

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

INVITATION TO THE ORDINARY GENERAL ASSEMBLY OF MANNAI CORPORATION QPSC

Dear Shareholder,

The Board of Directors of Mannai Corporation QPSC (the "Corporation") have the pleasure to invite you to attend the Ordinary General Assembly meeting to be held on Wednesday, March 21, 2018 at 06.30 p.m. at Al-Silia Ballroom, Grand Hyatt Hotel, to discuss the agenda as shown below. In case the quorum is not met, a second meeting will be held on Wednesday, March 28, 2018 at the same time and venue:

Agenda of the Ordinary General Assembly

1. Hearing the message of His Excellency the Chairman and the future plan.
2. Hearing and approving the Board of Directors Report on the Corporation activities and financial position for the year ended December 31, 2017.
3. Hearing and approving External Auditor's Report on the Financial Statements for the year ended December 31, 2017.
4. Discussing and approving the Corporation's balance sheet and profit and loss account for the year ended December 31, 2017.
5. Reviewing and approving the Board of Directors' proposal for a cash dividend payment of QR4 per share, being 40% of the nominal share value.
6. Absolving the Chairman and members of the Board for the year ended December 31, 2017 and approving their remuneration.
7. Discussing and approving the Corporate Governance Report of the Corporation for the year 2017.
8. Appointing the External Auditor for the year 2018 and fixing their remuneration.
9. Authorizing Mr. Alekh Grewal, Director and Group CEO to take the procedures necessary for execution of Assembly resolutions.

A copy of the Corporation's Financial Statements for 2017, Board of Directors' Report, External Auditor's Report and the Corporate Governance Report for the same year are published along with this invitation for your ready reference.

Hamad Bin Abdulla Bin Khalifa Al Thani
Chairman
NOTES:

1. Exclusively for the review of the Corporation's shareholders, the Corporation will make available, a week before the convening of the General Assembly, statements showing the wages, charges, salaries and considerate for attending Board of Directors meetings as well as allowances and any other amounts of whatsoever nature.
2. Privileges, whether in kind or in cash, enjoyed by the Chairman of the Board of Directors and each Board member within the financial year.
3. Remuneration proposed to be distributed by the Board of Directors to its members....etc. in accordance with Article 122 of the Commercial Companies Law no. 11 for the year 2015.
4. Every individual shareholder may authorize another shareholder to attend the meeting, provided that such an authorization is in writing and given specifically for the purpose of attending the meeting. A Director may not be authorized for this purpose and the number of shares held by a proxy in this capacity shall not exceed 5% of the share capital of the Corporation. In case the shareholder is corporate person, the representative of the shareholder shall present a written authorization from such corporate person duly signed and stamped in order for the representative to be able to attend the meeting.
5. Minors will be represented by their legal guardians.
6. In accordance with provisions of Law No 11 of 2015, this invitation shall be held as a legal notice to all shareholders without any need for private invitations to be sent by post.
7. In order to complete registration, please attend at 05:30 p.m. on the date of the meeting.

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 BUSINESSES

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.

Alekh Grewal
Director & Group Chief Executive Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at December 31, 2017

	2017 QR '000	2016 QR '000
ASSETS		
Current assets		
Bank balances and cash	362,766	153,440
Accounts receivable and prepayments	3,004,999	893,204
Inventories	2,083,036	2,358,072
Amounts due from related parties	28,398	33,886
Total current assets	5,479,199	3,438,602
Non-current assets		
Accounts receivable and prepayments	244,354	43,979
Available for sale investments	38,716	40,034
Investment in joint venture companies	16,991	15,813
Investment in associate companies	1,248,323	2,417,600
Goodwill and other intangible assets	3,947,247	1,208,207
Property, plant and equipment	621,298	437,716
Investment properties	80,224	97,416
Deferred tax assets	35,268	-
Amounts due from related parties	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	385,164	165,213
Interest bearing loans and borrowings	2,113,609	1,377,917
Accounts payable and accruals	3,284,101	1,171,587
Amounts due to related parties	5,280	2,426
Total current liabilities	5,788,154	2,717,143
Non-current liabilities		
Deferred tax liabilities	9,571	-
Interest bearing loans and borrowings	2,548,272	2,306,310
Accounts payable and accruals	148,798	18,066
Employees' end of service benefits	311,913	112,235
Total non-current liabilities	3,018,554	2,436,611
Total liabilities	8,806,708	5,153,754
Equity		
Share capital	456,192	456,192
Legal reserve	1,083,456	1,083,456
Acquisition reserve	(588,058)	(588,058)
Other reserve	(371,203)	4,630
Foreign currency translation reserve	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.

Sheikh Suhaim Bin Abdulla Al-Thani
Vice Chairman

Alekh Grewal
Director and Group Chief Executive Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the Year Ended December 31, 2017

	2017 QR '000	2016 QR '000
Revenue		
Direct costs	7,041,329	4,885,644
Gross profit	(5,307,383)	(3,700,979)
Share of results of joint ventures and associates - net	1,733,946	1,184,665
Other income	73,119	109,312
General and administrative expenses	283,532	222,898
Selling and distribution expenses	(842,162)	(412,602)
Profit before interest, tax, depreciation and amortisation	(398,842)	(331,091)
Finance costs	(173,589)	(127,651)
Depreciation and amortisation	(123,101)	(108,346)
Profit before tax	552,903	537,460
Income tax	(23,402)	(2,459)
Net profit for the year	529,501	535,001
Attributable to :		
Shareholders of the Company		
Non-controlling interests	506,135	535,117
Earnings per share:		
Basic and diluted earnings per share attributable to shareholders of the Company (QR)	11.09	11.73

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended December 31, 2017

	2017 QR '000	2016 QR '000
Net profit for the year		
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	4