Mannai Corporation Q.P.S.C.

Consolidated financial statements

31 December 2019

Mannai Corporation Q.P.S.C.

Consolidated financial statements
For the year ended 31 December 2019

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DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER'S REPORT

Mannai Corporation reported highest ever revenue of QR 11.6 billion and EBITDA of QR 1.08 billion. While the Group revenue increased by 7.6%, the Group EBITDA increased by 7.5% over last year.

The improvement in revenue and EBITDA were achieved despite difficult economic conditions in the operating markets.

During the year the Information and Communication Technology (ICT) division's revenue grew by 12.2% to QR 9.2 Billion contributing 79% of the group revenue.

Despite such strong performance by the ICT business the Net Profit was depressed (QR 203.6M) as the company made substantial one-off provisions for the likely closure of its retail stores and other head winds impacting the retail sector.

These provisions were made as an abundantly cautious measure in line with the group's conservative provisioning policy.

We wish to place on record our sincere appreciation to our loyal customers, multinational principals and our business associates for their continued support in achieving our objectives.

We also wish to thank our employees for their relentless hard work and ethics over the years.

The company is cautiously looking forward with optimism to the opportunities in the domestic market in 2020 and beyond. The company is well positioned to take part in the exciting opportunities in the domestic market leading to the hosting of FIFA World Cup in 2022.

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

Qualified opinion

We have audited the consolidated financial statements of Mannai Corporation Q.P.S.C. ("the Company"), and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, 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, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material aspects, the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for qualified opinion

The Group is in the process of completing its annual impairment testing in accordance with IAS 36 "Impairment of Assets" in respect of goodwill and other intangible assets allocated to one of its Cash Generating Units (CGU) carried at QR 1,200,342 thousands and investment in one of its associate companies (refer Note 12(a)) carried at QR 1,128,092 thousands in the consolidated statement of financial position. The management was not able to complete the impairment testing prior to the approval of the consolidated financial statements due to absence of complete information, as certain strategic business restructuring initiatives and their impact are under discussion with third party experts. Therefore, we were unable to obtain sufficient and appropriate audit evidence relating to valuation assertion of the CGU's goodwill and other intangible assets, and investment in an associate company. Accordingly, we were not able to determine whether any adjustments might be necessary to the amounts shown in the consolidated financial statements for carrying value of goodwill and other intangible assets, investment in associate companies, net profit for the year and equity as at and for the year ended 31 December 2019.

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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)

Basis for qualified opinion (continued)

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 qualified opinion.

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 qualified 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 goodwill related to one of the subsidiaries, Gfi Informatique and its related CGUs – refer to note 13 to the consolidated financial statements We focused on this area because: • the Group recognised goodwill with indefinite useful lives ("intangibles") amounting to QR 2,760 million (2018: QR 2,588 million) arising due to obtaining control of one or more businesses. The goodwill has been allocated to Gfi and its related CGUs.	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: - evaluating the appropriateness of the discount rates applied, which included comparing the weighted- average cost of capital with sector averages for the relevant markets in which the CGUs and investment in associate companies operate; - evaluating the appropriateness of the assumptions applied to key inputs such as sales volume and prices, operating costs, inflation and long-term growth rate in sales, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and the industry;

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 goodwill related to one of the subsidiaries, Gfi Informatique and its related CGUs – refer to note 13 to the consolidated financial statements (continued) • the annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgment required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the Cash Generating Units (CGUs), which is based on the higher of the value in use or fair value less costs to sell, has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future sales volume and prices, operating costs, terminal value growth rates and the weighted – average cost of capital (discount rate).	- performing our own sensitivity analysis which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact of the currently estimated headroom for the CGUs and investment in associate companies; and - evaluating the adequacy of the financial statements' disclosures, including disclosures of key assumptions, judgement, estimates and sensitivities.
Revenue recognition and impairment of financial and contract assets – refer to notes 5(C), 5(L), 8, 24 and 33 to the consolidated financial statements We focused on these areas because: • the Group generates revenue of QR 11,592 million (2018: 10,774 million) from the diversified revenue streams mainly from: - information technology and related services ("IT contracts"), and - luxury goods and automotive.	Our audit procedures in these areas included, among others: - evaluating the appropriateness of the selection of accounting policies for the new contracts entered during the year based on the requirements of IFRS 15 and our understanding of the different sources of revenue of the Group; - assessing the appropriateness of management's revenue recognition under IFRS 15 across significant revenue streams for a sample of new contracts entered during the year;

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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
Revenue recognition and impairment of related financial and contract assets – refer to notes 5(C), 5(L), 8, 24 and 33 to the consolidated financial statements (continued) • the Group makes significant assumptions / judgements to measure and recognise revenue in particular identification of performance obligations, allocation of transaction price, estimating costs to complete, timing of revenue recognition and corresponding receivables from contract assets. • the Group's financial and contract assets subject to credit risk were QR 4,036 million as at 31 December 2019 (2018: 4,143 million), hence, a material portion of the consolidated statement of financial position. • Expected credit loss assessment for financial and contract assets involves: - complex accounting requirements, including assumptions, estimates and judgements underlying the determination of impairment; - susceptibility to management bias when making judgements to determine expected credit loss outcomes; and - complex disclosure requirements Accordingly, we have considered above as key audit matters.	- assessing the appropriateness of the key inputs and assumptions used by the management to allocate contract revenue over performance obligations for a sample of new contracts entered during the year; - assessing the appropriateness of assumptions and judgements made to measure and assess the transaction price and its allocation over performance obligations for a sample of new contracts entered during the year based on our experience and industry practice; - challenging the reasonableness of estimates made regarding the cost of completion, profit margins for each contract based on our experience and industry benchmarks; - assessing whether the Group's policies and processes for making these estimates are appropriate and are applied consistently to all contracts of a similar nature; - evaluating the reasonableness of management's key judgements and estimates made in calculation of expected credit loss; - evaluating the completeness, accuracy and relevance of data used the expected credit loss calculation; and - evaluating the adequacy of the financial statement disclosures including key assumptions and judgements.

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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 1,366 million (2018: QR 1,664 million). This represents 10.17% (2018: 12.80%) 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 Accordingly, we have considered this to be a key audit matter.	Our audit procedures in this area included, among others: - understanding the 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 the net realisable values for sample of inventories; - observing the inventory counts performed by the management for locations selected on sample basis; - evaluated 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.
Transition to IFRS 16 "Leases" - Refer to Note 4.1 and 18 to the consolidated financial statements We focused on this area because: IFRS 16 "Leases" (hereafter "IFRS 16"), which the Group implemented on 1 January 2019: - requires complex accounting treatments, including use of significant estimates such as lease terms and judgements for the determination of transition options and practical expedients; and	Our audit procedures in this area included, among other things: - evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 16, our business understanding and industry practice; - considering the appropriateness of the transition approach and practical expedients applied; - evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments;

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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 16 "Leases" - Refer to Note 4.1 and 18 to the consolidated financial statements (continued) - resulted in significant changes to processes, data and controls that needed to be tested for the first time. - the transition of which, gave rise to a right of use assets of QR 672 million and resultant lease liabilities of QR 693 million as at 1 January 2019 which are material to the consolidated financial statements. Accordingly, we have considered this to be a key audit matter.	- assessing the completeness of the IFRS 16 lease population by inspecting relevant contracts that may contain a lease and testing the lease payments; - evaluating the reasonableness of management's key judgements and estimates made in preparing the transition adjustments, specifically around estimation of the lease terms; and - evaluating the completeness, accuracy and relevance of the transition disclosures including key judgements and estimate in line with IFRS 16.

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 2019 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 qualified 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.

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

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

Responsibilities of the Board of Directors for the consolidated financial statements (continued)

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 qualified 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.

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.

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)

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

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law 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. Except for the matter described in the *"Basis for qualified opinion"* paragraph above, 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 consolidated 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 2019.

27 February 2020
Doha
State of Qatar

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

Mannai Corporation Q.P.S.C.

Consolidated statement of financial position
As at 31 December 2019

In Thousands of Qatari Riyals

	Notes	2019	2018 *(Restated)**
Assets			
Current assets			
Bank balances and cash	7	**375,065**	399,389
Accounts receivable and prepayments	8	**3,827,672**	3,909,471
Inventories	9	**1,366,476**	1,663,585
Amounts due from related parties	30(b)	**46,453**	43,644
		5,615,666	6,016,089
Assets held for sale		**-**	12,892
Total current assets		**5,615,666**	6,028,981
Non-current assets			
Accounts receivable and prepayments	8	**283,218**	279,509
Financial assets - equity instruments	10	**9,336**	11,181
Investment in joint venture companies	11	**20,275**	18,088
Investment in associate companies	12	**1,277,410**	1,267,227
Goodwill and other intangible assets	13	**4,597,875**	4,397,500
Property, plant and equipment	14	**872,752**	768,246
Investment properties	15	**11,746**	61,871
Deferred tax assets	16	**80,896**	118,780
Right-of-use assets	18	**605,241**	-
Amounts due from related parties	30(b)	**62,362**	47,891
Total non-current assets		**7,821,111**	6,970,293
Total assets		**13,436,777**	12,999,274
Liabilities and equity			
Liabilities			
Current liabilities			
Bank overdrafts	7	**282,805**	407,664
Interest bearing loans and borrowings	17	**1,873,607**	1,910,209
Lease liabilities	18	**184,992**	-
Accounts payable and accruals	19	**3,427,400**	3,475,574
Amounts due to related parties	30(b)	**3,543**	3,724
Total current liabilities		**5,772,347**	5,797,171

The consolidated statement of financial position continues on next page.

**Refer note 35*

The accompanying notes from 1 to 37 are an integral part of these consolidated financial statements.

Mannai Corporation Q.P.S.C.

Consolidated statement of financial position (continued)
As at 31 December 2019

In Thousands of Qatari Riyals

	Notes	2019	2018 *(Restated)**
Non-current liabilities			
Deferred tax liabilities	16	**3,812**	3,759
Interest bearing loans and borrowings	17	**3,796,837**	3,852,975
Lease liabilities	18	**442,838**	-
Accounts payable and accruals	19	**405,031**	404,332
Employees' end of service benefits	20	**394,837**	336,221
Total non-current liabilities		**5,043,355**	4,597,287
Total liabilities		**10,815,702**	10,394,458
Equity			
Share capital	21	**456,192**	456,192
Legal reserve	22(a)	**1,083,456**	1,083,456
Acquisition reserve	22(b)	**(999,488)**	(999,488)
Other reserve	22(c)	**(63,332)**	(35,083)
Foreign currency translation reserve	22(d)	**(116,994)**	(84,859)
Proposed dividends	23	**91,238**	91,238
Fair value reserve		**(32,990)**	(31,183)
Retained earnings		**2,200,742**	2,122,064
Equity attributable to shareholders of the Company		**2,618,824**	2,602,337
Non-controlling interests		**2,251**	2,479
Total equity		**2,621,075**	2,604,816
Total liabilities and equity		**13,436,777**	12,999,274

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 27 February 2020.

Sheikh Suhaim Bin Abdulla Al-Thani
Vice Chairman

Alekh Grewal
Director and Group Chief Executive Officer

**Refer note 35*

The accompanying notes from 1 to 37 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 2019 In Thousands of Qatari Riyals

	Notes	2019	2018
Revenue	24	**11,591,695**	10,773,514
Direct costs		**(9,090,642)**	(8,188,522)
Gross profit		**2,501,053**	2,584,992
Share of results from joint ventures and associate companies	11,12	**57,310**	65,013
Other income	26	**96,352**	140,901
General and administrative expenses	27	**(1,125,563)**	(1,254,098)
Selling and distribution expenses	28	**(471,386)**	(514,161)
Impairment reversal / (loss) on financial and contract assets -net		**23,609**	(16,793)
Profit before interest, tax, depreciation and amortisation		**1,081,375**	1,005,854
Finance costs		**(405,210)**	(318,168)
Depreciation and amortisation	13,14,15,18(a)	**(371,262)**	(199,962)
Profit before tax		**304,903**	487,724
Income tax	16	**(101,328)**	(78,591)
Net profit for the year		**203,575**	409,133
Attributable to:			
Shareholders of the Company		**202,566**	407,147
Non-controlling interests		**1,009**	1,986
		203,575	409,133
Earnings per share:			
Basic and diluted earnings per share attributable to shareholders of the Company (QR)	21, 29	**0.44**	0.89

The accompanying notes from 1 to 37 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 2019

In Thousands of Qatari Riyals

	2019	2018
Net profit for the year	**203,575**	409,133
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity investments at FVOCI – net change in fair value	**(1,807)**	(1,541)
Changes in actuarial differences – net of related taxes	**(31,443)**	(8,991)
	(33,250)	(10,532)
Items that are or may be reclassified subsequently to profit or loss:		
Loss on hedging instruments	**(1,904)**	-
Valuation of share-based payments	**1,956**	-
Foreign currency translation adjustment	**(32,058)**	(97,908)
Total other comprehensive income for the year	**(65,256)**	(108,440)
Total comprehensive income for the year	**138,319**	300,693
Attributable to:		
Shareholders of the Company	**137,233**	298,707
Non-controlling interests	**1,086**	1,986
	138,319	300,693

The accompanying notes from 1 to 37 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 2019

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 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)	-	-	-	-	-	-	-	(30,234)	(30,234)	(7,026)	(37,260)
Adjustment on application of IFRS 9 (net of tax)	-	-	-	-	-	-	(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 23)	-	-	-	-	-	(182,477)	-	-	(182,477)	(7,882)	(190,359)
Proposed dividend (Note 23)	-	-	-	-	-	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 34)	-	-	(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
Balance – 31 December 2018 / 1 January 2019 (Restated)*	456,192	1,083,456	(999,488)	(35,083)	(84,859)	91,238	(31,183)	2,122,064	2,602,337	2,479	2,604,816
Adjustment on application of IFRS 16 (net of tax) (Refer note 4.1)	-	-	-	-	-	-	-	(27,586)	(27,586)	-	(27,586)
Adjusted balance – 1 January 2019	456,192	1,083,456	(999,488)	(35,083)	(84,859)	91,238	(31,183)	2,094,478	2,574,751	2,479	2,577,230
Total comprehensive income for the year	-	-	-	(31,391)	(32,135)	-	(1,807)	202,566	137,233	1,086	138,319
Dividends paid (Note 23)	-	-	-	-	-	(91,238)	-	-	(91,238)	-	(91,238)
Proposed dividend (Note 23)	-	-	-	-	-	91,238	-	(91,238)	-	-	-
Social and sports contribution for 2019	-	-	-	-	-	-	-	(5,064)	(5,064)	-	(5,064)
Other adjustments	-	-	-	(3,591)	-	-	-	-	(3,591)	-	(3,591)
Change in consolidation scope	-	-	-	6,733	-	-	-	-	6,733	(1,314)	5,419
At 31 December 2019	**456,192**	**1,083,456**	**(999,488)**	**(63,332)**	**(116,994)**	**91,238**	**(32,990)**	**2,200,742**	**2,618,824**	**2,251**	**2,621,075**

**Refer note 35*

The accompanying notes from 1 to 37 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2019

In Thousands of Qatari Riyals

	Notes	2019	2018
Operating activities			
Profit for the year before tax		**304,903**	487,724
Adjustments for:			
Impairment (reversal) / loss on financial and contract assets -net	8	**(23,609)**	16,793
Provision / (write back) for slow moving items, net	9	**20,230**	(55,815)
Share of results from joint venture and associate companies	11,12	**(57,310)**	(65,013)
Depreciation and amortisation	13,14,15, 18(a)	**371,262**	199,962
Provision for employees' end of service benefits	20(a), 20(b)	**44,011**	44,491
Net changes in fair value of equity investments at FVTPL, associate and joint venture companies		**-**	292
Write back of provisions / liabilities no longer required	26	**(12,582)**	(7,019)
(Gain) / loss on write-offs / disposals of property, plant and equipment		**(789)**	3,506
Write-off of property, plant and equipment		**14,240**	-
Gain on disposals of investment properties	15(c)	**(16,593)**	(343)
Finance income		**(7,063)**	(6,845)
Gain on disposal of equity investment	26	**-**	(80,755)
Gain on disposal of interest in associated companies		**-**	(2,716)
Finance costs		**405,210**	318,168
Operating profit before working capital changes		**1,041,910**	852,430
Working capital changes:			
Accounts receivables and prepayments		**144,344**	(659,862)
Inventories		**276,879**	58,415
Amounts due from / to related parties		**(10,398)**	(22,924)
Accounts payable and accruals		**(254,118)**	682,325
Cash from operations		**1,198,617**	910,384
Finance costs paid		**(372,732)**	(298,276)
Employees' end of service benefits paid	20(a), 20(b)	**(31,177)**	(27,297)
Social and sports contribution paid		**(5,346)**	(6,806)
Net cash generated from operating activities		**789,362**	578,005
Investing activities			
Dividend received from associates and joint venture companies	12	**44,917**	43,352
Acquisition of investment in associates	12	**-**	(1,487)
Acquisition of financial assets - equity investments at FVTPL	10(b)	**-**	(587)
Additions to intangible assets	13	**(125,788)**	(124,243)
Additions to property, plant and equipment	14	**(194,114)**	(237,571)
Proceeds from disposal of property, plant and equipment		**29,228**	21,326
Carried forward to next page		**(245,757)**	(299,210)

The consolidated statement of cash flows continues on next page.

The accompanying notes from 1 to 37 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)
For the year ended 31 December 2019

In Thousands of Qatari Riyals

	Notes	2019	2018
Carry forward from last page		**(245,757)**	(299,210)
Proceeds from disposal of investment properties		**76,731**	544
Proceeds from disposal of other intangible assets		**14,151**	-
Proceeds from disposal of interest in an associate company		-	5,519
Disposal of a joint venture		-	102
Interest received		-	4,063
Proceeds from disposal of financial assets - equity investment		-	80,755
Net cash outflows from acquisition of a subsidiary		**(128,510)**	(791,463)
Net cash used in investing activities		**(283,385)**	(999,690)
Financing activities			
Net movements in interest bearing loans and borrowings		**(92,740)**	1,101,303
Acquisition of NCI		-	(478,270)
Payment of lease liabilities	18(b)	**(216,703)**	-
Dividends paid	23	**(91,238)**	(182,477)
Net cash (used in) / generated from financing activities		**(400,681)**	440,556
Net change in cash and cash equivalents		**105,296**	18,871
Cash and cash equivalents at the beginning of the year		**(16,664)**	(35,535)
Cash and cash equivalents at the end of the year	7	**88,632**	(16,664)

The accompanying notes from 1 to 37 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 12. The registered office of the Company is situated in Doha, State of Qatar. The Company is listed on the Qatar Stock Exchange.

The core activities of the Company and its subsidiaries (together referred to as the "Group") include information and communication technology, automotive and heavy equipment distribution and service, geotechnical, geological, environmental and material testing services, engineering services to the oil and gas sector, logistics and warehousing, office systems, medical equipment, building materials, travel and cargo 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*	**2019**	2018
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**	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**	100
Gfi Progiciels SAS	Software	France	**100**	100
Addstones-Vanilla SAS	Consulting, Applications services and Business solutions	France	**100**	100
Business Document SAS	Software	France	**100**	100
Metaware Technologies SA	Application services	France	**100**	100
Gfi Informatique Entreprise Solutions SAS	Software	France	**100**	100
Roff France	Consulting	France	**100**	100
Gfi Business-Transformation SAS	Consulting	France	**100**	100
Gfi Infrastructure Services S.A. (ex-Computacenter)	Consulting, Applications services and Business solutions	Luxembourg	**100**	100

1 Reporting entity (continued)

Name of subsidiaries	*Principal Activities*	*Country of incorporation*	*Group's effective shareholding percentage* **2019**	*Group's effective shareholding percentage* 2018
Gfi Informatica Mexico SA de CV	Services ICT	Mexico	**100**	100
Gesfor Mexico, S.A de C. V	Services ICT	Mexico	**99.67**	99.67
Cynapsys Inc	Services ICT	Tunisia	**99.99**	99.99
Gfi Informatique Maroc	Services ICT	Morocco	**100**	100
Value Pass	Services ICT	Morocco	**100**	100
IMPAQ Sp. Z.o.o	Services ICT	East of Europe	**100**	100
Vauban	Services ICT	Romania	**100**	100
Realdolmen NV	Services ICT	Belgium	**100**	100
Gfi Portugal - Tecnologias de Informaçao, SA	Consulting, Applications services and Business solutions	Portugal	**100**	100
Roff Consultores Independetes SA	SAP	Portugal	**100**	100
Grupo Corporativo Gfi Norte	Application services	Spain	**100**	100
Savac Consultores SL	Software	Spain	**100**	100
Grupo Corporativo Gfi Informatica SA	Consulting, Applications services and Business solutions	Spain	**100**	100
Gfi International	Application services	Switzerland	**100**	100
Damas L.L.C.	Jewellery trading	UAE	**100**	100
Damas Jewellery L.L.C.	Jewellery trading	UAE	**100**	100
Damas Jewellery D.M.C.C.	Jewellery trading	UAE	**100**	100
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

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) and the applicable provisions of Qatar Commercial Companies' Law No 11 of 2015.

This is the first set of the Group's annual consolidated financial statements in which IFRS 16 has been applied. Changes to significant accounting policies are described in Note 4.1.

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 effective from 1 January 2019

The table below lists the recent changes to International Financial Reporting Standards ("IFRS" or "standards") that are required to be applied by an entity with an annual reporting period 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

The Group initially adopted IFRS 16 "Leases" (hereafter "IFRS 16") on 1 January 2019. The other new and amended standards and the interpretation to a standard listed above do not have any or material effect on the Group's consolidated financial statements.

The effects of the adoption of IFRS 16 on the Group's consolidated financial statements are explained below:

IFRS 16 "Leases"

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. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

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

4.1 New standards, amendments and interpretations effective from 1 January 2019 (continued)

IFRS 16 "Leases" (continued)

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 or changed on or after 1 January 2019.

B. As a lessee

The Group leases several assets which includes office buildings, show rooms, properties (for accommodation) and vehicles. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right of use assets and lease liabilities for most of these leases, i.e. these leases are on statement of financial position.

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 Group'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 tested its right of use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

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.
d. Applied the exemption not to recognize right-of-use assets and liabilities for leases with underlying assets assessed as low value.

For the year ended 31 December 2019 In Thousands of Qatari Riyals

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

4.1 New standards, amendments and interpretations effective from 1 January 2019 (continued)

IFRS 16 "Leases" (continued)

e. Used hindsight when determining the lease term where the contract contains options to extend or terminate the lease.
f. 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.

(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 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 motor vehicles, computers and hardware equipment, which have a lease term of 2 to 5 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. Impacts on financial statements, segment reporting and earnings per share

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition i.e. 1 January 2019 is summarised below.

	Increase / (decrease)
Right of use assets	**672,294**
Deferred tax assets	**4,605**
Prepayments	**(11,187)**
Lease liabilities	**693,297**
Retained earnings	**(27,586)**

For the year ended 31 December 2019 In Thousands of Qatari Riyals

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

4.1 New standards, amendments and interpretations effective from 1 January 2019 (continued)

C. Impacts on financial statements, segment reporting and earnings per share estimates (continued)

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments at 1 January 2019 across its subsidiaries and operations using incremental borrowing rates of 1.4% to 9.6%.

	1 January 2019
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	55,041
Adjusted operating lease commitment at 31 December 2018	580,907
Discounted using the incremental borrowing rate at 1 January 2019	510,823
Less: Recognition exemption for	
- Leases of low value assets	(41,037)
Add: Extension options reasonably certain to be exercised	223,511
Lease liabilities recognized as at 1 January 2019	693,297
Of which are:	
Non-current lease liabilities	507,682
Current lease liabilities	185,615

The following tables summaries the impacts of adopting IFRS 16 on the Group's statement of financial position as at 31 December 2019 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 2019.

Statement of financial position:	**Increase / (decrease)**
Assets:	
Right of use assets	605,241
Liabilities:	
Lease liabilities	627,830

For the year ended 31 December 2019 In Thousands of Qatari Riyals

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

4.1 New standards, amendments and interpretations effective from 1 January 2019 (continued)

C. Impacts on financial statements, segment reporting and earnings per share estimates (continued)

Statement of income:	**Increase / (decrease)**
Direct costs	**(32,836)**
General and administrative expenses	**(130,525)**
Selling and distribution expenses	**(49,322)**
Net finance costs	**21,553**
Depreciation and amortisation	**193,204**
Income tax expense	**(702)**
Profit for the period	**(1,372)**
Profit attributable to the shareholders	**(1,362)**
Profit attributable to non-controlling interest	**(10)**
Basic and diluted earnings per share	**(0.003)**

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

The table below lists the recent changes to International Financial Reporting Standards ("IFRS" or "standards") that are required to be applied by an entity with an annual reporting period beginning on or after 1 January 2020.

Effective for year beginning 1 January 2020	• Amendments to references to conceptual framework in IFRS standards • Amendments to IFRS 3 "Business Combinations" of definition of business • Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" of definition of material.
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.

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 4.1, 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.

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.

5 Significant accounting policies (continued)

A. Basis of consolidation (continued)

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.

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.

5 Significant accounting policies (continued)

B. Foreign currency (continued)

ii. Foreign operations

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

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

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

C. Revenue

Revenue is recognized upon the transfer of promised products or services to customers in an amount that reflects the consideration that the Group expects to receive in exchange for those products or services. The amount of revenue recognised is adjusted for any rebates. For allocating the transaction prices, the Group has measured the revenue in respect of each performance obligation of a contract at its standalone selling price. The price that is regularly charged for an item is the best evidence of its standalone selling price.

i. Information and Communication Technology (ICT Projects)

Sale of ICT equipment
The customers take control of the items at the time of delivery of goods. Invoices are generated and revenue is recognised at that point in time.

Sale of software
Revenue is recognised when such sales of software provides the customer with a right to use the software and control is transferred to the customer at a point in time which is (a) upon installation when the Company is required to install the software or (b) upon software license authorization when installation service is not required.

For software development and related services, where the license and implementation is required to be substantially customized as part of implementation service, the entire arrangement fee for the license and implementation is considered to be a single performance obligation, the performance obligation is satisfied over time as and when the services are rendered since the customer generally obtains control of the work as it progresses and the revenue is recognized using the percentage of completion method as the implementation is completed.

5 Significant accounting policies (continued)

C. Revenue (continued)

i. Information and Communication Technology (ICT Projects) (continued)

Other ICT projects and services

Revenue is recognised over time as the services are provided over the contract period. Transfer of control of the service is assessed based on the service performed.

Revenue from fixed price contracts where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration is recognized by reference to the stages of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contact outcome cannot be measure reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Revenue from contracts on time and material basis is recognized as services are performed. Product maintenance revenue is recognized over the period of the contract.

ii. 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.

Revenue from sale of goods 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.

iii. 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 from these services 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.

iv. Commission income from agency services

The Group earns commission income from airline tickets and hotel booking services. Customers obtain benefit when the services are rendered to and have been accepted by the customers. Invoices are generated and revenue is recognised on a net basis at that point in time. For contracts that permit the customer to revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

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.

5 Significant accounting policies (continued)

D. Employee benefits (continued)

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.

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.

5. Significant accounting policies (continued)

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 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 itis 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

5 Significant accounting policies (continued)

H. Inventories (continued)

*Making charges related to inventory of own and unfixed gold jewellery is included in inventories.

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 are not depreciated.

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

Buildings	10-40 years
Plant, machinery and equipment	03-20 years
Furniture and equipment	01-06 years
Motor vehicles	03-05 years
Assets on hire	01-05 years

5. Significant accounting policies (continued)

I. Property, plant and equipment (continued)

iv. Depreciation (continued)

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.

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.

5. Significant accounting policies (continued)

J. Intangible assets and goodwill (continued)

iii. Amortisation

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

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

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

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)

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.

- *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 reclassified to profit or loss.

5. Significant accounting policies (continued)

M. Impairment

Non-derivative financial assets

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

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 (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. 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.

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; or
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the customer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

5. Significant accounting policies (continued)

M. Impairment (continued)

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.

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-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

N. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5. Significant accounting policies (continued)

O. Leases

The Group has initially applied IFRS 16 from 1 January 2019. Information about the Group's accounting policies relating to leases is provided in Note 4.1. The effect of initially applying IFRS 16 is described in Note 4.1.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. 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 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 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 this 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:
  - 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.

This policy is applied to contracts entered, or changed, on or after 1 January 2019.

Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocated the consideration in the contract to each lease component on the basis of its relative standalone prices. 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 lease liability adjusted for any lease payment made at or before the commencement date , plus any initial incurred and an estimate of the 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 incentive received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right of use reflects that the Group will exercise a purchase option. In that case, the right of use will be depreciated over the useful life of the underlying asset which is determined on the same basis as that of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Group 's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines it's incremental borrowing rate by obtaining interest rates from various financing sources and makes certain adjustments to reflect the terms of the lease and the asset leased.

5. Significant accounting policies (continued)

O. Leases (continued)

Policy applicable from 1 January 2019 (continued)

Group as a lessee (continued)

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

- fixed payments, including in-substance fixed payments:
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, 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, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is revised in-substance fixed lease payment.

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 right of use asset has been reduced to zero.

Short term leases and leases of low-value assets

The Group has elected not to recognize right of use assets or lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

5. Significant accounting policies (continued)

O. Leases (continued)

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

Policy applicable before 1 January 2019

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.

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 relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments and key sources of estimation in applying accounting policies

The following are the critical judgments and key sources of estimation, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

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

Impairment of non-financial assets
The Group is required to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of:

- growth in earnings before financing income/costs, tax, depreciation and amortisation, calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long term growth rates range during discrete period and terminal period; and
- the selection of discount rates to reflect the risks involved.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

In the case of goodwill and intangible assets with indefinite lives, at a minimum, such assets are subject to an annual impairment test and more frequently whenever there is an indication that such asset may be impaired. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those.

Provision for expected credit losses of financial and contract assets excluding equity investments
The "expected credit loss" (ECL) impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of financial assets measured at amortised cost (loans receivable, trade and other receivables, receivables from related parties, and cash at bank). Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The magnitude of the loss in case there is a default is also an estimate of the loss arising on default; it is based on the difference between the contractual cash flows due and those that the Group would expect to receive.

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.

Determination of right of use asset and lease liability
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. 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. Estimates and judgements are involved in determination of incremental borrowing rate.

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

Determination of right of use asset and lease liability (continued)
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.

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.

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

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

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

7. Cash and cash equivalents

	2019	2018
Bank balances and cash	**375,065**	399,389
Less: Fixed and margin deposits under lien	**(3,628)**	(8,389)
	371,437	391,000
Less: Bank overdrafts	**(282,805)**	(407,664)
Cash and cash equivalents	**88,632**	(16,664)

8. Accounts receivable and prepayments

	2019	2018
Trade accounts receivable	**1,741,976**	1,393,759
Receivables transferred to factoring companies*	**67,465**	534,427
Advances to suppliers, net	**49,957**	43,095
Notes receivable	**192,864**	193,149
Prepayments	**136,926**	136,295
Deposits	**19,458**	19,561
Contract assets	**1,590,544**	1,609,160
Tax receivable	**270,055**	262,198
Others	**153,950**	130,503
	4,223,195	4,322,147
Less: Allowance for impairment of accounts and other receivables and contract assets	**(112,305)**	(133,167)
	4,110,890	4,188,980

*One of the Group's material subsidiary, 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:

	2019	2018
Current	**3,827,672**	3,909,471
Non-current	**283,218**	279,509
	4,110,890	4,188,980

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8. Accounts receivable and prepayments (continued)

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

	2019	2018
At 1 January	**133,167**	67,163
Adjustments due to application of IFRS 9	**-**	48,390
Adjusted opening balance	**133,167**	115,553
Acquired through business combination	**6,079**	5,790
Provision during the year	**799**	16,793
Written off during the year	**(1,040)**	(1,227)
Write back during the year	**(24,408)**	-
Effect on foreign exchange translation	**(2,292)**	(3,742)
At 31 December	**112,305**	133,167

9. Inventories

	2019	2018
Gold and other jewellery (i)	**1,011,977**	1,114,230
Work-in-progress	**26,253**	105,583
Merchandises, spares and tools	**356,907**	390,918
Vehicles and heavy equipment	**102,963**	157,369
Industrial supplies	**14,791**	21,729
Others	**4,061**	4,125
	1,516,952	1,793,954
Less: Provision for obsolete and slow-moving items	**(150,476)**	(130,369)
	1,366,476	1,663,585

(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 are 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 obsolete and slow-moving inventories are as follows:

	2019	2018
At 1 January	**130,369**	182,140
Acquired through business combination	**-**	4,261
Provision during the year	**36,437**	2,609
Write backs during the year	**(16,207)**	(57,788)
Reclassification	**-**	(636)
Exchange gain on foreign currency translation	**(123)**	(217)
At 31 December	**150,476**	130,369

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10. Financial assets – equity instruments

	2019	2018
Financial assets at fair value through other comprehensive income (a)	8,391	10,199
Financial assets at fair value through profit or loss (b)	945	982
	9,336	11,181

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

	2019	2018
At 1 January	10,199	11,740
Net change in fair value	(1,807)	(1,541)
Exchange difference on translation of foreign currency	(1)	-
At 31 December	8,391	10,199

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

	2019	2018
At 1 January	982	26,976
Less: Adjustments due to application of IFRS 9	-	(26,531)
Adjusted opening balance	982	445
Additions	-	587
Net change in fair value	-	(292)
Exchange difference on translation of foreign currency	(37)	242
At 31 December	945	982

11. Investment in joint venture companies

The Group has investments in the following joint venture companies:

Name	*Country of incorporation*	*Ownership interest*	
		2019	2018
Engie Cofely Mannai Facility Management W.L.L. (i)	Qatar	51%	51%
Saint-Gobain Pam and Mannai L.L.C. (ii)	Qatar	51%	51%
Roberto Coin Middle East L.L.C. (iii)	UAE	51%	51%

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

(i) Engie Cofely Mannai Facility Management W.L.L. (previously known as Cofely Besix Mannai Facility Management W.L.L.) 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.

(iii) Roberto Coin Middle East L.L.C. is engaged in trading in gold and gold jewellery, diamond jewellery, pearls, watches, silver and precious stones

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11. Investment in joint venture companies (continued)

Although the Group holds 51% equity in majority 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:

	2019	2018
At 1 January	**18,088**	16,991
Share of results from joint ventures	**2,187**	1,202
Disposal of a joint venture	-	(102)
Exchange difference on translation of foreign currency	-	(3)
At 31 December	**20,275**	18,088

12. Investment in associate companies

The Group holds investments in the following associate companies:

Name	*Country of incorporation*	*Ownership interest* **2019**	2018
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%
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:

	2019	2018
At 1 January	**1,267,227**	1,248,323
Derecognition of an associate company	-	(2,803)
Addition during the year	-	1,487
Dividends received	**(44,917)**	(43,352)
Share of results from associate companies	**55,123**	63,811
Exchange difference on translation of foreign currency	**(23)**	(239)
At 31 December	**1,277,410**	1,267,227

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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:

	2019	2018
Current assets	**1,133,135**	1,351,165
Non-current assets	**491,972**	474,794
Current liabilities	**(1,104,291)**	(1,322,780)
Non-current liabilities	**(113,807)**	(100,821)
Net assets	**407,009**	402,358
Proportion of Company's interest in associate's net assets	**142,453**	140,825

	2019	2018
Revenue	**6,309,857**	6,483,381
Profit for the year	**41,127**	48,195
Total comprehensive income for the year	**41,127**	48,195
The Group's share of profit	**14,398**	16,868
The Group's share of total comprehensive income	**14,398**	16,868

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

	2019	2018
Net assets of the associate	**407,009**	402,358
Proportion of the Group's ownership interest	**35%**	35%
Share of net assets before goodwill	**142,453**	140,825
Goodwill	**741,496**	741,496
Other intangible assets identified	**170,000**	170,000
Other adjustments*	**74,143**	61,373
Carrying amount of the Group's interest	**1,128,092**	1,113,694

*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% (2018: 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% (2018: 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.

As of the reporting date, management is still in process of its annual impairment testing in accordance with IAS 36 "Impairment of Assets", as certain strategic business restructuring initiatives and their impact are under discussion with the third-party experts. Since the impairment exercise is pending, the carrying values reflected and assumptions used are same as last year.

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 2018 (restated)*	2,747,489	670,000	24,339	804,033	4,245,861
Arising from business combination – net	750,687	-	-	59,725	810,412
Purchase price allocation	(168,296)	-	-	161,615	(6,681)
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	3,211,456	670,000	24,339	1,106,983	5,012,778
Arising from business combination – net	194,724	-	-	29,405	224,129
Additions		-	-	115,328	115,328
Adjustments	10,113	-	-	347	10,460
Disposal	-	-	-	(153)	(153)
Effect of foreign exchange translation	(33,981)	-	-	(25,730)	(59,711)
At 31 December 2019	**3,382,312**	**670,000**	**24,339**	**1,226,180**	**5,302,831**
Impairment/ amortisation					
At 1 January 2018 (restated)*	96,940	-	24,339	371,585	492,864
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)	-	-	(23,722)	(27,913)
At 31 December 2018	92,749	-	24,339	498,190	615,278
Arising from business combination – net	-	-	-	21,886	21,886
Charge for the year	-	-	-	82,176	82,176
Relating to disposal	-	-	-	(153)	(153)
Effect of foreign exchange translation	(1,267)	-	-	(12,964)	(14,231)
At 31 December 2019	**91,482**		**24,339**	**589,135**	**704,956**
Net carrying amounts					
At 31 December 2019	**3,290,830**	**670,000**	**-**	**637,045**	**4,597,875**
At 31 December 2018	3,118,707	670,000	-	608,793	4,397,500

**Refer note 35*

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13. Goodwill and other intangible assets (continued)

During the year, the Group has made new acquisitions in France, Peru, Africa and Rest of the world cash generating units through one of its subsidiaries in France, Gfi Informatique SA. Upon these acquisitions, a provisional goodwill of QR 194.72 million was recognized at the Group level. This is subject to finalization of fair values in accordance with IFRS 3.

(a) Provisional goodwill has been recognised as a result of the above acquisitions as follows:

	2019
Acquisition cost	**238,206**
Less: Fair value of net identifiable assets acquired	**(43,482)**
Provisional goodwill recognised at the acquisition date	**194,724**

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".

(b) During the previous year, the Group had acquired RealDolmen NV (Netherlands) through one of its subsidiaries in France, Gfi Informatique SA, for which management has completed the fair valuation exercise and accordingly, other intangibles amounting to QR 161.6 million were identified and thereby adjusted in the previously identified provisional goodwill. Furthermore, the comparative information presented in the consolidated statement of financial position has been restated by QR 6.7 million which represents deferred tax impact over the related transaction and the related amortisation charge of QR 5 million.

(c) Impairment testing of goodwill

Cash generating units	**Carrying value of goodwill 2019**	**Carrying value of goodwill 2018** *(Restated)*
Gfi France	1,829,729	1,421,861
Gfi Spain	134,564	220,347
Gfi Portugal	86,980	126,824
Gfi Benelux	396,943	422,970
Gfi Switzerland	16,416	32,308
Gfi Poland	96,087	68,749
Gfi Latin America	81,581	171,201
Gfi Africa	39,351	52,093
Gfi Rest of the world	78,837	72,012
Damas UAE	530,342	530,342
	3,290,830	3,118,707

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 55% of the Group's goodwill. This amounted to QR 1,830 million at 31 December 2019 and breaks down as QR 1,134 million for the "Services Business" CGU and QR 696 million for the "Software Business" CGU.

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13. Goodwill and other intangible assets (continued)

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	**2019**	**2018**	**2019**	**2018**
Gfi France	8.5%	8.5%	2.0%	2.0%
Gfi Spain	9.8%	9.8%	2.0%	2.0%
Gfi Portugal	10.8%	10.8%	2.0%	2.0%
Gfi Benelux	8.9%	8.9%	2.0%	2.0%
Gfi Switzerland	9.0%	9.0%	2.0%	2.0%
Gfi Poland	10.1%	10.1%	2.0%	2.0%
Gfi Latin America	11.4%	11.4%	2.0%	2.0%
Gfi Africa	11.7 %	12.3%	2.0%	2.0%
Damas UAE*	9.0%	9.0%	3.0%	3.0%

*As of the reporting date, management is still in process of its annual impairment testing in accordance with IAS 36 "Impairment of Assets", as certain strategic business restructuring initiatives and their impact are under discussion with the third-party experts. Since the impairment exercise is pending, the carrying values reflected and assumptions used are same as last year.

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 2020 to 2024 cash periods
- 0.5 basis point decrease in revenue growth rate over 2020 to 2024 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 2019, 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.

13. Goodwill and other intangible assets (continued)

(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% (2018: 2.75%).
(b) Budgeted growth rate - the budgeted growth rate is assumed to be CAGR of 3% (2018: 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% (2018: 3%) which is based on UAE's long term CPI and GDP growth rates.
(d) Discount rate of 11% (2018:11%) per annum based on CAPM, inclusive of 2% (2018: 2%) premium to cover the inherent risk.

As of the reporting date, management is still in process of its annual impairment testing in accordance with IAS 36 "Impairment of Assets", as certain strategic business restructuring initiatives and their impact are under discussion with the third-party experts. Since the impairment exercise is pending, the carrying values reflected and assumptions used are same as last year.

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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 2019	523,570	207,196	535,501	53,391	113,049	181,053	1,613,760
Acquired through business combination	44,288	3,318	9,061	-	-	-	56,667
Additions	2,111	10,085	55,328	9,662	15,395	101,533	194,114
Transfer in / (out)	189,791	(55)	13,952	31	(29)	(203,690)	-
Write-offs	-	(127)	(31,992)	-	-	-	(32,119)
Disposals /other adjustments	(181)	(6,686)	(11,942)	(12,186)	(55,028)	(181)	(86,204)
At 31 December 2019	**759,579**	**213,731**	**569,908**	**50,898**	**73,387**	**78,715**	**1,746,218**
Accumulated depreciation							
At 1 January 2019	211,198	161,480	391,220	33,967	47,618	31	845,514
Acquired through business combination	493	2,656	6,909	-	-	-	10,058
Depreciation charge for the year	12,930	11,932	45,613	5,119	16,444	-	92,038
Write-offs	-	(110)	(17,769)	-	-	-	(17,879)
Relating to disposals /other adjustments	-	(6,682)	(11,869)	(7,566)	(31,648)	-	(57,765)
Effect of foreign exchange translation	447	214	754	79	-	6	1,500
At 31 December 2019	**225,068**	**169,490**	**414,858**	**31,599**	**32,414**	**37**	**873,466**
Net carrying amount							
At 31 December 2019	**534,511**	**44,241**	**155,050**	**19,299**	**40,973**	**78,678**	**872,752**

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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 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
Depreciation 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)

i. Capital work in progress

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

ii. Change in useful life of building

During the previous year, the Group re-assessed the useful life of buildings. Based on this review, the estimated useful life of these assets was revised from 20 years to 25 years to better reflect the expected pattern of consumption of future economic benefits embodied therein.

15. Investment properties

	2019	2018
Cost		
At 1 January	**82,213**	106,468
Disposal/impairment	**(61,010)**	(373)
Reclassification to assets held for sale	-	(23,337)
Reversal of impairment loss	-	-
Written-off in prior years	-	(545)
Effect of foreign exchange translation	**871**	-
At 31 December	**22,074**	82,213
Accumulated Depreciation/impairment		
At 1 January	**20,342**	26,244
Charge for the year	**2,869**	5,130
Reclassification to property, plant and equipment (note 14)	-	-
Disposal/impairment	**(13,764)**	(172)
Reclassification to assets held for sale	-	(10,445)
Written-off in prior years	-	(545)
Effect of foreign exchange translation	**881**	130
At 31 December	**10,328**	20,342
Carrying amount as at 31 December	**11,746**	61,871

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 2019 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 37.47 million (2018: QAR 102.50 million) as at 31 December 2019. 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.

c) Disposal of investment properties

During the year, 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 consolidated statement of income.

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 2019, the CVAE amounts to QR 47.7 million (2018: QR 44.3 million).

16.1 Reconciliation of theoretical and actual income tax expense

Income tax expense from subsidiaries

	2019	2018
Gfi Informatique (i)	**100,520**	75,679
Other subsidiaries	**808**	2,912
	101,328	78,591

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

	2019	2018
Profit before corporation tax	**276,836**	247,064
Tax rate	**31%**	33.33%
Theoretical tax	**85,819**	82,346
Adjustments	**14,701**	(6,667)
Income tax expense	**100,520**	75,679
Of which: Current tax	**80,365**	79,013
Deferred taxes	**20,155**	(3,334)
	100,520	75,679

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 2019, the sources of deferred taxes were as follows:

	2019	2018 *(Restated)**
Net deferred tax – French companies		
Adjustments due to application of IFRS 15 and IFRS9	-	21,577
Temporary differences arising from tax declarations	534	-
Temporary differences arising from consolidation adjustments	31,820	13,532
	32,354	35,109
Net deferred tax – other foreign companies		
Tax timing differences	15,178	3,798
Tax loss carry-forwards recognised	81,209	79,534
Customer relationships	(38,530)	(6,383)
Others	(13,127)	2,963
	44,730	79,912
Net deferred tax – foreign companies	77,084	115,021
Presented in the consolidated statement of financial position as:		
Deferred tax assets	80,896	118,780
Deferred tax liabilities	(3,812)	(3,759)
	77,084	115,021

**Refer note 35*

Tax executive regulation:
On 12 December 2019, a new Executive Regulations for tax was introduced in the State of Qatar which repeals and replaced the old Executive Regulations. The Group has performed its preliminary assessment and based on that, the management believes that it is not expected to materially affect the tax provision of the Group. However, a detailed impact assessment will be performed in 2020 and any financial impact will be trued up in that year.

17. Interest bearing loans and borrowings

	2019	2018
Working capital facilities and others (a)	1,726,103	1,663,210
Term loans (b)	3,944,341	4,099,974
	5,670,444	5,763,184

Presented in the consolidated statement of financial position as follows:

	2019	2018
Current	1,873,607	1,910,209
Non-current	3,796,837	3,852,975
	5,670,444	5,763,184

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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 3.6 million (2018: QR 8.4 million) (Note 7)
- Negative pledge on all the assets owned by the Group.
- Corporate cross guarantees

(c) In addition to the above loans, the Group has outstanding gold loans as at 31 December 2019 received from bullion banks on an unfixed basis aggregating to 5,497 Kgs of gold (2018: 5,229 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 31.

18. Leases

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 with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements. The lease agreements do not impose any covenants, but leased assets may not be used a security for borrowing purposes.

The office buildings, showrooms, warehouses leases were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under IAS 17.

The Group leases properties for staff accommodation. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

a) Right-of-use assets

	2019	2018
At 1 January	**-**	-
Initial application of IFRS 16	**672,294**	-
Amortisation charge for the year	**(194,179)**	-
Additions to right-of-use assets during the year	**106,957**	-
Net additions due to business acquisitions	**19,011**	-
Exchange differences	**1,158**	-
At 31 December	**605,241**	-

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18. Leases (continued)

b) Lease liabilities

	2019	2018
At beginning of the year	-	-
Initial application of IFRS 16	693,297	-
Additions during the year	109,635	-
Additions due to business acquisitions	19,843	-
Interest expense	21,553	-
Repayment of lease payments	(216,703)	-
Exchange adjustments	205	-
	627,830	-

Presented in the consolidated statement of financial position as follows:

	2019	2018
Current	184,992	-
Non-current	442,838	-
	627,830	-

c) Amounts recognised in profit or loss

2019 – Leases under IFRS 16

	2019	2018
Interest on lease liabilities	21,553	-
Amortisation of right of use assets	193,204	-
	214,757	-

19. Accounts payable and accruals

	2019	2018
Trade accounts payable	1,088,800	996,386
Dividend Payable	3,531	3,934
Advances from customers	253,574	360,469
Accrued expenses and others	1,020,405	931,610
Tax and social security payable	1,098,671	1,103,140
Liabilities to bondholders (a)	362,386	474,188
Social and sports contribution	5,064	10,179
	3,832,431	3,879,906
Presented in the consolidated financial statements as:		
Current portion	3,427,400	3,475,574
Non-current portion	405,031	404,332
	3,832,431	3,879,906

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19. Accounts payable and accruals (continued)

a) 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 starting from 31 July 2019.

20. Employees' end of service benefits

	2019	2018
Employees' end of service benefits (a)	**129,670**	124,395
Retirement benefit plans (b)	**265,167**	211,826
At 31 December	**394,837**	336,221

(a) Employees' end of service benefits

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

	2019	2018
At 1 January	**124,395**	115,508
Provided during the year	**23,689**	24,986
End of service benefits paid	**(18,395)**	(16,037)
Transferred from a related party	**-**	37
Exchange gain on translation of foreign currency	**(19)**	(99)
At 31 December	**129,670**	124,395

(b) Retirement benefit plan

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

	2019	2018
Provision for retirement indemnities at 1 January	**211,826**	196,405
Newly consolidated companies and others	**5,517**	4,584
Cost of services rendered during the year	**20,322**	19,505
Amount paid for severance / retirement in the year	**(12,782)**	(11,260)
Changes in actuarial differences	**45,525**	2,642
Exchange gain on translation of foreign currency	**(5,241)**	(50)
	265,167	211,826

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 2019 was 12%;
- a wage increase rate of 2.25% to 3.00%; and
- 2011-2013 INSEE mortality tables by gender.

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20. Employees' end of service benefits (continued)

The life of the plan is estimated at 12.3 years, the discount rate used is 0.77% (2018: 1.66%).

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

21. Share capital

	2019	2018
Authorized, issued and fully paid shares of QR 1 each	**456,192**	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.

22. 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 50 million, and other consolidation related adjustments amounting to QR 8.67 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.

23. Proposed dividends

The Board of Directors has proposed a cash dividend of QR 0.2 per share aggregating to QR 91.24 million for the year 2019, which is subject to the approval of the shareholders at the Annual General Assembly (2018: QR 0.2 per share totalling to QR 91.24 million). During the year, the dividend paid amounted to QR 91.24 million (2018: QR 182.48 million).

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24. Revenue

	2019	2018
Revenue from contracts with customers	**11,591,695**	10,773,514

A. 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 25(a) and 25(b) respectively.

B. Contract balances

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

	2019	2018
Contract assets	**1,590,544**	1,609,160
Contract liabilities	**(334,554)**	(294,595)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The amount of contract assets during the year ended 31 December 2019 was impacted by an impairment charge of QR 5.6 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 2019, the amount is QR 334.5 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.

25. 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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25. Segment information (continued)

(a) By operating segments

31 December 2019	Information technology	Auto Group	E&I markets	Geotechnical services	Logistics	Travel	Engineering	Jewellery Trading	Telecom Retail	Others	Total
Revenue	9,178,738	703,679	196,067	42,118	36,287	33,763	71,096	1,223,205	-	106,742	11,591,695
Gross profit	1,947,564	159,731	38,722	11,359	13,018	28,814	10,723	234,346	-	56,776	2,501,053
EBITDA	872,314	99,461	21,413	2,770	8,422	15,537	7,473	(21,285)	14,398	60,872	1,081,375
Finance costs	(256,771)	(20,395)	(2,334)	(1,328)	(229)	(1,579)	(2,785)	(36,369)	(12,339)	(71,081)	(405,210)
Depreciation and amortization	(247,396)	(25,160)	(2,286)	(3,931)	(568)	(4,491)	(4,596)	(68,569)	-	(14,265)	(371,262)
Segment assets	7,062,112	555,551	89,825	39,921	22,312	52,601	71,488	1,571,602	1,128,092	2,843,273	13,436,777
Segment liabilities	4,970,674	87,845	54,442	21,966	11,492	21,174	66,077	602,984	-	4,979,048	10,815,702
Other information											
Share of results from joint venture and associate companies	-	-	-	-	-	-	-	41,532	14,398	1,380	57,310
Investments in joint venture and associate companies	-	-	-	-	-	-	-	151,359	1,128,092	18,233	1,297,684

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25. Segment information (continued)

(a) By operating segments (continued)

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	651,588	93,964	19,248	3,042	9,453	8,789	5,616	84,426	16,868	112,860	1,005,854
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	6,620,472	624,559	83,709	37,092	17,254	41,486	65,095	1,707,691	1,113,694	2,688,222	12,999,274
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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25. Segment information (continued)

(b) By geography

31 December 2019	Qatar	Other GCC countries	Europe	Others	Total
Revenue	3,792,170	1,223,205	6,522,596	53,724	11,591,695
Gross profit	707,081	234,346	1,551,270	8,356	2,501,053
EBITDA	511,166	(6,888)	568,790	8,307	1,081,375
Finance costs	(303,228)	(36,369)	(65,542)	(71)	(405,210)
Depreciation and amortisation	(79,480)	(68,569)	(222,838)	(375)	(371,262)
Segment assets	5,165,136	2,700,987	5,537,723	32,931	13,436,777
Segment liabilities	6,095,582	607,071	4,105,487	7,562	10,815,702
Other information					
Share of results from joint venture and associate companies	1,380	55,930	-	-	57,310
Investment in joint venture and associate companies	18,233	1,279,451	-	-	1,297,684

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25. Segment information (continued)

(b) By geography (continued)

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
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	5,200,492	42,819	12,999,274
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

26. Other income

	2019	2018
Gain on disposal of an equity investment	-	80,755
Write back of provisions / liabilities no longer required	**12,582**	7,019
Reversal of impairment / recoveries of receivables	**8,010**	581
Gain on disposal of investment properties	**16,593**	-
Foreign exchange gain	-	6,954
Miscellaneous income	**59,167**	45,592
	96,352	140,901

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27. General and administrative expenses

	2019	2018
Staff costs	**602,614**	587,394
Legal and professional fees	**133,045**	209,985
Tax and levies	**59,740**	74,365
Repairs and maintenance expenses	**86,344**	74,063
Communication expenses	**44,289**	45,523
Travelling expenses	**31,979**	34,254
Directors' remuneration	**5,593**	19,290
Insurance expenses	**19,079**	18,301
Bank charges	**10,974**	17,192
Printing and stationery expenses	**16,642**	14,942
Utility charges	**15,467**	13,763
Other administrative expenses and allowances	**99,797**	145,026
	1,125,563	1,254,098

28. Selling and distribution expenses

	2019	2018
Staff costs	**343,467**	335,862
Rent expense	**38,483**	91,763
Advertisement and other promotion expenses	**89,436**	86,536
	471,386	514,161

29. 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.

	2019	2018
Profit for the year attributable to the shareholders of the Company	**202,566**	407,147
Weighted average number of shares outstanding during the year (refer note 21)	**456,192,000**	456,192,000
Basic and diluted earnings per share (QR) (attributable to the shareholders of the Company)	**0.44**	0.89

30. 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.

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30. Related party disclosures (continued)

(a) Related party transactions

Transactions with related parties included in the consolidated statement of income are as follows:

Nature	Relationship	2019	2018
Sales	Affiliates	**101,239**	86,362
Purchases	Affiliates	**2,843**	2,341

(b) Related party balances

	2019	2018
Due from related parties		
Receivable from joint venture companies and associates	**46,453**	43,644
Long term loans to joint venture companies and associates, net	**62,362**	47,891
	108,815	91,535
Presented in the statement of financial position as follows:		
Current	**46,453**	43,644
Non-current	**62,362**	47,891
	108,815	91,535
Due to related parties		
Payable to joint venture companies and associates	**3,543**	3,724
	3,543	3,724

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 2019 and 2018 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.

(d) Compensation of key management personnel

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

	2019	2018
Short term benefits	**13,881**	13,400
Post-employment benefits	**955**	931
	14,836	14,331
Directors' remuneration	**5,593**	19,290

31. Contingencies and commitments

(a) Contingent liabilities and litigations

i) Kuwait General Administration of Customs (Kuwait Customs) had filed a legal case 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 year. In 2019, the subsidiary filed an appeal in the Court of Cassation against the decision of the High Court. Subsequent to the reporting date, the subsidiary was served a notice on 4 February 2020 by the Court of Cassation that their final appeal was also dismissed. Considering the subsidiary has lost its final appeal in the civil courts, the amount of QAR 23.5 million was recognized in these consolidated financial statements as a liability.

ii) Contract with one of the customers of the Group's subsidiary was terminated on 15 June 2019, after the customer expressed his willingness to suspend and redesign the project because of low financial results and financial difficulties. The changes wanted by the customer would modify the initial contract, thus the subsidiary sent a termination letter to the customer including a termination fees of QR 64.7 million. Subsequent to this, the subsidiary filed a legal case against the customer claiming for QR 80 million (consisting of termination fees and damages and interests). The customer has also filed a counter claim amounting to QR 48.5 million. As at 31 December 2019, the subsidiary has a total receivable balance of QR 86.8 million outstanding to be received from the customer. The subsidiary has assigned lawyers to handle this case, and management believes that their position is strong in this, therefore, no provision is required against these outstanding receivables.

iii) In 2017, one of the subsidiaries of the Group, entered into agreement with a consultant for provision of licensing and maintenance of a customized IT solution service to a French insurance broker. During the contract period, the consultant unilaterally withdrew from the project by descoping its IT teams and stopped any future payments to the subsidiary. Following the consultant's decision, the subsidiary stopped its service delivery in November 2017. The consultant had filed a legal case against the subsidiary first time on May 2018 which was rejected and a second time on July 12, 2018 at Paris Court claiming an amount of QR 157.7 million from the subsidiary. The mediation process is ongoing. Due to the significant uncertainty of the outcome, QR 8 million have been provided for by the subsidiary's management. The remaining unprovided receivable balance amounts to QR 5.6 million.

iv) A dispute is ongoing with one of the Group's joint venture's customer ("the customer") for recovery of receivable balances amounting to QR 11.1 million. The customer has assessed and concluded that some of the work within the scope of the agreement was not performed to the specification required. The joint venture of the Group has moved to offer a discount of QR 2.85 million to the customer to resolve the matter, which has already been reversed from the revenue and receivables. The joint venture filed a civil case against the customer for the recovery of the remaining receivable; and the customer has filed a counter claim of QR 10 million in compensation. As per the legal confirmation obtained from the external lawyer of the joint venture, the Group has a good legal position in this case, hence, no provision is set up in the consolidated financial statements as at 31 December 2019.

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31. Contingencies and commitments (continued)

v) 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:

	2019	2018
Letters of guarantees	**891,757**	823,533
Letters of credit	**27,190**	21,092
Stand-by letters of credit	**1,011,862**	808,485
	1,930,809	1,653,110

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

	2019	2018
Capital work in progress – contracted but not provided for	**9,880**	37,758

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

	2019	2018
Contingent liabilities		
- Guarantees	**34,559**	29,284
- Letters of credit	**58,955**	58,624
	93,514	87,908

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.

32. 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.

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32. Financial instruments (continued)

Fair value measurements (continued)

Fair value measurements

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

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

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.

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)

Financial assets / (financial liabilities)	Classification	As at 31 December 2019 Carrying value QR'000	As at 31 December 2019 Fair value QR'000	Fair value Hierarchy
Bank balances and cash[1]	Amortised cost	**375,065**		
Accounts and other receivables[1]	Amortised cost	**2,445,768**		
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[1]	Amortised cost	**108,815**		
Bank overdrafts[1]	Other financial liabilities	**(282,805)**		
Interest bearing loans and borrowings	Other financial liabilities	**(5,670,444)**	**(5,720,274)**	Level 2
Accounts payable and accruals[1]	Other financial liabilities	**(2,661,945)**		
Amount due to related parties[1]	Other financial liabilities	**3,543**		

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32. Financial instruments (continued)

Fair value measurements (continued)

Financial assets / (financial liabilities)	Classification	As at 31 December 2018 Carrying value QR'000	Fair value QR'000	Fair value Hierarchy
Bank balances and cash[(1)]	Amortised cost	399,389		
Accounts and other receivables[(1)]	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[(1)]	Amortised cost	91,535		
Bank overdrafts[(1)]	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[(1)]	Other financial liabilities	(2,577,648)		
Amount due to related parties[(1)]	Other financial liabilities	(3,724)		

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.

[(1)] 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.

For the year ended 31 December 2019 In Thousands of Qatari Riyals

32. Financial instruments (continued)

Fair value measurements (continued)

Reconciliation of Level 3 fair values

	Equity instruments		
	FVOCI*	**FVTPL***	**Total**
Balance at 1 January 2019	10,199	982	11,181
Net changes in fair value	(1,808)	(37)	(1,845)
Balance at 31 December 2019	**8,391**	**945**	**9,336**

	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.

Fair value sensitivity analysis

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

	2019	2018
Basis points	**+/-1,000**	+/-1,000
Effect on equity (QR '000)	**+/- 934**	+/-1,118

33. 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.

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33. Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank balances (call deposits), bank overdraft and interest-bearing loans and borrowings, which bear floating interest rate.

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

	2019	2018
Bank deposits and call accounts	**15,749**	50,112
Bank overdraft	**(282,805)**	(407,664)
Interest bearing loans and borrowings	**(5,670,444)**	(5,763,184)
	(5,937,500)	(6,120,736)

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:

	2019	2018
Basis points	**+/- 25**	+/- 25
Effect on profit for the year (QR '000)	**+/- 14,844**	+/- 15,302

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:

	2019	2018
Bank balances (excluding cash on hand) *	**369,046**	393,316
Accounts receivable and others (excluding contract assets)	**2,445,768**	2,533,597
Contract assets	**1,590,544**	1,609,160
Amounts due from related parties	**108,815**	91,535
	4,514,173	4,627,608

33. Financial risk management (continued)

Credit risk (continued)

**Bank balances (excluding cash on hand)*
The Group held bank balances of QR 369,046 thousand at 31 December 2019 (2018: QR 393,316 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. As at reporting date, none of the bank balances were credit impaired. Expected credit loss on non-credit impaired balance was immaterial, hence no provision was recognised in these consolidated financial statements.

Amounts due from related parties

As at reporting date, none of the amounts dues from related parties were credit impaired. Expected credit loss on non-credit impaired balance was immaterial, hence no provision was recognised in these consolidated financial statements.

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 accounts receivable 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 receivable 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, notes receivables, retention receivables and other receivables, due from related parties and contracts assets as at reporting date.

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33. Financial risk management (continued)

Credit risk (continued)

Accounts receivables and others (continued)

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
31 December 2019				
Current (not past due)	0.48%	3,236,163	15,550	No
1-90 days past due	3.26%	432,612	14,092	No
91–180 days past due	16.58%	115,301	19,116	No
181–365 days past due	18.42%	108,219	19,938	No
More than 365 days past due	30.28%	144,017	43,609	Yes
		4,036,312	**112,305**	

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
31 December 2018				
Current (not past due)	0.68%	3,453,012	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
		4,142,757	**133,167**	

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.

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.

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33. Financial risk management (continued)

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)	**2019**	2018
EURO	**13,164**	6,849
GBP	**7,021**	3,232
Other currencies	**215,940**	161,845
	236,125	171,926

	Increase/decrease in Euro, GBP and other rates to the QR	*Effect on profit before tax*
2019	**+/- 3%**	**+/- 7,084**
2018	+/- 3%	+/- 5,158

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.

At 31 December 2019	**Less than 1 year**	**More than 1 year**	**Total**
Accounts payable and accruals	**3,173,826**	**405,031**	**3,578,857**
Amounts due to related parties	**3,543**	**-**	**3,543**
Interest bearing loans and borrowings	**1,873,607**	**3,796,837**	**5,670,444**
Lease liabilities	**184,992**	**442,838**	**627,830**
Bank overdrafts	**282,805**	**-**	**282,805**
Total	**5,518,773**	**4,644,706**	**10,163,479**

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33. Financial risk management (continued)

Liquidity risk (continued)

At 31 December 2018	Less than 1 year	More than 1 year	Total
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

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 2018. 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.

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

	2019	2018
Debt (including bank overdrafts)	**5,953,249**	6,170,848
Bank balances and cash	**(375,065)**	(399,389)
Net debt	**5,578,184**	5,771,459
Total equity	**2,621,075**	2,604,816
Add: acquisition reserve	**999,488**	999,488
	3,620,563	3,604,304
Gearing ratio	**1.54:1**	1.60:1

34. 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.

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34. Acquisition of additional interest in a subsidiary (continued)

	2018
Carrying amount of NCI acquired	66,840
Liability previously set up in the consolidated financial statements	366,410
Final consideration paid to NCI	(478,270)
Net impact on equity attributable to the shareholders of the Company	**(45,020)**

35. Restatement

(a) 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 acquisitions in Belgium (refer note 13(b)). 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".

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

	Previously reported figures	**Restatement**	**Restated figures**
At 31 December 2018			
Goodwill and other intangibles	4,409,194	(11,694)	4,397,500
Retained earnings*	(2,132,305)	10,241	(2,122,064)
Deferred tax assets	117,327	1,453	118,780

*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.

(b) During the year, management has revisited the Purchase Price Allocation (PPA) arising over one of its acquisitions whereby the PPA to 'other intangible assets' was decreased from QR 342 million to QR 178 million. This resulted in increase in goodwill and decrease in 'other intangible assets' amounting to QR 164 million which was adjusted retrospectively. However, management assessed that the related amortisation charge due to this adjustment was not material to the consolidated financial statements, hence, the same was recorded in 2019.

36. Comparative information

Corresponding figures for 2018 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.

37. Events after the reporting date

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

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38. Information related to the financial position and financial performance of the Group's operations in Qatar

This note provides certain information related to the financial position and financial performance of the Group's operation in the State of Qatar as at and for the year ended 31 December 2019. The complete set of separate financial statements of Mannai Corporation's companies and its subsidiaries in Qatar are prepared in accordance with IFRS. Further, the below numbers are related to its combined Qatar operations only and are not line by line consolidated.

(a) Statement of financial position

	2019
Assets	
Current assets	
Bank balances and cash	63,329
Accounts receivable and prepayments	1,688,273
Inventories	450,847
Amounts due from related parties	6,025
Total current assets	**2,208,474**
Non-current assets	
Right-of-use assets	131,551
Accounts receivable and prepayments	99,032
Financial assets - equity instruments	102
Investment in subsidiaries	4,589,956
Investment in joint venture companies	16,809
Investment in associate companies	1,087,865
Property, plant and equipment	595,119
Total non-current assets	**6,520,434**
Total assets	**8,728,908**
Liabilities and equity	
Liabilities	
Current liabilities	
Interest bearing loans and borrowings	1,620,344
Lease liabilities	49,024
Accounts payable and accruals	1,042,506
Amounts due to related parties	13,561
Total current liabilities	**2,725,435**
Non-current liabilities	
Interest bearing loans and borrowings	3,169,660
Lease liabilities	95,149
Accounts payable and accruals	33,144
Employees' end of service benefits	93,849
Total non-current liabilities	**3,391,802**
Total liabilities	**6,117,237**

For the year ended 31 December 2019 In Thousands of Qatari Riyals

38. Information related to the financial position and financial performance of the Group's operations in Qatar (continued)

(a) Statement of financial position (continued)

	2019
Equity	
Share capital	456,192
Legal reserve	1,083,456
Other reserve	4,630
Proposed dividends	91,238
Retained earnings	976,155
Total equity	2,611,671
Total liabilities and equity	8,728,908

(b) Statement of profit or loss and other comprehensive income

	2019
Revenue	3,802,922
Direct costs	(3,095,841)
Gross profit	707,081
Other income	49,472
General and administrative expenses	(166,426)
Selling and distribution expenses	(62,064)
Impairment reversal / (loss) on financial and contract assets -net	23,609
Profit before interest, tax, depreciation and amortisation	551,672
Finance costs	(303,228)
Depreciation and amortisation	(79,480)
Profit before tax	168,964
Income tax	-
Net profit for the year	168,964