

**MANNAI CORPORATION Q.S.C.
DOHA - QATAR**

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

MANNAI CORPORATION Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended December 31, 2013

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DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER'S REPORT

The Company has once again delivered a record increase in profits as a result of its international expansion. Excluding the one-off capital gain from the sale of land in 2012 result, the growth in earnings was 39%. The outlook for 2014 for business in Qatar is promising as we are optimistic of winning our share of projects currently being tendered.

The strategy to expand our business internationally, so that majority of our earnings come from our international operations, is on track.

The Company further increased its stake in Damas International Ltd., by an additional 15% through acquiring the remaining shareholding of the Abdulla Brothers. Damas has performed exceptionally well and is positioned to over achieve the investment criteria established at the time of the acquisition. Damas launched a new corporate strategy in 2013 to realign the business with the changing customer landscape. This resulted in a new brand identity and refreshed store concepts to enhance the shopping experience of its customers.

Auto Group benefitted from the surge in the sales of Heavy Equipment including a substantial growth in JCB Sales. It also achieved a substantial market share in cranes and was certified by Grove Cranes as "Elite Distributor for 2013".

The ICT business under its new leadership delivered record profits for that division. These results were achieved by focussing on a coherent alignment of their products and services portfolio. The ICT Business is ideally positioned to provide the highest quality solutions to its customers throughout the entire technology stack.

Performance

The Company delivered another year of record profits:

- Revenue grew 17.5% to QR 5.6 Billion from QR 4.7 Billion in the previous year.
- Net Profit for the Group increased by 16.3% to QR 539 Million.
- Net Profit attributable to the Company amounted to QR 446 Million an increase of 11.4% over 2012 Net Profit of QR 400 Million.
- The Company's overseas operations contributed 61% of the overall profit of the Group.
- Return on Equity is 22%.

DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

Diversity of business

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 trade and service businesses deal with customers in the Oil & Gas industry, the commercial and government sector, as well as retail clients. We aim to continue to provide a platform for future profitable growth, listening and responding to the changing needs of our customers and clients while staying true to our core values of quality, value, service and trust.

Future outlook

Mannai will explore acquisition opportunities directly or through its Damas subsidiary. Locally, Qatar's thrust for infrastructure development will provide great opportunities, and Mannai with its diversified business activities is ready to play an active role in the development of the nation.

We remain committed to continuing our growth as a company, and delivering positive results for our Shareholders.



Alekh Grewal

Director & Group Chief Executive Officer

QR. 99-8

INDEPENDENT AUDITOR'S REPORT

**The Shareholders
Mannai Corporation Q.S.C.**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Mannai Corporation Q.S.C. (the "Company") and subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated financial statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2013 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to the following matter-

Damas International Limited, a subsidiary of the Group, is in the process of concluding negotiations with its partners relating to the exit of investments in certain countries and the final outcome of those negotiations is uncertain as of December 31, 2013. In addition, certain existing tax obligations and liabilities that may arise and crystallize on exit cannot be determined with reasonable certainty at this time.

Other Legal and Regulatory Requirements

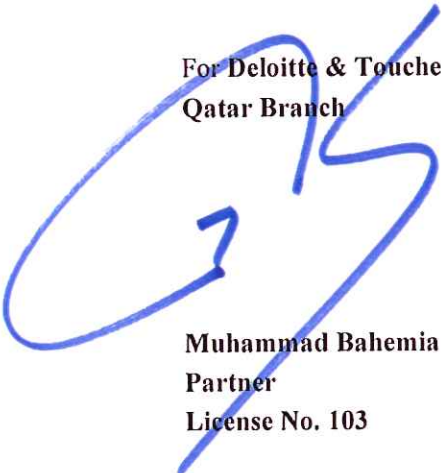
We are also of the opinion that proper books of account were maintained by the Company, physical inventory verification has been duly carried out and the contents of the directors' report are in agreement with the Group's financial statements. We have obtained all the information and explanations which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

Other matter

The consolidated financial statements of the Group for the year ended December 31, 2012 were audited by another auditor, who expressed an unqualified opinion on those consolidated financial statements on February 27, 2013.

Doha – Qatar
February 27, 2014

For Deloitte & Touche
Qatar Branch



Muhammad Bahemia
Partner
License No. 103

MANNAI CORPORATION Q.S.C.**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at December 31, 2013

		2013	2012
		QR '000	(Restated)
	Notes		QR '000
ASSETS			
Current assets			
Bank balances and cash	5	156,750	344,200
Accounts receivable and prepayments	6	810,508	792,598
Amounts due from related parties	28(b)	27,855	25,565
Inventories	7	2,501,899	2,603,470
		3,497,012	3,765,833
Assets classified as held for sale	16	52,436	--
Total current assets		3,549,448	3,765,833
Non-current assets			
Accounts receivable and prepayments	6	13,121	50,681
Amounts due from related parties	28(b)	76,448	73,641
Available for sale investments	8	42,957	36,804
Investment in joint venture companies	11	17,111	30,933
Investment in associate companies	12	1,250,270	1,233,388
Goodwill and other intangible assets	13	1,215,500	1,231,458
Property, plant and equipment	14	360,372	333,012
Investment properties	15	125,716	93,108
		3,101,495	3,083,025
Total non-current assets		3,101,495	3,083,025
Total assets		6,650,943	6,848,858

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

MANNAI CORPORATION Q.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2013

	Notes	2013 QR '000	2012 (Restated) QR '000
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Bank overdrafts	5	293,917	186,554
Interest bearing loans and borrowings	18	1,186,698	793,567
Amounts due to related parties	28(b)	4,976	5,984
Accounts payable and accruals	19	1,923,951	1,280,219
		<u>3,409,542</u>	<u>2,266,324</u>
Liabilities classified as held for sale	16	21,072	--
Total current liabilities		<u>3,430,614</u>	<u>2,266,324</u>
Non-current liabilities			
Interest bearing loans and borrowings	18	649,437	1,880,684
Accounts payable and accruals	19	33,138	25,580
Provision for employees' end of service benefits	20	86,354	75,888
		<u>768,929</u>	<u>1,982,152</u>
Total non-current liabilities		<u>768,929</u>	<u>1,982,152</u>
Total liabilities		<u>4,199,543</u>	<u>4,248,476</u>
Equity			
Share capital	21	456,192	456,192
Legal reserve	22(a)	1,083,456	1,083,456
Revaluation reserve		4,630	4,630
Foreign currency translation reserve		(5,383)	(1,838)
Proposed dividends		250,906	216,691
Retained earnings		691,714	500,903
Acquisition reserve	22(b)	(283,820)	--
Equity attributable to shareholders of the Company		<u>2,197,695</u>	<u>2,260,034</u>
Non-controlling interests	10	253,705	340,348
Total equity		<u>2,451,400</u>	<u>2,600,382</u>
Total liabilities and equity		<u>6,650,943</u>	<u>6,848,858</u>

These consolidated financial statements were approved by the Board of Directors and authorised for issue on February 27, 2014.



Mohamed Ali M. Al Kubaisi
Director



Alekh Grewal
Director and Group Chief Executive Officer

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

MANNAI CORPORATION Q.S.C.
CONSOLIDATED STATEMENT OF INCOME
For the year ended December 31, 2013

	Notes	2013 QR '000	2012 QR '000
Revenue		5,613,626	4,777,448
Direct costs		(4,468,586)	(3,845,960)
Gross profit		1,145,040	931,488
Other income	25	294,417	282,841
Share of results of joint ventures and associates	11&12	80,612	79,817
General and administrative expenses	26	(410,548)	(325,598)
Selling and distribution expenses		(371,902)	(259,600)
Profit before interest, depreciation and amortisation		737,619	708,948
Finance costs		(100,690)	(165,396)
Depreciation and amortisation	13,14&15	(76,838)	(67,087)
Profit for the year before directors' remuneration		560,091	476,465
Directors' remuneration	28(d)	(21,600)	(13,800)
Profit from continuing operations before tax		538,491	462,665
Income tax		(3,288)	(1,853)
Profit from continuing operations after tax		535,203	460,812
Profit from discontinued operation	17	3,891	2,759
Net profit for the year		539,094	463,571
Attributable to :			
Shareholders of the Company		446,076	400,312
Non-controlling interests		93,018	63,259
		539,094	463,571
<i>Earnings per share:</i>			
Basic and diluted earnings per share attributable to shareholders of the Company (QR)	27	9.78	10.43
Basic and diluted earnings per share from continuing operations attributable to shareholders of the Company (QR)	27	9.69	10.38

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

MANNAI CORPORATION Q.S.C.

CONSOLIDATED STATEMENT COMPREHENSIVE INCOME

For the year ended December 31, 2013

	<u>2013</u> <u>QR '000</u>	<u>2012</u> <u>QR '000</u>
Net profit for the year	539,094	463,571
Other comprehensive income /(loss)		
Items that may be reclassified subsequently to statement of income:		
<i>Available for sale investments</i>		
Reclassified to the consolidated statement of income on disposal of available for sale investments	--	1,095
<i>Foreign currency translation reserve</i>		
Foreign currency translation adjustment	<u>(4,126)</u>	<u>(258)</u>
Total other comprehensive (loss)/income for the year	<u>(4,126)</u>	<u>837</u>
Total comprehensive income for the year	<u><u>534,968</u></u>	<u><u>464,408</u></u>
Attributable to:		
Shareholders of the Company	442,531	400,749
Non-controlling interests	<u>92,437</u>	<u>63,659</u>
	<u><u>534,968</u></u>	<u><u>464,408</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

MANNAI CORPORATION Q.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2013

	Share capital QR '000	Legal reserve QR '000	Revaluation reserve QR '000	Foreign currency translation reserve QR '000	Fair value reserve QR '000	Proposed dividends QR '000	Acquisition reserve QR '000	Retained earnings QR '000	Equity attributable to shareholders of the Company QR '000	Non-controlling interests QR '000	Total QR '000
Balance – January 1, 2012	342,144	513,216	80,117	(1,180)	(1,095)	188,179	--	247,586	1,368,967	584	1,369,551
Total comprehensive income for the year	--	--	--	(658)	1,095	--	--	400,312	400,749	63,659	464,408
Movement in revaluation reserve (Note 14)	--	--	(75,487)	--	--	--	--	75,487	--	--	--
Dividends paid (Note 23)	--	--	--	--	--	(188,179)	--	--	(188,179)	--	(188,179)
Proposed dividend (Note 23)	--	--	--	--	--	216,691	--	(216,691)	--	--	--
Rights issue	114,048	570,240	--	--	--	--	--	--	684,288	--	684,288
Non-controlling interest arising on business combination (Restated) (Note 13(iii))	--	--	--	--	--	--	--	--	--	276,105	276,105
Social and sports contribution for 2012	--	--	--	--	--	--	--	(5,791)	(5,791)	--	(5,791)
Restated balance – December 31, 2012	456,192	1,083,456	4,630	(1,838)	--	216,691	--	500,903	2,260,034	340,348	2,600,382
Total comprehensive income for the year	--	--	--	(3,545)	--	--	--	446,076	442,531	92,437	534,968
Dividends paid (Note 23)	--	--	--	--	--	(216,691)	--	--	(216,691)	--	(216,691)
Acquisition of additional non-controlling Interests (Note 10 (a))	--	--	--	--	--	--	(283,820)	--	(283,820)	(178,778)	(462,598)
Proposed dividend (Note 23)	--	--	--	--	--	250,906	--	(250,906)	--	--	--
Withdrawal of non-controlling Interests	--	--	--	--	--	--	--	--	--	(302)	(302)
Social and sports contribution for 2013	--	--	--	--	--	--	--	(4,359)	(4,359)	--	(4,359)
Balance – December 31, 2013	456,192	1,083,456	4,630	(5,383)	--	250,906	(283,820)	691,714	2,197,695	253,705	2,451,400

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

MANNAI CORPORATION Q.S.C.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31, 2013

	2013	2012
	QR '000	(Restated) QR '000
OPERATING ACTIVITIES		
Profit from continuing operations before tax	538,491	462,665
Profit from discontinued operation	3,891	2,759
Profit for the year before tax	542,382	465,424
Adjustments for:		
Depreciation and amortization	76,838	67,087
Reversal of impairment loss made on investment properties	(43,785)	--
(Write back)/impairment loss on accounts receivables, net	(5,517)	1,810
Allowance for doubtful advance	13,249	--
Impairment on available for sale of investment	2,295	670
Reversal of impairment on other receivable	(97,167)	--
Impairment loss on other receivable	13,918	--
Gain on disposal of available for sale investments	--	(10)
Provision/(write back) for obsolete and slow moving items, net	25,887	(9,046)
Gain on disposals of property, plant and equipment	(5,735)	(89,756)
Finance costs	100,690	165,396
Share of results from joint ventures and associates	(80,612)	(79,817)
Provision for employees' end of service benefits	18,741	19,724
Operating profit before working capital changes	561,184	541,482
Working capital changes:		
Accounts receivables and prepayments	172,531	(77,893)
Inventories	75,684	(441,053)
Amounts due to/from related parties	(6,105)	116,285
Accounts payable and accruals	183,435	112,513
Movement in assets and liabilities held for sale	(3,891)	--
Cash flows from operations	982,838	251,334
Finance costs paid	(93,625)	(166,446)
Employees' end of service benefits paid	(8,275)	(5,669)
Social and sports contribution paid	(5,791)	(6,979)
Net cash flows from operating activities	875,147	72,240
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(100,258)	(74,686)
Proceeds from disposals of property, plant and equipment	14,032	183,219
Acquisition of available for sale of investment	(8,550)	--
Acquisition of investment in associate company	--	(46,136)
Acquisition of subsidiary held for sale	(14,281)	--
Dividend received from joint ventures and associates	71,045	59,355
Proceeds from disposal of available for sale investments	102	5,010
Acquisition of a subsidiary, net of cash acquired	--	(868,331)
Net cash flows used in investing activities	(37,910)	(741,569)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

MANNAI CORPORATION Q.S.C.**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the year ended December 31, 2013

	2013	2012
	QR '000	(Restated)
		QR '000
FINANCING ACTIVITIES		
Net movements in interest bearing loans and borrowings	(838,116)	307,855
Proceeds from rights issue	--	684,288
Dividend paid	(216,570)	(188,072)
Net cash flows (used in)/generated from financing activities	(1,054,686)	804,071
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(217,449)	134,742
Cash and cash equivalents at the beginning of the year	58,089	(76,653)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 5)	(159,360)	58,089

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

MANNAI CORPORATION Q.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2013

1. CORPORATE INFORMATION

Mannai Corporation Q.S.C. (the "Company") is registered as a Qatari Shareholding Company in the State of Qatar with the Ministry of Economy and Trade under Commercial Registration Number 12. The registered office of the Company is situated in Doha, State of Qatar. The Company is listed on the Qatar Exchange

The core activities of the Company and its subsidiaries (together referred to as the "Group") include automotive and heavy equipment distribution and service, information and communication technology, engineering services to the oil & gas sector, office systems, medical equipment, home appliances and electronics, building materials, logistics and warehousing, geotechnical, geological, environmental and material testing services, facilities maintenance and management service, travel services, trading and representation and trading in gold and gold jewellery, diamond jewellery, pearls, watches, silver and precious stones on a wholesale and retail basis.

The consolidated financial statements include the financial statements of the Company and its controlled subsidiaries listed below:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Group's effective shareholding percentage</i>	
		<i>December 31, 2013</i>	<i>December 31, 2012</i>
Mannai Trading Company W.L.L.	Qatar	100	100
Manweir W.L.L.	Qatar	100	100
Gulf Laboratories Company W.L.L.	Qatar	100	100
Space Travel W.L.L.	Qatar	100	100
Qatar Logistics W.L.L.	Qatar	100	100
Technical Services Company W.L.L.	Qatar	100	100
Mansoft Qatar W.L.L.	Qatar	100	100
Mansoft Solutions and Systems Pvt. Limited	India	100	100
Mansoft Solutions and Systems (UAE) L.L.C.	UAE	100	100
Techsignia Solutions Pvt. Ltd.	India	100	100
Gulf Geotechnical Services and Material Testing L.L.C.	Oman	100	100
Utility Networks Information Systems	Jordan	75	75
Global Trading Center FZCO	UAE	100	100
Damas International Limited	UAE	81	66
GTC Otomotiv Anonim Sirketi	Turkey	100	100
Mannai Network & Solution LLC	Oman	100	100
Utility Network Co.	Saudi	100	100
Damas LLC	UAE	81	66
Damas Jewellery LLC	UAE	81	66
Damas Jewellery DMCC	UAE	81	66
Al Mana Damas International LLC	UAE	41	34
Ayodhya Jewellers LLC	UAE	81	66
Time art watches and optics trading LLC	UAE	81	66
Arshi Jewellery LLC	UAE	61	50
Farhan Jewellery LLC	UAE	61	50
Premium Investments International LLC	UAE	81	66
Damas SPV Jewellery LLC	UAE	81	66

MANNAI CORPORATION Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2013

1. CORPORATE INFORMATION (CONTINUED)

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Group's effective shareholding percentage</i>	
		<i>December 31, 2013</i>	<i>December 31, 2012</i>
Gem Universe LLC	Oman	57	46
Damas Company WLL	Bahrain	81	66
Damas & Al Ghannam Jewellery Co WLL	Kuwait	73	59
Damas Saudi Arabia Company Limited	KSA	79	65
Islanders Demas Pvt. Ltd.	Maldives	61	50
Damas (Thailand) Co. Ltd.	Thailand	81	66
Transfield Mannai Facilities Management Services W.L.L (Note 9)	Qatar	100	--

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

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

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

(i) New Standards

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

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

(ii) Revised Standards

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

- IAS 1 (Revised) *Presentation of Financial Statements - Amendments to introduce new terminology for the income statement and other comprehensive income*

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

- IFRS 1 (Revised) *First Time Adoption of International Financials Reporting Standards – Amendments to allow prospective application of IAS 39 or IFRS 9 and paragraph 10A of IAS 20 to government loans outstanding at the date of transition to IFRS.*

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

2.1 New and revised IFRSs affecting amounts reported in the consolidated financial statements (continued)

(ii) Revised Standards (continued)

- IFRS 7 (Revised) *Financial Instruments Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.*
- IAS 19 (Revised) *Employee Benefits - Amended Standard to change the accounting for defined benefit plans and termination benefits*
- IAS 27 (Revised)* *Consolidated and Separate Financial Statements (Early adoption allowed) - Reissued as IAS 27 Separate Financial Statements.*
- IAS 28 (Revised)* *Investments in Associates (Early adoption allowed) -Reissued as IAS 28 Investments in Associates and Joint Ventures.*
- IFRS 10, 11 and 12 amendments* *Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.*
- Annual improvements to IFRSs 2009-2011 cycle *Amendments to issue clarifications on five IFRSs- IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.*

* In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011). These five standards are effective for annual periods beginning on or after 1 January 2013. Subsequent to the issuance of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

(iii) New Interpretation:

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

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

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

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

2.1 New and revised IFRSs affecting amounts reported in the consolidated financial statements (continued)

Impact of the application of IFRS 12 and IFRS 13

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements which are reflected in the respective notes.

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

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

(i) New Standards:

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

- IFRS 9 *Financial Instruments*

(ii) Revised Standards:

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

- IAS 32 (Revised) *Financial Instruments: Presentation – Amendments to clarify existing application issues relating to the offsetting requirements.*
- IFRS 10, 12 and IAS 27 (Revised) *Amendments to introduce an exception from the requirement to consolidate subsidiaries for an investment entity.*
- IAS 36 (Revised) *Amendments arising from recoverable amount disclosures for non-financial assets.*

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

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

(ii) Revised Standards: (continued)

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

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

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

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

- IAS 19 (Revised) *Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.*
- Annual improvements to IFRSs 2010-2012 cycle *Amendments to issue clarifications on IFRSs- IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.*
- Annual Improvements 2011-2013 Cycle *Amendments to issue clarifications on IFRSs- IFRS 1, IFRS 3, IFRS 13 and IAS 40.*

(iii) New Interpretation:

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

- IFRIC 21 *Leases*

The application of these standards may have significant impact on amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements. However, the management has not yet performed a detailed analysis of the impact of the application of these Standards and hence has not yet quantified the extent of the impact.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis, except for land and building classified as property, plant and equipment, derivative financial instruments and available-for-sale financial assets that are measured at revalued amount and fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

These consolidated financial statements are presented in Qatari Riyal (QR), which is the Group's presentation currency. The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- (i) has power over the investee;
- (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and
- (iii) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (12 months after the acquisition) to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised directly in statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted here after to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in statement of income in the period in which the investment is acquired.

When there is an indication of impairment, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the investment is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. If a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, then Group also reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Such cost includes borrowing costs for long-term construction projects if the recognition criteria are met. Land and capital work-in-progress are not depreciated.

Capital work-in-progress is stated at cost. When the asset is ready for intended use, it is transferred from capital work-in-progress to the appropriate category under property, plant and equipment and depreciated in accordance with the Group's policies.

Land and buildings are stated at revalued amount and for buildings less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed frequently enough to ensure that the fair value of the asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the consolidated statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the consolidated income statement, in which case the increase is recognised in consolidated income statement. A revaluation deficit is recognised in consolidated income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	10-25 years
Plant, machinery and equipment	3-10 years
Office furniture and equipment	3-5 years
Motor vehicles	3-5 years
Assets on hire	3-5 years

Maintenance, repairs and minor improvements are charged to the consolidated income statement as and when incurred. Major improvements and replacements are capitalized.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditures are recognised in the consolidated income statement as and when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year the item is derecognised.

The assets' useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment property

Investment property comprises property held for capital appreciation, rental yields or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is carried at cost less accumulated depreciation and impairment losses, if any.

Land held for undetermined use is classified as investment property and is not depreciated.

When the development of investment property commences, it is transferred to capital work-in-progress until development is complete, at which time it is transferred to the respective category, and depreciated on the straight-line method, at the rate calculated to reduce the cost of the asset to its estimated residual value over its expected useful life, as follows:

Building 20 years

Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance and is expensed in the period in which it is incurred.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expensed in the period in which the expenditures are incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement as the expense category that is consistent with the function of the intangible assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset (tangible or intangible excluding goodwill) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets (excluding goodwill), an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGUs recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets (continued)

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at December 31, either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition as follows:

Spare parts and merchandise	- purchase cost on a weighted average cost basis
Vehicles	- purchase cost on specific identification basis
Work-in-progress	- cost of direct materials, labour and other direct costs
Jewellery, diamond, watches and precious stones*	- purchase cost on specific identification basis
Gold	- purchase cost on a weighted average cost basis
Others	- purchase cost on a first-in-first-out (FIFO) basis

*Making charges related to inventory of own and unfixed gold jewellery is included in inventories.

Net realizable value represents the estimated selling price less all cost expected to be incurred to completion or disposal.

Provisions

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

Employees end of service benefits

The Group provides end of service benefits to its employees in accordance with the employment policies of the Group. The provision is calculated on the basis of individual's final salary and the period of service at the reporting date.

With respect to Qatari employees, the Group makes contribution to the Qatari Pension Fund calculated on a percentage of the employees' salaries, in accordance with the Retirement and Pension Law No. 24 of 2002. The Group's obligations are limited to these contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value plus transaction cost.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

Available for sale investments

Available-for-sale financial investments comprise of equity securities. Equity securities classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income and accumulated in the fair value reserve in equity until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the fair value reserve to the consolidated statement of income.

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

Loans and receivables

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

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

Impairment of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)

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

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

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

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30-180 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

In respect of available for sale equity securities, impairment losses previously recognised through the consolidated statement of income are not reversed through the consolidated statement of income. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Equity instruments

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

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in consolidated statement of income.

Other financial liabilities

Financial liabilities that are not classified as FVTPL (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to market risk. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- (i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) the amount of revenue can be measured reliably;
- (iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date.

Investment income

Income from investments other than joint venture is either accounted for on an accrual basis or when right to receive the income is established.

Interest income

Interest received under instalment credit sale agreement and bank deposits is accounted for on a time proportion basis taking into account the principal outstanding and interest rate applicable.

Rental income

Rental income is accounted for when earned.

Fee income

Fee income is recognized on time proportion basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Taxation

Taxes are calculated based on applicable tax laws or regulations in which the Group operates.

Borrowing costs

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

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

Foreign exchange difference

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in consolidated statement of income in the period in which they arise except as otherwise stated in the Standards.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign exchange difference (continued)

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Qatari Riyal using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements:

Classification of investments

Management decides on acquisition of an investment whether it should be classified as financial assets carried at fair value through profit and loss (FVTPL), held to maturity investments or available for sale financial assets.

The Group classifies investments as fair value through profit and loss (FVTPL), if they are acquired primarily for the purpose of making a short term profit by the Group or held for trading.

All other investments are classified as available for sale investments.

Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 Financial Instruments: Recognition and Measurement to determine whether an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Management recognises the decline in the fair value of available-for-sale investments in the consolidated income statement as impairment loss when the change in fair value is significant and prolonged.

**4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
(CONTINUED)**

Critical judgements in applying accounting policies (continued)

Impairment of goodwill

The Group carries out impairment testing annually in respect of the goodwill on acquisition of subsidiaries. In carrying out the impairment analysis, the Group makes the following estimates which are critical:

Growth rate

Management uses the projected cash flows over a 5 year horizon. The growth rate used in determining the perpetual cash flows is computed keeping in view the nature of the industry and the general growth in the economic activity witnessed in the region where the Group operates.

Discount rate

The Management discounts the cash flows using its weighted average cost of capital. In determining the cost of capital, estimated risk free rate of return adjusted for the equity market risk premium and the cost of debt is considered in proportion to the debt-equity structure of the Group.

The Management performs sensitivity analysis on the above assumptions in ascertaining its impact on the carrying value of the goodwill in the consolidated financial statements. Changes in the above assumptions may have a material impact on the recoverable amounts of goodwill.

Impairment of investment properties

The Group carries out the impairment review of its investment properties annually. Independent qualified valuers are engaged to value the investment properties to identify the existence of impairment, if any. The independent valuers use comparable basis or comparable basis cross referenced by investment valuation approach, comparable basis cross referenced by residual valuation approach depending on the nature of the properties. In cases where comparable transactions are not available, the management considers the value in use based on the intended use of the respective properties.

Classification of properties

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for resale. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property, plant and equipment and property held for resale. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 16 and IAS 40, in particular, the intended usage of property as determined by the management.

Revenue recognition

Management has considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18: Revenue, and in particular whether the Group had transferred risks and rewards of ownership of the goods. Based on the acceptance by the customer of the liability for the goods sold and proof of receipt of the goods by the customers, management is satisfied that the significant risks and rewards have been transferred and the recognition of the revenue is appropriate.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying accounting policies (continued)

Beneficial ownership

The Abdullah Brothers ("former non-controlling interests of subsidiary") hold certain investments and investment properties for the beneficial interest of the Group. They have represented to the Group that these investments and investment properties are held by them on behalf of and for the benefit of the Group under trust. Management believes that the interests of the Group are secured through the Bilateral Agreement that they have signed, which restricts the disposal of any of those assets without the consent of the Group.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Fair value of investment properties

The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the Group determined the amount within a range of reasonable fair value estimates. In making its judgment, the Group considered recent prices of similar properties in the same location and similar conditions, with adjustments to reflect any changes in the nature, location or economic conditions since the date of the transactions that occurred at those prices. Such estimation is based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

The determination of the fair value of revenue-generating properties requires the use of estimates such as future cash flows from assets (such as leasing, tenants' profiles, future revenue streams, capital values of fixtures and fittings, and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of the reporting period. Certain specified properties which would not reasonably have a comparable market value due to the specific nature of the property, have been valued at historical replacement cost.

In arriving at the estimates of market values as at December 31, 2013, the valuers have use their market knowledge and professional judgement and have not only relied solely on historic transactional comparables. In these circumstances, there is greater degree of uncertainty than which exists in a more active market in estimating market values of investment property.

Impairment of investments in joint ventures and associates

Management regularly reviews its investments in joint ventures and associates for indicators of impairment. In determination of whether indicators of impairment exist in investments in joint ventures and associates, Management evaluates the specific investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of investment is recognised as an expense in statement of income. Management is satisfied that no impairment provision is necessary on its investments in joint ventures and associates.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the respective notes.

Impairment of tangible and intangible assets

The Group's management reviews annually whether there are indicators of impairment of its tangible and intangible assets. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

Tangible and intangible assets useful lives

The Group's management determines the useful lives and related depreciation or amortization charge of the tangible or intangible assets. The depreciation or amortization charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

Impairment of financial assets

The Group's management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the consolidated statement of income. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

5. CASH AND CASH EQUIVALENTS

	2013 QR '000	2012 QR '000
Bank balances and cash	156,750	344,200
Less: Fixed and margin deposits under lien	(22,193)	(99,557)
	134,557	244,643
Bank overdrafts	(293,917)	(186,554)
Cash and cash equivalents	(159,360)	58,089

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2013

6. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2013	2012
	QR '000	(Restated) QR '000
Trade accounts receivable	780,655	742,728
Less : Allowance for impairment	(145,967)	(151,484)
	634,688	591,244
Advances to suppliers	34,489	81,202
Notes receivable	42,164	21,760
Prepayments	46,316	37,306
Deposits	16,364	15,042
Accrued income	18,592	23,554
Positive fair value of derivative instruments	--	4,590
Others	31,016	68,581
	<u>823,629</u>	<u>843,279</u>

Presented in the consolidated statement of financial position as follows:

	2013	2012
	QR '000	(Restated) QR '000
Current	810,508	792,598
Non-current	13,121	50,681
	<u>823,629</u>	<u>843,279</u>

The movement in allowance for impairment is as follows:

	2013	2012
	QR '000	QR '000
At January 1,	151,484	13,960
Acquired through business combination	--	135,714
Provision during the year	11,421	8,784
Write back during the year	(16,938)	(6,974)
	<u>145,967</u>	<u>151,484</u>
At December 31,		

MANNAI CORPORATION Q.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2013

6. ACCOUNTS RECEIVABLE AND PREPAYMENTS (CONTINUED)

As at December 31, the ageing of unimpaired trade accounts receivable and notes receivable were as follows:

	2013	2012
	<u>QR '000</u>	<u>(Restated)</u> <u>QR '000</u>
Aging of neither past due nor impaired		
Up to 180 days	<u>421,888</u>	<u>414,547</u>
Aging of past due but not impaired		
0 – 90 days	175,299	110,389
90 – 180 days	22,503	23,428
180 + days	57,162	64,640
Total	<u>254,964</u>	<u>198,457</u>

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables.

7. INVENTORIES

	2013	2012
	<u>QR '000</u>	<u>QR '000</u>
Gold and other jewelleryes	1,317,116	1,661,450
Work-in-progress	635,544	415,262
Merchandises, spares and tools	455,946	384,797
Vehicles and heavy equipments	206,407	226,484
Industrial supplies	24,380	28,536
Others	4,767	4,566
	2,644,160	2,721,095
Less: Provision for obsolete and slow moving items	<u>(142,261)</u>	<u>(117,625)</u>
	<u>2,501,899</u>	<u>2,603,470</u>

Movements in the provision for slow moving and obsolete inventories are as follows:

	2013	2012
	<u>QR '000</u>	<u>QR '000</u>
At January 1,	117,625	31,505
Acquired through business combination	--	118,842
Provision during the year	25,914	6,166
Write back during the year	(27)	(15,212)
Utilised during the year	(536)	(20,084)
Amount written off	(715)	(3,592)
At December 31,	<u>142,261</u>	<u>117,625</u>

MANNAI CORPORATION Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2013

8. AVAILABLE FOR SALE INVESTMENTS

	2013 QR '000	2012 QR '000
<i>Unquoted investments :</i>		
At January 1,	36,804	14,485
Acquired through business combination	--	26,894
Additions	8,550	--
Disposals	(102)	(3,905)
Impairment loss	(2,295)	(670)
At December 31,	<u>42,957</u>	<u>36,804</u>

Note (a): At December 31, 2013, available for sale investments include certain investments in unquoted equity shares and unquoted equity funds amounting to QR 24.61 (2012 : 26.2 million) carried at fair value. The fair value of the unquoted equity shares is based on the net asset value of the underlying investments provided by the fund manager/investee companies.

Note (b) : At December 31, 2013, certain unquoted equity investments amounting to QR 18.34 million (2012: QR 10.58 million) are carried at cost less impairment due to non-availability of quoted market prices or other reliable measures of their fair value.

9. BUSINESS COMBINATION

The Group previously held a 51% interest in Transfield Mannai Facilities Management Services W.L.L and accounted for the investment as a joint venture. During the current year, the Group has entered into an SPA with the joint venture partner to acquire the remaining 49% interest in Transfield Mannai Facilities Management Services W.L.L for an amount of QR 14.28 million. This transaction has resulted in the Group having control over the acquiree with effect from July 1, 2013.

Assets acquired and liabilities recognised at the date of acquisition

The following are the identifiable assets and liabilities acquired on business combination :

	As at July 1, 2013 QR '000
Assets	
Bank balances and cash	5,352
Accounts receivable	18,255
Work in progress	1,131
Other receivables and prepayments	5,590
Property, plant & equipment	3,365
Total assets	<u>33,693</u>
Liabilities	
Accounts payables and accruals	15,171
Provision for employees' end of service benefit	5,763
Total liabilities	<u>20,934</u>
Net identifiable assets acquired	<u>12,759</u>

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9. BUSINESS COMBINATION (CONTINUED)

Goodwill arising on acquisition

Goodwill arising on the business combination has been computed as follows :

	As at July 1, 2013 QR '000
Fair value of consideration given for controlling interest	14,281
Add: previously held interest	6,507
Fair value of business as at the date of acquisition	20,788
Less: Identifiable net assets of the acquiree recognized in accordance with IFRS 3	(12,759)
Goodwill arising on acquisition	8,029

As described in Note 16, the Group has subsequently decided to dispose of its controlling interest in Transfield Mannai Facilities Management Services W.L.L. to a potential buyer.

10. SUBSIDIARIES

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Proportion of ownership by the non-controlling interests	
	2013	2012
Damas International Limited	19%	34%
Utility Networks Information Systems	25%	25%

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

(a) Damas International Limited

	2013 QR '000	2012 (Restated) QR '000
Total assets	2,552,201	3,126,485
Total liabilities	(1,238,374)	(2,133,069)
Net assets	1,313,827	993,416
Equity attributable to owners of the Company	1,060,832	653,775
Non-controlling interests	252,995	339,641

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For the year ended December 31, 2013

10. SUBSIDIARIES (CONTINUED)

	2013	2012
	QR '000	QR '000
Total revenue	3,129,841	2,538,946
Total expenses	(2,807,405)	(2,354,205)
Total profit for the year	322,436	184,741
Profit attributable to owners of the Company	229,421	121,605
Profit attributable to the non-controlling interests	93,015	63,136

Change in the Group's ownership interest in a subsidiary

During the year, the group acquired an additional 15% interest in Damas International Limited, increasing its continuing interest to 81%. The purchase consideration of QR 462.6 million was shown as a payable in these financial statements. An amount of QR 178.78 million (being the proportionate share of the carrying amount of the net assets of Damas International Limited) has been transferred from non-controlling interests. The difference of QR 283.82 million between the decrease in the non-controlling interests and the consideration has been recognised directly in equity attributed to the owners of the Company (Note 22(b)).

(b) Utility Networks Information Systems

	2013	2012
	QR '000	QR '000
Total assets	3,276	4,117
Total liabilities	(438)	(1,294)
Net assets	2,838	2,823
Equity attributable to owners of the Company	2,128	2,116
Non-controlling interests	710	707

	2013	2012
	QR '000	QR '000
Total revenue	3,717	4,178
Total expenses	(3,706)	(3,685)
Total profit for the year	11	493
Profit attributable to owners of the Company	8	370
Profit attributable to the non-controlling interests	3	123

MANNAI CORPORATION Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2013

11. INVESTMENT IN JOINT VENTURE COMPANIES

The Group has investments in the following joint venture companies:

<i>Name</i>	<i>Country of incorporation</i>	<i>Ownership interest</i>	
		2013	2012
Transfield Mannai Facilities Management Services W.L.L. (i)	Qatar	--	51%
Paspaley Pearl Jewellery LLC	UAE	51%	51%
Roberto Coin Middle East LLC	UAE	51%	51%

(i) Transfield Mannai Facilities Management Services W.L.L. is engaged in facilities and asset management. During the year, the Group has acquired the controlling interest in this joint venture company.

(ii) Paspaley Pearl Jewellery LLC and Roberto Coin Middle East LLC are engaged in trading in gold and gold jewellery, diamond jewellery, pearls, watches, silver and precious stones.

Although the Group holds 51% equity in all of the above entities, decisions need unanimous consent of both parties and the investments are considered to be joint ventures. Movements during the year are as follows:

	2013	2012
	QR '000	QR '000
At January 1,	30,933	14,385
Acquired through business combination	--	17,738
Dividends received	(8,415)	(3,570)
Share of profit from joint ventures	1,100	2,380
Transfer on account of obtaining controlling interest	(6,507)	--
At December 31,	17,111	30,933

Summarised financial information in respect of the Group's joint venture companies are as follows:

	Assets	Liabilities	Revenue	Net profit
December 31, 2013	QR '000	QR '000	QR '000	QR '000
Transfield Mannai Facilities Management Services W.L.L. (for six month period ended June 30, 2013)	--	--	48,441	2,625
Paspaley Pearl Jewellery LLC	20,172	15,093	11,713	(271)
Roberto Coin Middle East LLC	9,831	8,827	8,436	165
	30,003	23,920	68,590	2,519
Group's share of results				1,100

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For the year ended December 31, 2013

11. INVESTMENT IN JOINT VENTURE COMPANIES (CONTINUED)

	Assets	Liabilities	Revenue	Net profit
December 31, 2012	QR '000	QR '000	QR '000	QR '000
Transfield Mannai Facilities Management Services W.L.L.	41,826	12,037	81,527	5,428
Paspaley Pearl Jewellery LLC	21,315	15,966	10,409	(1,209)
Roberto Coin Middle East LLC	7,995	7,155	6,317	(168)
	<u>71,136</u>	<u>35,158</u>	<u>98,253</u>	<u>4,051</u>
Group's share of results				<u>2,380</u>

12. INVESTMENT IN ASSOCIATE COMPANIES

The Group holds investments in the following associate companies:

Name	Country of incorporation	Ownership interest	
		2013	2012
Axiom Limited	UAE	35%	35%
Daiso Japan Value Stores LLC	UAE	51%	51%
LTC International General Trading Co	Kuwait	35%	35%
LTC International Qatar LLC	Qatar	50%	50%
Daiso Trading	Bahrain	35%	35%
Al Mana Jewellery Co. - Damas WLL	Qatar	49%	49%
Al Baraka Jewellery WLL	Bahrain	33.33%	33.33%
Tanya Collections Ltd.	Thailand	49%	49%
TCO Damas Associates LLC	UAE	51%	51%

Axiom Limited is engaged in import, retail and wholesale of various brands of mobile phones and related accessories and provision of related services. All other associates are engaged in trading of gold and gold jewellery, diamond jewellery, pearls, watches, silver and precious stones.

Although, the Group holds 50% or more equity in Daiso Japan Value Stores LLC, LTC International Qatar LLC and TCO Damas Associates LLC, the Group does not have the power to govern the financial and operating activities of these investees and thus, does not have control or joint control in these entities.

The movements during the year are as follows:

	2013	2012
	QR '000	QR '000
At January 1,	1,233,388	1,147,281
Acquired through business combination	--	18,319
Investment made during the year	--	46,136
Dividends received	(62,630)	(55,785)
Share of profit from associates	79,512	77,437
At December 31,	<u>1,250,270</u>	<u>1,233,388</u>

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12. INVESTMENT IN ASSOCIATE COMPANIES (CONTINUED)

Summarised financial information in respect of the Group's associate companies are as follows:

	Assets	Liabilities	Revenue	Net profit
December 31, 2013	QR '000	QR '000	QR '000	QR '000
Axiom Limited	1,826,779	1,281,373	8,021,304	123,849
Daiso Japan Value Stores LLC*	26,926	11,878	95,057	19,556
LTC International General Trading Co*	4,367	1,246	14,262	2,229
LTC International Qatar LLC*	30,184	8,951	86,964	21,812
Daiso Trading*	2,891	293	5,421	829
Al Mana Jewellery Co. - Damas WLL	61,086	33,024	198,678	20,569
Al Baraka Jewellery WLL*	9,138	3,581	15,861	157
Tanya Collections Ltd.*	53,756	25,973	54,165	3,282
TCO Damas Associates LLC	231,250	114,889	169,951	26,649
	<u>2,246,377</u>	<u>1,481,208</u>	<u>8,661,663</u>	<u>218,932</u>
Group's share of results				<u>79,512</u>
	Assets	Liabilities	Revenue	Net profit
December 31, 2012	QR '000	QR '000	QR '000	QR '000
Axiom Limited	1,514,112	972,209	7,876,040	185,883
Daiso Japan Value Stores LLC*	27,008	7,565	55,798	6,828
LTC International General Trading Co	4,454	1,327	8,848	962
LTC International Qatar LLC*	30,286	7,666	63,469	16,990
Daiso Trading	3,489	271	3,756	287
Al Mana Jewellery Co. - Damas WLL	37,888	5,663	148,735	13,100
Al Baraka Jewellery WLL	8,338	2,936	11,480	562
Tanya Collections Ltd.*	57,548	31,075	43,859	5,783
TCO Damas Associates LLC*	234,786	134,411	78,747	9,937
	<u>1,917,909</u>	<u>1,163,123</u>	<u>8,290,732</u>	<u>240,332</u>
Group's share of results				<u>77,437</u>

*Total share of income for the year ended December 31, 2013 amounting to QR 42.4 million (Nine month period ended December 31, 2012: QR 24.92 million) includes the share of income from these investments amounting to QR 21 million (Nine-month period ended 31 December 2012: QR 18.62 million) which were recognised in the consolidated statement of income based on the management accounts of these entities. The management does not believe that the audited results of these entities would be materially different from those results considered in the consolidated financial statements.

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13. GOODWILL AND OTHER INTANGIBLE ASSETS

	<u>Goodwill</u>	<u>Trade</u>	<u>Distribution</u>	<u>Other</u>	<u>Total</u>
	<u>QR '000</u>	<u>name</u>	<u>rights</u>	<u>intangible</u>	<u>assets</u>
	<u>QR '000</u>	<u>QR '000</u>	<u>QR '000</u>	<u>QR '000</u>	<u>QR '000</u>
Cost:					
At January 1, 2012	11,398	--	--	551	11,949
Arising from business combination	538,854	670,000	24,339	--	1,233,193
Disposals	--	--	--	(551)	(551)
At December 31, 2012 (Restated)	550,252	670,000	24,339	--	1,244,591
Additions	494	--	--	207	701
Adjustments	(8,512)	--	--	--	(8,512)
At December 31, 2013	542,234	670,000	24,339	207	1,236,780
Amortisation:					
At January 1, 2012	4,344	--	--	294	4,638
Charge for the year	--	--	8,789	40	8,829
Relating to disposal	--	--	--	(359)	(359)
Foreign exchange translation	--	--	--	25	25
At December 31, 2012	4,344	--	8,789	--	13,133
Charge for the year	--	--	8,113	34	8,147
At December 31, 2013	4,344	--	16,902	34	21,280
Net carrying amounts:					
At December 31, 2013	537,890	670,000	7,437	173	1,215,500
At December 31, 2012 (Restated)	545,908	670,000	15,550	--	1,231,458

The useful lives of goodwill and trade name are indefinite whilst useful life of distribution rights are 3 years.

(i) Allocation of goodwill to cash generating units for impairment

Goodwill, amounting to QR 538.85 million arose on account of acquisition of Damas International Limited, has been allocated for impairment testing purposes to Damas International Limited, UAE cash generating unit (Damas CGU). The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the management covering a five-year period, and a discount rate of 12 % per annum based on CAPM. Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The budgeted growth rate is assumed to be CAGR of 6.7% over the forecast period. The growth rate is considered appropriate by management considering the nature of the industry and the general growth in the economic activity witnessed in the countries where these entities operate. Terminal value has been derived by reference to the Gordon Growth Model assuming a steady level of operations beyond the discrete period.

13. GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

(i) Allocation of goodwill to cash generating units for impairment (continued)

Terminal period cash flows are assumed to grow at a perpetual growth rate of 4% which is based on UAE's long term CPI and GDP growth rates. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount of goodwill to exceed the aggregate recoverable amount of the cash-generating unit.

(ii) Allocation of trade name to cash generating units for impairment

Trade name was valued using the Relief from Royalty Method (RRM) which assumes that the intangible asset has a fair value based on royalty income attributable to it. Royalty income would represent the cost savings by Group where it is not required to pay royalties to a third party for the license to use the intangible asset. The recoverable amount of this asset is determined based on a value in use calculation which uses royalty projections based on financial budgets approved by the management covering a five-year period and terminal value based on Gordon Growth Model and discounted to present value. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount of trade name to exceed the aggregate recoverable amount of the asset. The key assumptions used in value in use for the trade name are as follows-

(a) Royalty rate—Management applied a royalty rate of 2.75%. Average royalty rates for trade name based on previous transactions range from 5% to 6%.

(b) Budgeted growth rate - The budgeted growth rate is assumed to be CAGR of 6.7% over the forecast period. The growth rate is considered appropriate by management considering the nature of the industry and the general growth in the economic activity witnessed in the countries where these entities operate.

(c) Terminal value has been derived by reference to the Gordon Growth Model assuming a steady level of operations beyond the discrete period. Terminal period cash flows are assumed to grow at a perpetual growth rate of 4% which is based on UAE's long term CPI and GDP growth rates.

(d) Discount rate of 14% per annum based on CAPM plus 2% premium to cover the inherent risk.

(iii) Prior year adjustment of goodwill

During the previous year, the Group acquired 66% of the voting shares of Damas International Limited ("DIL"), a company limited by shares and incorporated in the Dubai International Financial Centre primarily involved in the business of trading in gold and gold jewellery, diamond jewellery, pearls, watches, silver and precious stones on a wholesale and retail basis. Due to adjustments to the value of identifiable net assets acquired, the comparative amounts in the consolidated statement of financial position have been restated within the 12 months as allowed by IFRS 3. This has resulted in a decrease of QR 44.3 million in investment property, decrease of QR 29.2 million in accounts receivable and prepayments, increase of QR 48.5 million in goodwill and decrease of QR 25 million in non-controlling interests reported in the year 2012.

MANNAI CORPORATION Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2013

14. PROPERTY, PLANT AND EQUIPMENT

	Land and building QR '000	Plant and machinery QR '000	Office furniture and equipment QR '000	Motor vehicles QR '000	Assets on hire QR '000	Capital work-in- progress QR '000	Total QR '000
Cost/Revaluation:							
At January 1, 2013	307,606	102,170	201,409	41,807	48,013	26,235	727,240
Additions	1,368	7,684	16,753	20,055	43,885	10,513	100,258
Disposals/write off	(7,730)	(405)	(4,546)	(7,758)	(11,645)	(860)	(32,944)
Reclassifications	1,631	16,960	910	--	--	(19,501)	--
At December 31, 2013	302,875	126,409	214,526	54,104	80,253	16,387	794,554
Accumulated depreciation:							
At January 1, 2013	101,448	69,674	173,281	27,817	21,148	860	394,228
Charge for the year	15,454	12,480	16,147	8,261	11,857	--	64,199
Relating to disposals	(7,730)	(405)	(4,536)	(4,499)	(6,617)	(860)	(24,647)
Effect of foreign exchange difference	(3)	9	449	(13)	1	(41)	402
At December 31, 2013	109,169	81,758	185,341	31,566	26,389	(41)	434,182
Net carrying amount:							
At December 31, 2013	193,706	44,651	29,185	22,538	53,864	16,428	360,372

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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and building QR '000	Plant and machinery QR '000	Office furniture and equipment QR '000	Motor vehicles QR '000	Assets on hire QR '000	Capital work-in- progress QR '000	Total QR '000
Cost/Revaluation:							
At January 1, 2012	301,956	72,551	38,406	31,090	42,233	75,323	561,559
Acquired through business combination	61,513	9,248	150,448	9,540	--	7,282	238,031
Additions	19,637	10,081	16,378	6,349	18,244	3,997	74,686
Disposals	(122,631)	(1,295)	(5,474)	(4,571)	(13,065)	--	(147,036)
Reclassifications	47,131	11,585	1,651	(601)	601	(60,367)	--
At December 31, 2012	307,606	102,170	201,409	41,807	48,013	26,235	727,240
Accumulated depreciation:							
At January 1, 2012	101,837	54,467	31,203	16,805	19,858	--	224,170
Acquired through business combination	19,335	7,140	132,683	8,667	--	860	168,685
Charge for the year	14,192	9,338	14,830	5,886	10,754	--	55,000
Relating to disposals	(33,904)	(1,295)	(5,366)	(3,539)	(9,469)	--	(53,573)
Reclassification	(12)	12	--	(6)	6	--	--
Effect of foreign exchange difference	--	12	(69)	4	(1)	--	(54)
At December 31, 2012	101,448	69,674	173,281	27,817	21,148	860	394,228
Net carrying amount: At December 31, 2012	206,158	32,496	28,128	13,990	26,865	25,375	333,012

Note: During the year 2012, property with a carrying amount of QR 88.7 million was disposed off and the corresponding revaluation gain recorded in the revaluation reserve amounting to QR 75.5 million was transferred to retained earnings.

15. INVESTMENT PROPERTIES

	2013	2012 (Restated)
	QR '000	QR '000
At January 1,	93,108	--
Net book value reclassified to assets held for sale	(6,685)	--
Impairment loss reversed	43,785	--
Additions through business combination	--	96,366
Depreciation charge during the year	(4,492)	(3,258)
At December 31,	125,716	93,108

Notes:

- a) At December 31, 2013, the fair value of these investment properties was QR 250 million (December 31, 2012: QR 215 million) based on the valuation performed by a qualified independent valuer. Fair value was determined based on the valuation standards of the Royal Institution of Chartered Surveyors. The fair values were determined based on the comparable market value, depreciated replacement cost or the "value in use" approach as deemed appropriate. The valuation of the investment properties are based on an individual assessment, for each property type, of both their future earnings and their required yield based on management's strategy.
- b) Land and buildings with a cost of QR 35.56 million (December 31, 2012: QR 35.56 million) is held in the names of the Abdullah Brothers (former non-controlling shareholders of Damas International Limited) and a company owned by them for the beneficial interest of the Group.
- c) During the year, based on an assessment of the fair value of certain investment properties, impairment provisions made in the prior years, amounting to QR 43.83 million were considered to no longer be required and were reversed to the consolidated income statement.

16. ASSETS AND LIABILITIES HELD FOR SALE

	December 31, 2013
	QR '000
Assets held for sale	
Assets of subsidiary held for sale (Note a)	45,751
Investment property held for sale (Note b)	6,685
	<u>52,436</u>
Liabilities held for sale	
Liabilities of subsidiary held for sale (Note a)	<u>21,072</u>

- (a) Further to the acquisition of a controlling interest in Transfield Mannai Facilities Management Services W.L.L (as described in Note 9), the Group has subsequently decided to dispose of its controlling interest and anticipates that the disposal will be completed during 2014. The Group is currently in negotiation with a potential buyer and the directors of the Company expect that the fair value less costs to sell the business will be higher than the aggregate carrying amount of the related assets and liabilities. No impairment loss was recognised on reclassification of the assets and liabilities as held for sale and as at December 31, 2013.

16. ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)

The major classes of assets and liabilities at the end of the reporting year are as follows:

	December 31, 2013 QR '000
Bank balances and cash	10,790
Accounts receivable	18,029
Work in progress	1,873
Other receivables and prepayments	4,297
Property, plant & equipment	2,733
Goodwill	8,029
Assets classified as held for sale	45,751
Accounts payables and accruals	15,001
Provision for employees' end of service benefit	6,071
Liabilities associated with assets classified as held for sale	21,072

- (b) During the year the Group entered into an agreement to dispose of an investment property with a carrying amount of QR 6.7 million, for a consideration of QR 14.7 million. The sale is expected to be completed after the year end, upon satisfaction of certain conditions precedent in the agreement and as such this property has been reclassified as held for sale.

17. DISCONTINUED OPERATION

(a) Subsidiary held for sale

As described in Note 16(a), the Group plans to dispose of its controlling interest in one of the subsidiary. As a result, combined results of the subsidiary are classified as discontinued operations included in the profit for the year are set out below.

	2013 QR '000	2012 QR '000
Total revenue	47,692	--
Total expenditure	(43,801)	--
Profit for the year from discontinued operations	3,891	--

(b) Sale of Tiffany division

The operations of the Tiffany division were classified as a Disposal Group in the previous year in accordance with IFRS 5, Non-current assets held for sale and discontinued operation. The combined result of the subsidiary was classified as discontinued operations included in the profit for the previous year as below.

	2013 QR '000	2012 QR '000
Total revenue	--	12,569
Total expenditure	--	(9,810)
Profit for the year from discontinued operations	--	2,759

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18. INTEREST BEARING LOANS AND BORROWINGS

	<u>2013</u>	<u>2012</u>
	QR '000	QR '000
Working capital facilities and others (a)	939,288	546,131
Term loans (b)	<u>896,847</u>	<u>2,128,120</u>
	<u><u>1,836,135</u></u>	<u><u>2,674,251</u></u>

Presented in the consolidated statement of financial position as follows:

	<u>2013</u>	<u>2012</u>
	QR '000	QR '000
Current	1,186,698	793,567
Non-current	<u>649,437</u>	<u>1,880,684</u>
	<u><u>1,836,135</u></u>	<u><u>2,674,251</u></u>

Notes:

- (a) During the year, the Group obtained short term loans from commercial banks mainly to finance working capital requirements. These loans carry interest at commercial rates and have a varying maturity of between 6 to 18 months.
- (b) This represents term loan facilities obtained from commercial banks. These loans carry interest at commercial rates and are to be repaid in quarterly installments. Some of the above interest bearing loans and borrowings are secured by:
 - Fixed deposits amounting to QR 22 million (Note 5),
 - Negative pledge on all the assets owned by the Group.

19. ACCOUNTS PAYABLE AND ACCRUALS

	<u>2013</u>	<u>2012</u>
	QR '000	QR '000
Trade accounts payable	501,281	423,500
Advances from customers	607,689	542,270
Payable on acquisition of additional non-controlling interests	462,598	--
Accrued expenses and others	381,162	334,238
Social and sports contribution	4,359	5,791
	<u><u>1,957,089</u></u>	<u><u>1,305,799</u></u>

Presented in the consolidated statement of financial position as follows:

	<u>2013</u>	<u>2012</u>
	QR '000	QR '000
Current portion	1,923,951	1,280,219
Non-current portion	<u>33,138</u>	<u>25,580</u>
	<u><u>1,957,089</u></u>	<u><u>1,305,799</u></u>

MANNAI CORPORATION Q.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2013

20. EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2013 QR '000	2012 QR '000
At January 1,	75,888	36,501
Provided during the year	18,741	19,724
Resulting from business combination	--	25,332
End of service benefits paid	(8,275)	(5,669)
At December 31,	<u>86,354</u>	<u>75,888</u>

21. SHARE CAPITAL

	2013 QR '000	2012 QR '000
Authorised, issued and fully paid-up shares of QR 10 each	<u>456,192</u>	<u>456,192</u>
	<i>Number of shares (In thousands)</i>	
	2013	2012
At January 1,	45,619	34,214
Rights issue shares	--	11,405
At December 31,	<u>45,619</u>	<u>45,619</u>

22. RESERVES**(a) Legal reserve**

As required by Qatar Commercial Companies' Law No. 5 of 2002, 10% of the profit for the year is required to be transferred to a legal reserve, until such reserve equals 50% of the issued share capital. The Group has resolved to cease such annual transfers as the legal reserve has reached the minimum required level. The reserve is not generally available for distribution except in the circumstances stipulated in the above law.

(b) Acquisition reserve

In case of acquisitions or disposal of subsidiaries without change in control, the difference between the decrease/increase in the non-controlling interests and the consideration paid or received is recognised as 'acquisition reserve' directly in equity attributed to the owners of the Company. During the year, QR 283.82 million has been transferred to this reserve on account of acquisition of non-controlling interest (Note 10(a)).

23. DIVIDENDS PAID AND PROPOSED

The Board of Directors has proposed a cash dividend of QR 5.50 per share totalling to QR 250.9 million for the year 2013, which is subject to the approval of the shareholders at the Annual General Assembly (2012: QR 4.75 per share totalling to QR 216.7 million).

During the year, the dividend paid amounted to QR 216.7 million (2012: QR 188.2 million).

24. SEGMENT INFORMATION

The Group is organised into business units based on its products and services and has twelve (12) reporting segments as follows:

- Auto
- Heavy equipment
- Energy and industrial markets
- Industrial supplies
- Information technology
- Travel
- Engineering
- Geotechnical services
- Logistics
- Jewellery trading
- Telecom
- Others

Management monitors the operating results of the operating segments to make decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment assets and liabilities comprise operating assets and liabilities which are directly handled by the operating segment and income or expenses that are attributed in line with the assets and liabilities allocated. The following table summarises the performance of the operating segments:

MANNAI CORPORATION Q.S.C.

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For the year ended December 31, 2013

24. SEGMENT INFORMATION (CONTINUED)

(a) By operating segments

	December 31, 2013	Geotechnical										Telecom retail	Others	Total
		Auto	Heavy equipment	E&I markets	Industrial supplies	Information technology	Travel	Engineering	Geotechnical services	Logistics	Jewellery trading			
		QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Revenue		718,392	214,730	156,582	203,161	1,223,199	40,634	105,356	58,140	28,773	2,798,118	--	66,541	5,613,621
Gross profit		143,911	40,117	31,871	34,267	151,906	40,108	21,611	23,306	8,561	626,310	--	23,072	1,145,041
Net profit		60,716	22,636	19,368	22,027	75,910	15,377	(5,737)	20,715	4,528	322,437	37,096	(55,979)	539,094
Segment assets		406,588	117,232	68,924	62,064	1,180,090	75,037	101,337	44,680	8,539	2,474,772	1,167,056	944,624	6,650,943
Segment liabilities		187,808	23,835	28,083	12,055	1,003,894	32,722	93,064	20,747	2,680	1,238,374	--	1,556,281	4,199,543
Other information														
Share of results from joint venture and associate companies		--	--	--	--	--	--	--	--	--	42,362	37,096	1,154	80,612
Investments in joint venture and associates companies		--	--	--	--	--	--	--	--	--	100,325	1,167,056	--	1,267,381

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For the year ended December 31, 2013

24. SEGMENT INFORMATION (CONTINUED)

(a) By operating segments (continued)

December 31, 2012	Auto QR'000	Heavy equipment QR'000	E&I markets QR'000	Industrial supplies QR'000	Information technology QR'000	Travel QR'000	Engineering QR'000	Geotechnic al services QR'000	Logistics QR'000	Jewellery trading QR'000	Telecom retail QR'000	Others QR'000	Total QR'000
Revenue	731,599	162,278	179,344	159,603	959,112	42,169	124,413	54,696	32,248	2,274,706	--	57,280	4,777,448
Gross profit	144,634	32,069	46,029	27,581	139,986	40,806	29,547	22,866	9,655	419,169	--	19,146	931,488
Net profit	70,091	12,758	33,896	17,818	60,968	18,066	4,878	8,194	4,522	184,741	51,992	(4,353)	463,571
Segment assets (Restated)	384,186	68,248	54,988	83,912	939,537	90,511	108,815	50,141	10,232	3,136,894	1,164,612	756,782	6,848,858
Segment liabilities	95,726	17,745	22,156	39,006	773,303	33,355	94,805	36,923	3,900	2,133,069	--	998,488	4,248,476
Other information													
Share of results from joint venture and associate companies	--	--	--	--	--	--	--	--	--	24,872	51,992	2,953	79,817
Investments in joint venture and associates companies	--	--	--	--	--	--	--	--	--	85,941	1,164,612	13,768	1,264,321

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24. SEGMENT INFORMATION (CONTINUED)
(b) By geography

	<u>Qatar</u>	<u>Other GCC</u>	<u>Others</u>	<u>Total</u>
	<u>QR'000</u>	<u>countries</u>	<u>QR'000</u>	<u>QR'000</u>
December 31, 2013		QR'000		
Revenue	2,753,193	2,817,825	42,608	5,613,626
Gross profit	510,871	626,830	7,339	1,145,040
Net profit	174,350	367,321	(2,577)	539,094
Segment assets	2,938,160	3,674,335	38,448	6,650,943
Segment liabilities	2,928,099	1,269,044	2,400	4,199,543
Other information				
Share of results from joint venture and associate companies	1,154	79,458	--	80,612
Investment in joint venture and associate companies	--	1,267,381	--	1,267,381
	<u>Qatar</u>	<u>Other GCC</u>	<u>Others</u>	<u>Total</u>
	<u>QR'000</u>	<u>countries</u>	<u>QR'000</u>	<u>QR'000</u>
December 31, 2012		QR'000		
Revenue	2,466,373	2,295,508	15,567	4,777,448
Gross profit	504,103	420,639	6,746	931,488
Net profit	231,650	232,530	(609)	463,571
Segment assets (Restated)	2,460,457	4,350,448	37,953	6,848,858
Segment liabilities	2,055,721	2,187,959	4,796	4,248,476
Other information				
Share of results from joint venture and associate companies	2,953	76,864	--	79,817
Investment in joint venture and associate companies	13,768	1,250,553	--	1,264,321

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25. OTHER INCOME

	<u>2013</u> <u>QR '000</u>	<u>2012</u> <u>QR '000</u>
Reversal of impairment loss/write back on other receivables	203,606	81,866
Reversal of impairment loss made on investment properties	43,785	--
Reversal of allowances made on trade receivables	9,500	1,470
Gain on disposal of property, plant and equipment	5,735	89,756
Gain on disposal of Tiffany division	--	77,145
Recoveries from provision for obsolete and slow-moving inventories	--	15,212
Miscellaneous income	<u>31,791</u>	<u>17,392</u>
	<u><u>294,417</u></u>	<u><u>282,841</u></u>

26. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2013</u> <u>QR '000</u>	<u>2012</u> <u>QR '000</u>
Staff costs	191,733	165,382
Legal and professional fees	37,659	56,589
Allowance for/(write back of) inventories, net	25,887	(9,046)
Repairs and maintenance	20,743	17,435
Rent	19,405	17,336
Allowance for doubtful advance	13,249	--
Impairment loss on other receivables	13,918	--
Travelling	14,709	14,804
Communication	12,350	11,071
Exchange loss, net	9,193	8,888
Utility charges	7,330	6,593
Insurance	7,192	6,385
Printing and stationary	4,965	3,515
Bank charges	4,380	5,568
Impairment loss on AFS investments	2,295	670
Other administrative expenses	<u>25,540</u>	<u>20,408</u>
	<u><u>410,548</u></u>	<u><u>325,598</u></u>

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27. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

	<u>2013</u>	<u>2012</u>
Profit for the year attributable to the shareholders of the Company from continuing operations (in QR '000)	442,185	398,491
Profit for the year attributable to the shareholders of the Company from discontinued operations (in QR '000)	<u>3,891</u>	<u>1,821</u>
Profit for the year attributable to the shareholders of the Company (QR '000)	<u>446,076</u>	<u>400,312</u>
Weighted average number of shares outstanding during the year (in thousands of shares)	<u>45,619</u>	<u>38,388</u>
Basic and diluted earnings per share (QR) (attributable to the shareholders of the Company)	<u>9.78</u>	<u>10.43</u>
Basic and diluted earnings per share (QR) from continuing operations (attributable to the shareholders of the Company)	<u>9.69</u>	<u>10.38</u>

28. RELATED PARTY DISCLOSURES

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group and entities in which they are principal owners. Pricing policies and terms of these transactions are approved by the Group's management.

(a) Related party transactions

Transactions with related parties included in the consolidated income statement are as follows:

	<u>2013</u> <u>QR '000</u>	<u>2012</u> <u>QR '000</u>
Sales	<u>176,676</u>	<u>141,700</u>
Purchases	<u>17,745</u>	<u>12,194</u>
Compensation of key management personnel	<u>40,053</u>	<u>29,744</u>

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28. RELATED PARTY DISCLOSURES (CONTINUED)**(b) Related party balances**

	2013	2012
	QR '000	(Restated) QR '000
Due from related parties		
Long term loans to joint venture companies and associates	22,311	39,887
Receivable from joint venture companies and associates	27,855	25,565
Receivable from other related parties	54,137	33,754
	<u>104,303</u>	<u>99,206</u>
Presented in the financials as follows :		
Current	27,855	25,565
Non current	76,448	73,641
	<u>104,303</u>	<u>99,206</u>
Due to related parties		
Payable to joint venture companies and associates	4,976	5,984
	<u>4,976</u>	<u>5,984</u>

(c) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arms length transactions. Outstanding balances at the reporting date are unsecured, interest free and the settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

(d) Compensation of key management personnel

The remuneration of key management personnel during the year is as follows:

	2013	2012
	QR '000	QR '000
Short term benefits	17,273	15,071
Post-employment benefits	1,180	873
	<u>18,453</u>	<u>15,944</u>
Directors' remuneration	21,600	13,800
	<u>40,053</u>	<u>29,744</u>

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29. CONTINGENCIES AND COMMITMENTS**(a) Contingent liabilities**

Under the bank facilities agreement, cross guarantees exist between each of the Group companies which could be enforced by the financiers, if the borrowers were to be in default of the finance agreement. Each member of the Group is therefore irrevocably, unconditionally and jointly and severally liable as principal obligor. The amount of Group facilities outstanding is as follows:

	<u>2013</u> <u>QR '000</u>	<u>2012</u> <u>QR '000</u>
Letters of guarantees	400,397	367,652
Letters of credit	892,477	273,632
	<u>1,292,874</u>	<u>641,284</u>

(b) Commitments*Capital commitments*

	<u>2013</u> <u>QR '000</u>	<u>2012</u> <u>QR '000</u>
Capital work in progress – contracted but not provided for	7,179	5,641

Operating lease commitments under non-cancellable lease arrangements:

	<u>2013</u> <u>QR '000</u>	<u>2012</u> <u>QR '000</u>
Less than one year	105,737	96,229
1 to 5 years	136,234	127,013
Above 5 years	--	7,021
	<u>241,971</u>	<u>230,263</u>

(c) Litigation

The Group is in litigation with one of its joint venture partners, who have filed a claim before the Abu Dhabi Courts for QR 113 million in relation to the joint venture business that the Group and one of its subsidiaries had participated in Abu Dhabi, UAE.

The joint venture partner is claiming compensation for an alleged breach of the joint participation agreement that the subsidiary of the Group had signed when establishing the venture. The Group defended its position before the courts and filed a counterclaim. The Court of First Instance, confirmed the view of the Group as to the strength of its position, and rejected the claim of the joint venture partner and further accepted the counterclaim filed by the Group. The joint venture partner appealed the verdict pronounced by the Court of First Instance and the Court of Appeal delivered a judgment in favour of the Group. The Court of Appeal also dismissed the civil suit filed by the joint venture partner. The Group filed an application to enforce the judgment on the Group's counterclaim before the Execution Court. The Execution Court upheld the case in favour of the Group and ordered the joint venture partner to pay the amount claimed. During the year, QR 67.67 million has been received from the joint venture partner, which has been recognised in the consolidated statement of income under other income. The settlement of remaining amount awarded by the court will be recognised in other income upon receipt.

30. FINANCIAL INSTRUMENTS

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument. The Group's principal financial liabilities comprise of interest bearing loans and borrowings, bank overdrafts, accounts payable, amounts due to related parties and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets comprise of bank balances and cash, accounts and retention receivable, available for sale financial investments, amounts due from related parties and certain other receivables that arise directly from its operation.

Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets/financial liabilities	Fair value as at December 31,		Fair value hierarchy
	2013 QR '000	2012 QR '000	
Available-for-sale investments	24,610	24,610	Level 3
Available-for-sale investments	--	1,614	Level 2
Forward contracts – gold	--	4,590	Level 2
	<u>24,610</u>	<u>30,814</u>	

There is no movement in Level 3 fair value measurements. The investments classified under Level 3 category have been fair-valued based on information available for each investment such as net asset value.

AFS investments amounting to QR. 18.35 million (2012: QR. 10.58 million) are carried at cost, since their fair value cannot be reliably estimated.

All other financial assets and liabilities are carried at amortized cost and their fair values are not materially different from their carrying values in the consolidated statement of financial position, as these assets and liabilities are either of short term maturities or are repriced frequently based on market movement in interest rates.

Fair value sensitivity analysis

The following table shows the sensitivity of fair values to 10% increase or decrease as at December 31:

	2013	2012
Basis points	+/-100	+/-100
Effect on equity (QR '000)	+/-4,295	+/-3,680

31. FINANCIAL RISK MANAGEMENT

The Group is exposed to credit risk, liquidity risk and market risks such as currency risk, price risk and interest rate risk. The Group monitors and manages the risks relating to its operations through internal risk reports. The major risks are discussed below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank balances (call deposits), bank overdraft and interest bearing loans and borrowings, which bear floating interest rate.

The following summary sets out the Group's exposure to interest rate risk as of December 31:

	<u>2013</u>	<u>2012</u>
	QR '000	QR '000
Bank deposits	20,719	23,912
Bank overdraft	(293,917)	(186,554)
Interest bearing loans and borrowings	<u>(1,836,135)</u>	<u>(2,674,251)</u>
	<u>(2,109,333)</u>	<u>(2,836,893)</u>

The Group is exposed to interest rate risk as it maintains and borrows funds at floating interest rates. The following table demonstrates the sensitivity of the Group's profit to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the profit is the effect of the assumed changes in interest rate on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at December 31,:

	<u>2013</u>	<u>2012</u>
Basis points	+/-25	+/-25
Effect on profit for the year (QR '000)	+/-5,273	+/-7,092

31. FINANCIAL RISK MANAGEMENT (CONTINUED)**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. Credit risk on bank balances is limited as they are placed with banks having good credit rating. The Group's exposure to counterparties is continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by management. The credit terms for accounts receivable are 30 to 180 days.

With respect to credit risk arising from the financial assets of the Group, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments as follows:

	2013 QR '000	2012 QR '000
Bank balances (excluding cash on hand)	152,959	335,423
Accounts receivable and others	742,824	724,771
Amounts due from related parties	104,303	99,206
	<u>1,000,086</u>	<u>1,159,400</u>

Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The foreign currency exposure is minimal since the Group deals mostly in Qatar Riyal and US Dollar. Balances in other GCC currencies, with the exception of Kuwaiti Dinar, do not expose the Group to significant currency risk since they are values are pegged to the US Dollar. The following table details the Group's sensitivity to an increase or decrease in Qatar Riyal against the relevant foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and the impact of a change in the exchange rates are as follows:

	Increase/decrease in Euro, GBP and other rates to the QR	Effect on profit before tax QR '000
2013	+/- 3%	+/- 1,724
2012	+/- 3%	+/- 1,354

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31. FINANCIAL RISK MANAGEMENT (CONTINUED)**Liquidity risk**

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

The Group limits its liquidity risk by ensuring bank facilities are available. The Group's terms of sale require amounts to be paid within 30-180 days of the date of sale.

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

	Less than 6 months	6 to 12 months	1 to 5 years	Total
At December 31, 2013	QR '000	QR '000	QR '000	QR '000
Accounts payable and accruals	1,316,262	--	33,138	1,349,400
Amounts due to related parties	4,976	--	--	4,976
Interest bearing loans and borrowings	--	1,229,616	681,929	1,911,545
Bank overdrafts	293,917	--	--	293,917
Total	1,615,155	1,229,616	715,067	3,559,838
	Less than 6 months	6 to 12 months	1 to 5 years	Total
At December 31, 2012	QR '000	QR '000	QR '000	QR '000
Account payable and accruals	737,949	--	25,580	763,529
Amounts due to related parties	5,984	--	--	5,984
Interest bearing loans and borrowings	--	809,610	1,979,420	2,789,030
Bank overdrafts	186,554	--	--	186,554
Total	930,487	809,610	2,005,000	3,745,097

Capital management

The Group manages its capital structure to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of debt and equity balances. The Group's overall strategy remains unchanged from 2012. The Group monitors its capital using a gearing ratio which is net debt divided by total equity. The Group includes within the net debt, interest bearing loans and borrowings (included in Note 18) and bank overdraft less bank balances and cash.

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31. FINANCIAL RISK MANAGEMENT (CONTINUED)**Capital management (continued)***Gearing ratio*

The gearing ratio at December 31 is as follows:

	<u>2013</u>	<u>2012</u>
	<u>QR '000</u>	<u>QR '000</u>
Debt	2,130,052	2,860,805
Bank balances and cash	<u>(156,750)</u>	<u>(344,200)</u>
Net debt	<u>1,973,302</u>	<u>2,516,605</u>
Total equity	<u>2,451,400</u>	<u>2,600,382</u>
Gearing ratio	<u>0.80:1</u>	<u>0.97:1</u>

32. EVENTS AFTER THE REPORTING PERIOD

On February 9, 2014, a fire broke out at one of the Group's premises in Qatar resulting in the loss of inventories, property, plant and equipment. The total losses related to the fire are currently estimated at approx. QR. 200 million. The Group has already initiated an insurance claim process.

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. Such reclassification did not have effect on the results, total assets, liabilities or equity of the Group for the previous year.