

Mannai Corporation Q.P.S.C.
Interim Condensed Consolidated Financial Statements
30 June 2020

Mannai Corporation Q.P.S.C.

**Interim Condensed Consolidated Financial Statements
For the six-month period ended 30 June 2020**

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mannai Corporation Q.P.S.C. (the "Company") and its subsidiaries (together the "Group") as at 30 June 2020, and the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial statements ('the interim condensed consolidated financial statements'). The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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



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

Basis for qualified conclusion

The Group was unable to complete the annual impairment testing in 2019 in accordance with IAS 36 "Impairment of Assets ("IAS 36") of goodwill and other intangible assets allocated to one of its Cash Generating Units (CGU) carried at QR 1,200,342 thousand as at 31 December 2019 which caused us to qualify our audit opinion on the consolidated financial statements relating to that year. Due to COVID-19, the impairment exercise has been further delayed as the management was unable to gather complete information and was not in a position to apply reliable and comparable benchmark information against assumptions used in the discounted cash flow models used for impairment testing purposes prior to issuance of the interim condensed consolidated financial statements. Accordingly, we were not able to determine whether any adjustments might be necessary to the amounts shown in the interim condensed consolidated financial statements for the carrying value of goodwill and other intangible assets, net loss, equity and related disclosures as at and for the period ended 30 June 2020 (including the relevant comparative financial information as at and for the year ended 31 December 2019).

Qualified conclusion

Based on our review, except for the possible effects of the matter described in the "Basis for qualified conclusion" paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at and for the six-month period ended 30 June 2020 are not prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting".


Emphasis of matter – COVID-19

We draw attention to note 25(b) to the interim condensed consolidated financial statements, which explains the on-going uncertainties due to the COVID-19 outbreak. Our conclusion is not further modified in respect of this matter.

Other matter

Our audit opinion on the 31 December 2019 annual consolidated financial statements dated 27 February 2020 was further qualified in connection with an incomplete impairment exercise pertaining to one of the Group's associate companies with a carrying value of QR 827,929 thousand as at 30 June 2020 (31 December 2019: QR 1,128,092 thousand). The Group has restated its 31 December 2019 annual consolidated financial statements and recorded an impairment loss related to the said associate company. The amounts presented as at 31 December 2019 are audited except for the restatement adjustment (note 26) which has been reviewed.

11 August 2020
Doha
State of Qatar


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

Mannai Corporation Q.P.S.C.

**Interim condensed consolidated statement of financial position
As at 30 June 2020**

In thousands of Qatari Riyals

	Notes	30 June 2020 (Reviewed)	31 December 2019 (Audited) (Restated)*
ASSETS			
Current assets			
Bank balances and cash	3	480,556	375,065
Accounts receivable and prepayments	4	4,470,368	3,827,672
Inventories	5	1,867,862	1,366,476
Due from related parties	20	35,604	46,453
Total current assets		6,854,390	5,615,666
Non-current assets			
Accounts receivable and prepayments	4	264,529	283,218
Financial assets – equity instruments	6	9,328	9,336
Investment in joint venture companies	7	19,728	20,275
Investment in associate companies	8	975,223	992,996
Goodwill and other intangible assets	9	5,368,159	4,597,875
Property, plant and equipment	10	902,537	872,752
Investment properties	11	11,133	11,746
Deferred tax assets		123,966	80,896
Right-of-use assets	12	682,667	605,241
Due from related parties	20	50,923	62,362
Total non-current assets		8,408,193	7,536,697
Total assets		15,262,583	13,152,363
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Bank overdrafts	3	321,711	282,805
Lease liabilities	12	214,795	184,992
Interest bearing loans and borrowings	13	1,609,966	1,873,607
Accounts payable and accruals	14	4,602,355	3,427,400
Due to related parties	20	6,140	3,543
Total current liabilities		6,754,967	5,772,347
Non-current liabilities			
Deferred tax liabilities		4,036	3,812
Lease liabilities	12	478,571	442,838
Interest bearing loans and borrowings	13	5,536,992	4,159,223
Accounts payable and accruals	14	37,192	42,645
Employees' end of service benefits		404,695	394,837
Total non-current liabilities		6,461,486	5,043,355
Total liabilities		13,216,453	10,815,702

*Refer note 26

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

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Mannai Corporation Q.P.S.C.

Interim condensed consolidated statement of financial position (continued)
As at 30 June 2020

In thousands of Qatari Riyals

	Notes	30 June 2020 (Reviewed)	31 December 2019 (Audited) <i>Restated*</i>
Equity			
Share capital	15	456,192	456,192
Legal reserve	16	1,083,456	1,083,456
Acquisition reserve		(999,488)	(999,488)
Other reserve		(61,310)	(63,332)
Foreign currency translation reserve		(114,122)	(116,994)
Proposed dividends		-	91,238
Fair value reserve		(32,990)	(32,990)
Retained earnings		1,713,537	1,916,328
Equity attributable to shareholders of the Company		2,045,275	2,334,410
Non-controlling interests		855	2,251
Total equity		2,046,130	2,336,661
Total liabilities and equity		15,262,583	13,152,363

These interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on their behalf by the following on 11 August 2020.

Mohammed Ali M. K. Al Kubaisi
Director

Keith Higley
Director

*Refer note 26

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Mannai Corporation Q.P.S.C.

**Interim condensed consolidated statement of income
For the six-month period ended 30 June 2020**

In thousands of Qatari Riyals

	Notes	Six-month period ended	
		30 June 2020 (Reviewed)	30 June 2019 (Reviewed)
Revenue	17	5,342,844	5,700,255
Direct costs		(4,258,745)	(4,466,039)
Gross profit		1,084,099	1,234,216
Other income		26,482	53,377
General and administrative expenses		(622,330)	(567,460)
Selling and distribution expenses		(204,497)	(233,843)
Share of results from joint venture companies	7	(547)	763
Share of results from associate companies	8	(17,567)	29,724
(Impairment loss) / reversal of impairment on financial and contract assets – net		(8,333)	19,047
Profit before interest, tax, depreciation and amortization		257,307	535,824
Finance costs		(196,975)	(205,054)
Depreciation and amortization		(207,703)	(194,420)
(Loss) / profit before tax		(147,371)	136,350
Income tax		(55,750)	(47,815)
Net (loss) / profit for the period		(203,121)	88,535
Attributable to:			
Shareholders of the Company		(202,791)	87,440
Non-controlling interests		(330)	1,095
		(203,121)	88,535
(Loss) / earnings per share:			
Basic and diluted (loss) / earnings per share attributable to shareholders of the Company (QR)	15,19	(0.44)	0.19

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Mannai Corporation Q.P.S.C.

Interim condensed consolidated statement of comprehensive income
For the six-month period ended 30 June 2020

In thousands of Qatari Riyals

	Six-month period ended	
	30 June 2020 (Reviewed)	30 June 2019 (Reviewed)
Net (loss) / profit for the period	(203,121)	88,535
Other comprehensive income		
<i>Items that will not to be reclassified to profit or loss</i>		
Equity investments at FVOCI – net change in fair value	-	(1,807)
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Foreign currency translation adjustment	2,828	(9,104)
Valuation of share-based payments	4,564	-
Change in fair value of derivative financial liabilities	(635)	(3,031)
Total other comprehensive income for the period	6,757	(13,942)
Total comprehensive income for the period	(196,364)	74,593
Attributable to:		
Shareholders of the Company	(195,990)	73,453
Non-controlling interests	(374)	1,140
	(196,364)	74,593

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Mannai Corporation Q.P.S.C.

Interim condensed consolidated statement of changes in equity
For the six-month period ended 30 June 2020

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		Total
									Shareholders of the Company	Non-controlling interests	
Balance – 31 December 2019 / 1 January 2020 (Audited) (Restated)*	456,192	1,083,456	(999,488)	(63,332)	(116,994)	91,238	(32,990)	1,916,328	2,334,410	2,251	2,336,661
Loss for the period	-	-	-	-	-	-	-	(202,791)	(202,791)	(330)	(203,121)
Other comprehensive income	-	-	-	3,929	2,872	-	-	-	6,801	(44)	6,757
Total comprehensive income for the period	-	-	-	3,929	2,872	-	-	(202,791)	(195,990)	(374)	(196,364)
Dividends paid (note 18)	-	-	-	-	-	(91,238)	-	-	(91,238)	-	(91,238)
Change in consolidation scope	-	-	-	(1,907)	-	-	-	-	(1,907)	(1,022)	(2,929)
Balance – 30 June 2020 (Reviewed)	456,192	1,083,456	(999,488)	(61,310)	(114,122)	-	(32,990)	1,713,537	2,045,275	855	2,046,130

*Refer note 26

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Mannai Corporation Q.P.S.C.

Interim condensed consolidated statement of changes in equity (continued)
For the six-month period ended 30 June 2020

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		Total
									Shareholders of the Company	Non-controlling interests	
Balance – 31 December 2018 / 1 January 2019 (Audited) (Restated)(1)	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 initial application of IFRS 16 (net of tax) (2)	-	-	-	-	-	-	-	(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
Profit for the period	-	-	-	-	-	-	-	87,440	87,440	1,095	88,535
Other comprehensive income	-	-	-	(3,031)	(9,149)	-	(1,807)	-	(13,987)	45	(13,942)
Total comprehensive income for the period	-	-	-	(3,031)	(9,149)	-	(1,807)	87,440	73,453	1,140	74,593
Dividends paid (note 18)	-	-	-	-	-	(91,238)	-	-	(91,238)	-	(91,238)
Other adjustments	-	-	-	2,008	-	-	-	-	2,008	6,920	8,928
Balance – 30 June 2019 (Reviewed)	456,192	1,083,456	(999,488)	(36,106)	(94,008)	-	(32,990)	2,181,918	2,558,974	10,539	2,569,513

- (1) Restated: Opening restatements, due to finalisation of the provisional fair values of the assets and liabilities on acquisition of one of the foreign subsidiaries, disclosed in the interim condensed consolidated financial statements for the six-month period ended 30 June 2019 were subsequently revised in the annual consolidated financial statements for the year ended 31 December 2019 in accordance with the requirements of IFRS 3 'Business Combinations'. Therefore, this should be read in conjunction with the disclosure made in note 35 of the annual financial statements for the year ended 31 December 2019.
- (2) Restated: Transition adjustments due to application of IFRS 16 disclosed in the interim condensed consolidated financial statements for the six-month period ended 30 June 2019 were subsequently revised in the annual consolidated financial statements for the year ended 31 December 2019. Therefore, this should be read in conjunction with the disclosures made in note 4.1 of the annual financial statements for the year ended 31 December 2019.

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Mannai Corporation Q.P.S.C.
**Interim condensed consolidated statement of cashflows
For the six-month period ended 30 June 2020**

In thousands of Qatari Riyals

	Six-month period ended	
	30 June 2020 (Reviewed)	30 June 2019 (Reviewed)
Notes		
Cash flows from operating activities		
(Loss) / profit before tax	(147,371)	136,350
Adjustments for:		
Depreciation and amortization	207,703	194,420
Impairment loss / (reversal of impairment loss) on financial and contract assets – net	8,333	(19,047)
Provision / (reversal) of obsolete and slow-moving inventories	4,021	(2,382)
Gain on sale of property, plant and equipment	(1,051)	(208)
Gain on sale of investment properties	-	(16,593)
Write back of provisions / liabilities no longer required	(150)	-
Finance income	(2,680)	(3,449)
Finance costs	196,975	205,054
Share of results from joint venture companies	7 547	(763)
Share of results from associate companies	8 17,567	(29,724)
Property, plant and equipment written off	10 1,698	551
Provision for employee benefits	24,991	23,693
Operating profit before working capital changes	310,583	487,902
<i>Working capital changes:</i>		
Accounts receivable and prepayments	112,347	(258,762)
Inventories	(232,433)	(128,064)
Due from / to related parties	27,565	16,011
Accounts payable and accruals	298,069	(197,826)
Cash generated from / (used in) operating activities	516,131	(80,739)
Finance costs paid	(153,424)	(173,749)
Employee benefits paid	(18,762)	(16,159)
Social and sports contribution paid	(3,211)	(5,346)
Net cash generated from / (used in) operating activities	340,734	(275,993)
Cash flows from investing activities		
Acquisition of financial assets – equity instruments	-	(18)
Proceeds from sale of property, plant and equipment	8,097	16,045
Dividends received	8 13,826	17,860
Acquisition of investment in associate companies	8 (13,616)	-
Additions to goodwill and intangible assets	9 (57,875)	(65,291)
Net cash outflows from acquisition of a subsidiary	9 (1,071,315)	(73,523)
Acquisition of property, plant and equipment	10 (54,184)	(92,112)
Proceeds from sale of investment properties	-	76,731
Net cash used in investing activities	(1,175,067)	(120,308)
Cash flows from financing activities		
Payment of lease liabilities	12 (120,241)	(109,906)
Dividend paid to shareholders of the parent	18 (91,238)	(91,238)
Movement in interest bearing loans and borrowings	1,114,128	615,145
Net cash from financing activities	902,649	414,001
Net change in cash and cash equivalents	68,316	17,700
Cash and cash equivalents at the beginning of period	88,632	(16,664)
Cash and cash equivalents at the end of period	3 156,948	1,036

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Mannai Corporation Q.P.S.C.

Notes to the interim condensed consolidated financial statements As at and for the six-month period ended 30 June 2020

1. Corporate information

Mannai Corporation Q.P.S.C. (the “Company”) is registered as a Qatari Shareholding Company in the State of Qatar with the Ministry of Economy and Commerce under Commercial Registration Number 12. The registered office of the Company is situated on East Industrial Street, PO Box 76, Doha, State of Qatar. The Company is listed on the Qatar Exchange.

The core activities of the Company and its subsidiaries (together referred to as the “Group”) include 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 interim condensed consolidated financial statements as at and for the six months ended 30 June 2020 comprise 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;

Name of subsidiaries	Country of incorporation	Group's effective shareholding percentage	
		30 June 2020	31 December 2019
Mannai Trading Company W.L.L.	Qatar	100	100
Manweir L.L.C.	Qatar	100	100
Gulf Laboratories Company W.L.L.	Qatar	100	100
Space Travel W.L.L.	Qatar	100	100
Space Cargo L.L.C.	Qatar	100	100
Qatar Logistics W.L.L.	Qatar	100	100
Technical Services Company W.L.L.	Qatar	100	100
Mansoft Qatar W.L.L.	Qatar	100	100
Gfi Informatique SA	France	100	100
Gfi Progiciels SAS	France	100	100
Addstones-Vanilla SAS	France	100	100
Business Document SAS	France	100	100
Metaware Technologies SA	France	100	100
Gfi Informatique Entreprise Solutions SAS	France	100	100
Roff France	France	100	100
Gfi Business-Transformation SAS	France	100	100
Gfi Infrastructure Services S.A. (ex-Computacenter)	Luxembourg	100	100
Gfi Informatica Mexico SA de CV	Mexico	100	100
Gesfor Mexico, S.A de CV	Mexico	99.67	99.67
Cynapsys Inc	Tunisia	100	100
Gfi Informatique Maroc	Morocco	100	100
Value Pass	Morocco	100	100
IMPAQ Sp. Z.o.o.	East Europe	100	100
Vauban	Romania	100	100
Realdolmen NV	Belgium	100	100
Gfi Portugal - Tecnologias de Informaçao, SA	Portugal	100	100
Roff Consultores Independetes SA	Portugal	100	100
Grupo Corporativo Gfi Norte	Spain	100	100
Savac Consultores SL	Spain	100	100
Grupo Corporativo Gfi Informatica SA	Spain	100	100

Mannai Corporation Q.P.S.C.

Notes to the interim condensed consolidated financial statements As at and for the six-month period ended 30 June 2020

1. Corporate information (continued)

Name of subsidiaries	Country of incorporation	Group's effective shareholding percentage	
		30 June 2020	31 December 2019
Gfi International	Switzerland	100	100
Informatica El Corte Ingles SA (IECISA)	Spain	100	n/a
Damas L.L.C.	UAE	100	100
Damas Jewellery L.L.C (formerly Gem Universe L.L.C.)	Oman	100	100
Damas Company W.L.L.	Bahrain	100	100
Damas Jewellery Kuwait Company W.L.L.	Kuwait	100	100
Damas Saudi Arabia Company Limited	KSA	100	100
Damas Jewellery L.L.C.	UAE	100	100
Damas Jewellery D.M.C.C.	UAE	100	100
Damas Jewellery Manufacturing Company L.L.C.	UAE	100	100
Premium Investments International L.L.C.	UAE	100	100

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

These interim condensed consolidated financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting" under the historical cost convention except for certain financial instruments which have been stated at fair value. They do not include all of the information required for a complete set of IFRS financial statements, therefore should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2019 ('last annual financial statements'). In addition, results for the six-month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

2.2 Use of judgements and estimates

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

2.3 Significant accounting policies

The accounting policies applied in these interim condensed consolidated financial statements are consistent with those applied in the Group's last annual financial statements as at and for the year ended 31 December 2019, except for the adoption of the following revised standards, interpretations and amendments effective as of 1 January 2020.

Amendments to IFRS 16: COVID-19-Related Rent Concessions

IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

2.3 Significant accounting policies (continued)**Amendments to IFRS 16: COVID-19-Related Rent Concessions (continued)**

- b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, accordingly it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred from April 2020 to June 2020.

The effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The effect of applying the practical expedient is disclosed in Note 12.

Other amendments to standards that are effective as of 1 January 2020

Effective date	New standards or amendments
1 January 2020	Amendments to References to Conceptual Framework in IFRS Standards
	Definition of a Business (Amendments to IFRS 3)
	Definition of Material (Amendments to IAS 1 and IAS 8)
	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The new amendments listed above do not have any or material effect on the Group's interim condensed consolidated financial statements.

Following new, revised standards, interpretations and amendments have been issued that are not yet effective for the six-month period ended 30 June 2020 and have not been early adopted in preparing these interim condensed consolidated financial statements.

Effective date	New standards or amendments
1 January 2023	IFRS 17 Insurance Contracts
1 January 2022	Classification of liabilities as Current or Non-current (Amendments to IAS 1)
Available for optional adoption/effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

3. Bank balances and cash

	30 June 2020 (Reviewed)	31 December 2019 (Audited)	30 June 2019 (Reviewed)
Bank balances and cash	1,095,076	375,065	397,972
Restricted cash (1)	<u>(614,520)</u>	-	-
Bank balances and cash – net	480,556	375,065	397,972
Less: Fixed and margin deposit under lien	<u>(1,897)</u>	<u>(3,628)</u>	<u>(4,344)</u>
	478,659	371,437	393,628
Less: Bank overdrafts	<u>(321,711)</u>	<u>(282,805)</u>	<u>(392,592)</u>
Cash and cash equivalents	<u>156,948</u>	<u>88,632</u>	<u>1,036</u>

3. Bank balances and cash (continued)

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

- (1) This represents cash received from factoring companies against certain factored receivables, by one of the foreign subsidiaries of the Group. This cash received has been agreed to be applied to loan facilities obtained by the said subsidiary, hence the amount is earmarked against 'Interest bearing loans and borrowings'. Also refer note 13.

4. Accounts receivable and prepayments

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Trade accounts receivable	2,096,778	1,741,976
Receivables transferred to factoring companies	113,628	67,465
Advances to suppliers, net	64,881	49,957
Notes receivable	173,093	192,864
Prepayments	123,788	136,926
Deposits	19,707	19,458
Contract assets	1,732,938	1,590,544
Tax receivables	336,703	270,055
Others	216,236	153,950
	4,877,752	4,223,195
Less: Allowance for impairment of receivables and contract assets (b)	(142,855)	(112,305)
	4,734,897	4,110,890

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

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Current	4,470,368	3,827,672
Non-current	264,529	283,218
	4,734,897	4,110,890

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

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Beginning of the period / year	112,305	133,167
Movements during the period / year	30,550	(20,862)
	142,855	112,305

5. Inventories

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Gold and other jewellerys, net of consignment inventory	1,044,782	1,011,977
Work-in-progress	124,334	26,253
Merchandises, spares and tools	692,875	356,907
Vehicles and heavy equipment	136,758	102,963
Industrial supplies	12,744	14,791
Others	3,872	4,061
	<u>2,015,365</u>	<u>1,516,952</u>
Less: Provision for obsolete and slow-moving items	<u>(147,503)</u>	<u>(150,476)</u>
	<u>1,867,862</u>	<u>1,366,476</u>

6. Financial assets – equity instruments

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Financial assets at fair value through other comprehensive income (a)	8,391	8,391
Financial assets at fair value through profit or loss (b)	937	945
	<u>9,328</u>	<u>9,336</u>

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

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Beginning of the period / year	8,391	10,199
Net change in fair value	-	(1,807)
Exchange adjustments	-	(1)
End of the period / year	<u>8,391</u>	<u>8,391</u>

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

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Beginning of the period / year	945	982
Exchange adjustments	(8)	(37)
End of the period / year	<u>937</u>	<u>945</u>

7. Investment in joint venture companies

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Beginning of the period / year	20,275	18,088
Share of results from joint ventures companies	(547)	2,187
End of the period / year	<u>19,728</u>	<u>20,275</u>

8. Investment in associate companies

	30 June 2020 (Reviewed)	31 December 2019 (Audited) (Restated)*
Beginning of the period / year	992,996	1,267,227
Acquired during the period / year	13,616	-
Dividends received	(13,826)	(44,917)
Impairment loss (1)	-	(171,762)
Share of results from associate companies (2)	(17,567)	(57,529)
Exchange adjustments	4	(23)
End of the period / year	<u>975,223</u>	<u>992,996</u>

*Refer note 26

- (1) In connection with the incomplete impairment testing exercise pertaining to the year 2019, for one of its associate companies, Axiom Limited, UAE, the carrying amount was determined to be higher than its recoverable amount, hence, accordingly the last year's annual consolidated financial statements have been restated to this effect. The recoverable amount based on value-in-use calculation was subjected to sensitivities for certain key assumptions due to the growth forecast and instability in the economic environment. A change in two key assumptions i.e. discount rate of 9.5% (2018: 9%) and terminal growth rate of 1.5% (2018: 3%) over the prior years caused the carrying amount to exceed the recoverable amount. As part of impairment exercise, certain growth assumptions were also revisited due to current economic situation and risk profile of geography in which the associate company operates. Hence, an impairment loss of QR 171.8 million was recorded. Management will continue to review the future outlook of the investment and any adverse or favorable change in key assumptions may result in further impairment or impairment reversal.
- (2) In connection with the incomplete impairment testing exercise pertaining to the year 2019, for underlying associate companies of Axiom Limited, UAE, an impairment loss of QR 112.6 million was recorded as Group's share of results from associate companies, accordingly the last year's annual consolidated financial statements have been restated to this effect.

9. Goodwill and other intangible assets

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Beginning of the period / year	4,597,875	4,397,500
Arising from business combination – net*	742,427	202,243
Additions during the period / year	57,875	125,788
Disposals	-	(153)
Amortisation relating to disposal	-	153
Charge for the period / year	(49,717)	(82,176)
Exchange adjustments – net	19,699	(45,480)
End of the period / year	<u>5,368,159</u>	<u>4,597,875</u>

As of the reporting date, management is still in process of completing impairment testing pertaining to one of its CGUs having a carrying value of goodwill and other intangibles amounting to QR 1,200.3 million which is pending since 2019. The impairment exercise was further delayed due to on-going COVID-19 pandemic. The key assumptions disclosed in the last year's consolidated financial statements represent management's preliminary estimates which were similar to the assumptions used in 2018 as the impairment exercise was incomplete.

*This includes QR 702.2 million relating to provisional goodwill and QR 40.2 million relating to other intangible assets.

9. Goodwill and other intangible assets (continued)**Acquisition of subsidiaries**

During the period, the Group has acquired a cash generating unit through one of its subsidiaries in France, Gfi Informatique SA. Upon this acquisition, a provisional goodwill of QR 702.2 million was recognised at the Group level. This provisional goodwill is subject to finalization of fair values in accordance with IFRS 3.

a) Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	Six-month period ended 30 June 2020
Cash paid	1,071,315
Cash acquired	(78,823)
Net consideration transferred	<u>992,492</u>

b) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Fair value at the acquisition date
Provisional fair value of the net identifiable assets acquired	1,382,460
Provisional fair value of the net identifiable liabilities assumed	(1,013,327)
Provisional fair value of total net identifiable assets acquired	<u>369,133</u>

c) Provisional goodwill on acquisition

Provisional goodwill arising from the acquisition has been recognised as follows.

	Six-month period ended 30 June 2020
Total consideration transferred	1,071,315
Non-controlling interest	-
Sub-total	<u>1,071,315</u>
Less: Provisional fair value of net identifiable assets	(369,133)
Provisional goodwill	<u>702,182</u>

10. Property, plant and equipment

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Net book value - beginning of the period / year	872,752	768,246
Acquired through business combinations – net	33,628	46,609
Additions during the period / year	54,184	194,114
Disposals / other adjustments	(29,054)	(86,204)
Charge for the period / year	(50,276)	(92,038)
Accumulated depreciation related to disposals / other adjustments	22,008	57,765
Write-offs – net of related accumulated depreciation	(1,698)	(14,240)
Exchange adjustments	993	(1,500)
Net book value – end of the period / year	<u>902,537</u>	<u>872,752</u>

11. Investment properties

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Net book value - beginning of the period / year	11,746	61,871
Disposals during the period / year	-	(61,010)
Charge for the period / year	(613)	(2,869)
Accumulated depreciation related to disposals	-	13,764
Exchange adjustments	-	(10)
Net book value – end of the period / year	<u>11,133</u>	<u>11,746</u>

During the prior period, two properties held in United Arab Emirates were sold resulting in a gain on disposal of QR 16.6 million, which was included in 'other income'.

12. Leases**(a) Right-of-use assets**

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
At beginning of the period / year	605,241	-
Initial application of IFRS 16	-	672,294
Amortisation charge for the period / year	(107,097)	(194,179)
Additions to right-of-use assets during the period / year	41,239	106,957
Impact from modifications of leases (i)	44,075	-
Reduction on early termination	(7,624)	-
Net additions due to business acquisitions	101,831	19,011
Exchange adjustments	5,002	1,158
	<u>682,667</u>	<u>605,241</u>

12. Leases (continued)**(b) Lease liabilities**

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
At beginning of the period / year	627,830	-
Initial application of IFRS 16	-	693,297
Additions during the period / year	41,459	109,635
Additions due to business acquisitions	100,505	19,843
Impact from modification of leases (i)	42,430	-
Lease concessions related to COVID-19 (ii)	(8,137)	-
Interest expense	10,631	21,553
Lease payments	(120,241)	(216,703)
Reduction on early termination	(7,426)	-
Exchange adjustments	6,315	205
	<u>693,366</u>	<u>627,830</u>

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

Current	214,795	184,992
Non-current	478,571	442,838
	<u>693,366</u>	<u>627,830</u>

Note (i):

The Group and the respective lessors, in case of certain leases, have agreed to amend the lease considerations while the other terms being unchanged. At the effective date of the modification, the Group remeasured the lease liability based on the remaining lease term, revised lease rates, and the Group incremental borrowing rate. On the respective modification dates, the Group has recognised the difference between the carrying amount of the modified lease liability and the lease liability immediately before the modification as an adjustment to the right-of-use assets.

Note (ii):

As a consequence of the COVID -19 pandemic, the Group received lease concessions from certain landlords. There are no other changes to the terms and conditions of the lease agreements. The Group decided to apply practical expedient as per IFRS 16 and elected not to assess whether a COVID-19 related lease concession from the landlord is a lease modification. Accordingly, the forgiven lease payments amounted to QR 8.1 million for the six months ended 30 June 2020 was recognised as a negative variable lease expense in the profit or loss.

13. Interest bearing loans and borrowings

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Working capital facilities and others	2,096,109	1,726,103
Term loans	5,137,361	3,944,341
Liabilities to bondholders	528,008	362,386
Gross liability	<u>7,761,478</u>	<u>6,032,830</u>
Less: Committed repayment of facilities - refer note 3(1)	(614,520)	-
Net liability	<u>7,146,958</u>	<u>6,032,830</u>

13. Interest bearing loans and borrowings (continued)

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

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Current	1,609,966	1,873,607
Non-current	<u>5,536,992</u>	<u>4,159,223</u>
	<u>7,146,958</u>	<u>6,032,830</u>

14. Accounts payable and accruals

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Trade accounts payable	1,654,487	1,088,800
Tax and social security payable*	1,527,903	1,098,671
Accrued expenses and others	1,063,946	1,021,526
Advances from customers	385,022	253,574
Derivative financial liabilities	4,630	3,943
Dividend payable	<u>3,559</u>	<u>3,531</u>
	<u>4,639,547</u>	<u>3,470,045</u>

*This includes statutory employee related social benefits pertaining to certain foreign subsidiaries of the Group where the payments from March 2020 to May 2020 were deferred by the respective authorities due to COVID-19.

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

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Current	4,602,355	3,427,400
Non-current	<u>37,192</u>	<u>42,645</u>
	<u>4,639,547</u>	<u>3,470,045</u>

15. Share capital

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Authorised, issued and fully paid shares of QR 1 each	<u>456,192</u>	<u>456,192</u>

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 authorised 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.

16. Legal reserve

As required by Qatar Commercial Companies' Law, 10% of the profit for the year is required to be transferred to a legal reserve, until such reserve equals 50% of the issued share capital. The Group has resolved to cease such annual transfers as the legal reserve has reached the minimum required level. Further, during 2012, an amount of QR 933.4 million, being the net share premium amount arising out of the rights issue was transferred to legal reserve in accordance with requirements of the above law. The reserve is not available for distribution except in the circumstances stipulated in the Qatar Commercial Companies Law and the Company's Articles of Association.

17. Revenue

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

A. Disaggregation of revenue

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

B. Contract balances

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

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Contract assets	<u>1,732,938</u>	<u>1,590,544</u>
Contract liabilities	<u>(415,073)</u>	<u>(334,554)</u>

The contract liabilities primarily relate to the advance consideration received from customers. This will be recognised as revenue when the obligation to transfer goods or services are fulfilled, which is expected to occur over the next one year.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. As at 30 June 2020, the amount of provision maintained against contract assets is QR 7.4 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.

18. Dividends

During the period, the Company paid dividend amounting to QR 91.24 million (2019: QR 91.24 million).

19. (Loss) / earnings per share

	Six-month period ended	
	30 June 2020 (Reviewed)	30 June 2019 (Reviewed)
Net (loss) / profit for the period attributable to shareholders of the Company (in QR'000)	<u>(202,791)</u>	<u>87,440</u>
Weighted average number of shares at the end of the period (refer note 15)	<u>456,192,000</u>	<u>456,192,000</u>
Basic and diluted (loss) / earnings per share (QR)	<u>(0.44)</u>	<u>0.19</u>

20. Related parties

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

20. Related parties (continued)**Related party balances**

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

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Due from related parties		
Receivable from joint venture and associate companies	35,604	46,453
Long term loans to joint venture and associate companies, net	<u>50,923</u>	<u>62,362</u>
	<u>86,527</u>	<u>108,815</u>
Presented in the statement of financial position as follows:		
Current	35,604	46,453
Non-current	<u>50,923</u>	<u>62,362</u>
	<u>86,527</u>	<u>108,815</u>
Due to related parties		
Payable to joint venture and associate companies	<u>6,140</u>	<u>3,543</u>

Related party transactions

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

	Six-month period ended	
	30 June 2020 (Reviewed)	30 June 2019 (Reviewed)
Sales	<u>20,791</u>	<u>47,336</u>
Purchases	<u>1,568</u>	<u>795</u>

Compensation of key management personnel and directors' remuneration

	Six-month period ended	
	30 June 2020 (Reviewed)	30 June 2019 (Reviewed)
Short-term benefits	5,769	6,940
Post-employment benefits	<u>350</u>	<u>477</u>
	<u>6,119</u>	<u>7,417</u>

21. Contingencies and commitments**a) Contingent liabilities**

- (i) Litigations position reported in the Group's annual consolidated financial statements as at 31 December 2019 have not materially changed as at 30 June 2020, since the court proceedings scheduled in the first half of the year were postponed on account of the ongoing COVID-19 pandemic.

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In thousands of Qatari Riyals

21. Contingencies and commitments (continued)

a) Contingent liabilities (continued)

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

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Letters of guarantee	922,631	891,757
Letters of credit	61,073	27,190
Stand-by letters of credit	1,033,275	1,011,862
	<u>2,016,979</u>	<u>1,930,809</u>

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

b) Commitments

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
<i>Capital commitments</i>		
Capital work in progress – contracted but not provided for	<u>20,762</u>	<u>9,880</u>

c) Contingent liabilities and commitments related to joint venture and associate companies

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
<i>Contingent liabilities</i>		
Letters of guarantee	36,906	34,559
Letters of credit	58,958	58,955
	<u>95,864</u>	<u>93,514</u>

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Notes to the interim condensed consolidated financial statements
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22. Segment reporting

a) By operating segments

Segment	Information Technology	Auto	E&I Markets	Geotechnical Services	Logistics	Travel	Engineering	Jewellery Trading	Telecom Retail	Others	Total
30 June 2020 (Reviewed)											
Revenue	4,525,700	272,031	83,559	17,440	18,879	6,448	35,183	344,971	-	38,633	5,342,844
Gross profit	885,231	59,950	15,268	3,839	6,007	5,027	5,832	76,280	-	26,665	1,084,099
EBITDA	264,403	29,952	7,025	(2,061)	3,836	(1,528)	(579)	(27,180)	(15,749)	(812)	257,307
Net profit / (loss) for the period before tax	(805)	8,848	4,899	(4,555)	3,502	(5,101)	(4,103)	(79,999)	(15,749)	(54,308)	(147,371)
Finance costs	(122,603)	(10,299)	(866)	(606)	(58)	(739)	(1,454)	(19,378)	-	(40,972)	(196,975)
Depreciation and amortization	(142,605)	(10,805)	(1,260)	(1,888)	(276)	(2,834)	(2,070)	(33,441)	-	(12,524)	(207,703)
30 June 2020 (Reviewed)											
Segment assets	9,189,447	532,246	91,464	36,396	24,008	33,292	72,921	1,543,534	827,929	2,911,346	15,262,583
Segment liabilities	6,980,850	68,799	49,781	22,996	9,685	7,573	71,612	651,346	-	5,353,811	13,216,453
Other information:											
30 June 2020 (Reviewed)											
Share of results from associates and joint venture companies	-	-	-	-	-	-	-	(1,252)	(15,749)	(1,113)	(18,114)
Investment in associates and joint venture companies	-	-	-	-	-	-	-	149,902	827,929	17,120	994,951

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**Notes to the interim condensed consolidated financial statements
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In thousands of Qatari Riyals

22. Segment reporting (continued)

a) By operating segments (continued)

Segment	Information Technology	Auto	E&I Markets	Geotechnical Services	Logistics	Travel	Engineering	Jewellery Trading	Telecom Retail	Others	Total
<u>30 June 2019 (Reviewed)</u>											
Revenue	4,533,507	342,963	78,511	19,048	18,197	15,102	35,751	598,190	-	58,986	5,700,255
Gross profit	934,869	78,644	14,565	4,352	6,844	13,311	4,878	146,679	-	30,074	1,234,216
EBITDA	373,463	48,246	5,738	(41)	4,548	6,179	(877)	45,514	6,494	46,560	535,824
Net profit / (loss) for the period before tax	124,615	23,840	3,629	(2,816)	4,149	3,323	(5,238)	(14,051)	6,494	(7,595)	136,350
Finance costs	(122,627)	(10,300)	(1,066)	(716)	(126)	(739)	(1,484)	(23,449)	-	(44,547)	(205,054)
Depreciation and amortization	(126,221)	(14,106)	(1,043)	(2,059)	(273)	(2,117)	(2,877)	(36,116)	-	(9,608)	(194,420)
<u>31 December 2019 (Audited) (Restated)*</u>											
Segment assets	7,062,112	555,551	89,825	39,921	22,312	52,601	71,488	1,571,602	843,678	2,843,273	13,152,363
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:											
<u>30 June 2019 (Reviewed)</u>											
Share of results from associates and joint venture companies	-	-	-	-	-	-	-	23,765	6,494	228	30,487
<u>31 December 2019 (Audited) (Restated)*</u>											
Investment in associates and joint venture companies	-	-	-	-	-	-	-	151,360	843,678	18,233	1,013,271

*Refer note 26

22. Segment reporting (continued)

b) By geographic segments

	Qatar	Other GCC countries	Europe	Others	Total
30 June 2020 (Reviewed)					
Revenue	<u>1,466,227</u>	<u>344,971</u>	<u>3,510,410</u>	<u>21,236</u>	<u>5,342,844</u>
Gross profit	<u>269,250</u>	<u>76,280</u>	<u>735,484</u>	<u>3,085</u>	<u>1,084,099</u>
EBITDA	<u>129,072</u>	<u>(42,930)</u>	<u>168,768</u>	<u>2,397</u>	<u>257,307</u>
Net (loss) / profit for the period before tax	<u>(44,928)</u>	<u>(93,686)</u>	<u>(10,987)</u>	<u>2,230</u>	<u>(147,371)</u>
Finance costs	<u>(129,028)</u>	<u>(17,315)</u>	<u>(50,614)</u>	<u>(18)</u>	<u>(196,975)</u>
Depreciation and amortization	<u>(44,972)</u>	<u>(33,441)</u>	<u>(129,141)</u>	<u>(149)</u>	<u>(207,703)</u>
30 June 2020 (Reviewed)					
Segment assets	<u>5,353,264</u>	<u>2,372,755</u>	<u>7,506,430</u>	<u>30,134</u>	<u>15,262,583</u>
Segment liabilities	<u>6,421,934</u>	<u>655,638</u>	<u>6,132,729</u>	<u>6,152</u>	<u>13,216,453</u>
Other information					
30 June 2020 (Reviewed)					
Share of results from associates and joint venture companies	<u>(1,113)</u>	<u>(17,001)</u>	<u>-</u>	<u>-</u>	<u>(18,114)</u>
Investment in associates and joint venture companies	<u>17,120</u>	<u>977,831</u>	<u>-</u>	<u>-</u>	<u>994,951</u>
	Qatar	Other GCC countries	Europe	Others	Total
30 June 2019 (Reviewed)					
Revenue	<u>1,724,665</u>	<u>598,190</u>	<u>3,355,869</u>	<u>21,531</u>	<u>5,700,255</u>
Gross profit	<u>339,001</u>	<u>146,679</u>	<u>744,176</u>	<u>4,360</u>	<u>1,234,216</u>
EBITDA	<u>252,136</u>	<u>52,008</u>	<u>226,837</u>	<u>4,843</u>	<u>535,824</u>
Net profit / (loss) for the period before tax	<u>58,561</u>	<u>(4,107)</u>	<u>77,282</u>	<u>4,614</u>	<u>136,350</u>
Finance costs	<u>(149,831)</u>	<u>(19,999)</u>	<u>(35,188)</u>	<u>(36)</u>	<u>(205,054)</u>
Depreciation and amortization	<u>(43,743)</u>	<u>(36,116)</u>	<u>(114,367)</u>	<u>(194)</u>	<u>(194,420)</u>
31 December 2019 (Audited) (Restated)*					
Segment assets	<u>5,165,136</u>	<u>2,416,573</u>	<u>5,537,723</u>	<u>32,931</u>	<u>13,152,363</u>
Segment liabilities	<u>6,095,582</u>	<u>607,071</u>	<u>4,105,487</u>	<u>7,562</u>	<u>10,815,702</u>
Other information					
30 June 2019 (Reviewed)					
Share of results from associates and joint venture companies	<u>228</u>	<u>30,259</u>	<u>-</u>	<u>-</u>	<u>30,487</u>
31 December 2019 (Audited) (Restated)*					
Investment in associates and joint venture companies	<u>18,233</u>	<u>995,038</u>	<u>-</u>	<u>-</u>	<u>1,013,271</u>

*Refer note 26

23. Fair value measurements

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

Financial assets / (financial liabilities)	Classification	As at 30 June 2020		Fair value Hierarchy
		Carrying value (Reviewed)	Fair value (Reviewed)	
Bank balances and cash ⁽¹⁾	Amortised cost	480,556		
Accounts and other receivables ⁽¹⁾	Amortised cost	2,619,442		
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	937	937	Level 3
Due from related parties ⁽¹⁾	Amortised cost	86,527		
Bank overdrafts ⁽¹⁾	Other financial liabilities	(321,711)		
Lease liabilities	Other financial liabilities	(693,366)		
Interest bearing loans and borrowings	Other financial liabilities	(7,146,958)	(7,215,701)	Level 2
Accounts payable and accruals (excluding derivatives) ⁽¹⁾	Other financial liabilities	(1,658,046)		
Derivatives financial liabilities	FVOCI	(4,630)	(4,630)	Level 2
Due to related parties ⁽¹⁾	Other financial liabilities	(6,140)		
Financial assets / (financial liabilities)	Classification	As at 31 December 2019		Fair value Hierarchy
		Carrying value (Audited)	Fair value (Audited)	
Bank balances and cash ⁽¹⁾	Amortised cost	375,065		
Accounts and other receivables ⁽¹⁾	Amortised cost	2,175,713		
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	945	945	Level 3
Due from related parties ⁽¹⁾	Amortised cost	108,815		
Bank overdrafts ⁽¹⁾	Other financial liabilities	(282,805)		
Lease liabilities	Other financial liabilities	(627,830)		
Interest bearing loans and borrowings	Other financial liabilities	(6,032,830)	(6,082,660)	Level 2
Accounts payable and accruals (excluding derivatives) ⁽¹⁾	Other financial liabilities	(1,092,331)		
Derivative financial liabilities – at fair value	FVOCI	(3,943)	(3,943)	Level 2
Due to related parties ⁽¹⁾	Other financial liabilities	(3,543)		

23. Fair value measurements (continued)

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

There were no transfers between Level 2 and Level 3 and no transfers into and out of Level 1 fair value measurements during the six-month period ended 30 June 2020 (30 June 2019: QR nil).

(1) These financial assets and financial liabilities are carried at amortised cost. The fair values of these financial assets and financial liabilities are not materially different from their carrying values in the interim condensed consolidated statement of financial position, as these assets and liabilities are either of short-term maturities or are re-priced frequently based on market movement in interest rates.

24. Comparative information

Certain comparative figures have been reclassified to conform to the presentation in the current period's interim condensed consolidated financial statements. However, such reclassifications did not have any effect on the profit, total assets and equity of the comparative period. Further, due to consolidation of one of the acquired subsidiaries for the first time during the period and due to impact of COVID-19, the current period financial information is not fully comparable with the prior period / year financial information.

25. Impact of COVID-19

The coronavirus ("COVID-19") outbreak at the beginning of 2020 has brought about a deceleration of the economic activity in the State of Qatar. The spread of coronavirus globally has led the World Health Organization to classify it as a pandemic on 11 March 2020. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

The Group will continue to closely monitor as the situation progresses and has activated its business continuity planning and other risk management practices to manage the potential business operations disruption and financial performance in 2020.

COVID-19 has brought about uncertainties in the global economic environment. In light of the current situation, the Group has considered whether any adjustments and changes in judgments, estimates, and risk management are required to be considered and reported in the interim condensed consolidated financial statements. The Group's business operations remain largely unaffected by the current situation. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing a material adjustment to the interim condensed consolidated financial statements:

a) Revenue

Due to on-going pandemic, the operations in Auto, Travel and Jewellery businesses were majorly impacted due to disruption in supply chain and drop in demand which has resulted in decline in the Group's revenue during the current period. Further, the customers in Banking, Financial Services and Insurance have re-prioritised their discretionary spend in immediate future to conserve resources and have assessed the impact that they would have due to dependence of revenues from the impacted verticals which has resulted in decline in information technology (ICT) revenue from these customers. However, the decline in ICT was comparably lower as compared to other revenue streams. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Group has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meeting its obligations.

b) Impairment of non-financial assets

The Group has performed an assessment of indicators of impairment for its investment in CGUs considering the impact of COVID-19 in contrast with the actual results for the six-month period ended 30 June 2020. As at the reporting date, there was a shortage of market evidence for comparison purposes, therefore, less weight has been given to recent market evidence and assumptions while carrying out the assessment of indicators of impairment. The current response to COVID-19 means that the impairment assessment is faced with an unprecedented set of circumstances on which to base a judgment. The impairment tests across all CGUs are therefore reported on the basis of COVID-19 uncertainty. Moreover, there has been no change in the methodology used for impairment assessments as a result of COVID-19.

25. Impact of COVID-19 (continued)*b) Impairment of non-financial assets (continued)*

The Group has considered any impairment indicators and any significant uncertainties impacting its property, plant and equipment, and right-of-use assets, especially arising from any changes in lease term. The Group has terminated some lease arrangements and closed down some of its retail stores resulting in a reduction in lease liabilities and right-of-use assets (refer note 12).

c) Expected Credit Losses ("ECL") and impairment of financial assets at amortised costs

The uncertainties caused by COVID-19, and the volatility in expected GDP growths have required the Group to update the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 30 June 2020. ECLs were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

d) Impairment of inventories

The Group has considered impact of COVID-19 on the impairment of inventories due to general business disruptions and closure of certain outlets due to government directives which has resulted in the increase in inventory levels. The Group has assessed the adequacy of the net realizable value of inventories based on the current market conditions, which will be continued to be monitored in the later half of the year as the situation evolves.

e) Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The impact of COVID-19 may continue to evolve, but at the present time the Group has sufficient resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2019. As a result, these interim condensed consolidated financial statements have been appropriately prepared on a going concern basis. Further, the Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships with customers and suppliers, to determine if there is any potential increase in contingent liabilities and commitments. Details of contingent liabilities are disclosed in note 21.

26. Restatement

In 2019, the Group was unable to complete impairment testing in accordance with IAS 36 for carrying value of one of its associate companies, Axiom Limited ("associate company"). The impairment exercise during the period has resulted in recording of impairment loss amounting to QR 284.4 million, of which QR 112.6 million relates to the Group's share in underlying associate companies of Axiom Limited and remaining QR 171.8 million against the net carrying value of investment in associate company at the group level. Accordingly, the last year's reported figures were restated to these effects.

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

	Previously reported figures	Restatement	Restated figures
At 31 December 2019			
Investment in associate companies	1,277,410	(284,414)	992,996
Retained earnings*	<u>2,200,742</u>	<u>(284,414)</u>	<u>1,916,328</u>

*Since the share of results and the impairment loss pertained to the six-month period starting from 1 July 2019 to 31 December 2019, the impact of these restatements are reflected into retained earnings during the period, the full change corresponding to the comparative information of profit or loss, cash flows and other relevant accounts will be reflected in the annual consolidated financial statements for the year ending 31 December 2020.

27. Subsequent events

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