MANNAI CORPORATION

Mannai Corporation Q.S.C.

Annual Report 2013

His Highness The Emir Father
Sheikh Hamad Bin Khalifa Al-Thani

His Highness The Emir
Sheikh Tamim Bin Hamad Al-Thani

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CHAIRMAN'S REPORT

Over the last 7 years, since Mannai Corporation listed on the Qatar Exchange, it has been a continued theme of my annual reports to reflect on the Board's underlying strategy to build the capital base and financial strength of the company in preparation for longer term developments. In particular to support our core business in Qatar and to enable expansion of the company's business overseas.

In 2013 the QR 5.6 Billion total revenue of Mannai reached the point where it was split equally between earnings from Qatar and its overseas businesses.

I am pleased to say that Mannai's Capital and Reserves have grown to QR 1.54 Billion. Its return on equity has increased to 22%, from 17.8%, and its debt : equity ratio stands at a healthy 0.80%.

There is no doubt that the sound economic environment in Qatar has underpinned our strong and stable business base which is thanks to the wise leadership of the Emir H H Sheikh Tamim Bin Hamad Bin Khalifa Al Thani.

In terms of further growth Mannai exercised a Call Option on 11th February, 2014 to acquire the 15% stake of the founder shareholders in Damas. Therefore Mannai now owns 81% of Damas International Limited.

Excellent progress has been made in Damas during 2013, their senior management team has been strengthened, a new retail strategy has been put in place, and both risk management and the financial structure of the business have been greatly improved. The forward direction of Damas can be summed up by its new Vision Statement 'From a famous brand in Dubai to a famous international jewellery brand from Dubai'

Mannai Corporation net profit in 2012 of QR 400 million included an exceptional capital gain which is commented upon in another section of the annual report.

For 2013, I am pleased to report that the company achieved an overall net profit of QR 446 Million.

As a result of the continued strong profit performance in 2013 the Board has recommended an increased cash dividend of 55% being QR 5.5 per share.

My thanks and appreciation go to the managers and staff across all our businesses for their personal efforts and contribution to the continued achievements of the group.

I am confident that our expanding regional diversity and the opportunities flowing from the infrastructure development taking place in Qatar will continue to sustain the company's performance in 2014 and beyond.

Hamad Bin Abdulla Bin Khalifa Al Thani
Chairman

DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER'S REPORT

"Company has once again delivered record profits"

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

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

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

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

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

During the year the founding partners of our Facilities Management business, Transfield Services, decided to exit their operations from the Middle East. We have selected Cofley Besix as our new JV partner replacing Transfield. Cofley Besix with its global experience will bring added expertise and professional management to take this business to the next level as they have an impressive track record of providing FM solutions both globally and regionally. Cofley Besix will position the facilities management business as the FM provider of choice. A detailed write-up of their capabilities is available in the latter sections of this report.

Performance

The Company delivered another year of record profits:

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

Diversity Of Business

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

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

Awards

We sincerely appreciate the recognition accorded by our multinational principals for our ongoing commitment to the Service and Quality, which is listed later in the report.

Future Outlook

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

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

Alekh Grewal
Director & Group Chief Executive Officer

OUR VISION

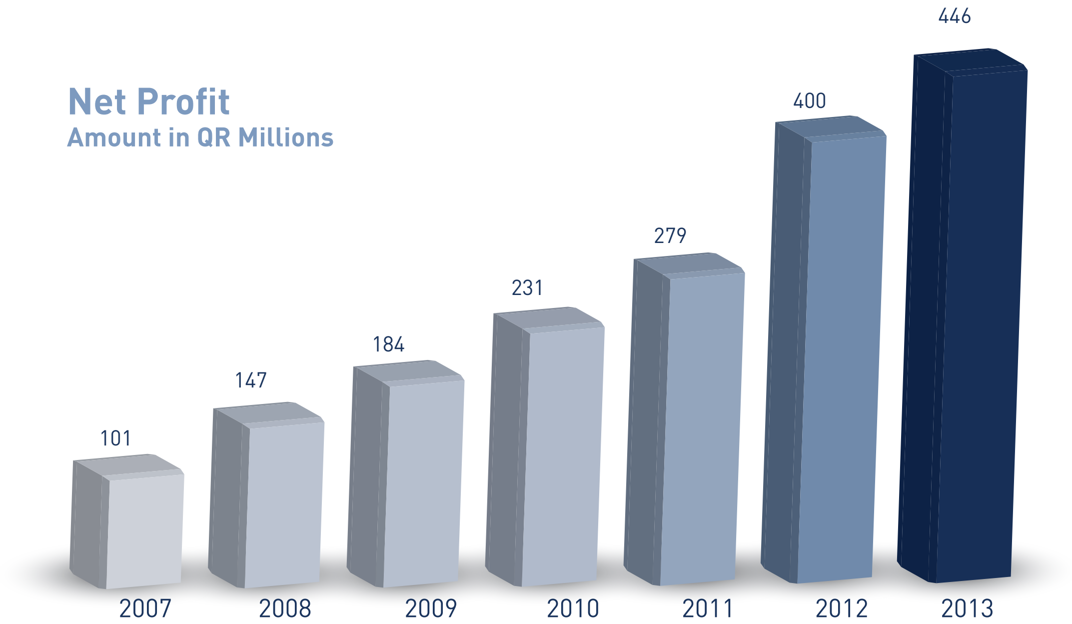
Through exceptional service and added value, build Mannai to be the most dependable business partner in the region.

OUR MISSION

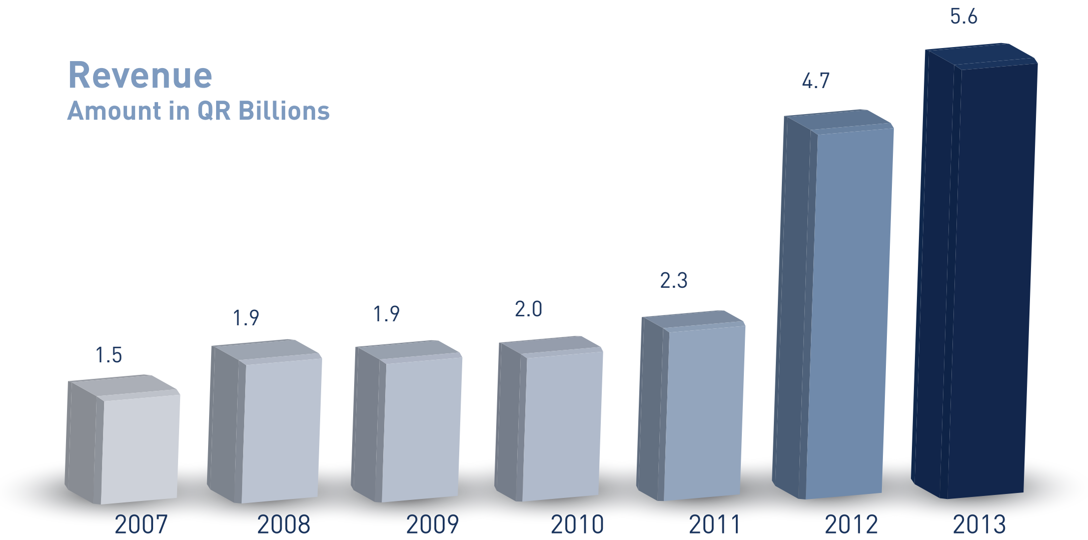
To create an environment which will attract and retain a committed team of talented professionals who will place Mannai at the forefront in our chosen markets.

FINANCIAL HIGHLIGHTS

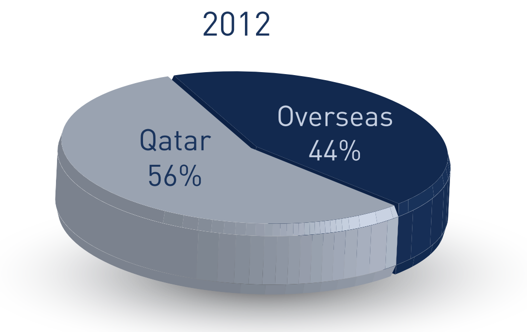
Net Profit
Amount in QR Millions

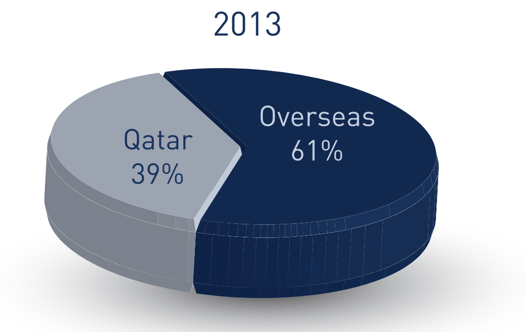


Revenue
Amount in QR Billions



Net Profit Contribution





BOARD OF DIRECTORS

Sheikh Hamad Bin Abdulla Al-Thani
Chairman

Sheikh Suhaim Bin Abdulla Al-Thani
Vice Chairman

Alekh Grewal
Group Chief Executive Officer and Director

Mohamed Ali M. Al Kubaisi
Director

Rashid Fahad Al Naimi
Director

Ali Yousef Kamal
Director

Keith Higley
Director

Khalid Mannai
Director

Said Abu Odeh
Director

EXECUTIVE COMMITTEE

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

Murat Hacisalihzade
Group General Manager,
Information and Communication
Technology

Said Abu Odeh
Member

AWARDS RECEIVED BY MANNAI CORPORATION QSC, GROUP OF COMPANIES

- NetApp - Partner of the Year Award
- Symantec - Partner of the Year Award
- Riverbed - Partner of the Year Award
- Palo Alto Networks - Partner of the Year Award
- HP Enterprise Group Partner for the Year Award - Middle East
- From Cisco:
  - Services Partner of the Year
  - Capital Partner of the Year
  - Enterprise Partner of the Year
  - Partner of the Year for Middle East Region in Cisco's Partner Summit 2013 at Las Vegas
- Panduit - Partner of the Year award for EMEA
- EMC - Best Partner of the Year Award in the Middle East
- 2013 Specialized Partner of the Year: Engineered Systems
- GM Grandmasters Award 2012
- Elite Dealer Award for Grove Mobile Cranes
- Won first place for GM MEO Technician Skill Competition
- Won second place for AC Delco Wholesale Development Program
- Excellence Award from Hellmann World Wide Logistics
- Outstanding Business Associate Award - M/s Bitumat Company Ltd, Saudi Arabia

THE MANNAI WAY

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

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 the countries in which we operate 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

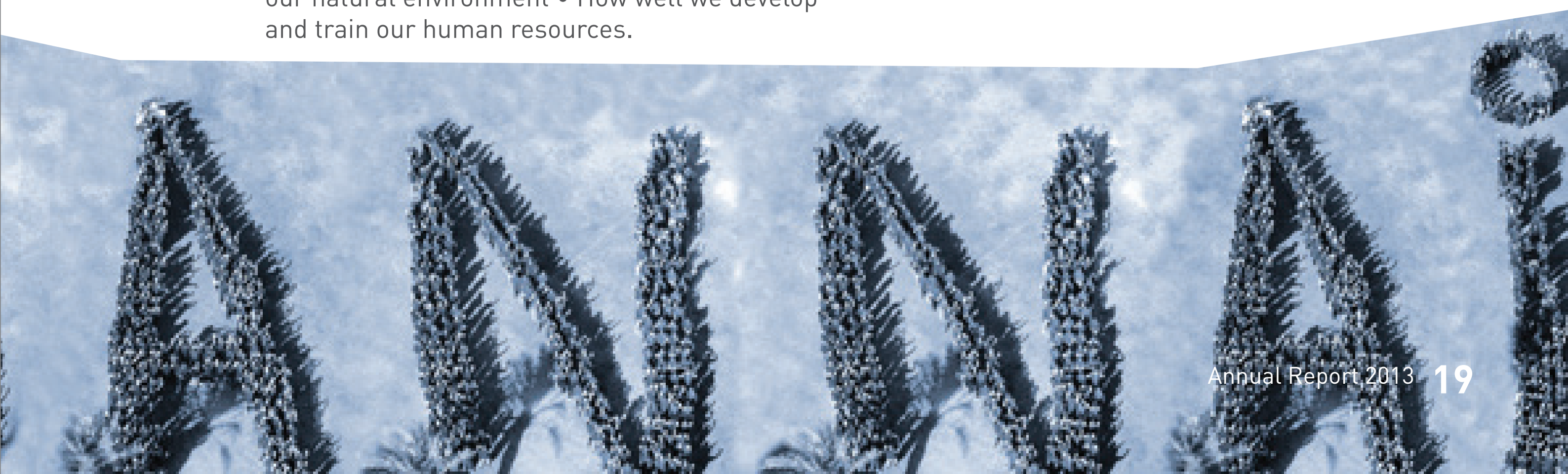
We believe in an open partnership with our suppliers and can be judged by how well we:

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.



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 & 3 Minority Shareholders' Rights and Tag along Rights (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 23rd March, 2014 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, 2013 is also available in Arabic and English on the company's website.

Board Committees

AUDIT COMMITTEE		NOMINATION COMMITTEE	
Sheikh Suhaim Bin Abdulla Al Thani	Chairman	Sheikh Suhaim Bin Abdulla Al Thani	Chairman
Mohamed Al Kubaisi	Member	Mohamed Al Kubaisi	Member
Ali Yousef Kamal	Member	Ali Yousef Kamal	Member
Alekh Grewal	Member		
REMUNERATION COMMITTEE		**CORPORATE GOVERNANCE COMMITTEE**	
Sheikh Suhaim Bin Abdulla Al Thani	Chairman	Keith Higley	Chairman
Mohamed Al Kubaisi	Member	Said Abu Odeh	Member
Keith Higley	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%	-
2013	55%	

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.

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.

BUSINESS REVIEW 2013

Automotive Group

Mannai Automotive Group in Qatar is constituted of two broad segments - the Passenger & Commercial vehicles segment and the Heavy equipment & construction machinery segment; together they represent more than forty franchisees that are based across the globe.

Mannai Automotive Group has been offering all of its privileged clients the widest possible choice of vehicles, heavy equipment and machinery, duly customised to meet their personal and business needs; this is well supported by an extensive network of after-sales service centres.

In line with Mannai's Vision Statement, Mannai Automotive Group has been delivering exceptional service and added value, building Mannai to be the most dependable business partner in the region.

Mannai Automotive Group has also diversified outside Qatar under the GTC brand name. Having launched GTC (Global Trading Center) last year, an overseas operations at Jebel Ali Free Zone, the year 2013 witnessed establishing its presence in its territory. The company actively trades in a wide range of products such as, Hengst filters from Germany, Berco Italy's undercarriage, Metaris Canada's hydraulic parts, ETP Italy's heavy equipment spare parts, mechanical, electrical and trailer parts from Schaefler, Hella & Jost from Germany, alongside many others.

As a part of diversification strategy, Mannai established a fully owned subsidiary - GTC "Chevrolet Global" representing General Motors' Chevrolet range of vehicles in the Anatolian side of Istanbul with a 3S (Sales, Spares & Service). GTC Turkey, has been ranked amongst the top 3 Dealers in Sales in Istanbul 8 out of 12 months in 2013.

New Vehicle Sales

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.

GM has been aligning its models with those of its competitors in the market; as a consequence, during 2013, Mannai Automotive successfully launched 3 new vehicle models; the Cadillac ATS, Cadillac XTS & GMC Sierra, all of which boast of highly advanced technologies. Newer models are due for launch during the current year as well and the outlook for the current year is highly positive.

The Fleet sales for the Automotive Group grew by a handsome 38% registering highest ever Fleet sales in Mannai's History. Similarly, the fleet size for the leasing wing increased by more than 50%.

Service and Parts

One of our Automotive Group's Service technician staff ranked first in the Technical Staff Skill competition best-of-the-best amongst all GM Dealers within GCC & Levant which was conducted by General Motors.

Mannai Automotive Group also won the Service Advisor Gold award in the Service Advisors Championship – Q3, 2013 conducted by General Motors. This was an outcome of excellent progress in its services and achievement of high levels of customer satisfaction with respect to after-sales service and maintenance provided to its customers in Qatar in 2013.

THE NEW STANDARD OF THE WORLD

COMMANDS RESPECT

Confidence in Motion

CHEVROLET
GTC TURKEY

After-sales operations have been steadily growing over the years and registered close to a double digit year-on-year growth.

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.

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 and commercial vehicles, 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 MTU 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 invested in after-sales operations by opening an additional Service Center in the Industrial area, primarily focused on Trucks and Buses, for increasing customer satisfaction and convenience.

HED capitalised upon strong market growth in the construction industry during the year 2013, thereby recording significant increase in the market share of its reputable brand names.

In 2013, HED registered 67.9% growth in sale of JCB over 2012, which led to a significant gain in its market share.

Furthermore, HED achieved substantial market share in Cranes and was certified by Grove Cranes as "Elite Distributor for 2013", a recognition that was granted for putting strong efforts and marked improvements in developing after sales support for its customers in Qatar.

Also, HED signed new distributorship agreements with two companies, Dulevo from Italy and Mathieu from France, to expand the existing range of Road Sweepers - Elgin made in USA.

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 and contributing to Qatar vision 2030.

Information and Communication Technology

Mannai's ICT Group performed excellently in 2013, growing its revenue and profits by more than 24%. These results were achieved by focusing on its core pillars, further extending its solid market leadership position in the local market, entering new areas of the value chain and maintaining a firm international footprint.

Under the new Group General Manager, Murat Hacisalihzade, the three main divisions of the ICT Group were strengthened by a clear focus on their key principals and a coherent alignment of the product and service portfolio. This is ensuring that Mannai ICT is ideally positioned to provide the highest quality solutions to its customers throughout the entire technology stack.

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, storage, virtualization and security solutions from HP, Microsoft, VMWare, NetApp, Symantec and a host of other vendors; The Software Services division is aligned with the portfolio of its key principal Oracle and as such in an ideal position to add value to its customers businesses by providing optimally integrated end-to-end solutions. The division is leaving a distinct mark with its excellent professional services skills relating to application development and implementation.

Networks & Telecom - The transformation of the world into a IP Community has become a reality with Powerful, Reliable and Efficient IP Networks. Mannai-Networks has spearheaded the transformation & integration of Qatar into the Global IP Community. Having achieved highest level of accreditation with Cisco, EMC and VMware Mannai-Networks has successfully delivered customer satisfaction since its inception. The business unit has achieved the unique distinction of being the only Masters Certified Partner for Unified Communications & Security for Cisco in the region. Mannai Networks has a skilled pool of technical resources capable of Designing, Implementation and post-implementation support led by a team of 44 Cisco Certified CCIEs with all the flavors of CCIE, 3 are Double, 2 are Treble and 8 BICSI Certified RCDDs. Mannai-Networks maintained its position of leading System Integrator for Cisco; in the year 2013, by garnering 74% of Cisco market share in Qatar. It also repeated its success story with EMC by achieving 50% EMC market share within a span of 3 years of its existence as a EMC partner.

With its current expertise in designing, implementing and supporting IP Infrastructures right from Structured cabling to high-end Computing solutions the Business Unit has already taken the first step towards offering complete ELV Solutions to its customers. In its pursuit to achieve excellence in ELV Solutions the business unit has already forged partnership with some of the leading vendors in the field of Physical Security, BMS, Audio/Visual, Data Center Infrastructure and Access Control. Mannai Networks has a team of certified design & implementation professionals, from Schneider Electric, APC, Crestron, Extron, Bose, Pelco, Axis, Aericon Vision, Milestone, Genetec, Exaq Vision, Maxess, Senser Access etc.

The Business Unit went through stringent third party audit processes and was successful in retaining its ISO Certification, Gold Partner status with Cisco and Velocity Signature partner status with EMC. The Business Unit won the following four awards from Cisco ; Cisco Services Partner of the Year ; Cisco Capital Partner of the Year; Cisco Enterprise Partner of the Year; Cisco Partner of the Year for Middle East Region in Cisco's Partner Summit 2013 at Las Vegas, Panduit Partner of the Year award for EMEA in Global Systems Integrators Congress 2013 in Malta and Best Partner of the Year Award from EMC in the Middle East Partner Summit in Muscat.

Within **IT Solutions** the most outstanding deal relates to the supply, commissioning and support of 15,100 MS Surface tablet computers to 160 schools in Qatar. This project which is commissioned by the Supreme Educational Council in line with the objectives of Qatar's National Vision 2030 is leapfrogging Qatari students into new heights of IT literacy and technological competence. The project also enjoys the most high level support from Microsoft Corporation in their efforts to broaden its product and service offering. The appreciation for Mannai's IT Solutions division is reflected by MS Best Growth Partner of the Year award. This reward was received together with Partner of the Year awards from NetApp, Symantec, Riverbed, Palo Alto Networks, Double Take and Citrix.

Middle East Partner of the Year award for 2013 as well as global Platinum Partner status award was conferred by HP to Mannai IT Solutions. These accolades and awards demonstrate that Mannai IT Solutions successfully met increasingly complex customer needs in the field of IT Automation and Disaster Recovery, Infrastructure Monitoring and Management, Enterprise Content Management to the full satisfaction of customers and principals.

The **Software Services** division within Mannai ICT was provided with even greater focus by strategically aligning the product and service offering with that of its key principal Oracle. This strategy paid off with an 17% increase in sales and improved core profitability. Oracle Hardware was also placed within the responsibility of the Software Services division in order to maximise product and principal based synergies. This move was acknowledged by Oracle with its Specialised Partner of the Year: Engineered Systems – MEA award.

Techsignia, Mannai ICT Group's offshore development centre in the Indian IT hub of Pune was appraised as a CMMI Level 5 company, the highest accolade of the well-renowned Carnegie Mellon University's Capability Maturity Modell framework. Based on this ultimate level of process maturity Techsignia continued to successfully serve renowned customers in Qatar and other parts of the world.

UtilNet, Mannai ICT Group's highly experienced and specialised majority-owned subsidiary for the provision of network inventory management solutions and services continued to successfully serve customers in Saudi Arabia and Hong Kong. Amman-based UtilNet continued to profit from Jordan's highly educated and well-trained IT-resources and extended its scope into the area of OSS/BSS solutions.

Medical Division

The Medical Equipment Division showed very strong top line growth in 2013. Most significant with regard to revenue growth was the INSO / Omnicell deal relating to pharmacy automation which contributed more than QR 40 Million in sales.

With the revamping of the Healthcare industry in Qatar, in line with the National Vision 2030, focus continues to rest 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 successfully to pursue a significant share of Diagnostic Imaging, Devices, Engineering Solutions, Laboratory and Scientific Equipment and thus further improving the medical infrastructure within Qatar.

GE Healthcare

Damas International Limited

Damas International Ltd. was added to the Mannai group of companies in April 2012 following the acquisition by Mannai Corporation of a 66% shareholding in Damas.

Damas is the leading jewellery and watch retailer in the Middle East. Since it's inception in 1907 Damas has grown to become a brand known for unparalleled quality and delightful innovations in diamond jewellery, gold jewellery, pearls, precious stones and watches.

Headquartered in Dubai, UAE, the company today operates around 300 outlets mainly located within the GCC region and employs nearly 2000 staff.

The company launched a new corporate strategy in 2013 to realign the business with the changing customer landscape. This resulted in a new brand identity and refreshed store concepts to enhance the shopping experience of its customers.

As well as it's own collection of in-house brands such as Farfasha, One Six Eight, Gehna, Hayati, Legacy and many others, Damas represents renowned international brands including Graff, Garrard, Forevermark, Roberto Coin, Paspaley, Mikimoto, Girard Perregaux, Parmigiani, Folli Follie and Stroili.

In addition to its new retail strategy Damas also improved its operating performance considerably in 2013, benefiting from improved sales in targeted areas and reduced finance costs. The introduction of centralised inventory management also helped to improve working capital efficiency.

The company also exited the lower yielding wholesale sector at the beginning of 2013 to concentrate entirely on retail and enhancing services to its customers. As a result of the renewed concentration on its brand, its products and its retail clientele the customer base of Damas grew by 10% in 2013.

At the same time 2013 was an important year for involving the employees of the company in the future direction of Damas. A company-wide programme – OUR DAMAS – was launched enabling the staff to define the values of Damas which has led to the development of a new Vision and Mission statement.

In terms of financial performance Damas has fully met Mannai's expectations for its first full year in the group by achieving a healthy net profit of AED 239 million.

The way ahead can be summed up by the new Vision of Damas :
"From a famous brand in Dubai to a famous international jewellery brand from Dubai"

damas
COLLECTIONS

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 employs over 2,000 employees, a portfolio of 627 retail points and reaches over 4,733 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").

The Company is a strategic partner of major telecommunications operators such as du (UAE) and Zain (KSA), and sells a full range of products sourced directly from major brands, including Apple, BlackBerry, Nokia, Samsung, HTC, Huawei, Lenovo, Sony and LG. Recently, Axiom has been awarded one of three MVNO licenses in KSA.

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 75% share of the UAE handset market. Over 40 new stores were opened across the region over the past year.

Throughout 2014 and beyond, Axiom aims to ramp up its business by:

- Launch MVNO operations in KSA
- 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

Mannai Travel Group

Mannai Travel Group has retained its market share and is recognised as a market leader. It is always striving to continue its leadership position as an IATA /ASTA and an ISO 9001 certified travel service provider. The Travel Group since its inception as an in-house service provider has grown and today has five divisions; Mannai Air Travel, Space Travel, Cargo, Mannai Holidays, and VFS.

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 years. As the flydubai network grows, so do the opportunity for Space Travel. Flydubai has ambitious growth plans for the year 2014, and we will see a similar growth.

Space Travel has been successful in establishing an impressive 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, the holiday and leisure traveler. In 2013 they were appointed distributors for Euro Disney and this will help target a different market segment.

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.

To improve our efficiency, we have established an effective back office operation to extend our reach in the regional market and stay competitive. This operation is now supported by a web based On Line Booking Tool. With our own proprietary Travel Management System, will give the local and multinational companies a smart application to manage their travel needs most efficiently. With this technology we are planning to expand into other region during 2014.

flydubai

KOREAN AIR BCD travel Philippine Airlines Kenya Airways

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 2013, Projects Section was able to secure many landmark projects assisted by its global suppliers Electrolux, White Westinghouse, Toshiba and Moulinex.

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 capitalise on these opportunities.

Gulf Laboratories Co. WLL

Gulf Laboratories Co. WLL, a wholly owned subsidiary of Mannai Corporation, provides ground investigation, borehole drilling and laboratory testing services to international and local clients within the State of Qatar and the Sultanate of Oman. The business has provided its specialist services to a large proportion of civil engineering, water resource and development projects.

Activities include onshore and offshore ground investigations, water-well drilling and testing, earthing and cathodic protection borehole drilling, geophysical surveys, hydrogeological investigations and mineral resource studies. Ground investigations have been performed to support engineering design activities as part of the Doha Metro Project, New Port Project, Lusail Development, QP/Shell Al Karana Petrochemical Plant, New Doha International Airport, Mega-Reservoirs Project, the IDRIS project, Education City, and for numerous road and infrastructure projects. Water wells, soakaway, earthing and cathodic protection borehole drilling works are also routinely carried out as part of construction projects.

Laboratory testing services are offered to the construction industry and include the physical and chemical analysis of construction materials including soil, rock, aggregate, cement, concrete and asphalt. These services are performed at an extensive central laboratory located in the Industrial Area or at project sites where temporary laboratory facilities are established. On-site material testing laboratories and call-off testing services provide ongoing involvement at the New Port Project, Lusail Development Project, Pearl GTL, Doha Expressway, Dukhan Highway, RasGas, Qatargas, New Doha International Airport, Education City, Cultural Village and various Sewage Treatment Plants.

Environmental testing activities includes chemical and microbiological testing of groundwater, seawater, potable water and treated and untreated effluent. The services are performed either to support initial baseline environmental surveys or as part of long term environmental monitoring plans. The environmental testing laboratory continues to be involved with various monitoring and testing programmes for Dolphin Gas, Pearl GTL, Qatar Petroleum, Qatar Airways and a number of Ashghal sewage treatment plants and groundwater monitoring wells.

Petroleum testing services are also offered at a new testing facility located in Ras Laffan. Services include the physical and chemical analysis of transformer and lubricant oils.

The company's quality and occupational health, safety and environmental management systems are certified to ISO 9001, OHSAS 18001 and ISO 14001 standards. The laboratories have around 300 tests accredited to BS EN ISO 17025:2005 and continue to add further test parameters to the accreditation.

Gulf Labs also have operations in Sultanate of Oman, where they trade under the name of Gulf Geotechnical Services & Material Testing LLC. The company has 7 drilling rigs based in the country capable of performing both ground investigation drilling and deep mineral exploration boreholes to depths of over 1000m. Laboratory testing facilities have also been established to provide material testing services to the construction industry. The scope of testing services is currently being expanded to include analysis of metals in support of on-going mineral exploration projects.

Energy and Industrial Markets

Energy and Industrial Markets (E&IM), a division of Mannai Trading Company WLL, has an excellent track record in providing comprehensive services to international manufacturers, suppliers and contractors by providing local expertise and "know-how" to every sector within the Qatari Economy.

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 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 : Pumps from Crane Pumps, Europe & USA, Heat Exchangers & Air Cooling Systems from Daeryung Corporation, Korea, Gears for Mechanical products from David Brown Gear Systems USA Inc., LED Lighting from Dialight, USA & UK, Cable Trays Systems from OBO – BETTERMANN, Germany.

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

HVAC PROJECTS is well positioned to play a significant role in the construction development activities planned in Qatar and its development plans include:

- Development of its HVAC Parts business.
- Expansion of its products portfolio to include:
    - Ventilation Systems
    - Precision Air-conditioning Products
    - Chilled Water products: pumps, valves, etc

Industrial Supplies and Building Materials

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

Specialised Waterproofing (BMD)

This segment caters to needs of local infrastructural projects towards supply of high quality waterproofing membranes & construction chemicals from renowned supplier Bitumat of KSA, 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 also a part of the segment.

Waterproofing segment continues to be the best distributor for Bitumat KSA, Twin Walls UAE, LAMA-Jordan Bituminous Products, Terraco UAE, Jolly board and once again won the best distributor award during the year 2013.

Industrial Tools & Machinery & Welding Equipment & Consumables

This segment caters to the need of local civil & mechanical construction industry, shipyards, manufacturing & fabrication towards supply of industrial tools & machinery, welding equipment & consumables, power generator & tower lights, air operated diaphragm pumps, electrical & pneumatic lifting & pulling equipment, vide range of abrasive material such as, cutting & grinding disc, pipe tools & pipe cutters, threading & grooving machines, wide range of measuring equipment, bar bending & 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 & consumables from reputed manufacturer. After sales service through our workshop facility is a prime focus of our business activity thru this segment.

During year 2013, have introduced following new products to cater to the growing demand in industrial markets, construction activities:

1. Mahindra, India - Diesel Power Generators of various capacities (POWEROL).

2. Tower Light SRL, Italy – Mobile Lighting Towers.

3. BDS, Germany – Wide range of Magnetic Core Drilling Machines & Bevelling machines.

4. Koike, Japan - Plasma & Laser cutting equipment for shipbuilding, steel construction.

Turbine Parts & Services

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

Moreover, successfully completed Turbine Control Panel Upgrade during year 2013 for:

1. Occidental Petroleum of Qatar Ltd.
2. Qatar Liquefied Gas Company Ltd.

Manweir LLC

The one stop Hub for Industrial Engineering, Maintenance and Manufacturing Services

Established in 1976, Manweir serves the Oil & Gas on-and offshore including Petrochemical, Chemical, Marine and Power Generation industries in Qatar and the GCC. Our ISO 9001 and API QMS assure an excellence in quality and technically advanced solutions and consequently customer satisfaction.

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 & our community by providing a rewarding, safe & stable work environment for our employees & creating employment opportunities through sustained growth, adhering to an ethical code of integrity & trust in our business relationships.

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

Advanced Machining Center, a fully equipped manufacture & repair facility with the most modern state of the art precision & 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 & remanufacture of various oilfield equipment.

Welding & Fabrication Shop undertakes all types of Structural/Oilfield equipment Fabrication & 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 and specialises in Rewinding, Repair, Overhaul & Reclamation of all types of Motors, Generators & Transformers including ex-Machines. Manweir is the first entity in the region certified by Baseefa UK as facility to repair & overhaul Explosion proof Rotating Machines and Enclosures designed for use in explosive atmospheres.

The large Vacuum Pressure Impregnation (VPI) Tank, along with the two Dynamic Balancing Machines of 20 Tonnes & 300 Kg capacities and resistive load bank capabilities offer enhanced services. The facility is also geared for Transformer oil testing & analysis complete with purification & regeneration system.

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

Calibration Lab (Metrology) specialises in Calibration, Verification, Servicing and Testing of all Precision Measuring instruments used in Electrical / Electronic / Mechanical devices for Linear, Pressure, Thermal & Torque measurements of both Analog & Digital types.

Heavy Mechanical Workshop specialises in Maintenance, Inspection, Repair, Overhauling & Refurbishment of all types of Static & Rotating equipment such as Pumps, Turbines, Engines, Compressors, Exchangers and various other oilfield equipment such as Well Head & Christmas Tree equipment, BOPs, Slush Pump Modules, Hoists, Hooks, Swivels etc.

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

Cofely Besix Mannai Facility Management LLC (under formation)

In 2013 Transfield Mannai Facilities Management Services (TMFMS) had another excellent year and we were successful in retaining a number of contracts most notable of those were the Tornado Company, QChem I & II, QAPCO and SEEF. These retentions along with the winning of new projects such as Burj Doha and Qatar Shell GTL Civil have positioned us strongly in the market as a quality provider of Facilities Management services.

We have continued to grow our capability into MEP installation works with the HAVC project progressing well with our client Qatar Steel. In this area we have also grown our project work with various clients including Grand Hyatt, Ministry of Finance, QIB and the Ministry of AWQAF.

2013 was another injury free year, with our last LTI (Lost Time Injury) being only in April 2012. This is a testimony of our commitment to perform at the highest standards from a quality and safety perspective, always being respectful towards the wellbeing of our staff and clients. This consistent performance also demonstrates our continued commitment to our Corporate Social Responsibilities (CSR) ensuring our people and clients are treated fairly, equitably and responsibly.

As a founder member of the Middle East Facilities Management Association (MEFMA), TMFMS continues to actively work within the Facilities Management community.

During October the company underwent an ISO surveillance audit conducted by Bureau Veritas. The standards audited were ISO 9001, 14001 & 18001 and are proud to report TMFMS has successfully retained these important ISO standards. This again demonstrates our commitment across the whole business to be best in class.

Following the exit of Transfield Services from Middle East region, we have selected COFELY BESIX (CB) as our Joint Venture Partner in the Facility Management business. The new entity will be formed and styled as COFELY BESIX Mannai Facility Management (CBMFM). CB with its international experience will further enhance our capabilities and enable us to provide a complete range of technical maintenance, cleaning and management solutions to clients across the GCC and gain an even larger presence.

CBMFMS 2014 is shaping up to be a promising year with a number of large projects in our sector destined to come to market. The successful winning of these opportunities will auger well for our continued success.

COFELY BESIX MANNAI facility management

MEFMA MIDDLE EAST FACILITY MANAGEMENT ASSOCIATION

Qatar Logistics WLL

Qatar Logistics WLL is a wholly owned subsidiary of Mannai Corporation. An exclusive partner of "Hellmann Worldwide Logistics", 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 corporates and individuals offering full export packing service, specialised crating, shipping, destination service with secure state-of-the-art warehousing & distribution facility.

Despite the global downturn in the logistics industry in 2013, Qatar Logistics maintained its position as a key player in the local market. The company successfully concluded a contract as the exclusive Complete Logistics Service Provider and on-site handling of related heavy equipment for Phase 2 of a major infrastructure project. The company was also selected as the Customs Clearance agent for a leading retail trading company in Qatar that imports an average of 1100 TEUs annually.

The warehousing department saw steady growth leading to 95% occupancy towards the end of the year and was re-awarded the storage & 3PL contract for a global diversified technology and industrial leader. The broad services offered and the excellent reputation Qatar Logistics built over the years has allowed the company to partake in logistics support services for major projects in Qatar in 2013, to name a few, HIA, Sidra Hospital, National Library, Msheireb Downtown Doha.

Qatar Logistics bagged a Service Excellence Award presented by Hellmann Worldwide Logistics officials during the Hellmann Worldwide Meeting in Istanbul, Turkey in March 2013. Qatar Logistics also achieved the ISO 9001:2008 certification in March 2013.

The outlook for next year is very promising with a number of major projects awarded in 2013 which is expected to create numerous logistics opportunities in 2014. Qatar Logistics is expecting significant growth in business from Q2 2014 as the country embarks on a major infrastructure development phase in the coming years.

CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Mannai Corporation Q.S.C.

Report on the Consolidated Financial Statements

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

Management's Responsibility for the consolidated financial statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of matter

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

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

Other Legal and Regulatory Requirements

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

Other matter

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

Doha – Qatar
February 27, 2014

For Deloitte & Touche
Qatar Branch

Muhammad Bahemia
Partner
License No. 103

Consolidated Statement of Financial Position
As at December 31, 2013

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

Consolidated Statement of Financial Position
As at December 31, 2013

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

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

....	....
Mohamed Ali M. Al Kubaisi	Alekh Grewal
Director	Director and Group Chief Executive Officer

Consolidated Statement of Income
For the year ended December 31, 2013

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

Consolidated Statement of Comprehensive Income
For the year ended December 31, 2013

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

Consolidated Statement of Changes In Equity
For the year ended December 31, 2013

	Share capital	Legal reserve	Revaluation reserve	Foreign currency translation reserve
	QR '000	QR '000	QR '000	QR '000
Balance – January 1, 2012	342,144	513,216	80,117	(1,180)
Total comprehensive income for the year	--	--	--	(658)
Movement in revaluation reserve (Note 14)	--	--	(75,487)	--
Dividends paid (Note 23)	--	--	--	--
Proposed dividend (Note 23)	--	--	--	--
Rights issue	114,048	570,240	--	--
Non-controlling interest arising on business combination (Restated) (Note 13(iii))	--	--	--	--
Social and sports contribution for 2012	--	--	--	--
Restated balance – December 31, 2012	456,192	1,083,456	4,630	(1,838)
Total comprehensive income for the year	--	--	--	(3,545)
Dividend paid (Note 23)	--	--	--	--
Acquisition of additional non-controlling Interests (Note 10 (a))	--	--	--	--
Proposed dividend (Note 23)	--	--	--	--
Withdrawal of non-controlling Interests	--	--	--	--
Social and sports contribution for 2013	--	--	--	--
Balance – December 31, 2013	456,192	1,083,456	4,630	(5,383)

Fair value reserve	Proposed dividends	Acquisition reserve	Retained earnings	Equity attributable to shareholders of the Company	Non-controlling interests	Total
QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
(1,095)	188,179	--	247,586	1,368,967	584	1,369,551
1,095	--	--	400,312	400,749	63,659	464,408
--	--	--	75,487	--	--	--
--	(188,179)	--	--	(188,179)	--	(188,179)
--	216,691	--	(216,691)	--	--	--
--	--	--	--	684,288	--	684,288
--	--	--	--	--	276,105	276,105
--	--	--	(5,791)	(5,791)	--	(5,791)
--	216,691	--	500,903	2,260,034	340,348	2,600,382
--	--	--	446,076	442,531	92,437	534,968
--	(216,691)	--	--	(216,691)	--	(216,691)
--	--	(283,820)	--	(283,820)	(178,778)	(462,598)
--	250,906	--	(250,906)	--	--	--
--	--	--	--	--	(302)	(302)
--	--	--	(4,359)	(4,359)	--	(4,359)
--	250,906	(283,820)	691,714	2,197,695	253,705	2,451,400

Consolidated Statements of Cash Flows
For the year ended December 31, 2013

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

Consolidated Statements of Cash Flows
For the year ended December 31, 2013

	2013	2012 (Restated)
	QR '000	QR '000
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(100,258)	(74,686)
Proceeds from disposals of property, plant and equipment	14,032	183,219
Acquisition of available for sale of investment	(8,550)	--
Acquisition of investment in associate company	--	(46,136)
Acquisition of subsidiary held for sale	(14,281)	--
Dividend received from joint ventures and associates	71,045	59,355
Proceeds from disposal of available for sale investments	102	5,010
Acquisition of a subsidiary, net of cash acquired	--	(868,331)
Net cash flows used in investing activities	(37,910)	(741,569)
FINANCING ACTIVITIES		
Net movements in interest bearing loans and borrowings	(838,116)	307,855
Proceeds from rights issue	--	684,288
Dividend paid	(216,570)	(188,072)
Net cash flows (used in)/generated from financing activities	**(1,054,686)**	**804,071**
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	**(217,449)**	**134,742**
Cash and cash equivalents at the beginning of the year	58,089	(76,653)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 5)	**(159,360)**	**58,089**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2013

1. CORPORATE INFORMATION

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

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

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

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

Name of subsidiary	Country of incorporation	Group's effective shareholding percentage December 31, 2013	December 31, 2012
Time art watches and optics trading LLC	UAE	81	66
Arshi Jewellery LLC	UAE	61	50
Farhan Jewellery LLC	UAE	61	50
Premium Investments International LLC	UAE	81	66
Damas SPV Jewellery LLC	UAE	81	66
Gem Universe LLC	Oman	57	46
Damas Company WLL	Bahrain	81	66
Damas & Al Ghannam Jewellery Co WLL	Kuwait	73	59
Damas Saudi Arabia Company Limited	KSA	79	65
Islanders Demas Pvt. Ltd.	Maldives	61	50
Damas (Thailand) Co. Ltd.	Thailand	81	66
Transfield Mannai Facilities Management Services W.L.L (Note 9)	Qatar	100	--

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

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

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

(i) New Standards

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

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

(ii) Revised Standards

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

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

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

- IFRS 1 (Revised) First Time Adoption of International Financials Reporting Standards – Amendments to allow prospective application of IAS 39 or IFRS 9 and paragraph 10A of IAS 20 to government loans outstanding at the date of transition to IFRS.
- IFRS 7 (Revised) Financial Instruments Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.
- IAS 19 (Revised) Employee Benefits - Amended Standard to change the accounting for defined benefit plans and termination benefits

•	IAS 27 (Revised)*	Consolidated and Separate Financial Statements (Early adoption allowed) - Reissued as IAS 27 Separate Financial Statements.
•	IAS 28 (Revised)*	Investments in Associates (Early adoption allowed) -Reissued as IAS 28 Investments in Associates and Joint Ventures.
•	IFRS 10, 11 and 12 amendments*	Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.
•	Annual improvements to IFRSs 2009-2011 cycle	Amendments to issue clarifications on five IFRSs- IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

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

(iii) New Interpretation:

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

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

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

Impact of the application of IFRS 12 and IFRS 13

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

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

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

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

(i) New Standards:

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

•	IFRS 9	Financial Instruments

(ii) Revised Standards:

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

•	IAS 32 (Revised)	Financial Instruments: Presentation – Amendments to clarify existing application issues relating to the offsetting requirements.

•	IFRS 10, 12 and IAS 27 (Revised)	Amendments to introduce an exception from the requirement to consolidate subsidiaries for an investment entity.
•	IAS 36 (Revised)	Amendments arising from recoverable amount disclosures for non-financial assets.
•	IAS 39 (Revised)	Amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

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

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

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

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

(iii) New Interpretation:

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

•	IFRIC 21	Levies

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

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

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

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

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
(iii) Level 3 inputs are unobservable inputs for the asset or liability.

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

Basis of consolidation

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

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

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

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

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

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

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

Business combination

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

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

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

Goodwill

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

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

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

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

Investments in associates and joint ventures

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

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

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

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

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

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

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

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

Non-current assets held for sale

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

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

Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

Investment property

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

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

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

Building 20 years

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

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

Intangible assets

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

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

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

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

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

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

Impairment of tangible and intangible assets

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

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

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

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

The following assets have specific characteristics for impairment testing:

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

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

Inventories

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

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

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

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

Provisions

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

Employees end of service benefits

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

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

Financial instruments

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

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

Financial assets

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

Available for sale investments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Equity instruments

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

Financial liabilities

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

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

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

Derecognition of financial liabilities

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

Derivative financial instruments

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

Revenue recognition

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

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

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

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

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

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

Rental income
Rental income is accounted for when earned.

Fee income
Fee income is recognized on time proportion basis.

Leasing

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

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

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

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

Taxation

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

Borrowing costs

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

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

Foreign exchange difference

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

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

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Critical judgments in applying accounting policies

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

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

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

All other investments are classified as available for sale investments.

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

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

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

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

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

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

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

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

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

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

Key sources of estimation uncertainty

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

Fair value of investment properties
The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the Group determined the amount within a range of reasonable fair value estimates. In making its judgment, the Group considered recent prices of similar properties in the same location and similar conditions, with adjustments to reflect any changes in the nature, location or economic conditions

since the date of the transactions that occurred at those prices. Such estimation is based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

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

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

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

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

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

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

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

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

5. CASH AND CASH EQUIVALENTS

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

6. ACCOUNTS RECEIVABLE AND PREPAYMENTS

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

Presented in the consolidated statement of financial position as follows:

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

The movement in allowance for impairment is as follows:

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

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

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

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

7. INVENTORIES

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

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

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

8. AVAILABLE FOR SALE INVESTMENTS

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

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

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

9. BUSINESS COMBINATION

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

Assets acquired and liabilities recognised at the date of acquisition

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

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

Goodwill arising on acquisition

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

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

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

10. SUBSIDIARIES

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

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

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

(a) Damas International Limited

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

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

Change in the Group's ownership interest in a subsidiary

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

(b) Utility Networks Information Systems

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

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

11. INVESTMENT IN JOINT VENTURE COMPANIES

The Group has investments in the following joint venture companies:

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

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

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

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

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

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

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

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

12. INVESTMENT IN ASSOCIATE COMPANIES

The Group holds investments in the following associate companies:

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

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

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

The movements during the year are as follows:

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

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

	Assets	Liabilities	Revenue	Net profit
	QR '000	QR '000	QR '000	QR '000
December 31, 2013				
Axiom Limited	1,826,779	1,281,373	8,021,304	123,849
Daiso Japan Value Stores LLC*	26,926	11,878	95,057	19,556
LTC International General Trading Co*	4,367	1,246	14,262	2,229
LTC International Qatar LLC*	30,184	8,951	86,964	21,812
Daiso Trading*	2,891	293	5,421	829
Al Mana Jewellery Co. - Damas WLL	61,086	33,024	198,678	20,569
Al Baraka Jewellery WLL*	9,138	3,581	15,861	157
Tanya Collections Ltd.*	53,756	25,973	54,165	3,282
TCO Damas Associates LLC	231,250	114,889	169,951	26,649
	2,246,377	1,481,208	8,661,663	218,932
Group's share of results				79,512
December 31, 2012				
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

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

13. 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 January 1, 2012	11,398	--	--	551	11,949
Arising from business combination	538,854	670,000	24,339	--	1,233,193
Disposals	--	--	--	(551)	(551)
At December 31, 2012 (Restated)	550,252	670,000	24,339	--	1,244,591
Additions	494	--	--	207	701
Adjustments	(8,512)	--	--	--	(8,512)
At December 31, 2013	**542,234**	**670,000**	**24,339**	**207**	**1,236,780**

	Goodwill	Trade name	Distribution rights	Other intangible assets	Total
	QR '000	QR '000	QR '000	QR '000	QR '000
Amortisation:					
At January 1, 2012	4,344	--	--	294	4,638
Charge for the year	--	--	8,789	40	8,829
Relating to disposal	--	--	--	(359)	(359)
Foreign exchange translation	--	--	--	25	25
At December 31, 2012	4,344	--	8,789	--	13,133
Charge for the year	--	--	8,113	34	8,147
At December 31, 2013	**4,344**	**--**	**16,902**	**34**	**21,280**
Net carrying amounts:					
At December 31, 2013	537,890	670,000	7,437	173	1,215,500
At December 31, 2012 (Restated)	545,908	670,000	15,550	--	1,231,458

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

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

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

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

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

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

(a) Royalty rate–Management applied a royalty rate of 2.75%. Average royalty rates for trade name based on previous transactions range from 5% to 6%.
(b) Budgeted growth rate - The budgeted growth rate is assumed to be CAGR of 6.7% over the forecast period. The growth rate is considered appropriate by management considering the nature of the industry and the general growth in the economic activity witnessed in the countries where these entities operate.
(c) Terminal value has been derived by reference to the Gordon Growth Model assuming a steady level of operations beyond the discrete period. Terminal period cash flows are assumed to grow at a perpetual growth rate of 4% which is based on UAE's long term CPI and GDP growth rates.
(d) Discount rate of 14% per annum based on CAPM plus 2% premium to cover the inherent risk.

(iii) Prior year adjustment of goodwill

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

14. PROPERTY, PLANT AND EQUIPMENT

	Land and building	Plant and machinery
	QR '000	QR '000
Cost/Revaluation:		
At January 1, 2013	307,606	102,170
Additions	1,368	7,684
Disposals/write off	(7,730)	(405)
Reclassifications	1,631	16,960
At December 31, 2013	**302,875**	**126,409**
Accumulated depreciation:		
At January 1, 2013	101,448	69,674
Charge for the year	15,454	12,480
Relating to disposals	(7,730)	(405)
Effect of foreign exchange difference	(3)	9
At December 31, 2013	**109,169**	**81,758**
Net carrying amount:		
At December 31, 2013	**193,706**	**44,651**
Cost/Revaluation:		
At January 1, 2012	301,956	72,551
Acquired through business combination	61,513	9,248
Additions	19,637	10,081
Disposals	(122,631)	(1,295)
Reclassifications	47,131	11,585
At December 31, 2012	307,606	102,170
Accumulated depreciation:		
At January 1, 2012	101,837	54,467
Acquired through business combination	19,335	7,140
Charge for the year	14,192	9,338
Relating to disposals	(33,904)	(1,295)
Reclassification	(12)	12
Effect of foreign exchange difference	--	12
At December 31, 2012	101,448	69,674
Net carrying amount:		
At December 31, 2012	206,158	32,496

Note: During the year 2012, property with a carrying amount of QR 88.7 million was disposed of and

Office furniture and equipment	Motor vehicles	Assets on hire	Capital work-in-progress	Total
QR '000	QR '000	QR '000	QR '000	QR '000
201,409	41,807	48,013	26,235	727,240
16,753	20,055	43,885	10,513	100,258
(4,546)	(7,758)	(11,645)	(860)	(32,944)
910	--	--	(19,501)	--
214,526	**54,104**	**80,253**	**16,387**	**794,554**
173,281	27,817	21,148	860	394,228
16,147	8,261	11,857	--	64,199
(4,536)	(4,499)	(6,617)	(860)	(24,647)
449	(13)	1	(41)	402
185,341	**31,566**	**26,389**	**(41)**	**434,182**
29,185	**22,538**	**53,864**	**16,428**	**360,372**
38,406	31,090	42,233	75,323	561,559
150,448	9,540	--	7,282	238,031
16,378	6,349	18,244	3,997	74,686
(5,474)	(4,571)	(13,065)	--	(147,036)
1,651	(601)	601	(60,367)	-
201,409	41,807	48,013	26,235	727,240
31,203	16,805	19,858	--	224,170
132,683	8,667	--	860	168,685
14,830	5,886	10,754	--	55,000
(5,366)	(3,539)	(9,469)	--	(53,573)
--	(6)	6	--	--
(69)	4	(1)	--	(54)
173,281	27,817	21,148	860	394,228
28,128	13,990	26,865	25,375	333,012

the corresponding revaluation gain recorded in the revaluation reserve amounting to QR 75.5 million was transferred to retained earnings.

15. INVESTMENT PROPERTIES

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

Notes:

(a) At December 31, 2013, the fair value of these investment properties was QR 250 million (December 31, 2012: QR 215 million) based on the valuation performed by a qualified independent valuer. Fair value was determined based on the valuation standards of the Royal Institution of Chartered Surveyors. The fair values were determined based on the comparable market value, depreciated replacement cost or the "value in use" approach as deemed appropriate. The valuation of the investment properties are based on an individual assessment, for each property type, of both their future earnings and their required yield based on management's strategy.

(b) Land and buildings with a cost of QR 35.56 million (December 31, 2012: QR 35.56 million) is held in the names of the Abdullah Brothers (former non-controlling shareholders of Damas International Limited) and a company owned by them for the beneficial interest of the Group.

(c) During the year, based on an assessment of the fair value of certain investment properties, impairment provisions made in the prior years, amounting to QR 43.83 million were considered to no longer be required and were reversed to the consolidated income statement.

16. ASSETS AND LIABILITIES HELD FOR SALE

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

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

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

	December 31, 2013
	QR '000
Bank balances and cash	10,790
Accounts receivable	18,029
Work in progress	1,873

	December 31, 2013
	QR '000
Other receivables and prepayments	4,297
Property, plant & equipment	2,733
Goodwill	8,029
Assets classified as held for sale	**45,751**
Accounts payables and accruals	15,001
Provision for employees' end of service benefit	6,071
Liabilities associated with assets classified as held for sale	**21,072**

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

17. DISCONTINUED OPERATION

(a) Subsidiary held for sale

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

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

(b) Sale of Tiffany division

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

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

18. INTEREST BEARING LOANS AND BORROWINGS

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

Presented in the consolidated statement of financial position as follows:

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

Notes:

(a) During the year, the Group obtained short term loans from commercial banks mainly to finance working capital requirements. These loans carry interest at commercial rates and have a varying maturity of between 6 to 18 months.

(b) This represents term loan facilities obtained from commercial banks. These loans carry interest at commercial rates and are to be repaid in quarterly installments. Some of the above interest bearing loans and borrowings are secured by:

- Fixed deposits amounting to QR 22 million (Note 5),
- Negative pledge on all the assets owned by the Group.

19. ACCOUNTS PAYABLE AND ACCRUALS

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

Presented in the consolidated statement of financial position as follows:

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

20. EMPLOYEES' END OF SERVICE BENEFITS

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

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

21. SHARE CAPITAL

	2013	2012
	QR '000	QR '000
Authorised, issued and fully paid-up shares of QR 10 each	456,192	456,192

	Number of shares (In thousands)	
	2013	2012
At January 1,	45,619	34,214
Rights issue shares	--	11,405
At December 31,	45,619	45,619

22. RESERVES

(a) Legal reserve

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

(b) Acquisition reserve

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

23. DIVIDENDS PAID AND PROPOSED

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

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

24. SEGMENT INFORMATION

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

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

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

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

(a) By operating segments

	Auto	Heavy equipment	E&I markets	Industrial supplies	Information technology	Travel
December 31, 2013	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Revenue	718,392	214,730	156,582	203,161	1,223,199	40,634
Gross profit	143,911	40,117	31,871	34,267	151,906	40,108
Net profit	60,716	22,636	19,368	22,027	75,910	15,377
Segment assets	406,588	117,232	68,924	62,064	1,180,090	75,037
Segment liabilities	187,808	23,835	28,083	12,055	1,003,894	32,722
Other information						
Share of results from joint venture and associate companies	--	--	--	--	--	--
Investments in joint venture and associates companies	--	--	--	--	--	--
December 31, 2012	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Revenue	731,599	162,278	179,344	159,603	959,112	42,169
Gross profit	144,634	32,069	46,029	27,581	139,986	40,806
Net profit	70,091	12,758	33,896	17,818	60,968	18,066
Segment assets (Restated)	384,186	68,248	54,988	83,912	939,537	90,511
Segment liabilities	95,726	17,745	22,156	39,006	773,303	33,355
Other information						
Share of results from joint venture and associate companies	--	--	--	--	--	--
Investments in joint venture and associates companies	--	--	--	--	--	--

Engineering	Geotechnical services	Logistics	Jewellery trading	Telecom retail	Others	Total
QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
105,356	58,140	28,773	2,798,118	--	66,541	5,613,626
21,611	23,306	8,561	626,310	--	23,072	1,145,040
(5,737)	20,715	4,528	322,437	37,096	(55,979)	539,094
101,337	44,680	8,539	2,474,772	1,167,056	944,624	6,650,943
93,064	20,747	2,680	1,238,374	--	1,556,281	4,199,543
--	--	--	42,362	37,096	1,154	80,612
--	--	--	100,325	1,167,056	--	1,267,381
QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
124,413	54,696	32,248	2,274,706	--	57,280	4,777,448
29,547	22,866	9,655	419,169	--	19,146	931,488
4,878	8,194	4,522	184,741	51,992	(4,353)	463,571
108,815	50,141	10,232	3,136,894	1,164,612	756,782	6,848,858
94,805	36,923	3,900	2,133,069	--	998,488	4,248,476
--	--	--	24,872	51,992	2,953	79,817
--	--	--	85,941	1,164,612	13,768	1,264,321

(b) By geography

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

25. OTHER INCOME

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

26. GENERAL AND ADMINISTRATIVE EXPENSES

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

27. EARNINGS PER SHARE

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

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

28. RELATED PARTY DISCLOSURES

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

(a) Related party transactions

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

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

(b) Related party balances

	2013	2012 (Restated)
	QR '000	QR '000
Due from related parties		
Long term loans to joint venture companies and associates	22,311	39,887
Receivable from joint venture companies and associates	27,855	25,565
Receivable from other related parties	54,137	33,754
	104,303	99,206

	2013	2012 (Restated)
	QR '000	QR '000
Presented in the financials as follows :		
Current	27,855	25,565
Non current	76,448	73,641
	104,303	99,206
Due to related parties		
Payable to joint venture companies and associates	4,976	5,984
	4,976	5,984

(c) Terms and conditions of transactions with related parties

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

(d) Compensation of key management personnel

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

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

29. CONTINGENCIES AND COMMITMENTS

(a) Contingent liabilities

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

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

(b) Commitments

Capital commitments

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

Operating lease commitments under non-cancellable lease arrangements:

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

(c) Litigation

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

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

30. FINANCIAL INSTRUMENTS

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

Fair value measurements

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

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

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

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

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

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

Fair value sensitivity analysis

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

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

31. FINANCIAL RISK MANAGEMENT

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

Market risk

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

Interest rate risk

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

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

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

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

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

Credit risk

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

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

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

Foreign currency risk

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

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

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

Liquidity risk

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

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

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

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

Capital management

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

Gearing ratio
The gearing ratio at December 31 is as follows:

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

32. EVENTS AFTER THE REPORTING PERIOD

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

33. COMPARATIVE FIGURES

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

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