Mannai Corporation Q.P.S.C.

Consolidated financial statements

31 December 2018

Mannai Corporation Q.P.S.C.

Consolidated financial statements
For the year ended 31 December 2018

DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER'S REPORT

Our strength as a conglomerate which is geographically diversified is a testimony to our resilent business model. The results of the Group were dramatically impacted by the increase in the interest rates as our acquisitions have been funded by bank borrowing rather than capital increases. Our interest expenditure for the year was QR 318 Million compared to QR 174 Million. Revenue for the year grew to QR 10.77 Billion an increase of 53% compared to 2017 and EBITDA reached QR 1 Billion, an increase of 18% over the prior year.

In terms of earnings before interest and tax (EBIT) the performance was impressive given the challenges in the region in terms of a collapse in retail and lack of infrastructure projects being released. EBIT for 2018 was QR 806 Million compared to QR 726 Million in 2017, an increase of 11%.

We increased our shareholding in GFI Informatique to make it a wholly owned subsidiary after a public squeeze out of the Minorities. GFI was also delisted from the Euronext in Paris and is now a private company. In August, 2018, GFI Informatique successfully acquired RealDolmen – a company listed on Euronext Brussels, in a public tender offer, resulting in acquiring 100% of the share capital. We subsequently delisted the company. GFI revenue grew to € 1.4 Billion an increase of 23%.

The ICT Group accomplished a remarkable performance in 2018, increasing its share in the Qatari ICT market and continued to be a leader in the ICT segment. All of Mannai ICT's major business units performed very well, and successfully contributed to the digitization drive of the State of Qatar. The biggest contributors were Networking & ELV and Mannai InfoTech. Mannai ICT Group has firmly established itself as Qatar's leading systems integrator, extending its reputation of trust and quality to successfully serve the IT needs of the public and private sector companies in Qatar and to contribute to a knowledge-based, diversified economy.

Mannai ICT Group is committed to further expand its business by staying at the cutting edge of new technology adoption and by extending its geographic footprint into new markets. In 2019, Mannai ICT will launch its Mannai Cloud offering, based on an innovative modular Data Center and power supply technology, to the Qatari market.

The Auto business was impacted with low consumer sentiment resulting in lower car sales while the Heavy Equipment business, Gulf Laboratories and Energy & Industrial businesses were impacted with a lack of infrastructure projects. The travel and logistics businesses performed exceptionally compared to previous years.

Internationally 2018 saw Damas focus under new leadership on client-centric initiatives. The unveiling of a New Store Concept in The Dubai Mall created a customer experience to a whole new level. The introduction of New Products reached out to the large loyal customer base and reassured their confidence in the brand.

With the economic challenges persisting and the region coping with continued changes, the retail sector took a few steps back owing to the fall in spending on consumer and luxury goods. The introduction of VAT tightened the monetary policy in the UAE and KSA took a toll on store sales in the first quarter of the year. The low consumer sentiment in the GCC resulted in a further decline in net profits.

DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

PERFORMANCE

The Group performance for 2018 :

- Group Turnover : QR 10.77 Billion.
- EBITDA : QR 1 Billion.
- EBIT : QR 806 Million.
- Net Profit : QR 407 Million.
- Earnings Per Share : QR 8.92

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 & Gas Industry, the Commercial and Government sector and through GFI with a range of blue chip corporates in continental Europe, Africa and Latin America, as well as retail client's throughout the GCC. 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.

AWARDS

We sincerely appreciate the recognition accorded to us by our multinational principals for our on-going commitment to Service and Quality.

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 businesses 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.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying 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 2018, the consolidated statements of income, 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 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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) together with the ethical requirements that are relevant to our audit of the Group's 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.

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INDEPENDENT AUDITOR'S REPORT (Continued)
Mannai Corporation Q.P.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

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 year. 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.

Description of key audit matter	How the matter was addressed in our audit
Carrying value of investment in associate companies, goodwill and intangible assets – refer to notes 12 and 13 to the consolidated financial statements We focused on this area because: • the Group recognised goodwill and intangibles with indefinite useful lives ("intangibles") amounting to QR 3,789 million (2017: QR 3,153 million) arising due to obtaining control of one or more businesses. The goodwill has been allocated to Gfi and Damas. • the Group also carries material investment in associate companies amounting to QR 1,267 million (2017: QR 1,248 million).	Our audit procedures in this area included, among others: • obtaining the approved business plans for each subject CGU and investment in associate companies; • involving our own valuation specialists to assist us in particular: - evaluating the appropriateness of methodology used by the Group in determining recoverable amount for each subject CGUs and investment in associate companies; - evaluating the key inputs used to allocate the fair value of the other intangibles which included recalculating customer retention rates and growth trends, reconciling underlying data to customer contracts and relationship database etc.; - assessing the reasonableness of Group management's assertions and estimates regarding estimated useful lives of customer relationship and its reallocation from the provisional goodwill based on our experience and industry benchmarks;

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

Description of key audit matter	**How the matter was addressed in our audit**
Carrying value of investment in associate companies, goodwill and intangible assets – refer to note 12 and 13 to the consolidated financial statements (continued) • impairment assessment is required annually to establish whether these intangibles and investment in associate companies 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') and investment in associate companies using valuation techniques such as discounted future cash flows models. These models use several key assumptions and estimates including discount rates, sales and margin growth rates, terminal growth rate, hence we considered this to be a key audit matter.	- evaluating the appropriateness of the assumptions applied to key inputs such as growth rate in sales, margins and terminal growth rates by comparing actual historic performance of the CGUs and investment in associate companies against the stated business plans; - evaluating the appropriateness of the discount rates used which included comparing the weighted average cost of capital with sector averages of the relevant markets in which the CGU operate; and - evaluating the adequacy of the disclosures of key assumptions, judgement, estimates and sensitivities.
Revenue recognition – refer to notes 5(C) and 23 to the consolidated financial statements We focused on this area because: • the Group reported revenue of QR 10,774 million (2017: 7,041 million) from the diversified revenue streams mainly from: - information technology and related services ("IT contracts"), - luxury goods and automotive	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;

INDEPENDENT AUDITOR'S REPORT (Continued)
Mannai Corporation Q.P.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

Description of key audit matter	How the matter was addressed in our audit
Revenue recognition – refer to notes 5(C) and 23 to the consolidated financial statements (continued) • the recognition of revenue and estimation of the outcome of IT contracts requires significant management judgments and estimation. • mandatory transition and adoption of IFRS 15 – "Revenue from Contracts with Customers from 1 January 2018 has exposed the Group to the complex accounting requirements and underlying determination of adjustments on transition.	• assessing the appropriateness of the key inputs and assumptions used by the management to allocate contract revenue over performance obligations; • assessing the appropriateness of assumptions and judgements made to measure and assess the transaction price and its allocation over performance obligations; • reviewing the terms of contracts on a sample basis to assess the application of relevant provisions; • evaluating judgments made by the management based on our assessment of the associated contract documentation and discussing status of contracts under progress with finance and technical staff of the Company; • evaluating the appropriateness of the transition approach for IFRS 15 first-time adoption; • evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments for IFRS 15; and • evaluating the appropriateness of financial statement disclosures related to revenue including the disclosure for IFRS 15 first-time adoption.

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INDEPENDENT AUDITOR'S REPORT (Continued)
Mannai Corporation Q.P.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

Description of key audit matter	How the matter was addressed in our audit
Existence and valuation of inventories – refer to note 5(H) and note 9 to the consolidated financial statements We focused on this area because: • the consolidated financial statements include inventories of QR 1,664 million (2017: QR 2,075 million). This represents 12.79% of the Group's total assets, hence, a material portion of the consolidated financial position. • inventories mainly comprise luxury goods (gold and jewelleries), automotive and IT equipment. Further, inventories are located in multiple locations. • valuation of inventories, in particular gold and jewelleries require significant management judgment and estimates	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 realisable values for sample of transactions; • observing the inventory counts performed by the management for locations selected on sample basis; • evaluating estimates used by the management in assessing provision against slow and/or non-moving inventories; and • evaluating the adequacy of the financial statement disclosures, including disclosures in relation to key assumptions and estimates used in the valuation of inventories.

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INDEPENDENT AUDITOR'S REPORT (Continued)
Mannai Corporation Q.P.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

Description of key audit matter	How the matter was addressed in our audit
Transition to IFRS 9 "Financial Instruments" - Refer to Note 4.2 to the consolidated financial statements. We focused on this area because: • IFRS 9 "Financial Instruments" (hereafter "IFRS 9"), which the Group implemented on 1 January 2018: - requires complex accounting treatments, including use of significant estimates and judgements for the determination of adjustments on transition; and - resulted in significant changes to processes, data and controls that needed to be tested for the first time.	Our audit procedures in this area included, among other things: • evaluating management's process for selection of the "expected credit loss" methodology; • evaluating the appropriateness of the transition approach for IFRS 9 first-time adoption; • evaluating the reasonableness of management's key judgements and estimates made in preparing the transition adjustments, specifically relating to the adjustment for the forward looking factor; • assessing the appropriateness of the transition approach and practical expedients applied; • evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments; and • evaluating the appropriateness of the financial statements disclosures for IFRS 9 first-time adoption.

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INDEPENDENT AUDITOR'S REPORT (Continued)

Mannai Corporation Q.P.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report of 2018 but does not include the Company's consolidated financial statements and our auditor's report thereon. Prior to date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after the date of this auditor's report.

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 when it becomes available, 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.

When we read the Annual report, if we conclude that there is a material misstatement therein we are required to communicate the matter with the Board of Directors.

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 the 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)
Mannai Corporation Q.P.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

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

As part of an audit in accordance with ISAs, 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 for 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 Group's 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 disclosures are 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.

Report on the Audit of the Consolidated Financial Statements (continued)

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

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 or regulation precludes 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.

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 applicable 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 effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2018.

26 February 2019
Doha
State of Qatar

Gopal Balasubramaniam
Qatar Auditors' Registry Number No. 251
KPMG
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Mannai Corporation Q.P.S.C.

Consolidated statement of financial position
As at 31 December 2018

In Thousands of Qatari Riyals

	Notes	2018	2017 *(Restated)**
Assets			
Current assets			
Bank balances and cash	7	**399,389**	362,766
Accounts receivable and prepayments	8	**3,909,471**	3,012,592
Inventories	9	**1,663,585**	2,075,443
Amounts due from related parties	29(b)	**43,644**	28,398
		6,016,089	5,479,199
Assets held for sale	15	**12,892**	-
Total current assets		**6,028,981**	5,479,199
Non-current assets			
Accounts receivable and prepayments	8	**279,509**	244,354
Financial assets - equity instruments	10	**11,181**	38,716
Investment in joint venture companies	11	**18,088**	16,991
Investment in associate companies	12	**1,267,227**	1,248,323
Goodwill and other intangible assets	13	**4,409,194**	3,758,181
Property, plant and equipment	14	**768,246**	621,298
Investment properties	15	**61,871**	80,224
Deferred tax assets	16	**117,327**	35,268
Amounts due from related parties	29(b)	**47,891**	38,987
Total non-current assets		**6,980,534**	6,082,342
Total assets		**13,009,515**	11,561,541
Liabilities and equity			
Liabilities			
Current liabilities			
Bank overdrafts	7	**407,664**	385,164
Interest bearing loans and borrowings	17	**1,910,209**	2,113,609
Accounts payable and accruals	18	**3,475,574**	3,289,193
Amounts due to related parties	29(b)	**3,724**	5,280
Total current liabilities		**5,797,171**	5,793,246
Non-current liabilities			
Deferred tax liabilities	16	**3,759**	9,571
Interest bearing loans and borrowings	17	**3,852,975**	2,548,272
Accounts payable and accruals	18	**404,332**	148,798
Employees' end of service benefits	19	**336,221**	311,913
Total non-current liabilities		**4,597,287**	3,018,554
Total liabilities		**10,394,458**	8,811,800

**Refer note 35*

The consolidated statement of financial position continues on next page.

The accompanying notes are an integral part of these consolidated financial statements

Mannai Corporation Q.P.S.C.

Consolidated statement of financial position
As at 31 December 2018

In Thousands of Qatari Riyals

	Notes	2018	2017 *(Restated)**
Equity			
Share capital	20	**456,192**	456,192
Legal reserve	21(a)	**1,083,456**	1,083,456
Acquisition reserve	21(b)	**(999,488)**	(588,058)
Other reserve	21(c)	**(35,083)**	(376,295)
Foreign currency translation reserve	21(d)	**(84,859)**	13,049
Proposed dividends	22	**91,238**	182,477
Fair value reserve		**(31,183)**	-
Retained earnings		**2,132,305**	1,893,630
Equity attributable to shareholders of the Company		**2,612,578**	2,664,451
Non-controlling interests		**2,479**	85,290
Total equity		**2,615,057**	2,749,741
Total liabilities and equity		**13,009,515**	11,561,541

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 26 February 2019.

....	....
Sheikh Suhaim Bin Abdulla Al-Thani	**Alekh Grewal**
Vice Chairman	Director and Group Chief Executive Officer

**Refer note 35*

The accompanying notes are an integral part of these consolidated financial statements

Mannai Corporation Q.P.S.C.

Consolidated statement of income
For the year ended 31 December 2018

In Thousands of Qatari Riyals

	Notes	2018	2017
Revenue	23	**10,773,514**	7,041,329
Direct costs		**(8,188,522)**	(5,307,383)
Gross profit		**2,584,992**	1,733,946
Share of results from joint ventures and associate companies	11,12	**65,013**	73,119
Other income	25	**140,901**	283,532
General and administrative expenses	26	**(1,254,098)**	(838,031)
Selling and distribution expenses	27	**(514,161)**	(398,842)
Impairment loss on accounts and other receivables		**(16,793)**	(4,131)
Profit before interest, tax, depreciation and amortisation		**1,005,854**	849,593
Finance costs		**(318,168)**	(173,589)
Depreciation and amortisation	13,14,15	**(199,962)**	(123,101)
Profit before tax		**487,724**	552,903
Income tax	16	**(78,591)**	(23,402)
Net profit for the year		**409,133**	529,501
Attributable to:			
Shareholders of the Company		**407,147**	506,135
Non-controlling interests		**1,986**	23,366
		409,133	529,501
Earnings per share:			
Basic and diluted earnings per share attributable to shareholders of the Company (QR)	28	**8.92**	11.09

The accompanying notes are an integral part of these consolidated financial statements

Mannai Corporation Q.P.S.C.

Consolidated statement of comprehensive income
For the year ended 31 December 2018 In Thousands of Qatari Riyals

	2018	2017 *(Restated)**
Net profit for the year	**409,133**	529,501
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity investments at FVOCI – net change in fair value	**(1,541)**	-
Changes in actuarial differences – net of related taxes	**(8,991)**	(11,603)
	(10,532)	(11,603)
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustment pertaining to derecognition of associate – reclassified to profit or loss	**-**	129,337
Foreign currency translation adjustment	**(97,908)**	33,297
Total other comprehensive income for the year	**(108,440)**	151,031
Total comprehensive income for the year	**300,693**	680,532
Attributable to:		
Shareholders of the Company	**298,707**	653,504
Non-controlling interests	**1,986**	27,028
	300,693	680,532

**Refer note 35*

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 2018

In Thousands of Qatari Riyals

	Share Capital	Legal reserve	Acquisition reserve	Other reserve	Foreign currency translation reserve	Proposed dividends	Fair value reserve	Retained earnings	Equity attributable to shareholders of the Company	Non-controlling interests	Total
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 (restated)*	-	-	-	(9,423)	156,792	-	-	506,135	653,504	27,028	680,532
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	-	-	-	-	-	-	-	-	-	58,362	58,362
Proposed acquisition of NCI	-	-	-	(366,410)	-	-	-	-	(366,410)	-	(366,410)
Other adjustments*	-	-	-	(5,092)	-	-	-	(6,534)	(11,626)	-	(11,626)
Disposal of NCI	-	-	-	-	-	-	-	-	-	9	9
At 31 December 2017	456,192	1,083,456	(588,058)	(376,295)	13,049	182,477	-	1,893,630	2,664,451	85,290	2,749,741
At 1 January 2018 (restated)*	456,192	1,083,456	(588,058)	(376,295)	13,049	182,477	-	1,893,630	2,664,451	85,290	2,749,741
Adjustment on application of IFRS 15 (net of tax) (Refer note 4.2)	-	-	-	-	-	-	-	(30,234)	(30,234)	(7,026)	(37,260)
Adjustment on application of IFRS 9 (net of tax) (Refer note 4.2)	-	-	-	-	-	-	(29,642)	(36,821)	(66,463)	(3,049)	(69,512)
Total comprehensive income for the year	-	-	-	(8,991)	(97,908)	-	(1,541)	407,147	298,707	1,986	300,693
Dividends paid (Note 22)	-	-	-	-	-	(182,477)	-	-	(182,477)	(7,882)	(190,359)
Proposed dividend (Note 22)	-	-	-	-	-	91,238	-	(91,238)	-	-	-
Social and sports contribution for 2018	-	-	-	-	-	-	-	(10,179)	(10,179)	-	(10,179)
Other adjustments	-	-	-	(16,207)	-	-	-	-	(16,207)	-	(16,207)
Adjustments due to acquisition of additional interest in a subsidiary (refer note 33)	-	-	(411,430)	366,410	-	-	-	-	(45,020)	(66,840)	(111,860)
At 31 December 2018	**456,192**	**1,083,456**	**(999,488)**	**(35,083)**	**(84,859)**	**91,238**	**(31,183)**	**2,132,305**	**2,612,578**	**2,479**	**2,615,057**

**Refer note 35*

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 2018 In Thousands of Qatari Riyals

	Notes	2018	2017
Operating activities			
Profit for the year before tax		**487,724**	552,903
Adjustments for:			
Impairment loss on accounts and other receivables, net	8	**16,793**	4,131
Share of results from joint venture and associate companies	11,12	**(65,013)**	(73,119)
Depreciation and amortisation	13,14,15	**199,962**	123,101
Reversal of impairment on investment properties	15	**-**	(8,901)
Provision for employees' end of service benefits	19	**44,491**	30,513
Gain on previously held interest in an acquired subsidiary	24	**-**	(165,950)
Net changes in fair value of equity investments at FVTPL, associate and joint venture companies		**292**	1,776
Allowance for doubtful advance		**-**	4,358
Write back of provisions / liabilities no longer required		**(7,019)**	(13,901)
Write back of provision for slow moving items, net	9	**(55,815)**	(6,683)
Loss / (gain) on write-offs / disposals of property, plant and equipment		**3,506**	(8,410)
Gain on disposals of investment properties		**(343)**	-
Gain on operating lease premium received on closed shops		**-**	(6,318)
Finance income		**(6,845)**	(4,320)
Gain on disposal of financial assets - equity investment	25	**(80,755)**	-
Gain on disposal of interest in associated companies		**(2,716)**	-
Finance costs		**318,168**	173,589
Operating profit before working capital changes		**852,430**	602,769
Working capital changes:			
Accounts receivables and prepayments		**(659,862)**	(156,694)
Inventories		**58,415**	284,764
Amounts due from / to related parties		**(22,924)**	4,326
Accounts payable and accruals		**667,883**	(215,278)
Cash from operations		**895,942**	519,887
Finance costs paid		**(298,276)**	(168,328)
Employees' end of service benefits paid	19	**(27,297)**	(26,439)
Social and sports contribution paid		**(6,806)**	(7,421)
Net cash generated from operating activities		**563,563**	317,699
Investing activities			
Dividend received from associates and joint venture companies	12	**43,352**	70,755
Acquisition of investment in associates	12	**(1,487)**	(1,703)
Acquisition of financial assets - equity investments at FVTPL		**(587)**	-
Addition to intangible assets	13	**(124,243)**	(53,616)
Purchases of property, plant and equipment	14	**(237,571)**	(176,831)
Proceeds from disposal of property, plant and equipment		**21,326**	53,220
Carried forward to next page		**(299,210)**	(108,175)

The consolidated statement of cash flows continues on next page.

The accompanying notes are an integral part of these consolidated financial statements

Consolidated statement of cash flows
For the year ended 31 December 2018 In Thousands of Qatari Riyals

	Notes	2018	2017
Carry forward from last page		**(299,210)**	(108,175)
Proceeds from disposal of investment properties		**544**	-
Proceeds from disposal of operating lease premium		**-**	6,318
Proceeds from disposal of interest in an associate company		**5,519**	-
Disposal of a joint venture		**102**	-
Interest received		**4,063**	1,639
Proceeds from disposal of financial assets - equity investment		**80,755**	-
Net cash outflows from acquisition of a subsidiary		**(791,463)**	(699,397)
Net cash used in investing activities		**(999,690)**	(799,615)
Financing activities			
Net movements in interest bearing loans and borrowings		**1,101,303**	653,890
Acquisition of NCI		**(463,828)**	-
Dividend paid	22	**(182,477)**	(182,477)
Net cash generated from financing activities		**454,998**	471,413
Net change in cash and cash equivalents		**18,871**	(10,503)
Cash and cash equivalents at the beginning of the year		**(35,535)**	(25,032)
Cash and cash equivalents at the end of the year	7	**(16,664)**	(35,535)

The accompanying notes are an integral part of these consolidated financial statements

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 10218. 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. Set out below is a list of local, and foreign material subsidiaries of the Group;

		Group's effective shareholding percentage		
Name of subsidiaries	*Principal Activities*	*Country of incorporation*	**2018**	2017
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
Space Cargo L.L.C.	Travel	Qatar	**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
Gfi Informatique SA	Holding company	France	**100**	81.21
Gfi Progiciels SAS	Software	France	**100**	81.21
Addstones-Vanilla SAS	Consulting, Applications services and Business solutions	France	**100**	81.21
Business Document SAS	Software	France	**100**	81.21
Novulys SAS	Application services	France	**100**	81.21
Metaware Technologies SA	Application services	France	**100**	81.21
Gfi Informatique Entreprise Solutions SAS	Software	France	**100**	81.21
Roff France	Consulting	France	**100**	81.21
Gfi Infrastructure Services S.A. (ex-Computacenter)	Consulting, Applications services and Business solutions	Luxembourg	**100**	81.21
Real Solution SA	Services ICT	Luxembourg	**100**	-

1 Reporting entity (continued)

Name of subsidiaries	*Principal Activities*	*Group's effective shareholding percentage*		
		Country of incorporation	**2018**	2017
Gfi NV	Consulting, Applications services and Business solutions	Belgium	**100**	81.21
Realdolmen NV	Services ICT	Belgium	**100**	-
Gfi Portugal - Tecnologias de Informaçao, SA	Consulting, Applications services and Business solutions	Portugal	**100**	81.21
Roff Consultores Independetes SA	SAP	Portugal	**100**	81.21
Grupo Corporativo Gfi Norte	Application services	Spain	**100**	81.21
Savac Consultores SL	Software	Spain	**100**	81.21
Grupo Corporativo Gfi Informatica SA	Consulting, Applications services and Business solutions	Spain	**100**	81.21
Gfi International	Application services	Switzerland	**100**	81.21
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
Damas Jewellery Manufacturing Company L.L.C.	Jewellery trading	UAE	**100**	100
Premium Investments International L.L.C.	Jewellery trading	UAE	**100**	100
Damas Jewellery L.L.C (formerly 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

During the year, the Company acquired additional 18.79% stake in its one of the subsidiary, Gfi Informatique SA, thereby, making its total shareholding to 100% as of the reporting date (refer note 33).

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).

This is the first set of the Group's annual consolidated financial statements in which IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* have been applied. Changes to significant accounting policies are described in Note 4.2.

2 Basis of preparation (continued)

b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for financial assets – equity instruments 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 (IFRS)

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

The below new and amended International Financial Reporting Standards ("IFRS" or "standards") and an interpretation to a standard that are available for early adoption for financial years beginning after 1 January 2018 are not effective until a later period, and they have not been applied in preparing these consolidated financial statements.

Effective for year beginning 1 January 2019	• *IFRS 16 "Leases"* • *Interpretation made by the International Financial Reporting Interpretation Council (IFRIC) 23 "Uncertainty over Tax Treatments"* • *Amendments to IFRS 9 "Financial Instruments" on prepayment features with negative compensation* • *Amendments to IAS 28 "Investments in Associates and Joint Ventures" on long-term interests in associates and joint ventures* • *Amendments to IAS 19 "Employee Benefits" on plan amendment, curtailment or settlement* • *Amendments to various standards based on the Annual Improvements to IFRSs 2015-2017 Cycle*
Effective for year beginning 1 January 2020	• *Amendments to references to conceptual framework in IFRS standards*
Effective for year beginning 1 January 2021	• *IFRS 17 "Insurance Contracts"*
Effective date deferred indefinitely / available for optional adoption	• *Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" on sale or contribution of assets between an investor and its associate or joint venture*

Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have a significant impact on the Group's consolidated financial statements, except for the IFRS 16 "Leases" whose effects on the Group's consolidated financial statements are explained below.

IFRS 16 "Leases"

The Group is required to adopt IFRS 16 – Leases from 1 January 2019. 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 recognition exemptions for short-term leases and leases of low-value items.

4 Application of new and revised international financial reporting standards (IFRS) (continued)

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

IFRS 16 "Leases" (continued)

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.

(i) Leases in which the Group is a lessee
The Group will recognise new assets and liabilities for its operating leases of land, office and staff accommodation. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Group is currently assessing the impact on initial application of IFRS 16 as at 1 January 2019 on its consolidated financial statements, however, majority of the operating lease commitments are expected to be capitalised as right to use on first time adoption.

(ii) Leases in which the Group is a lessor
The Group will reassess the classification of sub-leases in which the Group is a lessor. Based on the information currently available, the Group expects no significant impact in which group is a lessor.

(iii) Transition
The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

4.2 New standards, amendments and interpretations effective from 1 January 2018

During the current year, the below new and amended International Financial Reporting Standards ("IFRS" or "standards") and an interpretation to a standard became effective for the first time for financial years beginning on 1 January 2018:

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from Contracts with Customers"
- Amendments to IFRS 2 "Share Based Payment" on classification and measurement of share based payment transactions
- Amendments to IFRS 4 "Insurance Contracts" in applying IFRS 9 Financial Instruments
- Amendments to IAS 40 "Investment property" on transfers of investment property

For the year ended 31 December 2018 In Thousands of Qatari Riyals

4 Application of new and revised international financial reporting standards (IFRS) (continued)

4.2 New standards, amendments and interpretations effective from 1 January 2018 (continued)

- Amendments to IFRS 1 "Adoption of International Financial Standards" and IAS 28 "Investments in Associates and Joint Ventures" based on the Annual Improvements to IFRSs 2014-2016 Cycle
- Interpretation made by the International Financial Reporting Interpretation Council (IFRIC) 22 "Foreign Currency Transactions and Advance Consideration"

The adoption of the above new and amended standards and the interpretation to a standard had no significant on the Group's consolidated financial statements, except for the IFRS 15 "Revenue from Contracts with Customers" and the IFRS 9 "Financial Instruments" whose effects on the Group's consolidated financial statements are explained below.

The Group has initially adopted IFRS 15 *Revenue from Contracts with Customers* (see A) and IFRS 9 *Financial Instruments* (see B) from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's consolidated financial statements.

The effect of initially applying these standards is mainly attributed to the following:

- revenue recognition for ICT projects (see A(a) below); and
- an increase in impairment losses recognised on financial and contract assets (see B(i) below)

A. IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information. The following table summarises the impact, net of tax, on transition to IFRS 15 on retained earnings, non-controlling interests and foreign currency translation reserve at 1 January 2018.

	Note	**Impact of adopting IFRS 15 at 1 January 2018**
Retained earnings		
Revenue recognition – net of tax	(a)	(30,234)
Impact at 1 January 2018		**(30,234)**
Non-controlling interests		
Revenue recognition – net of tax	(a)	(7,026)
Impact at 1 January 2018		**(7,026)**

For the year ended 31 December 2018 In Thousands of Qatari Riyals

4 Application of new and revised international financial reporting standards (IFRS) (continued)

4.2 New standards, amendments and interpretations effective from 1 January 2018 (continued)

A. IFRS 15 "Revenue from Contracts with Customers" (continued)

The following tables summarise the impacts of adopting IFRS 15 on the Group's statement of financial position as at 31 December 2018 and its statement of income for the year then ended for each of the line items affected. There was no material impact on the Group's statement of cash flows for the year ended 31 December 2018.

Impact on the consolidated statement of financial position:

	Note	As reported on 31 December 2018	Adjustments	Amounts without adoption of IFRS 15
Assets				
Deferred tax assets		117,327	(13,238)	104,089
Other non-current assets		6,863,207	(3,148)	6,860,059
Non-current assets		**6,980,534**	**(16,386)**	**6,964,148**
Inventories	(a)	1,663,585	229,261	1,892,846
Accounts receivable and prepayments	(a)	3,909,471	(283,825)	3,625,646
Current assets		**6,028,981**	**(54,564)**	**5,974,417**
Total assets		**13,009,515**	**(70,950)**	**12,938,565**
Equity				
Retained earnings		2,132,305	(16,669)	2,115,636
Acquisition reserve		(999,488)	7,026	(992,462)
Equity attributable to shareholders of the Company		2,612,578	(9,643)	2,602,935
Total equity		**2,615,057**	**(9,643)**	**2,605,414**
Liabilities				
Deferred tax liabilities		3,759	(1,951)	1,808
Non-current liabilities		**4,597,287**	**(1,951)**	**4,595,336**
Accounts payable and accruals		**3,475,574**	**(59,356)**	**3,416,218**
Current liabilities		**5,797,171**	**(59,356)**	**5,737,815**
Total liabilities		**10,394,458**	**(61,307)**	**10,333,151**
Total equity and liabilities		**13,009,515**	**(70,950)**	**12,938,565**

For the year ended 31 December 2018 In Thousands of Qatari Riyals

4 Application of new and revised international financial reporting standards (IFRS) (continued)

4.2 New standards, amendments and interpretations effective from 1 January 2018 (continued)

A. IFRS 15 “Revenue from Contracts with Customers” (continued)

Impact on the consolidated statement of income -

For the year ended 31 December 2018	Note	As reported	Adjustments	Amounts without adoption of IFRS 15
Revenue	(a)	**10,773,514**	**(282,053)**	**10,491,461**
Direct costs	(a)	**8,188,522**	**(230,087)**	**7,958,435**
Gross profit		**2,584,992**	**(51,966)**	**2,533,026**
Income tax expense		**78,591**	**5,063**	**83,654**

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group’s various goods and services are set out below.

4 Application of new and revised international financial reporting standards (IFRS) (continued)

4.2 New standards, amendments and interpretations effective from 1 January 2018 (continued)

A. IFRS 15 "Revenue from Contracts with Customers" (continued)

Type of product/ service	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition under IFRS 15 (applicable from 1 January 2018)	Revenue recognition under IAS 11 and IAS 18 (applicable before 1 January 2018)
a. Information and Communication Technology (ICT Projects)	The Group has determined that for ICT projects, the customer controls all of the work in progress as the hardware/ software are being manufactured/ developed. This is because under those contracts, hardware / software are made to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to the contractual terms.	Under IFRS 15, revenue from these contracts and the associated costs are recognised over time – i.e. before the goods are delivered to the customer's premises. The total consideration in the contract is allocated between all goods and services based on their stand-alone selling prices. In case where the stand-alone selling price is applicable, it is determined based on the cost plus mark-up depending on the nature of goods and services to be provided to different customers. Un-invoiced amounts are presented as contract assets under accounts receivable and prepayments in the statement of financial position.	Under IAS 11, revenue for ICT projects was recognised by reference to the stage of completion of the projects at the reporting date, provided that the revenue and costs could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods and services rendered.
b. Sale of goods	Customers obtain control of products when the goods are delivered to and have been accepted by the customers. Invoices are generated and revenue is recognised at that point in time. Some contracts permit the customer to return an item.	Under IFRS 15 revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific type of products. IFRS 15 did not have a significant impact on the Group's accounting policies.	Under IAS 18, revenue was 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.

For the year ended 31 December 2018 In Thousands of Qatari Riyals

4 Application of new and revised international financial reporting standards (IFRS) (continued)

4.2 New standards, amendments and interpretations effective from 1 January 2018 (continued)

A. IFRS 15 "Revenue from Contracts with Customers" (continued)

Type of product/ service	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition under IFRS 15 (applicable from 1 January 2018)	Revenue recognition under IAS 11 and IAS 18 (applicable before 1 January 2018)
c. Rendering of services (other than those that forms part of ICT projects)	Revenue is recognised over time as those services are provided since the customer consumes the benefits as and when services are rendered by the Group. Invoices are usually issued upon completion of the job.	Revenue is recognised over time based on the stage of completion of the projects which is determined based on the input method. The related costs are recognised in profit or loss when they are incurred. IFRS 15 did not have a significant impact on the Group's accounting policies.	Under IAS 11, revenue was recognised by reference to the stage of completion of the projects at the reporting date, provided that the revenue and costs could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods and services rendered.

B. IFRS 9 "Financial Instruments"

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces IAS 39 "Financial Instruments: Recognition and Measurement".

The following table summarises the impact of transition to IFRS 9 on the opening balance of reserves and retained earnings (for a description of the transition method, see Note 4.2 B (iii) below).

	Retained earnings
Adjustment on initial application of IFRS 9	
Equity investments at FVOCI (AFS investments under old IAS 39)	29,642
Equity investments at FVTPL (AFS investments under old IAS 39)	(26,531)
Recognition of expected credit losses under IFRS 9	(39,932)
Adjustment to the opening balances as at 1 January 2018	**(36,821)**

	Fair value reserve
Equity investments at FVOCI (AFS investments under old IAS 39)	(29,642)
Adjustment to the opening balances as at 1 January 2018	**(29,642)**

4 Application of new and revised international financial reporting standards (IFRS) (continued)

4.2 New standards, amendments and interpretations effective from 1 January 2018 (continued)

B. IFRS 9 "Financial Instruments" (continued)

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available-for-sale financial assets.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

On initial recognition, a financial asset is classified as:
- Amortised cost;
- Fair Value Through Other Comprehensive Income (FVOCI) - debt investment;
- Fair Value Through Other Comprehensive Income (FVOCI) - equity investment; or
- Fair Value Through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For the year ended 31 December 2018 In Thousands of Qatari Riyals

4 Application of new and revised international financial reporting standards (IFRS) (continued)

4.2 New standards, amendments and interpretations effective from 1 January 2018 (continued)

B. IFRS 9 "Financial Instruments" (continued)

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of the Group's financial assets:

Financial assets at amortised cost
These assets are subsequently measured at amortised costing using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount Under IFRS 9
Financial assets					
Equity instruments*	(a)	Available-for-sale investments	FVOCI – equity instruments	11,740	11,740
Equity instruments	(b)	Available-for-sale investments	FVTPL - equity instruments	26,976	445
Accounts and other receivables (excluding contract assets, prepayments and advance to suppliers)	(c)	Loans and receivables	Amortised cost	2,452,034	2,410,977
Amount due from related parties	(c)	Loans and receivables	Amortised cost	67,385	67,385
Bank balances	(c)	Loans and receivables	Amortised cost	350,489	350,489
Total financial assets				**2,908,624**	**2,841,036**

*This includes one of the Group's equity investments on which impairment charge of QR 29,642 thousand was recorded in profit or loss under IAS 39. Upon adoption of IFRS 9, this impairment charge has been reclassified from retained earnings to fair value reserve as at 1 January 2018.

4 Application of new and revised international financial reporting standards (IFRS) (continued)

4.2 New standards, amendments and interpretations effective from 1 January 2018 (continued)

B. IFRS 9 "Financial Instruments" (continued)

(a) These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss. Group has determined that the carrying amount approximates the fair value of these assets as on the transition date.

(b) As permitted by IFRS 9, the Group has elected to choose FVTPL option at the date of initial application, since, these investments are managed on a fair value basis and their performance is monitored on this basis. Consequently, the Group has recognised a reduction in fair value amounting to QR 26,531 thousand on initial application of IFRS 9.

(c) Accounts and other receivables, amount due from related parties, and cash and cash equivalents that were previously classified as loans and receivables under IAS 39 are now classified at amortised cost as per IFRS 9. An increase of QR 39,932 thousand in the provision for impairment of accounts and other receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of accounts and other receivables, due from related parties and cash and cash equivalents under IFRS 9, and loss allowances are measured on either of the following bases:

— *12-month ECLs:* these are ECLs that result from possible default events within the 12 months after the reporting date.
— *lifetime ECLs:* these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure loss allowances for its financial and contract assets at an amount equal to lifetime ECLs except for bank balances and due from related parties for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 91 to 180 days past due. The Group considers a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

4 Application of new and revised international financial reporting standards (IFRS) (continued)

4.2 New standards, amendments and interpretations effective from 1 January 2018 (continued)

B. IFRS 9 "Financial Instruments" (continued)

(ii) Impairment of financial assets (continued)

— the financial asset is more than 365 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses the financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

On the adoption of IFRS 9, the Group has also adopted consequential amendment to IAS 1 'Presentation of Financial Statements'. Consequently, impairment losses related to financial and contract assets are reclassified from 'general and administrative expenses' and are now being presented as a separate line item in the consolidated statement of income.

Impact of the new impairment model

For financial assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance of QR 48,390 thousand on accounts and other receivables including contract assets, disaggregated as below;

Recognition of expected credit losses under IFRS 9 as on the transition date;

- on retained earnings	39,932
- on deferred tax assets	5,409
- on non-controlling interests	3,049
	48,390

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using cumulative effect method. The Group has taken an exemption not to restate comparative information of prior periods.

4 Application of new and revised international financial reporting standards (IFRS) (continued)

4.2 New standards, amendments and interpretations effective from 1 January 2018 (continued)

B. IFRS 9 "Financial Instruments" (continued)

(iii) Transition (continued)

Differences in the carrying amounts of the financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

The assessment have been made on the basis of the facts and circumstances that existed at the date of initial application.

C. Other Standards

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 significant 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 (IFRS) (continued)

4.2 New standards, amendments and interpretations effective from 1 January 2018 (continued)

C. Other Standards (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:

1. Apply IFRS 9 independently
2. True up past allocations
3. 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, except for the changes in accounting policies described under Note 4.2, 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.

A. Basis of consolidation

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.

5 Significant accounting policies (continued)

A. Basis of consolidation (continued)

i. Business combinations (continued)

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 income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed 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.

v. Interests in associate and join venture companies

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.

5 Significant accounting policies (continued)

A. Basis of consolidation (continued)

v. Interests in associate and join venture companies (continued)

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 financial assets – equity instruments are recognised in OCI.

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.

5 Significant accounting policies (continued)

C. Revenue

The Group has initially applied IFRS 15 from 1 January 2018. Information about the Group's accounting policies relating to contracts with customers is provided in Note 4.2. The effect of initially applying IFRS 15 is described in Note 4.2.

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.

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.

5 Significant accounting policies (continued)

D. Employee benefits (continued)

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. Non-current assets held for sale

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

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous 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.

G. 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)

G. 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.

H. 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:

Merchandises, spare and tools, and industrial supplies	- 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.

5 Significant accounting policies (continued)

H. Inventories (continued)

Net realisable value represents the estimated selling price less all cost expected to be incurred for completion and/or disposal.

I. 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.

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	10-50 years
Plant, machinery and equipment	03-20 years
Furniture and equipment	01-06 years
Motor vehicles	03-05 years
Assets on hire	03-05 years

Maintenance, repairs and minor improvements are charged to the statement of income 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.

5 Significant accounting policies (continued)

I. Property, plant and equipment (continued)

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.

J. 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.

5. Significant accounting policies (continued)

J. Intangible assets and goodwill (continued)

iii. Amortisation

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

K. 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.

L. Financial instruments

Recognition and initial measurement

Accounts receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset unless it is a trade receivable without a significant financing component or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. An accounts receivable without a significant financing component is initially measured at the transaction price.

5. Significant accounting policies (continued)

L. Financial instruments (continued)

Classification and subsequent measurement of financial assets – policy applicable from 1 January 2018

On initial recognition, a financial asset is classified at:

- *amortised cost* – if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

- *Fair Value Through Other Comprehensive Income (FVOCI)* - if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
  - its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

- *Fair Value Through Profit or Loss (FVTPL)* – All financial assets not classified as measured at amortised cost or FVOCI as described above.

On initial recognition, the Group may irrecoverably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group has classified on initial recognition its accounts and other receivables, due from related parties and its cash at bank at amortised cost. The Group does not hold any other financial assets.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual cash flows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Group’s management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group’s continuing recognition of the assets.

5. Significant accounting policies (continued)

L. Financial instruments (continued)

Financial assets – Assessment whether contractual cash flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

- *Financial assets at amortised cost* - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

- *Financial assets at Fair Value Through Profit or Loss (FVTPL)* -These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Group does not hold such assets.

- *Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI)* - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. The Group does not hold such assets.

- *Equity investments at Fair Value Through Other Comprehensive Income (FVOCI)* - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never derecognised to profit or loss.

5. Significant accounting policies (continued)

L. Financial instruments (continued)

Classification and subsequent measurement of financial assets – policy applicable before 1 January 2018

Financial assets

The Group classified its financial assets into loans and receivables category (accounts and other receivables, due from related parties and cash at bank)

Classification and subsequent measurement of financial liabilities

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. The Group does not hold derivative financial instruments.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial 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 in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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

M. Impairment

Non-derivative financial assets – policy applicable from 1 January 2018

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

5. Significant accounting policies (continued)

M. Impairment (continued)

Non-derivative financial assets – policy applicable from 1 January 2018 (continued)

Loss allowances for accounts and other receivables and contract assets are always measured at an amount equal to lifetime ECLs.

The Group considers a financial asset to be in default when:

- customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the customer or issuer;
- a breach of contract such as a default or being more than 365 days past due; or
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the customer will enter bankruptcy or other financial reorganization.
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

5. Significant accounting policies (continued)

M. Impairment (continued)

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-derivative financial assets – policy applicable before 1 January 2018

Financial assets classified as loans and receivables were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- 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 would enter bankruptcy;
- adverse changes in the payment status of customers;
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

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

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

An impairment loss was 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 were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

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.

5. Significant accounting policies (continued)

M. Impairment (continued)

Non-financial assets (continued)

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.

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.

5. Significant accounting policies (continued)

O. Leases (continued)

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:

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.

Provision for expected credit losses of financial and contract assets excluding equity investments
The Group uses a provision matrix to calculate Expected Credit Loss (ECLs) for its financial and contract assets (excluding equity investments). The provision rates for accounts receivable and contract assets are based on days past due for the Group's various customer segments that have similar loss pattern. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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.

6. Critical judgments and key sources of estimation uncertainty (continued)

Fair value of financial assets - 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.

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 income. The Group also makes significant judgments in relation to determination of smallest CGUs and allocation of the residual goodwill to each CGU.

Revenue from contract with customers
The Group makes judgments in determining the performance obligations that exist in contract with the customers. Judgments are also applied in determining timing of transfer of control at a point in time or over time.

Where the standalone selling price is applicable, management uses estimates to determine it based on the cost plus mark-up depending on the nature of goods and services to be provided to different customers.

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.

For the year ended 31 December 2018 In Thousands of Qatari Riyals

7. Cash and cash equivalents

	2018	2017
Bank balances and cash	**399,389**	362,766
Less: Fixed and margin deposits under lien	**(8,389)**	(13,137)
	391,000	349,629
Less: Bank overdrafts	**(407,664)**	(385,164)
Cash and cash equivalents	**(16,664)**	(35,535)

8. Accounts receivable and prepayments

	2018	2017
Trade accounts receivable	**1,393,759**	1,332,963
Receivables transferred to factoring companies*	**534,427**	548,512
Advances to suppliers, net	**43,095**	40,562
Notes receivable	**193,149**	180,780
Prepayments	**136,295**	126,364
Deposits	**19,561**	19,041
Contract assets	**1,609,160**	705,149
Tax receivable	**262,198**	261,375
Others	**130,503**	109,363
	4,322,147	3,324,109
Less: Allowance for impairment of accounts receivables and contract assets	**(133,167)**	(67,163)
	4,188,980	3,256,946

*Gfi lnformatique factors part of its accounts receivable. 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:

	2018	2017
Current	**3,909,471**	3,012,592
Non-current	**279,509**	244,354
	4,188,980	3,256,946

The movement in allowance for impairment of accounts receivable and contract assets is as follows:

	2018	2017
At 1 January, before application of IFRS 9	**67,163**	30,177
Adjustments due to application of IFRS 9*	**48,390**	-
Adjusted opening balance	**115,553**	30,177
Acquired through business combination	**5,790**	33,668
Provision during the year	**16,793**	6,075
Written off during the year	**(1,227)**	(2,364)
Write back during the year	**-**	(1,944)
Effect on foreign exchange translation	**(3,742)**	1,551
At 31 December	**133,167**	67,163

**Refer note 4.2*

For the year ended 31 December 2018 In Thousands of Qatari Riyals

9. Inventories

	2018	2017
Gold and other jewellery (i)	**1,114,230**	1,159,585
Work-in-progress	**105,583**	457,643
Merchandises, spares and tools	**390,918**	464,990
Vehicles and heavy equipment	**157,369**	152,936
Industrial supplies	**21,729**	17,880
Others	**4,125**	4,549
	1,793,954	2,257,583
Less: Provision for obsolete and slow moving items	**(130,369)**	(182,140)
	1,663,585	2,075,443

(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.

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

	2018	2017
At 1 January	**182,140**	194,117
Acquired through business combination	**4,261**	150
Provision during the year	**2,609**	11,984
Write back / write-offs during the year	**(57,788)**	(23,164)
Reclassification	**(636)**	(1,303)
Exchange (gain) / loss on foreign currency translation	**(217)**	356
At 31 December	**130,369**	182,140

10. Financial assets – equity instruments

	2018	2017
Financial assets at fair value through other comprehensive income (a)	**10,199**	-
Financial assets at fair value through profit or loss (b)	**982**	-
Available-for-sale investments*	**-**	38,716
	11,181	38,716

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10. Financial assets – equity instruments (continued)

(a) Financial assets at fair value through other comprehensive income

	2018	2017
At 1 January	**11,740**	13,503
Net change in fair value	**(1,541)**	(1,776)
Exchange difference on translation of foreign currency	**-**	13
At 31 December	**10,199**	11,740

(b) Financial assets at fair value through profit or loss

	2018	2017
At 1 January	**26,976**	26,531
Less: Adjustments due to application of IFRS 9*	**(26,531)**	-
Adjusted opening balance	**445**	26,531
Acquired through business combination	**-**	320
Additions	**587**	-
Net change in fair value	**(292)**	-
Exchange difference on translation of foreign currency	**242**	125
At 31 December	**982**	26,976

Refer note 4.2

11. Investment in joint venture companies

The Group has investments in the following joint venture companies:

Name	*Country of incorporation*	*Ownership interest* 2018	2017
Cofely Besix Mannai Facility Management L.L.C. (i)	Qatar	**51%**	51%
Gulf Land Survey W.L.L.	Qatar	**-**	51%
Saint-Gobain Pam and Mannai L.L.C. (ii)	Qatar	**51%**	51%
Paspaley Pearl Jewellery L.L.C. (iii)*	UAE	**51%**	51%
Roberto Coin Middle East L.L.C. (iii)	UAE	**51%**	51%
Time Centre L.L.C. (iv)*	UAE	**50%**	50%

Under liquidation

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

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11. Investment in joint venture companies (continued)

(iii) 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.

(iv) Time Centre L.L.C. is an exclusive distributor for a wide range of international watch brands.

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. Reconciliation of carrying amounts during the current year and comparative year are as follows:

	2018	2017
At 1 January	**16,991**	15,813
Share of profit from joint ventures	**1,202**	1,178
Disposal of a joint venture	**(102)**	-
Exchange difference on translation of foreign currency	**(3)**	-
At 31 December	**18,088**	16,991

12. Investment in associate companies

The Group holds investments in the following associate companies:

Name	*Country of incorporation*	*Ownership interest*	
		2018	2017
Axiom Limited (a)	UAE	**35%**	35%
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 WLL	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%
Retail World Trading Co. LLC	KSA	**50%**	50%

**Under liquidation*

The reconciliations of carrying amount during the current and comparative year are as follows:

	2018	2017
At 1 January	**1,248,323**	2,417,600
Derecognition of an associate company	**(2,803)**	(1,311,693)
Addition during the year	**1,487**	1,703
Dividends received	**(43,352)**	(70,755)
Share of results from associate companies	**63,811**	71,941
Exchange difference on translation of foreign currency	**(239)**	139,527
At 31 December	**1,267,227**	1,248,323

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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 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 Limited's summarised financial information:

	2018	2017
Current assets	**1,351,165**	1,284,722
Non-current assets	**474,794**	454,286
Current liabilities	**(1,322,780)**	(1,259,890)
Non-current liabilities	**(100,821)**	(131,884)
Net assets	**402,358**	347,234
Proportion of Company's interest in associate's net assets	**140,825**	121,532

	2018	2017
Revenue	**6,483,381**	6,991,143
Profit for the year	**48,195**	18,739
Total comprehensive income for the year	**48,195**	18,739
The Group's share of profit	**16,868**	6,559
The Group's share of total comprehensive income	**16,868**	6,559

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

	2018	2017
Net assets of the associate	**402,358**	347,234
Proportion of the Group's ownership interest	**35%**	35%
Share of net assets before goodwill	**140,825**	121,532
Goodwill	**741,496**	741,496
Other intangible assets identified	**170,000**	170,000
Other adjustments*	**61,373**	63,798
Carrying amount of the Group's interest	**1,113,694**	1,096,826

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

12. Investment in associate companies (continued)

a) Axiom Limited (continued)

Allocation of goodwill to cash generating units and impairment assessment

Embedded goodwill, amounting to QR 741.5 million which is attributable to the acquisition of Axiom Limited is tested for impairment as part of impairment testing of Axiom 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% (2017: 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% (2017: 3%).

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.

b) 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.

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13. Goodwill and other intangible assets

	Goodwill	Trade name	Distribution rights	Other intangible assets	Total
Cost					
At 1 January 2017	530,342	670,000	24,339	11,376	1,236,057
Arising from business combination – net (restated)*	2,018,412	-	-	993,190	3,011,602
Additions	-	-	-	53,616	53,616
Disposal	-	-	-	(94,743)	(94,743)
Effect of foreign exchange translation	30,937	-	-	8,392	39,329
At 31 December 2017 (restated)*	2,579,691	670,000	24,339	971,831	4,245,861
Arising from business combination – net	750,687	-	-	59,725	810,412
Additions	-	-	-	124,243	124,243
Disposal	-	-	-	(1,990)	(1,990)
Effect of foreign exchange translation	(118,424)	-	-	(40,643)	(159,067)
At 31 December 2018	**3,211,954**	**670,000**	**24,339**	**1,113,166**	**5,019,459**
Impairment/ amortisation					
At 1 January 2017			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)
Other adjustments*				6,534	6,534
Effect of foreign exchange translation	(4,089)	-	-	7,552	3,463
At 31 December 2017 (restated)*	96,940	-	24,339	366,401	487,680
Arising from business combination – net	-	-	-	52,482	52,482
Charge for the year	-	-	-	97,978	97,978
Adjustment	-	-	-	1,857	1,857
Relating to disposal	-	-	-	(1,990)	(1,990)
Effect of foreign exchange translation	(4,191)	-	-	(23,551)	(27,742)
At 31 December 2018	**92,749**	**-**	**24,339**	**493,177**	**610,265**
Net carrying amounts					
At 31 December 2018	**3,119,205**	**670,000**	**-**	**619,989**	**4,409,194**
At 31 December 2017	2,482,751	670,000	-	605,430	3,758,181

**Refer note 35*

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13. Goodwill and other intangible assets (continued)

During the year, the Group has made new acquisitions in Benelux, Latin America, Africa and Rest of the world cash generating units through one of its subsidiary in France, Gfi Informatique SA. Upon these acquisitions, a provisional goodwill of QR 750.69 million was recognized at the Group level. This is subject to finalization of fair values in accordance with IFRS 3.

During the previous year, the Group acquired 29.97% additional shareholding interest in Gfi Informatique (“Gfi”) as a result of which, the Group’s ownership and voting interests in Gfi, which was previously treated as an investment in associates under equity accounting method, increased from 51.24% to 81.21%. Accordingly, equity accounting has been ceased and Gfi was consolidated with effect from the date when the control was established.

In accordance with IFRS requirements, the acquirer should measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values which was pending as at 31 December 2017, hence, accounting for the transaction was performed on a provisional basis in the last year. During the year, the management has completed the fair valuation exercise and accordingly, the comparative information has been restated as follows:

(a) Identifiable assets acquired and liabilities assumed on acquisition of Gfi:

	Carrying amounts immediately prior to acquisition	Fair value adjustments	Fair value at the acquisition date
Fair value of the net identifiable assets acquired	2,725,434	259,258	2,984,692
Fair value of the net identifiable liabilities assumed	(2,669,359)	-	(2,669,359)
Fair value of net identifiable assets acquired	**56,075**	**259,258**	**315,333**

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

	Restated
Acquisition cost	699,397
Non-controlling interest	59,251
Fair value of previously held interest in an acquired subsidiary	1,477,643
Sub-total	2,236,291
Less: Fair value of net identifiable assets acquired	(315,333)
Goodwill recognised at the acquisition date	**1,920,958**

Residual goodwill being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets and liabilities. It is recognised under "Goodwill" and allocated to each cash-generating unit likely to benefit from the business combination. Subsequently, this goodwill is valued at cost less any impairment losses in accordance with the method described in the paragraph "Impairment testing of goodwill".

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13. Goodwill and other intangible assets (continued)

(c) Impairment testing of goodwill

Cash generating units	Carrying value 2018	Carrying value 2017
Gfi France	1,305,428	1,355,078
Gfi Spain	202,305	209,975
Gfi Portugal	116,400	121,310
Gfi Benelux	587,866	39,100
Gfi Switzerland	29,684	30,543
Gfi Poland	63,192	64,683
Gfi Latin America	162,088	106,054
Gfi Africa	49,887	25,667
Gfi Rest of the world	72,013	-
Damas UAE	530,342	530,341
	3,119,205	2,482,751

CGUs are identified on the basis of the geographical segments. The Group has 12 CGUs, of which 2 CGUs are in France and 2 CGUs are in Spain. France accounts for 42% of the Group's goodwill. This amounted QR 1,305 million at 31 December 2018, and breaks down as QR 924 million for the "Services Business" CGU and QR 381 million for the "Software Business" CGU.

Key Assumptions used in value in use calculations

The principal assumptions used in the projections relate to revenue, margins, WACC, terminal growth rates and working capital. The assumptions are constructed based upon historic experience and management's best estimate of future trends and performance and take into account anticipated efficiency improvements over the forecasted period.

Discount rates
Discount rates reflect management's estimate of the risks specific to each unit. Discount rates are based on a weighted average cost of capital for each CGU.

Growth rate estimates
For the periods beyond that covered by the projections, long-term growth rates are based on management's best estimates of the growth rates relevant to ICT and retail industry in the particular country.

	(Expressed in percentage)			
	Discount rate		Terminal value growth rate	
Cash generating units	2018	2017	2018	2017
Gfi France	8.5%	9.0%	2.0%	2.0%
Gfi Spain	9.8%	9.5%	2.0%	2.0%
Gfi Portugal	10.8%	10.0%	2.0%	2.0%
Gfi Benelux	8.9%	9.0%	2.0%	2.0%
Gfi Switzerland	9.0%	9.0%	2.0%	2.0%
Gfi Poland	10.1%	10.0%	2.0%	2.0%
Gfi Latin America	11.4%	12.0%	2.0%	2.0%
Gfi Africa	12.3%	12.0%	2.0%	2.0%
Damas UAE	9.0%	9.0%	3.0%	3.0%

13. Goodwill and other intangible assets (continued)

Sensitivity testing and goodwill impairment losses for each CGUs

At year-end, the Group's assessment of the reasonably possible change in key assumptions corresponded to the brackets of values used in the sensitivity tests which are presented below:

- 0.5 basis point increase in discount rate
- 0.5 basis point decrease in growth rate to infinity
- 0.5 basis point decrease in margin over 2018 to 2023 cash periods
- 0.5 basis point decrease in revenue growth rate over 2018 to 2023 cash periods
- 10% decrease in working capital assumptions

Sensitivity testing also uses the combined decrease of several of these assumptions, depending on their sensitivity.

At 31 December 2018, the results of the sensitivity tests show that no reasonably possible change in key assumptions brought the recoverable value of these CGUs below their net carrying amounts.

(d) 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% (2017: 2.75%).
(b) Budgeted growth rate - the budgeted growth rate is assumed to be CAGR of 3% (2017: 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% (2017: 3%) which is based on UAE’s long term CPI and GDP growth rates.
(d) Discount rate of 11% (2017:11%) per annum based on CAPM, inclusive of 2% (2017: 2%) premium to cover the inherent risk.

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14. Property, plant and equipment

	Land and buildings	Plant and machinery	Furniture and equipment	Motor vehicles	Assets on hire	Capital work-in-progress	Total
Cost/revaluation							
At 1 January 2018	433,987	180,653	476,136	57,798	114,710	72,961	1,336,245
Acquired through business combination	75,253	14,478	59,934	-	-	-	149,665
Additions	15,739	15,264	60,260	7,385	26,828	112,095	237,571
Write-offs	-	(227)	(31,594)	-	-	-	(31,821)
Disposals /other adjustments	(1,409)	(2,972)	(33,233)	(11,792)	(28,489)	(5)	(77,900)
Reclassifications	-	-	3,998	-	-	(3,998)	-
At 31 December 2018	**523,570**	**207,196**	**535,501**	**53,391**	**113,049**	**181,053**	**1,613,760**
Accumulated depreciation							
At 1 January 2018	150,964	138,231	345,839	34,324	45,785	(196)	714,947
Acquired through business combination	49,351	13,081	52,021	-	-	-	114,453
Charge for the year	12,138	12,063	43,254	6,609	22,790	-	96,854
Write-offs	-	(227)	(29,861)	-	-	-	(30,088)
Relating to disposals /other adjustments	(1,409)	(2,102)	(22,973)	(7,360)	(20,957)	-	(54,801)
Effect of foreign exchange translation	154	434	2,940	394	-	227	4,149
At 31 December 2018	**211,198**	**161,480**	**391,220**	**33,967**	**47,618**	**31**	**845,514**
Net carrying amount							
At 31 December 2018	**312,372**	**45,716**	**144,281**	**19,424**	**65,431**	**181,022**	**768,246**

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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
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

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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 building, furniture and fixtures

During the year, the Group re-assessed the useful life of buildings. Based on this review, the estimated useful life of these assets was revised from 10 to 30 years to better reflect the expected pattern of consumption of future economic benefits embodied therein. In 2017, the Group reassessed the useful life of furniture and fixtures from 4 to 6 years.

iii. Transfer from investment property

During the previous 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 to property, plant and equipment (refer note 15).

15. Investment properties

	2018	2017
Cost		
At 1 January	**106,468**	225,089
Reclassification to property, plant and equipment (note 14)	**-**	(31,179)
Disposal/impairment	**(373)**	-
Reclassification to assets held for sale	**(23,337)**	-
Reversal of impairment loss	**-**	8,901
Written-off in prior years	**(545)**	(96,955)
Effect of foreign exchange translation	**-**	612
At 31 December	**82,213**	106,468
Accumulated Depreciation/impairment		
At 1 January	**26,244**	127,673
Charge for the year	**5,130**	5,896
Reclassification to property, plant and equipment (note 14)	**-**	(10,694)
Disposal/impairment	**(172)**	-
Reclassification to assets held for sale	**(10,445)**	-
Written-off in prior years	**(545)**	(96,955)
Effect of foreign exchange translation	**130**	324
At 31 December	**20,342**	26,244
Carrying amount as at 31 December	**61,871**	80,224

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 2018 was performed internally using the market comparable approach or investment value approach that derives value based on expected rental yields. The valuation approach is based on an individual assessment for each property type. Based on this, the fair value of the investment properties is estimated at QAR 102.50 million (2017: QAR 109.92 million) as at 31 December 2018. The fair value measurement for all investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

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15. Investment properties (continued)

b) Write off of investment properties

During the previous 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 as set forth in IAS 12, is recorded under income tax.

For the year ended 31 December 2018, the CVAE amounts to QR 44.3 million (2017: QR 44.9 million).

16.1 Reconciliation of theoretical and actual income tax expense

Income tax expense from subsidiaries

	2018	2017
Gfi Informatique (i)	**75,679**	21,731
Other subsidiaries	**2,912**	1,671
	78,591	23,402

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

	2018	2017
Profit before corporation tax	**247,064**	147,556
Tax rate	**33.33%**	33.33%
Theoretical tax	**82,346**	49,180
Adjustments	**(6,667)**	(27,449)
Income tax expense	**75,679**	21,731
Of which: Current tax	**79,013**	27,619
Deferred taxes	**(3,334)**	(5,888)
	75,679	21,731

Adjustments include impact of tax losses not recognised as deferred tax assets, permanent tax differences, impact of CVAE, tax savings from non-taxable income and other tax related adjustments.

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16. Income tax expense (continued)

16.2 Deferred taxes

At 31 December 2018, the sources of deferred taxes were as follows:

	2018	2017
Net deferred tax – French companies		
Adjustments due to application of IFRS 15 and IFRS9	**21,577**	-
Temporary differences arising from tax declarations	**-**	4,110
Temporary differences arising from consolidation adjustments	**12,079**	22,072
	33,656	26,182
Net deferred tax – other foreign companies		
Tax timing differences	**3,798**	3,816
Tax loss carry-forwards recognised	**79,534**	5,172
Customer relationships	**(6,383)**	(7,330)
Others	**2,963**	(2,143)
	79,912	(485)
Net deferred tax – foreign companies	**113,568**	25,697
Presented in the consolidated financial statements as:		
Deferred tax assets	**117,327**	35,268
Deferred tax liabilities	**(3,759)**	(9,571)
	113,568	25,697

17. Interest bearing loans and borrowings

	2018	2017
Working capital facilities and others (a)	**1,663,210**	1,631,690
Term loans (b)	**4,099,974**	3,030,191
	5,763,184	4,661,881

Presented in the consolidated statement of financial position as follows:

	2018	2017
Current	**1,910,209**	2,113,609
Non-current	**3,852,975**	2,548,272
	5,763,184	4,661,881

For the year ended 31 December 2018 In Thousands of Qatari Riyals

17. Interest bearing loans and borrowings (continued)

Notes:

(a) During the year, the Group obtained short term loans from commercial banks mainly to finance working capital requirements. These loans carry interest at commercial rates and have a varying maturity 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 8.4 million (2017: QR 13.4 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 2018 received from bullion banks on an unfixed basis aggregating to 5,229 Kgs (2017: 5,017 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 30.

18. Accounts payable and accruals

	2018	2017
Trade accounts payable	**996,386**	748,710
Dividend Payable	**3,934**	943
Advances from customers	**360,469**	253,670
Accrued expenses and others	**931,610**	959,587
Tax and social security payable	**1,103,140**	994,439
Proposed acquisition of NCI (a)	**-**	366,410
Liabilities to bondholders (b)	**474,188**	107,426
Social and sports contribution	**10,179**	6,806
	3,879,906	3,437,991
Presented in the consolidated financial statements as:		
Current portion	**3,475,574**	3,289,193
Non-current portion	**404,332**	148,798
	3,879,906	3,437,991

a) This liability was created for the proposed acquisition of additional interest in Gfi Informatique. During the year, balance 0.52% have been consolidated using anticipated consolidation. (refer note 33).

b) On 27 July 2018, the Group issued bonds amounting to QR 372.80 million maturing on 31 July 2025. The bonds bear interest at a rate of 3.25% per annum. Interest on these bonds is payable annually in arrears on 31 July of each year, and for the first time on 31 July 2019.

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19. Employees' end of service benefits

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

	2018	2017
Employees' end of service benefits (a)	**124,395**	115,508
Retirement benefit plans (b)	**211,826**	196,405
At 31 December	**336,221**	311,913

(a) Employees' end of service benefits

	2018	2017
At 1 January	**115,508**	112,235
Provided during the year	**24,986**	21,562
End of service benefits paid	**(16,037)**	(18,403)
Transfer from related party	**37**	-
Exchange gain on translation of foreign currency	**(99)**	114
At 31 December	**124,395**	115,508

(b) Retirement benefit plan

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

	2018	2017
Provision for retirement indemnities at 1 January	**196,405**	175,463
Newly consolidated companies and others	**4,584**	531
Cost of services rendered during the year	**19,505**	8,951
Amount paid for severance / retirement in the year	**(11,260)**	(8,036)
Changes in actuarial differences	**2,642**	17,555
Exchange gain on translation of foreign currency	**(50)**	1,941
	211,826	196,405

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 2018 was 11%;
- a wage increase rate of 2.25% to 3.00%; and
- 2011-2013 INSEE mortality tables by gender.

The life of the plan is estimated at 14 years, the discount rate used is 1.66% (2017: 1.51%).

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

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20. Share capital

	2018	2017
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.

(c) Other reserve

This includes revaluation reserve amounting to QR 4.63 million, changes in actuarial differences – net of related tax amounting to QR 18.41 million, and other consolidation related adjustments amounting to QR 21. 22 million.

(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. Proposed dividends

The Board of Directors has proposed a cash dividend of QR 2 per share aggregating to QR 91.24 million for the year 2018, which is subject to the approval of the shareholders at the Annual General Assembly (2017: QR 4 per share totalling to QR 182.48 million). During the year, the dividend paid amounted to QR 182.48 million (2017: QR 182.48 million).

23. Revenue

A. Revenue streams

	2018	2017
Revenue from contract with customers	**10,773,514**	7,041,329

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23. Revenue (continued)

B. Disaggregation of revenue from contracts with customers

Revenue from contracts with customers disaggregated by major products and service lines, and primary geographical markets is listed in notes 24(a) and 24(b) respectively.

C. Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers.

	2018	2017
Contract assets	**1,609,160**	705,149
Contract liabilities	**(294,595)**	(294,913)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on made-to-order paper products. The amount of contract assets during the year ended 31 December 2018 was impacted by an impairment charge of QR 5.43 million. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers. As at 31 December 2018, the amount is QR 294.59 million. This will be recognised as revenue when the obligation to transfer goods or services are fulfilled, which is expected to occur over the future.

24. 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:

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24. Segment information (continued)

(a) By operating segments

31 December 2018	Information technology	Auto Group	E&I markets	Geotechnical services	Logistics	Travel	Engineering	Jewellery Trading	Telecom Retail	Others	Total
Revenue	8,179,970	729,315	197,460	50,716	40,906	31,310	77,724	1,359,869	-	106,244	10,773,514
Gross profit	1,877,603	152,903	40,305	14,877	15,077	26,662	15,251	386,320	-	55,994	2,584,992
EBITDA	651,589	93,964	19,248	3,043	9,453	8,788	5,617	84,426	16,868	112,858	1,005,854
Net profit/ (loss)	237,122	55,077	16,610	(933)	8,914	7,538	131	19,988	4,529	60,157	409,133
Finance costs	(208,366)	(18,015)	(2,162)	(1,501)	(261)	(915)	(2,268)	(32,647)	(12,339)	(39,694)	(318,168)
Depreciation and amortization	(128,299)	(20,872)	(476)	(2,474)	(278)	(336)	(3,217)	(31,001)	-	(13,009)	(199,962)
Segment assets	6,630,713	624,559	83,709	37,092	17,254	41,486	65,095	1,707,691	1,113,694	2,688,222	13,009,515
Segment liabilities	4,588,569	96,091	39,147	11,266	9,116	23,077	59,776	611,163	-	4,956,253	10,394,458
Other information											
Share of results from joint venture and associate companies	-	-	-	-	-	-	-	46,702	16,868	1,443	65,013
Investments in joint venture and associate companies	-	-	-	-	-	-	-	154,767	1,113,694	16,854	1,285,315

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24. Segment information (continued)

(a) By operating segments (continued)

31 December 2017	Information technology	Auto Group	E&I markets	Geotechnical services	Logistics	Travel	Engineering	Jewellery Trading	Telecom and retail	Others	Total
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 amortization	(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	2,640,175	11,561,541
Segment liabilities	3,271,745	106,926	63,348	13,050	13,236	16,936	64,676	531,733	-	4,730,150	8,811,800
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 associate companies	-	-	-	-	-	-	-	152,975	1,096,826	15,513	1,265,314

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24. Segment information (continued)

(b) By geography

31 December 2018	Qatar	Other GCC countries	Europe	Others	Total
Revenue	3,365,911	1,359,869	5,976,224	71,510	10,773,514
Gross profit	648,965	386,320	1,539,665	10,042	2,584,992
EBITDA	498,622	101,681	397,876	7,675	1,005,854
Net profit	213,822	37,242	153,995	4,074	409,133
Finance costs	(240,260)	(32,647)	(45,174)	(87)	(318,168)
Depreciation and amortisation	(44,540)	(31,002)	(123,029)	(1,391)	(199,962)
Segment assets	4,933,285	2,822,678	5,210,733	42,819	13,009,515
Segment liabilities	5,929,917	614,977	3,833,362	16,202	10,394,458
Other information					
Share of results from joint venture and associate companies	1,443	63,570	-	-	65,013
Investment in joint venture and associate companies	16,854	1,268,461	-	-	1,285,315

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24. Segment information (continued)

(b) By geography (continued)

31 December 2017	Qatar	Other GCC countries	Europe	Others	Total
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	4,586,459	2,805,050	4,096,191	73,841	11,561,541
Segment liabilities	5,553,027	536,899	2,706,497	15,377	8,811,800
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

25. Other income

	2018	2017
Gain on disposal of an equity investment	**80,755**	-
Reversal of impairment / recoveries of receivables	**581**	20,501
Gain on disposal of property, plant and equipment	**-**	9,035
Foreign exchange gain	**6,954**	19,396
Gain on previously held interest in an acquired subsidiary	**-**	165,950
Reversal of impairment on investment properties	**-**	8,901
Miscellaneous income	**52,611**	59,749
	140,901	283,532

26. General and administrative expenses

	2018	2017
Staff costs	**587,394**	395,720
Legal and professional fees	**209,965**	58,433
Rent expense	**121,111**	64,708
Tax and levies	**74,365**	32,619
Repairs and maintenance	**74,063**	51,997
Communication	**45,523**	26,610
Travelling	**34,254**	23,231
Directors' remuneration	**19,290**	23,981
Insurance	**18,301**	10,588
Bank charges	**17,192**	8,759
Printing and stationery	**14,942**	9,133
Utility charges	**13,763**	10,236
Other administrative expenses and allowances	**23,935**	122,016
	1,254,098	838,031

27. Selling and distribution expenses

	2018	2017
Staff costs	**335,862**	226,687
Rent expense	**91,763**	97,789
Advertisement and other promotion expenses	**86,536**	74,366
	514,161	398,842

28. 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.

	2018	2017
Profit for the year attributable to the shareholders of the Company	**407,147**	506,135
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)	**8.92**	11.09

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29. 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 income are as follows:

Nature	Relationship	2018	2017
Sales	Affiliates	**86,362**	106,072
Purchases	Affiliates	**2,341**	8,885

(b) Related party balances

	2018	2017
Due from related parties		
Receivable from joint venture companies and associates	**43,644**	28,398
Long term loans to joint venture companies and associates, net	**47,891**	38,987
	91,535	67,385
Presented in the financials as follows :		
Current	**43,644**	28,398
Non-current	**47,891**	38,987
	91,535	67,385
Due to related parties		
Payable to joint venture companies and associates	**3,724**	5,280
	3,724	5,280

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 2018 and 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.

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29. Related party disclosures (continued)

(d) Compensation of key management personnel

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

	2018	2017
Short term benefits	**13,400**	12,854
Post-employment benefits	**931**	1,245
	14,331	14,099
Directors' remuneration	**19,290**	23,981

30. Contingencies and commitments

(a) Contingent liabilities

i) As of the reporting date the Group is claimant and defendant in certain legal proceedings brought by the customers. In one of the material subsidiaries of the Group, Custom Authorities had filed a legal case against the subsidiary for unpaid custom dues of QR 24.0 million. In November 2018, the Court of First Instance ruled in favor of the Department of Customs and has asked the subsidiary to pay an amount of QR 20.0 million. The subsidiary has filed an appeal against this judgment and based on the merits of the case, management is reasonably confident of being successful in its appeal and accordingly no liability has been recorded for any potential payment arising from this case as at 31 December 2018.

Further, in one of the another material subsidiaries, it has filed a legal case against one of its customer, claiming QR 11.2 million value of the work done, which is yet to be acknowledged by the client. The customer has filed a counter claim of QR 161.5 million alleging quality and performance of the goods and services supplied. The subsidiary has made a provision of QR 8.3 million against these receivables in its consolidated financial statements and is confident that their position is strong in this case and accordingly, no additional liability has been recorded as at the reporting date.
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ii) 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:

	2018	2017
Letters of guarantees	**823,533**	532,252
Letters of credit	**68,325**	98,710
Stand-by letters of credit	**761,252**	733,905
	1,653,110	1,364,867

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

	2018	2017
Capital work in progress – contracted but not provided for	**37,758**	140,078

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30. Contingencies and commitments (continued)

(b) Commitments (continued)

Operating lease commitments under non-cancellable lease arrangements:

	2018	2017
Less than one year	**187,986**	169,980
1 to 5 years	**297,171**	231,564
Above five year	**40,709**	3,135
	525,866	404,679

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

	2018	2017
Contingent liabilities		
- Guarantees	**29,284**	55,459
- Letters of credit	**58,624**	39,799
	87,908	95,258
Operating lease commitments		
Less than one year	**5,595**	14,233
1 to 5 years	**6,534**	16,150
Above 5 years	**16,016**	18,160
	28,145	48,543

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.

31. 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, investments at fair value through profit or loss, investments through OCI, amounts due from related parties and certain other receivables that arise directly from its operation.

Fair value measurements

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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31. Financial instruments (continued)

Fair value measurements (continued)

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Fair value as at 31 December		Fair value
Financial assets/financial liabilities	**Classification**	**2018**	**Hierarchy**
Bank balances and cash	Amortised cost	**399,389**	-
Accounts receivable	Amortised cost	**2,533,597**	-
Financial assets at fair value through other comprehensive income	FVOCI	**10,199**	Level 3
Financial assets at fair value through profit or loss	FVTPL	**982**	Level 3
		2,944,167	

	Fair value as at 31 December		Fair value
Financial assets/financial liabilities	**Classification**	2017	**Hierarchy**
Bank balances and cash	Loans and receivables	362,766	-
Accounts receivable	Loans and receivables	2,452,034	-
Available-for-sale investments	Available for sale	11,741	Level 3
		2,826,541	

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 26.53 million were carried at cost less impairment as of the last reporting date. Upon adoption of IFRS 9 from 1 January 2018, these investments are reclassified and measured at fair value through profit or loss.

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.

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31. Financial instruments (continued)

Fair value measurements (continued)

Reconciliation of Level 3 fair values

	Equity instruments		
	FVOCI*	**FVTPL***	**Total**
Balance at 1 January 2018	11,740	26,976	38,716
Adjustments due to application of IFRS 9	-	(26,531)	(26,531)
Net changes in fair value	(1,541)	537	(1,004)
Balance at 31 December 2018	**10,199**	**982**	**11,181**

*Before 1 January 2018, these equity securities were classified as available-for-sale in accordance with IAS 39. From 1 January 2018, these securities are classified at FVOCI and FVTPL in accordance with IFRS 9 (refer Note 4.2).

Fair value sensitivity analysis

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

	2018	2017
Basis points	**+/-1,000**	+/-1,000
Effect on equity (QR ’000)	**+/-1,118**	+/-1,174

32. 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.

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32. Financial risk management (continued)

Interest rate risk (continued)

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

	2018	2017
Bank deposits and call accounts	**50,112**	27,213
Bank overdraft	**(407,664)**	(385,164)
Interest bearing loans and borrowings	**(5,763,184)**	(4,661,881)
	(6,120,736)	(5,019,832)

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

	2018	2017
Basis points	**+/-25**	+/-25
Effect on profit for the year (QR ’000)	**+/- 15,302**	+/-12,550

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.

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:

	2018	2017
Bank balances (excluding cash on hand)	**393,316**	350,489
Accounts receivable and others	**2,443,525**	2,425,433
Amounts due from related parties	**91,535**	67,385
	2,928,376	2,843,307

Bank balances (excluding cash on hand)

The Group held bank balances of QR 393,316 thousand at 31 December 2018 (2017: QR 350,489 thousand). The balances are held with banks, which are rated Aa3- to A3, based on Moody’s ratings.

Impairment on bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances have low credit risk based on the external credit ratings of the banks.

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32. Financial risk management (continued)

Credit risk (continued)

Accounts receivables and others
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group limits its exposure to credit risk from trade receivables by:

- evaluating the creditworthiness of each counter-party prior to entering into contracts;
- establishing maximum payment periods for each customer, which are reviewed regularly; and
- periodically reviewing the collectability of its trade receivables for identification of any impaired amounts.

The Group limits its exposure to credit risk from accounts receivables by establishing a maximum payment period of one and three months for corporate customers respectively.

As a result of the above, management believes that there is no significant credit risk, except for the financial and contract assets for which impairment has been already recognised by the management.

The movement in the provision for impairment of accounts receivable and contract assets is disclosed in Note 8.

The Group uses an allowance matrix to measure the ECLs of accounts receivable and contract assets.

Loss rates are calculated using a 'net flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for accounts receivable, retention receivables, due from related parties and contracts assets as at 31 December 2018.

	Weighted average loss rate	**Gross carrying amount**	**Loss allowance**	**Credit impaired**
Current (not past due)	0.75%	3,128,189	23,415	No
1-90 days past due	4.42%	356,803	15,787	No
91–180 days past due	15.97%	125,681	20,073	No
181–365 days past due	21.00%	52,994	11,130	No
More than 365 days past due	40.68%	154,267	62,762	Yes
At 31 December		**3,817,934**	**133,167**	

The above loss allowance includes specific provision of QR 36.53 million.

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by forward looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

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32. Financial risk management (continued)

Credit risk (continued)

Accounts receivables and other (continued)

Forward looking factors are based on actual and forecast macro-economic factors (primarily GDP) and is considered to be positive.

Past due are those amounts for which either the contractual or the "normal" payment date has passed.

Management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit base.

Accounts receivables do not bear interest.

The Group does not require collateral as security in respect of its accounts receivables.

Comparative information under IAS 39

Ageing of accounts receivables at 31 December 2017 is as follows:

	2017
Aging of neither past due nor impaired	
Up to 180 days	1,413,805
Aging of past due but not impaired	
0 – 90 days	405,352
91 – 180 days	76,843
180 + days	99,092
Total	581,287
Aging of impaired receivables	
Over 180 days	67,163

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)	**2018**	2017
EURO	**6,849**	383,389
GBP	**3,232**	6,159
Other currencies	**159,512**	140,111
	169,593	529,659

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32. Financial risk management (continued)

Foreign currency risk (continued)

	Increase/decrease in Euro, GBP and other rates to the QR	*Effect on profit before tax*
2018	**+/- 3%**	**+/- 5,088**
2017	+/- 3%	+/- 15,890

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 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 2018			
Accounts payable and accruals	**3,115,105**	**404,332**	**3,519,437**
Amounts due to related parties	**3,724**	**-**	**3,724**
Interest bearing loans and borrowings	**1,910,209**	**3,852,975**	**5,763,184**
Bank overdrafts	**407,664**	**-**	**407,664**
Total	**5,436,702**	**4,257,307**	**9,694,009**

	Less than 1 year	1 to 5 years	Total
At 31 December 2017			
Accounts payable and accruals	3,035,523	148,798	3,184,321
Amounts due to related parties	5,280	-	5,280
Interest bearing loans and borrowings	2,113,609	2,548,272	4,661,881
Bank overdrafts	385,164	-	385,164
Total	5,539,576	2,697,070	8,236,646

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 2017. 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.

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32. Financial risk management (continued)

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

	2018	2017
Debt	**6,170,848**	5,047,045
Bank balances and cash	**(399,389)**	(362,766)
Net debt	**5,771,459**	4,684,279
Total equity	**2,615,057**	2,749,741
Add: acquisition reserve	**999,488**	588,058
	3,614,545	3,337,799
Gearing ratio	**1.60:1**	1.40:1

33. Acquisition of additional interest in a subsidiary

In 2018, the Group acquired an additional 18.27% interest in Gfi Informatique (Gfi) in two tranches, increasing its ownership from 81.21% to 99.48%, and balance 0.52% have been consolidated using anticipated acquisition method as purchase of these shares have been principally agreed with the holders. This treatment has resulted in Group's 100% ownership in Gfi. The carrying amounts of Gfi's net assets in the Group's consolidated financial statements on the dates of acquisition i.e. June 2018 and December 2018 were QR 341.9 million and QR 460.3 million respectively. The following table summarises the effect of changes in the Company's ownership interest in Gfi.

Carrying amount of NCI acquired	66,840
Consideration paid to NCI in cash	(478,270)
A decrease in equity attributable to the shareholders of the Company	**(411,430)**
Liability set up in the annual consolidated financial statements as at 31 December 2017	366,410
Foreign exchange differences on settlement of liability to NCI recognised directly in equity	11,752
Total consideration paid to NCI	**378,162**

34. Comparative information

Corresponding figures for 2017 have been reclassified in order to conform to 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.

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35. Restatement

During the year, the Group finalized the provisional fair values of the assets and liabilities recognised in the last year's annual audited consolidated financial statements on acquisition of Gfi. This exercise has resulted in change in fair value of the certain other intangible assets recognised in the last year's annual consolidated financial statements and accordingly their amortization charge for the year. Hence, the management has decided to restate the prior year figures in accordance with the requirements of IFRS 3 'Business Combination'.

Summary of the effects of the above restatements on the previously issued figures are as follows:

Consolidated statement of financial position;

	Previously reported figures	Restatement	Restated figures
At 31 December 2017			
Goodwill and other intangibles	3,947,247	(189,066)	3,758, 181
Retained earnings*	(1,900,164)	6,534	(1,893,630)
Foreign currency translation reserve	(12,550)	(499)	(13,049)
Non-controlling interest	(268,321)	183,031	(85,290)
Other reserve	371,203	5,092	376,295
Accounts and other payables	(3,432,899)	(5,092)	3,437,991

*Retained earnings are restated due to additional amortization charge arising on the revised fair value of other intangible assets upon completion of fair valuation exercise without restating the comparative consolidated statement of income. Accordingly, the amortization charge has been presented as other adjustment in the consolidated statement of changes in equity.