

MANNAI CORPORATION Q.P.S.C.
DOHA – QATAR

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2017**

MANNAI CORPORATION Q.P.S.C.

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT**

For the six month period ended 30 June 2017

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KPMG
25 C Ring Road
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4442 5626
Website: www.kpmg.com.qa

Independent auditor's report on review of interim condensed consolidated financial statements

To
The Board of Directors
Mannai Corporation Q.P.S.C.
Doha - Qatar

Introduction

We have reviewed the accompanying 30 June 2017 interim condensed consolidated statement of financial position of Mannai Corporation Q.P.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") which comprises:

- the interim condensed consolidated statement of financial position as at 30 June 2017;
- the interim condensed consolidated statement of profit or loss for the six month period ended 30 June 2017;
- the interim condensed consolidated statement of comprehensive income for the six month period ended 30 June 2017;
- the interim condensed consolidated statement of changes in equity for the six month period ended 30 June 2017;
- the interim condensed consolidated statement of cash flows for the six month period ended 30 June 2017; and
- notes to the interim condensed consolidated interim financial statements

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*." A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**Independent auditor's report on review of interim condensed consolidated financial statements
(continued)**

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – “Interim Financial Reporting”.

Other matter

The Company's comparative interim condensed consolidated financial statements as at and for the half year ended 30 June 2016 were reviewed by another auditor, whose review report dated 10 August 2016 expressed a qualified review conclusion.

The Company's comparative consolidated financial statements as at and for the year ended 31 December 2016 were audited by same auditor, whose audit report dated 28 February 2017 expressed an unmodified audit opinion.

09 August 2017
Doha
State of Qatar

Gopal Balasubramaniam
Qatar Auditors Registry Number 251
KPMG
Licensed by QFMA: External Auditor's
License No. 120153

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

As at 30 June 2017

		30 June 2017 (Reviewed) QR '000	31 December 2016 (Audited) QR '000
	Notes		
ASSETS			
Current assets			
Cash and bank balances	4	228,073	153,440
Trade and other receivables	5	1,183,608	893,204
Due from related parties		40,269	33,886
Inventories	6	2,154,314	2,358,072
Total current assets		3,606,264	3,438,602
Non-current assets			
Trade and other receivables	5	62,666	43,979
Due from related parties		37,797	32,544
Available-for-sale investments	7	38,344	40,034
Investment in joint venture companies	8	15,474	15,813
Investment in associate companies	9	2,555,043	2,417,600
Goodwill and other intangible assets	10	1,206,859	1,208,207
Property, plant and equipment	11	456,435	437,716
Investment properties	12	95,217	97,416
Total non-current assets		4,467,835	4,293,309
Total assets		8,074,099	7,731,911
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Bank overdrafts	4	141,459	165,213
Interest bearing loans and borrowings	13	1,856,188	1,377,917
Due to related parties		2,335	2,426
Trade and other payables	14	1,028,001	1,171,587
Total current liabilities		3,027,983	2,717,143
Non-current liabilities			
Interest bearing loans and borrowings	13	2,207,359	2,306,310
Trade and other payables	14	11,921	18,066
Provision for employees' end of service benefits		113,289	112,235
Total non-current liabilities		2,332,569	2,436,611
Total liabilities		5,360,552	5,153,754

(Continued)

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

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

As at 30 June 2017

		30 June 2017	31 December 2016
	<u>Notes</u>	<u>(Reviewed)</u>	<u>(Audited)</u>
		QR '000	QR '000
Equity			
Share capital	15	456,192	456,192
Legal reserve	16	1,083,456	1,083,456
Revaluation reserve		4,630	4,630
Foreign currency translation reserve		7,729	(143,743)
Proposed dividends		-	182,477
Acquisition reserve		(588,058)	(588,058)
Retained earnings		1,749,793	1,583,312
Equity attributable to shareholders of the Company		2,713,742	2,578,266
Non-controlling interests		(195)	(109)
Total equity		2,713,547	2,578,157
Total liabilities and equity		8,074,099	7,731,911

These interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 09 August 2017.



.....
Sheikh Suhaim Bin Abdulla Al-Thani
Vice Chairman



.....
Alekh Grewal
Director and Group Chief Executive Officer

MANNAI CORPORATION Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six month period ended 30 June 2017

	Six month period ended	
	30 June	30 June
	2017	2016
	(Reviewed)	(Reviewed)
Note	QR '000	QR '000
Revenue	2,316,927	2,496,607
Direct costs	(1,767,255)	(1,888,882)
Gross profit	549,672	607,725
Other income	48,513	72,809
Share of profit from associates and joint venture companies	39,615	55,905
General and administrative expenses	(200,814)	(235,799)
Selling and distribution expenses	(154,016)	(171,951)
Profit before interest, depreciation and amortization	282,970	328,689
Finance costs	(71,565)	(57,602)
Depreciation and amortization	(45,006)	(52,235)
Net profit for the period	166,399	218,852
Attributable to:		
Shareholders of the Company	166,481	219,645
Non-controlling interests	(82)	(793)
	166,399	218,852
Earnings per share:		
Basic and diluted earnings per share attributable to shareholders of the Company (QR)	18 3.65	4.81

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MANNAI CORPORATION Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six month period ended 30 June 2017

	Six month period ended	
	30 June 2017 (Reviewed) QR '000	30 June 2016 (Reviewed) QR '000
Net profit for the period	166,399	218,852
Other comprehensive income		
Foreign currency translation adjustment	<u>151,472</u>	<u>293</u>
Total comprehensive income for the period	<u>317,871</u>	<u>219,145</u>
Attributable to:		
Shareholders of the Company	317,953	219,938
Non-controlling interests	<u>(82)</u>	<u>(793)</u>
	<u>317,871</u>	<u>219,145</u>

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

MANNAI CORPORATION Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2017

	Share capital	Legal reserve	Revaluation reserve	Foreign currency translation reserve	Proposed dividends	Acquisition reserve	Retained earnings	Equity attributable to			Total
								Shareholders of the Company	Non-controlling interests		
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Balance – 1 January 2016 (Audited)	456,192	1,083,456	4,630	(13,994)	228,096	(588,058)	1,238,093	2,408,415	7		2,408,422
Profit for the period	-	-	-	-	-	-	219,645	219,645	(793)		218,852
Other comprehensive income	-	-	-	293	-	-	-	293	-		293
Total comprehensive income for the period	-	-	-	293	-	-	219,645	219,938	(793)		219,145
Dividends paid	-	-	-	-	(228,096)	-	-	(228,096)	-		(228,096)
Balance – 30 June 2016 (Reviewed)	456,192	1,083,456	4,630	(13,701)	-	(588,058)	1,457,738	2,400,257	(786)		2,399,471
Balance – 1 January 2017 (Audited)	456,192	1,083,456	4,630	(143,743)	182,477	(588,058)	1,583,312	2,578,266	(109)		2,578,157
Profit for the period	-	-	-	-	-	-	166,481	166,481	(82)		166,399
Other comprehensive income	-	-	-	151,472	-	-	-	151,472	-		151,472
Total comprehensive income for the period	-	-	-	151,472	-	-	166,481	317,953	(82)		317,871
Dividends paid	-	-	-	-	(182,477)	-	-	(182,477)	-		(182,477)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	(4)		(4)
Balance – 30 June 2017 (Reviewed)	456,192	1,083,456	4,630	7,729	-	(588,058)	1,749,793	2,713,742	(195)		2,713,547

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MANNAI CORPORATION Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

For the six month period ended 30 June 2017

	Six month period ended	
	30 June	30 June
	2017	2016
Note	(Reviewed)	(Reviewed)
	QR '000	QR '000
Net profit for the period	166,399	218,852
Adjustments for:		
Depreciation and amortization	45,006	52,235
Property, plant and equipment written off	401	-
(Reversal) / allowance for impairment of receivables	(88)	2,997
Impairment of available-for-sale investments	1,776	-
Provision / (reversal of provision) of obsolete and slow moving	4,704	(13,028)
Gain on disposals of property, plant and equipment	(2,362)	(1,435)
Finance income	(1,978)	(787)
Finance costs	71,565	57,602
Share of profit from associates and joint ventures	(39,615)	(55,905)
Provision for employees' end of service benefits	11,414	10,584
Operating profit before working capital changes	257,222	271,115
<i>Working capital changes:</i>		
Trade and other receivables	(8,509)	31,510
Inventories	199,054	143,345
Due from / to related parties	(11,700)	4,175
Trade and other payables	(139,201)	(290,455)
Net cash generated from operations	296,866	159,690
Finance costs paid	(73,310)	(54,422)
Employees' end of service benefits paid	(10,770)	(11,720)
Net cash generated from operating activities	212,786	93,548
Cash from investing activities		
Dividend received	43,402	37,120
Proceeds from disposal of available-for-sale investments	35	2,032
Acquisition of property, plant and equipment	(69,544)	(72,138)
Proceeds from disposal of property, plant and equipment	13,503	7,507
Net movement in goodwill and intangible assets	(91)	(236)
Acquisition of investment in associates	-	(1,266,886)
Advance paid for increase in equity interest in an associate	(294,649)	-
Interest received	1,951	21
Movement in non-controlling interests	(4)	-
Net cash used in investing activities	(305,397)	(1,292,580)
Cash from financing activities		
Dividends paid	(182,477)	(228,096)
Movement in interest bearing loans and borrowings	379,320	1,415,290
Net cash generated from financing activities	196,843	1,187,194
Net change in cash and cash equivalents	104,232	(11,838)
Cash and cash equivalents at the beginning of period	(25,032)	(145,908)
Cash and cash equivalents at the end of period	79,200	(157,746)

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THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

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

For the six month period ended 30 June 2017

1. CORPORATE INFORMATION

Mannai Corporation Q.P.S.C. (the “Company”) is registered as a Qatari Shareholding Company in the State of Qatar with the Ministry of Economy and Commerce 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 in gold and gold jewellery, diamond jewellery, pearls, watches, silver and precious stones on a wholesale and retail basis.

The interim condensed consolidated financial statements include the financial statements of the Company and subsidiaries controlled by it, as listed below:

Name of subsidiaries	Country of incorporation	Group's effective shareholding percentage	
		30 June 2017	31 December 2016
Mannai Trading Company W.L.L.	Qatar	100	100
Manweir L.L.C.	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 (UAE) L.L.C.	UAE	100	100
GFI Informatique India Private Limited (Formerly known as Techsignia Solutions Pvt. Ltd.)	India	100	100
Gulf Geotechnical Services and Material Testing L.L.C.	Oman	100	100
Global Trading Center FZCO	UAE	-	100
Damas International Limited	UAE	100	100
GTC Otomotiv Anonim Sirketi	Turkey	100	100
Mannai Network & Solution L.L.C.	Oman	100	100
Damas L.L.C.	UAE	100	100
Damas Jewellery L.L.C.	UAE	100	100
Damas Jewellery D.M.C.C.	UAE	100	100
Damas Folli Follie L.L.C.	UAE	100	100
Ayodhya Jewellery L.L.C.	UAE	100	100

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

For the six month period ended 30 June 2017

1. CORPORATE INFORMATION (CONTINUED)

Name of subsidiaries	Country of incorporation	Group's effective shareholding percentage	
		30 June 2017	31 December 2016
The Watch Studio L.L.C.	UAE	100	100
Arshi Jewellery L.L.C.	UAE	75	75
Damas Jewellery Manufacturing Company	UAE	100	100
Damas SPV Jewellery L.L.C.	UAE	100	100
Premium Investments International L.L.C.	UAE	100	100
Gem Universe L.L.C.	Oman	100	100
Damas Company W.L.L.	Bahrain	100	100
Damas Jewellery Kuwait Company W.L.L.	Kuwait	100	100
Damas Saudi Arabia Company Limited	KSA	100	100
Damas Accessories L.L.C.	KSA	100	100
Ayodhya Jewellery L.L.C. (KSA)	KSA	100	100
Golden Investments Limited	UAE	100	100
Golden Investments Holdings Limited	UAE	100	100
Golden Investments Services Limited	UAE	100	100
Global Motor Sports S.P.C.	Qatar	100	100
NYX Information Technology	Turkey	100	100
Al Mannai Travel L.L.C.	UAE	100	-

Mannai Trading Company W.L.L. and Damas International Limited are the material subsidiaries of the Group.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation**

These interim condensed consolidated financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting". The interim condensed consolidated financial statements are prepared in Qatari Riyals ("QR.") which is the Company's functional and presentation currency.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the annual financial statements as at 31 December 2016. In addition, results for the six month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016 except for the adoption of certain revised standards and interpretations effective as of 1 January 2017. However, these revised standards and interpretations do not materially impact the interim condensed consolidated financial statements of the Group.

Certain new, revised standards and interpretations that have been issued are not yet effective for the six month period ended 30 June 2017 and have not been early adopted in preparing these interim condensed consolidated financial statements.

3. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The judgments and estimates used in the preparation of the interim condensed consolidated financial statements were consistent with those used for the 31 December 2016 consolidated financial statements.

4. CASH AND BANK BALANCES

	30 June 2017 (Reviewed) QR '000	31 December 2016 (Audited) QR '000	30 June 2016 (Reviewed) QR '000
Cash and bank balances	228,073	153,440	127,563
Less: Fixed and margin deposit under lien	(7,414)	(13,259)	(30,205)
	220,659	140,181	97,358
Less: Bank overdrafts	(141,459)	(165,213)	(255,104)
	<u>79,200</u>	<u>(25,032)</u>	<u>(157,746)</u>

MANNAI CORPORATION Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2017

5. TRADE AND OTHER RECEIVABLES

	30 June 2017 (Reviewed) QR '000	31 December 2016 (Audited) QR '000
Trade receivables	644,862	682,338
Less: Allowance for impairment of receivables	<u>(29,554)</u>	<u>(30,177)</u>
	615,308	652,161
Advances to suppliers	32,965	28,422
Notes receivable	147,119	99,048
Prepayments	62,489	64,730
Deposits	19,864	20,372
Accrued income	51,084	34,633
Advance for increase in equity interest (refer note 23)	294,649	-
Others	<u>22,796</u>	<u>37,817</u>
	<u><u>1,246,274</u></u>	<u><u>937,183</u></u>

Presented in the interim condensed consolidated statement of financial position as follows:

Current	1,183,608	893,204
Non-current	<u>62,666</u>	<u>43,979</u>
	<u><u>1,246,274</u></u>	<u><u>937,183</u></u>

6. INVENTORIES

	30 June 2017 (Reviewed) QR '000	31 December 2016 (Audited) QR '000
Gold and other jewelleryes, net of consignment inventory	1,180,335	1,279,243
Work-in-progress	568,052	581,671
Merchandises, spares and tools	384,616	429,726
Vehicles and heavy equipment	197,128	234,737
Industrial supplies	15,478	20,072
Others	<u>6,434</u>	<u>6,740</u>
	2,352,043	2,552,189
Less: Provision for obsolete and slow moving items	<u>(197,729)</u>	<u>(194,117)</u>
	<u><u>2,154,314</u></u>	<u><u>2,358,072</u></u>

MANNAI CORPORATION Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2017

7. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2017 (Reviewed) <u>QR '000</u>	31 December 2016 (Audited) <u>QR '000</u>
Unquoted:		
Beginning of the period / year	40,034	43,688
Disposal	(35)	(2,032)
Impairment loss	(1,776)	(1,700)
Exchange adjustments	121	78
End of the period / year	<u>38,344</u>	<u>40,034</u>

8. INVESTMENT IN JOINT VENTURE COMPANIES

	30 June 2017 (Reviewed) <u>QR '000</u>	31 December 2016 (Audited) <u>QR '000</u>
Beginning of the period / year	15,813	24,128
Share of loss from joint ventures	(350)	(973)
Impairment of investment in joint venture	-	(2,416)
Reclassification	-	(4,944)
Exchange adjustments	11	18
End of the period / year	<u>15,474</u>	<u>15,813</u>

9. INVESTMENT IN ASSOCIATE COMPANIES

	30 June 2017 (Reviewed) <u>QR '000</u>	31 December 2016 (Audited) <u>QR '000</u>
Beginning of the period / year	2,417,600	1,187,660
Acquired during the period / year	-	1,329,726
Dividends received	(43,402)	(87,827)
Share of profit from associates	46,976	118,465
Amortization	(7,011)	(8,180)
Reversal of impairment loss	-	1,732
Reclassification	-	4,944
Exchange adjustments	140,880	(128,920)
End of the period / year	<u>2,555,043</u>	<u>2,417,600</u>

In April 2016, the Group acquired 25% interest in GFI and by June 2016 concluded the acquisition of further 26.24% stake making a total of 51.24% interest in GFI.

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

For the six month period ended 30 June 2017

10. GOODWILL AND OTHER INTANGIBLE ASSETS

	30 June 2017 (Reviewed) QR '000	31 December 2016 (Audited) QR '000
Beginning of the period / year	1,208,207	1,210,727
Additions during the period / year	91	559
Disposals	-	(1,595)
Relating to disposal	-	1,563
Charge for the period / year	(1,562)	(3,142)
Exchange adjustments	123	95
End of the period / year	<u>1,206,859</u>	<u>1,208,207</u>

11. PROPERTY, PLANT AND EQUIPMENT

	30 June 2017 (Reviewed) QR '000	31 December 2016 (Audited) QR '000
Net book value - beginning of the period / year	437,716	411,132
Additions during the period / year	69,544	143,777
Disposals	(34,197)	(71,167)
Charge for the period / year	(40,391)	(99,067)
Accumulated depreciation related to disposals	23,056	54,884
Write off during the period / year	(401)	-
Reclassifications	-	(1,949)
Exchange adjustments	1,108	106
Net book value – end of the period / year	<u>456,435</u>	<u>437,716</u>

12. INVESTMENT PROPERTIES

	30 June 2017 (Reviewed) QR '000	31 December 2016 (Audited) QR '000
Net book value - beginning of the period / year	97,416	103,567
Disposal during the period / year	-	(780)
Charge for the period / year	(3,053)	(6,137)
Accumulated depreciation related to disposals	-	214
Exchange adjustments	854	552
Net book value – end of the period / year	<u>95,217</u>	<u>97,416</u>

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

For the six month period ended 30 June 2017

12. INVESTMENT PROPERTIES (CONTINUED)

As at 30 June 2017, the fair value of these investment properties amounted to QR 117.24 million based on the valuation performed internally by management. The valuation of these 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.

13. INTEREST BEARING LOANS AND BORROWINGS

	30 June 2017 (Reviewed) QR '000	31 December 2016 (Audited) QR '000
Working capital facilities and others	1,307,277	1,088,581
Term loans	<u>2,756,270</u>	<u>2,595,646</u>
	<u>4,063,547</u>	<u>3,684,227</u>

Presented in the interim condensed consolidated statement of financial position as follows:

Current	1,856,188	1,377,917
Non-current	<u>2,207,359</u>	<u>2,306,310</u>
	<u>4,063,547</u>	<u>3,684,227</u>

The interest bearing loans and borrowings reported as at current and prior period / year end includes loans obtained to fund the acquisition of GFI.

14. TRADE AND OTHER PAYABLES

	30 June 2017 (Reviewed) QR '000	31 December 2016 (Audited) QR '000
Trade payables	334,540	332,773
Dividend payable	826	982
Advances from customers	380,272	431,948
Accrued expenses and others	324,284	416,529
Social and sports contribution	-	7,421
	<u>1,039,922</u>	<u>1,189,653</u>

Presented in the interim condensed consolidated statement of financial position as follows:

Current	1,028,001	1,171,587
Non-current	<u>11,921</u>	<u>18,066</u>
	<u>1,039,922</u>	<u>1,189,653</u>

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

For the six month period ended 30 June 2017

15. SHARE CAPITAL

	30 June 2017 (Reviewed) QR '000	31 December 2016 (Audited) QR '000
Authorized, issued and fully paid shares of QR 10 each	<u>456,192</u>	<u>456,192</u>

16. LEGAL RESERVE

As required by Qatar Commercial Companies' Law, 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. Legal reserve also includes share premium received from issue of shares.

17. DIVIDENDS

During the period, the Company paid dividend amounted to QR 182.5 million (2016: QR 228.1 million).

18. EARNINGS PER SHARE

	Six month period ended	
	30 June 2017 (Reviewed)	30 June 2016 (Reviewed)
Net profit for the period attributable to shareholders of the Company (in '000 QR)	<u>166,481</u>	<u>219,645</u>
Weighted average number of shares at the end of the period	<u>45,619,200</u>	<u>45,619,200</u>
Basic and diluted earnings per share (QR)	<u>3.65</u>	<u>4.81</u>

19. RELATED PARTIES

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are at arm's length basis.

Related party balances

Related party balances pertain to amounts due to and from associates, joint venture companies and others.

Related party transactions

Transactions with related parties included in the interim condensed consolidated financial statements are as follows:

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

For the six month period ended 30 June 2017

19. RELATED PARTIES (CONTINUED)**Related party transactions (continued)**

	Six month period ended	
	30 June	30 June
	2017	2016
	(Reviewed)	(Reviewed)
	QR '000	QR '000
Sales	<u>53,621</u>	<u>51,627</u>
Purchases	<u>1,660</u>	<u>6,197</u>

Compensation of key management personnel and directors' remuneration

	Six month period ended	
	30 June	30 June
	2017	2016
	(Reviewed)	(Reviewed)
	QR '000	QR '000
Directors' remuneration	<u>7,900</u>	<u>10,400</u>
<i>Compensation to key management personnel</i>		
Short-term benefits	<u>6,427</u>	<u>7,084</u>
Post-employment benefits	<u>578</u>	<u>877</u>
	<u>7,005</u>	<u>7,961</u>

20. CONTINGENCIES AND COMMITMENTS**a) Contingent liabilities**

	30 June	31 December
	2017	2016
	(Reviewed)	(Audited)
	QR '000	QR '000
Letters of guarantee	<u>488,107</u>	<u>478,162</u>
Letters of credit	<u>55,347</u>	<u>49,147</u>
Stand-by letters of credit	<u>738,487</u>	<u>731,916</u>
	<u>1,281,941</u>	<u>1,259,225</u>

Stand-by letters of credit are provided by banks in favor of the suppliers of gold who have loaned gold on an unfixed basis to the Group.

MANNAI CORPORATION Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2017

20. CONTINGENCIES AND COMMITMENTS (CONTINUED)

b) Commitments

	30 June 2017 (Reviewed) QR '000	31 December 2016 (Audited) QR '000
<i>Lease commitments</i>		
Less than one year	127,103	137,371
1 to 5 years	88,469	99,996
Above 5 years	2,742	3,996
	218,314	241,363

	30 June 2017 (Reviewed) QR '000	31 December 2016 (Audited) QR '000
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Capital commitments

Capital work in progress – contracted but not provided for	131,470	181,197
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c) Contingent liabilities and commitments related to joint venture and associates

	30 June 2017 (Reviewed) QR '000	31 December 2016 (Audited) QR '000
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Contingent liabilities

Letters of guarantee	76,444	79,270
Letters of credit	40,929	39,694
	117,373	118,964

Operating lease commitments

	171,861	141,365
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MANNAI CORPORATION Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2017

21. SEGMENT REPORTING

a) By operating segments

Segment	Information Technology	Auto	E&I Markets	Geotechnical Services	Logistics	Travel	Engineering	Jewellery Trading	Telecom Retail	Others	Total
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
<u>30 June 2017 (Reviewed)</u>											
Revenue	809,433	444,052	125,302	33,492	14,677	13,701	36,196	832,636	-	7,438	2,316,927
Gross profit	147,043	87,494	28,650	12,608	5,101	11,646	6,196	234,563	-	16,371	549,672
Net profit for the period	81,125	23,069	17,628	5,202	2,162	2,551	(469)	44,707	(3,933)	(5,643)	166,399
Finance costs	(28,754)	(6,719)	(879)	(535)	(18)	(344)	(1,067)	(36,673)	(6,169)	9,593	(71,565)
Depreciation and amortization	(2,558)	(16,572)	(386)	(1,779)	(179)	(246)	(2,045)	(14,909)	-	(6,332)	(45,006)
<u>30 June 2017 (Reviewed)</u>											
Segment assets	2,530,807	576,253	84,583	48,648	12,724	45,331	86,280	1,681,072	1,092,504	1,915,897	8,074,099
Segment liabilities	708,077	145,708	44,181	15,123	10,069	24,694	81,877	543,623	-	3,787,200	5,360,552
Other information:											
<u>30 June 2017 (Reviewed)</u>											
Share of profit from associates and joint venture companies	12,315	-	-	-	-	-	-	25,802	2,237	(739)	39,615
Investment in associates and joint venture companies	1,311,693	-	-	-	-	-	-	152,176	1,092,504	14,144	2,570,517

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2017

21. SEGMENT REPORTING (CONTINUED)

a) By operating segments (continued)

Segment	Information Technology	Auto	E&I Markets	Geotechnical Services	Logistics	Travel	Engineering	Jewellery Trading	Telecom Retail	Others	Total
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
30 June 2016 (Reviewed)											
Revenue	760,348	567,348	184,182	42,482	19,709	16,472	33,925	849,589	-	22,552	2,496,607
Gross profit	140,173	114,883	37,143	16,420	6,748	14,745	464	262,757	-	14,392	607,725
Net profit for the period	102,887	46,142	23,799	5,810	3,835	2,488	(410)	72,557	2,220	(40,476)	218,852
Finance costs	(15,680)	(8,624)	(1,274)	(660)	(17)	(720)	(1,146)	(38,823)	(6,169)	15,511	(57,602)
Depreciation and amortization	(2,868)	(17,115)	(411)	(3,021)	(165)	(263)	(2,289)	(19,568)	-	(6,535)	(52,235)
31 December 2016 (Audited)											
Segment assets	2,413,471	617,059	106,248	48,761	20,850	45,101	82,037	1,747,060	1,090,267	1,561,057	7,731,911
Segment liabilities	757,259	169,142	50,084	20,683	9,457	27,287	77,165	591,788	-	3,450,889	5,153,754
Other information:											
30 June 2016 (Reviewed)											
Share of profit from associates and joint venture companies	23,144	-	-	-	-	-	-	26,087	8,389	(1,715)	55,905
31 December 2016 (Audited)											
Investment in associates and joint venture companies	1,181,868	-	-	-	-	-	-	146,395	1,090,267	14,883	2,433,413

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

For the six month period ended 30 June 2017

21. SEGMENT REPORTING (CONTINUED)
b) By geographic segments

	Qatar	Other GCC	Europe	Others	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
30 June 2017 (Reviewed)					
Revenue	1,452,323	832,636	-	31,968	2,316,927
Gross profit	311,117	234,536	-	4,019	549,672
Net profit for the period	85,754	68,527	12,315	(197)	166,399
Finance costs	(56,268)	(15,243)	-	(54)	(71,565)
Depreciation and amortization	(30,295)	(14,909)	-	198	(45,006)

30 June 2017 (Reviewed)

Segment assets	3,911,475	2,775,803	1,311,693	75,128	8,074,099
Segment liabilities	4,796,193	548,789	-	15,570	5,360,552

Other information
30 June 2017 (Reviewed)

Share of profit from associates and joint venture companies	(739)	28,039	12,315	-	39,615
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Investment in associates and joint venture companies

	14,144	1,244,680	1,311,693	-	2,570,517
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	Qatar	Other GCC	Europe	Others	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
30 June 2016 (Reviewed)					
Revenue	1,580,078	852,966	-	63,563	2,496,607
Gross profit	341,728	262,279	-	3,718	607,725
Net profit for the period	95,860	100,336	23,144	(488)	218,852
Finance costs	(40,134)	(17,393)	-	(75)	(57,602)
Depreciation and amortization	(32,181)	(19,723)	-	(331)	(52,235)

31 December 2016 (Audited)

Segment assets	3,630,175	2,843,945	1,181,868	75,923	7,731,911
Segment liabilities	4,533,969	601,714	-	18,071	5,153,754

Other information
30 June 2016 (Reviewed)

Share of profit from associates and joint venture companies	(1,715)	34,476	23,144	-	55,905
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31 December 2016 (Audited)

Investment in associates and joint venture companies	14,883	1,236,662	1,181,868	-	2,433,413
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22. FAIR VALUE MEASUREMENTS

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument. The Group's principal financial liabilities comprise interest bearing loans and borrowings, bank overdrafts, trade payable, 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 cash and bank balances, trade and retention receivable, available for sale financial investments, due from related parties and certain other receivables that arise directly from its operation.

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.

<u>Financial assets/ financial liabilities</u>	Fair value as at		Fair value hierarchy
	30 Jun	31 December	
	2017	2016	
	(Reviewed)	(Audited)	
	QR '000	QR '000	
Available-for-sale investments	<u>11,711</u>	<u>13,367</u>	Level 3

There is no in or out movement from Level 3 fair value measurements. The investments classified under Level 3 category have been fair-valued based on information available for each investment.

AFS investments amounting to QR 26.6 million (2016: QR 26.6 million) are carried at cost less impairment, since their fair value cannot be reliably estimated.

All other financial assets and liabilities are carried at amortized cost. The fair values of the financial assets and liabilities 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 re-priced frequently based on market movement in interest rates.

23. INCREASE IN EXISTING INTEREST IN GFI INFORMATIQUE ("GFI")

On 10 May 2017, an amendment to the shareholders' agreement was signed between Mannai Corporation and other shareholders to acquire additional equity interest of 29.97% in two blocks. The process of share transfer for the second block got completed in July 2017 (subsequent to the reporting date) following necessary approvals from the relevant regulatory / government authorities and completion of certain legal formalities. Following completion of these transactions in July 2017, the Company now holds 81.21% equity interest in GFI.

Due to this increase in GFI's equity interest, the Company is currently in the process of reassessing its control over GFI's relevant business activities and also over the reserved matters mentioned in the shareholders' agreement. An advance paid as at reporting date against this transaction amounting to QR 294.6 million is included in trade and other receivables (refer note 5).

24. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the presentation in the current period's interim condensed consolidated financial statements. However, such reclassifications did not have any effect on the profit, total assets and equity of the comparative period.