

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE SIX MONTH PERIOD ENDED  
30 JUNE 2019**

**MANNAI CORPORATION Q.P.S.C.**

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

For the six month period ended 30 June 2019

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

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

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

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mannai Corporation Q.P.S.C. (the "Company") and its subsidiaries (together the "Group") as at 30 June 2019, and the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim condensed consolidated financial statements ('the interim condensed consolidated financial statements'). The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of review**

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



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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at and for the six month period ended 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34 – “Interim Financial Reporting”.

06 August 2019  
Doha  
State of Qatar

Gopal Balasubramaniam  
Qatar Auditors Registry Number 251  
KPMG  
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License No. 120153



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

As at 30 June 2019

	Notes	30 June 2019 (Reviewed) QR '000	31 December 2018 (Audited) (Restated)* QR '000
<b>ASSETS</b>			
<b>Current assets</b>			
Bank balances and cash	3	397,972	399,389
Accounts receivable and prepayments	4	4,213,392	3,909,471
Inventories	5	1,794,031	1,663,585
Amounts due from related parties		33,615	43,644
		<b>6,439,010</b>	<b>6,016,089</b>
Assets held for sale		-	12,892
<b>Total current assets</b>		<b>6,439,010</b>	<b>6,028,981</b>
<b>Non-current assets</b>			
Right-of-use assets		696,542	-
Accounts receivable and prepayments	4	307,548	279,509
Financial assets – equity instruments	6	9,383	11,181
Investment in joint venture companies	7	18,850	18,088
Investment in associate companies	8	1,279,068	1,267,227
Goodwill and other intangible assets	9	4,472,066	4,404,010
Property, plant and equipment	10	841,717	768,246
Investment properties	11	12,359	61,871
Deferred tax assets		68,674	118,780
Amounts due from related parties		47,091	47,891
<b>Total non-current assets</b>		<b>7,753,298</b>	<b>6,976,803</b>
<b>Total assets</b>		<b>14,192,308</b>	<b>13,005,784</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank overdrafts	3	392,592	407,664
Interest bearing loans and borrowings	12	2,685,045	1,910,209
Lease liabilities	13	135,721	-
Accounts payable and accruals	14	3,364,461	3,475,574
Amounts due to related parties		5,457	3,724
<b>Total current liabilities</b>		<b>6,583,276</b>	<b>5,797,171</b>

**The interim condensed consolidated statement of financial position continues on the next page.**

\*Refer note 25

**MANNAI CORPORATION Q.P.S.C.**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(CONTINUED)

As at 30 June 2019

	Notes	30 June 2019 (Reviewed) QR '000	31 December 2018 (Audited) (Restated)* QR '000
<b>Non-current liabilities</b>			
Deferred tax liabilities		5,565	10,440
Interest bearing loans and borrowings	12	3,696,529	3,852,975
Lease liabilities	13	577,205	-
Accounts payable and accruals	14	411,234	404,332
Employee benefits		347,295	336,221
<b>Total non-current liabilities</b>		<b>5,037,828</b>	<b>4,603,968</b>
<b>Total liabilities</b>		<b>11,621,104</b>	<b>10,401,139</b>
<b>Equity</b>			
Share capital	15	456,192	456,192
Legal reserve	16	1,083,456	1,083,456
Acquisition reserve		(999,488)	(999,488)
Other reserve		(36,106)	(35,083)
Foreign currency translation reserve		(94,008)	(84,859)
Proposed dividends		-	91,238
Fair value reserve		(32,990)	(31,183)
Retained earnings		2,183,609	2,121,893
<b>Equity attributable to owners of the Company</b>		<b>2,560,665</b>	<b>2,602,166</b>
Non-controlling interests		10,539	2,479
<b>Total equity</b>		<b>2,571,204</b>	<b>2,604,645</b>
<b>Total liabilities and equity</b>		<b>14,192,308</b>	<b>13,005,784</b>

These interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on their behalf by the following on 06 August 2019.



Alekh Grewal  
Director and Group Chief Executive Officer



Ewan Cameron  
Chief Financial Officer

\*Refer note 25

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

**MANNAI CORPORATION Q.P.S.C.**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**

For the six month period ended 30 June 2019

		<b>Six month period ended</b>	
		<b>30 June</b>	<b>30 June</b>
		<b>2019</b>	<b>2018</b>
		<b>(Reviewed)</b>	<b>(Reviewed)</b>
		<b>QR '000</b>	<b>QR '000</b>
Notes			
Revenue	17	<b>5,700,255</b>	5,171,146
Direct costs		<b>(4,472,472)</b>	(3,968,233)
<b>Gross profit</b>		<b>1,227,783</b>	1,202,913
Other income		<b>53,377</b>	34,786
Share of profit from associates and joint venture companies	7,8	<b>30,487</b>	26,292
Impairment loss on financial and contract assets - net		<b>19,047</b>	(9,391)
General and administrative expenses		<b>(561,027)</b>	(558,601)
Selling and distribution expenses		<b>(233,843)</b>	(252,068)
<b>Profit before interest, tax, depreciation and amortisation</b>		<b>535,824</b>	443,931
Finance costs		<b>(205,054)</b>	(129,778)
Depreciation and amortisation		<b>(194,420)</b>	(105,629)
<b>Profit before tax</b>		<b>136,350</b>	208,524
Income tax		<b>(47,815)</b>	(41,284)
<b>Net profit for the period</b>		<b>88,535</b>	167,240
<b>Attributable to:</b>			
Owners of the Company		<b>87,440</b>	166,984
Non-controlling interests		<b>1,095</b>	256
		<b>88,535</b>	167,240
<b>Earnings per share:</b>			
Basic and diluted earnings per share attributable to owners of the Company (QR)	15,19	<b>0.19</b>	0.37

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

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

For the six month period ended 30 June 2019

	<b>Six month period ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2019</b>	<b>2018</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR '000</b>	<b>QR '000</b>
<b>Net profit for the period</b>	<b>88,535</b>	<b>167,240</b>
<b>Other comprehensive income</b>		
<i>Items that will not to be reclassified to profit or loss</i>		
Remeasurements of the defined benefit liability (asset)	-	(1,758)
Equity investments at FVOCI – net change in fair value	(1,807)	-
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign operations - foreign currency translation differences	(9,104)	(48,528)
Loss on hedging instruments	(3,031)	-
<b>Total other comprehensive loss for the period, net of tax</b>	<b>(13,942)</b>	<b>(50,286)</b>
<b>Total comprehensive income for the period</b>	<b>74,593</b>	<b>116,954</b>
<b>Attributable to:</b>		
Owners of the Company	73,453	117,409
Non-controlling interests	1,140	(455)
	<b>74,593</b>	<b>116,954</b>

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



**MANNAI CORPORATION Q.P.S.C.**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six month period ended 30 June 2019

					Foreign currency translation reserve	Proposed dividends	Fair value reserve	Retained earnings	Equity attributable to		
	Share capital	Legal reserve	Acquisition reserve	Other reserve					Owners of the Company	Non- controlling interests	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Balance – 31 December 2018 / 1 January 2019 (Audited) (Restated)*	456,192	1,083,456	(999,488)	(35,083)	(84,859)	91,238	(31,183)	2,121,893	2,602,166	2,479	2,604,645
Adjustment on initial application of IFRS 16 (net of tax) (Refer Note 2.3)	-	-	-	-	-	-	-	(25,724)	(25,724)	-	(25,724)
Adjusted balance – 1 January 2019	456,192	1,083,456	(999,488)	(35,083)	(84,859)	91,238	(31,183)	2,096,169	2,576,442	2,479	2,578,921
Profit for the period	-	-	-	-	-	-	-	87,440	87,440	1,095	88,535
Other comprehensive income	-	-	-	(3,031)	(9,149)	-	(1,807)	-	(13,987)	45	(13,942)
Total comprehensive income for the period	-	-	-	(3,031)	(9,149)	-	(1,807)	87,440	73,453	1,140	74,593
Dividends paid	-	-	-	-	-	(91,238)	-	-	(91,238)	-	(91,238)
Valuation of share-based payment	-	-	-	2,008	-	-	-	-	2,008	-	2,008
Other adjustments	-	-	-	-	-	-	-	-	-	6,920	6,920
<b>Balance – 30 June 2019 (Reviewed)</b>	<b>456,192</b>	<b>1,083,456</b>	<b>(999,488)</b>	<b>(36,106)</b>	<b>(94,008)</b>	<b>-</b>	<b>(32,990)</b>	<b>2,183,609</b>	<b>2,560,665</b>	<b>10,539</b>	<b>2,571,204</b>

The interim condensed consolidated statement of changes in equity continues on the next page.

\*Refer note 25

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

**MANNAI CORPORATION Q.P.S.C.**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

For the six month period ended 30 June 2019

	Share capital	Legal reserve	Acquisition reserve	Other reserve	Foreign currency translation reserve	Proposed dividends	Fair value reserve	Retained earnings	Equity attributable to		Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	Shareholders of the Company	Non- controlling interests	QR'000
1 January 2018 (Audited) <sup>(1)</sup>	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) <sup>(2)</sup>	-	-	-	-	-	-	-	(30,234)	(30,234)	(7,026)	(37,260)
Adjustment on application of IFRS 9 (net of tax) <sup>(2)</sup>	-	-	-	-	-	-	(29,642)	(36,821)	(66,463)	(3,049)	(69,512)
1 January 2018 (Restated)	456,192	1,083,456	(588,058)	(376,295)	13,049	182,477	(29,642)	1,826,575	2,567,754	75,215	2,642,969
Profit for the period	-	-	-	-	-	-	-	166,984	166,984	256	167,240
Other comprehensive income	-	-	-	(1,758)	(47,817)	-	-	-	(49,575)	(711)	(50,286)
Total comprehensive income for the	-	-	-	(1,758)	(47,817)	-	-	166,984	117,409	(455)	116,954
Dividends paid	-	-	-	-	-	(182,477)	-	-	(182,477)	(7,882)	(190,359)
Adjustment due to acquisition of additional interest in a subsidiary	-	-	(307,765)	366,410	-	-	-	-	58,645	(70,397)	(11,752)
Balance – 30 June 2018 (Reviewed) (Restated)	<u>456,192</u>	<u>1,083,456</u>	<u>(895,823)</u>	<u>(11,643)</u>	<u>(34,768)</u>	<u>-</u>	<u>(29,642)</u>	<u>1,993,559</u>	<u>2,561,331</u>	<u>(3,519)</u>	<u>2,557,812</u>

<sup>(1)</sup>Restated: Opening restatements, due to finalisation of the provisional fair values of the assets and liabilities on acquisition of Gfi, disclosed in the interim condensed consolidated financial statements for the six month period ended 30 June 2018 were subsequently revised in the annual consolidated financial statements for the year ended 31 December 2018.

<sup>(2)</sup>Restated: Transition adjustments due to application of IFRS 15 and IFRS 9 disclosed in the interim condensed consolidated financial statements for the six month period ended 30 June 2018 were subsequently revised in the annual consolidated financial statements for the year ended 31 December 2018.

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

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

For the six month period ended 30 June 2019

	Notes	<b>Six month period ended</b>	
		<b>30 June</b>	<b>30 June</b>
		<b>2019</b>	<b>2018</b>
		<b>(Reviewed)</b>	<b>(Reviewed)</b>
		<b>QR '000</b>	<b>QR '000</b>
<b>Cash flows from operating activities</b>			
Profit before tax		136,350	208,524
Adjustments for:			
Depreciation and amortization		194,420	105,629
Property, plant and equipment written off		551	49
Impairment loss on financial and contract assets - net		(19,047)	9,391
Impairment of financial assets – equity instruments		-	288
(Reversal) / provision of obsolete and slow moving inventories		(2,382)	2,001
(Gain) / loss on sale of property, plant and equipment		(208)	871
Gain on sale of investment properties		(16,593)	(343)
Finance income		(3,449)	(3,378)
Finance costs		205,054	129,778
Share of profit from associates and joint ventures	7,8	(30,487)	(26,292)
Provision for employee benefits		23,693	25,114
<b>Operating profit before working capital changes</b>		<b>487,902</b>	<b>451,632</b>
<i>Working capital changes:</i>			
Accounts receivable and prepayments		(258,762)	(715,536)
Inventories		(128,064)	(8,331)
Due from / to related parties		16,011	(3,553)
Accounts payable and accruals		(201,071)	433,489
<b>Cash (used in) / generated from operating activities</b>		<b>(83,984)</b>	<b>157,701</b>
Interest paid		(173,749)	(114,866)
Employee benefits paid		(16,159)	(14,362)
Social and sports contribution paid		(5,346)	(6,806)
<b>Net cash (used in) / generated from operating activities</b>		<b>(279,238)</b>	<b>21,667</b>
<b>Cash flows from investing activities</b>			
Dividends received	8	17,860	16,248
Acquisition of financial assets – equity instruments	6(b)	(18)	(619)
Acquisition of property, plant and equipment	10	(92,112)	(150,122)
Proceeds from sale of property, plant and equipment		16,045	6,162
Proceeds from sale of investment property		76,731	544
Additions to goodwill and intangible assets	9	(65,291)	(680,982)
Acquisition of non-controlling interests in a subsidiary		-	(378,162)
Net cash outflows from acquisition of subsidiary		(73,523)	-
<b>Net cash used in investing activities</b>		<b>(120,308)</b>	<b>(1,186,931)</b>

The interim condensed consolidated statement of cash flows continues on the next page.

**MANNAI CORPORATION Q.P.S.C.**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS (CONTINUED)**

For the six month period ended 30 June 2019

		<b>Six month period ended</b>	
		<b>30 June</b>	30 June
		<b>2019</b>	2018
Notes	<b>(Reviewed)</b>	(Reviewed)	
	<b>QR '000</b>	QR '000	
<b>Cash flows from financing activities</b>			
Dividend paid to shareholders of the parent	18	<b>(91,238)</b>	(182,477)
Dividend paid to non-controlling interests		-	(7,882)
Payment of lease liabilities	13	<b>(109,906)</b>	-
Movement in interest bearing loans and borrowings		<b>618,390</b>	1,421,085
<b>Net cash from financing activities</b>		<b>417,246</b>	1,230,726
Net change in cash and cash equivalents		<b>17,700</b>	65,462
Cash and cash equivalents at the beginning of period		<b>(16,664)</b>	(35,535)
<b>Cash and cash equivalents at the end of period</b>	3	<b>1,036</b>	29,927

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

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

For the six month period ended 30 June 2019

**1. CORPORATE INFORMATION**

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

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

The interim condensed consolidated financial statements as at and for the six months ended 30 June 2019 comprise the financial statements of the Company and its controlled subsidiaries. Set out below is a list of local, and material foreign subsidiaries of the Group;

Name of subsidiaries	Country of incorporation	Group’s effective shareholding percentage	
		30 June 2019	31 December 2018
Mannai Trading Company W.L.L.	Qatar	100	100
Manweir L.L.C.	Qatar	100	100
Gulf Laboratories Company W.L.L.	Qatar	100	100
Space Travel W.L.L.	Qatar	100	100
Space Cargo L.L.C.	Qatar	100	100
Qatar Logistics W.L.L.	Qatar	100	100
Technical Services Company W.L.L.	Qatar	100	100
Mansoft Qatar W.L.L.	Qatar	100	100
Gfi Informatique SA	France	100	100
Gfi Progiciels SAS	France	100	100
Addstones-Vanilla SAS	France	100	100
Business Document SAS	France	100	100
Novulys SAS	France	100	100
Metaware Technologies SA	France	100	100
Gfi Informatique Entreprise Solutions SAS	France	100	100
Roff France	France	100	100
Gfi Infrastructure Services S.A. (ex-Computacenter)	Luxembourg	100	100
Real Solution SA	Luxembourg	100	100
Gfi NV	Belgium	100	100
Realdolmen NV	Belgium	100	100
Gfi Portugal - Tecnologias de Informaçao, SA	Portugal	100	100
Roff Consultores Independetes SA	Portugal	100	100
Grupo Corporativo Gfi Norte	Spain	100	100
Savac Consultores SL	Spain	100	100
Grupo Corporativo Gfi Informatica SA	Spain	100	100
Gfi International	Switzerland	100	100
Société d'informatique et de Systèmes	France	86.57	-

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

For the six month period ended 30 June 2019

**1. CORPORATE INFORMATION (CONTINUED)**

<b>Name of subsidiaries</b>	<b>Country of incorporation</b>	<b>Group's effective shareholding percentage</b>	
		<b>30 June 2019</b>	<b>31 December 2018</b>
Damas L.L.C.	UAE	<b>100</b>	100
Damas Jewellery L.L.C.	UAE	<b>100</b>	100
Damas Jewellery D.M.C.C.	UAE	<b>100</b>	100
Damas Jewellery Manufacturing Company L.L.C.	UAE	<b>100</b>	100
Premium Investments International L.L.C.	UAE	<b>100</b>	100
Damas Jewellery L.L.C (formerly Gem Universe L.L.C.)	Oman	<b>100</b>	100
Damas Company W.L.L.	Bahrain	<b>100</b>	100
Damas Jewellery Kuwait Company W.L.L.	Kuwait	<b>100</b>	100
Damas Saudi Arabia Company Limited	KSA	<b>100</b>	100

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

These interim condensed consolidated financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting" under the historical cost convention except for certain financial instruments which have been stated at fair value. They do not include all of the information required for a complete set of IFRS financial statements, therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2018 ('last annual financial statements'). In addition, results for the six month period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

This is the first set of the Group's financial statements where IFRS 16 has been applied. Changes to significant accounting policies are described in Note 2.3.

These interim condensed consolidated financial statements were authorised for issue by the Company's Board of Directors on 06 August 2019.

**2.2 Use of judgements and estimates**

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Group's last annual financial statements, except for the new significant judgements related to lessee accounting under IFRS 16, which are described in Note 2.3.

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

### **2.3 Significant accounting policies**

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements are consistent with those applied in the Group's last annual financial statements as at and for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted IFRS 16 "*Leases*" from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in the accounting policies are disclosed below.

#### **A. Definition of a lease**

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 "*Determining Whether an Arrangement contains a lease*". Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained below.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

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

**2.3 Significant accounting policies (continued)**

**A. Definition of a lease (continued)**

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

**B. Transition**

**As a lessee**

The Group leases several assets which includes office buildings, showrooms, warehouses, properties (for accommodation) and vehicles. The average lease term is 2 to 5 years. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes.

Under IFRS 16, the Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease term determined by the Group comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

Lease payments included in the measurement of the lease liability comprise the following:

- a. Fixed payments; and
- b. Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.



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

**2.3 Significant accounting policies (continued)**

**B. Transition (continued)**

**As a lessee (continued)**

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases of all class of underlying assets that have a lease term of 12 months or less, or those leases which have low-value underlying assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components and instead accounts for each lease component and associated non-lease components as a single lease component.

For lease contracts entered in to before 1 January 2019, IFRS 16 has been applied as below:

*(i) Leases classified as operating leases under IAS 17*

The Group has recognized lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17. These lease liabilities were measured at the present value of the remaining lease payments, and discounted using the lessee's incremental borrowing rate as of 1 January 2019.

Right-of-use assets are measured at either:

- a. Their carrying amounts as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.
- b. An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has applied the above approach for determining right-of-use assets on lease by lease basis. The Group has used a combined approach in recognizing its right-of-use assets. Certain right-of-use assets are measured as if the new rules had always been applied, whereas others were measured at the amount equal to the lease liability, further adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at the reporting period. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The Group has used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17 leases -

- a. Applied a single discount rate to a portfolio of leases with similar characteristics
- b. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- c. Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

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

**2.3 Significant accounting policies (continued)**

**B. Transition (continued)**

**As a lessee (continued)**

The Group also applied the following practical expedients on a lease by lease basis -

- a. Applied the exemption not to recognize right-of-use assets and liabilities for leases with underlying assets assessed as low value.
- b. Used hindsight when determining the lease term where the contract contains options to extend or terminate the lease.

*(ii) Leases previously classified as finance leases*

For leases that were previously classified as finance leases under IAS 17, the carrying amount of the right-of use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17, immediately before 1 January 2019.

**As a lessor**

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application. The Group does not have any sub lease assets.

The Group performs an assessment of each lease on inception. If a lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset, it is classified as a finance lease, otherwise, it is classified as an operating lease. The Group also considers certain indicators, such as whether the lease is for the major part of the economic life of the asset, as a part of its assessment.

The operating leases entered in to by the Group mainly relate to computers and hardware equipment, which have a lease term of 2 to 3 years. The lessee does not have an option to purchase the asset at the expiry of the lease period, and the unguaranteed residual values do not represent a significant risk for the Group.

**C. Change in judgment and estimates**

The critical judgements and estimates used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's last annual financial statements for the year ended 31 December 2018 except for the changes highlighted below:

- a. Extension and termination options are included in several leases across various classes of right-of-use asset across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In cases where lease contracts have indefinite term or are subject to auto renewal, lease term is determined considering the business case and reasonably certain renewal of lease.

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.3 Significant accounting policies (continued)****C. Change in judgment and estimates (continued)**

b. The present value of the lease payments is determined using the discount rate representing the incremental borrowing rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the fund necessary to obtain an asset of a similar value to the right-to-use asset in a similar economic environment.

c. The Group accounts and identifies assets as a portfolio based on its similar characteristics and has applied the requirements of IFRS 16 on estimates and assumptions that reflect the size and composition of that portfolio.

**D. Impacts on financial statements, segment reporting and earnings per share**

On transition to IFRS 16, the Group recognised an additional QR 753,190 thousands of right of use of assets and QR 778,914 thousands of lease liabilities, recognizing the difference of QR 25,724 thousand in retained earnings.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments at 1 January 2019 across its subsidiaries and operations using incremental borrowing rates of 2.5% to 6%.

	1 January 2019 (QR' 000)
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	525,866
Add: Operating lease commitment not included in the opening balance	84,350
Adjusted operating lease commitment at 31 December 2018	610,216
Discounted using the incremental borrowing rate at 1 January 2019	536,934
Less: Recognition exemption for	
- Short term leases	(35,729)
- Leases of low value assets	(7,161)
Add: Extension options reasonably certain to be exercised	284,870
Lease liabilities recognized as at 1 January 2019	778,914
Of which are:	
Non-current lease liabilities	593,538
Current lease liabilities	185,376

The change in accounting policy affected the following items in the interim condensed consolidated statement of income for the six month period ended 30 June 2019:

Direct costs – decrease by QR 16,469 thousand  
 General and administrative expenses – decrease by QR 61,988 thousand  
 Selling and distribution expenses – decrease by QR 26,141 thousand  
 Net finance costs – increase by QR 11,978 thousand  
 Depreciation and amortisation – increase by QR 94,004 thousand  
 Income tax expense – decrease by QR 178 thousand  
 Profit for the period – decrease by QR 1,206 thousand

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.3 Significant accounting policies (continued)****D. Impacts on financial statements, segment reporting and earnings per share (continued)**

Profit attributable to the shareholders – decrease by QR 1,188 thousand

Profit attributable to non-controlling interest – decrease by QR 18

Earnings per share decreased by QR 0.003 per share for the six months period ended 30 June 2019 as a result of the adoption of IFRS 16.

**Standards, amendments and interpretations issued but not yet effective:**

Following new, revised standards and interpretations that have been issued are not yet effective for the six month period ended 30 June 2019 and have not been early adopted in preparing these interim condensed consolidated financial statements.

Effective Date	New standard or amendments
1 January 2020	Amendments to References to Conceptual Framework in IFRS Standards
	Definition of a Business (Amendments to IFRS 3)
	Definition of Material (Amendments to IAS 1 and IAS 8)
1 January 2021	IFRS 17 Insurance Contracts
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

**3. BANK BALANCES AND CASH**

	30 June 2019 (Reviewed) QR '000	31 December 2018 (Audited) QR '000	30 June 2018 (Reviewed) QR '000
Bank balances and cash	397,972	399,389	591,445
Less: Fixed and margin deposit under lien	(4,344)	(8,389)	(11,151)
	393,628	391,000	580,294
Less: Bank overdrafts	(392,592)	(407,664)	(550,367)
Cash and cash equivalents	1,036	(16,664)	29,927

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, management of the Group have assessed that the expected credit loss is insignificant on these balances.

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

For the six month period ended 30 June 2019

**4. ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	<b>30 June 2019 (Reviewed) QR '000</b>	<b>31 December 2018 (Audited) QR '000</b>
Trade accounts receivable	<b>1,710,181</b>	1,393,759
Receivables transferred to factoring companies	<b>181,530</b>	534,427
Advances to suppliers, net	<b>69,502</b>	43,095
Notes receivable	<b>189,463</b>	193,149
Prepayments	<b>149,299</b>	136,295
Deposits	<b>19,795</b>	19,561
Contract assets	<b>1,774,176</b>	1,609,160
Tax receivable	<b>328,880</b>	262,198
Others	<b>214,695</b>	130,503
	<b>4,637,521</b>	4,322,147
Less: Allowance for impairment of receivables and contract assets (b)	<b>(116,581)</b>	(133,167)
	<b>4,520,940</b>	4,188,980

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

	<b>30 June 2019 (Reviewed) QR '000</b>	<b>31 December 2018 (Audited) QR '000</b>
Current	<b>4,213,392</b>	3,909,471
Non-current	<b>307,548</b>	279,509
	<b>4,520,940</b>	4,188,980

(b) Movement in allowance for impairment of receivables and contract assets is presented as follows:

	<b>30 June 2019 (Reviewed) QR '000</b>	<b>31 December 2018 (Audited) QR '000</b>
Beginning of the period / year	<b>133,167</b>	67,163
Adjustments due to application of IFRS 9	<b>-</b>	48,390
Adjusted opening balance	<b>133,167</b>	115,553
Movements during the period / year	<b>(16,586)</b>	17,614
	<b>116,581</b>	133,167

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

For the six month period ended 30 June 2019

**5. INVENTORIES**

	<b>30 June 2019 (Reviewed) QR '000</b>	<b>31 December 2018 (Audited) QR '000</b>
Gold and other jewelleryes, net of consignment inventory	<b>1,048,165</b>	1,114,230
Work-in-progress	<b>245,093</b>	105,583
Merchandises, spares and tools	<b>444,511</b>	390,918
Vehicles and heavy equipment	<b>148,012</b>	157,369
Industrial supplies	<b>32,032</b>	21,729
Others	<b>4,205</b>	4,125
	<b>1,922,018</b>	1,793,954
Less: Provision for obsolete and slow moving items	<b>(127,987)</b>	(130,369)
	<b>1,794,031</b>	1,663,585

**6. FINANCIAL ASSETS – EQUITY INSTRUMENTS**

	<b>30 June 2019 (Reviewed) QR '000</b>	<b>31 December 2018 (Audited) QR '000</b>
Financial assets at fair value through other comprehensive income (a)	<b>8,391</b>	10,199
Financial assets at fair value through profit or loss (b)	<b>992</b>	982
	<b>9,383</b>	11,181

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

	<b>30 June 2019 (Reviewed) QR '000</b>	<b>31 December 2018 (Audited) QR '000</b>
Beginning of the period / year	<b>10,199</b>	11,740
Net change in fair value	<b>(1,807)</b>	(1,541)
Exchange adjustments	<b>(1)</b>	-
End of the period / year	<b>8,391</b>	10,199

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

For the six month period ended 30 June 2019

**6. FINANCIAL ASSETS – EQUITY INSTRUMENTS (CONTINUED)****(b) Financial assets at fair value through profit or loss**

	<b>30 June 2019 (Reviewed) QR '000</b>	31 December 2018 (Audited) QR '000
Beginning of the period / year	982	26,976
Less: Adjustments due to application of IFRS 9	-	(26,531)
Adjusted opening balance	982	445
Additions	18	587
Net change in fair value	-	(292)
Exchange adjustments	(8)	242
End of the period / year	<u>992</u>	<u>982</u>

**7. INVESTMENT IN JOINT VENTURE COMPANIES**

	<b>30 June 2019 (Reviewed) QR '000</b>	31 December 2018 (Audited) QR '000
Beginning of the period / year	18,088	16,991
Share of profit from joint ventures	763	1,202
Disposal of a joint venture	-	(102)
Exchange adjustments	(1)	(3)
End of the period / year	<u>18,850</u>	<u>18,088</u>

**8. INVESTMENT IN ASSOCIATE COMPANIES**

	<b>30 June 2019 (Reviewed) QR '000</b>	31 December 2018 (Audited) QR '000
Beginning of the period / year	1,267,227	1,248,323
Derecognition of an associate	-	(2,803)
Acquired during the period / year	-	1,487
Dividends received	(17,860)	(43,352)
Share of results from associates	29,724	63,811
Exchange adjustments	(23)	(239)
End of the period / year	<u>1,279,068</u>	<u>1,267,227</u>

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

For the six month period ended 30 June 2019

**9. GOODWILL AND OTHER INTANGIBLE ASSETS**

	<b>30 June 2019 (Reviewed) QR '000</b>	<b>31 December 2018 (Audited) (Restated)* QR '000</b>
Beginning of the period / year	<b>4,404,010</b>	3,758,181
Arising from business combination	<b>64,760</b>	757,930
Additions during the period / year	<b>65,291</b>	124,243
Disposals	-	(1,990)
Amortisation relating to disposal	-	1,990
Charge for the period / year	<b>(49,156)</b>	(103,162)
Adjustments	-	(1,857)
Exchange adjustments	<b>(12,839)</b>	(131,325)
End of the period / year	<b>4,472,066</b>	4,404,010

*\*Refer note 25***10. PROPERTY, PLANT AND EQUIPMENT**

	<b>30 June 2019 (Reviewed) QR '000</b>	<b>31 December 2018 (Audited) QR '000</b>
Net book value - beginning of the period / year	<b>768,246</b>	621,298
Acquired through business combinations – net	<b>46,519</b>	35,212
Additions during the period / year	<b>92,112</b>	237,571
Write-offs	<b>(6,313)</b>	(31,821)
Disposals	<b>(46,371)</b>	(77,900)
Charge for the period / year	<b>(49,006)</b>	(96,854)
Accumulated depreciation related to disposals / other adjustments	<b>30,534</b>	54,801
Accumulated depreciation related to write-offs during the period / year	<b>5,762</b>	30,088
Exchange adjustments	<b>234</b>	(4,149)
Net book value – end of the period / year	<b>841,717</b>	768,246



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

For the six month period ended 30 June 2019

**11. INVESTMENT PROPERTIES**

	<b>30 June 2019 (Reviewed) QR '000</b>	<b>31 December 2018 (Audited) QR '000</b>
Net book value - beginning of the period / year	<b>61,871</b>	80,224
Disposal during the period / year	<b>(61,010)</b>	(373)
Reclassification to assets held for sale, net	-	(12,892)
Charge for the period / year	<b>(2,255)</b>	(5,130)
Accumulated depreciation related to disposals	<b>13,764</b>	172
Exchange adjustments	<b>(11)</b>	(130)
Net book value – end of the period / year	<b>12,359</b>	61,871

During the period, two properties held in United Arab Emirates were sold resulting in a gain on disposal of QR 16.6 million (2018: QR 0.3 million), which is included in 'other income' in the interim condensed consolidated statement of income.

**12. INTEREST BEARING LOANS AND BORROWINGS**

	<b>30 June 2019 (Reviewed) QR '000</b>	<b>31 December 2018 (Audited) QR '000</b>
Working capital facilities and others	<b>2,296,826</b>	1,663,210
Term loans	<b>4,084,748</b>	4,099,974
	<b>6,381,574</b>	5,763,184

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

	<b>30 June 2019 (Reviewed) QR '000</b>	<b>31 December 2018 (Audited) QR '000</b>
Current	<b>2,685,045</b>	1,910,209
Non-current	<b>3,696,529</b>	3,852,975
	<b>6,381,574</b>	5,763,184

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

For the six month period ended 30 June 2019

**13. LEASE LIABILITIES**

	<b>30 June 2019 (Reviewed) QR '000</b>	<b>31 December 2018 (Audited) QR '000</b>
At beginning of the period / year	-	-
Initial application of IFRS 16	778,914	-
Additions during the period / year	29,365	-
Interest expense	11,978	-
Repayment of lease payments	(109,906)	-
Exchange adjustments	2,575	-
	<b>712,926</b>	<b>-</b>

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

Non-current	<b>577,205</b>	-
Current	<b>135,721</b>	-
	<b>712,926</b>	<b>-</b>

**14. ACCOUNTS PAYABLE AND ACCRUALS**

	<b>30 June 2019 (Reviewed) QR '000</b>	<b>31 December 2018 (Audited) QR '000</b>
Trade accounts payables	889,166	996,386
Dividend payable	3,534	3,934
Advances from customers	244,684	360,469
Accrued expenses and others	972,498	941,789
Tax and social security payable	1,194,870	1,103,140
Liabilities to bondholders	470,943	474,188
	<b>3,775,695</b>	<b>3,879,906</b>

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

Current	<b>3,364,461</b>	3,475,574
Non-current	<b>411,234</b>	404,332
	<b>3,775,695</b>	<b>3,879,906</b>

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

For the six month period ended 30 June 2019

**15. SHARE CAPITAL**

	<b>30 June 2019 (Reviewed) QR '000</b>	31 December 2018 (Audited) QR '000
Authorized, issued and fully paid shares of QR 1 each	<b>456,192</b>	456,192

As per the instructions from the Qatar Financial Markets Authority, the Company's Extraordinary General Assembly on 27 March 2019 approved a 10 for 1 share split i.e. 10 new shares with a par value of QAR 1 each were exchanged for 1 old share with a par value of QAR 10 each. This has led to an increase in the number of authorized shares from 45,619,200 to 456,192,000 and issued, subscribed and paid up shares from 45,619,200 to 456,192,000. The listing of the new shares on Qatar Exchange was effective from 18 June 2019. Consequently, weighted average number of shares outstanding and earnings per share have been retrospectively adjusted.

**16. LEGAL RESERVE**

As required by Qatar Commercial Companies' Law, 10% of the profit for the year is required to be transferred to a legal reserve, until such reserve equals 50% of the issued share capital. The Group has resolved to cease such annual transfers as the legal reserve has reached the minimum required level. The reserve is not generally available for distribution except in the circumstances stipulated in the above law. Legal reserve also includes share premium received from issue of shares.

**17. REVENUE**

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived mainly from contracts with customers.

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived mainly from contracts with customers.

**A. Disaggregation of revenue**

Revenue from contracts with customers disaggregated by major products and service lines, and primary geographical markets is listed in notes 22(a) and 22(b) respectively.

**B. Contract balances**

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

	<b>30 June 2019 (Reviewed) QR '000</b>	31 December 2018 (Audited) QR '000
Contract assets	<b>1,774,176</b>	1,609,160
Contract liabilities	<b>(348,006)</b>	(294,595)

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

For the six month period ended 30 June 2019

**18. DIVIDENDS**

During the period, the Company paid dividend amounting to QR 91.3 million (2018: QR 182.5 million).

**19. EARNINGS PER SHARE**

	<b>Six month period ended</b>	
	<b>30 June</b>	30 June
	<b>2019</b>	2018
	<b>(Reviewed)</b>	(Reviewed)
Net profit for the period attributable to shareholders of the Company (in QR'000)	<b>87,440</b>	166,984
Weighted average number of shares at the end of the period (refer note 15)	<b>456,192,000</b>	456,192,000
Basic and diluted earnings per share (QR)	<b>0.19</b>	0.37

**20. RELATED PARTIES**

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

**Related party balances**

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

**Related party transactions**

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

	<b>Six month period ended</b>	
	<b>30 June</b>	30 June
	<b>2019</b>	2018
	<b>(Reviewed)</b>	(Reviewed)
	<b>QR '000</b>	QR '000
Sales	<b>47,336</b>	50,725
Purchases	<b>795</b>	1,093

**Compensation of key management personnel and directors' remuneration**

	<b>Six month period ended</b>	
	<b>30 June</b>	30 June
	<b>2019</b>	2018
	<b>(Reviewed)</b>	(Reviewed)
	<b>QR '000</b>	QR '000
Short-term benefits	<b>8,283</b>	14,600
Post-employment benefits	<b>477</b>	466
	<b>8,760</b>	15,066

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

For the six month period ended 30 June 2019

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

- (i) Litigations position reported in the Group's annual consolidated financial statements as at 31 December 2018 have not materially changed as at 30 June 2019, except for one legal case filed by Custom Authorities against one of the Group's subsidiaries, where an appeal made against the decision of the Court of First Instance was overturned by the High Court during the period. The subsidiary has now filed an appeal in the Court of Cassation where the ruling of High Court is currently suspended. Based on the merits of the case and discussion with legal counsels, the management believes that the position is still developing, accordingly, no provision has been recorded for any potential payment arising from this case as at 30 June 2019.

- (ii) The Group's outstanding facilities are as follows:

	<b>30 June 2019 (Reviewed) QR '000</b>	31 December 2018 (Audited) QR '000
Letters of guarantee	777,254	823,533
Letters of credit	81,838	68,325
Stand-by letters of credit	789,919	761,252
	<b><u>1,649,011</u></b>	<b><u>1,653,110</u></b>

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

**b) Commitments**

	<b>30 June 2019 (Reviewed) QR '000</b>	31 December 2018 (Audited) QR '000
<i>Capital commitments</i>		
Capital work in progress – contracted but not provided for	<b><u>15,900</u></b>	<b><u>37,758</u></b>

**c) Contingent liabilities and commitments related to joint venture and associates**

	<b>30 June 2019 (Reviewed) QR '000</b>	31 December 2018 (Audited) QR '000
<i>Contingent liabilities</i>		
Letters of credit and guarantee	<b><u>88,144</u></b>	<b><u>87,908</u></b>

**MANNAI CORPORATION Q.P.S.C.**
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For the six month period ended 30 June 2019

**22. SEGMENT REPORTING**
**a) By operating segments**

Segment	Information Technology QR '000	Auto QR '000	E&I Markets QR '000	Geotechnical Services QR '000	Logistics QR '000	Travel QR '000	Engineering QR '000	Jewellery Trading QR '000	Telecom Retail QR '000	Others QR '000	Total QR '000
<b>30 June 2019 (Reviewed)</b>											
Revenue	4,533,507	342,963	78,511	19,048	18,197	15,102	35,751	598,190	-	58,986	5,700,255
Gross profit	928,436	78,644	14,565	4,352	6,844	13,311	4,878	146,679	-	30,074	1,227,783
EBITDA	373,463	48,246	5,738	(41)	4,548	6,179	(877)	45,514	6,494	46,560	535,824
Net profit / (loss) for the period	72,273	23,840	3,629	(2,816)	4,149	3,323	(5,238)	(10,717)	325	(233)	88,535
Finance costs	(127,270)	(10,300)	(1,066)	(716)	(126)	(739)	(1,484)	(19,999)	(6,169)	(37,185)	(205,054)
Depreciation and amortization	(126,221)	(14,106)	(1,043)	(2,059)	(273)	(2,117)	(2,877)	(36,116)	-	(9,608)	(194,420)
<b>30 June 2019 (Reviewed)</b>											
Segment assets	7,525,983	648,780	96,978	40,814	18,427	63,349	80,595	1,732,661	1,120,188	2,864,533	14,192,308
Segment liabilities	5,124,861	130,775	42,607	17,803	6,140	36,628	80,514	648,943	-	5,532,833	11,621,104
<b>Other information:</b>											
<b>30 June 2019 (Reviewed)</b>											
Share of profit from associates and joint venture companies	-	-	-	-	-	-	-	23,765	6,494	228	30,487
Investment in associates and joint venture companies	-	-	-	-	-	-	-	160,648	1,120,188	17,082	1,297,918

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

For the six month period ended 30 June 2019

**22. SEGMENT REPORTING (CONTINUED)**
**a) By operating segments (continued)**

Segment	Information Technology QR '000	Auto QR '000	E&I Markets QR '000	Geotechnical Services QR '000	Logistics QR '000	Travel QR '000	Engineering QR '000	Jewellery Trading QR '000	Telecom Retail QR '000	Others QR '000	Total QR '000
<b><u>30 June 2018</u></b> <b><u>(Reviewed)</u></b>											
Revenue	3,867,560	392,562	95,941	26,452	21,136	16,404	41,068	660,187	-	49,836	5,171,146
Gross profit	845,988	82,420	15,565	8,508	6,860	14,575	9,460	192,272	-	27,265	1,202,913
EBITDA	257,398	44,874	5,052	1,180	4,121	5,415	753	45,287	65	79,786	443,931
Net profit for the period	82,577	23,483	4,058	(650)	3,840	4,925	(1,692)	14,539	(6,104)	42,264	167,240
Finance costs	(69,314)	(6,267)	(724)	(511)	(120)	(334)	(823)	(14,955)	(6,169)	(30,561)	(129,778)
Depreciation and amortization	(64,809)	(15,124)	(270)	(1,319)	(161)	(156)	(1,623)	(15,208)	-	(6,959)	(105,629)
<b><u>31 December 2018</u></b> <b><u>(Audited)</u></b>											
Segment assets	6,626,982	624,559	83,709	37,092	17,254	41,486	65,095	1,707,691	1,113,694	2,688,222	13,005,784
Segment liabilities	4,595,250	96,091	39,147	11,266	9,116	23,077	59,776	611,163	-	4,956,253	10,401,139
<b>Other information:</b>											
<b><u>30 June 2018</u></b> <b><u>(Reviewed)</u></b>											
Share of profit from associates and joint venture companies	-	-	-	-	-	-	-	25,458	65	769	26,292
<b><u>31 December 2018</u></b> <b><u>(Audited)</u></b>											
Investment in associates and joint venture companies	-	-	-	-	-	-	-	154,767	1,113,694	16,854	1,285,315

**MANNAI CORPORATION Q.P.S.C.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended 30 June 2019

**22. SEGMENT REPORTING (CONTINUED)**

**b) By geographic segments**

	<b>Qatar</b>	<b>Other GCC</b>	<b>Europe</b>	<b>Others</b>	<b>Total</b>
	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>
<b><u>30 June 2019 (Reviewed)</u></b>					
Revenue	<u>1,724,665</u>	<u>598,190</u>	<u>3,355,869</u>	<u>21,531</u>	<u>5,700,255</u>
Gross profit	<u>339,001</u>	<u>146,679</u>	<u>737,743</u>	<u>4,360</u>	<u>1,227,783</u>
EBITDA	<u>252,136</u>	<u>52,008</u>	<u>226,837</u>	<u>4,843</u>	<u>535,824</u>
Net profit for the period	<u>58,561</u>	<u>(4,223)</u>	<u>29,776</u>	<u>4,421</u>	<u>88,535</u>
Finance costs	<u>(149,831)</u>	<u>(19,999)</u>	<u>(35,188)</u>	<u>(36)</u>	<u>(205,054)</u>
Depreciation and amortization	<u>(43,743)</u>	<u>(36,116)</u>	<u>(114,367)</u>	<u>(194)</u>	<u>(194,420)</u>
<b><u>30 June 2019 (Reviewed)</u></b>					
Segment assets	<u>5,600,108</u>	<u>2,854,142</u>	<u>5,698,559</u>	<u>39,499</u>	<u>14,192,308</u>
Segment liabilities	<u>6,645,344</u>	<u>652,756</u>	<u>4,307,477</u>	<u>15,527</u>	<u>11,621,104</u>
<b>Other information</b>					
<b><u>30 June 2019 (Reviewed)</u></b>					
Share of profit from associates and joint venture companies	<u>228</u>	<u>30,259</u>	<u>-</u>	<u>-</u>	<u>30,487</u>
Investment in associates and joint venture companies	<u>17,081</u>	<u>1,280,837</u>	<u>-</u>	<u>-</u>	<u>1,297,918</u>
	<b>Qatar</b>	<b>Other GCC</b>	<b>Europe</b>	<b>Others</b>	<b>Total</b>
	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>
<b><u>30 June 2018 (Reviewed)</u></b>					
Revenue	<u>1,730,904</u>	<u>660,187</u>	<u>2,743,725</u>	<u>36,330</u>	<u>5,171,146</u>
Gross profit	<u>331,880</u>	<u>192,272</u>	<u>674,085</u>	<u>4,676</u>	<u>1,202,913</u>
EBITDA	<u>255,790</u>	<u>45,591</u>	<u>138,050</u>	<u>4,500</u>	<u>443,931</u>
Net profit for the period	<u>127,952</u>	<u>14,842</u>	<u>21,767</u>	<u>2,679</u>	<u>167,240</u>
Finance costs	<u>(100,624)</u>	<u>(14,955)</u>	<u>(14,149)</u>	<u>(50)</u>	<u>(129,778)</u>
Depreciation and amortization	<u>(27,215)</u>	<u>(15,208)</u>	<u>(62,113)</u>	<u>(1,093)</u>	<u>(105,629)</u>
<b><u>31 December 2018 (Audited)</u></b>					
Segment assets (restated)	<u>4,933,285</u>	<u>2,822,678</u>	<u>5,207,002</u>	<u>42,819</u>	<u>13,005,784</u>
Segment liabilities (restated)	<u>5,929,917</u>	<u>614,977</u>	<u>3,840,043</u>	<u>16,202</u>	<u>10,401,139</u>
<b>Other information</b>					
<b><u>30 June 2018 (Reviewed)</u></b>					
Share of profit from associates and joint venture companies	<u>769</u>	<u>25,523</u>	<u>-</u>	<u>-</u>	<u>26,292</u>
<b><u>31 December 2018 (Audited)</u></b>					
Investment in associates and joint venture companies	<u>16,854</u>	<u>1,268,461</u>	<u>-</u>	<u>-</u>	<u>1,285,315</u>



**23. FAIR VALUE MEASUREMENTS**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for the current year the fair value disclosure of lease liabilities is also not required.

Financial assets / (financial liabilities)	Classification	As at 30 June 2019		Fair value Hierarchy
		Carrying value	Fair value	
		(Reviewed) QR'000	(Reviewed) QR'000	
Bank balances and cash <sup>(1)</sup>	Amortised cost	397,972		
Accounts and other receivables <sup>(1)</sup>	Amortised cost	2,644,544		
Financial assets at fair value through other comprehensive income	FVOCI	8,391	8,391	Level 3
Financial assets at fair value through profit or loss	FVTPL	992	992	Level 3
Amount due from related parties <sup>(1)</sup>	Amortised cost	80,706		
Bank overdrafts <sup>(1)</sup>	Other financial liabilities	(392,592)		
Interest bearing loans and borrowings	Other financial liabilities	(6,381,574)	(6,445,932)	Level 2
Accounts payable and accruals <sup>(1)</sup>	Other financial liabilities	(2,558,513)		
Amount due to related parties <sup>(1)</sup>	Other financial liabilities	(5,457)		

## 23. FAIR VALUE MEASUREMENTS (CONTINUED)

Financial assets / (financial liabilities)	Classification	As at 31 December 2018		Fair value Hierarchy
		Carrying value	Fair value	
		(Audited) QR'000	(Audited) QR'000	
Bank balances and cash <sup>(1)</sup>	Amortised cost	399,389		
Accounts and other receivables <sup>(1)</sup>	Amortised cost	2,533,597		
Financial assets at fair value through other comprehensive income	FVOCI	10,199	10,199	Level 3
Financial assets at fair value through profit or loss	FVTPL	982	982	Level 3
Amount due from related parties <sup>(1)</sup>	Amortised cost	91,535		
Bank overdrafts <sup>(1)</sup>	Other financial liabilities	(407,664)		
Interest bearing loans and borrowings	Other financial liabilities	(5,763,184)	(5,808,216)	Level 2
Accounts payable and accruals <sup>(1)</sup>	Other financial liabilities	(2,577,648)		
Amount due to related parties <sup>(1)</sup>	Other financial liabilities	(3,724)		

The investments classified under Level 3 category have been fair-valued based on information available for each investment such as net asset value.

There were no transfers between Level 2 and Level 3 and no transfers into and out of Level 1 fair value measurements during the six months ended 30 June 2019.

<sup>(1)</sup> These financial assets and financial liabilities are carried at amortized cost. The fair values of these financial assets and financial liabilities are not materially different from their carrying values in the interim condensed 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.

## 24. COMPARATIVE INFORMATION

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

## 25. RESTATEMENT

During the year, one of the foreign subsidiaries finalised the provisional fair values of the assets and liabilities recognised in the last year's annual audited consolidated financial statements in connection with one of the acquisition in Belgium. 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 period. Hence, management decided to restate the prior year figures in accordance with the requirements of IFRS 3 "*Business Combination*".

**25. RESTATEMENT (CONTINUED)**

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

	<b>Previously reported figures QR'000</b>	<b>Restatement QR'000</b>	<b>Restated figures QR'000</b>
<b>At 31 December 2018</b>			
Goodwill and other intangibles	<u>4,409,194</u>	<u>(5,184)</u>	<u>4,404,010</u>
Retained earnings*	<u>(2,132,305)</u>	<u>10,412</u>	<u>(2,121,893)</u>
Deferred tax assets	<u>117,327</u>	<u>1,453</u>	<u>118,780</u>
Deferred tax liabilities	<u>(3,759)</u>	<u>(6,681)</u>	<u>(10,440)</u>

\*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 representing the comparative interim condensed consolidated statement of income since the additional amortisation charged pertained to the six month period starting from 1 July 2018 to 31 December 2018.

**26. SUBSEQUENT EVENT**

There were no material events subsequent to the reporting date, which have a bearing on the understanding of these interim condensed consolidated financial statements.