

QH Participations Limited

Financial Statements

for the Period ended 28 January 2012

Company 6511479

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QH Participations Limited
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QH Participations Limited
Directors' Report for the Period ended 28 January 2012

The directors present their report together with the audited financial statements for the period ended 28 January 2012

Principal activity

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

Business review

There was a profit for the period after taxation amounting to £82.0m (2011 £8.5m). The profit arose from dividends received from Harrods Holdings Limited and QH Partners Limited. The company paid a dividend during the period £78.0m (2011 £nil).

Directors of the company

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

M A Ward

A M Al-Sayed

K J Al-Kuwari

H Al-Abdulla

K Maamria

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 amounts due to the group undertakings without first ensuring that the company has adequate funds to meet its obligations as they fall due.

QH Participations Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and 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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 are sufficient to show and explain the company's transactions and 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.

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.

Disclosure of information to the auditors

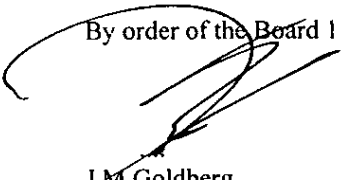
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Reappointment of auditors

Ernst & Young LLP were appointed as auditors on 12th January 2012.

The auditors Ernst & Young LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the Board 11 October 2012


J.M. Goldberg
Company secretary

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

Independent Auditor's Report to the Members of QH Participations Limited

We have audited the financial statements of QH Participations Limited for the period from 30 January 2011 to 28 January 2012 which comprises the Profit and Loss Account, the Balance Sheet, the Principal Accounting Policies on page 5 and the related notes 1 to 14. 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 audit 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 auditor's 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 directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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 and express an opinion on 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 January 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.

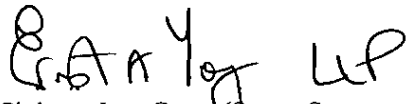
**Independent Auditor's Report to the Members of
QH Participations Limited**

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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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

A handwritten signature in black ink, appearing to read 'P. Green' followed by a stylized flourish.

Philippa Jane Green (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP

Date 16-10-2012

QH Participations Limited

Principal Accounting Policies

Basis of preparation

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

The principal accounting policies of the company have remained unchanged from the previous period and are set out below

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 amounts due to the group undertakings without first ensuring that the company has adequate funds to meet its obligations as they fall due

The principal accounting policies of the company are set out below

QH Participations Limited is a wholly owned subsidiary of Harrods Group (Holding) Limited which produces Group accounts in accordance with the Companies Act 2006. Consequently the company has taken advantage of the exemption permitted by section 400 of the Act from producing Group accounts. These accounts therefore present information about the company and not about its group.

Harrods Group (Holding) Limited produces a consolidated cash flow statement in accordance with Financial Reporting Standard No 1 (FRS1). Consequently the company has taken advantage of the exemption in FRS1 from producing a cash flow statement.

Investments

Investments are included at cost less provision for impairment where appropriate

QH Participations Limited
Profit and Loss Account for the Period ended 28 January 2012

	Note	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
Turnover		-	-
Administrative expenses		(56)	-
Operating loss	2	(56)	-
Income from shares in group undertakings	1	100,500	8,544
Interest payable and similar charges	3	(25,000)	-
Profit on ordinary activities before taxation		75,444	8,544
Tax on profit on ordinary activities	4	6,596	-
Profit for the financial period	10	82,040	8,544

All transactions arise from continuing operations

There were no recognised gains or losses other than the profit for the financial period

The notes on pages 8 to 13 form an integral part of these financial statements

QH Participations Limited

Balance Sheet at 28 January 2012

	Note	28 January 2012 £'000	29 January 2011 £'000
Fixed assets			
Investments	5	<u>901,500</u>	<u>901,500</u>
Current assets			
Debtors	6	6,596	-
Cash at bank and in hand		<u>22,500</u>	<u>-</u>
		29,096	-
Creditors Amounts falling due within one year	7	<u>(873,277)</u>	<u>(848,221)</u>
Net current liabilities		<u>(844,181)</u>	<u>(848,221)</u>
Net assets		<u>57,319</u>	<u>53,279</u>
Capital and reserves			
Called up share capital	8	3,283	3,283
Share premium account	10	35,917	35,917
Profit and loss account	10	<u>18,119</u>	<u>14,079</u>
Shareholders' funds	11	<u>57,319</u>	<u>53,279</u>

The financial statements were approved by the Board of Directors on 11 October 2012 and signed on its behalf by

M A Ward
Director

Company registration no 6511479

The notes on pages 8 to 13 form an integral part of these financial statements

QH Participations Limited

Notes to the Financial Statements for the Period ended 28 January 2012

1 Other income

	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
Dividends from shares in group undertakings	100,500	8,544
	<u>100,500</u>	<u>8,544</u>

2 Operating loss

Audit fees for the period were £nil (2011 £nil) as they were borne by another group company

No emoluments were paid to the directors of the company during the period (2011 £nil)

The company did not employ any persons or incur any staff costs during the period (2011 £nil)

3 Interest payable and similar charges

	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
Interest on loans from group undertakings	25,000	-
	<u>25,000</u>	<u>-</u>

4 Tax on loss on ordinary activities

The tax charge is based on the profit for the period and represents

	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
Current tax		
Current tax credit Group relief receivable	(6,596)	-
	<u>(6,596)</u>	<u>-</u>

QH Participations Limited
Notes to the Financial Statements for the Period ended 28 January 2012
..... continued

Factors affecting current tax charge for the period

Tax on profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 26 32% (2011 - 28%)

The differences are reconciled below

	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
Profit on ordinary activities before taxation	75,444	8,544
Corporation tax at standard rate	19,857	2,392
Dividend income not assessable	(26,453)	(2,392)
Total current tax	(6,596)	-

5 Investments held as fixed assets

	28 January 2012 £'000	29 January 2011 £'000
Shares in group undertakings and participating interests	901,500	901,500

Shares in group undertakings and participating interests

	Subsidiary undertakings £'000
Cost	
At 30 January 2011	901,500
At 28 January 2012	901,500
Net book value	
At 29 January 2011 and 28 January 2012	901,500

QH Participations Limited

Notes to the Financial Statements for the Period ended 28 January 2012

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The company directly owns 72.4% of Harrods Holdings Limited, which is registered in England and Wales and operates in the United Kingdom. The principal activity of Harrods Holdings Limited is an intermediary holding company for the Harrods retail group.

The company has the following wholly owned (100% of equity and voting rights) trading and non-trading subsidiary undertakings registered in England and Wales:

Principal subsidiaries Name	Principal activity
QH Partners Limited*	Holding company
Harrods Holdings Limited	Holding company
Harrods (UK) Limited	Management services to subsidiary undertakings
Harrods Limited	Department store
Harrods International Limited	Tax free retailer and wholesaler
Harrods Watches Limited	Wholesaler
Harrods (Continental) Limited	Exporter
Harrods Estates Limited	Estate agency
PL Management Limited	Property management
Harrods Services Limited	Security staff agency
Genavco Insurance Limited	Insurance broker
Harrods Commercial Property Limited	Property management

*The whole of the issued ordinary share capital in this company is owned directly by the company. The whole of the ordinary shares capital in the other companies is held by intermediate holding companies.

In addition to the companies shown in the above list, the company also holds investments in other subsidiary undertakings which are not material. Details of all subsidiary undertakings will be annexed to the company's next annual return in compliance with section 410 of the Companies Act 2006.

6 Debtors

	28 January 2012 £	29 January 2011 £
Other debtors: Group relief receivable	6,596	-
	<u>6,596</u>	<u>-</u>

QH Participations Limited
Notes to the Financial Statements for the Period ended 28 January 2012
..... continued

7 Creditors: Amounts falling due within one year

	28 January 2012 £'000	29 January 2011 £'000
Other loans Amounts owed to related party	848,221	848,221
Amounts owed to group undertakings	56	-
Other creditors	25,000	-
	<u>873,277</u>	<u>848,221</u>

The company has been granted a loan from QH Property Holdings Limited, which is under the common control of the company's ultimate parent undertaking. Part of the debt (£368m) is non-interest bearing and the other part is interest bearing (£480m) and is repayable upon demand by the lender.

8 Share capital

Allotted, called up and fully paid shares

	28 January 2012 £	29 January 2011 £
328,310,000 Allotted, called up and fully paid of each (2011 328,310,000)	<u>3,283,100</u>	<u>3,283,100</u>
Authorised 328,400,000 ordinary shares of £0.01 each	<u>3,283,100</u>	<u>3,283,100</u>

9 Dividends

	28 January 2012 £'000	29 January 2011 £'000
Dividends paid		
Current period interim dividend paid	<u>78,000</u>	<u>-</u>

QH Participations Limited
Notes to the Financial Statements for the Period ended 28 January 2012
..... continued

10 Share premium account and reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 30 January 2011	35,917	14,079	49,996
Profit for the period	-	82,040	82,040
Dividends	-	(78,000)	(78,000)
At 28 January 2012	<u>35,917</u>	<u>18,119</u>	<u>54,036</u>

11 Reconciliation of movement in shareholders' funds

	28 January 2012 £'000	29 January 2011 £'000
Profit attributable to the members of the company	82,040	8,544
Dividends	<u>(78,000)</u>	<u>-</u>
Net addition to shareholders' funds	4,040	8,544
Shareholders' funds at start of period	<u>53,279</u>	<u>44,735</u>
Shareholders' funds at end of period	<u>57,319</u>	<u>53,279</u>

QH Participations Limited

Notes to the Financial Statements for the Period ended 28 January 2012

..... continued

12 Capital commitments

The company had no capital commitments at 28 January 2012 or 29 January 2011

13 Contingent liabilities

There were no contingent liabilities at 28 January 2012 or 29 January 2011

14 Transactions with directors and other related parties

In 2008, QH Participations Limited had entered into a loan facility agreement with QH Property Holdings Limited (Bermuda), a company under the control of the company's ultimate parent undertaking. As the beginning of the financial year (30 January 2011), the remaining balance on the loan account was £848.2m.

During the year ended 28 January 2012, this debt was reassigned by QH Property Holdings Limited leading to a new financing arrangement between QH Participations Limited and Qatar Holding LLC, the ultimate controlling party.

Under the terms of the new loan arrangement, a facility of £862m has been agreed. This facility has been structured into two tranches, the first for £480m being interest bearing at a rate of 6.25% per annum, and the second tranche of £382m being interest free. The assigned loan (£848.2m) utilises the full draw down facility on the interest bearing tranche (£480m) and £368.2m of the interest-free tranche.

The balance of the loan at 28 January 2012 remained unchanged at £848.2m (2011: £848.2m). Interest of £25m (2011: £Nil) has been accrued in the accounts in relation to this loan for the year ended 28 January 2012.

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

15 Ultimate parent undertaking

The company's immediate parent undertaking is Harrods Group (Holding) Limited (formerly Qatar Holding UK Limited), a company incorporated in the United Kingdom. The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Harrods Group (Holding) Limited. The group accounts will be filed with the Registrar of Companies in due course.

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.