

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

INVITATION TO THE ORDINARY GENERAL ASSEMBLY

Dear Shareholder,

The Board of Directors of Mannai Corporation QPSC (the "Corporation") have the pleasure to invite you to attend the Ordinary General Assembly meeting to be held on Wednesday, March 22, 2017 at 04.00 p.m. at Al-Silia Ballroom, Grand Hyatt Hotel, to discuss the agenda as shown below. In case the quorum is not met, a second meeting will be held on Wednesday, March 29, 2017 at the same time and venue:

Agenda of the Ordinary General Assembly

- Hearing the message of His Excellency the Chairman and the future plan
- Hearing and approving the Board of Directors Report on the Corporation activities and financial position for the year ended December 31, 2016.
- Hearing and approving External Auditor's Report on the Financial Statements for the year ended December 31, 2016.
- Discussing and approving the Corporation's balance sheet and profit and loss account for the year ended December 31, 2016.
- Reviewing and approving the Board of Directors' proposal for a cash dividend payment of QR4 per share, being 40% of the nominal share value.
- Absolving the Chairman and members of the Board for the year ended December 31, 2016 and approving their remuneration.
- Discussing and approving the Corporate Governance Report of the Corporation for the year 2016.
- Appointing the External Auditor for the year 2017 and fixing their remuneration.
- Authorizing Mr. Alekh Grewal, Group CEO and Director, Mr. Khalid Mannai, Vice Chairman of the Executive Committee, and Mr. Ewan Cameron, Chief Financial Officer to severally or jointly take the procedures necessary for execution of Assembly resolutions.

A copy of the Corporation's Financial Statements for 2016, Board of Directors' Report, External Auditor's Report and the Corporate Governance Report for the same year are published along with this invitation for your ready reference.

Hamad Bin Abdulla Bin Khalifa Al Thani
Chairman

NOTES:

- Exclusively for the review of the Corporation's shareholders, the Corporation will make available, a week before the convening of the General Assembly, statements showing the wages, charges, salaries and considerate for attending Board of Directors meetings as well as allowances and any other amounts of whatsoever nature.
- Privileges, whether in kind or in cash, enjoyed by the Chairman of the Board of Directors and each Board member within the financial year.
- Remuneration proposed to be distributed by the Board of Directors to its members...etc in accordance with Article 122 of the Commercial Companies Law no. 11 for the year 2015.
- Every individual shareholder may authorize another shareholder to attend the meeting, provided that such an authorization is in writing and given specifically for the purpose of attending the meeting. A Director may not be authorized for this purpose and the number of shares held by a proxy in this capacity shall not exceed 5% of the share capital of the Corporation. In case the shareholder is corporate person, the representative of the shareholder shall present a written authorization from such corporate person duly signed and stamped in order for the representative to be able to attend the meeting.
- Minors will be represented by their legal guardians.
- In accordance with provisions of Law No 11 of 2015, this invitation shall be held as a legal notice to all shareholders without any need for private invitations to be sent by post.
- In order to complete registration, please attend at 3:30 p.m. on the date of the meeting

DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER'S REPORT

The highlight of the year was the acquisition of 51.24% of GFI Informatique, a French Public Listed company.

2016 was a challenging year due to the collapse of oil prices which significantly affected consumer and business sentiments. This in turn led to businesses reducing their workforce as new projects were either put on hold or cancelled.

The earnings from GFI balanced the decline in earnings from our other businesses along with rationalisation of costs. Hence, we were able to finish this year with a net profit marginally ahead of 2015 and setting a new record for the net profit achieved.

The ICT business once again delivered a record breaking performance and further consolidated its position as Qatar's leading systems integrator that has built its reputation on trust and quality. The business is ideally positioned to provide the highest quality solutions to its customers throughout the entire technology stack.

Our other Qatar based businesses saw their net profits decline compared to previous years due to the lack of new infrastructure projects being released in the country. The Auto segment in Qatar declined by 27% and the Heavy Equipment segment declined by 57%. Mannai's Auto and Heavy Equipment segment by contrast only declined 8%.

Internationally, Damas witnessed a further decline due to the challenges in the luxury retail market in the GCC. The company rationalised its operating costs significantly. However, Damas is well positioned to take advantage of improvement in the luxury retail segment where affordable luxury is becoming an important growing segment and is an area where Damas excels. Having opened its new manufacturing unit in Nad Al Hamar, Dubai, Damas has ultimate control not only of the quality of the products but more importantly of the diamonds and gemstones selected.

Our associate company Axiom Telecom, where Mannai has a minority stake, was also not exempt from challenges in the slowdown in retail across the UAE and KSA. The company has taken out significant costs from its business operations including closing down numerous unviable stores. These initiatives will ensure that 2017 earnings are more robust than prior years.

GFI Informatique had an excellent year with 45.9% growth in net profit. The company concluded many acquisitions in Europe which will ensure its continued success in the years to come.

PERFORMANCE

The Group delivered another year of record profits:

- Group Turnover: QR 4.88 Billion.
- Net Profit for the year: QR 535 Million.
- The Group's overseas operations contributed 44.53% of the overall profit of the Group.
- Return on Equity is 22%.
- Earnings per Share: QR 11.73

DIVERSITY OF BUSINESSES

Mannai Corporation is a conglomerate operating within a single set of values that we call the "Mannai Way". We work with an array of leading globally recognised brands and international partners.

Our diverse range of trading, retail and service businesses deal with customers in the Oil & Gas industry, the Commercial and Government sector and through GFI with a range of blue chip corporates in continental Europe, as well as retail client's throughout the GCC and Turkey. We aim to continue to provide a platform for future profitable growth, listening and responding to changing needs of our customers and clients while staying true to our core values of quality, value, service and trust.

FUTURE OUTLOOK

The near term economic outlook remains unclear and challenging however, we remain committed to taking advantage of every opportunity available as we continue to build our business for growth over the longer term.

Alekh Grewal
Director & Group Chief Executive Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at December 31, 2016

	2016 QR '000	2015 QR '000
ASSETS		
Current assets		
Bank balances and cash	153,440	150,302
Accounts receivable and prepayments	893,204	1,008,425
Amounts due from related parties	33,886	36,448
Inventories	2,358,072	2,631,197
Total current assets	3,438,602	3,826,372
Non-current assets		
Accounts receivable and prepayments	43,979	35,740
Amounts due from related parties	32,544	16,646
Available for sale investments	40,034	43,688
Investment in joint venture companies	15,813	24,128
Investment in associate companies	2,417,600	1,187,660
Goodwill and other intangible assets	1,208,207	1,210,727
Property, plant and equipment	437,716	411,132
Investment properties	97,416	103,567
Total non-current assets	4,293,309	3,033,288
Total assets	7,731,911	6,859,660
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Bank overdrafts	165,213	288,519
Interest bearing loans and borrowings	1,377,917	998,334
Amounts due to related parties	2,426	1,041
Accounts payable and accruals	1,171,587	1,535,239
Total current liabilities	2,717,143	2,823,133
Non-current liabilities		
Interest bearing loans and borrowings	2,306,310	1,498,400
Accounts payable and accruals	18,066	17,393
Employees' end of service benefits	112,235	112,312
Total non-current liabilities	2,436,611	1,628,105
Total liabilities	5,153,754	4,451,238
Equity		
Share capital	456,192	456,192
Legal reserve	1,083,456	1,083,456
Revaluation reserve	4,630	4,630
Foreign currency translation reserve	(143,743)	(13,994)
Proposed dividends	182,477	228,096
Retained earnings	1,583,312	1,238,093
Acquisition reserve	(588,058)	(588,058)
Equity attributable to shareholders of the Company	2,578,266	2,408,415
Non-controlling interests	(109)	7
Total equity	2,578,157	2,408,422
Total liabilities and equity	7,731,911	6,859,660

These consolidated financial statements were approved by the Board of Directors and authorised for issue on February 28, 2017.

Sheikh Suhaim Bin Abdulla Al-Thani
Vice Chairman

Alekh Grewal
Director and Group Chief Executive Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the Year Ended December 31, 2016

	2016 QR '000	2015 QR '000
Revenue	4,885,644	5,934,633
Direct costs	(3,700,979)	(4,592,758)
Gross profit	1,184,665	1,341,875
Other income	222,898	150,530
Share of results of joint ventures and associates - net	109,312	55,429
General and administrative expenses	(412,327)	(432,740)
Selling and distribution expenses	(331,091)	(391,489)
Profit before interest, depreciation and amortisation	773,457	723,605
Finance costs	(127,651)	(94,747)
Depreciation and amortisation	(108,346)	(97,182)
Profit from continuing operations before tax	537,460	531,676
Income tax	(2,459)	(3,461)
Net profit for the year	535,001	528,215
Attributable to:		
Shareholders of the Company	535,117	532,781
Non-controlling interests	(116)	(4,566)
	535,001	528,215
<i>Earnings per share:</i>		
Basic and diluted earnings per share attributable to shareholders of the Company (QR)	11.73	11.68
Basic and diluted earnings per share from continuing operations attributable to shareholders of the Company (QR)	11.73	11.68

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the Year Ended December 31, 2016

	2016 QR '000	2015 QR '000
Net profit for the year	535,001	528,215
Other comprehensive loss		
Items that may be reclassified subsequently to statement of profit or loss:		
Foreign currency translation reserve		
Foreign currency translation adjustment	(129,749)	(4,455)
Total other comprehensive loss for the year	(129,749)	(4,455)
Total comprehensive income for the year	405,252	523,760
Attributable to:		
Shareholders of the Company	405,368	528,326
Non-controlling interests	(116)	(4,566)
	405,252	523,760