MANNAI
CORPORATION

2012

ANNUAL REPORT

MANNAI CORPORATION Q.S.C.

1950 1970 1990 2000


MANNAI
CORPORATION

2013



His Highness Sheikh Tamim Bin Hamad Al-Thani

Heir Apparent

His Highness Sheikh Hamad Bin Khalifa Al-Thani

Emir of the State of Qatar


JCB
JCB

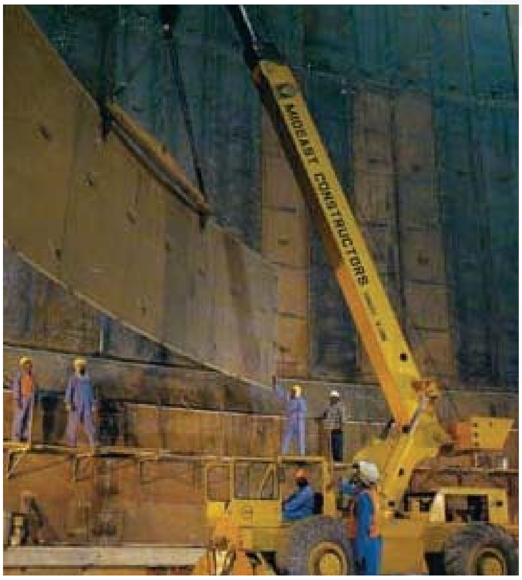

MIDEAST CONSTRUCTORS

TABLE OF CONTENTS

MANNAI GROUP

- Automotive Group
- Information and Communication Technology
- Medical Division
- Damas International Limited, UAE
- Axiom Telecom, UAE
- Travel Group
- Home Appliances and Electronics Division
- Gulf Laboratories Co. WLL
- Energy and Industrial Markets
- Industrial Supplies and Building Materials
- Manweir LLC
- Transfield Mannai Facilities Management Services WLL
- Qatar Logistics WLL
- Gulf Geotechnical Services and Material Testing LLC, Oman
- Techsignia Solutions Private Limited, India
- Utility Networks Information Systems Consultants (UtilNet), Jordan
- GTC Otomotiv A.S. Turkey

MANNAI

YESTERDAY AND TODAY

CHAIRMAN'S REPORT

"Mannai's Capital and Reserves have more than tripled over the last 2 years from QR 457 Million in 2010 to QR 1.54 Billion in December 2012, keeping our Balance Sheet in good shape to explore future opportunities."

In Mannai Corporation's last Annual Report I reflected on the continued pursuit of the Board's medium term strategy, which has three main aims : to maintain a strong capital base for growth, expansion of the Company's overseas earnings and the continued development of our core business in Qatar.

As I reported last year, in fulfilment of these objectives in 2011 Mannai acquired a 35% strategic stake in Axiom Limited in the UAE, the largest mobile handset distributor throughout the GCC. A part of the funding for the acquisition was supported by a Rights Issue on the Qatar Exchange later that year. Mannai also completed the construction of a major new engineering workshop for it's subsidiary Manweir in Ras Laffan.

In April 2012 Mannai continued its expansion in the region by acquiring a 66% shareholding in Damas International Limited in the UAE, the leading and largest network of jewellery stores throughout the GCC. In November the acquisition cost of US$ 300 Million was partly funded by a further successful Rights Issue on the Qatar Exchange amounting to US$188 Million.

As the majority shareholder in Damas since April 2012, the revenue of Damas is consolidated in the Mannai accounts, doubling the Company's sales turnover from QR 2.29 Billion in 2011 to QR 4.77 Billion in 2012.

More recently in December 2012 Mannai established, with the support of General Motors, an initial single Chevrolet dealership in Istanbul as a base on which to build an entry into the Turkish automotive market.

These initiatives were possible due to our strong and stable business base in Qatar thanks to the sound financial and economic policies of the Qatari Government under the wise leadership of the Emir H H Sheikh Hamad Bin Khalifa Al-Thani and the Heir Apparent H H Sheikh Tamim Bin Hamad Al-Thani.

As a result of the progress made in 2012, I am pleased to report that the business of Mannai in Qatar combined with its earnings from Axiom and Damas achieved a Net Profit for Mannai Corporation of QR 400 Million, an increase of 43% on the QR 279 Million Net Profit in 2011. The period also included some exceptional items such as a capital gain and acquisition costs which are outlined in another section of this report.

Following the continued good performance of the Company and taking into account the Company's intention to maintain a sound balance sheet structure to support further expansion the Board has recommended a cash dividend of 47.5% (being QR 4.75 per share).

My thanks and appreciation go to the Managers and staff of Mannai Corporation and to their associates in the expanding Mannai Group for their combined efforts in achieving the level of growth and progress experienced in 2012.

It is my pleasure to welcome our Group CEO, Alekh Grewal, as a new member on the Mannai Board following the election of Directors in January 2013 and which reflects the growing breadth of the Company's activities.

It is interesting to note on our journey forward and in terms of the Board's strategy that, excluding funding costs and exceptional items, almost half of the Group's operating profits in 2012 were contributed by our regional investments, and the balance of 55% from our business in Qatar.

I must express my thanks to our shareholders for enabling these significant regional acquisitions and for their unwavering support of the Company's Rights Issues in September 2011 and November 2012 both of which were oversubscribed. Accordingly, Mannai's Capital and Reserves have more than tripled over the last 2 years from QR 457 Million in 2010 to QR 1.54 Billion in December 2012, keeping our balance sheet in good shape to explore future opportunities.

Given the sound economic conditions in Qatar and the prospects created by our regional investments I am confident of the Company's sustained performance in 2013 and beyond.

Hamad Bin Abdulla Bin Khalifa Al-Thani
Chairman

DIRECTORS' REPORT

Mannai Corporation achieved outstanding growth during the year 2012. Net Profit grew by 43% to QR 400 Million compared to QR 279 Million in the previous year. Revenue increased to QR 4.7 Billion compared to QR 2.2 Billion in the previous year.

The group has successfully managed to geographically diversify its revenue, with more than 45% of the operating profit from outside Qatar.

The Board thanks the shareholders, management and staff for the excellent results achieved during the year.

The Board has recommended cash dividend of 47.5% (QR 4.75 per share) on the increased share capital of QR 456.19 Million.

Expansion and Diversification

Acquisition of majority stake in DAMAS International Limited

In line with the aggressive growth strategy of the group, Mannai Corporation along with the private equity firm EFG Hermes acquired majority stake in DAMAS International Limited during the year.

Establishment of GTC Otomotiv A.S. Turkey

Mannai Auto Group established a Chevrolet dealership in Turkey under the name of GTC Otomotiv A.S. The showroom and service facilities are fully equipped to meet GM Europe standards.

Mannai Extra Low Voltage Division

Mannai ICT Group has successfully established the ELV division providing Physical Security Surveillance solutions in Qatar. The Ministry of Interior initiative to ensure all public places in the country are monitored with IT enabled surveillance systems has created huge opportunities in this segment.

Outlook for 2013 and beyond

Mannai Group continues to look for opportunities for growth both in Qatar and internationally. The Company remains confident of continuing to deliver value to its shareholders in the future.

Mohamed Ali M. Al Kubaisi
Director

GROUP CHIEF EXECUTIVE OFFICER AND DIRECTOR'S REPORT

"To continue to provide a platform for future profitable growth, listening and responding to the changing needs of our customers and clients."

Mannai's acquisition in 2012 of a 66% stake in Damas is a defining moment in the history of the Company. Mannai has the majority of Directors on the Damas Board including the Executive Chairman position. With this acquisition the Company has taken a large stride, and has moved forward in earnings of over USD 1.3 Billion in business turnover. At this year's AGM, Mannai unveiled another historic event. After 60 years, Mannai is changing its logo, in keeping with the new vitality and mobility of the Company.

The Company has delivered a record increase in profits as a result of our International expansion and a one-off capital gain resulting from the sale of land. We experienced only moderate growth in our businesses in Qatar as there were few major Government projects released during 2012. We remain cautiously optimistic that 2013 will see the start of increased contracts being awarded in Qatar.

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

This year we have made our first entry into the Turkish Auto market with the establishment of a Chevrolet dealership in Istanbul.

Performance

The Company delivered another year of record profits:

- Revenue grew 108% to QR 4.77 Billion from QR 2.29 Billion in the previous year
- Net Profit for the Group increased by 66% to QR 463 Million
- Net Profit attributable to the Company amounted to QR 400.3 Million an increase of 43% over 2011. Net Profit of QR 279 Million
- Earnings per share increased by 16% to QR 10.43 from QR 9.01 over the previous year
- The Company's overseas operations contributed 45% of the overall profit of the Group
- Return on Equity is 25%

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 and 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.

Details of our businesses are expanded on in the latter section of this report.

Awards

2012 was another excellent year in terms of service and quality recognition awards from our multinational principals which are listed in another part of this report.

Future Outlook

Mannai will continue to look for acquisition opportunities internationally in line with its strategy of targeting markets that will continue to grow. Locally, Qatar's thrust for infrastructure development for the 2022 FIFA World Cup and the Rail network project will provide great opportunities, and Mannai with its diversified business activities is ready to play an active role in the development of our nation.

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

Alekh Grewal
Group Chief Executive Officer and Director

OUR VISION

Through exceptional service and added value, build Mannai to be the most dependable business partner in the region.

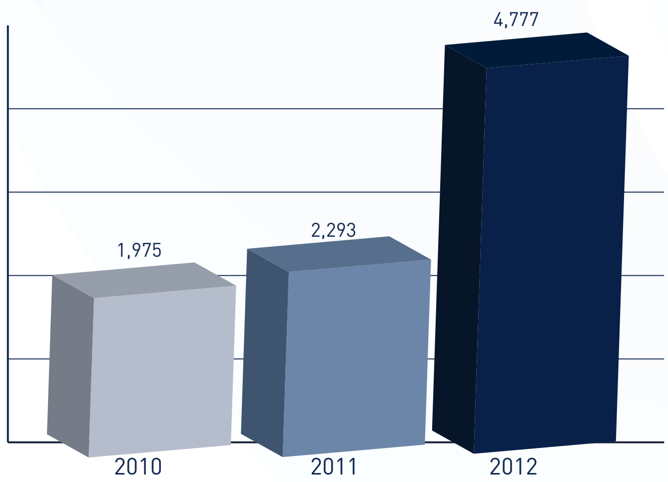
OUR MISSION

To create an environment which will attract and retain a committed team of talented professionals who will place Mannai at the forefront in our chosen markets.

Financial Highlights

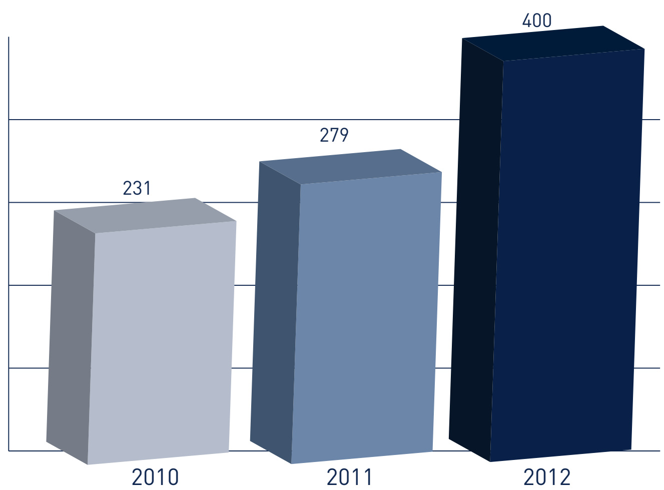
Revenue

Amount in QR Millions



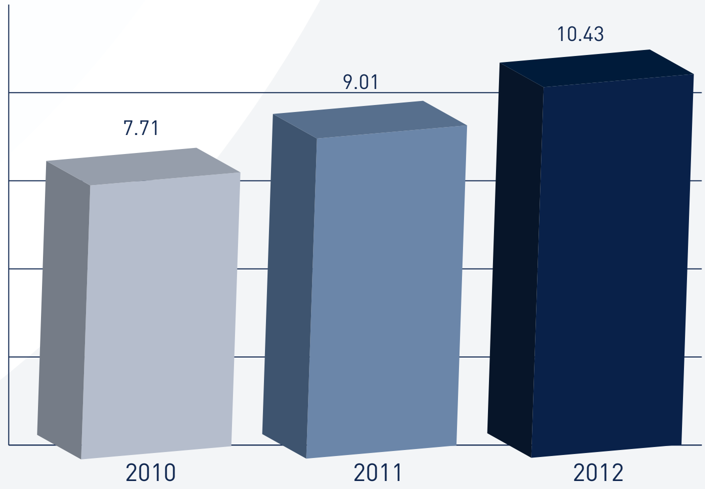
Net Profit

Amount in QR Millions



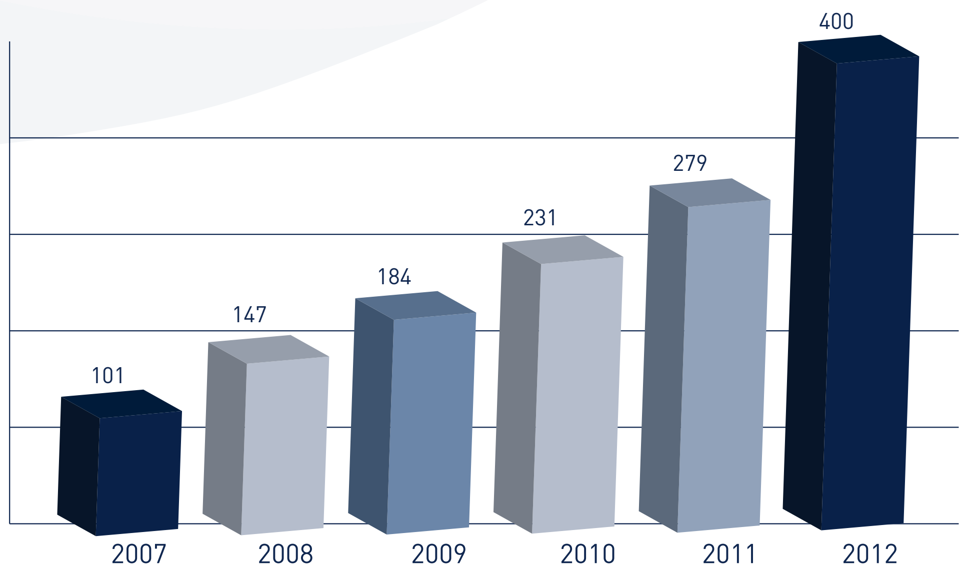
Earnings per Share

Amount in QR



Net Profit Trend

Amount in QR Millions



Sheikh Hamad Bin Abdulla Al-Thani
Chairman

Sheikh Suhaim Bin Abdulla Al-Thani
Vice Chairman

Mohamed Ali M. Al Kubaisi
Director

Rashid Fahad Al Naimi
Director

Ali Yousef Kamal
Director

BOARD OF DIRECTORS

Alekh Grewal
Group Chief Executive Officer and Director

Keith Higley
Director

Khalid Mannai
Director

Said Abu Odeh
Director

Sheikh Suhaim Bin Abdulla Al-Thani
Chairman of the Executive Committee

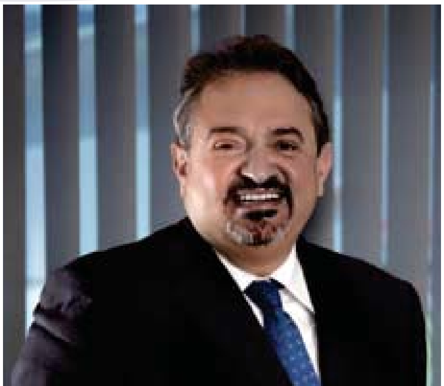
Alekh Grewal
Group Chief Executive Officer and Director

Khalid Mannai
Vice Chairman of the
Executive Committee

Mohamed Helmy
Group General Manager,
Automotive

Ewan Cameron
Chief Financial Officer

EXECUTIVE COMMITTEE



Said Abu Odeh
Member

Murat Hacisalihzade
Group General Manager,
Information and Communication
Technology

We want Mannai to be clearly recognised as the standard of excellence in Qatar

The Mannai Way

Customers

Delighted customers are our future and we are judged by how well we:

Exceed our customers' expectations through listening and understanding • Earn our customers loyalty and trust through honesty and courtesy • Commit to the highest standards in quality of customer care, timely delivery and after sales service • Become the customers first choice each and every time because of our passion for excellence • Anticipate and respond to customer needs.

Leadership

Everyone in Mannai is a leader. Leaders are judged by the standards they set for themselves.

Leaders in Mannai: Share knowledge and ideas openly • Treat everyone equally with fairness and integrity • Motivate and inspire to get results • Embrace and adapt to change • Empower people to take responsibility.

Community

Mannai aims to promote the interests of Qatar, and we will be judged by:

Our contribution to the local economy • Our adherence to practices that protect and support our natural environment • How well we develop and train our human resources.

Shareholders

We aim to meet the expectations of our shareholders, and we will be judged by:

Our ability to deliver consistent long-term value • Our high standards of corporate governance.

Business Partners

We believe in an open partnership with our suppliers and can be judged by how well we:

Deliver our best in class solutions to our customers • Develop our long term relationships as partner of choice • Build competitive advantage for the businesses we represent.

Teams

Mannai is a team. Our team is judged by how well we work together. We aim to:

Practice open and clear communication • Help one another to deliver benefits for the whole Group • Show respect for each other and take pride in our achievements • Treat mistakes as an opportunity to learn, not to blame • Create a stimulating environment where people are proud to work.

Awards Received by Mannai Corporation QSC, Group of Companies

- Oracle - Specialised Partner of the Year: Industry – EMEA 2012
- Oracle - Specialised Partner of the Year: Server and Storage Systems-EMEA 2012
- Oracle - Specialised Partner of the Year: Industry – GLOBAL 2012
- Symantec - Channel Excellence awards 2012: SMB Partner of the Year
- Palo Alto - Networks - Best Partner – Emerging Markets
- NetApp - Enterprise Partner of the Year - 2012
- CISCO - Architectural Excellence-Data Centre for the Middle East Region
- CISCO - Gold Certified Partner
- CISCO - Panduit Partner of the Year Award 2012 for EMEA region
- JCB dealer excellence for 2011
- Manitowoc Crane Elite Distributor Award 2011
- Grove Elite Dealer Award 2011
- GM Regional Certificate of Recognition for "Best GMC total and Retail Sales" in February 2012
- GM GrandMasters Dealer Award 2011
- Triple ISO Certification for Transfield - ISO 9001:2008, 14001:2004 and 18001:2007
- Transfield - ORYX GTL Safety Award

Corporate Governance

Mannai Corporation is committed to having a high level of corporate governance practices and procedures in a way which maintains the company's standards and enhances shareholder value.

During 2009, the Qatar Financial Markets Authority issued a Corporate Governance Code for listed companies in Qatar. Accordingly, as reported in the 2009 Annual Report the Board of Mannai Corporation began structuring its corporate governance procedures in line with the principles of the Code and the actions taken and updated status is summarized below:

- The Terms of Reference for our Board Committees were published in 2009 Annual Report and are available on our website www.mannai.com
- The Company's Dividend Policy and Remuneration Policy have been submitted to our shareholders in accordance with the Code. These have been outlined below and are also available on the Company's website.

The company has not yet adopted the following Articles of the Code into the Company's Articles of Association and the explanations are given below:

- Code Article 9/1 Board Composition. However, the composition of our Board is compliant with this Article of the Code.
- Code Article 23/1 Access to Information. However, detailed existing terms of access to information are contained in our present Articles of Association although not in the exact terms of the Code.
- Code Article 26/1 Shareholders' Rights Concerning Board Members' Election. However, the Board accepts the principle.
- Code Article 28/2 and 3 Minority Shareholders' Rights and Tag along Rights. However, the Board recognise their responsibility to represent the interests of all shareholders, however shareholder decisions will ultimately depend on a majority vote, in accordance with the Article 128 of the Commercial Companies Law no. 5 for the year 2002.

At the Ordinary General Assembly on 20th March, 2013 the shareholders have been informed of the position as stated above and supported the Company's approach on Corporate Governance.

- The annual report for the financial year ended 31st December, 2012 is also available in Arabic and English on the company's website.

Board Committees

Audit Committee

Sheikh Suhaim Bin Abdulla Al-Thani, Chairman
Mohamed Al Kubaisi, Member
Ali Yousef Kamal, Member
Alekh Grewal, Member

Nomination Committee

Sheikh Suhaim Bin Abdulla Al-Thani, Chairman
Mohamed Al Kubaisi, Member
Ali Yousef Kamal, Member

Remuneration Committee

Sheikh Suhaim Bin Abdulla Al-Thani, Chairman
Mohamed Al Kubaisi, Member
Keith Higley, Member

Corporate Governance Committee

Keith Higley, Chairman
Said Abu Odeh, Member

Dividend Policy

Article 37 of the Corporate Governance Code requires that the Board of Directors shall submit to the General Assembly a clear policy on Dividend Distribution.

This shall include the background and rationale of such policy in terms of the best interest of the Company and the shareholders.

The payment of dividends is subject to the recommendation of the Board of Directors and approval by the Company's shareholders.

Since becoming a Listed Company the company paid the following Cash dividend and Bonus Shares:

Years	Cash Dividend	Bonus Shares
2007	40%	20%
2008	60%	10%
2009	50%	50%
2010	70%	20%
2011	55%	-
2012	47.5%	-

The declaration of dividends is discretionary and generally in line with market practice. Any future dividend payments by the Company will depend on a number of factors including but not limited to the company's operational performance, financial results, financial condition and prospects, as well as cash and liquidity requirements (including capital expenditure and investment plans) the market situation, legal regulatory and other such factors as the Board may deem relevant at the time.

The Company believes that the payment of dividends is an important element in creating shareholder value for its investors and subject to the above, it is the policy of the company at this time, which may be subject to changes in the future, to propose to the shareholders cash dividends generally in line with the market.

It is also the policy of the Company to increase the capital of the Company by the issue of free shares to its investors by way of Bonus issues from time to time at a level dependant on the Company's accumulated reserves.

Remuneration Policy

Mannai Corporation aims to remunerate fairly and responsibly by ensuring reward for performance is competitive and by aligning executive reward with shareholders interests.

Remuneration takes into account the responsibilities and scope of the functions at all levels as well as the performance of the company.

Compensation at Management and Senior Executive level includes fixed and performance related components in order to motivate the achievement of objectives and to link rewards to corporate and individual performance. It may also include a component based on long term performance of the company.

No Senior Executive or Director should decide his or her own remuneration.

Automotive Group

Mannai Automotive Group holds exclusive franchise for General Motors' leading vehicle brands Cadillac and GMC and is also the sole distributor in Qatar for Subaru Vehicles, the premium Japanese manufacturer.

Mannai Automotive Group has the repute of offering all of its privileged clients the widest possible choice of vehicles, customised to meet customer expectations and supported by an extensive network of accessories and after-sales service centres.

Earlier this year, Mannai Automotive won General Motors (GM) Grandmasters International Operations Dealer Award, a global award conferred to outstanding dealers of Cadillac and GMC vehicles. It is awarded for excellent performance during 2012, and for the highest level of customer satisfaction in sales and after-sales, thereby identifying the best-of-the-best GM dealers across the globe.

New Vehicle Sales

The sale of our flagship vehicles (Escalade, Yukon, and Pick-up) has displayed a very healthy positive trend in the highly competitive domestic market by registering a 10% growth in the sale of units over 2011.

As part of Mannai's vision to diversify its operations and expand beyond Qatar, Mannai's Automotive Group opened a Showroom, Spares and Service facility in Istanbul, Turkey for General Motors' Chevrolet range of vehicles. Turkey presented a perfect opportunity for Mannai Automotive Group to bring over 6 decades of excellence in customer service to the Chevrolet clients in Istanbul through its fully owned subsidiary GTC "Chevrolet Global". The knowledge and expertise of Mannai Automotive will be leveraged to deliver world class customer service to customers in Istanbul, throughout the complete ownership experience from purchase to warranty and after sales services.

Service and Parts

Mannai Automotive Group's service technician staff ranked third in the Technical Staff Skill Competition conducted by General Motors. The competition hosted the best technicians from across the GCC.

Mannai Automotive Group successfully launched GTC (Global Trading Centre), an overseas operations at Jebel Ali Free Zone, to trade in a wide range of products such as ACDelco Batteries, Filters, Hengst Filters, Tires, etc. The Company also obtained new and exclusive agencies for Berco Undercarriage, ETP Italy for heavy equipment spare parts, alongside many others.

Having invested in Satellite Outlets / Branches (establishing Mannai presence across the geographical spread of the State of Qatar) and Mobile Units (providing Services at Customers' premises), Mannai Automotive Group has enhanced its capability to provide faster, more efficient, convenient and comfortable delivery of products and services to customers. This has helped us to meet and exceed customers' expectations and therefore retaining our customers for life. This is in line with Mannai's Vision Statement; to be the most dependable business partner in the region through exceptional service and added value.

Heavy Equipment Division

The Heavy Equipment Division (HED), a business segment within Mannai Automotive Group, specialises in the Sales and Marketing of heavy equipment and construction machinery, catering to the construction and industrial sectors. The product line includes Grove cranes, JCB units, TCM forklifts, Massey Ferguson agricultural tractors and farm equipment, generators, Daewoo Buses, DAF and Eicher Trucks, Comp Air-Holman air compressors, Thermo King transport refrigeration and Detroit Diesel industrial/marine engines.

HED also provides an efficient after-sales support with adequate stock of spares and components maintained in the warehouse and specialised workshop services for repairs and maintenance.

HED achieved its objectives and targets through moderate growth in the construction industry during the year 2012, with its market share of reputable brands having maintained their market share or having recorded significant increase.

In 2012, HED registered 100% growth in sale of Daewoo Buses over 2011, which led to a significant gain in its market share.

HED was certified by Grove Cranes as "Elite Distributor for 2012", a recognition for putting strong efforts and marked improvements in developing after sales support for its customers in Qatar.

HED has invested in the integration of Parts, Service and Unit Sales operations under one roof, something that has been welcomed by Customers and Principals alike.

With huge investments expected to be made in the infrastructure sector over the next decade, HED, with its wide product range and workshop facilities, is well positioned to play a significant role in increasing its market share.

Information and Communication Technology

Mannai's ICT Group maintained its strong growth during 2012, enhancing its solid market leadership position in the local market, entering new areas of businesses and establishing a firm international footprint. Early in the year, the ICT Group reorganised itself to be able to serve customers better by merging the former Hardware and Software divisions into a new IT Solutions division. The ICT Group continues to provide the highest quality of end-to-end solutions to its customers.

The ICT Group is organised into three main divisions. Networks and Telecom provides Cisco based voice and data solutions, structured cabling, EMC storage and CCTV to key customers in Qatar. The IT Solutions division provides comprehensive hardware, software, storage, virtualisation and security solutions from HP, Oracle, SAP, Microsoft, VMWare, NetApp, Symantec and a host of other vendors. As for the newly created division, New Business and Markets, its main focus is on the Small and Medium Enterprises segment with an array of solutions as well as establishing a software presence in countries like Kenya and Oman.

Networks and Telecom division grew rapidly in 2012, making major inroads with key customers such as Qatar Foundation, Meeza, MOI, Musheireb and Ooredoo and providing complete Cisco solutions, powered by the region's largest CCIE team. The strong market share position in voice/data networking in Qatar was made possible by technological relevance, differentiated value and superior customer experience. Significant progress was also achieved in storage and CCTV business with EMC products. The division has also invested in the emerging ELV (Low Voltage) market which is expected to grow rapidly in the coming years.

Mannai is the only Master Certified Parter for Unified Communication in the Gulf region. It was also successful in retaining Gold Partner status with CISCO and Velocity Signature Partner status with EMC. It also won Architectural Excellence – Data Centre award for Middle East from CISCO and Panduit Partner of the year award from EMEA in Global systems Integrators Congress in France.

IT Solutions established separate practices for Oracle, SAP and Microsoft on a market segmented basis. A major Oracle Enterprise Resource Planning (ERP) installation at Hamad Medical City went live during the year 2012. The increasingly complex customer needs were met with a comprehensive portfolio of products in areas such as IT Automation and Disaster Recovery, Infrastructure Monitoring and Management, Enterprise Content Management, Geographical Information Systems and Mobility Solutions. The division won many accolades during 2012 including Oracle Worldwide Partner of the Year.

Techsignia (formerly Mansoft), the offshore software development centre in India continued to serve customers in Qatar while making headway in securing business process outsourcing work in other parts of the world.

The division also supplies mission critical servers and services for data centres. It also has the capability to provide end-to-end solutions ranging from complex servers to sophisticated IT security systems.

New Business and Markets was established in 2012 to cater new growth areas in Qatar and overseas It provides the latest IT technology and communication services at a reasonable cost to the SMEs. Outside Qatar, the division established a viable software capability presence in East Africa and Oman, where a focused effort in 2012 has positioned Mannai particularly well in the network and IT arenas with major deals that are likely to materialize in early 2013.

UtilNet, based in Jordan with its majority of stakes being owned by Mannai, continued to work in the network inventory management space in Saudi Arabia and Hong Kong. Recognising the limitations of working in a narrow space, UtilNet is expanding its expertise base and is now well positioned to extend its scope of work into the broader network Operating Support Systems (OSS) field across the region and take on prime contractor responsibilities with telecom operators.

Medical Division

The Medical Equipment Division made important wins in 2012, namely Pharmacy Automation system, Maternal and Infant Care devices and Nuclear Medicine diagnostic equipment at Sidra Medical Research Center, state-of-the-art MRI system for Aspetar Hospital, and high-tech laboratory equipment for University College of London in Doha.

With the revamping of the Healthcare industry in Qatar, in line with the National Vision 2030, focus will be on building new hospitals and upgrading existing ones. Securing strategic partnerships with GE Healthcare, Omnicell, Beacon Medaes, Leica and other industry-leading companies, and attaining certified engineers in the represented solutions, the Medical Equipment division has positioned itself to pursue a significant share of Diagnostic Imaging, Devices, Engineering Solutions, Laboratory and Scientific Equipment in the upcoming projects in the country.

GE Healthcare

BEACONMEDÆS

Leica

Damas International Limited

Damas was added to the Mannai group of companies in April 2012, following an acquisition by Mannai of a 66% shareholding in the Company. The company is the leading jewellery and watch retailer in the Middle East, offering luxury to its diverse clientele since 1907. As a brand, Damas has set the standards in the trade of diamond jewellery, gold jewellery, pearls, watches, and precious stones in the Middle East, and has continuously delivered the promise of luxury wrapped in trust.

Headquartered in Dubai,UAE, the Company today operates around 260 outlets, mainly located within the GCC region, and employs nearly 2,000 staff across the Middle East.

Leveraging its extensive network of outlets, Damas sells its own branded products, as well as other selected regional and global luxury brands. The Company has grown from a UAE-based retailer into an international brand name, with a large portfolio of renowned luxury brands including Graff Diamonds, Roberto Coin, Paspaley, Mikimoto, Forevermark, Girard Perregaux, and Vacheron Constantin, among many others. Damas' popular in-house brands include Farfasha, OneSixEight, Gehna, Hayati, Legacy, Fulla and many more.

The year 2012 has definitely been a time of change for the Company. In the time following the acquisition, a new retail strategy has been set and the management structure reorganised to implement the rollout of the strategy. The financial year end of the Company has been changed from 31st March to 31st December annually, in line with the reporting date of Mannai Corporation QSC, the majority shareholder. In terms of financial performance, in the 9 month period ended 31st December 2012, a healthy Net Profit of AED 187.55 Million has been achieved.

The strategy is set. Damas has by far the most extensive network of Jewellery stores and boutiques in the Middle East. The leadership team is in place and Damas is firmly focused on delivering innovative designs and products with exceptional service to our customers throughout the region.

Axiom Telecom

Mannai Corporation acquired a 35% shareholding interest in Axiom Limited (Axiom) as a part of its diversification strategy in 2011.

Axiom is the Middle East's leading multi-brand, multi-channel distributor of mobile telecommunications handsets, accessories and telecom services.

Axiom encompasses 2,000 employees, a portfolio of 575 retail points and reaches over 3,742 points of sale across the region. The Company has a presence in the United Arab Emirates (UAE), Saudi Arabia (KSA), Bahrain, Kuwait, Qatar, UK and India.

Axiom generates revenue from the sale and service of mobile handsets and accessories (referred to as "mobile devices") and telecommunications services via its partnerships with mobile telecommunications operators (referred to as "telecom services"). Further revenue is generated through airtime with Thuraya Telecommunications Company ("Thuraya"), a MENA-based mobile satellite service provider.

The Company is a strategic partner of major telecommunications operations such as du (UAE) and Zain (KSA), and sells a full range of products sourced directly from major brands, including Apple, RIM, Nokia, Samsung, HTC, Sony and LG.

Key strengths:

- Middle East handset and telecom services market leader
- Unique partnerships with world's top mobility businesses
- Strong presence in booming and emerging markets
- Multi-brand, multi-channel strategy
- Customer loyalty continually bolstered via a comprehensive range of value-added services
- Reputation for innovation, including introducing key products to market ahead of its competitors

The Company now holds a 71% share of the UAE handset market based on revenue generated to date - and 30 new stores were opened across the region over the past year.

Throughout 2013 and beyond, Axiom aims to ramp up its business through:

- Expanding in both existing and new markets
- Fine-tuning and developing value-added services to pre-empt or to react to customer needs
- Continue to leverage existing distribution channels to bring must-have products to market ahead of the curve

Travel Group

Mannai Travel Group, a market leader, is a benchmark in the industry. It is always striving to set the pace and is now an ISO 9001 certified travel service provider. The Travel Group since its inception as an in-house service provider has grown and today has four divisions; Mannai Air Travel, Space Travel, Mannai Holidays and VFS. It is presently working on getting approvals to start an independent Cargo business.

As an IATA agent, Mannai Air Travel is one of the most trusted Travel Management Companies in the region, offering services to a range of large corporate clientele in the Oil and Gas industry, Educational sector, Banks and SMEs. Mannai Air Travel has a global reach through its affiliation with BCD Travel, a global Travel Management Company providing strong support to service the multinational companies as well as local and regional corporate business clients.

As a General Sales Agent, Space Travel represents Philippine Airlines, Korean Air, Kenya Airways and is establishing and growing a distribution network for flydubai, the fastest growing regional Low Cost Carrier which currently operates 9 daily flights in and out of Doha, and has gained a larger market share over the year. As the flydubai network grows, so does

the opportunity for Space Travel. Flydubai has ambitious growth plans for the year 2013, and we will see a similar growth. Space Travel has been successful in establishing a decent market share for flydubai Cargo by establishing effective networking and supporting the Cargo agents to use flydubai.

As a comprehensive Leisure Travel Services provider, Mannai Holidays have grown over the years to become a mature and respected name among both principal and end users in marketing the full range of leisure products and in providing all inclusive packages to both individual and group travellers.

Today Mannai Holidays represents a number of international companies helping them position their product within the regional travel trade, as well as making the same services available to the end user and the holiday and leisure traveller. Products added to the portfolio during 2012 include: Costa Cruises, Visit Britain and are in negotiation with other Global Travel Brands for distribution in the Qatar market.

We as a local VFS representative are the most recognised and established business process support for acceptance of visa applications on behalf of several European and Asian missions.

We are looking at ways to improve our efficiency and effectiveness and at the same time find ways to cut the per transaction cost to meet customer expectation and stay competitive. To achieve this, we are developing our own back office which will support us exclusively for the time being and once established this could be in future a new stream of revenue for the travel division.

Home Appliances and Electronics Division

A "Total Home Solution Provider", Mannai Home Appliances and Electronics Division (HAED) continues to improve the quality of life by providing its customers with world-known appliances and electronics under one roof.

HAED business is linked directly with the construction of commercial and residential properties in Qatar, since our product portfolio caters to such projects.

HAED is one of the leading trading houses for Home Appliances and Electronics.

- Representing international brand
- Full range of products which caters to the entire residential sector

HAED's Wholesale section continues to witness a steady growth year on year. Our product availability has been further strengthened by the Wholesale section through its distribution network, which includes major hypermarkets, supermarkets, power retailers and many medium-scale dealers in Qatar.

HAED Projects is continuously growing and has won many prestigious projects in Qatar and was able to meet its commitment of providing a total Home Appliances solution for commercial and residential projects. In 2012, Projects Section was able to secure many landmark projects assisted by its global suppliers Electrolux, White Westinghouse and Toshiba.

Under the motto "We Service, Whatever We Sell", our HAED Service section has also been instrumental in the overall success of HAED. The turn-around-time for servicing of appliances and electronics has been improved with its professional service team, thereby ensuring total customer satisfaction. The Service Section has a continuous improvement ethic assuring optimal service to our customers.

With Qatar embarking major infrastructure development projects to host the FIFA 2022 and the development of railway networks in Qatar, we are confident HAED with its wide range of products portfolio would capitalize on these opportunities.

Gulf Laboratories Co. WLL

Gulf Laboratories Co. WLL, a wholly owned subsidiary of Mannai Corporation, specialises in providing geotechnical, geological and material testing services to international and local clients within the State of Qatar. The business has provided its specialist services to a large proportion of civil engineering, water resource and development projects within the country for over 20 years.

Gulf Labs' drilling and geotechnical activities include onshore and offshore ground investigations, water-well drilling, geophysical surveys, hydro-geological investigations and mineral resource studies. Material testing activities include physical and chemical analysis of soil, rock, aggregate and concrete, and asphalt testing. Environmental testing activities include chemical and microbiological testing on groundwater, seawater, drinkable water and treated and untreated effluent. In 2012, a new petroleum testing laboratory was established in Ras Laffan.

The company is one of the leading geotechnical and materials testing facilities in Qatar. Ground investigations were performed as part of the Doha Metro Project, New Doha Port Project, Lusail Development, Shell New Petrochemical Plant, New Doha International Airport, Mega-Reservoirs Project, Doha Festival City, Gabbro terminal project at Mesaieed, Education City and for a number of road design projects.

On-site material testing laboratories and call-off testing services provide ongoing involvement at the Lusail Development Project, Pearl GTL, QAFCO V, QAFCO VI, RasGas, Qatar Gas, New Doha International Airport, Education City, Cultural Village and various Sewage Treatment Plants.

The environmental testing laboratory continues to be involved with various monitoring and testing programmes for Dolphin Gas, Pearl GTL, Qatar Petroleum and a number of Ashghal sewage treatment plants and groundwater monitoring wells.

The business continues to develop its asphalt testing capabilities in preparation for forthcoming infrastructure projects and has further expanded its environmental testing laboratory with the addition of new suites of tests.

The company is accredited with quality and occupational health and safety management systems ISO 9001:2008 and OHSAS 18001:2007 standards. Further test parameters were added to the scope of the company's BS EN ISO 17025:2005 laboratory accreditation, including the new petroleum testing capabilities at Ras Laffan. The company has also implemented an environmental management system in accordance with ISO 14001.

Energy and Industrial Markets

Energy and Industrial Markets Division

Energy and Industrial Markets (E&IM) is a division of Mannai Trading Company WLL, catering to almost every sector within the Qatari Economy "Oil and Gas, Petrochemical, Steel industries, infrastructure, utilities, construction…". E&IM has an excellent track record in providing comprehensive services to international manufacturers, suppliers and contractors by providing local expertise and "know-how" into the Qatari market.

E&IM product portfolio includes pumps, cable cleats, cable joints, terminations and accessories, heat tracing materials, electric energy metres, gas flow metres and gas chromatographs, medium voltage and low voltage switchgear, moulded case circuit breakers, package substations, ductile iron pipes and fittings, heavy duty DI covers, hatches, access panels and ladders, municipality covers, valves, pipe wrapping materials "Serviwrap and Maflowrap", HVAC equipment and construction materials.

E&IM had a very successful year in 2012 and together with its principals delivered products to several of the country's strategic projects.

E&IM strives to continuously upgrade its capabilities and provide added value services and products for its customers and principals alike and have been successful in expanding its product portfolio by adding new suppliers like SURESPAN UK, NUHAS CABLES OMAN, LANCASTER USA.

Heating, Ventilation and Air Conditioning Systems (HVAC)

HVAC PROJECTS, a segment of Energy and Industrial Division, is one of the leading suppliers of HVAC equipment and services in Qatar. It represents major manufacturers within the HVAC world notably, SKM and Toshiba. The combination of Mannai and its partners ensures the availability of the largest range of HVAC equipment in Qatar. Our range of products include but not limited to:

- Air cooled and water cooled chillers
- Air handling units
- Packaged air handling units
- Central DX split systems
- VRF systems
- Modular multi AC systems
- Ducted split units

E&IM and HVAC PROJECTS segment is well positioned to play a significant role in the infrastructure development activities planned in Qatar.

Industrial Supplies and Building Materials

Industrial Supplies and Building Materials (ISBM), a business unit of Mannai Trading Co. (MTC) a subsidiary of Mannai Corporation deals in supply of specialised waterproofing products of membranes and construction chemicals, supply of Tools and Machinery, and Welding products. It also serves the Oil and Gas industry of the State of Qatar towards supply of genuine spares for the Gas Turbines and Compressors. All these products are marketed through the business segments within ISBM as follows:

Specialised Waterproofing (BMD)

This segment caters to the needs of local infrastructural projects towards supply of high quality waterproofing membranes and construction chemicals from renowned supplier Bitumat of KSA, and TWIN Walls of UAE, which greatly enhances the durability of buildings. Moreover, the segment also offers expansion joint fillers, non-woven geotextiles, polypropylene corrugated sheet, plywood boards and protection boards etc. Supply of Bitumen 60/70 to local construction activities is a part of this segment.

Waterproofing segment continues to be the best distributor for Bitumat KSA and Twin Walls UAE and once again won the best distributor award.

Industrial Tools and Machinery and Welding Equipment and Consumables

This segment caters to the need of local civil and mechanical construction industry, shipyards, manufacturing and fabrication for supply of industrial tools and machinery, welding equipment and consumables, power generator and tower lights, air operated diaphragm pumps, electrical and pneumatic lifting and pulling equipment, wide range of abrasive material such as, cutting and grinding disc, pipe tools and pipe cutters, threading and grooving machines, measuring equipment, bar bending and cropping machines and supply of various types of industrial bearing from well known supplier, NSK, Europe.

The segment also offers high-tech welding equipment ranging from shielding gas welding machines through TIG, MIG/MAG to portable MMA inverter welding machines and consumables from reputed manufacturer Ador, India. After sales service through our workshop facility is a prime focus of our business activity through this segment.

Turbine Parts and Services

This segment caters to the needs of Oil and Gas industry for power generation at offshore and onshore facilities. The segment sources genuine parts from the well-known manufacturer, Siemens for Gas Turbines and Compressors located at off/onshore locations.

The segment also executes long-term contracts with Oil and Gas companies and is also involved in maintenance activities and trouble shooting by providing dedicated technical personnel on call-off contract basis.

Manweir LLC

MANWEIR LLC – One stop hub for Industrial Engineering, Maintenance and Manufacturing Services

An ISO 9001 QMS company, established in 1976, Manweir's services are geared primarily to serve the Oil and Gas sectors including Petrochemical, Fertilizer, Marine and Power Generation industries in Qatar and neighbouring countries. Committed to excellence with emphasis on customer satisfaction, Manweir is a reliable source for high quality, technically advanced and competitive value solutions.

In a constant endeavour to maintain its prime position, Manweir has invested in latest technology at their new state-of-the-art infrastructure at the Ras Laffan Support Services area for superior technology advantage in supplying products and services that are unsurpassed in Quality in an efficient and timely manner at competitive prices.

Having made a commitment to invest in ourselves, we also stand firm on our commitments in meeting the needs and exceeding the expectations of our customers, our employees and our community by providing a rewarding, safe and stable work environment for our employees and creating employment opportunities through sustained growth, adhering to an ethical code of integrity and trust in our business relationships.

Our two facilities located at Salwa Industrial Area and Ras Laffan Support Services Area include the following activities:

Advanced Machining Centre, a fully equipped manufacture and repair facility with the most modern state of the art precision and heavy duty CNC machine tools including the new generation of FAROArm CMM integrated with advanced CADCAM software solutions from DELCAM. The division specialises in the machining and threading of API and Premium Proprietary OCTG including manufacture, repair and remanufacture of various oilfield equipment.

Welding and Fabrication Shop undertakes all types of structural/ oilfield equipment fabrication and welding works by qualified welders for various grades of metals including cladding, hard facing, brazing and carbide dressings.

Electrical Repair Solutions for all electrical repair solutions, specialising in rewinding, repair, overhaul and reclamation of all types of motors, generators and transformers including Ex machines. The large Vacuum Pressure Impregnation (VPI) Tank, along with the two Dynamic Balancing Machines of 20 Tonnes and 300 Kg capacities and resistive load bank capabilities offer enhanced services. The facility is also geared for transformer oil testing and analysis complete with a purification and regeneration system.

Instrumentation and Valve Shop specialises in repairs, overhauling and testing of all types of valves and instruments including providing onsite maintenance services during planned shutdowns with well equipped portable workshops and OEM trained competent technicians.

Calibration Lab (Metrology) specialises in valibration, verification, servicing and testing of all precision measuring instruments used in electrical/electronic/mechanical devices for linear, pressure, thermal and torque measurements of both analogue and digital types.

Heavy Mechanical Workshop specialises in maintenance, inspection, repair, overhauling and refurbishment of all types of static and rotating equipment such as pumps, turbines, engines, compressors, exchangers and various other oilfield equipment such as well head and Christmas tree equipment, BOPs, slush pump modules, hoists, hooks, swivels etc.

Field Services – Highly skilled, trained and competent Field Services personnel can be mobilised on 24x7 call off basis at short notices in various disciplines such as mechanical technicians, rotating equipment technicians, valve technicians, instrument technicians, electricians, certified riggers, coded welders, fabricators, forklift operators, shop floor assistants etc.

Oilfield Products and Services Division (OPSD) is engaged in supplying the Oil industry with equipment, tools and services required for exploration, drilling and production of hydrocarbons and through its association with international companies such as NOV-Andergauge, DNV, TIW, ITS, Water Weights, GSP, S2M, TecPesa Spain and Quickflange Norway etc., markets products and services of leading oilfield equipment manufacturers, suppliers and service companies.

HUNTING

NOV Grant Prideco

quickflange

TECPESA®

KITZ
KITZ CORPORATION

tyco
Valves & Controls

Gulf Strategic Partners
ENGINEERED INDUSTRIAL SERVICES

Transfield Mannai Facilities Management Services WLL

In 2012 Transfield Mannai Facilities Management Services (TMFMS) has achieved triple ISO certification (9001, 14001 and 18001). This achievement has been built from our focus to provide high standards of quality in every endeavour we take on. The audit was conducted not only at our head office operation, but also at our satellite sites (such as Tornado Tower and Qatar Museum Authority) thus demonstrating that our quality approach is firmly entrenched across our whole business. This achievement, along with the recognition received by the World Confederation of Business in their annual Biz Awards, demonstrates that the hard work is showing dividends.

In the fourth quarter of 2012 TMFMS secured a greenfields HVAC installation project at the new Qatar Steel plant currently under construction. This opportunity has introduced us to new avenues for diversification and we look forward to successfully completing the project in conjunction with SGS LLC (Dubai) with a view to continuing this relationship on similar projects into the future.

Although a very quiet year for our traditional FM business, we were able to strengthen our core support services business units through restructuring, this in turn has allowed these units to review and modify their approach to providing services to both their internal and external customers, again providing a strong platform for the anticipated growth in 2013.

TMFMS continues to support the Middle East Facilities Management Association (MEFMA). TMFMS has been active in working with MEFMA to educate and engage the Facilities Management community in Qatar. We sponsored a Facilities Management Conference in October 2012 which allowed the FM community (both providers and clients) to discuss and understand the challenges that are present in today's local Qatar market.

2012 has ended with a solid pipeline of new work, either under preparation for tender response, or the submitted response to tenders under review by the various clients. The TMFMS management continues focus on quality backed service delivery with a high focus on Health Safety and Environmental management. By doing so, TMFMS has been able to continue on its journey of providing world class FM services to the local market thus providing a benchmark for others in the industry to endeavour to match.

Qatar Logistics WLL

Qatar Logistics WLL is a wholly owned subsidiary of Mannai Corporation. An exclusive partner of "Hellmann Worldwide Logistics" (HWL), one of the major freight forwarding networks in the world, Qatar Logistics global reach extends to over 400+ offices in 157 countries and is supported by over 20,000 logistics professionals worldwide. Qatar Logistics also provides professional door-to-door relocation service for corporate and individuals and offers full export packing service, specialised crating, shipping, destination service and secure state-of-the-art warehousing and distribution facility.

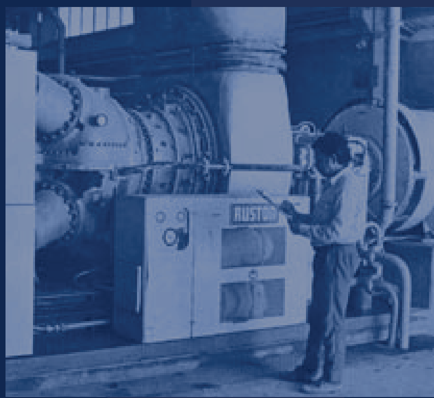
A genuine "Local name with Global reach", the Company continued to build its database of high profile clients both locally and internationally and has successfully met its growth plans for the year. In 2012, Qatar Logistics completed its first decade since its establishment and continued its steady growth in the Logistics sector. The Company expanded its warehousing and distribution capacity by 40% and was selected as the exclusive 3PL service provider for a global diversified technology and industrial leader. Qatar Logistics was also awarded the storage of geotechnical material pertaining to a key infrastructure project. Earlier in the year, Qatar Logistics was nominated as the exclusive destination service provider for a global relocations network that handles inbound shipments for a major Oil and Gas company in Qatar. The Company also was reselected as the exclusive complete logistics service provider and on-site handling of related heavy equipment for Phase 2 of a major infrastructure project.

Qatar Logistics is working towards obtaining ISO – 9001:2008 accreditation in the early months of 2013.

Qatar Logistics outlook for 2013 and the years to come is to continue working on opportunities which will arise with the Metro Rail and other infrastructural projects being planned in Qatar for hosting FIFA World Cup in 2022.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2012



Index

Independent Auditors' Report to the Shareholders of 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 its subsidiaries (together referred as to the "Group"), which comprise the consolidated statement of financial position as at 31 December 2012 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity 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 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.

Auditors' 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 about 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 auditors' judgement, 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 auditors consider 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter
The consolidated financial statements of the Group for the year ended 31 December 2011 were audited by another auditor, who expressed an unqualified opinion on those consolidated financial statements on 27 February 2012.

Emphasis of matter
Without qualifying our opinion, we draw attention to the following matters;

1) 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 31 December 2012. In addition, certain exiting tax obligations and liabilities that may arise and crystallize on exit cannot be determined with reasonable certainty at this time.

2) During the year, the Group has recognised its share of income amounting to QR 18.7 Million from certain associates and jointly controlled investments based on financial information provided by the management of these investees. As at 31 December 2012, the carrying value of such investments amounted to QR 135.8 Million. While there is no reason to believe that the financial information provided by the management is not reasonably accurate, an audit of financial statements, performed under International Standards on Auditing, may result in adjustments affecting the recognised share of income and carrying value of these investments.

Report on legal and other regulatory requirements
Furthermore, in our opinion proper books of account have been kept by the Company and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Company. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material effect on the business of the Company or on its financial position.

Firas Qoussous
of Ernst and Young
Auditor's Registration No. 236

Date: 27 February 2013
Doha

Consolidated Statement of Financial Position
At 31 December 2012

Assets	Notes	2012	2011
		QR '000	QR '000
Current assets			
Bank balances and cash	4	344,200	88,293
Accounts receivable and prepayments	5	792,277	532,572
Amounts due from related parties	6	25,886	3,103
Inventories	7	2,603,470	748,165
		3,765,833	1,372,133
Non-current assets			
Accounts receivable and prepayments	5	66,442	1,428
Amounts due from related parties	6	87,053	-
Available for sale investments	8	36,804	14,485
Investment in joint venture companies	9	30,933	14,385
Investment in associate companies	10	1,233,388	1,147,281
Goodwill and other intangible assets	11	1,182,948	7,311
Property, plant and equipment	12	333,012	337,389
Investment properties	13	137,435	-
		3,108,015	1,522,279
TOTAL ASSETS		6,873,848	2,894,412

Liabilities and Equity	Notes	2012	2011
		QR '000	QR '000
Liabilities			
Current liabilities			
Interest bearing loans and borrowings	14	740,796	76,492
Amounts due to related parties	15	5,984	-
Accounts payable and accruals	16	1,280,219	856,060
Bank overdrafts	4	239,325	164,946
		2,266,324	1,097,498
Non-current liabilities			
Interest bearing loans and borrowings	14	1,880,684	390,862
Employees' end of service benefits	17	75,888	36,501
Accounts payable and accruals	16	25,580	-
		1,982,152	427,363
Total liabilities		4,248,476	1,524,861
Equity			
Share capital	18	456,192	342,144
Legal reserve	19	1,083,456	513,216
Revaluation reserve		4,630	80,117
Foreign currency translation reserve		(1,838)	(1,180)
Fair value reserve		-	(1,095)
Proposed dividend	20	216,691	188,179
Retained earnings		500,903	247,586
Attributable to equity holders of the parent		2,260,034	1,368,967
Non-controlling interests		365,338	584
Total equity		2,625,372	1,369,551
TOTAL LIABILITIES AND EQUITY		6,873,848	2,894,412

These consolidated financial statements were approved and authorised for issue by the management on 27 February 2013.

Suhaim Bin Abdulla Bin Khalifa Al-Thani
Vice Chairman

Alekh Grewal
Group Chief Executive Officer and Director

Consolidated Income Statement
For the Year Ended 31 December 2012

	Notes	2012	2011
		QR '000	QR '000
Revenue	22	4,777,448	2,292,748
Direct costs		(3,845,960)	(1,798,341)
Gross profit		931,488	494,407
Other income	23	282,506	19,924
Share of results of joint ventures and associates	9 & 10	79,817	65,047
General and administrative expenses	24	(321,316)	(158,960)
Selling and distribution expenses		(259,600)	(63,388)
Earnings before interest, depreciation and amortisation		712,895	357,030
Finance costs		(165,396)	(22,717)
Depreciation and amortisation	11, 12 & 13	(67,087)	(39,591)
Profit for the year before directors' remuneration		480,412	294,722
Directors' remuneration	27	(17,747)	(15,548)
Profit from continuing operations before tax		462,665	279,174
Income tax		(1,853)	-
Profit from continuing operations after tax		460,812	279,174
Profit from discontinued operation	26	2,759	-
PROFIT FOR THE YEAR AFTER TAX		463,571	279,174
Attributable to:			
Equity holders of the parent		400,312	279,163
Non-controlling interests		63,259	11
		463,571	279,174
BASIC AND DILUTED EARNINGS PER SHARE (QR)(Attributable to equity holders of the parent)	25	10.43	9.01
BASIC AND DILUTED EARNINGS PER SHARE (QR) FROM CONTINUING OPERATIONS (Attributable to equity holders of the parent)	25	10.38	9.01

Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2012

	Notes	2012	2011
		QR '000	QR '000
PROFIT FOR THE YEAR AFTER TAX		463,571	279,174
Other comprehensive income /(loss):			
Available for sale investments			
Reclassified to the consolidated income statement on disposal of available for sale investments		1,095	-
Net unrealized fair value movement on available for sale investments		-	(1,145)
Foreign currency translation reserve			
Foreign currency translation adjustment		(258)	(795)
Total other comprehensive income/(loss) for the year		837	(1,940)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		464,408	277,234
Attributable to:			
Equity holders of the parent		400,749	277,223
Non-controlling interests		63,659	11
		464,408	277,234

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2012

	Notes	2012	2011
		QR '000	QR '000
OPERATING ACTIVITIES			
Profit from continuing operations before tax		462,665	279,174
Profit from discontinued operation		2,759	-
Profit for the year before tax		465,424	279,174
Adjustments for:			
Depreciation and amortisation	11, 12 & 13	67,087	39,591
Impairment loss on accounts receivables, net	5	1,810	(2,561)
Gain on disposal of available for sale investments		(10)	-
Provision for obsolete and slow moving items, net	7	(9,046)	4,609
Gain on disposals of property, plant and equipment	23	(89,756)	(2,051)
Finance costs		165,396	22,717
Share of results from joint ventures and associates	9 & 10	(79,817)	(65,047)
Provision for employees' end of service benefits	17	19,724	9,057
Operating profit before working capital changes		540,812	285,489
Working capital changes:			
Accounts receivables and prepayments		(77,893)	(59,390)
Inventories		(441,053)	(56,050)
Amounts due to/from related parties		116,285	(1,593)
Accounts payable and accruals		113,290	221,430
Cash flows from operations		251,441	389,886
Finance costs paid		(166,446)	(26,943)
Employees' end of service benefits paid	17	(5,669)	(2,370)
Social and sports contribution paid		(6,979)	(5,771)
Net cash flows from operating activities		72,347	354,802

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2012

	Notes	2012	2011
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	12	(74,686)	(93,722)
Proceeds from disposals of property, plant and equipment		183,219	7,812
Acquisition of investment in associate company	10	(46,136)	(1,087,865)
Dividend received from joint ventures and associates	9 &10	59,355	2,550
Proceeds from disposal of available for sale investments		5,010	-
Acquisition of a subsidiary, net of cash acquired	3	(868,331)	-
Net cash flows used in investing activities		(741,569)	(1,171,225)
FINANCING ACTIVITIES			
Net movements in interest bearing loans and borrowings		255,084	420,168
Proceeds from rights issue	18	684,288	399,168
Dividend paid	20	(188,179)	(166,320)
Net cash flows from financing activities		751,193	653,016
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		81,971	(163,407)
Cash and cash equivalents at 1 January		(76,653)	86,754
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	4	5,318	(76,653)

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2012

	Attributable to equity holders of the parent			
	Share capital	**Legal reserve**	**Revaluation reserve**	**Retained earnings**
	QR '000	QR '000	QR '000	QR '000
Balance as of 1 January 2011	237,600	172,354	80,117	162,299
Profit for the year after tax	-	-	-	279,163
Other comprehensive loss for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	279,163
Movement in subsidiaries' legal reserve	-	(1,282)	-	1,282
Issue of bonus shares	47,520	-	-	-
Dividend paid (Note 20)	-	-	-	-
Proposed dividend (Note 20)	-	-	-	(188,179)
Rights issue (Note 18)	57,024	342,144	-	-
Social and sports contribution for 2011 (Note 16)	-	-	-	(6,979)
Balance as of 31 December 2011	342,144	513,216	80,117	247,586
Balance as of 1 January 2012	342,144	513,216	80,117	247,586
Profit for the year after tax	-	-	-	400,312
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	400,312
Movement in revaluation reserve (Note 12)	-	-	(75,487)	75,487
Dividend paid (Note 20)	-	-	-	-
Proposed dividend (Note 20)	-	-	-	(216,691)
Rights issue (Note 18)	114,048	570,240	-	-
Non-controlling interest arising on business combination (Note 3)	-	-	-	-
Social and sports contribution for 2012 (Note 16)	-	-	-	(5,791)
Balance as of 31 December 2012	456,192	1,083,456	4,630	500,903

Fair value reserve	Foreign currency translation reserve	Proposed dividend	Proposed bonus share	Total	Non-controlling interests	Total
QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
50	(385)	166,320	47,520	865,875	573	866,448
-	-	-	-	279,163	11	279,174
(1,145)	(795)	-	-	(1,940)	-	(1,940)
(1,145)	(795)	-	-	277,223	11	277,234
-	-	-	-	-	-	-
-	-	-	(47,520)	-	-	-
-	-	(166,320)	-	(166,320)	-	(166,320)
-	-	188,179	-	-	-	-
-	-	-	-	399,168	-	399,168
-	-	-	-	(6,979)	-	(6,979)
(1,095)	(1,180)	188,179	-	1,368,967	584	1,369,551
(1,095)	(1,180)	188,179		1,368,967	584	1,369,551
-	-	-		400,312	63,259	463,571
1,095	(658)	-		437	400	837
1,095	(658)	-		400,749	63,659	464,408
-	-	-		-	-	-
-	-	(188,179)		(188,179)	-	(188,179)
-	-	216,691		-	-	-
-	-	-		684,288	-	684,288
-	-	-		-	301,095	301,095
-	-	-		(5,791)	-	(5,791)
-	(1,838)	216,691		2,260,034	365,338	2,625,372

Notes to Consolidated Financial Statements At 31 December 2012

1. Activities

Mannai Corporation Q.S.C. (the "Company") is registered as a Qatari Shareholding Company in the State of Qatar with the Ministry of Business 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 consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

The core activities of the Group include automotive and heavy equipment distribution and service, information and communication technology, engineering services to the oil and gas sector, office systems, medical equipment, home appliances and electronics, building materials and furniture, 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.

2. Basis of Preparation and Summary of Significant Accounting Policies

2.1 Basis of preparation

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.

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

The consolidated financial statements have been presented in Qatari Riyals (QR), which is the presentation currency of the Group and all amounts are rounded to the nearest thousand (QR '000), except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2012.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Non-controlling interests represent the portion of profit or loss and net assets that is not held by the Group and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

		Group effective shareholding percentage	
Name of subsidiary	**Country of incorporation**	**31 December 2012**	**31 December 2011**
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	-
Damas International Limited	UAE	66	-
GTC Otomotiv Anonim Sirketi	Turkey	100	-
Mannai Network and Solution LLC	Oman	100	-
Utility Network Co.	Saudi	100	-
Damas LLC*	UAE	66	-
Damas Jewellery LLC*	UAE	66	-
Damas Jewellery DMCC*	UAE	66	-
Al Mana Damas International LLC*	UAE	34	-

Name of subsidiary	Country of incorporation	Group effective shareholding percentage 31 December 2012	31 December 2011
Ayodhya Jewellers LLC*	UAE	66	-
Time art watches and optics trading LLC*	UAE	66	-
Arshi Jewellery LLC*	UAE	50	-
Farhan Jewellery LLC*	UAE	50	-
Premium Investments International LLC*	UAE	66	-
Damas SPV Jewellery LLC*	UAE	66	-
Gem Universe LLC*	Oman	46	-
Damas Company WLL*	Bahrain	66	-
Damas and Al Ghannam jewellery Co WLL*	Kuwait	59	-
Damas Saudi Arabia Company Limited*	KSA	65	-
Islanders Demas Pvt. Ltd.*	Maldives	50	-
Damas (Thailand) Co. Ltd.*	Thailand	66	-

*Acquired during the year through Damas International Limited

2.3 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amendments effective for the annual period beginning on or after 1 January 2012 but were not relevant to the Group's operations:

- IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets
- IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
- IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements

2.4 Standards issued but not yet effective

The standards and interpretations that are not yet effective up to the date of issuance of the Group's consolidated financial statements which are relevant to the Group are listed below:

- IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 (Effective 1 July 2012)
- IAS 19 Employee Benefits (Revised) (Effective 1 January 2013)
- IFRS 9 Financial Instruments: Classification and Measurement (Effective 1 January 2015)
- IFRS 13 Fair Value Measurement (Effective 1 January 2013)
- IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements (Effective 1 January 2013)
- IFRS 11 Joint Arrangements (Effective 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (Effective 1 January 2013)
- Annual improvements – May 2012 (Effective 1 January 2013)

The Group is currently considering the implications of these new standards, amendments and interpretations which are effective for future accounting periods and has not early adopted any new standards or amendments during the year.

2.5 Summary of significant accounting policies

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and on hand, and short-term deposits with an original maturity of three months or less, net of funds restricted for use and outstanding bank overdrafts, if any.

Accounts receivable

Accounts receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred. Goods supplied but not invoiced are treated as accrued income at the price expected to be received.

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:

Spares 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 and profit earned on the work done to date
Others	-	purchase cost on a first-in-first-out (FIFO) basis

The cost of diamond jewellery, pearl jewellery, watches and other precious stones is determined based on the specific identification method. The cost of gold owned by the Group is determined on the basis of weighted average purchase price for the reporting period. 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.

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the consolidated income statement as a separate line item.

Available-for-sale financial 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 in the fair value reserve 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 income statement.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income – is removed from other comprehensive income and recognised in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income; increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated income statement.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to market risk.

Derivative financial instruments are initially measured at fair value at contract date, and are subsequently re-measured at fair value at the end of each reporting period. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise. Derivative financial instruments that do not qualify for hedge accounting are classified as held for trading derivatives.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Such cost includes the 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 measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed frequently enough to ensure that the fair value of a revalued 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. Demo vehicles are amortised over a period of 36 months.

The carrying amounts are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. 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 expenditure is recognised in the consolidated income statement as the expense is 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 the 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.

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 rates calculated to reduce the cost of the assets to their estimated residual value over their expected useful lives, 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.

Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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 accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is 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 accumulated 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.

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.

Intangible assets represents goodwill acquired from a business combination, trade name, distribution rights and others.

Interest in joint venture

The Group had an interest in joint ventures, which are jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entities. The arrangement requires unanimous agreement for financial and operating decisions among the venturers.

The Group's investment in joint ventures are accounted for using the equity method. Under the equity method, the investment in joint ventures are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint ventures since the acquisition date.

The consolidated income statement reflects the Group's share of the results of operations of the joint ventures. When there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint ventures.

The financial statements of the joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of losses of joint ventures' in the consolidated income statement.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investment in associates

The Group's investment in its associate, an entity in which the Group has significant influence, is accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of the consolidated income statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of losses of an associate' in the consolidated income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset 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 income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually (as at 31 December) 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 31 December either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Accounts payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non controlling interest in the acquire at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. All differences are taken to the consolidated income statement.

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

(b) Income and expenses for each income statement item are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments, are taken to equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Revenue recognition

Sale of goods and services

Revenue from sales of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

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 accounted for on an accrual basis when right to receive the income is established. Dividend income is accounted for when the dividends are declared by the investee companies and the right to receive has been established.

Interest income

Interest received under installment 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 on a time proportion basis.

Fee income

Fee income is recognised on time proportion basis.

Leases (Group as lessee)

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated income statement.

Leases (Group as lessor)

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.

Use of estimates

The preparation of consolidated financial statements in conformity with IFRS requires that management 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 for an on-going 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.

Taxes

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

3. Business Combination

3.1 Acquisition of Damas International Limited ("DIL")

During the year, the Group acquired 66% of the voting shares of Damas International Limited ("DIL"), a limited liability company and incorporated in the Dubai International Financial Centre and 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. The acquisition has been accounted for using the acquisition method. During the year, the Group completed the Purchase Price Allocation ("PPA") in accordance with IFRS 3, Business Combination to identify separately the intangible assets and goodwill arising from the acquisition. Based on this exercise, the Group identified the trade name of DIL as an intangible amounting to QAR 670 Million with indefinite useful life.

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

	Fair value recognised on acquisition
	QR '000
Assets	
Property, plant and equipment	69,346
Investment properties	140,693
Intangible assets	694,339
Investments accounted for using the equity method	36,057
Available for sale investments	26,894
Assets held for sale	25,513
Inventories	1,405,206
Trade receivables and prepayments	546,913
Bank balances and cash	201,838
	3,146,799
Liabilities	
Interest bearing loans and borrowings	1,899,042
Trade payables and accruals	341,505
Provision for employees' end of service benefits	25,332
	2,265,879
Total identifiable net assets at fair value	880,920
Share of non-controlling interest	(301,095)
Total identifiable net assets acquired	579,825
Goodwill arising on acquisition (Note 11)	490,344
Purchase consideration transferred	1,070,169
Cash paid	1,070,169
Cash acquired with the subsidiary	(201,838)
Net cash outflow (included in cash flows from investing activities)	868,331

Notes:

(i) From the date of acquisition, DIL has contributed QR 2,275 Million to the revenue and QR 184.25 Million to the profit after tax from continuing operations of the Group.

(ii) The Group has elected to measure the non-controlling interests in the acquiree at the proportionate share of the value of net identifiable assets acquired.

(iii) The goodwill of QR 490.34 Million represents the premium paid for potential strategic benefits of the Group in acquiring DIL including management capability in DIL and future profits of the business. The goodwill is allocated entirely to the Jewellery trading segment.

3.2 Acquisition of Damas SPV Jewellery LLC

During the year ended 31 December 2012, the Group acquired 100% of the issued capital of Damas SPV Jewellery LLC at the fair value of QR 295,515 representing the bank balance in the books of Damas SPV Jewellery LLC. These shares were previously held by related parties. The consideration payable by the Group towards the value of shares acquired has been credited to amounts due from related parties. The Group did not have any cash outflow arising from the transaction.

4. Cash and Cash Equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise of the following:

	2012	2011
	QR '000	QR '000
Bank balances and cash	344,200	88,293
Less: Fixed and margin deposits under lien (Note 14 d)	(99,557)	-
	244,643	88,293
Bank overdrafts	(239,325)	(164,946)
Cash and cash equivalents	5,318	(76,653)

5. Accounts Receivable and Prepayments

	2012	2011
	QR '000	QR '000
Trade accounts receivable	742,407	435,445
Less : Allowance for impairment	(151,484)	(13,960)
	590,923	421,485
Advances to suppliers	81,202	46,414
Notes receivable	21,760	30,658
Prepayments	37,306	5,193
Deposits	15,042	1,592
Accrued income	23,554	17,962
Positive fair value of derivative instruments	4,590	-
Others	84,342	10,696
	858,719	534,000

Presented in the consolidated statement of financial position as follows:

	2012	2011
	QR '000	QR '000
Current	792,277	532,572
Non-current	66,442	1,428
	858,719	534,000

As at 31 December 2012, trade accounts receivable at nominal value of QR 151,484 thousand (2011: QR 13,960 thousand) were impaired. Movements in the allowance for impairment of trade accounts receivable are as follows:

	2012	2011
	QR '000	QR '000
At 1 January	13,960	16,521
Acquired through business combination	135,714	-
Provision during the year	8,784	1,823
Write back during the year	(6,974)	(4,384)
At 31 December	151,484	13,960

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

			Past due but not impaired		
	Total	Neither past due nor impaired	1- 90 days	91 – 180 days	→180 days
	QR '000	QR '000	QR '000	QR '000	QR '000
2012	612,683	414,226	110,389	23,428	64,640
2011	452,143	317,251	108,055	16,942	9,895

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.

6. Amounts Due from Related Parties

	2012	2011
	QR '000	QR '000
Long term loans to joint venture companies and associates	39,887	-
Receivable from joint venture companies and associates	25,886	3,103
Receivable from other related parties	47,166	-
	112,939	3,103

Presented in the consolidated statement of financial position as follows:

	2012	2011
	QR '000	QR '000
Current	25,886	3,103
Non-current	87,053	-
	112,939	3,103

Long term loans to related parties (joint venture companies and associates) represent loans which are interest free, unsecured and have no fixed terms of repayment. These loans are in the nature of working capital advances and are not expected to be recalled within a period of twelve months from the reporting date.

7. Inventories

	2012	2011
	QR '000	QR '000
Gold and other jewelleries (Notes a and b)	1,661,450	-
Work-in-progress	415,262	381,365
Merchandises, spares and tools	384,797	287,749
Vehicles and heavy equipment	226,484	91,498
Industrial supplies	28,536	14,045
Others	4,566	5,013
	2,721,095	779,670
Less: Provision for obsolete and slow moving items	(117,625)	(31,505)
	2,603,470	748,165

Notes:

(a) The Group in the normal course of business borrows gold on an unfixed basis which it converts into gold jewellery or trades as bullion. This jewellery and bullion is further used as stock in trade and is sold to various customers on a fixed or unfixed basis. The Group enters into forward purchases and forward sales to minimise the price risk to which it is being exposed. The Group reduces the exposure to gold price by borrowing gold on an unfixed basis. These are then sold as manufactured jewellery or bullion, at which point, the price will be fixed at the spot rate.

(b) Revaluation of open forward contracts at fair market value as at 31 December 2012 has resulted in an unrealised gain of QR 4.59 Million. This positive fair value of derivatives is included in accounts receivable and prepayments (Note 5).

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

	2012	2011
	QR '000	QR '000
At 1 January	31,505	27,203
Acquired through business combination	118,842	-
Provision during the year	6,166	4,609
Write back during the year	(15,212)	-
Utilised during the year	(20,084)	-
Amount written off	(3,592)	(307)
At 31 December	117,625	31,505

8. Available for Sale Investments

	2012	2011
	QR '000	QR '000
Available-for-sale - quoted	-	3,905
Available-for-sale - unquoted	36,804	10,580
	36,804	14,485

Note: At 31 December 2012, unquoted equity investments amounting to QR 36.8 Million (2011: QR 10.6 Million) are carried at cost less impairment due to non-availability of quoted market prices or other reliable measures of their fair value.

9. Investment in Joint Venture Companies

The Group has investments in the following joint venture companies:

Name	Country of incorporation	Ownership interest 2012	Ownership interest 2011
Transfield Mannai Facilities Management Services W.L.L.	Qatar	51%	51%
Paspaley Pearl Jewellery LLC	UAE	51%	-
Roberto Coin Middle East LLC	UAE	51%	-

Transfield Mannai Facilities Management Services W.L.L. is engaged in facilities and asset management.

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:

	2012	2011
	QR '000	QR '000
At 1 January	14,385	11,304
Acquired through business combination	17,738	-
Dividends received	(3,570)	(2,550)
Share of profit from joint ventures	2,380	5,631
At 31 December	30,933	14,385

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

31 December 2012	Assets	Liabilities	Revenue	Net profit
	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)
	71,136	35,158	98,253	4,051
Group's share of results				2,380

31 December 2011	Assets	Liabilities	Revenue	Net profit
	QR '000	QR '000	QR '000	QR '000
Transfield Mannai Facilities Management Services W.L.L.	48,977	17,616	92,374	11,041
	48,977	17,616	92,374	11,041
Group's share of results				5,631

10. Investment in Associate Companies

Name	Country of incorporation	Ownership interest	
		2012	2011
Axiom Limited	UAE	35%	35%
Daiso Japan Value Stores LLC	UAE	51%	-
LTC International General Trading Co	Kuwait	35%	-
LTC International Qatar LLC	Qatar	50%	-
Daiso Trading	Bahrain	35%	-
Al Mana Jewellery Co. - Damas WLL	Qatar	49%	-
Al Baraka Jewellery WLL	Bahrain	33.33%	-
Tanya Collections Ltd.	Thailand	49%	-
TCO Damas Associates LLC	UAE	51%	-

Axiom Limited is engaged in import, retail and wholesale sale of various brands of mobile phones and related accessories and provision of related services.

All other associates are engaged in trading in 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:

	2012	2011
	QR '000	QR '000
At 1 January	1,147,281	-
Acquired through business combination	18,319	-
Investment made during the year	46,136	1,087,865
Dividends received	(55,785)	-
Share of profit from associates	77,437	59,416
At 31 December	1,233,388	1,147,281

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

31 December 2012	Assets	Liabilities	Revenue	Net profit
	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
	1,917,909	1,163,123	8,290,732	240,332
Group’s share of results				77,437

31 December 2011	Assets	Liabilities	Revenue	Net profit
	QR '000	QR '000	QR '000	QR '000
Axiom Limited	1,960,096	1,463,492	7,350,531	169,760
Group's share of results				59,416

Acquisition of Axiom Limited in 2011

During the year, the Group completed the Purchase Price Allocation (“PPA”) of its investment in an associate, Axiom Limited. The PPA exercise resulted in the identification of intangible assets of QR 220 Million, namely trade name and distribution rights. The Group’s share of fair value of the net identifiable assets as at the acquisition date including the intangibles identified amounted to QR 350 Million and the purchase consideration amounted to QR 1,088 Million. The resulting goodwill of QR 738 Million is included within the carrying amount of the investment in Axiom Limited.

11. Goodwill and Other Intangible Assets

	Goodwill	Trade name	Distribution rights	Other intangible assets	Total
	QR '000	QR '000	QR '000	QR '000	QR '000
Cost:					
At 1 January 2012	11,398	-	-	551	11,949
Arising from business combination (Note 3)	490,344	670,000	24,339	-	1,184,683
Disposals	-	-	-	(551)	(551)
At 31 December 2012	501,742	670,000	24,339	-	1,196,081
Amortisation and impairment:					
At 1 January 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 31 December 2012	4,344	-	8,789	-	13,133
Net carrying amounts:					
At 31 December 2012	497,398	670,000	15,550	-	1,182,948

	Goodwill	Trade name	Distribution rights	Other intangible assets	Total
	QR '000	QR '000	QR '000	QR '000	QR '000
Cost:					
At 1 January 2011	11,398	-	-	551	11,949
At 31 December 2011	11,398	-	-	551	11,949
Amortisation and impairment:					
At 1 January 2011	-	-	-	122	122
Charge for the year	-	-	-	136	136
Impairment loss	4,344	-	-	-	4,344
Foreign exchange translation	-	-	-	36	36
At 31 December 2011	4,344	-	-	294	4,638
Net carrying amounts:					
At 31 December 2011	7,054	-	-	257	7,311

12. Property, Plant and Equipment

	Land and building	Plant and machinery	Office furniture and equipment
Cost/Revaluation:			
At 1 January 2012	301,956	72,551	38,406
Acquired through business combination	42,178	2,108	17,765
Additions	19,637	10,081	16,378
Disposals	(122,631)	(1,295)	(5,474)
Reclassifications	47,143	11,573	1,651
At 31 December 2012	288,283	95,018	68,726
Depreciation:			
At 1 January 2012	101,837	54,467	31,203
Charge for the year	14,192	9,338	14,830
Relating to disposals	(33,904)	(1,295)	(5,366)
Reclassification	-	-	-
Effect of foreign exchange difference	-	12	(69)
At 31 December 2012	82,125	62,522	40,598
Net carrying amount:			
At 31 December 2012	206,158	32,496	28,128
Cost/Revaluation:			
At 1 January 2011	301,815	70,653	34,187
Additions	141	3,616	4,881
Reclassifications	-	164	(100)
Disposals	-	(1,882)	(562)
At 31 December 2011	301,956	72,551	38,406
Depreciation:			
At 1 January 2011	90,814	47,107	26,599
Charge for the year	11,023	8,299	5,098
Relating to disposals	-	(936)	(549)
Reclassifications	-	(2)	(43)
Effect of foreign exchange difference	-	(1)	98
At 31 December 2011	101,837	54,467	31,203
Net carrying amount:			
At 31 December 2011	200,119	18,084	7,203

Note:
During the year, 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.

Motor vehicles	Assets on hire	Capital work-in-progress	Total
31,090	42,233	75,323	561,559
873	-	6,422	69,346
6,349	18,244	3,997	74,686
(4,571)	(13,065)	-	(147,036)
(601)	601	(60,367)	-
33,140	48,013	25,375	558,555
16,805	19,858	-	224,170
5,886	10,754	-	55,000
(3,539)	(9,469)	-	(53,573)
(6)	6	-	-
4	(1)	-	(54)
19,150	21,148	-	225,543
13,990	26,865	25,375	333,012
27,233	36,233	13,541	483,662
9,981	13,202	61,901	93,722
-	55	(119)	-
(6,124)	(7,257)	-	(15,825)
31,090	42,233	75,323	561,559
15,268	14,894	-	194,682
5,223	9,812	-	39,455
(3,686)	(4,893)	-	(10,064)
-	45	-	-
-	-	-	97
16,805	19,858	-	224,170
14,285	22,375	75,323	337,389

13. Investment Properties

	2012	2011
	QR '000	QR '000
Additions through business combination	140,693	-
Depreciation charge during the year	(3,258)	-
At 31 December 2012	137,435	-

Notes:

a) Land and building amounting to QR 127.6 Million (at original cost) has been mortgaged with banks against bank loans obtained by the Group (Note 14). Land and buildings amounting to QR 35.6 Million (at original cost) is held in the names of related parties and a company owned by them for the beneficial interest of the Group.

b) At 31 December 2012, the fair value of these investment properties was QR 215 Million based on the valuation performed by qualified independent valuers. 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 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, their future earnings and their required yield based on management's strategy.

14. Interest Bearing Loans and Borrowings

	2012	2011
	QR '000	QR '000
Working capital facilities (a)	2,048,275	-
Term loans (b)	546,375	467,354
Trust receipts (c)	20,011	-
Local bills discounting	6,819	-
	2,621,480	467,354

Presented in the consolidated statement of financial position as follows:

	2012	2011
	QR '000	QR '000
Current	740,796	76,492
Non-current	1,880,684	390,862
	2,621,480	467,354

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 the balance amount of term loan facilities obtained from commercial banks to fund the acquisition of Damas International Limited. These loans carry interest at commercial rates and are to be repaid in quarterly instalments until March 2016. In 2011, the Group obtained a term loan facility from commercial banks in the amount USD 140 Million to fund the acquisition of Axiom Limited which was fully repaid during the year.

(c) This represents loans against trust receipts payable within 120 days, which carry interest at commercial rates.

(d) The above interest bearing loans and borrowings are secured by:
- Fixed deposits amounting to QR 99.6 Million (Note 4),
- Hypothecation of inventories and receivables on pari passu basis with banks,
- Assignment of insurance policy on pari passu basis, and
- Mortgage on investment properties comprising land and buildings at original cost of QR 127.6 Million (Note 13).

15. Amounts Due to Related Parties

Balances pertain to amounts due to jointly controlled entities and associate companies which arise in the normal course of business.

16. Accounts Payable and Accruals

	2012	2011
	QR '000	QR '000
Trade accounts payable	423,500	224,465
Advances from customers	542,270	465,093
Accrued expenses	334,238	159,523
Social and sports contribution	5,791	6,979
	1,305,799	856,060

Presented in the consolidated statement of financial position as follows:

	2012	2011
	QR '000	QR '000
Current portion	1,280,219	856,060
Non-current portion	25,580	-
	1,305,799	856,060

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

17. Employees' End of Service Benefits

	2012	2011
	QR '000	QR '000
At 1 January	36,501	29,814
Provided during the year	19,724	9,057
Resulting from business combination (Note 3)	25,332	-
End of service benefits paid	(5,669)	(2,370)
At 31 December	75,888	36,501

18. Share Capital

	2012	2011
	QR '000	QR '000
Authorised, issued and fully paid-up shares of QR 10 each	456,192	342,144

	Number of shares (In thousands)	
	2012	2011
At 1 January	34,214	23,760
Bonus issue shares	-	4,752
Rights issue shares	11,405	5,702
At 31 December	45,619	34,214

During the year, the Group issued 11,404,800 shares through a rights issue at QR 60 per share for every three shares held (2011: issued 5,702,400 shares through a rights issue at QR 70 per share for every five shares held).

19. 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.

During the year, the Group received a premium of QR 570.24 Million from the rights issue of 11,404,800 shares in November 2012, at a premium of QR 50 per share, which was credited to legal reserve (2011: premium of QR 342.14 Million from the rights issue of 5,702,400 shares in October 2011, at a premium of QR 60 per share).

20. Dividends Paid and Proposed

The Board of Directors has proposed a cash dividend of QR 4.75 per share totalling to QR 216.7 Million for the year 2012, which is subject to the approval of the shareholders at the Annual General Assembly (2011: QR 5.5 per share totalling to QR 188.2 Million).

During the year, the dividend paid amounted to QR 188.2 Million (2011: QR 166.3 Million).

21. Segment Information

The Group is organised into business units based on its products and services and has eleven (11) operating segments as follows:

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

(a) By operating segments

Segment	Auto	Heavy equipment	E&I markets	Industrial supplies	Information technology
31 December 2012	QR'000	QR'000	QR'000	QR'000	QR'000
Revenue	731,599	162,278	121,046	159,603	959,112
Gross profit	144,634	32,069	37,447	27,581	139,986
Segment profit	70,091	12,758	32,148	17,818	60,968
Segment assets	384,186	68,248	36,965	83,912	939,537
Segment liabilities	95,726	17,745	20,124	39,006	773,303
Other information					
Share of results from joint venture and associate companies	-	-	-	-	-
Investments in joint venture and associates companies	-	-	-	-	-

Segment	Auto	Heavy equipment	E&I markets	Industrial supplies	Information technology
31 December 2011	QR'000	QR'000	QR'000	QR'000	QR'000
Revenue	647,067	149,889	105,520	149,855	888,730
Gross profit	128,102	32,293	44,166	23,324	128,924
Segment profit	64,161	18,142	38,836	15,414	56,047
Segment assets	220,542	74,047	29,898	53,958	762,586
Segment liabilities	43,271	14,401	31,972	14,023	635,384
Other information					
Share of results from joint venture and associate companies	-	-	-	-	-
Investments in joint venture and associates companies	-	-	-	-	-

	Travel	Engineering	Geotechnical services	Logistics	Jewellery trading	Others	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
	42,169	124,413	54,696	32,248	2,274,706	115,578	4,777,448
	40,806	29,547	22,866	9,655	419,169	27,728	931,488
	18,066	4,878	8,194	4,522	184,741	49,387	463,571
	90,511	108,815	50,141	10,232	3,136,894	1,964,407	6,873,848
	114,382	94,805	36,923	3,900	2,133,069	919,493	4,248,476
	-	-	-	-	24,872	54,945	79,817
	-	-	-	-	85,940	1,178,381	1,264,321

	Travel	Engineering	Geotechnical services	Logistics	Jewellery trading	Others	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
	48,091	117,676	46,577	30,465	-	108,878	2,292,748
	47,682	33,977	20,250	9,286	-	26,403	494,407
	23,024	12,291	9,058	4,278	-	37,923	279,174
	59,177	78,848	31,488	9,753	-	1,574,115	2,894,412
	39,054	54,715	16,464	3,944	-	671,633	1,524,861
	-	-	-	-	-	65,047	65,047
	-	-	-	-	-	1,161,666	1,161,666

(b) By geography

31 December 2012	Qatar	Other GCC countries	Others	Total
	QR '000	QR '000	QR '000	QR '000
Revenue	2,466,373	2,295,508	15,567	4,777,448
Gross profit	504,103	420,639	6,746	931,488
Segment profit	231,650	232,530	(609)	463,571
Segment assets	2,485,447	4,350,448	37,953	6,873,848
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

31 December 2011	Qatar	Other GCC countries	Others	Total
	QR'000	QR'000	QR'000	QR'000
Revenue	2,268,448	9,185	15,115	2,292,748
Gross profit	484,480	1,048	8,879	494,407
Segment profit	219,986	56,703	2,485	279,174
Segment assets	1,713,644	1,160,556	20,212	2,894,412
Segment liabilities	1,504,758	18,617	1,486	1,524,861
Other information				
Share of results from joint venture and associate companies	5,631	59,416	-	65,047
Investment in joint venture and associate companies	14,385	1,147,281	-	1,161,666

22. Revenue

	2012	2011
	QR '000	QR '000
Revenue from sale of goods	4,041,003	1,637,611
Revenue from rendering of services	695,112	622,700
Equipment hire income	24,333	24,282
Other operating income	17,000	8,155
	4,777,448	2,292,748

23. Other Income

	2012	2011
	QR '000	QR '000
Profit on disposal of property, plant and equipment	89,756	2,051
Recovery of other receivables written off	77,630	-
Gain on disposal of Tiffany division	77,145	-
Recoveries from provision for obsolete and slow-moving inventories	15,212	-
Miscellaneous income	22,763	17,873
	282,506	19,924

24. General and Administrative Expenses

	2012	2011
	QR '000	QR '000
Staff costs	161,100	91,662
Legal and professional fees	56,589	13,627
Repairs and maintenance	17,435	5,411
Rent	17,336	16,489
Travelling	14,804	11,271
Communication	11,071	6,096
Foreign currency exchange loss	8,888	-
Utilities	6,593	1,929
Bank charges	5,568	4,992
Insurance	6,385	394
Printing and stationary	3,515	2,336
Others	12,032	4,753
	321,316	158,960

25. 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.

	2012	2011
Profit for the year attributable to the equity holders of the parent from continuing operations (in QR '000)	398,491	279,163
Profit for the year attributable to the equity holders of the parent from discontinued operations (in QR '000)	1,821	-
Profit for the year attributable to the equity holders of the parent (QR '000)	400,312	279,163
Weighted average number of shares outstanding during the year (in thousands of shares)	38,388	30,972
Basic and diluted earnings per share (QR) (attributable to the equity holders of the parent)	10.43	9.01
Basic and diluted earnings per share (QR) from continuing operations (attributable to the equity holders of the parent)	10.38	9.01

26. Discontinued Operations

On 6 July 2012, the Group completed the formalities relating to the transfer of business of Tiffany division ("the Operation") to the newly formed venture, TCO Damas Associates LLC ("TCO"), which was formed in collaboration with Tiffany and Co. ("Tiffany"). The consideration for the transfer was agreed at QR 90.5 Million between the parties. As per the terms of the agreement finalised with Tiffany, the Group contributed QR 46.1 Million towards a 51% equity stake in TCO and is able to exercise significant influence over its operational and financial decision making.

The gain recognised on the transfer of the Operation and the results of the Operations up to the date of transfer are as follows:

	2012
	QR '000
Consideration received	90,462
Net assets disposed	(13,317)
Gain on disposal of Tiffany division	77,145

	1 April to 6 July 2012
Income statement	QR '000
Revenue	12,355
Cost of sales	(6,847)
Gross profit	5,508
General and administrative and selling and distribution expenses	(2,963)
Other income	214
Profit from discontinued operations	2,759

27. 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.

Related party transactions

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

	2012	2011
	QR '000	QR '000
Sales	141,700	40,104
Purchases	12,194	2,096
Compensation of key management personnel	33,691	26,257

Related party balances

The amounts due from and to related parties are disclosed in Notes 6 and 15, respectively.

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.

For the year ended 31 December 2012, the Group did not record any impairment of receivables relating to amounts due from related parties (2011: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel

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

	2012	2011
	QR '000	QR '000
Short term benefits	15,071	10,103
Post-employment benefits	873	606
	15,944	10,709
Board of Directors' remuneration	17,747	15,548
	33,691	26,257

28. 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:

	2012	2011
	QR '000	QR '000
Letters of guarantees	367,652	299,374
Letters of credit	273,632	40,070
	641,284	339,444

(b) Commitments

Capital commitments

	2012	2011
	QR '000	QR '000
Capital work in progress – contracted but not provided for	5,641	3,933

Operating lease commitments under non-cancellable lease arrangements:

	2012	2011
	QR '000	QR '000
Less than one year	96,229	44,817
1 to 5 years	127,013	66,033
Above 5 years	7,021	18,731
	230,263	129,581

29. Fair Value of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, available for sale investments and receivables.

Financial liabilities consist of bank overdrafts, interest bearing loans and borrowings, payables and accrued expenses.

The fair values of financial instruments are not materially different from their carrying values.

Fair value hierarchy

As at 31 December 2012, the Group held the following financial instruments measured at fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3 : Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

31 December 2012	Total	Level 1	Level 1	Total
	QR '000	QR '000	QR '000	QR '000
Assets measured at fair value				
Available-for-sale §investments	1,614	-	1,614	-
Forward contracts – gold	4,590	-	4,590	-
	6,204	-	6,204	-

31 December 2011	Total	Level 1	Level 1	Total
	QR '000	QR '000	QR '000	QR '000
Assets measured at fair value				
Available-for-sale investments	3,905	3,905	-	-

During the reporting year ended 31 December 2012, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

30. Financial Risk Management Objectives and Policies

The Group's principal financial liabilities comprise of interest bearing loans and borrowings, bank overdrafts, accounts payable, accrued expenses, 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 receivable, available for sale financial investments, amounts due from related parties and certain other receivables that arise directly from its operation.

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 the operation of the Group 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 31 December:

	2012	2011
	QR '000	QR '000
Bank balances	23,912	28,958
Bank overdraft	(239,325)	(164,946)
Interest bearing loans and borrowings	(2,621,480)	(467,354)
	(2,836,893)	(603,342)

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 31 December:

	2012	2011
Basis points	+/-25	+/-25
Effect on profit for the year (QR '000)	-/+7,092	-/+ 1,508

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in 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 60 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:

	2012	2011
	QR '000	QR '000
Bank balances (excluding cash on hand)	335,423	85,073
Accounts receivable and others	740,211	482,393
Amounts due from related parties	112,939	3,103
	1,188,573	570,569

Equity price risk

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Change in equity price 2012	Effect on the consolidated statement of comprehensive income 2012	Change in equity price 2011	Effect on the consolidated statement of comprehensive income 2011
	QR '000	QR '000	QR '000	QR '000
Quoted	10%	-	10%	390

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 their values are pegged to the US Dollar. The following table details the Group's sensitivity to an increase or decrease in Qatar Riyals 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
	QR '000	QR '000
2012	+3%	694
	-3%	(694)
2011	+3%	229
	-3%	(229)

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 30-60 days of the date of sale.
The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

2012	Less than 6 month	6 to 12 months	1 to 5 years	Total
	QR '000	QR '000	QR '000	QR '000
Accounts payable and accruals	763,529	-	-	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	239,325	-	-	239,325
Total	1,008,838	809,610	1,979,420	3,797,868

2011	Less than 6 month	6 to 12 months	1 to 5 years	Total
	QR '000	QR '000	QR '000	QR '000
Account payable and accruals	390,967	-	-	390,967
Interest bearing loans and borrowings	-	76,492	390,862	467,354
Bank overdrafts	164,946	-	-	164,946
Total	555,913	76,492	390,862	1,023,267

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 2011. The Group monitors 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 14) and bank overdraft less bank balances and cash.

Gearing ratio

The gearing ratio at 31 December is as follows:

	2012	2011
	QR '000	QR '000
Debt	2,860,805	632,300
Bank balances and cash	(344,200)	(88,293)
Net debt	2,516,605	544,007
Total equity	2,625,372	1,369,551
Gearing ratio	0.96 : 1	0.40 : 1

31. Significant Assumptions, Judgements and Key Sources of Estimation Uncertainty

Use of estimates

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed regularly. 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.

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, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of accounts receivable

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due.

At the reporting date, gross accounts receivables amounted to QR 742,407 thousand (2011: QR 435,445 thousand) and the allowance for impairment amounted to QR 151,484 thousand (2011: QR 13,960 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated income statement.

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.

At the reporting date, gross inventories were QR 2,721,095 thousand (2011: QR 779,670 thousand) against which a provision for obsolete and slow moving inventories amounting QR 117,625 thousand (2011: QR 31,505 thousand) has been made. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated income statement.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

32. Comparative Information

The presentation and classification of items in the consolidated financial statements shall be retained from one period to the next unless a change in presentation including reclassification of comparative figures provides more reliable and relevant information to the users of the consolidated financial statements and does not affect the previously reported profit or shareholder's equity.

Certain accounts in the 2011 consolidated financial statements have been reclassified to conform to the 2012 presentation and classification. However, such reclassifications do not affect the previously reported profit or shareholders' equity.





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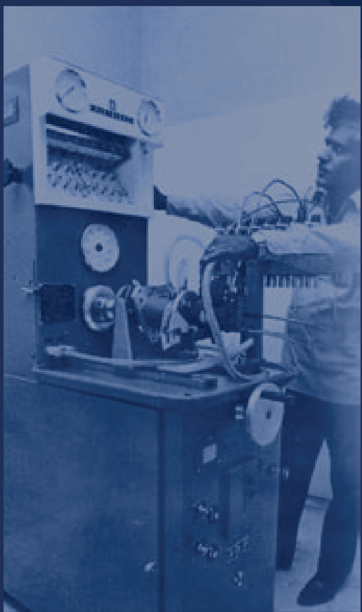


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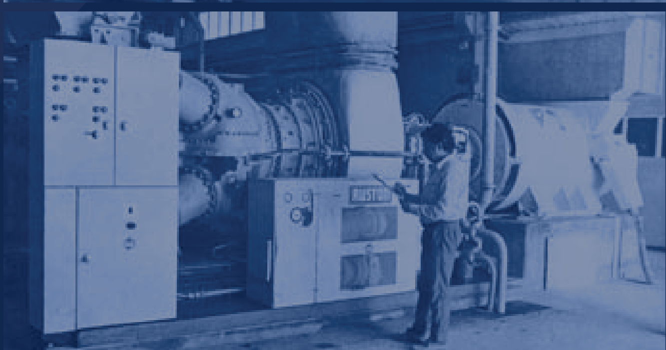

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