

Al Meera  الميرة



Al Meera 2013
Annual Report





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

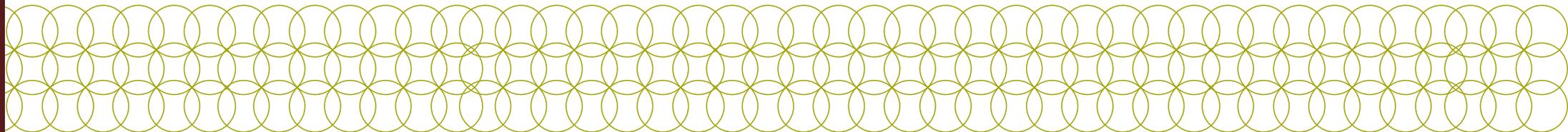


H.H. Sheikh Hamad Bin Khalifa Al Thani
Father Emir



H.E Abdulla Bin Khalid Al Qahtani
Chairman

BOARD OF DIRECTORS





Dr. Saif Said Al Sowaidi
Vice Chairman



HE Dr. Saleh Mohammed Al Nabit
Board Member



Mr. Ahmed Abdullah Al Khulaifi
Board Member



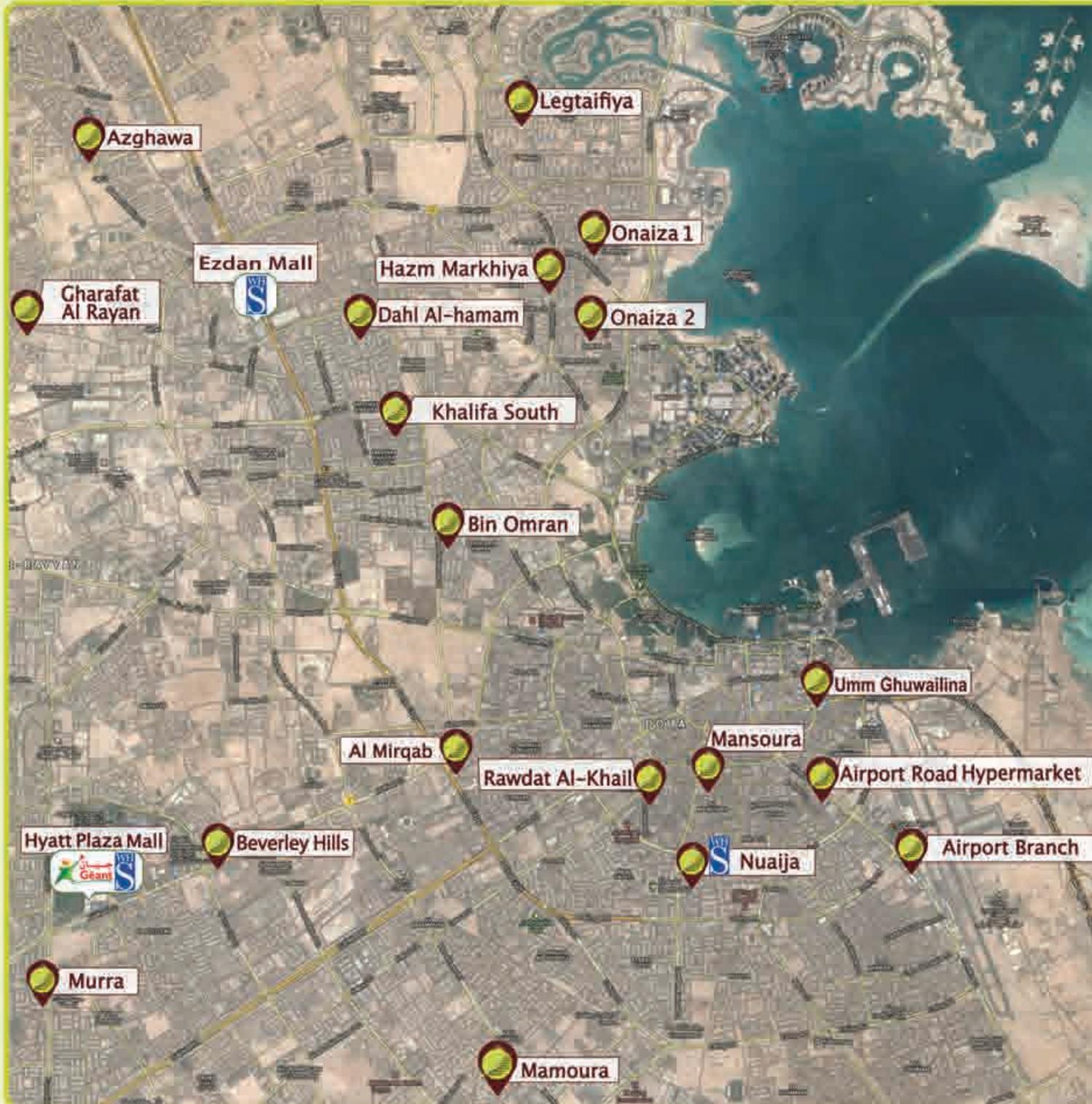
Mr. Mohammad Abdulla Al Mustafawi Al Hashemi
Board Member



Mr. Mohammed Ibrahim Al Sulaiti
Board Member



Mr. Hassan Abdallah Hassan Ibrahim Al Asmakh
Board Member



In Doha

BRANCH	WORKING HOURS	GPS COORDINATES
1 MAMOURA	7:00 AM - 12:00 MN	25° 13' 51.35"N 51° 29' 51.30"E
2 NIJAJIA	7:00 AM - 12:00 MN FRI 2:00 PM - 10:00 PM	25° 15' 31.70"N 51° 31' 36.50"E
1 WHSmith		
3 RAWDAT AL-KHAIL	7:00 AM - 12:00 MN	25° 16' 11.62"N 51° 31' 12.30"E
4 MANSOURA	7:00 AM - 1:00 AM	25° 16' 15.90"N 51° 31' 44.24"E
5 AIRPORT HYPER	7:00 AM - 1:00 AM	25° 16' 12.57"N 51° 32' 44.88"E
6 AIRPORT BRANCH	7:30 AM - 12:00 MN	25° 15' 37.49"N 51° 33' 31.35"E
7 UM GWAILINA	7:30 AM - 12:00 MN	25° 16' 56.79"N 51° 32' 41.50"E
8 AL MIRQAB	7:30 AM - 12:00 MN	25° 16' 23.90"N 51° 29' 29.35"E
9 BIN OMRAN	7:00 AM - 12:00 MN	25° 18' 11.91"N 51° 29' 24.63"E
10 KHALIFA SOUTH	7:00 AM - 12:00 MN	25° 19' 06.05"N 51° 28' 57.67"E
11 DAHL AL-HAMAM	7:00 AM - 12:00 MN	25° 19' 52.72"N 51° 28' 38.30"E
12 HAZM MARKHIYA	7:00 AM - 12:00 MN	25° 20' 14.85"N 51° 30' 19.36"E
13 ONAIZA 2	7:00 AM - 12:00 MN	25° 19' 52.98"N 51° 30' 40.65"E
14 ONAIZA 1	7:30 AM - 1:00 PM 4:00 PM - 10:00 PM	25° 20' 32.51"N 51° 30' 42.25"E
15 LEGTAIFIYA	24 HOURS	25° 21' 34.01"N 51° 30' 04.30"E

Other Branches

BRANCH	WORKING HOURS	GPS COORDINATES
16 GHARAFAT AL RAYAN	7:00 AM - 12:00 MN	25° 19' 54.05"N 51° 25' 41.60"E
17 AZGHAWA	7:00 AM - 12:00 MN	25° 21' 16.74"N 51° 26' 14.07"E
18 SAILIYA (BARWA)	7:30 AM - 12:00 MN	25° 12' 46.91"N 51° 21' 07.00"E
19 HYATT PLAZA MALL	8:00 AM - 12:00 MN 9:00 AM - 10:00 PM FRI 2:00 PM - 11:00 PM	25° 15' 25.05"N 51° 26' 13.96"E
2 WHSmith		
20 BEVERLY HILLS	8:00 AM - 10:00 PM	25° 15' 39.30"N 51° 27' 23.20"E
21 ABU NAKHLA	7:00 AM - 12:00 MN	25° 10' 52.06"N 51° 22' 50.00"E
22 JUMALIYAH	7:30 AM - 11:00 PM	25° 37' 17.37"N 51° 05' 00.93"E
23 MURRA	7:00 AM - 1:00 AM	25° 14' 33.62"N 51° 25' 50.15"E
24 SHAHANIYA	7:00 AM - 11:00 PM	25° 22' 04.23"N 51° 13' 41.52"E
25 DAKHIRA	7:30 AM - 10:30 PM	25° 44' 10.53"N 51° 32' 43.61"E
26 GHUWAILIYA	7:30 AM - 2:00 PM 4:00 PM - 10:00 PM	25° 49' 45.20"N 51° 14' 54.10"E
27 RES. COMP 2 - AL KHOR	7:30 PM - 10:00 PM	25° 42' 52.10"N 51° 31' 48.60"E
28 RES. COMP 1 - AL KHOR	7:30 AM - 10:00 PM	25° 42' 58.35"N 51° 31' 21.45"E
29 SHAMAL	7:00 AM - 11:00 PM	26° 07' 55.72"N 51° 12' 13.82"E
30 KAABAN	7:30 AM - 12:30 PM 3:30 AM - 10:30 PM	25° 52' 21.35"N 51° 21' 05.71"E
31 WAKRA	7:00 AM - 12:00 MN	25° 10' 45.24"N 51° 35' 55.41"E
32 MESAIMEER (BARWA)	8:00 AM - 12:00 MN	25° 12' 46.30"N 51° 31' 36.40"E
33 SEALINE	10:00 AM - 10:00 PM	24° 51' 43.10"N 51° 30' 52.80"E
3 WHSmith		
3 WHSmith EZDAN MALL	9:00 AM - 10:00 PM FRI 2:00 PM - 11:00 PM	25° 19' 58.00"N 51° 27' 44.70"E



Mr. Guy Sauvage
CEO



Dr. Mohammed Nasser Al-Qahtani
Deputy CEO



Alamin Elfaig
Director of Legal Affairs
Board Secretary



Teck Boo Chow
Finance Director



Azhar Mushtaq
Business Controls Director



Karim Noui
Commercial Director
Acting Supply Chain Director



Johannes J. Cobus
Supermarket Format Director
Acting Operations Director

CHAIRMAN'S MESSAGE



H.E Abdulla Bin Khalid Al Qahtani
Chairman

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

Dear Shareholders,

On behalf of the Board of Directors, I am honored and pleased to present to you, our valued shareholders, Al Meera Group's Annual Report for the year ended December 31, 2013, which has been a year of respectable growth and achievements.

The year 2013 has continued to witness growth of the Company's store space, sales and net profits. New branches added in Qatar during the year have increased our store space by approximately 4,100 SqM. Sales for the year 2013 have increased by 29.4% from QAR 1,503.5 million in 2012 to QAR 1,946.0 million, and net profit attributable to owners of the Company, by 85.4% from QAR 105.8 million to QAR 196.1 million, inclusive of QAR 71.4 million net gain on expropriation of land and building in Al Khor.

The beginning of 2013 saw the inauguration of Al Meera's first Géant Hypermarket at Hyatt Plaza which is the culmination of an agreement signed between Al Meera Holding Company (L.L.C.) and French retailer Casino to develop a network of hypermarkets and supermarkets under the Géant banners in selected Middle East countries. The opening of the Géant Hypermarket is in line with our commitment to all our stakeholders to provide high quality and diverse product offerings for our customers.

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

Nuaija Mall, built to international and stringent specifications, has been outfitted with Al Meera's new interior design to allow for and create a more convenient and memorable shopping experience. The new Al Meera's store in Nuaija (2,000 SqM) reconfirms our promises to our shoppers to deliver a breadth of fresh food offerings, while adhering to the strict international

standards to ensure product freshness and quality. Al Meera's store (850 SqM) in Lqutaifiya Mall was opened in November 2013. Also outfitted with the latest interior design and lighting system, the new look and design of the mall has attracted the attention of many well-known national and international retailers and restaurant operators who have expressed desire to partner with Al Meera in this and all its future malls. This store is the first Al Meera store to stay open 24/7. We continue to attract important partners to serve our communities.

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

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

The acquisition of 5 stores (3 hypermarkets and 2 supermarkets) in Oman was completed in February 2013. The stores, with store space totaling approximately 15,400 SqM are located in Azaiba, Barka, Al Kuwair, Sohar and Al Falaj, of which, Azaiba (5,100 SqM) is the largest. The renovation and refurbishment of Azaiba was completed in November 2013 with plans to renovate another 3 stores this year to bring these stores to the same level of quality as the new Al Meera's stores in Qatar. This will enable Al Meera in Oman to provide the same kind of shopping experience customers have come to expect when shopping at an Al Meera store.

To fund these expansions, the Board of Directors proposed in May 2012 to increase the Capital of the company from 10,000,000 shares to 20,000,000 shares through a rights issue. This was approved by the shareholders on October 8, 2012. The 10,000,000 shares were issued and called up at QR 95.00 per share on March 25, 2013. The Rights Issue was oversubscribed by 140%.

We remain committed to delivering our long-term strategy for growth, and with it, sustainable value for our shareholders, and at the same time, fulfilling our vision to be "Your Favorite Neighborhood Retailer".

On behalf of the Board of Directors, I express our sincere gratitude, appreciation and thanks to His Highness Sheikh Tamim Bin Hamad Al Thani, Emir of the State of Qatar, for his wise vision and leadership, and his continuous support and guidance. The Board would also like to graciously thank His Excellency Sheikh Abdullah Bin Nasser Bin Khalifa Al Thani, Prime Minister and Minister of Interior, for his commitment and support to Al Meera.

We would like to extend our sincere thanks to you, our valued shareholders, for your continuous commitment and support to make these growth and achievements possible. Our thanks are also extended to the executive management and staff of Al Meera for their hard work, perseverance and dedication.

We ask Allah Almighty and Exalted to guide us in accomplishing our commitments to our beloved country, our stakeholders, and our customers with confidence and perseverance.

Thank you.,

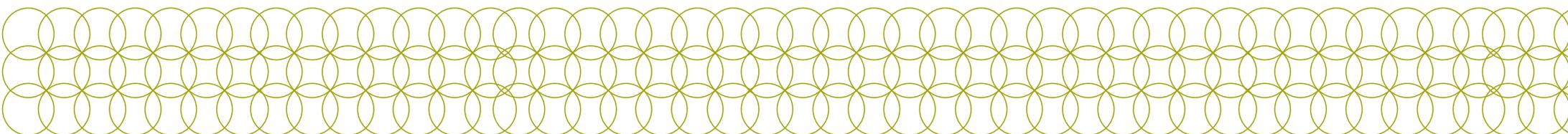
Abdulla Bin Khalid Al Qahtani
Chairman of the Board



الميرة
Al Meera



BOARD OF DIRECTORS' REPORT



BOARD OF DIRECTORS' REPORT

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

Dear Shareholders,

The Board of Directors of Al Meera Consumer Goods Company (Q.S.C.) is pleased to present this Eighth Annual Report on the Company's operations and financial position for the year ended December 31, 2013.

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

Creating Qatar's favorite neighborhood retailer

Over the last eight years since its humble beginning in March 2005, Al Meera has evolved from a group of small to mid-sized ordinary convenience stores and supermarkets to a chain of modern convenience stores, supermarkets and hypermarkets in the State of Qatar and the Sultanate of Oman, while still retaining and enhancing its commitment to be "Your Favorite Neighborhood Retailer".

*Our Mission is
to be
"Your Favorite
Neighborhood
Retailer"*

*" We bring stores to
local communities to
make shopping
easier, convenient
and fun"*

The expansions and the refurbishments we have done to date, and our expansion and refurbishment plans for the future, all bear our pledge to serve the local communities. We bring stores to local communities to make shopping easier, convenient and fun by delivering fresh produce and a range of products that meet their everyday needs to their footsteps.

Opening new outlets to serve Qatar's increasing population

In 2013, two new state of the art neighborhood malls were opened, one to serve the community in Nuaija and the other in Lqutaifiya. In addition to these, we brought easy shopping to the communities in Beverly Hills 3, Barwa, and Messaimeer. Heeding to our customers' request, we replaced our seasonal winter camp store in Sealine with a permanent convenience store to enable us to provide fresh produce and camping products to campers and visitors to the area all the year round.



During the year 2013 we ventured further by bringing the first Géant Hypermarket to our customers in Qatar by transforming our acquired Giant Stores at Hyatt Plaza into Géant, a prominent international hypermarket brand name.



The year 2013 also witnessed the launch of two WH Smith franchise stores in Qatar; a neighborhood store in Al Meera Nuaija Mall and a flagship store in Ezdan Mall.

"In 2013, Al Meera opened three Hypermarkets and two Supermarkets in the Sultanate of Oman"

Building a foothold in Oman

Expanding our foothold outside the State of Qatar, we opened five new stores (three hypermarkets and two supermarkets) in the Sultanate of Oman, bringing the total number of stores in the Group to thirty eight (38), plus two WH Smith franchise stores, with the third to open in the first quarter of 2014.

Constructing new Al Meera malls and stores throughout Qatar

Looking ahead, and in line with Qatar National Vision 2030, we have started the construction of nine state of the art neighborhood malls that are strategically located to provide the communities with not only supermarket produce, but also essential products and services, and eateries alongside our supermarkets, by partnering with well-known pharmaceuticals and healthcare companies, banks, mobile service providers, renowned international restaurants and coffee shop operators. All these added amenities and services will uplift the life style of the communities and create a vibrant atmosphere within each community. We will make Al Meera neighborhood malls destination places of choice for families to shop and to meet, socialize and relax with neighbors and friends.

"We have started construction of nine state of the art neighborhood malls throughout Qatar to embrace Qatar National Vision 2030"

Moreover, we have leased a 1,700 SqM supermarket space in a new shopping mall in Doha known as the Gulf Mall which is expected to open in the second quarter of 2014. This new Al Meera supermarket is outfitted with the new interior design, and the latest lighting and flooring systems which will offer our customers the kind of shopping experience one would expect from a high-end store, but at the same prices as any Al Meera stores.

"We have another fifteen state of the art neighborhood malls throughout Qatar under plan for construction in the next 2 to 5 years"

Another fifteen new community malls throughout the State of Qatar are under plan for construction in the next 2 to 5 years. When opened, we will be ready and able to meet the demands of new communities, geographically, as the population in the country grows.





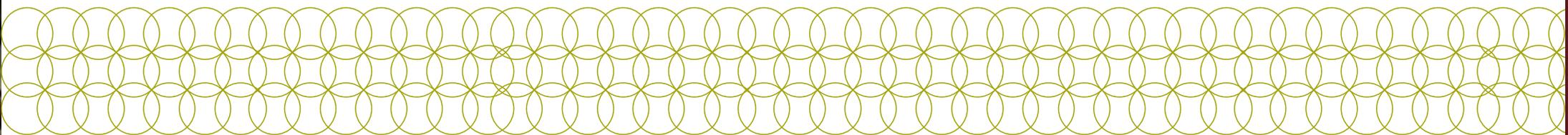
Almora

المورا

Always Trading Co. W.L.L.
13007 Safat
P.O. Box 13007, Safat, Kuwait

Max Load (kg) 160 Type CADERSEC
Max. recommended load for adult users only

2013 BUSINESS REVIEW



2013 Business review

Review of performance

Operations highlights

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

Financial highlights

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

Operations

Creating appealing "look and feel" Al Meera stores

Markets' perception of Al Meera brand has risen markedly in response to the investments made over the past three years in refurbishments and construction of new Al Meera malls and stores. Our new malls and stores, with appealing interior design, lighting and flooring systems, have put Al Meera in the limelight with many local and international companies expressing desire to partner with Al Meera in serving our local communities from these new and newly refurbished outlets.

The "look and feel" of our new and refurbished malls and stores with special focus on "fresh", and the transformation and rebranding of Giant Stores to Géant at Hyatt Plaza with alignment of its prices with Al Meera stores, have been well-received by our customers. This is evident in the increase in footfall and sales from these stores.



Over the next few years, we will continue to roll out stores of the same “look and feel”, while embracing the latest innovations into the design of these new stores so that by the end of 2016, shopping at Al Meera malls and stores will be a unique shopper experience that is second to none.

Overall, our product offering is becoming more customer-focused with fresh produce becoming the heart of what we do. The improved quality and value of our grocery and general merchandise offer are gaining market acceptance, and with it, market share.

The lifestyle of our customers and their shopping habits are constantly evolving. As a multi-format and multi-local retailer strategically located across Qatar, Al Meera has the means and capability to cater to the ever-demanding needs of its customers. Customers now have more choices of where, how and what to shop when shopping in Al Meera malls and stores.

Financial Results

Sales and gross profit

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

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

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

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

Expropriation of land and building

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

Operating income

Operating income increased 21.2% to QAR 382.2 million.

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

Net profit attributable to owners of the Company

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

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

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

Total assets

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

Rights Issue

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

Total equity

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

Bank debt

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

Available-for-sale investments

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

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



Al Meera Group Legal Structure

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

Qatari subsidiaries

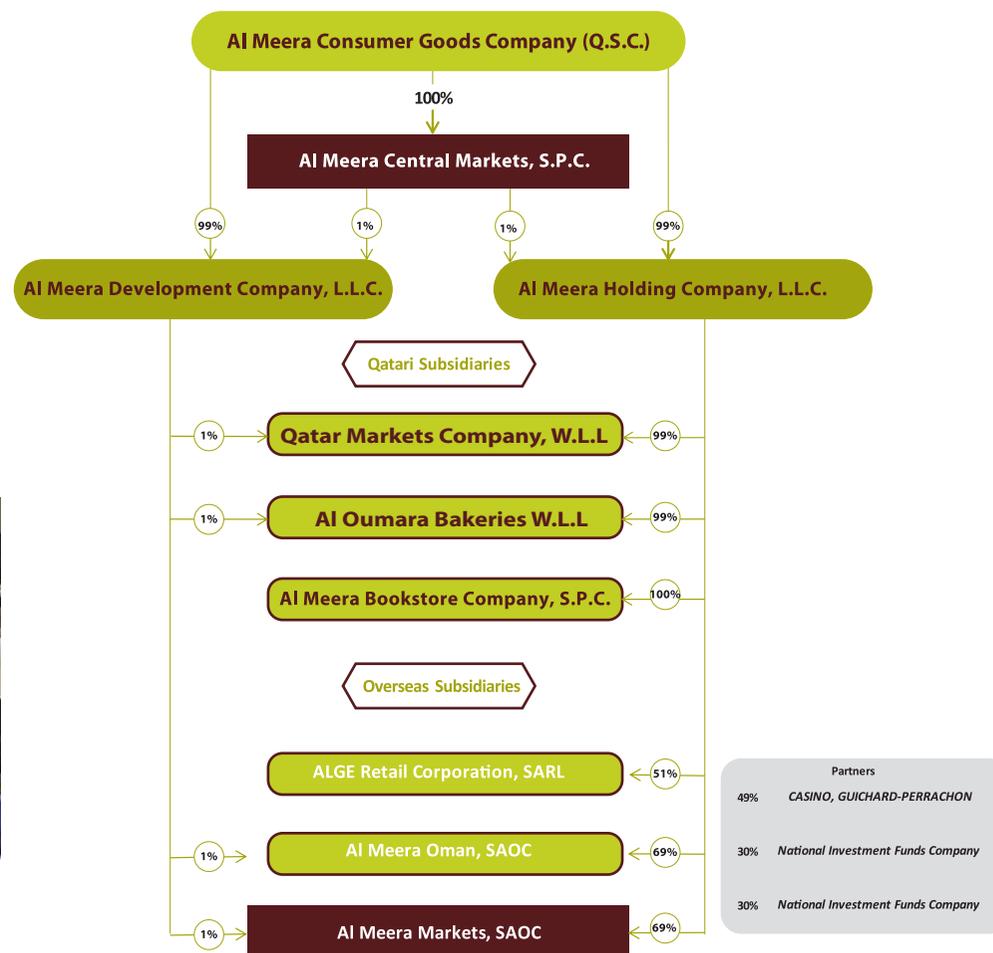
- Al Meera Holding Company L.L.C.
- Al Meera Central Markets S.P.C.
- Al Meera Development Company L.L.C.
- Qatar Markets Company W.L.L.
- Al Oumara Bakeries Company W.L.L.
- Al Meera Bookstore Company S.P.C.

Overseas subsidiaries

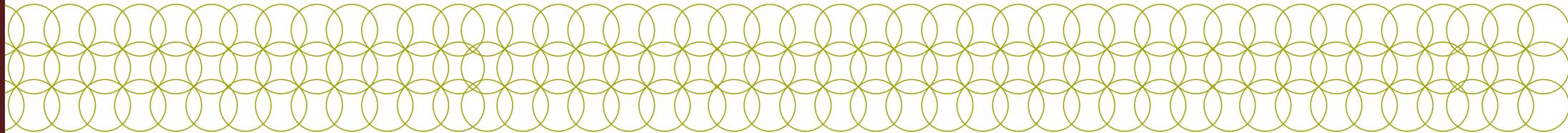
- ALGE Retail Corporation SARL
- Al Meera Oman SAOC
- Al Meera Markets SAOC



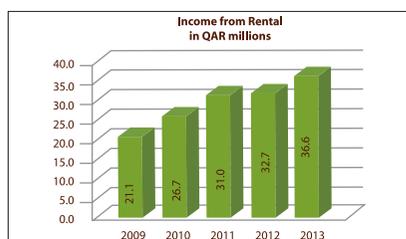
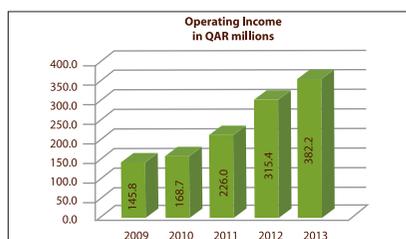
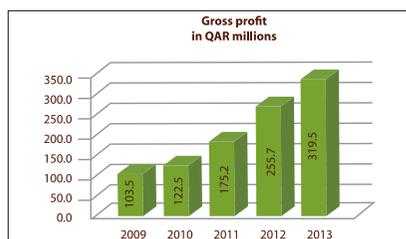
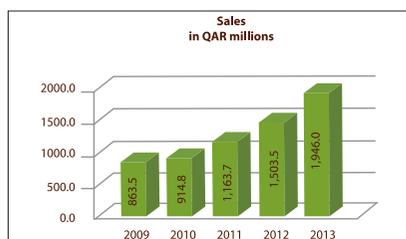
The legal structure of the Group is shown in the chart below:



GRAPHS AND KEY PERFORMANCE INDICATORS



GRAPHS AND KEY PERFORMANCE INDICATORS (2009 - 2013)

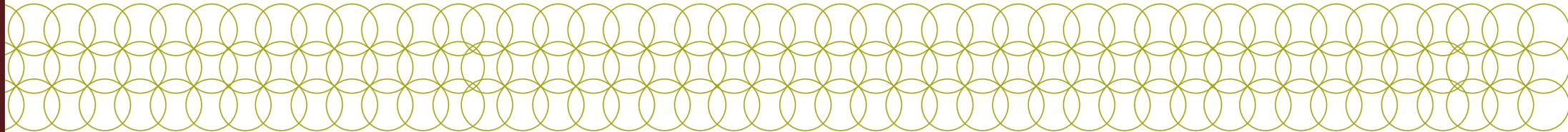


Al Meera Consumer Goods Company (Q.S.C.) - Consolidated Financial Statements

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

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

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2013



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, 2013 and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Other Legal and Regulatory Requirements

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

Doha – Qatar
February 17, 2014



Midhat Salha
Partner

License No. 257

For Deloitte & Touche
Qatar Branch

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2013

	Notes	2013 QR	2012 QR		Notes	2013 QR	2012 QR
ASSETS				EQUITY AND LIABILITIES			
Non-current assets				Equity			
Property and equipment	5	284,324,943	233,147,629	Share capital	12	200,000,000	100,000,000
Intangible assets	6	11,804,398	9,912,534	Legal reserve	13	901,289,603	53,509,967
Available for sale investments	7	148,276,661	125,825,910	Optional reserve	13	21,750,835	21,750,835
Deferred tax assets	17	490,162	--	Fair value reserve		6,609,740	4,504,437
Goodwill	8	344,097,998	227,028,986	Retained earnings		234,535,493	123,181,999
Total non-current assets		<u>788,994,162</u>	<u>595,915,059</u>	Equity attributable to the owners of the Company		1,364,185,671	302,947,238
Current assets				Non-controlling interests		39,785,118	2,286,605
Inventories	9	148,548,895	116,018,879	Total equity		<u>1,403,970,789</u>	<u>305,233,843</u>
Accounts receivable and prepayments	10	47,929,842	35,799,332	Non-current liabilities			
Cash and bank balances	11	809,863,801	298,441,888	Loans and borrowings	14	--	408,498,236
Total current assets		<u>1,006,342,538</u>	<u>450,260,099</u>	Employees' end of service benefits	15	21,095,034	17,897,797
Total assets		<u><u>1,795,336,700</u></u>	<u><u>1,046,175,158</u></u>	Total non-current liabilities		<u>21,095,034</u>	<u>426,396,033</u>
				Current liabilities			
				Accounts payable and accruals	16	370,270,877	314,545,282
				Total current liabilities		<u>370,270,877</u>	<u>314,545,282</u>
				Total liabilities		<u>391,365,911</u>	<u>740,941,315</u>
				Total equity and liabilities		<u><u>1,795,336,700</u></u>	<u><u>1,046,175,158</u></u>

H.E. Abdulla Bin Khalid Al Qahtani
Chairman

Dr. Saif Saeed Al-Sowaidi
Vice Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the year ended December 31, 2013

	Notes	2013 QR	2012 QR
Sales		1,945,952,216	1,503,516,973
Cost of sales		(1,626,436,774)	(1,247,842,467)
Gross profit		319,515,442	255,674,506
Shops rental income		36,584,593	32,742,429
Other income	20	26,065,893	26,999,190
Operating income		382,165,928	315,416,125
General and administrative expenses	21	(220,401,189)	(173,995,732)
Depreciation	5	(32,627,390)	(22,205,745)
Amortisation of intangible assets	6	(1,733,251)	(1,932,199)
Finance costs		(3,690,470)	(12,130,050)
Profit before expropriation of land and building		123,713,628	105,152,399
Gain on expropriation of land and building	5	71,417,621	--
Profit before income tax		195,131,249	105,152,399
Income tax credit	17	490,162	--
Profit for the year		195,621,411	105,152,399
Attributable to :			
Owners of the Company		196,123,109	105,755,855
Non-controlling interests		(501,698)	(603,456)
		<u>195,621,411</u>	<u>105,152,399</u>
Basic and diluted earnings per share	22		
Basic EPS as previously stated		--	10.58
Basic EPS (2012 restated for rights issue)		10.27	9.00
Weighted average number of shares		<u>19,101,370</u>	<u>11,757,049</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended December 31, 2013

	Notes	2013 QR	2012 QR
Profit for the year		195,621,411	105,152,399
Other comprehensive income/(loss)			
Net movement in fair value of available-for-sale investments	23	2,105,303	(1,769,263)
Total comprehensive income for the year		197,726,714	103,383,136
Attributable to :			
Owners of the Company		198,228,412	103,986,592
Non-controlling interests		(501,698)	(603,456)
		<u>197,726,714</u>	<u>103,383,136</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 For the year ended December 31, 2013

	Share capital	Share capital premium	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	QR
Balance at January 1, 2012	100,000,000	--	53,509,967	21,750,835	6,273,700	89,922,728	271,457,230	--	271,457,230
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 19)	--	--	--	--	--	(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 18)	--	--	--	--	--	(70,000,000)	(70,000,000)	--	(70,000,000)
Balance at December 31, 2012	100,000,000	--	53,509,967	21,750,835	4,504,437	123,181,999	302,947,238	2,286,605	305,233,843
Issue of share capital	100,000,000	847,779,636	--	--	--	--	947,779,636	--	947,779,636
Total comprehensive income for the year	--	--	--	--	2,105,303	196,123,109	198,228,412	(501,698)	197,726,714
Appropriation for contribution to social fund (Note 19)	--	--	--	--	--	(4,769,615)	(4,769,615)	--	(4,769,615)
Non-controlling interests arising from investments in subsidiaries	--	--	--	--	--	--	--	38,000,211	38,000,211
Transfer to legal reserve	--	(847,779,636)	847,779,636	--	--	--	--	--	--
Dividends declared (Note 18)	--	--	--	--	--	(80,000,000)	(80,000,000)	--	(80,000,000)
Balance at December 31, 2013	200,000,000	--	901,289,603	21,750,835	6,609,740	234,535,493	1,364,185,671	39,785,118	1,403,970,789

AL MEERA CONSUMER GOODS COMPANY Q.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2013

	Note	2013 QR	2012 QR		Note	2013 QR	2012 QR
OPERATING ACTIVITIES				FINANCING ACTIVITIES			
Profit before income tax		195,131,249	105,152,399	Proceeds from loans and borrowings		--	410,134,826
Adjustments for:				Repayments of loans and borrowings	14	(408,498,236)	(248,301,993)
Depreciation	5	32,865,935	22,475,783	Proceeds from rights issued		947,779,636	--
Amortisation of intangibles	6	1,733,251	1,932,199	Dividends paid		(69,670,710)	(54,261,748)
Interest income		(7,274,115)	(1,782,504)	Interest paid		(3,690,470)	(15,111,931)
Gain on sale of available for sale of investments, net		(14,881,237)	(7,501,520)	Non-controlling interest arising from investments in subsidiaries		38,000,211	2,890,061
Provision for doubtful debts, net		184,376	18,912	Net cash generated by financing activities (Decrease)/increase in cash and cash equivalents		<u>503,920,431</u>	<u>95,349,215</u>
Provision employees' end of service benefits	15	4,877,741	4,674,394	Cash and cash equivalents at the beginning of the year		<u>253,518,099</u>	<u>44,647,814</u>
Provision for shrinkage and slow moving inventories		958,323	--	Cash and cash equivalents at the end of the year	11	<u>208,530,102</u>	<u>253,518,099</u>
Net gain on disposal of property and equipment	5 & 20	(65,624,883)	(40,925)				
Dividend income		(5,338,503)	(5,892,508)				
Finance cost		<u>3,690,470</u>	<u>12,130,050</u>				
Working capital changes:		146,322,607	131,166,280				
Accounts receivable and prepayments		(8,868,664)	3,365,396				
Inventories		(18,077,363)	(28,315,916)				
Accounts payable and accruals		<u>24,020,410</u>	<u>71,210,101</u>				
Cash from operations		143,396,990	177,425,861				
Payment of employees' end of service benefits	15	(1,680,504)	(5,448,853)				
Payment of contribution to social fund		<u>(4,320,225)</u>	<u>--</u>				
Net cash generated by operating activities		<u>137,396,261</u>	<u>171,977,008</u>				
INVESTING ACTIVITIES							
Acquisition of business net of cash acquired	8	(116,786,292)	--				
Purchase of available-for-sale investments		(218,403,566)	(119,604,532)				
Proceeds from sale of available-for-sale investments		212,939,355	109,241,638				
Purchase of property and equipment		(89,974,836)	(83,097,457)				
Proceeds from disposal of property and equipment		73,705,576	65,369				
Purchase of intangible assets		(1,235,748)	--				
Net movement in deposits maturing after 90 days	11	(556,409,910)	27,264,032				
Dividends received	20	5,338,503	5,892,508				
Interest received		<u>4,522,229</u>	<u>1,782,504</u>				
Net cash used in investing activities		<u>(686,304,689)</u>	<u>(58,455,938)</u>				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2013

1. INCORPORATION AND ACTIVITIES

On July 13, 2004, the Law No. (24) for 2004 was issued in order to transfer the former Consumers Cooperative Societies to Qatari Shareholding Company with a capital of QR 100,000,000, Al-Meera Consumer Goods Company (the "Company"), which is governed by the Qatar Commercial Companies Law No. 5 of 2002. The Company was registered under Article 68 of Commercial Companies Law with commercial registration number 29969 on March 2, 2005. The Company's registered office address is at P.O. Box 3371 Doha, State of Qatar.

On October 8, 2012, the shareholders approved the increase in share capital to 20,000,000 shares with nominal value of QR. 10 per share. The 10,000,000 shares were issued at QR. 95 per share and subscription was closed on February 10, 2013.

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

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

The Company is the ultimate parent of the following companies:

Entity Name	Country of Incorporation	Relationship	Ultimate Ownership Interest	
			2013	2012
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%	51%
Al Meera Oman S.A.O.C	Oman	Subsidiary	70%	70%
Al Meera Markets S.A.O.C	Oman	Subsidiary	70%	70%
Al Meera Bookstore S.P.C	Qatar	Subsidiary	100%	100%

Al Meera Holding Company L.L.C. ("Al Meera Holding") is a limited liability company, incorporated in the State of Qatar. The Company is a holding company for holding the Group's investments and managing its subsidiaries, owning patents, trademarks and real estate needed to carry out its activities.

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

Al Meera 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. The financial information of the subsidiary is disclosed in Note 27.

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. The financial information of the subsidiary is disclosed in Note 27.

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, 2013 were authorized for issue by the Chairman and Vice Chairman on February 17, 2014.

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

2.1 New and revised IFRSs affecting amounts reported in the financial statements

The following are the new and revised IFRSs that were effective in the current year and have been applied in the preparation of these consolidated financial statements:

(i) New Standards

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

IFRS 10*	<i>Consolidated Financial Statements</i>
IFRS 11*	<i>Joint Arrangements</i>
IFRS 12*	<i>Disclosure of Interests in Other Entities</i>
IFRS 13	<i>Fair Value Measurement</i>

(ii) Revised Standards

Effective for annual periods beginning on or after July 1, 2012

IAS 1 (Revised)	<i>Presentation of Financial Statements - Amendments to introduce new terminology for the income statement and other comprehensive income.</i>
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Effective for annual periods beginning on or after January 1, 2013

IFRS 1 (Revised)	<i>First Time Adoption of International Financials Reporting Standards – Amendments to allow prospective application of IAS 39 or IFRS 9 and paragraph 10A of IAS 20 to government loans outstanding at the date of transition to IFRS.</i>
IFRS 7 (Revised)	<i>Financial Instruments Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.</i>
IAS 19 (Revised)	<i>Employee Benefits - Amended Standard to change the accounting for defined benefit plans and termination benefits.</i>
IAS 27 (Revised)*	<i>Consolidated and Separate Financial Statements (Early adoption allowed) - Reissued as IAS 27 Separate Financial Statements.</i>
IAS 28 (Revised)*	<i>Investments in Associates (Early adoption allowed) -Reissued as IAS 28 Investments in Associates and Joint Ventures.</i>
IFRS 10, 11 and 12 amendments*	<i>Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.</i>
Annual improvements to IFRSs 2009-2011 cycle	<i>Amendments to issue clarifications on five IFRSs- IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.</i>

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 January 1, 2013. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

(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*

The adoption of these new and revised standards had no significant effect on the consolidated financial statements of the Group for the year ended December 31, 2013, other than certain presentation and disclosure changes.

2.2 New and revised IFRSs in issue but not yet effective (Early adoption allowed)

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

(i) New Standards:

Effective for annual periods beginning on or after January 1, 2017

IFRS 9 *Financial Instruments*

(ii) Revised Standards:

Effective for annual periods beginning on or after January 1, 2014

IAS 32 (Revised) *Financial Instruments: Presentation – Amendments to clarify existing application issues relating to the offsetting requirements.*

IFRS 10, 12 and IAS 27 (Revised) *Amendments to introduce an exception from the requirement to consolidate subsidiaries for an investment entity.*

IAS 36 (Revised) *Amendments arising from recoverable amount disclosures for non-financial assets.*

IAS 39 (Revised) *Amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.*

Effective for annual periods beginning on or after January 1, 2017

IFRS 7 (Revised) *Amendments to introduce an exception from the requirement to consolidate subsidiaries for an investment entity.*

IAS 19 (Revised) *Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.*

Annual improvements to IFRSs 2010-2012 cycle *Amendments to issue clarifications on IFRSs- IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.*

Annual Improvements 2011-2013 Cycle *Amendments to issue clarifications on IFRSs- IFRS 1, IFRS 3, IFRS 13 and IAS 40.*

(iii) New Interpretation:

Effective for annual periods beginning on or after January 1, 2014

IFRIC 21 *Levies*

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

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and applicable provisions of Qatar Commercial Company Law.

Basis of preparation

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 inputs are unobservable inputs for the asset or liability.

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 power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss 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 profit or loss, consolidated statement of profit or loss and other 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.

Shop rental income

Rental income is recognized in the consolidated statement of profit or loss 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 profit or loss.

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 profit or loss 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 profit or loss 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 profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	5%
Refrigerators and equipment	20%
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 profit or loss.

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 profit or loss.

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.

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.

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 profit or loss. 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 profit or loss.

Dividends on AFS equity instruments are recognised in the consolidated statement of profit or loss 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 profit or loss. The losses arising from impairment are recognised in the consolidated statement of profit or loss.

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.

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 profit or loss.

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

In respect of available for sale equity securities, impairment losses previously recognised through the consolidated statement of profit or loss are not reversed through the consolidated statement of profit or loss. 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 profit or loss 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 profit or loss.

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 profit or loss over the period of the borrowings using the effective interest method.

Employee benefits

Annual leave and air-fare ticket entitlements

A provision is made for the estimated liability for employees' entitlement to annual leave and air-fare ticket as a result of services rendered by the employees up to the consolidated statement of financial position date. This provision is included in 'trade and other payables' in the consolidated statement of financial position.

Employees' end-of-service benefits

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.

Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Income tax is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax assets/liabilities are calculated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset as there is a legally enforceable right to offset these in applicable tax jurisdiction.

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 JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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 profit or loss.

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 profit or loss.

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

In 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. The recoverable amount of the cash generating unit is determined by management based on value in use calculation which uses cash flow projections based on forecast revenue and profit margin which have been projected for five years discrete period.

The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The management has used discount rate of 7% and terminal growth rate of 5%. **Purchase price allocation**

In connection with the business combination entered during the year, the Group has applied purchase price allocation which involves significant judgment in respect of identifiable assets and liabilities being recognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2013

5. PROPERTY AND EQUIPMENT

	Land	Buildings	Refrigerators and equipment	Motor vehicles	Furniture and fixtures	Computer equipment	Leasehold improvements	Capital work-in- progress	Total
	QR	QR	QR	QR	QR	QR	QR	QR	QR
Cost									
At January 1, 2013	5,383,975	137,753,158	89,414,915	8,457,875	39,855,847	18,764,399	23,581,358	76,599,528	399,811,055
Additions	75,030	--	14,394,796	2,469,988	2,917,302	4,050,570	1,854,127	66,214,578	91,976,391
Disposals	(6,145)	(176,286)	(30,098,781)	(1,801,678)	(20,999,991)	(14,829,522)	(12,025,569)	(1,459,891)	(81,397,863)
Transfers	--	70,591,052	18,984,994	--	8,527,524	2,371,394	7,583,501	(108,058,465)	--
At December 31, 2013	5,452,860	208,167,924	92,695,924	9,126,185	30,300,682	10,356,841	20,993,417	33,295,750	410,389,583
Accumulated Depreciation:									
At January 1, 2013	--	49,991,730	54,428,864	6,446,382	29,981,978	14,771,399	11,043,073	--	166,663,426
Provided during the year	--	8,145,681	12,758,445	1,046,210	4,426,199	2,915,450	3,573,950	--	32,865,935
Relating to disposals	--	(135,788)	(28,774,287)	(1,712,967)	(19,301,229)	(14,411,262)	(9,129,188)	--	(73,464,721)
At December 31, 2013	--	58,001,623	38,413,022	5,779,625	15,106,948	3,275,587	5,487,835	--	126,064,640
Net book value									
At December 31, 2013	5,452,860	150,166,301	54,282,902	3,346,560	15,193,734	7,081,254	15,505,582	33,295,750	284,324,943
Cost									
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)	--
At December 31, 2012	5,383,975	137,753,158	89,414,915	8,457,875	39,855,847	18,764,399	23,581,358	76,599,528	399,811,055
Accumulated Depreciation:									
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)
At December 31, 2012	--	49,991,730	54,428,864	6,446,382	29,981,978	14,771,399	11,043,073	--	166,663,426
Net book value									
At December 31, 2012	5,383,975	87,761,428	34,986,051	2,011,493	9,873,869	3,993,000	12,538,285	76,599,528	233,147,629

During this year, the Group has capitalized borrowing cost amounting to Nil (2012: QR 820,857), as a part of the capital work in progress.

Expropriation of land and building

In July 2013, as part of the government infrastructure, design and urban expansion, the land and building located in Al Khor with a net book value of QR 1,031,009 was sold by the Group to the Government of Qatar represented by Ministry of Municipality and Urban Planning. The total proceeds received from the sale amounted to QR 72,448,630.

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

	2013	2012
	QR	QR
Cost of sales	238,545	270,038
Depreciation	32,627,390	22,205,745
	<u>32,865,935</u>	<u>22,475,783</u>

6. INTANGIBLE ASSETS

	2013	2012
	QR	QR
Cost:		
At the beginning of the year	16,085,978	16,085,978
Additions	3,772,567	--
Disposals	(2,095,892)	--
At the end of the year	<u>17,762,653</u>	<u>16,085,978</u>
Accumulated amortisation		
At the beginning of the year	6,173,444	4,241,245
Charge for the year	1,733,251	1,932,199
Disposals	(1,948,440)	--
At the end of the year	<u>5,958,255</u>	<u>6,173,444</u>
Net book value at the end of the year	<u>11,804,398</u>	<u>9,912,534</u>

7. AVAILABLE-FOR-SALE INVESTMENTS

	2013	2012
	QR	QR
Quoted equity investments	133,682,597	111,231,846
Unquoted equity investments	14,594,064	14,594,064
	<u>148,276,661</u>	<u>125,825,910</u>
Carrying value of available-for-sale investments:		
At cost	141,666,921	121,321,473
Fair value reserve	6,609,740	4,504,437
	<u>148,276,661</u>	<u>125,825,910</u>

8. BUSINESS COMBINATIONS

The movement in goodwill is as follows:

	2013	2012
	QR	QR
At January 1	227,028,986	227,028,986
Related to acquisition of business during the year	117,069,012	--
	<u>344,097,998</u>	<u>227,028,986</u>

Acquisition of Safeer Oman

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

BUSINESS COMBINATIONS (CONTINUED)

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

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

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

Information on prior year acquisition

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. as at the date of acquisition are shown below:

	QR
Assets	
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
Total assets	<u>111,939,032</u>
Liabilities	
Employees end of service benefits	3,973,302
Accounts payable and accruals	66,398,381
Total liabilities	<u>70,371,683</u>
Identifiable net assets acquired	41,567,349
Goodwill arising on acquisition	227,028,986
Purchase consideration transferred	<u>268,596,335</u>
Cash flow on acquisition	
Cost of acquisition	268,596,335
Less: Cash and cash equivalents in subsidiaries acquired	(26,173,989)
Net cash flow on acquisition	<u>242,422,346</u>

Allocation of goodwill to cash generating units

The carrying amount of goodwill has been allocated for impairment testing purposes to the following cash generating unit:

	2013 QR	2012 QR
Qatar Markets Company W.L.L.	227,028,986	227,028,986
Al Meera Market (Al Safeer Oman) – five supermarkets	117,069,012	--
	<u>344,097,998</u>	<u>227,028,986</u>

8. BUSINESS COMBINATIONS (CONTINUED)

The recoverable amounts of these cash generating units have been determined based on value in use calculation which uses cash flow projections based on forecast revenue and profit margin which have been projected for five years discrete period approved by the management. The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The management has used discount rate of 7% (2012: 7%). The cash flows beyond the five-year period have been extrapolated using a 5% (2012: 5%) per annum growth rate which is the projected long term growth rate of the Group.

Other assumptions used in value in use calculations for impairment testing of goodwill are expected rate of increase in revenue, cost and capital expenditure forecast. Current and historical transactions have been used as indicators of future transactions.

Management believes that any reasonably possible change in the above key assumptions on which the recoverable amount is based would not cause the carrying value of the goodwill to materially exceed its recoverable amount, accordingly, no impairment loss was recognized in years 2013 and 2012.

9. INVENTORIES

	2013 QR	2012 QR
Finished goods	149,373,149	115,932,977
Inventories consumable and spare parts	360,818	312,651
Less: Allowance for shrinkage and slow moving inventories	<u>(1,185,072)</u>	<u>(226,749)</u>
	<u>148,548,895</u>	<u>116,018,879</u>

The movement in the allowance for shrinkage and slow moving inventories are as follows:

	2013 QR	2012 QR
At January 1,	226,749	226,749
Increase in allowance recognized during the year	<u>958,323</u>	<u>--</u>
	<u>1,185,072</u>	<u>226,749</u>

10. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2013 QR	2012 QR
Trade receivables	8,153,954	9,460,903
Credit card receivables	4,222,453	3,671,822
Cash margins	--	34,537
Advances to suppliers	16,157,383	10,142,722
Prepayments	12,545,575	7,385,058
Deposits	2,820,725	2,100,026
Staff receivables	1,156,563	789,417
Accrued interest income	2,996,592	244,706
Rent receivables	285,991	920,529
Other receivables	<u>1,403,115</u>	<u>2,677,745</u>
	49,742,351	37,427,465
Less: Allowance for impairment of receivables	<u>(1,812,509)</u>	<u>(1,628,133)</u>
	<u>47,929,842</u>	<u>35,799,332</u>

At December 31, 2013, trade receivables at nominal value of QR 1,812,509 (2012: QR 1,628,133) were impaired.

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

	2013 QR	2012 QR
At January 1,	1,628,133	1,609,221
Charge for the year	261,759	105,095
Recovery for the year	<u>(77,383)</u>	<u>(86,183)</u>
	<u>1,812,509</u>	<u>1,628,133</u>

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

	Total QR	<30 days QR	30-60 days QR	Past due but not impaired		
				61-90 days QR	91-120 days QR	>120 days QR
2013	8,153,954	1,922,705	1,560,516	961,597	1,676,520	2,032,616
2012	9,460,903	1,022,700	3,344,932	1,715,609	254,099	3,123,563

*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:

	2013 QR	2012 QR
Cash at banks	808,020,778	297,527,330
Cash on hands	1,843,023	914,558
	809,863,801	298,441,888
Time deposits maturing over 90 days	(601,333,699)	(44,923,789)
	<u>208,530,102</u>	<u>253,518,099</u>

Bank deposits are deposited with local banks and mature in more than 3 months and carry an interest ranging from 1% to 1.50% per annum

12. SHARE CAPITAL

	2013 QR	2012 QR
Authorised, issued and fully paid 20,000,000 ordinary shares of QR. 10 each (2012 :10,000,000 ordinary shares)	<u>200,000,000</u>	<u>100,000,000</u>

Rights Issue

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

The Group received a gross premium of QR. 850 million (net premium of QR. 847.77 million) from the rights issue of 10 million shares in February 10, 2013, representing a premium of QR. 85 per share (QR. 84.77 per share net of issuance cost), which was reflected in statutory reserve.

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 Group. This reserve is not available for distribution except in the circumstances stipulated in Qatar Commercial Companies Law No. 5 of 2002.

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

Optional reserve

In accordance with Article 66 of the Group'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

	2013 QR	2012 QR
Long-term Murabaha Facility	--	408,498,236

The loans 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. These loans were settled and paid in March 2013.

15. EMPLOYEES' END OF SERVICE BENEFITS

	2013 QR	2012 QR
At January 1,	17,897,797	18,672,256
Provision during the year	4,877,741	4,674,394
Payment during the year	(1,680,504)	(5,448,853)
	<u>21,095,034</u>	<u>17,897,797</u>

16. ACCOUNTS PAYABLE AND ACCRUALS

	2013 QR	2012 QR
Trade payables	267,845,628	196,203,430
Dividends payable	47,572,305	37,243,015
Deferred rent income	1,756,417	1,236,840
Staff bonus	9,229,584	8,759,646
Provision for social and sports activities contribution	4,769,615	4,320,225
Provision for air tickets and leave pay	3,697,274	3,272,812
Accrued expenses	5,976,255	8,665,537
Other payables	29,423,799	54,843,777
	<u>370,270,877</u>	<u>314,545,282</u>

17. TAXATION

	2013 QR	2012 QR
Current year	--	--
Deferred tax	(490,162)	--
Income tax credit for the year	(490,162)	--
	<u>(490,162)</u>	<u>--</u>

a) Current tax

The Group is subject to income tax at the rate of 12% of taxable profits in excess of QR 285,000 (RO 30,000) on its operation in the Sultanate of Oman. Due to tax losses incurred during the year on operations in Sultanate of Oman, no current tax expenses were recognised during the year.

The taxation of the Company is subject to agreement with the Oman Taxation Authorities. However, management believes that additional tax, if any, would not be material to these financial statements.

b) Deferred tax asset

The net deferred tax asset amounting to QR 490,162 is based on timing differences between the tax and accounting base of various assets and liabilities of the Group.

Recognised deferred tax asset and liabilities are attributable to the following items:

	At January 1, 2013	Recognised income	At December 31, 2013 QR
Temporary difference relating to: Depreciation expense	--	(468,759)	(468,759)
Amortisation of goodwill	--	(1,404,832)	(1,404,832)
Losses carried forward	--	2,363,753	2,363,753
	<u>--</u>	<u>490,162</u>	<u>490,162</u>

18. DIVIDENDS

On February 9, 2013, the Board of Directors proposed cash dividend of QR 8 per share amounting to QR 80 million for the shareholders (2012: QR 7 per share amounting to QR 70 million). This has been approved in the AGM held subsequent to that date.

On February 17, 2014, the Board of Directors has recommended a dividend distribution of QR. 8 per share, which distribution is subject to the approval of the Annual General Assembly.

19. CONTRIBUTION TO SOCIAL FUND

In accordance with Law No. 13 of 2008, the Group made an appropriation of profit of QR 4.76 million in 2013 (in 2012: QR 2.49 million) equivalent to 2.5% of the adjusted net profit of the Group and that of its subsidiaries for the year for the support of sports, cultural, social and charitable activities.

20. OTHER INCOME

	2013 QR	2012 QR
Dividend income	5,338,503	5,892,508
Gain on sale of available for sale of investments, net	14,881,237	7,501,520
Interest income	7,274,115	1,782,504
(Loss)/gain on sale of property and equipment	(5,792,738)	40,925
Other income	4,364,776	11,781,733
	<u>26,065,893</u>	<u>26,999,190</u>

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2013 QR	2012 QR
Staff costs	126,678,161	105,315,327
Rent	31,280,087	22,837,970
Water and electricity	9,634,370	7,783,358
Contract labour charges	12,946,341	10,248,498
Consulting and professional fees	5,460,822	5,585,021
Board of Directors remuneration	5,885,263	4,637,140
Bank charges, commission and credit card charges	4,584,425	3,365,640
Repairs and maintenance	6,140,346	3,032,168
Advertisement	3,123,814	2,144,133
Vehicles and insurance expenses	3,495,202	1,656,128
Telephone and post	1,868,667	1,463,020
Printing and stationary	1,016,682	696,798
Donations	101,400	65,300
Travelling expenses	1,675,730	1,844,022
Franchise fee	2,341,218	--
Others	4,168,661	3,321,209
	<u>220,401,189</u>	<u>173,995,732</u>

22. BASIC AND DILUTED EARNINGS PER SHARE

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

	2013 QR	2012 QR
Profit attributable to the equity holders for the year	<u>196,123,109</u>	<u>105,755,855</u>
Weighted average number of shares outstanding during the period (i)	<u>19,101,370</u>	<u>11,757,049</u>
Basic and diluted earnings per share	<u>10.27</u>	<u>9.00</u>

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

	2013 QR	2012 QR
Qualifying shares at beginning of the year	10,000,000	10,000,000
Effect of rights issue, including bonus element	9,101,370	1,757,049
Weighted average number of shares at the end of the year	<u>19,101,370</u>	<u>11,757,049</u>

23. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2013 QR	2012 QR
Available-for-sale investments		
Items that may be reclassified subsequently to profit or loss		
Net fair value gain on available for sale investment	3,861,222	5,732,257
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial asset	(1,755,919)	(7,501,520)
	<u>2,105,303</u>	<u>(1,769,263)</u>

24. CONTINGENCIES AND COMMITMENTS

	2013 QR	2012 QR
Letter of credits	5,862,745	8,731,911
Letter of guarantees	943,974	5,649,448
	<u>6,806,719</u>	<u>14,381,359</u>

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.

25. 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:

	2013 QR	2012 QR
Not later than one year	27,861,029	18,263,769
Later than one year and not later than five years	108,377,721	72,242,815
Later than five years	64,813,826	26,006,146
	<u>201,052,576</u>	<u>116,512,730</u>

26. 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, 2013 (2012: 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 as follows:

	2013 QR	2012 QR
Key management remuneration	5,214,221	5,237,260
Board of Directors' remuneration	5,885,263	4,637,140
	<u>11,099,484</u>	<u>9,874,400</u>

27. 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.

27. SEGMENT INFORMATION (Continued)

	Retail QR	Investment QR	Leasing QR	Total QR
Year ended December 31, 2013				
Sales	1,945,952,216	--	--	1,945,952,216
Cost of sales	<u>(1,626,436,774)</u>	--	--	<u>(1,626,436,774)</u>
Gross profit	319,515,442	--	--	319,515,442
Shops rental income	--	--	36,584,593	36,584,593
Dividend income	--	5,338,503	--	5,338,503
Gain on available for sale investments, net	--	14,881,237	--	14,881,237
Other income	70,012,135	7,274,115	<u>(22,476)</u>	77,263,774
Operating income	<u>389,527,577</u>	<u>27,493,855</u>	<u>36,562,117</u>	<u>453,583,549</u>
General and administrative expenses	(217,779,751)	(10,403)	(2,611,035)	(220,401,189)
Finance costs	(3,690,470)	--	--	(3,690,470)
Depreciation and amortisation	(31,853,758)	--	(2,506,883)	(34,360,641)
Profit before income tax	136,203,598	27,483,452	31,444,199	195,131,249
Income tax credit	490,162	--	--	490,162
Profit for the year	<u>136,693,760</u>	<u>27,483,452</u>	<u>31,444,199</u>	<u>195,621,411</u>
Year ended December 31, 2012				
Sales	1,503,516,973	--	--	1,503,516,973
Cost of sales	<u>(1,247,842,467)</u>	--	--	<u>(1,247,842,467)</u>
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
Operating income	<u>267,497,164</u>	<u>15,176,532</u>	<u>32,742,429</u>	<u>315,416,125</u>
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)
Profit for the year	<u>64,008,773</u>	<u>15,176,532</u>	<u>25,967,094</u>	<u>105,152,399</u>

The following table presents segmental assets regarding the Group's business segments for the year ended December 31, 2013 and December 31, 2012 respectively:

	Retail QR	Investment QR	Leasing QR	Total QR
Segment assets				
At December 31, 2013	<u>1,645,050,400</u>	<u>137,980,431</u>	<u>12,305,869</u>	<u>1,795,336,700</u>
At December 31, 2012	<u>895,888,858</u>	<u>137,980,431</u>	<u>12,305,869</u>	<u>1,046,175,158</u>

Geographically, the Group operates in the State of Qatar and the Sultanate of Oman. Following is a summary of key balances related to each geography:

	Qatar		Oman		Total	Total
	2013	2012	2013	2012	2013	2012
	QR	QR	QR	QR	QR	QR
Total assets	<u>1,612,501,854</u>	<u>871,508,701</u>	<u>182,834,846</u>	<u>174,666,457</u>	<u>1,795,336,700</u>	<u>1,046,175,158</u>
Total liabilities	<u>336,380,261</u>	<u>702,910,827</u>	<u>54,985,650</u>	<u>38,030,488</u>	<u>391,365,911</u>	<u>740,941,315</u>

	Qatar		Oman		Total	Total
	2013	2012	2013	2012	2013	2012
	QR	QR	QR	QR	QR	QR
Total revenue	<u>1,809,785,464</u>	<u>1,503,516,973</u>	<u>136,166,752</u>	<u>--</u>	<u>1,945,952,216</u>	<u>1,503,516,973</u>
Net income/ (loss)	<u>197,228,624</u>	<u>105,152,399</u>	<u>(1,607,213)</u>	<u>--</u>	<u>195,621,411</u>	<u>105,152,399</u>

28. 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 statement of profit or loss to reasonably possible changes in interest rates, with all other variables held

constant. The sensitivity of the consolidated statement of profit or loss 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, 2013 and 2012. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increase shown.

	Increase in basis points	Effect on profit
2013	+25	1,503,334
2012	+25	112,309

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>
2013		
Available-for-sale investments – quoted	5%	6,684,130
2012		
Available-for-sale investments – quoted	5%	5,561,592

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 profit or loss and other 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.

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

	<u>2013 QR</u>	<u>2012 QR</u>
Bank balances	808,020,778	297,527,330
Trade and other receivables	<u>35,384,267</u>	<u>28,414,274</u>
	<u>843,405,045</u>	<u>325,941,604</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.

	<u>On demand QR</u>	<u>Less than 1 year QR</u>	<u>1-3 years QR</u>	<u>Total QR</u>
2013				
Trade payables	--	267,845,628	--	267,845,628
Dividends payable	47,572,305	--	--	47,572,305
Other payables and accruals	--	43,866,943	--	43,866,943
Loans and borrowings	--	--	--	--
Total	<u>47,572,305</u>	<u>311,712,571</u>	<u>--</u>	<u>359,284,876</u>
2012				
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
Total	<u>37,243,015</u>	<u>267,305,781</u>	<u>408,498,236</u>	<u>713,047,032</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:

	2013 QR	2012 QR
Debt (i)	--	408,498,236
Cash and bank balances	--	(298,441,888)
Net debt	--	<u>110,056,348</u>
Equity (ii)	--	<u>305,233,843</u>
Net debt to equity ratio	--	<u>0.36</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

29. 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.

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, the Group held the following financial instruments measure at fair value:

	December 31, 2013 QR	Level 1 QR	Level 2 QR	Level 3 QR
Available-for-sale investments				
Quoted shares	<u>133,682,597</u>	<u>133,682,597</u>	--	--
	December 31, 2012 QR	Level 1 QR	Level 2 QR	Level 3 QR
Available-for-sale investments				
Quoted shares	<u>111,231,846</u>	<u>111,231,846</u>	--	--

Available-for-sale investments amounting to QR 14,594,064 (2012: 14,594,064) are carried at cost since the fair value cannot be reliably determined by the management.

During the year ending December 31, 2013, 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.

