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

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER'S REPORT

In what proved to be a most challenging year for the region and Qatar in particular, Mannai under the circumstances had an impressive year declaring a net profit of QR 506 Million. Our strength, as a conglomerate which is geographically diversified, is a testimony to our resilient business model.

We increased our shareholding in Gfi Informatique to 81.21% and consolidated its results from July 2017 which helped balance the decline in earnings from our other businesses. Gfi had another year of excellent growth in net profit of €37.3 million representing a 16.2% increase over the previous year. Gfi successfully integrated the international operations of both Roff (Portugal) and Efron (Spain) acquired at the end of 2016. Gfi's revenue for the year was €1.1 billion, up by 11.5% compared with the previous year. Gfi will continue to expand its international presence in 2018.

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

Our other Qatar based businesses were impacted by the boycott of the country by its neighbours. This initially caused supply chain issues for our Auto business and other businesses, which had suppliers and manufacturers based in the boycotting countries. Net profit further declined compared to previous years due to the lack of new infrastructure projects being released as well as low consumer confidence as businesses in the country were downsizing.

During the year Qatar Logistics opened a warehouse facility of more than 20,000 sq. m of rentable storage to handle the growing requirements of our clients. Gulf Laboratories relocated to a brand new facility and increased their physical, chemical, oil, environmental testing laboratory capacity while expanding their testing services offerings.

Internationally, Damas had a challenging year as the economic climate coupled with low consumer sentiment in the GCC resulted in a further decline in net profit. The company has taken out significant costs from their business model including closing unviable stores. Damas is in the process of realigning its design and product portfolio to cater to the changing needs of its client base. These initiatives will ensure more robust earnings in the years to come.

Our associate company Axiom telecom where Mannai has a minority stake has started improving its performance having restructured its business last year. It is on track to continue to grow its profitability in the coming years.

PERFORMANCE

The Group performance:

- Group Turnover: QR 7.04 Billion
- EBITDA for the year: QR 850 Million
- Pre Tax Profit: QR 553 Million
- Return on Equity is 18%
- Earnings per share: QR 11.09

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

FUTURE OUTLOOK

The near term economic outlook remains challenging however, the increase in energy prices should translate into a positive economic climate for businesses and improve consumer confidence in the GCC. We remain committed to taking advantage of every opportunity available to us as we continue to build our business for profitable growth over the long term.

Grewal

Alekh Grewal
Director &
Group Chief Executive Officer

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Independent Auditor's Report

To the Shareholders of Mannai Corporation Q.P.S.C.
Doha, State of Qatar

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Mannai Corporation Q.P.S.C. ("the Company"), and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Company as at and for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements dated 28 February 2017.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	**How our audit addressed the key audit matters**
Carrying value of intangibles with indefinite useful lives and business combination – refer to notes 12,13 and 32 to the consolidated financial statements We focused on this area because: • the consolidated financial statements include goodwill and other intangibles ("intangibles") of QR 4,333 million, including the goodwill embedded in carrying value of investment in an associate company. This represents 37.73% of the Group's total assets, and hence, a material portion of the consolidated financial position. • an impairment assessment is required annually to establish whether this intangibles should continue to be recognized at its carrying value or if any impairment is necessary. The impairment assessment relies on evaluation of the recoverable amount of the intangibles in cash generating units ('CGUs') using valuation techniques such as discounted future cash flows. The evaluation of the recoverable amount of the intangibles requires significant judgment and estimates, especially on the assumptions used in determining discounted future cash flows. • the Group acquired an additional 19.9 million shares of Gfl Informatique or "Gfl" during 2017 for a consideration of QR 699 million. In July 2017, the Group obtained control over Gfl and as at 31 December 2017, the Group held 81.21% equity interest in Gfl. The acquisition of Gfl was achieved in stages and management had accounted for the acquisition as a step acquisition in accordance with IFRS 3 "Business Combination". A goodwill of QR 1,150 million was recognized on this transaction. • the accounting for this acquisition required fair valuation of the components of the business combination (i.e. assets acquired, liabilities assumed, consideration transferred, acquisition date and a gain or loss arising on derecognition of previously held interest). The fair valuation requires use of valuation techniques requiring significant judgment and estimates.	Our audit procedures in this area included, among other things: • evaluating the Group's controls around the budgeting process upon which the forecasts are based; • obtaining and analyzing the approved business plans for each subject CGU; • evaluating whether the impairment assessment models prepared by the management to determine recoverable amount is in accordance with steps mentioned in IAS 36 "Impairment of non-financial assets"; • involving our own valuation specialists to assist us in: - evaluating the appropriateness of methodology used by the Group in determining recoverable amount; - evaluating key inputs and assumptions used by the management in preparing impairment assessment models such as growth rates in sales and margins, discount rates, terminal growth rates and comparing actual historic performance of the CGU against the stated business plans; - testing the identification and fair valuation of the identifiable assets and liabilities against available market data; - checking management computations of gain arising on derecognition of previously held interest upon step acquisition; and - assessing the adequacy of the Group's disclosures in relation to the intangibles impairment assessment and business combination achieved in stages by reference to the relevant accounting standards.

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Independent Auditor's Report (continued)

Key audit matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>
Revenue recognition – refer to note 5(C) to the consolidated financial statements

We focused on this area because:

• the Group reported revenue of QR 7,041 million from the diversified revenue streams mainly from:
- information technology and related services,
- luxury goods, and
- automotive

• Information technology and related services contracts ("IT contracts") are complex and exposes the Group to various business and financial reporting risks. The recognition of revenue and estimation of the outcome of IT contracts requires significant management judgments and estimation.
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Our audit procedures in this area included, among others:

• understanding and evaluating the design of the revenue and costs processes and identifying the relevant controls including automated controls;

• testing existence and operating effectiveness of internal controls including automated controls on a sample basis considering the frequencies of the controls;

• evaluating key inputs and assumptions used by the management in assessing estimates including costs, contingencies, warranties, and tracking progress of the IT contracts;

• evaluating judgments made by the management based on our assessment of the associated contract documentation and discussion on the status of contracts under progress with finance and technical staff of the Company;

• examining certified progress reports from project owner and obtaining confirmations from the contracting parties on a sample basis to assess the appropriateness of management's estimates of the physical proportion of work completed in respect of the IT contracts;

• reviewing the terms of contracts on a sample basis to assess if management's judgment on the continued recognition of revenue and associated margin was appropriate;

• recomputing the revenues and costs recognised during the current financial year based on the contracts milestones and tracing these to the accounting records on a sample basis; and

• assessing the adequacy of the Group's disclosures in relation to revenue and segment reporting by reference to the relevant accounting standards.
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Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters.
Existence and valuation of inventories – refer to note 5(G) and note 9 to the consolidated financial statements We focused on this area because: • the consolidated financial statements include inventories of QR 2,083 million. This represents 17.73% of the Group's total assets, hence, a material portion of the consolidated financial position. • inventories mainly comprise work in progress related to IT contracts, luxury goods (gold and jewelleries), contracts and automotive inventories. Further, inventories are located in multiple locations. • valuation of inventories, in particular gold and jewelleries and work in progress from IT contracts require significant management judgment and estimate	Our audit procedures in this area included, among others: • understanding and evaluating the design of the inventory processes and identifying the relevant controls including automated controls; • testing existence and operating effectiveness of internal controls, including the automated controls, on samples of transactions based on the frequencies of the controls; • evaluating the appropriateness of methodology used by the Group in estimating net realizable values for sample of transactions; • assessing the adequacy of the management instructions sent to the staff responsible for physical counts at all the locations; • observing the inventory counts performed by the management for all material location; • evaluating key inputs and assumptions used by the management in assessing provision against slow and/or non-moving inventories; • evaluating the recoverable amount of the work-in-progress recognized on the IT contracts by critically assessing management's assessment of the risk of customers defaulting for a sample of contracts; and • assessing the adequacy of the Group's disclosures in relation to inventories by reference to the relevant accounting standards.

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Independent Auditor's Report (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Group's Annual Report of 2017 but does not include the consolidated financial statements and our auditor's report thereon. Prior to date of this auditor's report, we obtained the Board of Directors' report which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit 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 internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Independent Auditor's Report (continued)

Report on other legal and regulatory requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of the Company's inventories was carried out in accordance with the established principles. We have read the report of the Board of Directors to be included in the Annual Report and the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the provisions of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company's Articles of Association and any amendments thereto having occurred during the year which might have had a material adverse effect on the Company or on its consolidated financial position as at 31 December 2017.

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

28 February 2018
Doha
State of Qatar

MANNAI CORPORATION Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017	2016
		QR '000	QR '000
ASSETS			
Current assets			
Bank balances and cash	7	**362,766**	153,440
Accounts receivable and prepayments	8	**3,004,999**	893,204
Inventories	9	**2,083,036**	2,358,072
Amounts due from related parties	28(b)	**28,398**	33,886
Total current assets		**5,479,199**	3,438,602
Non-current assets			
Accounts receivable and prepayments	8	**244,354**	43,979
Available for sale investments	10	**38,716**	40,034
Investment in joint venture companies	11	**16,991**	15,813
Investment in associate companies	12	**1,248,323**	2,417,600
Goodwill and other intangible assets	13	**3,947,247**	1,208,207
Property, plant and equipment	14	**621,298**	437,716
Investment properties	15	**80,224**	97,416
Deferred tax assets	16	**35,268**	-
Amounts due from related parties	28(b)	**38,987**	32,544
Total non-current assets		**6,271,408**	4,293,309
Total assets		**11,750,607**	7,731,911
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Bank overdrafts	7	**385,164**	165,213
Interest bearing loans and borrowings	17	**2,113,609**	1,377,917
Accounts payable and accruals	18	**3,284,101**	1,171,587
Amounts due to related parties	28(b)	**5,280**	2,426
Total current liabilities		**5,788,154**	2,717,143
Non-current liabilities			
Deferred tax liabilities	16	**9,571**	-
Interest bearing loans and borrowings	17	**2,548,272**	2,306,310
Accounts payable and accruals	18	**148,798**	18,066
Employees' end of service benefits	19	**311,913**	112,235
Total non-current liabilities		**3,018,554**	2,436,611
Total liabilities		**8,806,708**	5,153,754

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MANNAI CORPORATION Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 QR '000	2016 QR '000
Equity			
Share capital	20	**456,192**	456,192
Legal reserve	21(a)	**1,083,456**	1,083,456
Acquisition reserve	21(b)	**(588,058)**	(588,058)
Other reserve	21(c)	**(371,203)**	4,630
Foreign currency translation reserve	21(d)	**12,550**	(143,743)
Proposed dividends		**182,477**	182,477
Retained earnings		**1,900,164**	1,583,312
Equity attributable to shareholders of the Company		**2,675,578**	2,578,266
Non-controlling interests		**268,321**	(109)
Total equity		**2,943,899**	2,578,157
Total liabilities and equity		**11,750,607**	7,731,911

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 28 February 2018.

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Sheikh Suhaim Bin Abdulla Al-Thani
Vice Chairman

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Alekh Grewal
Director and Group Chief Executive Officer

MANNAI CORPORATION Q.P.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	Notes	2017	2016
		QR '000	QR '000
Revenue		**7,041,329**	4,885,644
Direct costs		**(5,307,383)**	(3,700,979)
Gross profit		**1,733,946**	1,184,665
Share of results of joint ventures and associates - net	11,12	**73,119**	109,312
Other income	24	**283,532**	222,898
General and administrative expenses	25	**(842,162)**	(412,327)
Selling and distribution expenses	26	**(398,842)**	(331,091)
Profit before interest, tax, depreciation and amortisation		**849,593**	773,457
Finance costs		**(173,589)**	(127,651)
Depreciation and amortisation	13,14,15	**(123,101)**	(108,346)
Profit before tax		**552,903**	537,460
Income tax	16	**(23,402)**	(2,459)
Net profit for the year		**529,501**	535,001
Attributable to :			
Shareholders of the Company		**506,135**	535,117
Non-controlling interests		**23,366**	(116)
		529,501	535,001
Earnings per share:			
Basic and diluted earnings per share attributable to shareholders of the Company (QR)	27	**11.09**	11.73

MANNAI CORPORATION Q.P.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017	2016
	QR ’000	QR ’000
Net profit for the year	**529,501**	535,001
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Changes in actuarial differences – net of related taxes	**(11,603)**	-
Foreign currency translation adjustment pertaining to derecognition of associate – reclassified to profit or loss	**129,337**	-
Foreign currency translation adjustment	**32,798**	(129,749)
Total other comprehensive income for the year	**150,532**	(129,749)
Total comprehensive income for the year	**680,033**	405,252
Attributable to:		
Shareholders of the Company	**653,005**	405,368
Non-controlling interests	**27,028**	(116)
	680,033	405,252

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

MANNAI CORPORATION Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital QR '000	Legal reserve QR '000	Acquisition reserve QR '000	Other reserve QR '000	Foreign currency translation reserve QR '000	Proposed dividends QR '000	Retained earnings QR '000	Equity attributable to shareholders of the Company QR '000	Non-controlling interests QR '000	Total QR '000
At 1 January 2016	456,192	1,083,456	(588,058)	4,630	(13,994)	228,096	1,238,093	2,408,415	7	2,408,422
Total comprehensive income for the year	-	-	-	-	(129,749)	-	535,117	405,368	(116)	405,252
Dividends paid (Note 22)	-	-	-	-	-	(228,096)	-	(228,096)	-	(228,096)
Proposed dividend (Note 22)	-	-	-	-	-	182,477	(182,477)	-	-	-
Social and sports contribution for 2016	-	-	-	-	-	-	(7,421)	(7,421)	-	(7,421)
At 31 December 2016 / At 1 January 2017	456,192	1,083,456	(588,058)	4,630	(143,743)	182,477	1,583,312	2,578,266	(109)	2,578,157
Total comprehensive income for the year	-	-	-	(9,423)	156,293	-	506,135	653,005	27,028	680,033
Dividends paid (Note 22)	-	-	-	-	-	(182,477)	-	(182,477)	-	(182,477)
Proposed dividend (Note 22)	-	-	-	-	-	182,477	(182,477)	-	-	-
Social and sports contribution for 2017	-	-	-	-	-	-	(6,806)	(6,806)	-	(6,806)
Acquisition of NCI	-	-	-	-	-	-	-	-	241,393	241,393
Proposed acquisition of NCI (Note 18)	-	-	-	(366,410)	-	-	-	(366,410)	-	(366,410)
Disposal of NCI	-	-	-	-	-	-	-	-	9	9
At 31 December 2017	**456,192**	**1,083,456**	**(588,058)**	**(371,203)**	**12,550**	**182,477**	**1,900,164**	**2,675,578**	**268,321**	**2,943,899**

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

MANNAI CORPORATION Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Notes	2017 QR ’000	2016 QR ’000
OPERATING ACTIVITIES			
Profit for the year before tax		**552,903**	537,460
Adjustments for:			
Impairment loss on accounts receivables, net	8	**4,131**	8,621
Share of results from joint ventures and associates	11,12	**(73,119)**	(109,312)
Depreciation and amortization	13,14,15	**123,101**	108,346
Impairment of property, plant and equipment		**625**	3,160
Reversal of impairment on investment properties	15	**(8,901)**	-
Provision for employees’ end of service benefits	19	**30,513**	20,390
Gain on previously held interest in an acquired subsidiary	24	**(165,950)**	-
Impairment on available for sale investment, associates and joint ventures, net		**1,776**	2,384
Allowance for doubtful advance		**4,358**	1,641
Write back of provisions/liabilities no longer required		**(13,901)**	(7,663)
Write back of provision for obsolete and slow moving items, net		**(6,683)**	(6,854)
Gain on disposals of property, plant and equipment		**(9,035)**	(3,407)
Gain on disposals of investment properties		-	(28)
Gain on operating lease premium received on closed shops		**(6,318)**	(6,909)
Finance income		**(4,320)**	(2,342)
Finance costs		**173,589**	127,651
Operating profit before working capital changes		**602,769**	673,138
Working capital changes:			
Accounts receivables and prepayments		**(156,694)**	92,200
Inventories		**284,764**	278,931
Amounts due from/to related parties		**4,326**	(11,743)
Accounts payable and accruals		**(215,278)**	(365,489)
Cash from operations		**519,887**	667,037
Finance costs paid		**(168,328)**	(119,508)
Employees’ end of service benefits paid	19	**(26,439)**	(20,706)
Social and sports contribution paid		**(7,421)**	(7,579)
Net cash generated from operating activities		**317,699**	519,244
INVESTING ACTIVITIES			
Dividend received from joint ventures and associates	12	**70,755**	87,827
Acquisition of investment in associates	12	**(1,703)**	(1,329,726)
Addition to intangible assets	13	**(53,616)**	(559)
Purchases of property, plant and equipment	14	**(176,831)**	(143,777)
Proceeds from disposal of property, plant and equipment		**53,220**	16,531
Proceeds from disposal of investment properties		-	594
Proceeds from available for sale of investment		-	2,032
Proceeds from disposal of operating lease premium		**6,318**	6,941
Interest received		**1,639**	2,134
Net cash outflows from acquisition of a subsidiary		**(699,397)**	-
Net cash used in investing activities		**(799,615)**	(1,358,003)

(Continued)

	Notes	2017	2016
		QR '000	QR '000
FINANCING ACTIVITIES			
Net movements in interest bearing loans and borrowings		**653,890**	1,187,493
Dividend paid	22	**(182,477)**	(227,858)
Net cash generated from financing activities		**471,413**	959,635
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(10,503)**	120,876
Cash and cash equivalents at the beginning of the year		**(25,032)**	(145,908)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	**(35,535)**	(25,032)

1. REPORTING ENTITY

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 Stock Exchange.

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

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

		Group's effective shareholding percentage		
Name of subsidiaries	*Principal Activities*	*Country of incorporation*	***2017***	*2016*
Mannai Trading Company W.L.L.	Trading and services	Qatar	**100**	100
Manweir L.L.C.	Engineering	Qatar	**100**	100
Gulf Laboratories Company W.L.L.	Geotechnical services	Qatar	**100**	100
Space Travel W.L.L.	Travel	Qatar	**100**	100
Al Mannai Travels L.L.C.	Travel	UAE	**100**	-
Qatar Logistics W.L.L.	Logistics	Qatar	**100**	100
Technical Services Company W.L.L.	Representations	Qatar	**100**	100
Mansoft Qatar W.L.L.	Information technology	Qatar	**100**	100
Mansoft Solutions and Systems (UAE) L.L.C.	Information technology	UAE	**100**	100
Gfi Informatique India Private Limited	Information technology	India	**100**	100
Gulf Geotechnical Services and Material Testing L.L.C.	Geotechnical services	Oman	**100**	100
Global Trading Center FZCO	Auto	UAE	**-**	100
Damas International Limited	Jewellery trading	UAE	**100**	100
Global Motor Sports S.P.C.	Auto	Qatar	**100**	100
NYX Information Technology	Information technology	Turkey	**100**	100
GTC Otomotiv Anonim Sirketi	Auto	Turkey	**100**	100
Mannai Network & Solution L.L.C.	Information technology	Oman	**100**	100
Damas L.L.C.	Jewellery trading	UAE	**100**	100
Damas Jewellery L.L.C.	Jewellery trading	UAE	**100**	100
Damas Jewellery D.M.C.C.	Jewellery trading	UAE	**100**	100

1. REPORTING ENTITY (CONTINUED)

		Group's effective shareholding percentage		
Name of subsidiaries	*Principal activities*	*Country of incorporation*	***2017***	*2016*
Damas Folli Follie L.L.C.	Jewellery trading	UAE	**100**	100
Ayodhya Jewellers L.L.C.	Jewellery trading	UAE	**100**	100
The Watch Studio L.L.C.	Jewellery trading	UAE	**100**	100
Arshi Jewellery L.L.C.	Jewellery trading	UAE	-	75
Damas Jewellery Manufacturing Company	Jewellery trading	UAE	**100**	100
Damas SPV Jewellery L.L.C.	Jewellery trading	UAE	**100**	100
Premium Investments International L.L.C.	Jewellery trading	UAE	**100**	100
Damas SPV Jewellery L.L.C.	Jewellery trading	UAE	**100**	100
Gem Universe L.L.C.	Jewellery trading	Oman	**100**	100
Damas Company W.L.L.	Jewellery trading	Bahrain	**100**	100
Damas Jewellery Kuwait Company W.L.L.	Jewellery trading	Kuwait	**100**	100
Damas Saudi Arabia Company Limited	Jewellery trading	KSA	**100**	100
Damas Accessories L.L.C.	Jewellery trading	KSA	**100**	100
Ayodhya Jewellery L.L.C.	Jewellery trading	KSA	**100**	100
Golden Investments Limited	Investing	UAE	**100**	100
Golden Investments Holdings Limited	Investing	UAE	**100**	100
Golden Investments Services Limited	Investing	UAE	**100**	100
Gfi Informatique SA	Information technology	France	**81.21**	-
Gfi Progiciels SAS	Software services	France	**81.21**	-
Cognitis France SAS	Consulting, Applications services and Business solutions	France	**81.21**	-
Addstones SAS	Consulting, Applications services and Business solutions	France	**81.21**	-
Gfi Informatique Telecom SASU	Consulting, Applications Services and Business solutions	France	**81.21**	-
Business Document SAS	Software services	France	**81.21**	-
Gfi Infogen Systems SAS	Consulting, Applications Services and Business solutions	France	**81.21**	-

1. REPORTING ENTITY (CONTINUED)

			Group's effective shareholding percentage	
Name of subsidiaries	*Principal activities*	*Country of incorporation*	***2017***	*2016*
Gfi Informatique Production SA	Infrastructures Services	France	**81.05**	-
Gfi Informatique Enterprise Solutions SA	Software services	France	**81.21**	-
Novulys SA	Applications services	France	**52.79**	-
Metaware Technologies SA	Applications services	France	**81.21**	-
Gfi Business - Transformation SAS	Consulting, Applications Services and Business solutions	France	**81.21**	-
S.C.I. Gifimo	Real estate company	France	**81.21**	-
SCI via Domitia	Real estate company	France	**81.21**	-
Awak'IT (S&I) SAS	Consulting, Applications services and Business solutions	France	**81.21**	-
Tikawa Productions SARL	Consulting, Applications services and Business solutions	France	**81.21**	-
ITN Consultants SAS	Software services	France	**81.21**	-
Gfi 7 SARL	Consulting services	France	**81.21**	-
Gfi 8 SARL	Consulting services	France	**81.21**	-
Gfi 9 SARL	Consulting services	France	**81.21**	-
Gfi Conseil et Integration de Solutions SASU	Consulting services	France	**56.85**	-
Gfi Benelux	Consulting, Applications services and Business solutions	Belgium	**81.21**	-
Gfi NV	Consulting, Applications services and Business solutions	Belgium	**81.21**	-
Gfi PSF SARL	Software services	Luxembourg	**81.21**	-

1. REPORTING ENTITY (CONTINUED)

			Group's effective shareholding percentage	
Name of subsidiaries	*Principal activities*	*Country of incorporation*	***2017***	*2016*
Gfi Infrastructure Services SA	Consulting, Applications services and Business solutions	Luxembourg	**81.21**	-
Impaq Sp. z.o.o.	Consulting, Applications services and Business solutions	Poland	**81.21**	-
IT skills Sp. z.o.o.	Applications services	Poland	**81.21**	-
Impaq UK Limited	Business solutions	United Kingdom	**81.21**	-
Gfi International	Applications services	Switzerland	**81.21**	-
Impaq AG	Consulting services	Switzerland	**81.21**	-
Grupo Corporativo Gfi Informatica SA	Applications and Infrastructures services	Spain	**81.21**	-
Gfi Levante SL	Consulting, Applications services and Business solutions	Spain	**81.21**	-
Gfi Cataluna Grupo Corporativo SA	Applications and Infrastructures services	Spain	**81.21**	-
Gfi Cataluna Grupo Corporativo Gfi Norte	Applications and Infrastructures services	Spain	**81.21**	-
Advanced Software Technologies SA	SAP services	Spain	**81.21**	-
Savac Consultores SL	Software services	Spain	**81.21**	-
Efron Consulting SL	Applications and Infrastructures services	Spain	**81.21**	-
Efron Colombia SAS	Applications and Infrastructures services	Colombia	**81.21**	-
Efromex Consulting SA	Applications and Infrastructures services	Mexico	**81.21**	-
Efron Consulting Inc.	Applications and Infrastructures services	USA	**81.21**	-
Gfi Portugal - Technologias de Informacao, SA	Consulting, Applications services and Business solutions	Portugal	**81.21**	-
Roff Consultores Independetes SA	SAP services	Portugal	**81.21**	-
Roff SDF lda	Consulting services	Portugal	**81.21**	-
RoffMex Consulting SA de C.V.	SAP services	Mexico	**56.85**	-
Roff France	Consulting services	France	**81.21**	-
Roff Suisse	Consulting services	Switzerland	**81.21**	-
RNIC Independent Consultants AB	SAP services	Sweden	**81.21**	-
Roff Brasil	SAP services	Brazil	**81.21**	-

1. REPORTING ENTITY (CONTINUED)

			Group's effective shareholding percentage	
Name of subsidiaries	*Principal activities*	*Country of incorporation*	***2017***	*2016*
Rofftec Angola - Consultoria Servicos e Produtos, Lda	Consulting services	Angola	**81.21**	-
Roff NCA SARL	SAP services	Morocco	**81.21**	-
Roff Asia Limitada	SAP services	China	**81.21**	-
Gfi Informatique Holding GmbH	Holding company	Germany	**81.21**	-
Somafor SARL	Business solutions	France	**81.21**	-
Somafor RCI SA	Business solutions	Ivory Coast	**81.21**	-
Value Team SARL	Application and business solutions	Morocco	**81.21**	-
NVBS SARL	Application and business solutions	Morocco	**81.21**	-
Gfi Informatique Maroc Holding	Holding company	Morocco	**81.21**	-
Gfi Informatique Maroc	Application and business solutions	Morocco	**81.21**	-
Metaware Services	Application services	Morocco	**81.21**	-
Gfi Maroc Offshore	Application and Infrastructure services	Morocco	**81.21**	-
Garsys SAS	Outsourcing services	France	**81.21**	-
GEIE European Software and Services Group	Infrastructure and software services	France	**60.91**	-
Impaq Addstone S.R.L.	Consulting and application services	Romania	**81.21**	-
Gfi Österreich GmbH	Business solution and software services	Austria	**81.21**	-
Impaq Addstones Services S.R.L.	Consulting services	Romania	**81.21**	-

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for available-for-sale investments that are measured at fair value and certain fixed assets that are measured at revaluation. Details of the Group's accounting policies are included in Note 5.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Qatari Riyals, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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

4.1 New standards, amendments and interpretations effective from 1 January 2017

The following standards, amendments and interpretations, which became effective as of 1 January 2017, are relevant to the Group:

a) Disclosure Initiative (Amendments to IAS 7)

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

The amendments are effective for annual periods beginning on or after 1 January 2017 on prospective basis.

b) Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. Therefore, assuming that the tax base remains at the original cost of the debt instrument, there is a temporary difference.

The amendments are effective for annual periods beginning on or after 1 January 2017.

The adoption of this standard had not significant impact on the consolidated financial statements.

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

4.1 New standards, amendments and interpretations effective from 1 January 2017 (continued)

c) *Annual Improvements to IFRSs 2012–2014 Cycle – various standards.*

The annual improvements to IFRSs to 2014-2016 cycles include certain amendments to various IFRSs earlier application is permitted (along with the special transitional requirement in each case) in which case the related consequential amendments to other IFRSs would also apply.

The following are the key amendments in brief:

- IFRS 1 First-time Adoption of IFRS – Outdated exemptions for first-time adopters of IFRS are removed. Effective for annual periods beginning on or after 1 January 2018.

- IFRS 12 Disclosure of Interests in Other Entities – The disclosure requirements for interests in other entities also apply to interests that are classified as held for sale or distribution. Effective retrospectively for annual periods beginning on or after 1 January 2017.

- IAS 28 Investments in Associates and Joint Ventures – A venture capital organisation, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis. A non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries. This election can be made separately for each investment entity associate or joint venture. Effective retrospectively for annual periods beginning on or after 1 January 2018; early application is permitted.

The adoption of these amendments had no significant impact on the consolidated financial statements.

4.2 New standards, amendments and interpretations issued but not yet effective

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of *IFRS 9 Financial Instruments*.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group currently plans to apply IFRS 9 initially on 1 January 2018.

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

4.2 New standards, amendments and interpretations issued but not yet effective (continued)

IFRS 9 Financial Instruments (continued)

Classification and measurement

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which financial assets are managed and the underlying cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: (a) measured at Amortised Cost (AC), Fair Value through Other Comprehensive Income (FVTOCI) and Fair Value through Profit or Loss (FVTPL). Under IFRS 9, derivatives embedded in contracts where the host is a financial asset are no longer bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Expected credit losses

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. The new impairment model will apply to financial assets measured at amortised cost or FVTOCI, except for investments in equity instruments. A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk (SICR);
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL; and
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL.

Financial liabilities

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

No significant changes are expected for financial liabilities, other than changes in the fair value of financial liabilities designated at FVTPL that are attributable to changes in the instrument's credit risk, which will be presented in other comprehensive income.

Hedge accounting

IFRS 9’s hedge accounting requirements are designed to align the accounting more closely to the risk management framework; permit a greater variety of hedging instruments; and remove or simplify some of the rule-based requirements in IAS 39. The elements of hedge accounting: fair value, cash flow and net investment hedges are retained.

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

4.2 New standards, amendments and interpretations issued but not yet effective (continued)

IFRS 9 Financial Instruments (continued)

Hedge accounting (continued)

When initially applying IFRS 9, the Group has the option to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The new hedge accounting requirements under IFRS 9 will not have impact on the consolidated financial statements of the Group as the Group does not hold any hedge instrument at present.

Disclosure
IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including *IAS 18 Revenue*, *IAS 11 Construction Contracts* and *IFRIC 13 Customer Loyalty Programmes*.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard-i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including *IAS 17 Leases*, *IFRIC 4 Determining whether an Arrangement contains a Lease*, *SIC-15 Operating Leases-Incentives* and *SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The Group has initiated an assessment of the potential impact of these new standards (IFRS 9, 15 and 16) and any material impacts, will be addressed in the future consolidated financial statements in accordance with those new standards.

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

4.2 New standards, amendments and interpretations issued but not yet effective (continued)

Classification and Measurement of Shared-based Payment Transactions (Amendments to IFRS 2)

Currently, there is ambiguity over how a company should account for certain types of share-based payment arrangements. The IASB has responded by publishing amendments to IFRS 2 Share-based Payment.

The amendments cover three accounting areas:
- measurement of cash-settled share-based payments;
- classification of share-based payments settled net of tax withholdings; and
- accounting for a modification of a share-based payment from cash-settled to equity-settled.

The new requirements could affect the classification and/or measurement of these arrangements – and potentially the timing and amount of expense recognised for new and outstanding awards. There is currently no guidance in IFRS 2 on how to measure the fair value of the liability incurred in a cash-settled share-based payment.

The amendments clarify that a cash-settled share-based payment is measured using the same approach as for equity-settled share-based payments – i.e. the modified grant date method. Therefore, in measuring the liability:

- market and non-vesting conditions are taken into account in measuring its fair value; and
- the number of awards to receive cash is adjusted to reflect the best estimate of those expected to vest as a result of satisfying service and any non-market performance conditions

The amendments can be applied prospectively so that amounts presented in the prior periods do not have to be restated. Retrospective, or early, application is permitted if companies have the required information. The amendments are effective for annual periods commencing on or after 1 January 2018.

The above amendment is not expected to have any impact on the consolidated financial statements of the Group.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The IASB has made limited scope amendments to *IFRS 10 Consolidated financial statements* and *IAS 28 Investments in associates and joint ventures*.

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor’s interest in the associate or joint venture.

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

4.2 New standards, amendments and interpretations issued but not yet effective (continued)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (continued)

The effective date for these changes has now been postponed until the completion of a broader review – which the IASB hopes will result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. However, early adoption continues to be permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the amendment.

Long term interests in associates and joint ventures

An amendment to *IAS 28 Investments in Associates and Joint Ventures* will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment, which addresses equity-accounted loss absorption by LTI, involves the dual application of IAS 28 and *IFRS 9 Financial Instruments*.

The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied.

In effect, this is a three-step annual process:

- Apply IFRS 9 independently
- True up past allocations
- Book current year equity share

The amendment applies for annual periods beginning on or after 1 January 2019. Early adoption is permitted. There are transitional reliefs.

The Group does not expect to have a significant impact on its consolidated financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements comprise the financial statements of Mannai Corporation Q.P.S.C and its subsidiaries (together referred to as the "Group"). The accounting policies set out below have been applied consistently to all the periods presented in these consolidated financial statements, and have been applied consistently by the Group entities, where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those used by the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of consolidation (continued)

i. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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 the statement of profit or loss. 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 off. 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.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii. Non-controlling interests ("NCI")

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of consolidation (continued)

v. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

vi. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Foreign currency (continued)

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Qatari Riyals at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Qatari Riyals at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed off in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes off part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes off only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

C. Revenue

i. Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

ii. 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.

iii. Investment income

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

iv. Investment property rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income from other property is recognised as other income.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iii. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The projected unit credit sees each period of service as giving rise to an additional unit of benefit entitlement applying the plan's vesting formula, taking into account the linearization effect when the rights do not vest uniformly over subsequent vesting periods.

Future payments corresponding to the benefits granted to employees are determined using various assumptions (rate of increase in salaries, retirement age, mortality, etc.) and these defined benefit obligations are then discounted to their present value using market yields on high quality corporate bonds as the discount rate.

When assumptions are revised, this results in actuarial differences that are recognised in the period in which they arise, not to profit or loss but directly to equity.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv. Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Employee benefits (continued)

v. Qatari nationals (Defined contribution plans)

With respect to the Qatari nationals, the Company makes contributions to Qatar Retirement and Pension Authority as a percentage of the employees' salaries in accordance with the requirements of respective local laws pertaining to retirement and pensions. The Company's share of contributions to these schemes are charged to profit or loss in the year they relate.

vi. Expatriate employees (Defined benefit plan)

With respect to the expatriate employees, the Company provides for employees' end of service benefits determined in accordance with the requirements of Qatar Labour Law No. 14 of 2004. These unfunded charges are made by the Company on the basis of employees' salaries and the number of years of service at the statement of financial position date.

E. Finance income and finance costs

Interest income or expense is recognised using the effective interest method. 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.

F. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI. Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any, and is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Income tax (continued)

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets and liabilities are not discounted to their present value and are therefore reported at the nominal value.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories

Inventories are measured at the lower of cost and net realisable value. 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
Diamond jewellery, pearl jewellery, watches and precious stones*	- purchase cost on specific identification basis
Gold and gold jewellery	- 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 for completion and/or disposal.

H. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2005, the Group's date of transition to IFRS, was determined with reference to its fair value at that date.

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.

ii. Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposals of items of property, plant and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts, and are recognised net within profit or loss.

An item of property, plant and equipment is transferred to inventories at net book values when its value is expected to recover through sale.

iii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Property, plant and equipment (continued)

iv. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and Capital work-in-progress is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	10-40 years
Plant, machinery and equipment	03-20 years
Furniture and equipment	03-06 years
Motor vehicles	03-05 years
Assets on hire	03-05 years

Maintenance, repairs and minor improvements are charged to the statement of profit or loss as and when incurred. Major improvements and replacements are capitalised.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

v. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Intangible assets and goodwill

i. Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Research and development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible Assets	Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

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.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The useful lives of goodwill and trade name are for indefinite period whilst the estimated useful lives of other intangible assets for current and comparative periods are as follows:

• Customer relationship	02-21 years
• Order backlog	03 years
• Other intangible assets	04 years

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

K. Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or investment property, which continue to be measured in accordance with the Group’s other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

L. Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at FVTPL, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at FVTPL and other financial liabilities.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Financial instruments (continued)

i. Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ii. Non-derivative financial assets – Measurement

Financial assets at FVTPL	A financial asset is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at FVTPL are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.
Held-to-maturity financial assets	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.
Loans and Receivables	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.
Available-for-sale financial assets	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Financial instruments (continued)

iii. Non-derivative financial liabilities – Measurement

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

M. Impairment

i. Non-derivative financial assets

Financial assets not classified as at FVTPL, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Impairment (continued)

i. Non-derivative financial assets (continued)

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Impairment (continued)

ii. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

N. 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.

O. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Leases (continued)

ii. Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

iii. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

6. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 5, management is required to make judgments, 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 and key sources of estimation in applying accounting policies

The following are the critical judgments and key sources of estimation, 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 the consolidated financial statements:

6. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgments and key sources of estimation in applying accounting policies (continued)

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of trade receivables

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

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. Inventories 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 historical selling prices.

Fair value of unquoted equity investments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Useful lives of property, plant and equipment and investment property

The Group's management determines the estimated useful lives of its property, plant and equipment and investment property for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

6. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgments and key sources of estimation in applying accounting policies (continued)

Useful lives of intangible assets
The Group's management determines the estimated useful lives of its intangible assets for calculating amortisation. This estimate is determined after considering the expected usage of the asset, technical or commercial obsolescence.

Provision and contingent liabilities
The Group’s management determines provision on best estimate of the expenditure required to settle the present obligation as a result of the past event at the reporting date.

The Group’s management measures contingent liabilities as a possible obligation depending on whether some uncertain future event occurs or a present obligation but payment is not probable or the amount cannot be measured reliably.

Business combinations
The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity.

The Group makes judgments and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the consolidated statement of profit or loss.

Revenue recognition - *Estimated stage of completion*
The contract revenue associated with construction contract is recognised by reference to the stage of completion of the contract activity at the end of the reporting year.

Classification of associates, joint ventures and subsidiaries

The appropriate classification of certain investments as subsidiaries, associates and joint ventures requires significant analysis and management judgment as to whether the Group exercises control, significant influence or joint control over these investments. This may involve consideration of a number of factors, including ownership and voting rights, the extent of Board representation, contractual arrangements and indicators of de fact control.

Changes to these indicators and management’s assessment of the power to control or influence may have a material impact on the classification of such investments and the Group’s consolidated financial position, revenue and results.

7. CASH AND CASH EQUIVALENTS

	2017	2016
	QR '000	QR '000
Bank balances and cash	**362,766**	153,440
Less: Fixed and margin deposits under lien	**(13,137)**	(13,259)
	349,629	140,181
Less: Bank overdrafts	**(385,164)**	(165,213)
Cash and cash equivalents	**(35,535)**	(25,032)

8. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2017	2016
	QR '000	QR '000
Trade accounts receivable	**1,332,963**	682,338
Receivables transferred to factoring companies*	**548,512**	-
Less : Allowance for impairment	**(67,163)**	(30,177)
	1,814,312	652,161
Advances to suppliers, net	**40,562**	28,422
Notes receivable	**180,780**	99,048
Prepayments	**126,364**	64,730
Deposits	**19,041**	20,372
Accrued income	**697,556**	34,633
Tax receivable	**257,815**	-
Others	**112,923**	37,817
	3,249,353	937,183

*Gfi lnformatique factors part of its receivables. Depending on the type of contract, the factoring company may be responsible for collecting the accounts receivable. Gfi lnformatique and its subsidiaries have drawing rights limited to a certain fraction of the receivables assigned.

Presented in the consolidated statement of financial position as follows:

	2017	2016
	QR '000	QR '000
Current	**3,004,999**	893,204
Non-current	**244,354**	43,979
	3,249,353	937,183

The movement in allowance for impairment is as follows:

	2017	2016
	QR '000	QR '000
At 1 January	**30,177**	22,796
Acquired through business combination	**33,668**	-
Provision during the year	**6,075**	8,621
Written off during the year	**(2,364)**	(1,240)
Write back during the year	**(1,944)**	-
Effect on foreign exchange translation	**1,551**	-
At 31 December	**67,163**	30,177

8. ACCOUNTS RECEIVABLE AND PREPAYMENTS (CONTINUED)

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

	2017	2016
	QR ’000	QR ’000
Aging of neither past due nor impaired		
Up to 180 days	**1,413,805**	368,854
Aging of past due but not impaired		
0 – 90 days	**405,352**	195,254
91 – 180 days	**76,843**	81,023
180 + days	**99,092**	106,078
Total	**581,287**	382,355
Aging of impaired receivables		
Over 180 days	**67,163**	30,177

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.

9. INVENTORIES

	2017	2016
	QR ’000	QR ’000
Gold and other jewellery (i)	**1,159,585**	1,279,243
Work-in-progress (ii)	**466,539**	581,671
Merchandises, spares and tools	**464,990**	429,726
Vehicles and heavy equipment	**152,936**	234,737
Industrial supplies	**17,880**	20,072
Others	**4,549**	6,740
	2,266,479	2,552,189
Less: Provision for obsolete and slow moving items	**(183,443)**	(194,117)
	2,083,036	2,358,072

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

The Group provides gold on an unfixed basis to various consignment ventures, debtors, associates and joint ventures without any margin and to certain parties against cash margin.

9. INVENTORIES (CONTINUED)

ii) The work in progress relates to some of the ongoing projects which are yet to be acknowledged by the customers or milestones yet to be achieved as at 31 December 2017, which can take longer than one accounting period. As at reporting date, the Company has performed detailed assessment of open projects pending invoicing in light of all possible facts and circumstances, based on which the management is confident of converting work in progress balances into receivables in the future and expects full recovery against these open projects.

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

	2017	2016
	QR '000	QR '000
At 1 January	**194,117**	204,594
Acquired through business combination	**150**	-
Provision during the year	**11,984**	23,177
Write back during the year	**(16,549)**	(30,031)
Amount written off	**(6,615)**	(5,469)
Reclassification	-	1,048
Exchange loss on foreign currency translation	**356**	798
At 31 December	**183,443**	194,117

10. AVAILABLE FOR SALE INVESTMENTS

	2017	2016
	QR '000	QR '000
Unquoted investments :		
At 1 January	**40,034**	43,688
Acquired through business combination	**320**	-
Disposals	-	(2,032)
Impairment loss	**(1,776)**	(1,700)
Exchange gain on foreign currency translation	**138**	78
At 31 December	**38,716**	40,034

Note (a): At 31 December 2017, available for sale investments include certain investments in unquoted equity shares and unquoted equity funds amounting to QR 11.6 million (2016: QR 13.4 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 31 December 2017, certain unquoted equity investments amounting to QR 26.6 million (2016: QR 26.6 million) were carried at cost less impairment due to non-availability of quoted market prices or other reliable measures of their fair value.

Note (c): At 31 December 2017, an impairment loss of QR 1.8 million (2016: QR 1.7 million) was recognised against available for sale investments based on the fair valuation and assessment of performance of those investments.

11. INVESTMENT IN JOINT VENTURE COMPANIES

The Group has investments in the following joint venture companies:

Name	*Country of incorporation*	*Ownership interest*	
		2017	2016
Cofely Besix Mannai Facility Management L.L.C. (i)	Qatar	**51%**	51%
Gulf Land Survey W.L.L. (ii)	Qatar	**51%**	51%
Saint-Gobain Pam and Mannai L.L.C. (iii)	Qatar	**51%**	51%
Paspaley Pearl Jewellery L.L.C. (iv)	UAE	**51%**	51%
Roberto Coin Middle East L.L.C. (iv)	UAE	**51%**	51%

Principal activities of the Group's joint ventures are as follows:

(i) Cofely Besix Mannai Facility Management L.L.C. is engaged in facilities and asset management business.

(ii) Gulf Land Survey W.L.L is primarily engaged in carrying on aerial, ground and underground survey business.

(iii) Saint-Gobain Pam and Mannai L.L.C. is engaged in distribution of ductile iron pipes, fittings and valves.

(iv) Paspaley Pearl Jewellery L.L.C. and Roberto Coin Middle East L.L.C. 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 as such the investments are classified as joint ventures. Movements during the current year and comparative year are as follows:

	2017	2016
	QR '000	QR '000
At 1 January	**15,813**	24,128
Share of profit/ (loss) from joint ventures	**1,178**	(973)
Impairment of investment in a joint venture	**-**	(2,416)
Reclassification	-	(4,944)
Effect on foreign currency translation	-	18
At 31 December	**16,991**	15,813

11. INVESTMENT IN JOINT VENTURE COMPANIES (CONTINUED)

Aggregate information of joint ventures that are not individually material:

	2017	2016
	QR '000	QR '000
The Group's share of profit / (loss) from continuing operations	**1,178**	(973)
The Group's share of total comprehensive income	**1,178**	(973)
Aggregate carrying amount of the Group's interest in these joint ventures	**16,991**	15,813

12. INVESTMENT IN ASSOCIATE COMPANIES

The Group holds investments in the following associate companies:

Name	*Country of incorporation*	*Ownership interest*	
		2017	2016
Axiom Limited (a)	UAE	**35%**	35%
Gfi Informatique (b)	France	**-**	51.24%
Daiso Japan Value Stores L.L.C.	UAE	**51%**	51%
LTC International General Trading Co	Kuwait	**35%**	35%
LTC International Qatar L.L.C.	Qatar	**50%**	50%
Daiso Trading	Bahrain	**35%**	35%
Al Mana Jewellery Co. - Damas W.L.L.	Qatar	**49%**	49%
Al Baraka Jewellery W.L.L.	Bahrain	**33.33%**	33.33%
Tanya Collections Ltd.	Thailand	**49%**	49%
TCO Damas Associates L.L.C.	UAE	**51%**	51%

The movements during the year are as follows:

	2017	2016
	QR '000	QR '000
At 1 January	**2,417,600**	1,187,660
Derecognition of an associate (note 32)	**(1,311,693)**	-
Addition during the year	**1,703**	1,329,726
Dividends received	**(70,755)**	(87,827)
Share of profit from associates	**71,941**	110,285
Reversal of impairment	**-**	1,732
Reclassification	**-**	4,944
Exchange difference on translation of foreign currency	**139,527**	(128,920)
At 31 December	**1,248,323**	2,417,600

12. INVESTMENT IN ASSOCIATE COMPANIES (CONTINUED)

a) Axiom Limited

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

The Group holds 35% equity in Axiom Telecom Limited which is engaged in import, retail and wholesale of various brands of mobile phones and related accessories and provision of related services, mainly in UAE and KSA markets. Certain amounts within the Axiom Limited's financial statements are based on management accounts.

Below is Axiom's summarised financial information:

	2017	2016
	QR '000	QR '000
Current assets	**1,284,722**	1,242,919
Non-current assets	**454,286**	414,320
Current liabilities	**(1,259,890)**	(1,220,377)
Non-current liabilities	**(131,884)**	(121,998)
Net assets	**347,234**	314,864
Proportion of Company's interest in associate's net assets	**121,532**	110,202

	2017	2016
	QR '000	QR '000
Revenue	**6,991,143**	6,760,877
Profit/ (loss) for the year	**18,739**	(30,884)
Other comprehensive income for the year	**-**	487
Total comprehensive income/ (loss) for the year	**18,739**	(30,397)
The Group's share of profit/ (loss)	**6,559**	(10,809)
The Group's share of other comprehensive income	**-**	170
The Group's share of total comprehensive income/ (loss)	**6,559**	(10,639)

12. INVESTMENT IN ASSOCIATE COMPANIES (CONTINUED)

a) Axiom Limited (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Axiom Limited recognised in the consolidated financial statements:

	2017	2016
	QR '000	QR '000
Net assets of the associate	**347,234**	314,864
Proportion of the Group's ownership interest	**35%**	35%
Share of net assets before goodwill	**121,532**	110,202
Goodwill	**741,496**	741,496
Other intangible assets identified	**170,000**	170,000
Other adjustments*	**63,798**	68,569
Carrying amount of the Group's interest	**1,096,826**	1,090,267

*Other adjustments include minor exchange difference and purchase price allocation adjustment at acquisition date.

Allocation of goodwill to cash generating units and impairment assessment

Embedded goodwill, amounting to QR 741 million which is attributable to the acquisition of Axiom Telecom Limited is tested for impairment as part of impairment testing of Axiom Telecom Limited, UAE as the associate is considered as a single cash generating unit (Axiom 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 business plan and various scenarios of forecasts approved by the management covering a five-year period, and a discount rate of 9% (2016: 9%) per annum based on CAPM.

The associate's management has prepared Axiom's business plan which is approved by the Group's Board of Directors. The budgeted growth rate is assumed to be CAGR of 5% over the forecast period. The growth rate is based on Board of Directors' strategy and is considered achievable by management considering the nature of the industry, Axiom's positioning and the general growth in the economic activity witnessed in the countries where it operates. Terminal value has been derived by reference to the Gordon Growth Model assuming a steady level of operations beyond the discrete period using a terminal growth rate of 3% (2016: 3.5%).

Any change in key assumptions on which the recoverable amount is based may cause the aggregate carrying amount including goodwill to exceed the aggregate recoverable amount of the cash-generating unit.

12. INVESTMENT IN ASSOCIATE COMPANIES (CONTINUED)

b) Gfi Informatique

During the year, the Group acquired additional 29.97% interest in Gfi Informatique ("Gfi"). This additional acquisition has resulted in the Group obtaining control over Gfi, and hence, Gfi has been accounted as an investment in subsidiary in the current year. The step acquisition details are further explained in note 32.

In 2016, the following amounts were included in the Group's consolidated financial statements as a result of the equity accounting:

	QR '000
Current assets	**1,826,501**
Non-current assets	**1,603,669**
Current liabilities	**(1,751,224)**
Non-current liabilities	**(531,317)**
Non-controlling interest	**(106)**
Net assets	**1,147,523**
Proportion of Group's interest in the associate's net assets	**587,991**
The Group's share of total comprehensive income	**69,199**

c) Other associates

Although, the Group holds 50% or more equity in Daiso Japan Value Stores L.L.C., LTC International Qatar L.L.C. and TCO Damas Associates L.L.C., 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. All other associates are engaged in trading of gold and gold jewellery, diamond jewellery, pearls, watches, silver and precious stones.

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 1 January 2016	530,342	670,000	24,339	12,412	1,237,093
Additions	-	-	-	559	559
Disposal	-	-	-	(1,595)	(1,595)
At 31 December 2016	530,342	670,000	24,339	11,376	1,236,057
Arising from business combination – net	2,459,599	-	-	733,932	3,193,531
Additions	-	-	-	53,616	53,616
Disposal	-	-	-	(94,743)	(94,743)
Effect of foreign exchange translation	31,840	-	-	8,392	40,232
At 31 December 2017	**3,021,781**	**670,000**	**24,339**	**712,573**	**4,428,693**
Impairment/ amortisation					
At 1 January 2016	-	-	24,339	2,027	26,366
Charge for the year	-	-	-	3,142	3,142
Relating to disposal	-	-	-	(1,563)	(1,563)
Effect of foreign exchange translation	-	-	-	(95)	(95)
At 31 December 2016	-	-	24,339	3,511	27,850
Arising from business combination – net	101,029	-	-	402,194	503,223
Charge for the year	-	-	-	41,353	41,353
Relating to disposal	-	-	-	(94,743)	(94,743)
Effect of foreign exchange translation	(843)	-	-	4,606	3,763
At 31 December 2017	**100,186**	**-**	**24,339**	**356,921**	**481,446**
Net carrying amounts					
At 31 December 2017	**2,921,595**	**670,000**	**-**	**355,652**	**3,947,247**
At 31 December 2016	530,342	670,000	-	7,865	1,208,207

(i) Allocation of goodwill to cash generating units for impairment testing purposes under IAS 36

Goodwill arising during the year from business combination amounting to QR 1,150 million is calculated on a provisional basis.

Goodwill, amounting to QR 530 million is attributable to 100% acquisition of Damas International Limited, UAE as a single 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 Group's Board of Directors covering an five-year discrete period, and a discount rate of 9% (2016: 9%). Management have forecast average EBITDA margin to be in line with observed recent historical trend.

13. GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

(i) Allocation of goodwill to cash generating units for impairment testing purposes under IAS 36 (continued)

Terminal value has been derived by reference to the Gordon Growth Model assuming a steady level of operations beyond the discrete period using a terminal growth rate of 3% (2016: 3%).

The budgeted growth rate is assumed to be CAGR of 3% (2016: 3%) 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 3% (2016: 3%).

Any change in key assumptions on which the recoverable amount is based may 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. Any change in key assumptions on which the recoverable amount is based may 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% (2016: 2.75%).

(b) Budgeted growth rate **-** The budgeted growth rate is assumed to be CAGR of 3% (2016: 3%) 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 3% (2016: 3%) which is based on UAE’s long term CPI and GDP growth rates.

(d) Discount rate of 11% (2016:11%) per annum based on CAPM, inclusive of 2% (2016: 2%) premium to cover the inherent risk.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and machinery	Furniture and equipment	Motor vehicles	Assets on hire	Capital work-in-progress	Total
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Cost/revaluation							
At 1 January 2017	313,820	138,083	285,906	64,168	119,633	59,861	981,471
Acquired through business combination	4,794	59,856	190,081	-	-	14,025	268,756
Additions	34,033	10,774	22,266	10,635	28,035	71,088	176,831
Transfers from investment properties (note 15)	31,179	-	-	-	-	-	31,179
Disposals/other adjustments	(3,877)	(38,860)	(29,292)	(17,005)	(32,958)	-	(121,992)
Reclassifications	54,038	10,800	7,175	-	-	(72,013)	-
At 31 December 2017	433,987	180,653	476,136	57,798	114,710	72,961	1,336,245
Accumulated depreciation							
At 1 January 2017	125,719	101,949	220,129	42,861	53,139	(42)	543,755
Acquired through business combination	2,813	43,326	117,201	-	-	-	163,340
Charge for the year	14,165	11,728	30,273	3,377	16,309	-	75,852
Transfer from investment properties (note 15)	10,694	-	-	-	-	-	10,694
Relating to disposals/other adjustments	(2,267)	(18,774)	(20,821)	(11,657)	(23,663)	-	(77,182)
Effect of foreign exchange translation	(160)	2	(943)	(257)	-	(154)	(1,512)
At 31 December 2017	150,964	138,231	345,839	34,324	45,785	(196)	714,947
Net carrying amount							
At 31 December 2017	283,023	42,422	130,297	23,474	68,925	73,157	621,298

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings	Plant and machinery	Furniture and equipment	Motor vehicles	Assets on hire	Capital work-in-progress	Total
	QR ’000	QR ’000	QR ’000	QR ’000	QR ’000	QR ’000	QR ’000
Cost/revaluation							
At 1 January 2016	308,299	144,615	272,036	65,109	109,268	9,534	908,861
Additions	5,521	3,417	33,408	9,711	37,051	54,669	143,777
Disposals/other adjustments	-	(9,949)	(23,847)	(10,685)	(26,686)	-	(71,167)
Reclassifications	-	-	4,309	33	-	(4,342)	-
At 31 December 2016	313,820	138,083	285,906	64,168	119,633	59,861	981,471
Accumulated depreciation							
At 1 January 2016	112,335	100,770	203,985	39,570	41,074	(5)	497,729
Charge for the year	13,641	10,683	35,408	10,416	28,919	-	99,067
Additions	-	-	1,949	-	-	-	1,949
Relating to disposals/other adjustments	-	(9,638)	(20,975)	(7,399)	(16,872)	-	(54,884)
Relating to reclassifications	(31)	-	(37)	50	18	-	-
Effect of foreign exchange translation	(226)	134	(201)	224	-	(37)	(106)
At 31 December 2016	125,719	101,949	220,129	42,861	53,139	(42)	543,755
Net carrying amount							
At 31 December 2016	188,101	36,134	65,777	21,307	66,494	59,903	437,716

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

i. Capital work in progress

Capital work-in-progress mainly includes the ongoing cost of new head office project.

ii. Change in useful life of furniture and fixtures

During the year the Group re-assessed the useful life of furniture and fixtures. Based on this review, the estimated useful life of these assets was revised from 4 to 6 years to better reflect the expected pattern of consumption of future economic benefits embodied therein.

iii. Transfer from investment property

During the year, the Group due to change of use, reclassified the Vault building, with a net carrying value of QR 20.45 million from investment properties (refer note 15).

15. INVESTMENT PROPERTIES

	2017	2016
	QR ’000	QR ’000
Cost:		
At 1 January	**225,089**	224,680
Reclassification to property, plant and equipment (note 14)	**(31,179)**	-
Disposal/impairment	**-**	(780)
Reversal of impairment loss	**8,901**	-
Written-off in prior years	**(96,955)**	-
Effect of foreign exchange translation	**612**	1,189
At 31 December	**106,468**	225,089
Accumulated Depreciation/impairment:		
At 1 January	**127,673**	121,113
Charge for the year	**5,896**	6,137
Reclassification to property, plant and equipment (note 14)	**(10,694)**	-
Disposal/impairment	**-**	(214)
Written-off in prior years	**(96,955)**	-
Effect of foreign exchange translation	**324**	637
At 31 December	**26,244**	127,673
Carrying amount as at 31 December	**80,224**	97,416

15. INVESTMENT PROPERTIES (CONTINUED)

a) Valuation

The group's investment properties are stated at historical cost, less any accumulated depreciation and accumulated impairment losses. The fair value measurements of the group's land and buildings as at 31 December 2017 were performed by a third party, independent valuator, who has appropriate qualifications and recent experience in the fair value measurement of the properties in the relevant locations. Valuation was conducted in line with practice guidelines set out in RCIS Valuation – Global Standards 2017, as issued by the Royal Institute of Chartered Surveyors by a third party independent valuator.

The fair value of the land was determined, based on the market comparable approach that reflects recent transaction prices for similar properties, at QAR 12.90 million (2016: QAR 12.21 million). The fair value of the buildings was determined, using the market comparable approach or investment value approach that derives value based on expected rental yields, at QAR 109.92 million (2016: QAR 102.47 million) . The valuation approach is based on an individual assessment for each property type. Accordingly, the Group has reversed, previously recorded impairment loss of QAR 8.90 million in the current year and this is included in other income (refer note 24).

b) Write off of investment properties

During the year the Group has written off of a number of properties that had previously been impaired in full as these were no longer under the control or ownership of the Group.

16. INCOME TAX EXPENSE

Accounting treatment of French Business Value Added Tax (CVAE)

The CVAE, which according to the Group's analysis complies with the definition of an income tax asset forth in IAS 12, is recorded under income tax.

For the year ended 31 December 2017, the CVAE represented QR 44.9 million.

Tax Pooling

As at 31 December 2017, Gfi Informatique's tax group in France comprised 16 companies. The existence of this tax group resulted in tax savings of QR 8.9 million for the Group over the year.

16.1 Reconciliation of theoretical and actual income tax expense

The CVAE, which according to the Group's analysis complies with the definition of an income tax asset forth in IAS 12, is recorded under income tax.

16. INCOME TAX EXPENSE (CONTINUED)

16.1 Reconciliation of theoretical and actual income tax expense (continued)

Income tax expense from subsidiaries

	2017	2016
	QR ’000	QR ’000
Gfi Informatique (i)	**21,731**	-
Other subsidiaries	**1,671**	2,459
	23,402	2,459

(i) The reconciliation between the tax expense and the product of the accounting profit multiplied by the applicable tax rate is as follows:

	2017
	QR ’000
Profit before corporation tax	**147,556**
Tax rate	**33.33%**
Theoretical tax	**49,180**
Adjustments	**(27,450)**
Income tax expense	**21,731**
Of which: Current tax	**27,619**
Deferred taxes	**(5,888)**
	21,731

Adjustments include impact of permanent tax differences, impact of CVAE, tax savings from non-taxable income and other tax related adjustments.

16. INCOME TAX EXPENSE (CONTINUED)

16.2 Deferred taxes

At 31 December 2017, the sources of deferred taxes were as follows:

	2017
	QR '000
Net deferred tax – French companies	
Temporary differences arising from tax declarations	**4,110**
Temporary differences arising from consolidation adjustments	**22,072**
	26,182
Net deferred tax – other foreign companies	
Tax timing differences	**3,816**
Tax loss carry-forwards recognised	**5,172**
Customer relationships	**(7,330)**
Others	**(2,143)**
	(485)
Net deferred tax – foreign companies	**25,697**

Presented in the consolidated financial statements as:

Deferred tax asset	**35,268**
Deferred tax liability	**(9,571)**
	25,697

17. INTEREST BEARING LOANS AND BORROWINGS

	2017	2016
	QR '000	QR '000
Working capital facilities and others (a)	**1,631,690**	1,088,581
Term loans (b)	**3,030,191**	2,423,798
Term loans (c)	**-**	171,848
	4,661,881	3,684,227

Presented in the consolidated statement of financial position as follows:

	2017	2016
	QR '000	QR '000
Current	**2,113,609**	1,377,917
Non-current	**2,548,272**	2,306,310
	4,661,881	3,684,227

17. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Notes:

(a) During 2017, 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 between 6 to 12 months.

(b) This represents term loan facilities obtained from commercial banks. These loans carry interest at commercial rates and are to be repaid at quarterly basis. Some of these interest bearing loans and borrowings are secured by:
- Fixed deposits amounting to QR 13.1 million (2016: QR 13.3 million) (Note 7),
- Negative pledge on all the assets owned by the Group.

(c) In addition to the above loans, the Group has outstanding gold loans as at 31 December 2017 received from bullion banks on an unfixed basis aggregating to 5,017 Kgs (2016: 5,193 Kgs). These gold loans are covered by way of stand-by-letters of credit issued in favor of these bullion banks which are presented as part of the Group's contingencies and commitments disclosure in note 29.

(d) The Group's bank loans contain certain covenants which are temporarily in breach due to the consolidation of one of the entities acquired in stages during the current year. The Group would have been in compliance with all the relevant covenants had this entity not been consolidated. The Group's management is currently in the process of discussing the matter with its bankers on a waiver for the temporarily breach of these covenants or revisit the covenants requirements with its bankers in light of the new business development in a way that it becomes compliant. Further, bank loans on which covenants breach is established already forms part of the current liabilities.

18. ACCOUNTS PAYABLE AND ACCRUALS

	2017	2016
	QR '000	QR '000
Trade accounts payable	**748,710**	332,773
Dividend Payable	**943**	982
Advances from customers	**253,670**	431,948
Accrued expenses and others	**954,495**	410,963
Tax and social security payable	**994,439**	5,566
Proposed acquisition of NCI (a)	**366,410**	-
Liabilities to bondholders (b)	**107,426**	-
Social and sports contribution	**6,806**	7,421
	3,432,899	1,189,653
Presented in the consolidated financial statements as:		
Current portion	**3,284,101**	1,171,587
Non-current portion	**148,798**	18,066
	3,432,899	1,189,653

18. ACCOUNTS PAYABLE AND ACCRUALS (CONTINUED)

a) This liability pertains to the proposed acquisition of additional interest in Gfi Informatique.

b) These bonds were issued in 2014 with maturity on 29 December 2019. The issue bears interest of 3.947% p.a. The interest on these bonds are payable yearly in arrears on 27 December of the year.

19. EMPLOYEES' END OF SERVICE BENEFITS

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

	2017	2016
	QR '000	QR '000
Employees' end of service benefits (a)	**115,508**	112,235
Retirement benefit plans (b)	**196,405**	-
At 31 December	**311,913**	112,235

(a) Employees' end of service benefits

	2017	2016
	QR '000	QR '000
At 1 January	**112,235**	112,312
Provided during the year	**21,562**	20,390
End of service benefits paid	**(18,403)**	(20,706)
Transfer from related party	**-**	39
Exchange gain on translation of foreign currency	**114**	200
At 31 December	**115,508**	112,235

(b) Retirement benefit plan

The total value of the Group's total retirement indemnities payable in France changed as follows:

	2017
	QR '000
Provision for retirement indemnities at 1 July	**175,463**
Newly consolidated companies and others	**531**
Cost of services rendered during the year	**8,951**
Amount paid for severance / retirement in the year	**(8,036)**
Changes in actuarial differences	**17,555**
Exchange gain on translation of foreign currency	**1,941**
	196,405

19. EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

(b) Retirement benefit plan (continued)

The legal and conventional indemnities are provisioned for each of the salaried employees of the Group present according to their theoretical seniority on the date of their retirement, according to IAS 19 revised.

These commitments are based on the assumption that in all cases employees will leave at their own initiative. The average rate of social security costs applied is 47%. The calculation of the commitments includes:

- An attendance coefficient based on turnover by age bracket; the average in 2017 was between 10.0% and 10.4% depending on the companies
- a wage rate of 2.25% to 3.00%
- 2011-2013 INSEE mortality tables for both genders.

The life of the plan is estimated at 14 years, the discount rate used is 1.51%.

As regards to sensitivity, a drop in this discount rate of 0.25 basis points would generate a 3% increase in the commitment.

20. SHARE CAPITAL

	2017	2016
	QR '000	QR '000
Authorised, issued and fully paid-up shares		
45,619,200 shares of nominal value 10 QR each	**456,192**	456,192

21. RESERVES

(a) 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.

(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 shareholders of the Company.

21. RESERVES (CONTINUED)

(c) Other reserve

This includes revaluation reserve amounting to QR 4.63 million, changes in actuarial differences – net of related tax amounting to QR 9.42 million and reserve created on proposed acquisition of NCI in Gfi Informatique amounting to QR 366.41 million which is expected to be completed in 2018.

(d) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

22. DIVIDENDS PAID AND PROPOSED

The Board of Directors has proposed a cash dividend of QR 4 per share aggregating to QR 182.47 million for the year 2017, which is subject to the approval of the shareholders at the Annual General Assembly (2016: QR 4 per share totalling to QR 182.47 million).

During the year, the dividend paid amounted to QR 182.47 million (2016: QR 228.09 million).

23. SEGMENT INFORMATION

The Group classified the reporting segment based on its product and services as follows:

- Information technology
- Auto group
- Energy and industrial markets
- Geotechnical services
- Logistics
- Travel
- Engineering
- Jewellery trading
- Telecom retail
- 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:

23. SEGMENT INFORMATION (CONTINUED)

(a) By operating segments

31 December 2017	Information technology QR'000	Auto Group QR'000	E&I markets QR'000	Geotechnical services QR'000	Logistics QR'000	Travel QR'000	Engineering QR'000	Jewellery Trading QR'000	Telecom retail QR'000	Others QR'000	Total QR'000
Revenue	4,164,739	834,915	229,926	65,127	33,276	27,606	64,118	1,570,504	-	51,118	7,041,329
Gross profit	991,606	173,255	44,269	23,415	11,398	23,838	6,245	436,761	-	23,159	1,733,946
EBITDA	458,286	99,541	25,516	12,613	6,091	5,943	6,182	171,156	6,559	57,706	849,593
Net profit/ (loss)	295,819	68,177	23,624	8,411	5,731	4,924	316	67,256	(5,780)	61,023	529,501
Finance costs	(85,747)	(12,517)	(1,481)	(1,078)	(62)	(663)	(1,938)	(72,484)	(12,339)	14,720	(173,589)
Depreciation and amortisation	(54,965)	(18,824)	(411)	(3,124)	(298)	(356)	(3,929)	(29,791)	-	(11,403)	(123,101)
Segment assets	5,246,076	596,772	104,425	44,806	17,460	39,315	69,864	1,705,822	1,096,826	2,829,241	11,750,607
Segment liabilities	3,266,653	106,926	63,348	13,050	13,236	16,936	64,676	531,733	-	4,730,150	8,806,708
Other information											
Share of results from joint venture and associate companies	12,315	-	-	-	-	-	-	53,615	6,559	630	73,119
Investments in joint venture and associates companies	-	-	-	-	-	-	-	152,975	1,096,826	15,513	1,265,314

23. SEGMENT INFORMATION (CONTINUED)

(a) By operating segments (continued)

31 December 2016	Information technology QR'000	Auto Group QR'000	E&I markets QR'000	Geotechnical services QR'000	Logistics QR'000	Travel QR'000	Engineering QR'000	Jewellery Trading QR'000	Telecom retail QR'000	Others QR'000	Total QR'000
Revenue	1,498,770	1,070,921	336,602	82,445	34,910	35,533	65,360	1,701,591	-	59,512	4,885,644
Gross profit	278,712	220,768	69,077	32,592	12,655	31,858	3,273	498,887	-	36,843	1,184,665
EBITDA	261,076	131,305	45,281	18,112	7,535	8,378	6,951	263,964	(10,809)	41,664	773,457
Net profit/ (loss)	211,150	81,085	42,214	11,526	7,176	6,724	278	145,693	(23,148)	52,303	535,001
Finance costs	(43,832)	(14,493)	(2,264)	(1,370)	(33)	(1,123)	(2,220)	(73,696)	(12,339)	23,719	(127,651)
Depreciation and amortisation	(5,544)	(35,727)	(803)	(5,215)	(326)	(531)	(4,453)	(42,665)	-	(13,082)	(108,346)
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											
Share of results from joint venture and associate companies	63,871	-	-	-	-	-	-	57,444	(10,809)	(1,194)	109,312
Investments in joint venture and associates companies	1,181,868	-	-	-	-	-	-	146,395	1,090,267	14,883	2,433,413

23. SEGMENT INFORMATION (CONTINUED)

(b) By geography

31 December 2017	Qatar QR'000	Other GCC countries QR'000	Europe QR'000	Others QR'000	Total QR'000
Revenue	2,900,258	1,570,504	2,485,126	85,441	7,041,329
Gross profit	608,350	436,735	678,131	10,730	1,733,946
EBITDA	448,972	178,161	220,035	2,425	849,593
Net profit	272,242	117,120	138,140	1,999	529,501
Finance costs	(134,161)	(29,623)	(9,694)	(111)	(173,589)
Depreciation and amortisation	(42,570)	(29,792)	(50,470)	(269)	(123,101)
Segment assets	4,775,525	2,805,050	4,096,191	73,841	11,750,607
Segment liabilities	5,553,027	536,899	2,701,405	15,377	8,806,708
Other information					
Share of results from joint venture and associate companies	630	60,174	12,315	-	73,119
Investment in joint venture and associate companies	15,513	1,249,801	-	-	1,265,314

23. SEGMENT INFORMATION (CONTINUED)

(b) By geography (continued)

31 December 2016	Qatar QR'000	Other GCC countries QR'000	Europe QR'000	Others QR'000	Total QR'000
Revenue	3,032,578	1,710,956	-	142,110	4,885,644
Gross profit	678,846	497,833	-	7,986	1,184,665
EBITDA	457,432	251,069	63,871	1,085	773,457
Net profit	296,848	175,486	63,871	(1,204)	535,001
Finance costs	(96,662)	(30,836)	-	(153)	(127,651)
Depreciation and amortisation	(63,922)	(42,838)	-	(1,586)	(108,346)
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					
Share of results from joint venture and associate companies	(1,194)	46,635	63,871	-	109,312
Investment in joint venture and associate companies	14,883	1,236,662	1,181,868	-	2,433,413

24. OTHER INCOME

	2017	2016
	QR ’000	QR ’000
Reversal of impairment/ recoveries of receivables	**20,501**	80,381
Gain on disposal of property, plant and equipment	**9,035**	3,407
Foreign exchange gain	**19,396**	70,865
Gain on previously held interest in an acquired subsidiary	**165,950**	-
Reversal of impairment on investment properties	**8,901**	-
Miscellaneous income	**59,749**	68,245
	283,532	222,898

25. GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
	QR ’000	QR ’000
Staff costs	**387,489**	215,268
Legal and professional fees	**58,433**	30,883
Rent	**72,939**	25,464
Tax and levies	**32,619**	-
Directors’ remuneration	**23,981**	25,353
Repairs and maintenance	**51,997**	22,351
Travelling	**23,231**	16,602
Communication	**26,610**	13,395
Equipment rent	**12,455**	-
Utility charges	**10,236**	7,763
Insurance	**10,588**	6,221
Bank charges	**8,759**	5,947
Printing and stationery	**9,133**	3,737
Provision for settlement receivable	**4,358**	-
Other administrative expenses and allowances	**109,334**	39,343
	842,162	412,327

26. SELLING AND DISTRIBUTION EXPENSES

	2017	2016
	QR ’000	QR ’000
Staff costs	**226,687**	140,448
Rent	**97,789**	109,281
Advertisement and other promotion expenses	**74,366**	81,362
	398,842	331,091

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.

	2017	2016
Profit for the year attributable to the shareholders of the Company (QR ’000)	**506,135**	535,117
Weighted average number of shares outstanding during the year (in thousands of shares)	**45,619**	45,619
Basic and diluted earnings per share (QR) (attributable to the shareholders of the Company)	**11.09**	11.73

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 statement of profit or loss are as follows:

Nature	**Relationship**	**2017** **QR ’000**	2016 QR ’000
Sales	Affiliates	**106,072**	113,748
Purchases	Affiliates	**8,885**	9,037

28. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party balances

	2017	2016
	QR '000	QR '000
Due from related parties		
Receivable from joint venture companies and associates	**28,398**	33,886
Long term loans to joint venture companies and associates, net	**38,987**	32,544
	67,385	66,430
Presented in the financials as follows :		
Current	**28,398**	33,886
Non-current	**38,987**	32,544
	67,385	66,430
Due to related parties		
Payable to joint venture companies and associates	**5,280**	2,426
	5,280	2,426

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

Outstanding balances at 31 December 2017 arose in the normal course of business.

(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.

28. RELATED PARTY DISCLOSURES (CONTINUED)

(d) Compensation of key management personnel

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

	2017	2016
	QR '000	QR '000
Short term benefits	**12,854**	12,958
Post-employment benefits	**1,245**	1,183
	14,099	14,141
Directors' remuneration	**23,981**	25,353

29. CONTINGENCIES AND COMMITMENTS

(a) Contingent liabilities

Under the bank facilities agreement, cross guarantees exist between certain 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:

	2017	2016
	QR '000	QR '000
Letters of guarantees	**407,027**	478,162
Letters of credit	**98,710**	49,147
Stand-by letters of credit	**733,905**	731,916
	1,239,642	1,259,225

The stand-by letters of credit are provided by commercial banks in favour of the suppliers of gold who have loaned gold on an unfixed basis to the Group (refer note 17 (c)).

(b) Commitments

Capital commitments

	2017	2016
	QR '000	QR '000
Capital work in progress – contracted but not provided for	**140,078**	181,197

29. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(b) Commitments (continued)

Operating lease commitments under non-cancellable lease arrangements:

	2017	2016
	QR ’000	QR ’000
Less than one year	**169,980**	137,371
1 to 5 years	**231,564**	99,996
Above five year	**3,135**	3,996
	404,679	241,363

(c) Contingent liabilities and commitments related to joint ventures and associates

	2017	2016
	QR ’000	QR ’000
Contingent liabilities		
- Guarantees	**55,459**	79,270
- Letters of credit	**39,799**	39,694
	95,258	118,964
Operating lease commitments		
- Less than one year	**14,233**	42,951
- 1 to 5 years	**16,150**	80,401
- Above 5 years	**18,160**	18,012
	48,543	141,364

Certain operating lease commitments relating to previously held interest in an associate have been reclassified due to conversion of associate to subsidiary during the year, hence, they are not comparable.

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 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 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.

30. FINANCIAL INSTRUMENTS (CONTINUED)

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 31 December		Fair value Hierarchy
	2017	2016	
	QR ’000	QR ’000	
Available-for-sale investments	**11,639**	13,367	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.

Fair value sensitivity analysis

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

	2017	2016
Basis points	**+/-1,000**	+/-1,000
Effect on equity (QR ’000)	**+/-1,164**	+/-1,337

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 31 December:

	2017	2016
	QR '000	QR '000
Bank deposits and call accounts	**27,213**	32,754
Bank overdraft	**(385,164)**	(165,213)
Interest bearing loans and borrowings	**(4,661,881)**	(3,684,227)
	(5,019,832)	(3,816,686)

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:

	2017	2016
Basis points	**+/-25**	+/-25
Effect on profit for the year (QR '000)	**+/- 12,550**	+/-9,542

Credit risk

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

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

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:

	2017	2016
	QR '000	QR '000
Bank balances (excluding cash on hand)	**350,489**	137,133
Accounts receivable and others	**2,384,871**	818,620
Amounts due from related parties	**67,385**	66,430
	2,802,745	1,022,183

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 Qatari Riyal and US Dollars. Balances in other GCC currencies, with the exception of Kuwaiti Dinar, do not expose the Group to significant currency risk since they are pegged to the US Dollar. The following table details the Group's sensitivity to an increase or decrease in Qatari 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:

Net Exposure (Liability)	**2017**	2016
	QR '000	QR '000
EURO	**383,389**	16,345
GBP	**6,159**	1,640
Other currencies	**4,132**	4,521
	393,680	22,506

	Increase/decrease in Euro, GBP and other rates to the QR	Effect on profit before tax QR '000
2017	**+/- 3%**	**+/- 11,810**
2016	+/- 3%	+/- 675

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

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

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

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

	Less than 1 year	**1 to 5 years**	**Total**
At 31 December 2017	**QR '000**	**QR '000**	**QR '000**
Accounts payable and accruals	**3,030,431**	**148,798**	**3,179,229**
Amounts due to related parties	**5,280**	**-**	**5,280**
Interest bearing loans and borrowings at gross	**2,287,663**	**2,712,383**	**5,000,046**
Bank overdrafts	**385,164**	**-**	**385,164**
Total	**5,708,538**	**2,861,181**	**8,569,719**

	Less than 1 year	1 to 5 years	Total
At 31 December 2016	QR '000	QR '000	QR '000
Account payable and accruals	739,639	18,066	757,705
Amounts due to related parties	2,426	-	2,426
Interest bearing loans and borrowings at gross	1,485,694	2,414,479	3,900,173
Bank overdrafts	165,213	-	165,213
Total	2,392,972	2,432,545	4,825,517

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 2016. 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 17) and bank overdraft less bank balances and cash.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	2017	2016
	QR ’000	QR ’000
Debt	**5,047,045**	3,849,440
Bank balances and cash	**(362,766)**	(153,440)
Net debt	**4,684,279**	3,696,000
Total equity	**2,943,899**	2,578,157
Add: acquisition reserve	**588,058**	588,058
	3,531,957	3,166,215
Gearing ratio	**1.33:1**	1.17:1

32. STEP ACQUISITION OF GFI INFORMATIQUE

In July 2017, the Group completed acquisition of 29.97% additional shareholding interest in Gfi Informatique (“Gfi”). As a result of the above, the Group’s ownership and voting interests in Gfi, previously treated as an associate and accounted for under equity accounting method, increased from 51.24% to 81.21%. Consequently, Gfi is fully consolidated within the Group’s consolidated financial statements for the year ended 31 December 2017 starting from the date of control has been obtained.

Moreover, the Group has re-measured its previously held interests in Gfi Informatique at fair value and recognised a revaluation gain of QR 165.9 million in the consolidated statement of profit or loss and other comprehensive income. The revaluation of previously held interests was based on the same price that was paid for the additional controlling interests acquired during the period, after adjusting for control premium.

Since the acquisition date and up to 31 December 2017, Gfi contributed a net profit of QR 102.2 million. The management expects that taking control of Gfi will enable the Group in expanding its Information Technology activities and operations in the French market.

32. STEP ACQUISITION OF GFI INFORMATIQUE (CONTINUED)

(a) Identifiable assets acquired and liabilities assumed, and resulting gain on previously held interest

The fair values of the identifiable assets and liabilities of Gfi recognised as a result of the step acquisition were as follows:

	Fair values at the acquisition date
	QR '000
Total provisional fair value of acquired identifiable assets at the date of acquisition	**3,933,888**
Total fair value of assumed liabilities at the date of acquisition	**(2,669,359)**
Fair value of net identifiable assets at the date of acquisition	**1,264,529**

Fair value of previously held interest in an acquired subsidiary	**1,477,643**
Less: Carrying value of previously held interest in an acquired subsidiary	**(1,311,693)**
Gain recognised on previously held interest in an acquired subsidiary	**165,950**

(b) Goodwill resulting on the step acquisition

Goodwill has been recognised as a result of the acquisition as follows:

Analysis of assets and liabilities acquired:

	QR'000
Acquisition cost	**699,397**
Non-controlling interest	**237,605**
Fair value of previously held interest in an acquired subsidiary	**1,477,643**
Sub-total	**2,414,645**
Less: provisional fair value of net identifiable assets at date of acquisition	**(1,264,529)**
Goodwill recognised at date of acquisition	**1,150,116**

32. STEP ACQUISITION OF GFI INFORMATIQUE (CONTINUED)

In 2017, the share of net profit of the associate amounting to QR 19.32 million was included in the Group’s consolidated statement of profit or loss and other comprehensive income as a result of the equity accounting.

33. COMPARATIVE INFORMATION

Due to consolidation of Gfi Informatique during the year, the comparative information is not comparable.

Corresponding figures for 2016 have been reclassified in order to conform with the presentation for the current year. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or shareholder’s equity.