On this occasion, I would also like to express my deepest gratitude and appreciation to His Highness Sheikh Hamad Bin Khalifa Al Thani, Emir of the State of Qatar, and His Highness the

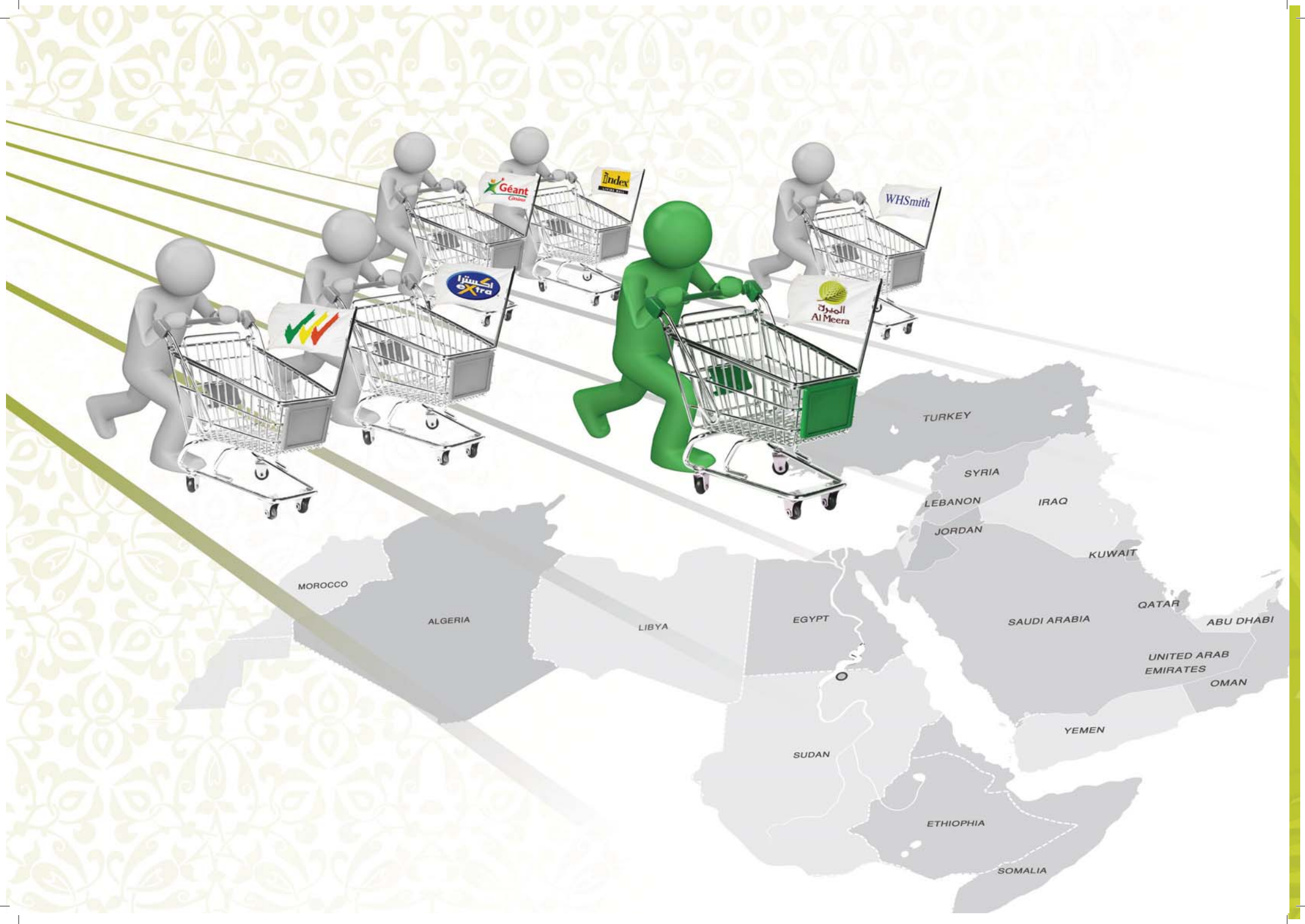
Heir Apparent Sheikh Tamim Bin Hamad Al Thani, for their visionary leadership and creating an economic climate within the country that has allowed Al Meera to grow and thrive, and for their fervent support of our national company. I would also like to warm-heartedly thank His Excellency Sheikh Hamad Bin Jassem Al Thani, Prime Minister and Minister of Foreign Affairs, for his commitment to Al Meera and His Excellency's determination and support to see Al Meera succeed in all its endeavors.

I would like to extend my deepest thanks to you for your courage, and the commitment and support you have given to Al Meera, for without you, neither growth nor achievements would have been possible. I thank you for your faith in the Board of Directors and for your unshakeable support which has enabled the company to attain its present market leadership. We ask Allah Almighty and Exalted to empower us with the strength to continue our journey and the serenity to make decisions with confidence and efficiency.

Thank you.

**Abdulla Bin Khalid Al Qahtani**  
Chairman of the Board







# Board of Directors' Report



## In the Name of Allah, the Most Gracious , the Most Merciful

### Dear Shareholders,

On behalf of the Board of Directors of Al Meera Consumer Goods Company (Q.S.C.), I am pleased to present to you the Seventh Report of the Board of Directors on the Company's activity and financial position for the financial year ended 31 December 2012, outlining the Company's performance and achievements, and its financial results, in addition to the future plans for the fiscal year 2013 and strategic steps that will guide the Company's expansion for the upcoming years.

### Dear Shareholders,

The Board of Directors has been instrumental in maintaining the growth and development of Al Meera Consumer Goods Company (Q.S.C.) and its subsidiaries. Through partnerships and ability to capitalize on opportunities, our market position is infallible, and we continue to be a leader in the retail sector in Qatar. The Company's Strategic Plan has proven to be a highly successful blueprint in guiding Al Meera's growth and expansion, and the Board will continue to execute all aspects of the strategy. The year 2012 has proven that the foundations of the Company are strong, and upon which we have built some excellent springboards for future growth.

Al Meera has once again achieved a set of good results, with strong growth in sales, profit and earnings per share. Growth in sales has come from four main sources: increased gross store space from new branches in Umbearik, Airport Road and Sailiya; increased footfall of existing stores which have undergone refurbishment; increased sales volume from new and improved product offerings and enhancement of customers' shopping experience; and acquisition of Qatar Markets Company W.L.L. The increase in sales volume has given us better purchasing power and more competitive advantage, which in turn has led to strong growth in our profit and earnings per share.

The results show the continued strengthening and robust expansion of our core retail business. With the acquisition of Qatar Markets Company W.L.L., we have gained hypermarket experience which has enabled us to add more non-food products, such as electronics and novelties, in some of our larger supermarkets, giving our customers more reasons to shop at Al Meera. We are committed to our mission statement to the local communities, which is,

to be "Your Favorite Neighborhood Retailer". To fulfill this mission, we will endure to enlarge our product offerings and improve the shopping experience in all our stores. We have widened our contribution across the State of Qatar, and beyond the borders of Qatar, with the purchase of five stores in the Sultanate of Oman with our Omani partner, National Investment Fund Company, Oman (NIFCO). We will adopt the same mission statement and business model in Oman as our main objective in Oman is also to serve the local communities and be the favorite neighborhood retailer within each community.

Though we have a successful business model, we will constantly review and regulate it to ensure we are always in pace with what our customers and the communities want. We have spurred interest from financiers and investors, as well as retailers from around the region and the globe who are intrigued in our business and business model.

The following are our achievements during the 2012 fiscal year and our plans for 2013.

### First: Operating Sector Performance

As a retail chain, it is pertinent that we continue investing in operational infrastructure, upgrading store design and fixtures, and diversifying our product offerings. It is important in our sector to not only maintain our current customer base, but to always explore opportunities to increase it. To do this, we have been persistent in our pursuit of new technology and know-how to upgrade our store operations and to maintain up-to-date research data to understand customers' needs and wants. We have recently implemented a state-of-the-art electronic price tagging system using radio frequency technology in three of our major stores, which we will eventually roll out to other stores that are able to adopt this technology.

We continued to upgrade and replace old equipment, cooling system, and other equipment, and renovate and upgrade our infrastructure to make our stores more appealing and



operations more efficient. Renovation and upgrades to our infrastructure, which started in 2011, have allowed us to reorganize our shelving and displays and have helped us to dedicate more store space to enlarge and diversify our fruits and vegetables, meat and poultry, fishery and bakery offerings to meet our customers' appetite for fresh produce. This has contributed to an increase of more than 20%, on average, in sales of stores renovated and upgraded.

On the fire and safety front, we have commissioned an approved fire and safety company to conduct a comprehensive survey of all our stores and have commenced implementing the recommendations made, including providing proper fire exits and installing proper fire and safety equipment in all our stores, as ensuring our customers', tenants' and staff's safety is our utmost priority.

Over the past year, we have added over 2,500 Casino brand products to our offerings. Casino brand is owned by Casino Group, France and is exclusive to Al Meera in Qatar and Oman.

Our efforts are positively reflected in the bottom line, with 2012 showing an increase in customer count (20%) and sales (29.2%), compared to 2011 – a clear testament to the success of our endeavors.

### **Second: Sales and Gross Profit**

In the financial year ended 31 December 2012, sales were at QR 1,503.5 million, compared to QR 1,163.7 million in the previous financial year, showing an increase of 29.2%.

Fresh products sales increased more than 21.3% in comparison with 2011. Specifically, fruits and vegetables sales increased by 25.0%, butchery sales by 19.6%, fishery sales by 16%, whilst bakery sales increased by 15.3%.

Gross profit amounted to QR 255.7 million, compared to QR 175.2 million last year, resulting in an increase of 45.9%.

### **Third: Revenues and Assets**

Operating income amounted to QR 315.4 million, an increase of QR 89.4 million or 39.6%, compared to last year. In addition:

- Rental income of leased stores in different Company's branches increased in 2012 to QR

32.7 million, an increase of 5.7%.

- Total assets were at QR 1,046.2 million, compared to QR 764.9 million last year, showing an increase of QR 281.3 million, or 36.8%.
- Available-for-sale investments amounted to QR 125.8 million, compared to QR 109.7 million last year, an increase of QR 16.1 million, or 14.7%.

### **Fourth: Net Profit**

The Company achieved net profit attributable to Owners of QR 105.8 million, compared to QR 77.3 million last year, an increase of 36.8%, despite an increase of 26.2% in cost of sales. The increase in sales of QR 339.9 million, equivalent to 29.2%, and the growth in operating income led to significant growth in our profits.

### **Fifth: Investment**

Although faced with challenges due to the current global economic status quo, the Company's Investment Portfolio generated net realized gains of QR 7.5 million and dividend income of QR 5.9 million, compared to QR 7.1 million, and QR 4.4 million, respectively, last year.

### **Sixth: Information Technology**

To manage and monitor our price display tags more efficiently we have installed and implemented an electronic price tagging system using radio frequency technology in three of our major stores. This system enables us to update the price tags daily from one central control point without having to go through the tedious process of changing the price tags one-by-one manually.

The Company is now in the process of implementing a new Enterprise Resource Planning (ERP) system. The new ERP will help the Company and subsidiaries integrate numerous resources – strategy and planning, human resources, finance and accounting, operations, commercial and distribution – into a single software solution. The integrated computer systems will enable each department or group to eventually operate from one common database as opposed to several different ones. It will improve efficiencies in communication and information-sharing. First phase of the new ERP system is expected to be operational by the second quarter of 2013.



## Seventh: Local and Regional Expansion

In 2012 we have increased our gross store space by 8,900 SqM (21%) with the opening of new branches in Umbearik, Airport Road and Sailiya. The addition of these three stores brings our total number of stores in Qatar to 29. With the completion of our state-of-the-art Mall in Nuaija, which will open for business in the first quarter of 2013, we will add another 2,000 SqM of gross store space to our operations. The year 2012 also saw the development of three convenient stores – Sealine, Beverly Hills 3, and Beverly Tower – which are expected to be operational in the first quarter of 2013, and two supermarkets – Barwa Mesaimeer and Al Qutaifeya. Barwa Mesaimeer is expected to open at the end of the second quarter of 2013 and Al Qutaifeya in the third quarter of 2013. Design work has started on another 10 stores located in and around Doha, the largest being a mid-sized mall located in Ain Khalid. In addition to these, we are in the process of selecting designers for a further 10 stores.

During 2012 we refurbished two major stores – Mansoura and Hazm Al Markhiya. The refurbishment enabled us to expand our offerings of fresh fruits and vegetables, fisheries, meat and poultry, dairy products and bakery products in these stores. New shelving installed in the stores has allowed us to display more products and enhance the shopping experience of our customers.

In addition to extending our reach across the State of Qatar, we have also expanded beyond the borders of Qatar by purchasing the assets and business of five “Safeer” stores in the Sultanate of Oman. The purchase has been done by Al Meera Markets “SAOC”, our newly incorporated subsidiary, which is owned 70% by subsidiaries of Al Meera Consumer Goods Company (Q.S.C.), and 30% by our Omani partner, National Investment Fund Company, Oman (NIFCO). The enlargement of our customer base beyond the borders of Qatar will further increase our purchasing power and competitive advantage going forward. With these 5 stores in Oman and 29 stores in Qatar, the Group now has 34 stores in operation.

“Giant Stores” (Qatar Markets Company W.L.L.), which Al Meera acquired last year along with Al Oumara Bakeries Company W.L.L., saw its profit for the year increasing by 65.3%, from QR 16 million to QR 26.4 million. The significant increase is attributable to cost savings from economies of scale and Cost of Sales synergies from increase in purchasing power being part of Al Meera Group. The main “Giant Stores” located in Hyatt Plaza, currently undergoing renovation and re-modeling, will be rebranded “Geant” Hypermarket and for the remaining four “Giant Stores” we have started work to rebrand them “Al Meera”.



WH Smith, a premium UK-based bookstore brand to which Al Meera Bookstore Company S.P.C. has the franchise rights in Qatar, will be inaugurated in Ezdan Mall, Nuaija Mall and Hyatt Plaza in the first half of 2013. WH Smith stores will offer an array of stationery products, books and magazines, confectionary and snacks, and gift items to our customers. The WH Smith store in Nuaija Mall will house a WH Smith coffee shop and the one in Ezdan Mall will have a WH Smith Zoodle, an activity center within the store dedicated to children.

MOU has been signed with Aramex International Courier Express and Regency Group Holding to form a Joint Venture Partnership to build, operate and promote a logistics facility which will give us access to state-of-the-art practices of Aramex to further increase efficiencies in the Company's logistics and distribution processes.

In the initial stages, a distribution centre will be set up just south of Doha to be built in several phases, with the first stage seeing a 10,000 square meter warehousing facility being developed, with plans to expand the warehouse by four times in future. The facility will serve to provide a variety of value-added services, including third party ambient temperature



warehousing, third party temperature controlled storage, and other logistical services such as domestic trucking, customs clearance, and express and freight services.

This robust and state-of-the-art warehouse will serve our current requirements as well as cater for future growth, at competitive rates. Al Meera and its partners will co-manage the design and construction of this and future facilities.

#### **Eighth: Al Meera Group Legal Structure**

Al Meera Consumer Goods Company (Q.S.C.) is the ultimate parent of the following Companies:

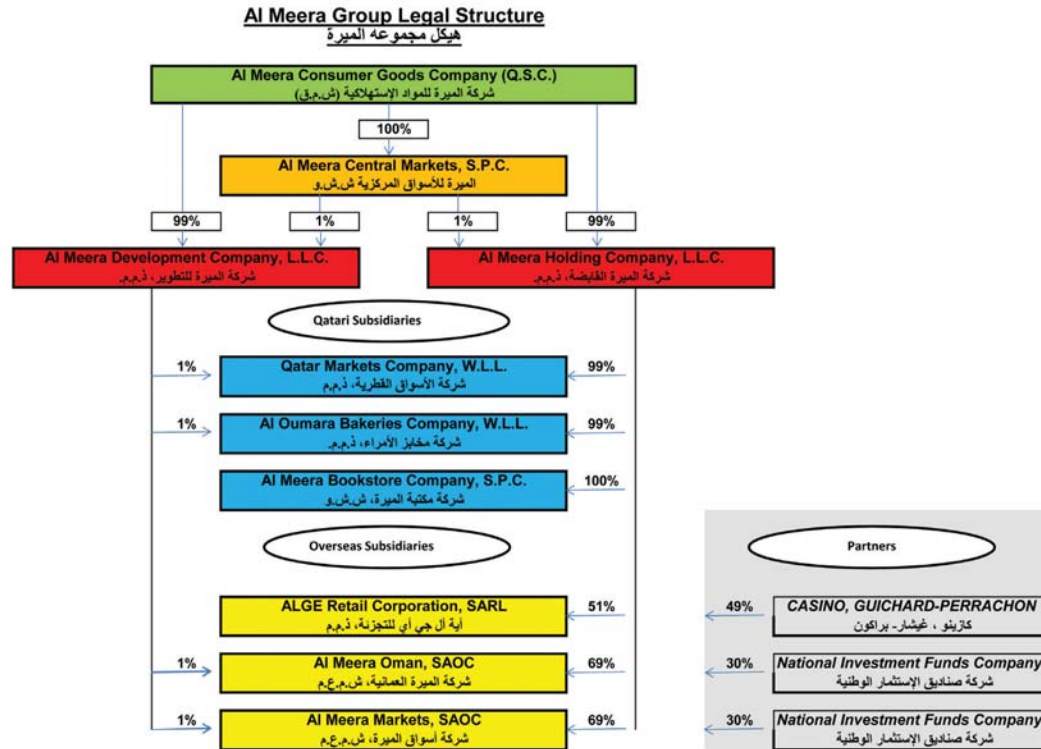
##### **Qatari Subsidiaries**

- Al Meera Holding Company L.L.C.
- Al Meera Central Markets S.P.C.
- Al Meera Development Company L.L.C.
- Qatar Markets Company W.L.L.
- Al Oumara Bakeries Company W.L.L.
- Al Meera Bookstore Company S.P.C.

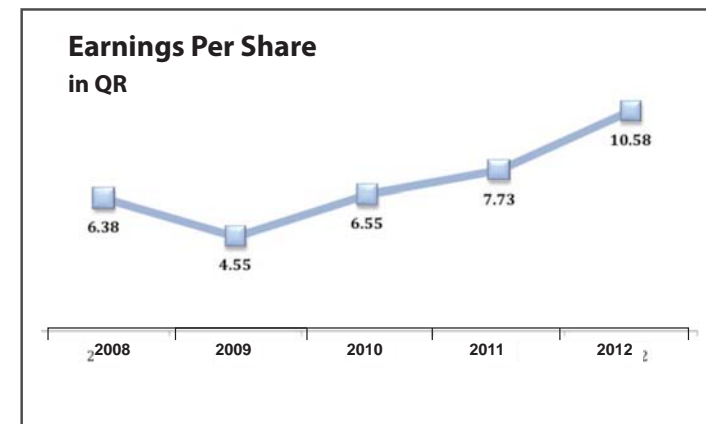
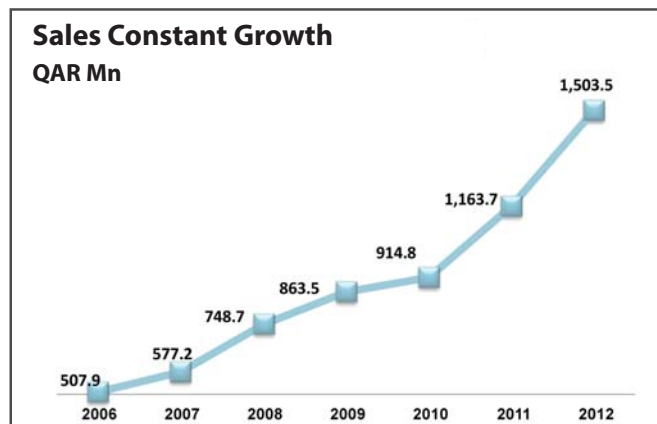
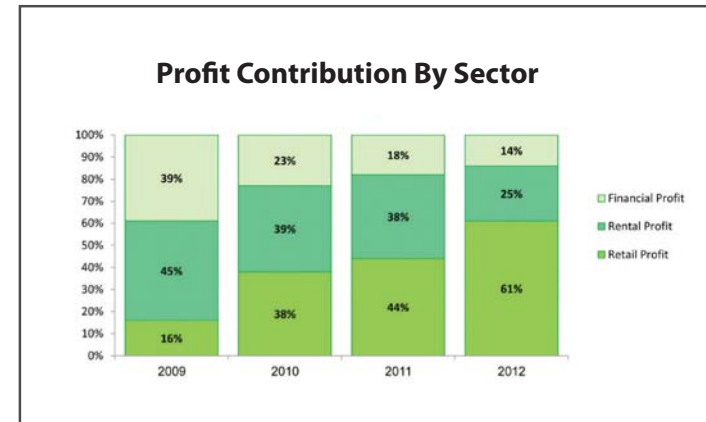
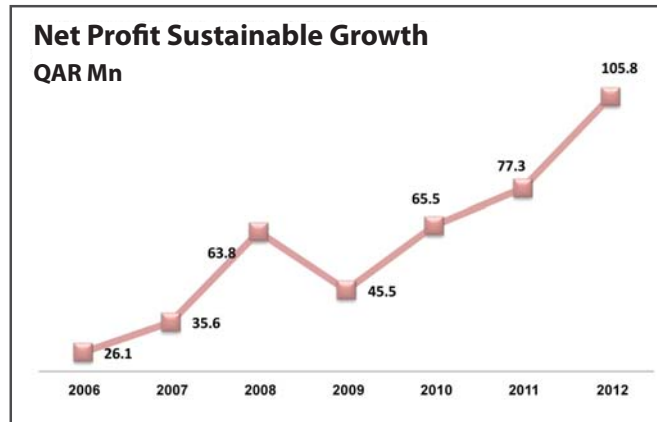
##### **Overseas Subsidiaries**

- ALGE Retail Corporation SARL
- Al Meera Oman SAOC
- Al Meera Markets SAOC

The legal structure of the Group is shown in the chart below:



*Ninth: Graphs and Key Performance Indicators*



Al Meera Consumer Goods Company (Q.S.C.) - Consolidated Financial Statements						
Key Performance Indicators (2007 – 2012)	In Millions Qatari Riyals					
	2012	2011	2010	2009	2008	2007
Net sales	1,503.5	1,163.7	914.8	863.5	748.7	577.2
Total assets	1,046.2	764.9	434.5	393.1	411.5	379.6
Average total assets	905.5	599.7	413.8	402.3	395.5	365.7
Total shareholders' equity	305.2	271.5	249.2	220.9	220.4	228.5
Average total shareholders' equity	288.3	260.4	235.1	220.7	224.5	225.2
Total liabilities	740.9	493.4	185.3	172.1	191.1	151.0
Total bank debts	408.5	246.6	0.0	0.0	0.0	0.0
Total current assets	450.3	243.7	215.7	215.9	260.6	209.1
Total current liabilities	314.5	230.3	172.6	161.3	183.5	144.6
Finance costs	12.1	6.5	0.0	0.0	0.0	0.0
EBIT	117.9	83.8	65.5	45.5	63.8	35.6
Net profit attributable to Al Meera	105.8	77.3	65.5	45.5	63.8	35.6
EBIDA	142.0	99.3	77.8	56.1	74.1	46.1
Number of shares	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Gross profit percentage	17.0%	15.1%	13.4%	12.0%	13.3%	12.4%
Net profit percentage	7.0%	6.6%	7.2%	5.3%	8.5%	6.2%
Return on average total assets	11.7%	12.9%	15.8%	11.3%	16.1%	9.7%
Return on shareholders' equity	36.7%	29.7%	27.9%	20.6%	28.4%	15.8%
Total liabilities to equity ratio	242.7%	181.8%	74.3%	77.9%	86.7%	66.1%
Bank debts to equity ratio	133.8%	90.8%	0.0%	0.0%	0.0%	0.0%
Current ratio	1.4	1.1	1.2	1.3	1.4	1.4
Times finance cost earned	9.7	12.9	0.0	0.0	0.0	0.0
Earnings per share	10.58	7.73	6.55	4.55	6.38	3.56
Nominal value per share	10.00	10.00	10.00	10.00	10.00	10.00
Book value per share	30.52	27.15	24.92	22.09	22.04	22.85

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# CONSOLIDATED FINANCIAL STATEMENTS and Independent Auditor's Report

For the year ended December 31, 2012

## INDEPENDENT AUDITOR'S REPORT

**THE SHAREHOLDERS**  
**AL MEERA CONSUMER GOODS COMPANY Q.S.C.**
**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Al Meera Consumer Goods Company Q.S.C. (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2012 and the consolidated 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 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 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 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2012 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 Group, 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.

**Other Matter**

The consolidated financial statements of the Group for the year ended December 31, 2011 were audited by another auditor, whose report dated March 12, 2012 expressed an unqualified audit opinion on those consolidated financial statements.

February 9, 2013  
Doha – Qatar

**For Deloitte & Touche**

Midhat Salha  
License No. 257



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2012

	Notes	2012 QR	2011 QR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	233,147,629	172,550,399
Intangible assets	6	9,912,534	11,844,733
Available for sale investments	7	125,825,910	109,730,759
Goodwill	8	227,028,986	227,028,986
<b>Total non-current assets</b>		<b>595,915,059</b>	<b>521,154,877</b>
<b>Current assets</b>			
Inventories	9	116,018,879	87,702,963
Accounts receivable and prepayments	10	35,799,332	39,183,640
Cash and bank balances	11	298,441,888	116,835,635
<b>Total current assets</b>		<b>450,260,099</b>	<b>243,722,238</b>
<b>Total assets</b>		<b>1,046,175,158</b>	<b>764,877,115</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	100,000,000	100,000,000
Legal reserve	13	53,509,967	53,509,967
Optional reserve	13	21,750,835	21,750,835
Fair value reserve		4,504,437	6,273,700
Retained earnings		123,181,999	89,922,728
<b>Equity attributable to the owners of the Company</b>		<b>302,947,238</b>	<b>271,457,230</b>
Non-controlling interests		2,286,605	--
<b>Total equity</b>		<b>305,233,843</b>	<b>271,457,230</b>

	Notes	2012 QR	2011 QR
<b>Non-current liabilities</b>			
Loans and borrowings	14	408,498,236	244,407,273
Employees' end of service benefits	15	17,897,797	18,672,256
<b>Total non-current liabilities</b>		<b>426,396,033</b>	<b>263,079,529</b>
<b>Current liabilities</b>			
Accounts payable and accruals	16	314,545,282	228,173,189
Loans and borrowings	14	--	2,167,167
<b>Total current liabilities</b>		<b>314,545,282</b>	<b>230,340,356</b>
<b>Total liabilities</b>		<b>740,941,315</b>	<b>493,419,885</b>
<b>Total equity and liabilities</b>		<b>1,046,175,158</b>	<b>764,877,115</b>

**Mr. Abdulla Bin Khalid Al Qahtani**  
Chairman

**Dr. Saif Saeed Al-Sowaidi**  
Vice Chairman

• The accompanying notes are an integral part of these consolidated financial statements

## CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2012

	Notes	2012 QR	2011 QR
Sales		<b>1,503,516,973</b>	1,163,649,224
Cost of sales		<b>(1,247,842,467)</b>	(988,435,682)
<b>Gross profit</b>		<b>255,674,506</b>	175,213,542
Shops rental income		<b>32,742,429</b>	30,977,867
Other income	19	<b>26,999,190</b>	19,762,813
<b>Operating income</b>		<b>315,416,125</b>	225,954,222
General and administrative expenses	20	<b>(173,995,732)</b>	(126,692,739)
Depreciation	5	<b>(22,205,745)</b>	(14,839,859)
Amortisation of intangible assets	6	<b>(1,932,199)</b>	(625,994)
Finance costs		<b>(12,130,050)</b>	(6,490,924)
<b>Profit for the year</b>		<b>105,152,399</b>	77,304,706
<b>Attributable to :</b>			
Owners of the Company		<b>105,755,855</b>	77,304,706
Non-controlling interests		<b>(603,456)</b>	--
		<b>105,152,399</b>	77,304,706
<b>Earnings per share :</b>			
Basic	21	<b>10.58</b>	7.73
Diluted	21	<b>10.58</b>	7.73

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	2012 QR	2011 QR
<b>Profit for the year</b>		<b>105,152,399</b>	77,304,706
<b>Other comprehensive loss</b>			
Net movement in fair value of available-for-sale investments	22	<b>(1,769,263)</b>	(3,269,211)
<b>Total comprehensive income for the year</b>		<b>103,383,136</b>	74,035,495
<b>Attributable to :</b>			
Owners of the Company		<b>103,986,592</b>	74,035,495
Non-controlling interests		<b>(603,456)</b>	--
		<b>103,383,136</b>	74,035,495

• The accompanying notes are an integral part of these consolidated financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2012

	Share capital	Legal reserve	Optional reserve	Fair Value reserve	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Balance at January 1, 2011	100,000,000	53,509,967	21,750,835	9,542,911	64,441,663	249,245,376	--	249,245,376
Total comprehensive income for the year	--	--	--	(3,269,211)	77,304,706	74,035,495	--	74,035,495
Appropriation for contribution to social fund (Note 18)	--	--	--	--	(1,823,641)	(1,823,641)	--	(1,823,641)
Dividends declared (Note 17)	--	--	--	--	(50,000,000)	(50,000,000)	--	(50,000,000)
<b>Balance at December 31, 2011</b>	<b>100,000,000</b>	<b>53,509,967</b>	<b>21,750,835</b>	<b>6,273,700</b>	<b>89,922,728</b>	<b>271,457,230</b>	<b>--</b>	<b>271,457,230</b>
Total comprehensive income for the year	--	--	--	(1,769,263)	105,755,855	103,986,592	(603,456)	103,383,136
Appropriation for contribution to social fund (Note 18)	--	--	--	--	(2,496,584)	(2,496,584)	--	(2,496,584)
Non-controlling interests arising from investments in subsidiaries	--	--	--	--	--	--	2,890,061	2,890,061
Dividends declared (Note 17)	--	--	--	--	(70,000,000)	(70,000,000)	--	(70,000,000)
<b>Balance at December 31, 2012</b>	<b>100,000,000</b>	<b>53,509,967</b>	<b>21,750,835</b>	<b>4,504,437</b>	<b>123,181,999</b>	<b>302,947,238</b>	<b>2,286,605</b>	<b>305,233,843</b>

• The accompanying notes are an integral part of these consolidated financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2012

	Note	2012 QR	2011 QR
<b>OPERATING ACTIVITIES</b>			
Profit for the year		105,152,399	77,304,706
Adjustments for:			
Depreciation		22,475,783	14,969,533
Amortisation of intangibles		1,932,199	625,994
Interest income		(1,782,504)	(2,671,046)
Gain on sale of available for sale of investments, net		(7,501,520)	(7,075,585)
Provision for doubtful debts, net		18,912	100,502
Provision employees' end of service benefits		4,674,394	3,342,330
Net (gain)/ loss on disposal of property and equipment		(40,925)	748,240
Dividend income		(5,892,508)	(4,359,053)
Finance Cost		12,130,050	6,490,924
		<b>131,166,280</b>	<b>89,476,545</b>
<b>Working capital changes:</b>			
Accounts receivable and prepayments		3,365,396	12,488,088
Inventories		(28,315,916)	(6,408,299)
Accounts payable and accruals		71,210,101	11,622,426
<b>Cash from operations</b>		<b>177,425,861</b>	<b>107,178,760</b>
Payment of employees' end of service benefits		(5,448,853)	(1,349,325)
Payment of contribution to social fund		--	(1,533,919)
<b>Net cash generated from operating activities</b>		<b>171,977,008</b>	<b>104,295,516</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries net of cash acquired		--	(242,422,346)
Purchase of available-for-sale investments		(119,604,532)	(82,429,510)
Proceeds from sale of available-for-sale investments		109,241,638	84,589,595
Purchase of property and equipment		(83,097,457)	(63,846,144)

	Note	2012 QR	2011 QR
Proceeds from disposal of property and equipment		65,369	117,407
Purchase of intangible assets		--	(125,000)
Net movement in deposits maturing after 90 days		27,264,032	12,855,006
Dividends received		5,892,508	4,359,053
Interest received		1,782,504	1,937,070
<b>Net cash used in investing activities</b>		<b>(58,455,938)</b>	<b>(284,964,869)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings		410,134,826	246,574,440
Repayments of loans and borrowings		(248,301,993)	---
Dividends paid		(54,261,748)	(78,360,345)
Interest Paid		(15,111,931)	(19,773)
Non-controlling interest arising from investments in subsidiaries		2,890,061	--
<b>Net cash generated by financing activities</b>		<b>95,349,215</b>	<b>168,194,322</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>208,870,285</b>	<b>(12,475,031)</b>
Cash and cash equivalents at the beginning of the year		44,647,814	57,122,845
Cash and cash equivalents at the end of the year	11	<b>253,518,099</b>	<b>44,647,814</b>

• The accompanying notes are an integral part of these consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2012

### 1. INCORPORATION AND ACTIVITIES

On July 13, 2004, the law No. (24) for 2004 was issued in order to transfer the former Consumers Cooperative Societies to Qatari Shareholding Company with a capital of QR 100,000,000, Al-Meera Consumer Goods Company (the "Company"), which is governed by the Qatar Commercial Companies Law No. 5 of 2002. The Company was registered under commercial registration number 29969 on March 2, 2005.

The Company and its subsidiaries (together "the Group") are mainly involved in wholesale and retail trading of various types of consumer goods commodities; owning and managing consumer outlets; and trading in foodstuff and consumer goods.

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

The Company is the ultimate parent of the following companies:

Entity Name	Country of Incorporation	Relationship	Ultimate Ownership	
			2012	2011
Al Meera Holding Company L.L.C.	Qatar	Subsidiary	100%	100%
Al Meera Supermarkets Company S.P.C.	Qatar	Subsidiary	100%	100%
Al Meera Development Company L.L.C.	Qatar	Subsidiary	100%	100%
Qatar Markets Company W.L.L.	Qatar	Subsidiary	100%	100%
Al Oumara Bakeries Company W.L.L.	Qatar	Subsidiary	100%	100%
Alge Retail Corporation Sarl	Switzerland	Subsidiary	51%	--
Al Meera Oman S.A.O.C.	Oman	Subsidiary	70%	--
Al Meera Markets S.A.O.C.	Oman	Subsidiary	70%	--
Al Meera Bookstore S.P.C.	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's investments and managing its subsidiaries, owning patents, tradeworks and real estate needed to carry out its activities.

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

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

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

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

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

**Al Meera Markets S.A.O.C. ("Al Meera Market")** is a limited liability company incorporated in Sultanate of Oman. The company is engaged in the establishment and operation of shopping centers, supermarkets, and hypermarkets. As at the reporting date, this company has not commenced its operations.



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

These consolidated financial statements of the Group for the year ended December 31, 2012 were authorized for issue by Chairman and Vice chairman on February 9, 2013.

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

### 2.1 Amendments to IFRSs affecting amounts reported in the consolidated financial statements

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

#### (i) Revised Standards

- IFRS 1 (Revised) *First time adoption of International Financial Reporting Standards*  
- Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'
- Additional exemption for entities ceasing to suffer from severe hyperinflation
- IFRS 7 (Revised) *Financial Instruments Disclosures - Amendments enhancing disclosures about transfers of financial assets*
- IAS 12 (Revised) *Income Taxes - Limited scope amendment (recovery of underlying assets)*

The adoption of these revised standards had no significant effect on the consolidated financial statements of the Group for the year ended December 31, 2012, other than certain presentation and disclosure changes.

### 2.2 New and revised IFRSs in issue but not yet effective

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

#### (i) Revised Standards:

Effective for annual periods beginning on or after July 1, 2012 (Early adoption allowed)

- IAS 1 (Revised) *Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented*

Effective for annual periods beginning on or after January 1, 2013

- IFRS 7 (Revised) *Financial Instruments Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities*
- IAS 19 (Revised) *Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects*
- IAS 27 (Revised)\* *Consolidated and Separate Financial Statements (Early adoption allowed) - Reissued as IAS 27 Separate Financial Statements*
- IAS 28 (Revised)\* *Investments in Associates (Early adoption allowed) - Reissued as IAS 28 Investments in Associates and Joint Ventures*

Effective for annual periods beginning on or after January 1, 2015

- IFRS 7 (Revised) *Financial Instruments Disclosures - Amendments requiring disclosures about the initial application of IFRS 9*

#### (ii) New Standards:

Effective for annual periods beginning on or after January 1, 2013 (Early adoption allowed)

- IFRS 10\* *Consolidated Financial Statements*
- IFRS 11\* *Joint Arrangements*
- IFRS 12\* *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*

Effective for annual periods beginning on or after January 1, 2015 (Early adoption allowed)

- IFRS 9 *Financial Instruments*  
- Classification and measurement of financial assets  
- Accounting for financial liabilities and de-recognition

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

### 2.2 New and revised IFRSs in issue but not yet effective (continued)

#### (iii) New Interpretation:

Effective for annual periods beginning on or after January 1, 2013

- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

\* In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011). These five Standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five Standards are applied early at the same time.

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

## 3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

### Basis of preparation

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

The principal accounting policies are set out below.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities.

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

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

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

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

### 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.

### 3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue (continued)

##### *Shop rental income*

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

##### *Dividend and interest income*

Dividend income from investments is recognised when the Group's right to receive payment has been established. Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### Foreign currency translation

##### *Functional and presentation currency*

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

##### *Transactions and balances*

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

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

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

#### Borrowing costs

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

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

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

#### Leases

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

#### Property and equipment

Property and equipment is stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of 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:



### 3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Property and equipment (continued)

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

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

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

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

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

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

#### Intangible assets

Intangible assets other than goodwill are recognized at cost and carried at cost less accumulated amortization. The amortization is calculated using the straight-line method to allocate the cost over the estimated useful life of 5 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### Business combination and goodwill

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

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

#### Impairment of goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

#### Inventories

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

#### Financial assets

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

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

#### Effective interest rate method

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

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

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

A financial asset is classified as held for trading if:

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

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

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



### 3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial assets (continued)

##### *Held-to-maturity investments*

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

##### *Available for sale (AFS) investments*

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

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

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

##### *Loans and advances*

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

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial. The amortisation is included in 'interest

income' in the consolidated statement of income. The losses arising from impairment are recognised in the consolidated statement of income.

##### *Cash and cash equivalents*

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

##### *Trade receivables*

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

##### *Impairment of financial assets*

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

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

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

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

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

### 3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Impairment of financial assets(continued)*

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

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

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

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

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

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

#### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

##### *Equity instruments*

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

##### *Trade payables*

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

##### *Borrowings*

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

### 3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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*

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

##### *Employees' retirement contribution*

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

#### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

#### Dividend distribution

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

### 4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's consolidated 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 significant effect on the amounts recognised in the consolidated 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. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of income.

#### Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical realisable value. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of income.

#### Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

#### Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate the present value.

## 5. PROPERTY AND EQUIPMENT

	<i>Land</i>	<i>Buildings</i>	<i>Refrigerators and equipment</i>	<i>Motor vehicles</i>	<i>Furniture and fixtures</i>	<i>Computer equipments</i>	<i>Leasehold improvements</i>	<i>Capital work- in-progress</i>	<i>Total</i>
	QR	QR	QR	QR	QR	QR	QR	QR	QR
<b>Cost:</b>									
At January 1, 2012	5,383,975	90,386,027	72,379,830	7,700,875	38,575,269	15,593,586	18,987,789	70,451,935	319,459,286
Additions	--	--	8,349,277	757,000	1,035,262	2,766,285	1,988,988	68,200,645	83,097,457
Disposals	--	--	(2,721,969)	--	(819)	(22,900)	--	--	(2,745,688)
Transfers	--	47,367,131	11,407,777	--	246,135	427,428	2,604,581	(62,053,052)	--
<b>At December 31, 2012</b>	<b>5,383,975</b>	<b>137,753,158</b>	<b>89,414,915</b>	<b>8,457,875</b>	<b>39,855,847</b>	<b>18,764,399</b>	<b>23,581,358</b>	<b>76,599,528</b>	<b>399,811,055</b>
<b>Accumulated Depreciation:</b>									
At January 1, 2012	--	45,143,645	47,315,665	5,614,878	26,883,463	12,886,501	9,064,735	--	146,908,887
Provided during the year	--	4,848,085	9,814,460	831,504	3,098,524	1,904,872	1,978,338	--	22,475,783
Relating to disposals	--	--	(2,701,261)	--	(9)	(19,974)	--	--	(2,721,244)
<b>At December 31, 2012</b>	<b>--</b>	<b>49,991,730</b>	<b>54,428,864</b>	<b>6,446,382</b>	<b>29,981,978</b>	<b>14,771,399</b>	<b>11,043,073</b>	<b>--</b>	<b>166,663,426</b>
<b>Net book value</b>									
<b>At December 31, 2012</b>	<b>5,383,975</b>	<b>87,761,428</b>	<b>34,986,051</b>	<b>2,011,493</b>	<b>9,873,869</b>	<b>3,993,000</b>	<b>12,538,285</b>	<b>76,599,528</b>	<b>233,147,629</b>

During this year, the Group has capitalized borrowing cost amounting to QR 820,857 (2011: Nil), as a part of the capital work in progress.

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

	<i>Land</i>	<i>Buildings</i>	<i>Refrigerators and equipment</i>	<i>Motor vehicles</i>	<i>Furniture and fixtures</i>	<i>Computer equipments</i>	<i>Leasehold improvements</i>	<i>Capital work- in-progress</i>	<i>Total</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
<b>Cost</b>									
At January 1, 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
Pertaining to acquisition of subsidiaries	--	--	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)	--
<b>At December 31, 2011</b>	<b>5,383,975</b>	<b>90,386,026</b>	<b>72,379,830</b>	<b>7,700,875</b>	<b>38,575,270</b>	<b>15,593,586</b>	<b>18,987,788</b>	<b>70,451,935</b>	<b>319,459,285</b>
<b>Accumulated Depreciation:</b>									
At January 1, 2011	--	44,180,799	36,427,358	3,498,674	18,649,069	11,313,579	7,094,070	--	121,163,549
Pertaining to acquisition of subsidiaries	--	--	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)
<b>At December 31, 2011</b>	<b>--</b>	<b>45,143,645</b>	<b>47,317,409</b>	<b>5,614,883</b>	<b>26,883,458</b>	<b>12,886,502</b>	<b>9,062,989</b>	<b>--</b>	<b>146,908,886</b>
<b>Net book value</b>									
<b>At December 31, 2011</b>	<b>5,383,975</b>	<b>45,242,381</b>	<b>25,062,421</b>	<b>2,085,992</b>	<b>11,691,812</b>	<b>2,707,084</b>	<b>9,924,799</b>	<b>70,451,935</b>	<b>172,550,399</b>



## 5. PROPERTY AND EQUIPMENT (continued)

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

	2012 QR	2011 QR
Cost of sales	270,038	129,674
Depreciation	22,205,745	14,839,859
	<u>22,475,783</u>	<u>14,969,533</u>

## 6. INTANGIBLE ASSETS

	2012 QR	2011 QR
<b>Cost:</b>		
At the beginning of the year	16,085,978	2,019,518
Additions	--	125,000
Pertaining to acquisition of subsidiaries	--	13,941,460
At the end of the year	<u>16,085,978</u>	<u>16,085,978</u>

## Accumulated amortisation

At the beginning of the year	4,241,245	980,163
Charge for the year	1,932,199	625,994
Pertaining to acquisition of subsidiaries	--	2,635,088
At the end of the year	<u>6,173,444</u>	<u>4,241,245</u>
Net book value at the end of the year	<u>9,912,534</u>	<u>11,844,733</u>

## 7. AVAILABLE-FOR-SALE INVESTMENTS

	2012 QR	2011 QR
Quoted equity investments	111,231,846	95,092,095
Unquoted equity investments	14,594,064	14,638,664
	<u>125,825,910</u>	<u>109,730,759</u>
<b>Carrying value of available-for-sale investments:</b>		
At cost	121,321,473	103,457,059
Fair value reserve	4,504,437	6,273,700
	<u>125,825,910</u>	<u>109,730,759</u>

## 8. GOODWILL

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

The values assigned to the identified assets and liabilities of Qatar Markets Company W.L.L. and Al Oumara Bakery Company W.L.L. as at the date of acquisition are shown below:

<b>Assets</b>	
Property and equipment	14,825,386
Intangible assets	11,306,372
Inventories	29,074,217
Accounts receivables and prepayments	30,559,068
Cash and cash equivalents	26,173,989
<b>Total assets</b>	<u>111,939,032</u>

## 8. GOODWILL (continued)

<b>Liabilities</b>	
Employees end of service benefits	3,973,302
Accounts payable and accruals	66,398,381
<b>Total liabilities</b>	<b>70,371,683</b>
<b>Identifiable net assets acquired</b>	<b>41,567,349</b>
Goodwill arising on acquisition	227,028,986
Purchase consideration transferred	<b>268,596,335</b>
<b>Cash flow on acquisition</b>	
Cost of acquisition	268,596,335
Less: Cash and cash equivalents in subsidiaries acquired	(26,173,989)
<b>Net cash flow on acquisition</b>	<b>242,422,346</b>

## 9. INVENTORIES

	2012	2011
	QR	QR
Finished goods	<b>115,932,977</b>	87,929,712
Inventories consumable and spare parts	<b>312,651</b>	--
Less: Allowance for slow moving inventories	<b>(226,749)</b>	(226,749)
	<b>116,018,879</b>	87,702,963

There were no movements in the slow moving inventories during the year (2011: Nil).

## 10. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2012	2011
	QR	QR
Trade receivables	<b>9,460,903</b>	12,075,798
Credit card receivables	<b>3,671,822</b>	4,676,086
Cash margins	<b>34,537</b>	1,819,740
Advances to suppliers	<b>10,142,722</b>	6,992,674
Prepayments	<b>7,385,058</b>	6,595,570
Deposits	<b>2,100,026</b>	1,547,017
Staff receivables	<b>789,417</b>	1,074,999
Notes receivables	--	1,015,070
Accrued interest income	<b>244,706</b>	733,976
Rent receivables	<b>920,529</b>	500,192
Other receivables	<b>2,677,745</b>	3,761,739
	<b>37,427,465</b>	40,792,861
Less: Allowance for impairment of receivables	<b>(1,628,133)</b>	(1,609,221)
	<b>35,799,332</b>	39,183,640

At December 31, 2012, trade receivables at nominal value of QR 1,628,133 (2011: QR 1,609,221) were impaired.

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

	2012	2011
	QR	QR
At January 1,	<b>1,609,221</b>	1,456,055
Relating to receivables acquired	--	52,664
Charge for the year	<b>105,095</b>	110,902
Recovery for the year	<b>(86,183)</b>	(10,400)
	<b>1,628,133</b>	1,609,221

## 10. ACCOUNTS RECEIVABLE AND PREPAYMENTS (CONTINUED)

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

	Total QR	<30 days QR	Past due but not impaired			
			30-60 days QR	61-90 days QR	91-120 days QR	>120 days QR
2012	9,460,903	1,022,700	3,344,932	1,715,609	254,099	3,123,563
2011	12,075,798	3,743,848	3,416,091	1,590,065	2,632,128	693,666

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

## 11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2012 QR	2011 QR
Cash at banks	297,527,330	115,084,455
Cash on hands	914,558	1,751,180
	298,441,888	116,835,635
Time deposits maturing over 90 days	(44,923,789)	(72,187,821)
	253,518,099	44,647,814

## 12. SHARE CAPITAL

	2012 QR	2011 QR
Authorised, issued and fully paid [10,000,000 ordinary shares of QR. 10 each]	100,000,000	100,000,000

## 13. 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 is already more than 50% of share capital. This reserve is not available for distribution except in the circumstances stipulated in Qatar Commercial Companies Law No. 5 of 2002.

### 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.

## 14. LOANS AND BORROWINGS

	2012 QR	2011 QR
Loan (1)	--	244,407,273
Loan (2)	--	2,167,167
Loan (3)	387,498,236	--
Loan (4)	21,000,000	--
	408,498,236	246,574,440

Presented in the consolidated statement of financial position as follows:

Current portion	--	2,167,167
Non-current portion	408,498,236	244,407,273
	408,498,236	246,574,440

#### 14. LOANS AND BORROWINGS (continued)

Notes:

(i) Loan 1 & 2 represent Islamic Financing Facility obtained from a local bank in the year 2011 for acquisition of subsidiaries. The facility carried a profit rate of 4.95% per annum and was repayable in equal quarterly instalments after 2 years of grace period. During the year, the Group repaid these loans by obtaining fresh loans from a different bank.

(ii) Loan 3 & 4 represent Murabaha facility obtained from a local bank for an amount of QR 409 million. The effective date of drawdowns was between October 9, 2012 and November 19, 2012. The facility carries a profit rate of 3.5% per annum and is payable in one lumpsum payment on or before 3 years from the drawdown date. The above loan is presented net of unamortized financing arrangement costs.

#### 15. EMPLOYEES' END OF SERVICE BENEFITS

	2012	2011
	QR	QR
At January 1,	18,672,256	12,705,949
Provision on acquisition date of subsidiaries	--	3,973,302
Provision during the year	4,674,394	3,342,330
Payment during the year	(5,448,853)	(1,349,325)
	<u>17,897,797</u>	<u>18,672,256</u>

#### 16. ACCOUNTS PAYABLE AND ACCRUALS

	2012	2011
	QR	QR
Trade payables	196,203,430	170,459,918
Dividends payable	37,243,015	21,504,762
Deferred rent income	1,236,840	1,608,566
Staff bonus	8,759,646	6,029,185
Provision for social and sports activities contribution	4,320,225	1,823,641
Provision for air tickets and leave pay	3,272,812	1,757,318
Accrued expenses	8,665,537	12,056,049
Other payables	54,843,777	12,933,750
	<u>314,545,282</u>	<u>228,173,189</u>

#### 17. DIVIDENDS

On March 12, 2012, the Board of Directors has proposed cash dividends of QR 7 per share amounting to QR 70 million for the shareholders (2011: QR 5 per share QR 50 million). This has been approved in the AGM held subsequent to that date.

#### 18. CONTRIBUTION TO SOCIAL FUND

In accordance with Law No. 13 of 2008, the Group has made an appropriation of profit of QR 2.49 million in 2012 (in 2011: QR 1.82 million) equivalent to 2.5% of the adjusted net profit of the Group for the year for the support of sports, cultural, social and charitable activities.

## 19. OTHER INCOME

	2012	2011
	QR	QR
Dividend income	5,892,508	4,359,053
Gain on sale of available for sale of investments, net	7,501,520	7,075,585
Interest income	1,782,504	2,671,046
Other income	11,822,658	5,657,129
	<b>26,999,190</b>	<b>19,762,813</b>

## 20. GENERAL AND ADMINISTRATIVE EXPENSES

	2012	2011
	QR	QR
Staff costs	105,315,327	80,835,440
Rent	22,837,970	7,883,165
Water and electricity	7,783,358	5,776,616
Contract labour charges	10,248,498	7,722,477
Consulting and professional fees	5,585,021	1,952,827
Board of Directors remuneration	4,637,140	3,817,140
Bank charges, commission and credit card charges	3,365,640	3,396,904
Repairs and maintenance	3,032,168	3,000,245
Advertisement	2,144,133	3,495,446
Vehicles and insurance expenses	1,656,128	1,249,954
Telephone and post	1,463,020	1,318,112
Loss on sale of property and equipment	--	748,240
Printing and stationary	696,798	577,274
Donations	65,300	200,444
Travelling expenses	1,844,022	1,483,149
Others	3,321,209	3,235,306
	<b>173,995,732</b>	<b>126,692,739</b>

## 21. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit attributable to the equity holders of the Company 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:

	2012	2011
	QR	QR
Profit attributable to the owners of the Company for the year	105,755,855	77,304,706
Weighted average number of shares outstanding during the year	10,000,000	10,000,000
Basic and diluted earnings per share	<b>10.58</b>	<b>7.73</b>

## 22. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2012	2011
	QR	QR
<i>Available-for-sale investments</i>		
Net fair value gain on available for sale investment during the year	5,732,257	3,806,374
Reclassification adjustments relating to available for sale investments disposed of during the year	(7,501,520)	(7,075,585)
	<b>(1,769,263)</b>	<b>(3,269,211)</b>

## 23. CONTINGENCIES AND COMMITMENTS

	2012	2011
	QR	QR
Letter of credits	5,319,095	2,202,406
Letter of guarantees	5,236,759	4,574,095
	<b>10,555,854</b>	<b>6,776,501</b>

The Group's contingent liabilities consist of letters of credit and guarantee relating to purchases of goods associated with the Group's existing contracts with certain suppliers.

It is not anticipated that any material liabilities will arise from the letters of credit and guarantees which were issued in the normal course of the business.



## 24. COMMITMENTS UNDER OPERATING LEASES

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:

	2012	2011
	QR	QR
Not later than one year	18,263,769	7,740,393
Later than one year and not later than five years	72,242,815	70,153,401
Later than five years	26,006,146	41,801,014
	<b>116,512,730</b>	<b>119,694,808</b>

## 25. RELATED PARTY DISCLOSURES

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

### (i) Related party transactions

Except for advances made to related parties, there were no significant purchases or sales of goods or services made with related parties.

### (ii) Related party balances

There were no outstanding related party balances as at December 31, 2012 (2011: Nil).

#### a) Transaction with government

The Government of Qatar holds 26% of the Company's capital. In the normal course of business, the Group supplies its commodities to various Government

and semi-Government agencies in the State of Qatar. The Group also avails 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:

	2012	2011
	QR	QR
Key management remuneration	5,237,260	5,016,352
Board of Directors' remuneration	4,637,140	3,817,140
	<b>9,874,400</b>	<b>8,833,492</b>

## 26. SEGMENT INFORMATION

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

- The retail segment, which comprises the buying and selling of consumer good.
- The investment segment, which comprises equity and funds held as available-for-sale investments, and fixed deposits.
- The leasing segment, which comprise mainly of renting shops in various malls owned by the Group.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured the same as the operating profit or loss in the consolidated financial statements.

## 26. SEGMENT INFORMATION (continued)

### Operating Segments

The following tables represent the sales and profit information related to the Group's operating segments for the year ended December 31, 2012 and 2011 respectively.

	Retail QR	Investment QR	Leasing QR	Total QR
<b>Year ended December 31, 2012</b>				
Sales	1,503,516,973	--	--	1,503,516,973
Cost of sales	(1,247,842,467)	--	--	(1,247,842,467)
Gross profit	255,674,506	--	--	255,674,506
Shops rental income	--	--	32,742,429	32,742,429
Dividend income	--	5,892,508	--	5,892,508
Gain on available for sale investments, net	--	7,501,520	--	7,501,520
Other income	11,822,658	1,782,504	--	13,605,162
<b>Operating income</b>	<b>267,497,164</b>	<b>15,176,532</b>	<b>32,742,429</b>	<b>315,416,125</b>
General and administrative expenses	(173,543,744)	--	(451,988)	(173,995,732)
Finance costs	(12,130,050)	--	--	(12,130,050)
Depreciation and amortisation	(17,814,597)	--	(6,323,347)	(24,137,944)
<b>Profit for the year</b>	<b>64,008,773</b>	<b>15,176,532</b>	<b>25,967,094</b>	<b>105,152,399</b>

	Retail QR	Investment QR	Leasing QR	Total QR
<b>Year ended December 31, 2011</b>				
Sales	1,163,649,224	--	--	1,163,649,224
Cost of sales	(988,435,682)	--	--	(988,435,682)
Gross profit	175,213,542	--	--	175,213,542
Shops rental income	--	--	30,977,867	30,977,867
Dividend income	--	4,359,053	--	4,359,053
Gain on available for sale investments, net	--	7,075,585	--	7,075,585
Other income	5,657,129	2,671,046	--	8,328,175
<b>Operating income</b>	<b>180,870,671</b>	<b>14,105,684</b>	<b>30,977,867</b>	<b>225,954,222</b>
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)
<b>Profit for the year</b>	<b>33,615,765</b>	<b>14,105,684</b>	<b>29,583,257</b>	<b>77,304,706</b>

The following table presents segmental assets regarding the Group's business segments for the year ended December 31, 2012 and December 31, 2011 respectively:

	Retail QR	Investment QR	Leasing QR	Total QR
<b>Segment assets</b>				
At December 31, 2012	<b>895,888,858</b>	<b>137,980,431</b>	<b>12,305,869</b>	<b>1,046,175,158</b>
At December 31, 2011	628,192,875	126,947,332	9,736,908	764,877,115

## 27. FINANCIAL RISK MANAGEMENT

### Objective and policies

The Group's principal financial liabilities comprise accounts payable and loans and borrowings. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as 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 arise directly from its operations.

### Market risk

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

#### Interest rate risk

The Group is exposed to interest rate risk on its floating rate interest-bearing assets (bank deposits). The following table demonstrates the sensitivity of the consolidated 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 December 31, 2012 and 2011. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increase shown.

	<u>Increase in basis points</u>	<u>Effect on profit</u>
2012	+25	112,309
2011	+25	180,470

#### Equity price risk

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

	<u>Changes in equity prices</u>	<u>Effect on equity</u>
2012		
Available-for-sale investments – quoted	5%	5,561,592
2011		
Available-for-sale investments – quoted	5%	4,754,605

The Group also has unquoted investments carried at cost where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired, when the consolidated statement of 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 on obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances and certain assets as reflected in the consolidated statement of financial position.

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

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

## 27. 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.

	2012 QR	2011 QR
Bank balances	297,527,330	115,084,455
Trade and other receivables	28,414,274	32,588,070
	<u>325,941,604</u>	<u>147,672,525</u>

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the its reputation.

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

	On demand QR	Less than 1 year QR	1-3 years QR	3-5 years QR	Total QR
<b>2012</b>					
Trade payables	--	196,203,430	--	--	196,203,430
Dividends payable	37,243,015	--	--	--	37,243,015
Other payables and accruals	--	71,102,351	--	--	71,102,351
Loans and borrowings	--	--	408,498,236	--	408,498,236
<b>Total</b>	<u>37,243,015</u>	<u>267,305,781</u>	<u>408,498,236</u>	<u>--</u>	<u>713,047,032</u>

	On demand QR	Less than 1 year QR	1-3 years QR	3-5 years QR	Total QR
2011					
Trade payables	--	170,459,918	--	--	170,459,918
Dividends payable	21,504,762	--	--	--	21,504,762
Other payables and accruals	--	28,570,758	--	--	28,570,758
Loans and borrowings	--	2,167,167	76,320,478	168,086,795	246,574,440
<b>Total</b>	<u>21,504,762</u>	<u>201,197,843</u>	<u>76,320,478</u>	<u>168,086,795</u>	<u>467,109,878</u>

### Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

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

### Gearing ratio

The gearing ratio at year end was as follows:

	2012 QR	2011 QR
Debt (i)	408,498,236	244,407,273
Cash and bank balances	(298,441,888)	(116,835,635)
Net debt	<u>110,056,348</u>	<u>127,571,638</u>
Equity (ii)	<u>305,233,843</u>	<u>271,457,230</u>
Net debt to equity ratio	<u>0.36</u>	<u>0.47</u>

(i) Debt is defined as long-term debt, as detailed in note 14

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

## 28. 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 December 31, 2012, the Group held the following financial instruments measure at fair value:

	December 31, 2012	Level 1	Level 2	Level 3
	QR	QR	QR	QR
<b>Available-for-sale investments</b>				
-Quoted shares	<u>111,231,846</u>	<u>111,231,846</u>	<u>-</u>	<u>-</u>

	December 31, 2011	Level 1	Level 2	Level 3
	QR	QR	QR	QR
<b>Available-for-sale investments</b>				
-Quoted shares	<u>95,092,095</u>	<u>95,092,095</u>	<u>-</u>	<u>-</u>

Available-for-sale investments amounting to QR 14,594,064 (2011: QR 14,638,664) are carried at cost since the fair value cannot be reliably determined by the management.

During the year ending December 31, 2012, 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.

## 29. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.







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