

**QATAR HOLDING UK
LIMITED (FORMERLY AIT
UK HOLDINGS LIMITED)**

FINANCIAL STATEMENTS

**For the Period ended
30 JANUARY 2010**

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Company no 5990648

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

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The directors present their report together with the audited consolidated financial statements for the period ended 30 January 2010

Principal activities

The principal activity of the company is that of an investment holding company

The group operates Harrods, the world-renowned store in Knightsbridge, London. Since the store first opened its doors in 1849, Harrods has always prided itself on a reputation for service excellence and for offering the finest quality merchandise. London's - and England's - largest department store, Harrods remains the finest, most exciting and most fulfilling place to shop.

Other group activities include aviation services business from London's Luton and Stansted airports, concessions at London's Heathrow and Gatwick airports, export of Harrods branded merchandise to overseas department stores and airport terminals, and direct sales via the internet at Harrods.com and through catalogues. The group also operates in the real estate business through Harrods Estates and operates an insurance broker, Genavco Insurance.

Results of ordinary activities before exceptional items

A number of factors have contributed to the sales growth including the continuation of a significant investment programme – even during the economic downturn – the success of the Knightsbridge store's customer loyalty programme, the introduction of new brands and boutiques, a commitment to continue to invest in exciting merchandise and a constant focus on customer service.

Group capital expenditure on fixtures, fittings and equipment in the period totalled £36.5 million (2009 £23.2 million). As in prior years, in addition to this sum, Harrods benefited from the value of the very significant spend on shop fittings invested by partner brands.

Significant investment was made both into new shopfits and into upgrading the Knightsbridge store's infrastructure. During 2009, the refurbishment of the menswear department was completed, transforming significant parts of the lower ground and ground floors. Additionally, two new restaurants were opened and there were further refurbishments and new boutique openings across all departments. At Heathrow airport, a new Harrods shop and boutiques were opened in Terminal 4.

The cost of the terracotta restoration project in 2009/10, to maintain and restore the iconic terracotta façades of the Knightsbridge store, has been included as an exceptional operating cost.

A similar level of capital investment is planned for 2010/11.

Profit on ordinary activities before exceptional items and tax totalled £53.4 million (2009 £34.1 million). Much of the credit for this strong performance must lie with the teams, both within the Group and outside it, who have continued to work hard to deliver fine products and excellent service to our customers throughout this period.

Exceptional items - Group

During the year a provision was made to cover the estimated cost of future rental liabilities of a helicopter lease which in the Directors' view now represents an onerous contract. The charge for this provision has been shown as an exceptional item in the consolidated profit and loss account.

Exceptional items - Company

The valuation of the company's direct and indirect investment in Harrods Holdings Limited is primarily based on the market valuation of a portfolio of international companies. The market value of those companies fell significantly in 2008/09 which in turn led to a fall in the value of the company's investment in its subsidiary, for which an exceptional impairment charge was recorded in the prior period. By the end of the financial year under review the directors' estimate of the value of the company's investment in its subsidiary indicated that the provision for impairment was no longer warranted and so it has been reversed.

Principal business risks and uncertainties

The major business risks and uncertainties for the Harrods business relate to

- (i) Adverse economic conditions and other major events outside Harrods' control
- (ii) Damage or interruption due to natural disaster, war and terrorist activity
- (iii) Damage, loss or interruption of information systems
- (iv) The cost of funding pension scheme liabilities
- (v) Adverse movements in the euro and US dollar exchange rates

These risks are monitored regularly by the Directors and plans have been put in place to mitigate them as efficiently as possible. Cash and liquidity levels are actively reviewed. Disaster recovery plans have been drawn up. Significant investment has been incurred – and more is planned – for further improving the Store's security and disaster recovery infrastructure. Foreign currency requirements are estimated in advance and forward positions entered into up to one year in advance with the aim of providing predictable exchange rates for future decision making. In addition the group works with its internal audit function and with its insurers to identify and mitigate or remedy operational risks on an on-going basis.

Profit for the financial period and the dividend and key performance indicators

Turnover for the period to 30 January 2010 totalled £551.4 million (2009 £446.5 million)

Operating profit for the group before exceptional items for the period ending 30 January 2010 amounted to £56.2 million (2009 £30.6 million)

There was a profit for the period after taxation amounting to £35.0 million (2009 loss of £266.9 million). The company did not pay a dividend in the period (2009 £nil).

Directors

The membership of the Board is set out below. All served on the Board throughout the period unless otherwise noted.

M Al Fayed (resigned 07 05 10)

A Fayed (resigned 07 05 10)

O Fayed (resigned 03 03 09, re-appointed 09 04 10, resigned 07 05 10)

J Byrne

A Tanna (resigned 07 05 10)

M Ward

B Smith

A M Al-Sayed (appointed 07 05 10)

A Armstrong (appointed 07 05 10, resigned 28 06 10)

K Al-Kuwari (appointed 07 05 10)

H Al-Abdulla (appointed 23 06 10)

His Excellency Sheikh Hamad Bin Jassim Bin Jabor Al Thani (appointed 12 10 2010)

Except as disclosed in note 26, no director has had a material interest, directly or indirectly, at any time during the period, in any contract significant to the business of the group or the company.

Credit risk

Due to the nature of the Group's operations, exposure to credit risk from trading is not considered to be material.

The group has a significant loan to a related party, Harrods Property Limited, amounting to £286.3 million (2009 £295.0 million). This loan has been assessed by the Directors as ultimately recoverable (note 26).

Currency risk

The group is exposed to foreign exchange risk on overseas purchasing, but only approximately 11.5% of the group's purchases are contracted in a foreign currency. Transaction exposures are hedged partially using forward currency contracts or currency options, up to one year in advance. Additionally, the group accepts foreign currency in the Knightsbridge store and airport outlets and retains this currency to settle foreign currency obligations.

Employee involvement

Information is provided regularly by means of normal management communication channels using written material, face-to-face meetings and team presentations.

Consultation with employees takes place through staff committees, health and safety committees and through normal recognised trade union channels. Employees are made aware of their contribution to the group through team meetings and updates as well as through individual performance appraisals.

Disabled persons

It is the policy of the group to give full and fair consideration to applications for employment from disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion is afforded to such persons

Donations

The charitable donations made and charged in the financial statements amounted to £1.0 million (2009 £0.8 million). In addition, during the period the group supported various charities by hosting fundraising events within the Harrods store in Knightsbridge. There were no political donations.

Payment of creditors

It is the group's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the group's policy is to pay suppliers within 30 days after the end of the month of receipt of goods or services. At period end the number of days payable outstanding was 41 days (2009 46 days). Creditor days for the company have not been shown as there are no trade creditors.

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of directors' responsibilities (continued)

In so far as the directors are aware

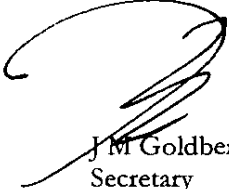
- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Act.

BY ORDER OF THE BOARD


J M Goldberg
Secretary
19th October 2010

Registered Office
87 - 135 Brompton Road
Knightsbridge
London SW1X 7XL

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)

We have audited the financial statements of Qatar Holding UK Limited (formerly AIT UK Holdings Limited) for the period ended 30 January 2010 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets the consolidated cash flow statement, the group statement of total recognised gains and losses and notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 January 2010 and of the group's profit for the period then ended,
- have been properly prepared in accordance with United Kingdom General Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

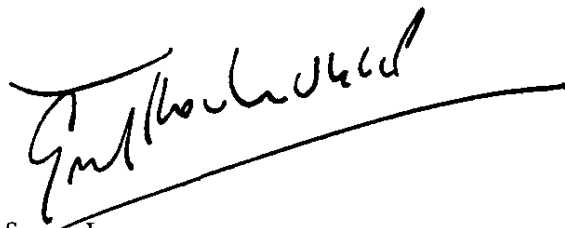
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE AUDITOR TO THE MEMBERS OF
QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED) (CONTINUED)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Simon Lowe
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
London

21st October 2010

Basis of Preparation

The financial statements have been prepared under the historical cost convention, and comply with applicable United Kingdom accounting standards

The group has a deficit of shareholders funds at 30 January 2010. The directors consider it appropriate for these financial statements to be prepared on a going concern basis as the company's parent undertaking has indicated that it will not call for repayment of this shareholder loan without first ensuring that the group has adequate funds to meet its obligations as they fall due.

The principal accounting policies of the group are set out below.

Basis of consolidation

The consolidated financial statements include the results of the company and its subsidiary undertakings.

Goodwill arising on consolidation, representing the excess of fair value of consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated economic life.

Given the uniqueness and longevity of the Harrods store and brand, backed up by the high level of on going investment, marketing spend and the long lease of the iconic Harrods building in Knightsbridge, the directors believe that a longer rather than a shorter period of time over which to amortise the goodwill on consolidation will provide a better view of the results and performance of the group. While no end to the useful economic life of the group's investment in Harrods companies can be predicted, the directors have opted to amortise the goodwill on consolidation over 50 years rather than adopt the UK GAAP presumption of a maximum useful economic life of 20 years.

Harrods Bank Limited, a company registered in England and Wales, has been accounted for as an unlisted investment, due to its having independent management and control (in accordance with Bank of England direction in 1991), although the group continues to retain 100% ownership through non-voting shares.

Restatement of comparatives

Comparative financial information has been restated to accord with the current year presentation. This has resulted in an increase in other income of £8.6m and a corresponding increase in administration expenses. These changes had no effect on the profit for the comparative period.

Turnover

Turnover is the total amount receivable by the group for goods and services provided, excluding VAT, trade discounts and concession sales. When a transaction involves a number of goods and services, these are separately identified and income is recognised when earned.

Concession sales

In calculating turnover, a distinction is made between transactions where the seller is deemed to act as principal and those where it is agent. Where concessionaires sell their goods through the group's retail operations, the group is considered to act as an agent. Accordingly, only commission and other income receivable from the concessionaires is presented within turnover.

Estimated sales returns

Turnover excludes the sales value of estimated returns. The group has recognised a provision for estimated refunds, representing the estimate of the value of goods sold during the period which will be returned and refunded after the year end date.

Tangible fixed assets and depreciation

Freehold properties are stated at professional or directors' valuations less accumulated depreciation. All other fixed assets are stated at cost less accumulated depreciation. All additions thereafter are accounted for at cost. The carrying values are retained subject to the requirement to test assets for impairment in accordance with FRS 11. Shop fit out expenditure is stated net of supplier and concession contributions where relevant.

Depreciation is provided by the group and the company in order to write down to estimated residual value (if any) the cost or valuation of tangible fixed assets over their estimated useful economic lives by equal annual instalments, as follows:

Land	Not depreciated
Certain freehold and long leasehold properties	35 - 50 years
Short leasehold property	Remaining period of lease
Fixtures and fittings	3 - 20 years
Vehicles and equipment	4 - 7 years

Assets in the course of construction are not depreciated.

Fixed asset investments

The group accounts for its fixed asset investments at the lower of cost or directors' valuation less any provision required for permanent diminution in value.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a systematic basis over the lease term.

Finance leases

Assets held under finance leases are capitalised in the balance sheet and depreciated over their useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value using weighted average cost.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Deferred tax relating to defined benefit pension scheme surpluses or deficits is netted against the respective retirement benefit surplus or obligation.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the balance sheet date or at contracted forward rates. Transactions in foreign currency are translated at exchange rates ruling at the transaction date or at contracted forward rates. Realised gains and losses are dealt with in the profit and loss account.

Retirement benefit obligations

Defined Contribution Scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period

Defined Benefit Scheme

Certain group employees are members of the Harrods Group Pension Plan under which retirement benefits are funded by contributions from the group. Payment is made to the pension trust, which is separate from the group, in accordance with calculations made periodically by consulting actuaries.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet.

A net surplus is recognised only to the extent that it is recoverable by the group. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the current service cost of providing the benefits, curtailment and settlement gains and losses and financial returns on the pension fund, all reflected in the period to which they relate. The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are recorded through the statement of recognised gains and losses. Disclosure has been made of the assets and liabilities of the scheme under FRS 17 in note 25 to the accounts.

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30 JANUARY 2010

	Note	52 weeks ended 30 January 2010			44 weeks ended 31 January 2009		
		Ordinary activities before except- ional items £m	Except- ional items £m	Total £m	Restated Ordinary activities before except- ional items £m	Except- ional items £m	Restated Total £m
Turnover	1	551.4	-	551.4	446 5	-	446 5
Cost of sales		(238.3)	(1.2)	(239.5)	(199 9)	-	(199 9)
Gross profit		313.1	(1.2)	311.9	246 6	-	246 6
Distribution and store costs		(222.9)	(1.2)	(224.1)	(178 3)	(286 7)	(465 0)
Administrative expense		(46.5)	-	(46.5)	(46 8)	-	(46 8)
Other income		12.5	-	12.5	9 1	-	9 1
Operating profit/(loss)	2, 3	56.2	(2.4)	53.8	30 6	(286 7)	(256 1)
Loss on disposal of fixed assets	3	-	(0.3)	(0.3)	-	(2 0)	(2 0)
Profit/(loss) on ordinary activities before interest		56 2	(2.7)	53.5	30 6	(288 7)	(258 1)
Net interest	4	(2.8)	-	(2.8)	3 5	-	3 5
Profit/(loss) on ordinary activities before taxation		53.4	(2.7)	50.7	34 1	(288 7)	(254 6)
Tax on profit/(loss) on ordinary activities	6	(16.4)	0.7	(15.7)	(13 7)	1 4	(12 3)
Profit/(loss) ordinary activities after taxation	18,19	37 0	(2.0)	35.0	20 4	(287 3)	(266 9)

All transactions arise from continuing operations

The accompanying accounting policies and notes form an integral part of these financial statements

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
BALANCE SHEET AT 30 JANUARY 2010

		Consolidated		Company	
	Note	At 30 January 2010 £m	At 31 January 2009 £m	At 30 January 2010 £m	At 31 January 2009 £m
ASSETS					
Fixed assets					
Intangible assets	9	497.3	507.6	-	-
Tangible assets	10	109.3	90.8	-	-
Investments	11	7.7	7.7	39.2	-
		<u>614.3</u>	<u>606.1</u>	<u>39.2</u>	<u>-</u>
Current assets					
Stocks	12	62.7	51.2	-	-
Debtors due within one year	13	39.4	44.1	-	-
Debtors due after more than one year	13	289.1	298.2	-	-
Cash at bank and in hand		97.5	82.6	-	-
		<u>488.7</u>	<u>476.1</u>	<u>-</u>	<u>-</u>
		<u>1,103.0</u>	<u>1,082.2</u>	<u>39.2</u>	<u>-</u>
LIABILITIES					
Capital and reserves					
Called up share capital	17	39.2	39.2	39.2	39.2
Profit and loss account	18	(272.3)	(283.0)	(0.1)	(39.2)
		<u>(233.1)</u>	<u>(243.8)</u>	<u>39.1</u>	<u>-</u>
Retirement benefit obligation	24	10.8	6.2	-	-
Provisions for liabilities	16	4.7	6.4	-	-
Creditors: amounts falling due within one year					
Shareholder loan		856.7	862.3	-	-
Other creditors falling due within one year		148.7	133.0	0.1	-
	14	<u>1,005.4</u>	<u>995.3</u>	<u>0.1</u>	<u>-</u>
Creditors: amounts falling due after more than one year					
	15	315.2	318.1	-	-
		<u>1,103.0</u>	<u>1,082.2</u>	<u>39.2</u>	<u>-</u>

The financial statements were approved by the Board of Directors on 19 October 2010


B Smith - Director

Company registration no 5990648

The accompanying accounting policies and notes form an integral part of these financial statements

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 JANUARY 2010

		52 weeks ended 30 January 2010 £m	44 weeks ended 31 January 2009 £m
	Note		
Net cash inflow from operating activities before payments toward retirement benefit obligations		78.2	61.7
Payments towards retirement benefit obligations	24	(30.6)	(9.3)
Net cash inflow from operating activities	20	47.6	52.4
Returns on investments and servicing of finance			
Interest received		2.3	3.2
Interest paid		(4.3)	(0.2)
Net rent received from properties		-	0.1
Dividends received from fixed asset investments		-	0.3
Net cash (outflow)/inflow from returns on investments and servicing of finance		(2.0)	3.4
Taxation paid		(3.8)	(4.0)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(23.5)	(23.2)
Disposal of tangible fixed assets		-	2.7
Repayment of loans (to)/by related parties		(2.4)	-
Net cash outflow from capital expenditure and financial investment		(25.9)	(20.5)
Acquisitions			
Net cash acquired with subsidiary undertakings		-	49.3
Net cash inflow from acquisitions		-	49.3
Financing			
(Decrease)/increase in amounts borrowed		(1.0)	2.0
Net cash (outflow)/inflow from financing	21	(1.0)	2.0
Increase in cash	21,22	14.9	82.6

The accompanying accounting policies and notes form an integral part of these financial statements

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)

Other Primary Statement

For the period ended 30 JANUARY 2010

Group Statement of Total Recognised Gains and Losses

	52 weeks ended 30 January 2010 £m	44 weeks ended 31 January 2009 £m
Profit /(Loss) for the financial period	35.0	(266 9)
Actuarial losses on pension scheme	(33.7)	(22 2)
Deferred tax movement on actuarial gains and losses on pension scheme	9.4	6 1
Total recognised gains and losses for the period	10.7	(283 0)

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

1 Turnover and segmental analysis

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT, trade discounts and concession sales

Business segments

	52 weeks ended 30 January 2010			44 weeks ended 31 January 2009		
	Retailing	Aviation	Total	Retailing	Aviation	Total
	£m	services	£m	£m	services	£m
		£m			£m	
Turnover	<u>521.5</u>	<u>29.9</u>	<u>551.4</u>	<u>411.8</u>	<u>34.7</u>	<u>446.5</u>
Operating profit / (loss)	<u>57.8</u>	<u>(4.0)</u>	<u>53.8</u>	<u>(256.7)</u>	<u>0.6</u>	<u>(256.1)</u>
Loss on disposal of fixed assets	(0.3)	-	(0.3)	(2.0)	-	(2.0)
Net interest	<u>(1.0)</u>	<u>(1.8)</u>	<u>(2.8)</u>	<u>4.0</u>	<u>(0.5)</u>	<u>3.5</u>
Profit / (Loss) before taxation	<u>56.5</u>	<u>(5.8)</u>	<u>50.7</u>	<u>(254.7)</u>	<u>0.1</u>	<u>(254.6)</u>

Geographical analysis

	Turnover by destination	
	52 weeks ended 31 January 2010	44 weeks ended 31 January 2009
	£m	£m
United Kingdom	530.4	421.6
Rest of Europe	8.3	12.1
Japan	2.5	3.3
North America	4.6	4.2
Other overseas destinations	<u>5.6</u>	<u>5.3</u>
	<u>551.4</u>	<u>446.5</u>

Turnover by destination and origin are not materially different

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

2 Operating profit/(loss)

The operating profit/(loss) is stated after

	52 weeks ended 30 January 2010 £m	44 weeks ended 31 January 2009 £m
Depreciation		
Tangible fixed assets owned	17.3	12.9
Amortisation of goodwill	10.3	8.6
Rentals paid under operating leases		
Property rent paid to a related party	43.2	35.1
Property rent – other	2.5	2.0
Plant and machinery	0.7	0.6
Exceptional goodwill impairment (note 9)	-	282.7
Exceptional cost of repairs to historic terracotta façade	1.2	2.5
Exceptional onerous lease provision (note 16)	1.2	1.5
Gains on foreign exchange	(0.4)	(0.8)
Assignment aircraft position	(1.1)	-
Royalty (income)	(1.2)	(1.4)

During the period, the group obtained the following services from the group's auditors

	52 weeks ended 31 January 2010 £'000s	44 weeks ended 31 January 2009 £'000s
Fees payable for the audit of the company's financial statements	47.7	45.9
Fees payable for other services		
- audit of subsidiary undertakings	370.1	333.1
- taxation services	-	0.7
- other services	7.3	16.8

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

3 Exceptional items

	52 weeks ended 30 January 2010 £m	44 weeks ended 31 January 2009 £m
Pre operating profit		
Goodwill impairment	-	(282.7)
Repairs to historic terracotta façade	(1.2)	(2.5)
Onerous lease provision (note 16)	(1.2)	(1.5)
	<u>(2.4)</u>	<u>(286.7)</u>
Post operating profit		
Loss on disposal of fixed assets	<u>(0.3)</u>	<u>(2.0)</u>

4 Net interest

	52 weeks ended 30 January 2010 £m	44 weeks ended 31 January 2009 £m
Interest payable:		
Bank loans and overdrafts	(0.1)	-
Loan from related parties	(1.3)	(1.5)
Other finance income (FRS17, note 24)	(2.1)	-
Gain on revaluation of US Dollar denominated deposits	(0.3)	-
Other	(0.2)	-
	<u>(4.0)</u>	<u>(1.5)</u>
Interest receivable:		
Loan to related parties	0.5	0.7
Other finance income (FRS17, note 24)	-	1.8
Gain on revaluation of US Dollar denominated deposits	-	0.8
Cash and bank balances	0.7	1.7
	<u>1.2</u>	<u>5.0</u>
Net interest (payable)/receivable	<u>(2.8)</u>	<u>3.5</u>

5 Directors and employees

Group staff costs during the period were as follows:

	52 weeks ended 30 January 2010 £m	44 Weeks ended 31 January 2009 £m
Wages and salaries	114.5	91.2
Social security costs	12.1	9.9
Other pension costs	3.7	3.1
	<u>130.3</u>	<u>104.2</u>

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

Directors and employees (continued)

The average number of employees of the group during the period was

	52 weeks ended 30 January 2010 Number	44 weeks ended 31 January 2009 Number
Production	573	608
Selling and distribution	2,815	2,723
Administration	234	246
	<u>3,622</u>	<u>3,577</u>

In addition, the group employed an average of 38 (2009 46) agency staff during the period at a cost of £0.7 million (2009 £0.4 million)

The company had no employees except for directors during the period ended 30 January 2010 or 31 January 2009

Remuneration in respect of directors was as follows

	52 weeks ended 30 January 2010 £m	44 weeks ended 31 January 2009 £m
Emoluments	<u>2.6</u>	<u>5.0</u>

There are no pension contributions included in emoluments for the period ended 30 January 2010 or 31 January 2009. The value of emoluments incurred directly by the company was £nil (2009 £nil). Emoluments incurred by the group's subsidiary undertakings were £2.6 million (2009 £5.0 million).

There are 2 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2009 2) and 2 directors to whom retirement benefits are accruing under a defined contribution scheme (2009 3).

In addition to the amounts above, an amount of £1.4m was paid during the period to a former director as compensation for loss of office (2009 £nil).

The amounts set out above include remuneration in respect of the highest paid director as follows

	52 weeks ended 30 January 2010 £m	44 weeks ended 31 January 2009 £m
Emoluments	<u>1.4</u>	<u>2.4</u>

The highest paid directors' accrued pension at the period end was £nil (2009 £nil)

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

6 Tax on profit/(loss) on ordinary activities

The tax charge is based on the profit/(loss) for the period and represents

	52 weeks ended 30 January 2010 £m	44 weeks ended 31 January 2009 £m
Current tax		
Current tax charge	(7.0)	-
Group relief	(3.4)	(0.6)
	<u>(10.4)</u>	<u>(0.6)</u>
Over provision in respect of prior years	0.6	(0.1)
	<u>(9.8)</u>	<u>(0.7)</u>
Deferred tax		
Origination and reversal of timing differences	(0.2)	1.0
Accelerated capital allowances	3.1	(1.0)
Deferred tax on defined benefit scheme	(8.8)	(11.6)
Total tax charge for the period	<u>(15.7)</u>	<u>(12.3)</u>

	52 weeks ended 30 January 2010 £m	44 weeks ended 31 January 2009 £m
Factors affecting current period corporation tax		
The current period corporation tax assessed for the period is lower than the standard rate of corporation tax of 28% (2009 28%) for the following reasons		
Profit/(Loss) on ordinary activities before tax	50.7	(254.6)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28% (2009 28.33%)	<u>(14.2)</u>	<u>72.2</u>
Effect of		
Expenses not deductible for tax purposes	(3.1)	(84.3)
Group relief claimed but not paid	-	0.9
Capital allowances in excess of depreciation	(0.4)	1.0
Transfer pricing adjustments	(1.2)	(1.8)
Income and expenses assessed on a cash basis	8.5	11.4
Over provision in respect of prior years	0.6	(0.1)
Current tax charge for the period	<u>(9.8)</u>	<u>(0.7)</u>

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

7 Company profit and loss account

As permitted by section 408 of the Companies Act 2006 the profit and loss account of Qatar Holding UK Limited (formerly AIT UK Holdings Limited) is not presented as part of these financial statements. The profit for the period after taxation amounted to £39.1million (2009: loss of £39.2million).

8 Dividends

The company did not pay a dividend during the period ended 30 January 2010 or 31 January 2009.

9 Intangible Assets

Consolidated Goodwill

	At 30 January 2010 £m
Cost	
At 1 February 2009	798.9
Additions	-
At 30 January 2010	<u>798.9</u>
Amortisation and Impairment	
At 1 February 2009	(291.3)
Amortisation in the period	(10.3)
At 30 January 2010	<u>(301.6)</u>
 Net book amount at 30 January 2010	 <u>497.3</u>
Net book amount at 31 January 2009	<u>507.6</u>

Given the uniqueness and longevity of the Harrods store and brand the Group has adopted an economic life of goodwill of 50 years.

As required by FRS 11, an impairment review of goodwill capitalised has been undertaken by the group resulting in a write down of £nil (2009: £282.7 million) for the period. The valuation of the company's indirect investment in the Harrods Holdings Group is primarily based on the market valuation of a portfolio of international companies. The market value of those companies fell significantly over the course of 2008/09 which in turn led to an impairment in the value of goodwill on acquisition, for which an exceptional charge was recorded in the prior period. The conditions required by FRS 11 for a full reversal of this impairment have not been met and accordingly no adjustment has been made to this provision. The provision against the cost of this investment, however, has been reversed in full (note 11).

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

10 Tangible fixed assets

Consolidated

	Freehold property £m	long leasehold £m	Short leasehold property £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Cost					
At 1 February 2009	2.0	0.4	16.7	239.4	258.5
Additions	-	-	0.5	36.0	36.5
Disposals	-	-	-	(1.7)	(1.7)
Written off	-	-	-	(0.5)	(0.5)
At 30 January 2010	<u>2.0</u>	<u>0.4</u>	<u>17.2</u>	<u>273.2</u>	<u>292.8</u>
Accumulated depreciation					
At 1 February 2009	0.3	0.1	3.6	163.7	167.7
Provided in the period	-	-	0.9	16.4	17.3
Disposals	-	-	-	(1.4)	(1.4)
Written off	-	-	-	(0.1)	(0.1)
At 30 January 2010	<u>0.3</u>	<u>0.1</u>	<u>4.5</u>	<u>178.6</u>	<u>183.5</u>
Net book amount at 30 January 2010	<u>1.7</u>	<u>0.3</u>	<u>12.7</u>	<u>94.6</u>	<u>109.3</u>
Net book amount at 31 January 2009	<u>1.7</u>	<u>0.3</u>	<u>13.1</u>	<u>75.7</u>	<u>90.8</u>
Cost or valuation:					
Valuation	-	-	-	-	-
Deemed Cost	<u>2.0</u>	<u>0.4</u>	<u>17.2</u>	<u>273.2</u>	<u>292.8</u>
	<u>2.0</u>	<u>0.4</u>	<u>17.2</u>	<u>273.2</u>	<u>292.8</u>

All other fixed assets are stated at cost

The figures stated above include assets held under finance leases as follows

	£m	£m	£m	£m	£m
Net book amount at 30 January 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>4.8</u>	<u>4.8</u>

Included in the cost element of fixtures, fittings, vehicles and equipment above is £15.4 million representing the cost of unfinished projects at the period end (2009 £33.6 million)

Netted off the cost of fixed assets are accumulated supplier and concession contributions amounting to £9.4m at the period end (2009 £12.4m). Of this amount, £5.6m (2009 £5.4m) had been taken to the profit and loss account by way of a reduction to accumulated depreciation.

Company

The Company has no tangible fixed assets

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

11 Fixed asset investments

Consolidated

	Unlisted investments £m
Cost	
At 1 February 2009 and at 30 January 2010	<u>7.7</u>
Provision	
At 1 February 2009 and at 30 January 2010	<u>-</u>
Net book amount at 30 January 2010	<u><u>7.7</u></u>
Net book amount at 31 January 2009	<u><u>7.7</u></u>

Company

	Total £m
Investment in Subsidiaries	
At 1 February 2009 and at 30 January 2010	<u>39.2</u>
Provision	
At 1 February 2009	(39.2)
Provision release	<u>39.2</u>
At 30 January 2010	<u>-</u>
Net Investment in Subsidiaries at 30 January 2010	<u><u>39.2</u></u>
Net Investment in Subsidiaries at 31 January 2009	<u><u>-</u></u>

Unlisted investments

Through its acquisition of the Harrods Holdings Group, the group acquired 100% ownership of Harrods Bank Limited, a company registered in England and Wales. The company has been accounted for as an unlisted investment due to its having independent management and control (in accordance with Bank of England direction in 1991), although the group continues to retain 100% ownership through non-voting shares.

At 30 January 2010, the aggregate capital and reserves of Harrods Bank Limited was £7.6m (2009 £8.0m) and the loss for the period ended 30 January 2010 was £0.3m (2009 profit of £0.2m).

The valuation of the company's investment in QH Participations Limited is primarily based on the valuation of the Harrods Holdings Group, which in turn is primarily based on the market valuation of a portfolio of international companies. The market value of those companies fell significantly in 2008/09 which in turn led to a fall in the value of the company's investment in its subsidiary, for which an exceptional impairment charge was recorded in the prior period. By the end of the financial year under review the directors' estimate of the value of the company's investment in its subsidiary indicated that the provision for impairment was no longer warranted and so it has been reversed.

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

Principal subsidiaries

Operating at 30 January 2010	Country of registration	Principal activity
QH Participations Limited (formerly AIT Participations Limited)*	England and Wales	Holding company
QH Partners Limited (formerly AIT Partners Limited)	England and Wales	Holding company
Harrods Holdings Limited	England and Wales	Holding company
Harrods (UK) Limited	England and Wales	Holding company
Harrods Limited	England and Wales	Department store
Harrods Card Handling Company Ltd	England and Wales	Merchant card handling
Harrods (Continental) Limited	England and Wales	Exporter
		Tax free retailer and wholesaler
Harrods International Limited	England and Wales	Estate agents
Harrods Estates Limited	England and Wales	Purchasing Company
Harrods Watches Limited	England and Wales	Property management
PL Management Limited	England and Wales	Security staff agency
Harrods Services Limited	England and Wales	Insurance broker
Genavco Insurance Limited	England and Wales	Non-trading
Featurecode 2A	England and Wales	Non-trading
Featurecode 2A Holdings	England and Wales	
QH Enterprises Holdings Limited (formerly AIT Enterprises Holdings Limited)*	England and Wales	Holding company
QH Enterprises Limited (formerly AIT Enterprises Limited)	England and Wales	Holding company
Air Harrods Limited	England and Wales	Non-scheduled air transport
		Aircraft handling and maintenance service
Harrods Aviation Limited	England and Wales	Holding company
Harrods Aviation Holdings Limited	England and Wales	Holding company
Harrods Leisure Holdings Limited	England and Wales	Holding company
Harrods Leisure Limited	Isle of Man	Non-trading

*The whole of the issued ordinary share capital in these companies is owned directly by Qatar Holding UK Limited (formerly AIT UK Holdings Limited). The whole of the ordinary share capital in the other companies is held by intermediate holding companies. All subsidiary undertakings are wholly owned (100% ordinary shares with voting rights) and are included within the consolidated financial statements.

12 Stocks

	Consolidated		Company	
	30 January 2010	31 January 2009	30 January 2010	31 January 2009
	£m	£m	£m	£m
Finished goods for resale	61.8	50.1	-	-
Spare parts and consumables	0.8	0.8	-	-
Work in progress	0.1	0.3	-	-
	62.7	51.2	-	-

Of the £61.8m goods held for re-sale, a lien over inventory of £50.1m (2009 £50.1m) has been granted to the trustee of the group's defined benefit pension scheme. The increase in value of finished goods for resale is primarily driven by the conversion of the trade from certain concessions to own bought trade in 2009.

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

13 Debtors

	Consolidated		Company	
	30 January	31 January	30 January	31 January
	2010	2009	2010	2009
	£m	£m	£m	£m
Amounts due within one year:				
Trade debtors	19.9	17.5	-	-
Loans to related parties	3.4	-	-	-
Other debtors	3.9	15.4	-	-
Prepayments and accrued income	12.2	11.2	-	-
	39.4	44.1	-	-
Amounts due after more than one year:				
Prepayments and accrued income	2.8	2.8	-	-
Loans to related parties	286.3	295.4	-	-
	289.1	298.2	-	-

As detailed in note 26, Harrods Limited, a group company, has made a loan to Harrods Property Limited, which is under the common control of the group's ultimate parent undertaking. The debt is non-interest bearing and is repayable on demand by the lender. As at 30 January 2010, the balance outstanding was £286.3 million (2009 £295.0 million). For the purposes of the group's tax calculation, an imputed interest charge is recognised as a non-cash transfer.

Included within Other debtors at 31 January 2009 was a £2.7 million deposit paid by Harrods Aviation Limited, a group company, to a third party relating to a contract to acquire a new aircraft. During 2009 this contract was assigned to a related party in return for a loan receivable which carries interest at a commercial rate. As a result Harrods Aviation Limited no longer has any obligations under that contract.

14 Creditors: amounts falling due within one year

	Consolidated		Company	
	30 January	31 January	30 January	31 January
	2010	2009	2010	2009
	£m	£m	£m	£m
Trade creditors	72.6	74.4	-	-
Accruals and deferred income	35.7	39.2	0.1	-
Other creditors	25.4	7.8	-	-
Corporation tax	6.1	1.1	-	-
Social security and other taxes	7.3	7.6	-	-
Secured Borrowings	0.7	1.3	-	-
Interest payable to related party	-	1.3	-	-
Bank overdraft	0.6	-	-	-
Bank loans	0.3	0.3	-	-
	148.7	133.0	0.1	-
Shareholder loan	856.7	862.3	-	-
	1,005.4	995.3	0.1	-

The shareholder loan is non-interest bearing and is repayable upon demand by the lender.

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

15 Creditors: amounts falling due after more than one year

	Consolidated		Company	
	30 January 2010 £m	31 January 2009 £m	30 January 2010 £m	31 January 2009 £m
Amounts owed to related parties	297.3	302.8	-	-
Bank loans (secured)	1.7	2.0	-	-
Secured borrowings	0.5	1.8	-	-
Amounts accrued in relation to Security				
Finance Leases	4.8	-	-	-
Accruals and deferred income	10.9	11.5	-	-
	<u>315.2</u>	<u>318.1</u>	<u>-</u>	<u>-</u>

As detailed in note 26, the group has been granted loans from related parties, under the common control of the group's ultimate parent undertaking

At period end, the balance due under a three year chattel mortgage agreement to finance the acquisition of certain fixed assets was £1.2m (2009 £1.8m). The final repayment is due in October 2011.

16 Provisions for liabilities

Consolidated

	Deferred taxation £m	Onerous lease £m	Total £m
Balance at 1 February 2009	4.9	1.5	6.4
Provided in the period	(2.9)	1.2	(1.7)
Balance at 30 January 2010	<u>2.0</u>	<u>2.7</u>	<u>4.7</u>
			Deferred taxation £m
Accelerated capital allowances			2.7
Other timing differences			(0.7)
Balance at 30 January 2010			<u>2.0</u>

During the year a provision was made to cover the estimated cost of future rental liabilities of a helicopter lease which in the Directors' view now represents an onerous contract. The brought forward onerous lease provision covers the estimated cost (including estimated potential costs of disposal) of certain leased property, discounted at an appropriate discount rate.

Company

There are no provisions for liabilities held in the company's accounts as at 30 January 2010 or 31 January 2009.

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

17 Called up share capital

	Consolidated		Company	
	30 January	31 January	30 January	31 January
	2010	2009	2010	2009
	£	£	£	£
<u>Authorised</u>				
39,215,000 ordinary shares of £1 each	<u>39,215,000</u>	<u>39,215,000</u>	<u>39,215,000</u>	<u>39,215,000</u>
<u>Allotted and fully paid</u>				
39,215,000 ordinary shares of £1 each	<u>39,215,000</u>	<u>39,215,000</u>	<u>39,215,000</u>	<u>39,215,000</u>

18 Reserves

	Consolidated		Company	
	30 January	31 January	30 January	31 January
	2010	2009	2010	2009
	£m	£m	£m	£m
Profit and loss account				
Balance at 1 February 2009	(283.0)	-	(39.2)	-
Actuarial loss on pension scheme	(24.3)	(16.1)	-	-
Profit / (Loss) for the period	35.0	(266.9)	39.1	(39.2)
Dividends	-	-	-	-
Balance at 30 January 2010	<u>(272.3)</u>	<u>(283.0)</u>	<u>(0.1)</u>	<u>(39.2)</u>

19 Reconciliation of movements in shareholders' deficit

	52	44
	weeks	weeks
	ended 30	ended 31
	January	January
	2010	2009
	£m	£m
Profit / (Loss) after tax for the financial period	35.0	(266.9)
Dividends	-	-
Retained profit/(loss) for the period	<u>35.0</u>	<u>(266.9)</u>
Actuarial loss on pension scheme	(24.3)	(16.1)
Issue of shares	-	39.2
Shareholders' deficit at 31 January 2009	<u>(243.8)</u>	-
Shareholders' deficit at 30 January 2010	<u>(233.1)</u>	<u>(243.8)</u>

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

20 Net cash inflow from continuing operating activities

	52 weeks ended 30 January 2010 £m	44 weeks ended 31 January 2009 £m
Operating profit/(loss) before rent payable to a related party	97.0	(221 0)
Rent payable to a related party (note 2)	(43.2)	(35 1)
Operating profit/(loss)	53.8	(256 1)
Depreciation and amortisation	27.5	21 5
Pension contribution	(30.8)	(9 3)
Increase in stock	(11.5)	(6 1)
Decrease in debtors	3.0	(5 7)
Decrease in creditors	4.9	22 7
Impairment loss (goodwill)	-	282 7
Other	0.7	2 7
	<u>47.6</u>	<u>52 4</u>

21 Reconciliation of net cash flow to movement in net debt

	52 weeks ended 30 January 2010 £m	44 weeks ended 31 January 2009 £m
Increase in cash in the period	14.9	82 6
Inception of finance lease	4.8	-
Cash inflow from financing	1.0	(2 0)
Decrease in net debt from cash flows	20.7	80 6
Decrease/(increase) in amounts owed to related party	13.7	(873 6)
Loans acquired through acquisitions	-	(294 2)
Movement in net debt in the period	34.4	(1,087 2)
Other non cash charges	(2.6)	-
Net debt at 1 February 2009	(1,087.2)	-
Net debt at 30 January 2010	<u>(1,055.4)</u>	<u>(1,087 2)</u>

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

22 Analysis of changes in net debt

	At 1 Feb 2009 £m	Cash flow £m	Non cash items £m	At 30 Jan 2010 £m
Cash at bank and in hand	82.6	14.9	-	97.5
Finance leases	-	-	4.8	4.8
Amounts owed to related parties	(1,165.1)	13.7	(2.6)	(1,154.0)
Bank loan	(2.4)	(0.2)	-	(2.6)
Secured and other borrowings	(2.3)	1.2	-	(1.1)
	<u>(1,087.2)</u>	<u>29.6</u>	<u>2.2</u>	<u>(1,055.4)</u>

Non cash items primarily relate to loans obtained from related parties and the inception of new finance leases

Commitments

At 30 January 2010, the group had the following capital commitments -

	Consolidated 31 January 2010 £m	Consolidated 31 January 2009 £m	Company 30 January 2010 £m	Company 31 January 2009 £m
Contracted but not provided for	<u>20.7</u>	<u>14.3</u>	<u>-</u>	<u>-</u>

There were no other capital commitments at 30 January 2010 or 31 January 2009

Other Commitments

At 30 January 2010 the group had commitments under concession agreements with the British Airport Authority which were contracted for but not provided for in these financial statements of £2.7m (2009 £1.1m) as at the period end. Finally, the Group had committed to a finance lease of £7.3 million at 30 January 2010 in relation to a security infrastructure project, of which £4.8 million (2009 nil) has been provided for in the accounts as a long term creditor

23 Contingent assets/liabilities

The group participated in derivative financial instruments during the period to manage its foreign exchange exposure to the Euro and the US dollar. Through its hedging activities the group seeks to minimise the risk that eventual cash flows required to settle related liabilities will be affected by changes in exchange rates. The exposure on outstanding forward foreign exchange contracts at the period end was £26.2m (2009 £14.2m) and their fair value was £0.3m (2009 £1.4m) based on exchange rates prevailing at the period end. The exposure on outstanding call options at the period end was £nil (2009 £15.3m) and their fair value was £nil (2009 £1.8m) based on exchange rates prevailing at the period end.

The group is not aware of any material contingent liabilities existing at the balance sheet date. The group is involved in litigation in the ordinary course of business. However, in the opinion of the directors, no material losses in excess of provisions made are likely to arise.

There were no other contingent liabilities at 30 January 2010 or 31 January 2009

For the period ended 30 JANUARY 2010

24 Retirement benefit obligations

During the period the group principally operated two schemes

- (i) the Harrods Retirement Savings Plan ("the Stakeholder Scheme"), which is an approved defined contribution scheme, managed by Fidelity International
- (ii) the Harrods Group Pension Plan ("the Plan"), which is an approved defined benefit scheme

Stakeholder scheme

The pension cost under the defined contribution scheme amounted to £3.4m (2009 £3.1m). No pension accrual (2009 £nil) is included in the balance sheet in relation to this scheme.

Defined Benefit Pension Scheme ("the Plan")

An actuarial valuation of the Plan as at 5 April 2009 on a Scheme Specific Funding basis was carried out by the Scheme Actuary. The deficit on this basis was £103 million at that date.

At that time the amended contributions, in order for the Plan to be fully funded by 31 January 2014, were agreed as follows:

- contributions totaling £14m per annum with effect from 31 January 2010
- contributions totaling an estimated £0.7m per annum to fund administrative expenses of the Plan, with effect from 31 January 2010
- contribution estimated at £0.3m to fund the Pension Protection Fund levy and other such pension scheme levies as are payable by the employers and Trustee under the terms of the Pension Schemes Act 1993 and the Pensions Act 2004
- recognising the risks inherent in the performance of the financial markets during the five year deficit correction period, the principal employer has also agreed to fund any deficits outside an agreed tolerance band during this period.

During the period ended 30 January 2010, the participating employers made total contributions to the plan of £31.4m (2009 £11.4m), including all payments under an agreement entered into with the scheme Trustees in 2009 to make an additional lump sum payment into the fund.

The funding position of the Plan is monitored by the Trustee and the Harrods Group on a quarterly basis and formally reviewed at each triennial actuarial valuation, or more frequently as required by the Pensions Act 2004.

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
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Retirement benefits obligations (continued)

Financial Reporting Standard 17 Disclosures

Mercer, the new actuaries and administrators to the plan, as appointed by the Pension Trustees in 2008, carried out a valuation of the plan's assets and liabilities

The major assumptions used by the actuary were

	30 January 2010	31 January 2009
Discount rate	5.6%	6.7%
Inflation assumption	3.6%	3.5%
Rate of increase in salaries	n/a	n/a
Rate of pension increases (LPI 5%)	3.4%	3.4%
Rate of pension increases (LPI 2.5%)	2.3%	2.3%
Longevity at age 60 for current pensioners		
- Men	26.9	26.8
- Women	29.8	29.8
Longevity at age 60 for future pensioners		
- Men	28.0	28.0
- Women	30.8	30.8

The market value of the assets in the Plan, the expected long-term rate of return from them and the present value of Plan liabilities, all as defined in accordance with FRS 17 and valued by the qualified independent actuary were as follows

	As at 30 January 2010		As at 31 January 2009	
	£m	Expected long-term rate of return % per annum	£m	Expected long-term rate of return % per annum
Equities	113.7	7.6%	85.7	7.7%
Corporate bonds	58.7	5.4%	30.9	6.9%
Government bonds	50.4	4.1%	51.1	4.2%
Total return investments	54.2	7.6%	44.7	7.7%
Other	1.0	4.0%	2.5	
Cash earmarked for investment	0.1	4.0%	-	
Cash	59.2	4.0%	54.0	3.7%
Total asset held by the Plan	337.3	6.1%	268.9	6.6%
Present value of plan liabilities	(354.5)		(280.9)	
Deficit in the Plan	(17.2)		(12.0)	
Related deferred tax asset	6.4		5.8	
Net pension liability	(10.8)		(6.2)	

	30 January 2010 £m	31 January 2009 £m
Analysis of amounts charged to operating profit		
Current service cost	-	-
Effect of curtailments or settlements	-	-
Total operating credit	-	-

QATAR HOLDING UK LIMITED (FORMERLY AIT UK HOLDINGS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

Retirement benefits obligations (continued)

Analysis of amounts included as other finance (income)/costs	30 January 2010 £m	31 January 2009 £m
Expected return on pension plan assets	16.4	17 1
Interest cost on pension plan liabilities	(18.5)	(15 3)
Net financial (income)/costs	(2.1)	1 8

Analysis of amounts recognised in statement of total recognised gains and losses

Actuarial losses immediately recognised	(33.7)	(22 2)
Effect of surplus cap	-	-
Actuarial loss recognised in statement of total recognised gains and losses	(33.7)	(22 2)

Changes in the benefit obligation during the period were as follows:

Benefit obligation at beginning of period	280.9	297 5
Interest cost	18.5	15 3
Actuarial losses/(gains)	64.8	(22 1)
Benefits paid	(9.7)	(9 8)
Benefit obligation at end of period	354.5	280 9

Changes in the plan assets during the period were as follows:

	Period to 30 January 2010 £m	Period to 31 January 2009 £m
Fair value of plan assets at beginning of period	268.9	296 6
Expected return on plan assets	16.4	17 1
Actuarial gains/(losses)	31.0	(44 3)
Employer contribution	30.6	9 3
Benefits Paid	(9.7)	(9 8)
Fair value of plan assets at end of period	337.2	268 9

	Period to 30 January 2010 £m	Period to 31 January 2009 £m
Actual return on plan assets	47.5	(27 2)

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For the period ended 30 JANUARY 2010

Retirement benefit obligations (continued)

History of experience gains and losses

	30 January 2010		31 January 2009	
	£m	%	£m	%
Benefit obligation at end of period	(354.4)		(280.9)	
Fair value of plan assets at end of period	337.3		268.9	
Deficit in the plan	(17.1)		(12.0)	
Difference between actual and expected return on assets	31.0	9.2%	(44.3)	(15.8%)
Experience (losses)/gains on plan liabilities	-	-	-	-
Amount recognised in statement of total recognised gains and losses against liabilities	(33.7)	(9.5%)	(22.2)	(7.9%)

Cumulative amount of gains/(losses) immediately recognized in Statement of Total Recognised Gains and Losses since introduction of FRS17 is a loss of £55.9m (2009 £22.2m)

25 Leasing commitments

The group has annual commitments under operating leases which expire as follows

	Consolidated		Company	
	30 January 2010	31 January 2009	30 January 2010	31 January 2009
	£m	£m	£m	£m
Land and buildings				
In one year or less	-	-	-	-
Between one and five years	0.1	0.1	-	-
In five years or more	46.8	46.5	-	-
	46.9	46.6	-	-

	Consolidated		Company	
	30 January 2010	31 January 2009	30 January 2010	31 January 2009
	£m	£m	£m	£m
Other assets leases				
In one year or less	-	0.3	-	-
Between one and five years	0.6	0.2	-	-
In five years or more	0.1	-	-	-
	0.7	0.5	-	-

26 Transactions with directors /and other related parties

During the period the group entered into transactions with a number of entities, which at the year end date were under the control of the group's then ultimate controlling party, the Fayed family. These entities comprise Alfayed Charitable Foundation, Balnagown Castle Properties Limited, Bocardo Societe Anonyme, Fayair (Jersey) Company Limited, Fulham Football Club (1987) Limited, Fulham Stadium Limited, Fulham Football Leisure Limited, Harrods Property Limited, Hyde Park Residence Limited, Jasmine Di Milo Limited, Liberty Publishing Limited (and subsidiaries), Mohafa Limited, Prestige Properties S A, The Ritz Hotel, Limited, QH Property Holdings Limited (formerly AIT Property Holdings Limited) and Turnbull & Asser Limited. The transactions and balances with these entities are not considered to be material except as described below.

For the period ended 30 JANUARY 2010

Transactions with directors /and other related parties

The group has taken advantage of the exemption in Financial Reporting Standard No 8 "Related Party Disclosures" and has not disclosed transactions with group undertakings

During the period, the group recharged payroll and made administration charges to Fulham Football Club (1987) Limited, amounting to £4.4m (2009 £34.1m). The debtor outstanding at the period end was £0.3m (2009 £13.5m). The maximum debtor balance during the period was £13.8m (2009 £18.7m).

Jasmine Di Milo Limited operates a concession in the Knightsbridge Store, on commercial terms. The group provides a number of administrative services to Jasmine Di Milo Limited. The debtor outstanding at period end was £0.8m (2009 £0.3m). The maximum debtor balance during the period was £0.9m (2009 £0.5m).

The group charged Turnbull & Asser Limited £nil (2009 £0.3m) under commercial terms for the concession it operates in the Store. The debtor outstanding at period end was £nil (2009 £nil). The maximum debtor balance during the period was £0.1m (2009 £0.1m).

During the period, the group charged pension contributions to Turnbull and Asser Limited amounting to £0.8m (2009 £0.3m). The debtor outstanding at period end was £nil (2009 £nil). The maximum debtor balance during the period was £0.1m (2009 £0.1m).

During the period, the group charged fees related to contract work and engineering services to Fayair (Jersey) Co Ltd amounting to £0.9m (2009 £1.1m). During the period, Harrods Aviation Limited assigned to Fayair (Jersey) Co Limited the rights and obligations relating to a contract to purchase an aircraft in return for a loan receivable of \$5.5m which carries interest at a commercial rate. The debtor outstanding at period end was £3.7m (2009 £nil). The maximum debtor balance during the period was £3.7m (2009 £0.3m).

Through the acquisition of Harrods Limited, the group has a subordinated loan to Harrods Property Limited amounting to £286.3m (2009 £295.0m). The loan is non-interest bearing and is repayable on demand by the lender. The maximum receivable during the period was £295.0m (2009 £302.4m).

The group has been granted a loan from Harrods Property Limited, which is under common control of the company's ultimate parent undertaking. The debt is non-interest bearing and is repayable with not less than 12 months notice by the lender. As at 30 January 2010, the balance outstanding was £274.3m (2009 £282.4m).

Through the acquisition of Harrods Limited, the group continues as tenant under a lease with Harrods Property Limited which is for a term of 35 years from December 2006. This lease covers the Harrods store in Knightsbridge, the Harrods distribution centre near Heathrow and a number of ancillary Harrods properties used for trading operations. During the period the group was charged rent of £43.2m (2009 £35.1m) by Harrods Property Limited. At the period end, the balance of prepaid rent was £3.5m (2009 £3.4m).

The group has been granted a loan from QH Property Holdings Limited (formerly AIT Property Holdings Limited), which is under the common control of the company's ultimate parent undertaking. The debt is non-interest bearing and is repayable upon demand by the lender. As at 30 January 2010, the balance outstanding was £856.7m (2009 £862.3m).

The group has been granted a loan from QH Property Holdings Limited (formerly AIT Property Holdings Limited), which is under the common control of the company's ultimate parent undertaking. The debt is interest bearing and is repayable with no less than 13 months notice in writing by the lender. As at 30 January 2010, the balance outstanding was £23.0m (2009 £21.7m).

There are no other related party transactions.

27 Ultimate parent undertaking

The company's immediate parent undertaking is QH Property Holdings Limited (formerly AIT Property Holdings Limited) a company incorporated in Bermuda

The company is an indirect 100% subsidiary of Qatar Holding LLC which is the strategic investment arm of Qatar Investment Authority, the ultimate controlling party