MANNAI CORPORATION Q.S.C.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008

MANNAI CORPORATION Q.S.C. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended December 31, 2008

INDEX	**Page**
Director's report	--
Independent auditor's report	--
Consolidated balance sheet as at December 31, 2008	1
Consolidated statement of income for the year ended December 31, 2008	3
Consolidated statement of changes in shareholders' equity for the year ended December 31, 2008	4
Consolidated statement of cash flows for the year ended December 31, 2008	5
Notes to the consolidated financial statements	7 to 28

DIRECTOR'S REPORT

HIGHLIGHTS OF 2008

Performance

The company has had another year of strong growth in line with the trend that was set in 2006 and maintained in 2007.

Sales during the year at QR 1.95 billion registered a 23% growth over the previous year's figure of QR 1.59 billion.

With an efficient deployment of resources and control over costs, the net profits for the year at QR 146.5 million grew at an impressive 46%, as compared to the previous year's profit figure of QR 100.5 million.

The net profit in 2008 is more than double than that achieved in 2006 and considerably more than treble the profit of 2005.

Expansion

During the year under review the following facilities were added to our businesses in Doha:

- Auto Sales, Spare Parts and Service centres in Wakra and Umm Al Afai and a Service Centre in Kheesa;
- Expanded Cadillac , Hummer & GMC main showroom in Doha
- Opened new separate Subaru showroom in Doha
- Showroom for pre-owned vehicle sales and a new reception area for customers for vehicle servicing in Salwa;
- Showroom for Industrial Supplies & Building Materials division;
- Larger workshop facilities for Manweir.
- Opened new combined Travel Centre on D Ring Road Doha for Mannai Air Travel, Mannai Holidays and Space Travel

Our international operations expanded with:

- The opening of a second resource centre in Pune, India, by Mansoft, the Indian subsidiary engaged in providing I.T. related services. This adds 300 work stations for software professionals, a significant increase to our existing facility in Mumbai, India which has 70 work stations;
- Gulf Laboratories established a presence in Oman operating under the name of Gulf Geotechnical & Material Testing Services LLC

FUTURE OUTLOOK

Our “Mission Statement” is “to create an environment which will attract and retain a committed team of talented professionals who will place Mannai at the forefront of our chosen markets”.

Our competent employees who conduct business in keeping with the “Mannai Way” differentiate us as a company. Achieving our mission remains even more critical in today’s market conditions.

Although global economic woes have created uncertainties in the market place, we plan to continue investing in the expansion of our businesses in Qatar.

In addition we have carried out a fresh review of our medium term growth strategy with the assistance of a team from the Institute of Management Development (IMD) Business School, Switzerland, utilising their International Consulting Program, and are actively pursuing further joint venture opportunities within Qatar and in selected overseas markets.

With our strong financials, diversity of our businesses, and other inherent strengths, we remain positive regarding the future outlook for our operations and continuing profitability in 2009.

Keith Higley
Director

QR. 31230

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Mannai Corporation Q.S.C.
Doha – Qatar.

Report on the financial statements

We have audited the accompanying consolidated financial statements of **Mannai Corporation Q.S.C. (the "Group")** which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of **Mannai Corporation Q.S.C**. as of December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Legal and Regulatory Requirements

Furthermore, in our opinion the consolidated financial statements provide the information required by the Qatar Commercial Companies' Law No. (5) of 2002 and the Company's Articles of Association. We are also of the opinion that proper books of account were maintained by the Group, the stocktaking was carried out in accordance with the recognised procedures and the contents of the director's report are in agreement with the Group's consolidated financial statements. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, no contraventions of the above mentioned Law or the Company's Articles of Association were committed during the year which might materially affect the Group's activities or its financial position.

For **Deloitte & Touche**

Doha - Qatar
February 11, 2009

Muhammad O. Bahemia
License No. 103

MANNAI CORPORATION Q.S.C. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

As of December 31, 2008

ASSETS	**Notes**	**December 31, 2008**	**December 31, 2007**
		QR. 000	**QR.000**
Current Assets:			
Cash and cash equivalents	5	26,887	16,428
Notes receivables		7,488	3,788
Accounts receivables	6	333,237	302,907
Due from a joint venture company	7	1,204	2,455
Inventories	8	646,406	395,769
Advance to suppliers		47,715	28,528
Accrued income		7,275	33,800
Prepayments and other debit balances	9	13,759	12,444
Total Current Assets		**1,083,971**	**796,119**
Non-Current Assets:			
Available for sale investment	10A	102	102
Long-term receivables		3,570	4,284
Investment in joint venture company	10B	6,399	4,131
Property, plant and equipment	11	222,088	202,816
Total Non-Current Assets		**232,159**	**211,333**
Total Assets		**1,316,130**	**1,007,452**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	December 31, 2008	December 31, 2007
		QR.000	QR.000
Current Liabilities:			
Bank overdrafts and loans	12	183,669	147,136
Accounts payable		279,154	192,669
Advance from customers		48,133	1,073
Accruals and other credit balances	13	160,994	128,729
Total Current Liabilities		**671,950**	**469,607**
Non-Current Liabilities:			
Provision for employees' end of service benefits		17,053	9,238
Total Non-Current Liabilities		**17,053**	**9,238**
Shareholders' Equity:			
Share capital	14	144,000	120,000
Legal reserve	15	172,354	172,354
Revaluation reserve		80,117	80,117
Proposed dividends	16	86,400	48,000
Proposed bonus shares	16	14,400	24,000
Retained earnings		129,856	84,136
Total Shareholders' Equity		**627,127**	**528,607**
Total Liabilities and Shareholders' Equity		**1,316,130**	**1,007,452**

These financial statements were authorised and approved for issue by the Chairman and Director on February 11, 2009.

Hamad Bin Abdulla Al-Thani
Chairman

Keith Higley
Director

MANNAI CORPORATION Q.S.C. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2008

	Notes	December 31, 2008 QR.000	December 31 2007 QR.000
Revenue		1,953,346	1,588,844
Direct costs		(1,585,663)	(1,295,303)
Gross Profit		**367,683**	**293,541**
Investment income		1,125	1,598
Other income	17	4,668	2,844
Share of profit from a joint venture company	10B	2,268	2,427
General and administrative expenses	18	(163,182)	(138,850)
Selling and distribution expenses		(40,293)	(37,592)
Depreciation of property, plant and equipment	11	(10,660)	(10,707)
Finance costs		(8,039)	(7,844)
Net Profit for the Year before Directors' Remuneration		**153,570**	**105,417**
Board of directors' remuneration		(7,050)	(4,900)
Net Profit for the Year		**146,520**	**100,517**
Basic and Diluted Earnings Per Share (QR.)	21	**10.17**	**7.38**

MANNAI CORPORATION Q.S.C. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2008

	Share Capital	Legal Reserve	Revaluation Reserve	Proposed Dividends	Proposed Bonus Share	Retained Earnings	Total
	QR.000	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**
Balance – January 1, 2007	**60,000**	**58,218**	**80,117**	**--**	**40,000**	**49,755**	**288,090**
Net profit for the year	--	--	--	--	--	100,517	100,517
Movement in subsidiaries legal reserve	--	(5,864)	--	--	--	5,864	--
Capital introduced	20,000	120,000	--	--	--	--	140,000
Issue of bonus shares	40,000	--	--	--	(40,000)	--	--
Proposed dividends	--	--	--	48,000	--	(48,000)	--
Proposed bonus shares	--	--	--	--	24,000	(24,000)	--
Balance – December 31, 2007	**120,000**	**172,354**	**80,117**	**48,000**	**24,000**	**84,136**	**528,607**
Net profit for the year	--	--	--	--	--	146,520	146,520
Issue of bonus shares	24,000	--	--	--	(24,000)	--	--
Dividends paid	--	--	--	(48,000)	--	--	(48,000)
Proposed dividends	--	--	--	86,400	--	(86,400)	--
Proposed bonus shares	--	--	--	--	14,400	(14,400)	--
Balance – December 31, 2008	**144,000**	**172,354**	**80,117**	**86,400**	**14,400**	**129,856**	**627,127**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

MANNAI CORPORATION Q.S.C. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2008

	December 31, 2008 QR.000	December 31, 2007 QR.000
Cash Flows from Operating Activities:		
Net profit for the year	146,520	100,517
Adjustments for:		
Depreciation of property, plant and equipment	29,842	26,809
Gain on disposal of property, plant and equipment	(2,469)	(1,876)
Finance costs	8,039	7,844
Income from a joint venture company	(2,268)	(2,427)
Investment income	(1,125)	(1,058)
Net provision for obsolete inventories and bad debts	12,377	11,345
Provision for employees' end of service benefits	7,816	4,624
	198,732	145,778
Notes receivables	(3,700)	140
Accounts receivables	(31,828)	(80,587)
Inventories	(261,516)	(199,542)
Prepayments and other debit balances	(1,315)	4,852
Accrued income	26,524	(25,923)
Advance to suppliers	(19,188)	27,958
Accounts payable	86,485	38,748
Accruals and other credit balances	33,173	(650)
Advance from customers	47,060	1,025
Due from a joint venture company	1,251	1,118
Cash Flows From (Used in) Operations	**75,678**	**(87,083)**
Finance cost paid	(8,109)	(7,283)
Employees end-of-service benefits paid	(838)	(711)
Net Cash Flows From (Used in) Operations	**66,731**	**(95,077)**

	December 31, 2008 QR.000	December 31, 2007 QR.000
Cash Flows from Investing Activities:		
Acquisition of property, plant and equipment	(54,834)	(56,474)
Proceeds from disposal of property, plant and equipment	8,190	8,684
Movement in long term receivable	714	714
Acquisition of investments	-	(582)
Investment income received	1,125	1,597
Net Cash Flows Used in Investing Activities	**(44,805)**	**(46,061)**
Cash Flows from Financing Activities:		
Bank overdrafts and loans	36,533	5,291
Dividends paid	(48,000)	-
Proceeds from the issue of shares	-	140,000
Net Cash (Used in) From Financing Activities	**(11,467)**	**145,291**
Net increase in cash and cash equivalents	10,459	4,153
Cash and Cash Equivalents at beginning of year	16,428	12,275
Cash and Cash Equivalents at End of Year	**26,887**	**16,428**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Mannai Corporation (the “Company”) is registered as a Qatari Shareholding Company in the State of Qatar with the Ministry of Business and Trade under Commercial Registration Number 12.

The principal activities of the Company and its subsidiaries (the “Group”) are sales and service of automobiles, heavy equipment sales , information technology, engineering, geotechnical services, oil field services, hire and servicing of consumer products, office equipment and industrial products, travel, logistics, warehousing, sponsorship and representation for international companies.

2. ADOPTION OF NEW AND REVISED STANDARDS

Standards and Interpretations Effective in the Current Year

Three Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 11 – IFRS 2: *Group and treasury share transaction which is effective for annual periods beginning on or after 1 March 2007*, IFRIC 12 *Service Concession Arrangements* which is effective for annual periods beginning on or after 1 January 2008 and IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* which is effective for annual periods beginning on or after 1 January 2008

The adoption of these two Interpretations had no significant effect on the financial statements of the Group for the year ended December 31, 2008

Standard and Interpretations in Issue Not Yet Effective

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

<u>Revised Standards</u>

• IAS 1 (Revised) Presentation of FinancialStatements	Effective for annual periods beginning on or after 1 January 2009
• IAS 23 (Revised) *Borrowing Costs*	Effective for annual periods beginning on or after 1 January 2009
• IAS 27 (Revised) *Consolidated and Separate Financial Statements*	Effective for annual periods beginning on or after 1 July 2009
• IAS 28 (Revised) *Investments in Associates*	Effective for annual periods beginning on or after 1 July 2009
• IAS 31 (Revised) *Interests in Joint Ventures*	Effective for annual periods beginning on or after 1 July 2009
• IAS 32 (Revised) *Financial Instruments: Presentation*	Effective for annual periods beginning on or after 1 January 2009
• IFRS 1 (Revised) *First time adoption*	Effective for annual periods beginning on or after 1 January 2009
• IFRS 2 (Revised) *Share-based Payments*	Effective for annual periods beginning on or after 1 January 2009
• IFRS 3 (Revised) *Business Combinations*	Effective for annual periods beginning on or after 1 July 2009

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

New Standard

- IFRS 8 *Operating Segments* — Effective for annual periods beginning on or after 1 January 2009

New Interpretation

- IFRIC 13 – *Customer loyalty Programmes* — Effective for annual periods beginning on or after July 1, 2008
- IFRIC 15 - *Agreement for Construction of Real Estate* — Effective for annual periods beginning on or after 1 January 2009
- IFRIC 16 – *Hedges of Net Investment in Foreign Operations* — Effective for annual periods beginning on or after October 1, 2008

Management anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the consolidated financial statements of the Group in the period of initial application.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation:

The accompanying consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale investments which are measured at fair value and freehold land which have been revalued.

The consolidated financial statements have been presented in Qatari Riyals (QR) the functional currency and all values are rounded to the nearest QR thousand except when otherwise indicated.

The consolidated financial statements of the Group have been prepared in accordance with **International Financial Reporting Standards (IFRS)**.

Basis of consolidation:

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements of the Group include the financial statements of the Company and its controlled subsidiaries listed below. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Name of the Company	Ownership interest %
Mannai Trading Company W.L.L.	100
Manweir W.L.L.	100
Gulf Laboratories W.L.L.	100
Space Travel W.L.L.	100
Qatar Logistics W.L.L.	100
Technical Services Company W.L.L.	100
Mansoft Solutions and Systems Pvt. Limited (India)	100
Mansoft Solutions and Systems W.L.L Bahrain	100
Mansoft Systems and Solutions (UAE) L.L.C.	100
Mansoft Qatar W.L.L.	100
Mansoft Systems Pvt. Limited (Pune)	100
Gulf Geotechnical Services and Material Testing L.L.C (Oman)	100
Mansal Offshore W.L.L.	100
Mideast Constructors W.L.L.	100

Foreign currency transactions:
Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Qatari Riyals at the rates of exchange ruling at the balance sheet date. Any resultant exchange gains or losses are taken to the statement of income.

Financial instruments:

(i) Date of recognition
Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the settlement date.

(ii) Initial recognition of financial instruments
The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics.

Derecognising of financial assets and financial liabilities:

(i) Financial assets
A financial asset is derecognised where:

- the right to receive cash flows from the asset have expired or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass through’ arrangement and
- either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Financial liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the statement of income.

Bank Borrowings are recorded as and when the proceeds are drawn. Financial charges are accounted for on an accrual basis and are included in payables and accruals to the extent of amount remaining unpaid, if any.

(iii) Determination of fair value

The fair value for financial instruments traded in organised financial markets is determined by reference to quoted market prices (bid price for long positions and ask price for short positions) on a regulated exchange at the close of business on the balance sheet date.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist or internal pricing and valuation models.

Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances with original maturities of less than three months.

Trade receivables:

Trade receivables are stated at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Inventories:

Inventories are stated at the lower of cost and net realizable value after making due allowance for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition as follows:

Spares and merchandise	-	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 and profit earned on the work done to date.
Others	-	purchase cost on a first-in-first-out basis.

Net realizable value represents the estimated selling price less all costs expected to be incurred to completion or disposal.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(CONTINUED)

Investments available for sale:

Available for sale financial investments are those which are designated as such or do not qualify to be classified as designated at fair value through profit or loss, held-to-maturity or loans and advances. They may be sold in response to liquidity needs or changes in market conditions. They include equity instruments and other debt instruments.

After initial measurement, available-for sale financial investments are subsequently measured at fair value on an individual basis. Unrealised gains and losses are recognised directly in equity under the 'Fair value reserve'. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When the security is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the statement of income in 'Net gain on sale of financial investments'. Interest earned whilst holding available for sale financial investments are reported as interest income using the effective interest rate. Dividends earned whilst holding available for sale financial investments are recognised in the statement of income as 'Dividend income' when the right to receive dividend has been established.

Joint Venture Company:

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

The financial statements of the joint venture are prepared for the same reporting year as the Group, using consistent accounting policies.

Property, plant and equipment:

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation and Amortization:
Depreciation is provided on a straight-line basis on all property, plant and equipment other than freehold land which is considered to have an indefinite life. The rates of depreciation are based upon the following estimated useful lives:

Buildings	10-25 years
Portable buildings	3-10 years
Plant, machinery and equipment	3-10 years
Assets on hire	2-5 years
Furniture and fittings	3-5 years
Motor vehicles	3-5 years
Office furniture and equipment	3-5 years

Maintenance, repairs and minor improvements are charged to the statement of income as and when incurred. Major improvements and replacements are capitalized.

Demo vehicles are amortized over a period of 18 months.

Capital work-in-progress:
All expenditures and costs incurred on the Capital Assets during construction phase are capitalised and are initially recorded as Capital Work-in-Progress. These costs are transferred to property, plant and equipment when the assets are ready for their intended use.

Impairment of tangible assets
The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

Trade payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event which it is probable will result in an outflow of economic resources that can be reasonably estimated.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employees' end of service benefits and pension contributions:

The Group provides for end of service benefits in accordance with the employment policies of the Group. The provision is calculated on the basis of individual's final salary and the period of service at the balance sheet date. This provision is included in other provisions within other liabilities.

With respect to Qatari employees, the Group makes contribution to the Qatari Pension Fund calculated on a percentage of the employees' salaries, in accordance with the Retirement and Pension Law No. 24 of 2002. The Group's obligations are limited to these contributions.

Impairment and un-collectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the income statement. Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value;
- For assets carried at cost, impairment is the difference between cost and the present value of future estimated cash flows discounted at the current market rate of return for a similar financial asset.

For assets carried at amortised cost, impairment in the difference between the carrying amount and the present value of estimated cash flows discounted at the financial assets' original effective interest rate.

Revenue recognition:

Sale of goods and services

Revenue from sales of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the balance sheet date.

Investment income:

Income from investments other than joint venture is accounted for on an accrual basis when right to receive the income is established. Dividend income is accounted for when the dividends are declared by the investee companies.

Interest income:

Interest received under installment credit sale agreements is accounted for on a time proportion basis taking into account the principal outstanding and interest rate applicable.

Rental income:

Rental and interest income is accounted for on a time proportion basis.

Maintenance costs:

Anticipated costs during the warranty period for completed jobs are provided for, based on management's prior experience.

Software and license fees:

The cost of software and license fees is expensed in the year of acquisition.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In application of the Group's accounting policies, which are described in note 3, management is required to make certain judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised.

Impairment of Receivables

Allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowances for doubtful debts for all customers are based on a variety of factors, including the overall quality and aging of the receivables, continuing credit evaluation of the customers' financial conditions and collateral requirements from customers in certain circumstances.

Impairment of Inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its realisable value are made at the product level for estimated obsolescence. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues. Based on the above factors, the Group has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Property, Plant and Equipment

The cost of property, plant and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. The management has not considered any residual value as it is deemed immaterial.

5. CASH AND CASH EQUIVALENTS

	December 31, 2008	December 31, 2007
	QR.000	QR.000
Bank balances	25,216	14,323
Cash on hand	1,671	2,105
	26,887	**16,428**

Bank balances include deposits short term in nature with original maturities of less than three months. The deposits are placed with local banks and carry interest at rates ranging from 1 % to 3 %.

6. ACCOUNTS RECEIVABLE S

	December 31,	December 31,

	2008	2007
	QR.000	**QR.000**
Accounts receivables	355,159	323,331
Less: Provision for doubtful debts	(21,922)	(20,424)
	333,237	**302,907**

The average credit period for sale of goods and rendering services is 30 to 60 days. No interest is charged on the overdue trade receivables. The Group provides for doubtful debts in receivables over 6 to 9 months at 25%, 9 to 12 months at 50% and above 1 year at 100%. All the receivable under legal cases are based on management's historical experience.

As at December 31, 2008 the ageing of trade receivables and movement in the provision for doubtful debts are as follows:

(i) Ageing of accounts receivable:

	December 31, 2008	December 31, 2007
	QR.000	**QR.000**
Within 60 days	272,591	197,071
61-120 days	17,613	44,504
121-180 days	30,813	40,997
181-365 days	34,142	40,759
	355,159	**323,331**

(ii) Movement in the provision of doubtful debts:

	December 31, 2008	December 31, 2007
	QR.000	**QR.000**
Balance at January 1,	20,424	17,865
Written off during the year	68	260
Recovery during the year	(13,122)	(3,366)
Additional provision during the year	14,552	5,665
Balance at December 31,	**21,922**	**20,424**

7. DUE FROM A JOINT VENTURE COMPANY

	December 31, 2008	December 31, 2007

	QR.000	QR.000
Transfield Mannai Facilities Management Services W.L.L	1,204	2,455

8. INVENTORIES

	December 31, 2008	December 31, 2007
	QR.000	QR.000
Merchandises, spares and tools	319,923	172,925
Vehicles and Heavy Equipments	268,459	209,111
Industrial supplies	20,728	14,795
Work-in-progress	73,410	23,581
Others	3,104	3,696
	685,624	424,108
Less: Provision for obsolete and slow moving items	(39,218)	(28,339)
	646,406	**395,769**

9. PREPAYMENTS AND OTHER DEBIT BALANCES

	December 31, 2008	December 31, 2007
	QR.000	QR.000
Prepaid expenses	4,945	2,477
Staff receivable	229	856
Other debtors and receivables	8,585	9,111
	13,759	**12,444**

10 (A). INVESTMENTS AVAILABLE FOR SALE:

	December 31, 2008	December 31, 2007
	QR.000	QR.000
Investments	102	102
	====	===

10 (B). SUMMARISED FINANCIAL INFORMATION IN RESPECT OF THE GROUP'S JOINT VENTURE COMPANY.

	December 31, 2008	December 31, 2007
	QR.000	QR.000

Total assets	22,604	21,289
Total liabilities	(6,901)	(10,033)
Net assets including goodwill	15,703	11,256
Group's Share in Net Assets	**6,399**	**4,131**

	December 31, 2008	December 31, 2007
	QR.000	**QR.000**
Total revenue	49,637	37,508
Total profit for the year / period	4,446	4,759
Investment in joint venture company	4,131	1,122
Movement in investment	--	582
Share of profit for the year / period	2,268	2,427
Balance – December 31, 2008	**6,399**	**4,131**

Although the Group holds 51% of the equity in Transfield Mannai Facilities Management Services W.L.L., the Group does not have the power to govern the financial and operating activities nor has significant influence on this investment. Decisions need unanimous consent of both parties and the investment is therefore considered to be a joint venture.

12. BANK OVERDRAFTS AND LOANS

	December 31, 2008	December 31, 2007
	QR.000	**QR.000**

Working capital facilities	183,669	147,136

(i) Working Capital Facilities (Bank overdrafts) are denominated in Qatari Riyals and US Dollars. Interest is payable at QIBOR / LIBOR + 1% to 1.5%. These facilities are governed by the terms of the Facility Agreement.

(ii) The Facility Agreement in place has a negative pledge clause whereby neither the Group nor any members of the group will create or permit to subsist any security interest on any of its assets.

13. ACCRUALS AND OTHER CREDIT BALANCES

	December 31, 2008 QR.000	**December 31, 2007 QR.000**
Accrued expenses	141,002	114,464
Others	19,992	14,265
	160,994	**128,729**

14. SHARE CAPITAL:

	December 31, 2008 QR.000	**December 31, 2007 QR.000**
Authorised shares of QR. 10 each	**144,000**	**120,000**

	Number of shares (In thousands)	**QR.000**
Issued and fully paid		
At January 1, 2007	6,000	60,000
Bonus issue on March 19, 2007	4,000	40,000
Private placement on May 23, 2007	2,000	20,000
At 1 January 2008	**12,000**	**120,000**
Bonus issue on March 17, 2008	2,400	24,000
At December 31, 2008	**14,400**	**144,000**

15. LEGAL RESERVE

In accordance with Qatar Commercial Companies Law No. 5 of 2002 and the Articles of Association of the Company and each of the subsidiary companies, 10% of the net profit for the year is to be transferred to legal reserve up to 50% of share capital. This reserve is not available for distribution except in circumstances as specified in the Companies' Law. Legal reserve represents the legal reserve of the Company and its subsidiaries. The Group received a premium of QR. 120 million in May 2007 on private placement of 2 million shares at QR. 60 per share which was credited to legal reserve.

16. PROPOSED DIVIDENDS

The Board of Directors have proposed to issue to the existing shareholders one bonus share for every ten shares held and a cash dividend of QR 6 per share totaling QR 86.4 million for the year 2008, which is subject to the approval of the shareholders at the Annual General Assembly.

17. OTHER INCOME

	December 31, 2008 QR.000	December 31, 2007 QR.000
Profit on disposal of property, plant and equipment	2,469	1,875
Miscellaneous income	2,199	969
	4,668	**2,844**

18. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2008 QR.000	December 31, 2007 QR.000
Manpower cost	73,352	60,645
Rent	24,761	16,226
Conveyance and travel	14,290	9,768
Net provision for obsolete inventories and bad debts	12,377	11,345
Miscellaneous expenses	38,402	40,866
	163,182	**138,850**

19. RELATED PARTY TRANSACTIONS

A related party is one with which the entity has in common partners or management. Related parties also include key management personnel of the entity. All transactions with related parties are on a arms length basis.

	December 31, 2008 QR.000	December 31, 2007 QR.000
Sales to related parties	18,214	15,708
Purchases from related parties	2,489	3,505

20. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel was as follows:

	December 31, 2008 QR.000	December 31, 2007 QR.000
Short-terms benefits	6,718	5,691
Post-employment benefits	323	274
	7,041	**5,965**
Board of Directors' remuneration	7,050	4,900
	14,091	**10,865**

21. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

	December 31, 2008 QR.000	December 31, 2007 QR.000
Profit for the year	146,520	100,517
Weighted average number of shares outstanding during the year	14,400	13,614
Basic earnings per share (QR)	**10.17**	**7.38**

There were no potentially dilutive shares outstanding at any time during the year and hence the diluted earnings per share is equal to the basic earnings per share.

22. CONTINGENT LIABILITIES

Under the bank facilities agreement, cross guarantees exist between each of the 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:

	December 31, 2008 QR.000	December 31, 2007 QR.000
Bank guarantees	149,688	105,055
Letter of credit	12,651	12,731

23. CAPITAL COMMITMENTS

	December 31, 2008 QR.000	December 31, 2007 QR.000
Projects under construction	11,587	3,388
	========	========

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset can be exchanged or a liability settled, between knowledgeable and willing parties at arms length. Since the accompanying consolidated financial statements have been prepared under the historical cost convention except for certain investments, the carrying value of the Group's financial instruments as recorded could therefore be different from the fair value. However, in management's opinion, the fair value of the Group's financial assets and liabilities are not considered significantly different from their book values.

25. FINANCIAL RISK MANAGEMENT

The Group is exposed to normal 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 the operation of the group through internal risk reports..

25. FINANCIAL RISK MANAGEMENT (CONTD.)

Interest rate risk exposures

The following summary sets out the group exposure to interest rate risk as of December 31, 2008:

	Floating Interest Rate QR.000	Non-Interest Bearing QR.000	Total QR.000
Financial Assets:			
Bank balances and cash	15,439	11,448	26,887
Accounts and notes receivable	--	340,725	340,725
Investments	--	6,501	6,501
Long-term receivables	--	3,570	3,570
Due from joint venture company	--	1,204	1,204
Advances to suppliers	--	47,715	47,715
Total	**15,439**	**411,163**	**426,602**
Financial Liabilities:			
Bank overdrafts and loans	183,669	--	183,669
Accounts payable	--	279,154	279,154
Total	**183,669**	**279,154**	**462,823**
On Balance Sheet Gap as on December 31, 2008	(168,230)	132,009	(36,221)
On Balance Sheet Gap As on December 31, 2007	**(138,761)**	**160,506**	**21,745**

The Group is exposed to interest rate risk as it 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 December 31, 2008.

	December 31, 2008	December 31, 2007
Basis points	+/- 25	+/-25
Effect on profit for the year (QR.000)	+/- 421	+/- 347

25. FINANCIAL RISK MANAGEMENT (CONTD.)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. Credit risk on bank balance is limited as it is placed with banks having good credit rating. The Group's exposure to counterparties is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management.

The Group provides its services and products to a large number of customers. Customers are concentrated in the following sectors.

	December 31, 2008	December 31, 2007
Government Entities and Qatari Public Companies	48%	28%
Private Companies	43%	52%
Others	9%	20%
	100%	100%

The credit terms for accounts receivable are 30 to 60 days.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's terms of services and sales require amounts to be paid within a 30-60 day credit period. Trade payables are normally settled within 30-90 days of the date of purchase.

The following tables detail the Group's remaining contractual maturity for its financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Group can be required to earn and pay.

25. FINANCIAL RISK MANAGEMENT (CONTD.)

	Less than one year	1-5 years	5+ years	Total
2008	**QR.000**	**QR.000**	**QR.000**	**QR.000**
Financial Assets				
Cash and cash equivalents	26,887	--	--	**26,887**
Accounts receivable and other debit balances	388,440	3,570	--	**392,010**
Financial Liabilities				
Accounts payable and other credit balances	347,279	--	--	**347,279**
Borrowings	183,669	--		**183,669**
2007				
Financial Assets				
Cash and cash equivalents	16,428	--	--	**16,428**
Accounts receivable and other debit balances	335,222	4,284	--	**339,506**
Financial Liabilities				
Accounts payable and other credit balances	208,007	--	--	**208,007**
Borrowings	--	147,136		**147,136**

The current bank facilities are due for renewal on December 31, 2009.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The foreign exchange currency exposure is minimal since the Group deals mostly in Qatar Riyal and US Dollar. The following table details the Group’s sensitivity to an increase or decrease in the Qatari Riyals 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:

Currency	Percentage	Profit / (loss) 2008 QR.000
GBP	+/- 3%	+/- 131
EURO	+/- 3%	+/- 58
YEN	+/- 3%	+/- 36
Others	+/- 3%	+/- 6

During the year the Group entered into a foreign exchange forward contract. This forward contract was re-measured at fair value and the resultant loss arising from the changes in fair value included in the statement of income.

25. FINANCIAL RISK MANAGEMENT (CONTD.)

Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group is not exposed to market risk in relation to investments available for sale investments as they are insignificant.

Financing risk

The Group's financing arrangements are according to the facility agreement with financiers. The financing arrangements between the Group and the issuer may be affected by the financial, political and general economic conditions prevailing from time to time in Qatar and/or the Middle East generally. The Company limits financing risk by monitoring changes in the issuer's financial position and financing costs.

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2007. The capital structure of the Group consists of debt, which includes borrowings disclosed in note 12, cash and cash equivalents and equity, comprising issued capital, legal reserve and retained earnings.

Gearing ratio

The Group's management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.
The gearing ratio at the year end was as follows:

	December 31, 2008 QR.000	**December 31, 2007 QR.000**
Debt (i)	183,669	147,136
Cash and cash equivalents	26,887	16,428
Net debt	156,782	130,708
Equity (ii)	627,127	528,607
Net debt to equity ratio	**0.25:1**	**0.25:1**

(i) Debt is defined as bank overdraft and loans.
(ii) Equity includes all capital and reserves of the Group.

28. COMPARA TIVE FIGURES

Certain of the prior year’s amounts have been reclassified to conform with the current year’s presentation. Such reclassifications have no effect on the net financial position of the Group.

27. Segment Reporting for the year 2008

Segment	Revenue QR.000	Gross Margin QR.000	Assets QR.000	Liabilities QR.000
Auto	715,171	120,776	420,338	237,658
Heavy Equipment	189,102	34,265	81,105	20,178
Energy and Industrial Markets	75,850	18,641	40,995	27,214
Information Technology	534,594	85,154	485,853	286,994
Travel	39,559	38,154	146,138	101,524
Industrial Supplies & Building Materials	130,575	21,999	53,951	9,107
Freight Forwarding & Logistics	31,023	7,729	14,781	10,511
Engineering	133,685	26,901	101,189	67,532
Geotechnical Services	31,553	12,011	23,205	4,823
Others	72,234	2,053	(51,425)	(76,538)
Total	**1,953,346**	**367,683**	**1,316,130**	**689,003**

The above figures are stated after intercompany transactions and balances have been eliminated.

11. PROPERTY, PLANT AND EQUIPMENT:

Cost/Revaluation:	Land & Building QR.000	Plant and Machinery QR.000	Office Furniture & Equipment QR.000	Vehicles QR.000	Assets on Hire QR.000	Capital Work-in-Progress QR.000	Total QR.000
January 1, 2007	197,879	45,834	21,102	18,261	38,983	28,984	351,043
Additions	13,130	4,043	8,208	4,170	8,141	18,782	56,474
Transfers	21,887	8,699	31	-	-	(30,617)	-
Disposals	-	(1,504)	(80)	(3,563)	(9,560)	(1,344)	(16,051)
January 1, 2008	232,896	57,072	29,261	18,868	37,564	15,805	391,466
Additions	636	9,196	10,932	8,585	13,636	11,849	54,834
Transfers	6,586	5,136	1,458	348	-	(13,528)	-
Disposals	-	-	(98)	(3,046)	(12,890)	-	(16,034)
December 31, 2008	**240,118**	**71,404**	**41,553**	**24,755**	**38,310**	**14,126**	**430,266**
Depreciation:							
January 1, 2007	93,286	37,048	15,807	8,677	16,266	-	171,084
Charge for the year	6,175	3,902	4,781	3,059	8,892	-	26,809
Related to disposals	-	(655)	(80)	(1,861)	(6,647)	-	(9,243)
January 1, 2008	99,461	40,295	20,508	9,875	18,511	-	188,650
Charge for the year	4,809	5,872	5,903	4,895	8,363	-	29,842
Related to disposals	-	-	(1)	(1,708)	(8,605)	-	(10,314)
December 31, 2008	**104,270**	**46,167**	**26,410**	**13,062**	**18,269**	**-**	**208,178**
Net Book Value:							
December 31, 2008	**135,848**	**25,237**	**15,143**	**11,693**	**20,041**	**14,126**	**222,088**
December 31, 2007	**133,435**	**16,777**	**8,753**	**8,993**	**19,053**	**15,805**	**202,816**

- Depreciation charge for the year amounted to QR. 19.2 million (2007: QR. 16.1 million) has been included in direct costs. Land and buildings were revalued in the year 2004 and the buildings were erected on the land leased from Doha Municipality.