



**MANNAI CORPORATION Q.S.C
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009**

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended December 31, 2009

INDEX	Page
Director's report	--
Independent auditor's report	--
Consolidated statement of financial position	1
Consolidated statement of comprehensive income	3
Consolidated statement of changes in shareholders' equity	4
Consolidated statement of cash flows	5
Notes to the consolidated financial statements	7 to 32

DIRECTORS' REPORT

PERFORMANCE

The Company has maintained its past track record of growth in earnings despite the challenges presented by the difficult economic environment. This was possible primarily because of the diversity of our businesses which have stood us in good stead during these tough times. The drop in sales and the adverse impact on profits was more than offset by significantly improved returns from some of our other business units. This change in our activity mix also explains the impressive 26% growth in net profits to QR 184.2 Million even though the total sales were marginally below last year's level. The earnings per share increased from QR 9.25 to QR 11.63.

The Directors are pleased to report that as a result of the Company's continued strong profit performance in 2009 the Board has recommended a cash dividend of 50 % (being QR 5 per share) and 1 Bonus share for every 2 shares held.

Some of the major growth and expansion initiatives taken during the year which will have a long term, sustained and positive effect on our future operations are elaborated below:

EXPANSION

1. Transfield Services Mannai Oil & Gas WLL

[a new Joint Venture with Transfield Services (International) Pty Limited]

In 2006 we established Transfield Mannai Facilities Management Services WLL, as a joint venture with Transfield Services (International) Pty Limited, Australia to provide facilities management and building maintenance services. This venture has established itself well during the short time. Encouraged by its success, during 2009 we have incorporated a second joint venture with Transfield Services (International) Pty Limited.

Transfield Services Mannai Oil & Gas, the new joint venture has started providing maintenance and shutdown related services which are specially focused on customers in the oil and gas sector.

2. Manweir Expansion

In its pursuit to remain and continue as the leading engineering workshop facility within the State of Qatar, Manweir WLL has expanded and enhanced its facilities and capabilities at its current location within the Salwa Industrial Complex. This particular expansion is part of a strategic approach to position Manweir as a truly recognized world class engineering business, meeting the requirements of its local and international client base. The 'Salwa Expansion' construction phase is now completed and the facility is currently being equipped with the necessary CNC Machines, tooling, and equipment to meet the internationally set standards of servicing the oil and gas sector.

3. Gulf Geotechnical Services & Material Testing LLC, Oman

This operation was set up in 2008 in order to expand Gulf Laboratories' reach into other regional markets. During 2009 it began to establish itself as a significant player in the Omani market with the mobilization of 3 drilling rigs being transferred from Qatar to Oman to service contracts already won. We are now in a favourable position to bid for ground investigation and laboratory testing services to a number of forthcoming high profile projects such as the development and expansion of international airports at Muscat, Salalah and Duqm as well as various tourist resorts, special economic zones and ports.

4. State of the Art Workshop at Ras Laffan

To cater to the continued major Oil and Gas developments within The State of Qatar and more specifically at the Ras Laffan Industrial City, a State of the Art workshop with World-Class Engineering facility is being established at Ras Laffan.

The Ras Laffan facility will offer a fully certified API Engineering workshop and will be licensed for premium proprietary connections and it will offer specialized machining services to the oil and gas sector.

It will have the capability to repair, overhaul and rewind electrical motors, and will offer 'round-the-clock' availability of technicians either at the workshop or at the client's site with the capability to offer the appropriate machining, fabrication & welding services.

FUTURE OUTLOOK

As mentioned in the last year's report, our strategy is to seek opportunities which will enable us during the medium term to expand our core businesses overseas. Ongoing efforts in this direction are being made as we see this as a key element for growth.

We are confident that with the diversity of our activities and the ongoing proactive initiatives taken by the management we will be able to build on our past performance track record.

Mohamed Ali M. Al Kubaisi
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 Company) and subsidiaries (collectively, the “**Group**”) which comprise the consolidated statement of financial position as at December 31, 2009, and the consolidated statements of comprehensive 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, 2009, 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 directors' 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 2, 2010

Muhammad O. Bahemia
License No. 103

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2009

<u>ASSETS</u>	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		QR. 000	QR. 000
Current Assets:			
Bank balances and cash	5	169,352	26,887
Accounts and bills receivables	6	272,029	340,725
Due from a joint venture company	7	1,472	1,204
Inventories	8	531,197	645,122
Advance to suppliers		74,492	47,715
Prepayments and other debit balances	9	17,814	21,034
		-----	-----
Total Current Assets		1,066,356	1,082,687
		-----	-----
Non-Current Assets:			
Long-term receivables	10	2,856	3,570
Available for sale investments	11a	204	102
Investment in joint venture company	11b	8,872	6,399
Property, plant and equipment	12	218,032	222,088
		-----	-----
Total Non-Current Assets		229,964	232,159
		-----	-----
Total Assets		1,296,320	1,314,846
		=====	=====

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

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of December 31, 2009

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		QR.000	QR.000
Current Liabilities:			
Bank overdrafts and loans	13	83,524	183,669
Accounts payable		198,798	279,154
Advances from customers		104,042	48,133
Accruals and other credit balances	14	157,969	159,710
		-----	-----
Total Current Liabilities		544,333	670,666
		-----	-----
Non-Current Liabilities:			
Provision for employees' end of service benefits	15	27,035	17,053
		-----	-----
Total Non-Current Liabilities		27,035	17,053
		-----	-----
Shareholders' Equity:			
Share capital	16	158,400	144,000
Legal reserve	17	172,354	172,354
Revaluation reserve		80,117	80,117
Proposed dividends	18	79,200	86,400
Proposed bonus shares	18	79,200	14,400
Retained earnings		155,681	129,856
		-----	-----
Total Shareholders' Equity		724,952	627,127
		-----	-----
Total Liabilities and Shareholders' Equity		1,296,320	1,314,846
		=====	=====

These financial statements were authorised and approved for issue by the Vice Chairman and Chief Executive Officer on February 2, 2010.

Suhaim Bin Abdulla Bin Khalifa Al Thani
Vice Chairman

Alekh Grewal
Chief Executive Officer

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

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2009

	<u>Notes</u>	<u>2009</u> <u>QR.000</u>	<u>2008</u> <u>QR.000</u>
Revenue		1,921,144	1,953,346
Direct costs		(1,507,766)	(1,590,814)
		-----	-----
Gross Profit		413,378	362,532
Investment income		1,385	1,125
Other income	19	7,993	4,668
Share of profit from a joint venture company	11b	3,493	2,268
General and administrative expenses	20	(153,825)	(153,455)
Selling and distribution expenses		(58,440)	(44,869)
Depreciation of property, plant and equipment		(12,742)	(10,660)
Finance costs		(8,317)	(8,039)
		-----	-----
Net Profit for the Year before Directors' Remuneration		192,925	153,570
Board of directors' remuneration		(8,700)	(7,050)
		-----	-----
Net Profit for the Year		184,225	146,520
		=====	=====
Total comprehensive income for the Year		184,225	146,520
		=====	=====
Basic and diluted earnings per share (QR)	23	11.63	9.25
		=====	=====
Weighted average number of shares		15,840,000	15,840,000
		=====	=====

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

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2009

	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, 2008	120,000	172,354	80,117	48,000	24,000	84,136	528,607
Total comprehensive income	--	--	--	--	--	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
Total comprehensive income	--	--	--	--	--	184,225	184,225
Issue of bonus shares	14,400	--	--	--	(14,400)	--	--
Dividends paid	--	--	--	(86,400)	--	--	(86,400)
Proposed dividends	--	--	--	79,200	--	(79,200)	--
Proposed bonus shares	--	--	--	--	79,200	(79,200)	--
	-----	-----	-----	-----	-----	-----	-----
Balance – December 31, 2009	158,400	172,354	80,117	79,200	79,200	155,681	724,952
	=====	=====	=====	=====	=====	=====	=====

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, 2009

	<u>2009</u>	<u>2008</u>
	QR.000	QR.000
<u>Cash Flows from Operating Activities:</u>		
Net profit for the year	184,225	146,520
Adjustments for:		
Depreciation of property, plant and equipment	39,220	29,842
Gain on disposal of property, plant and equipment	(2,422)	(2,469)
Finance costs	8,317	8,039
Income from a joint venture company	(3,493)	(2,268)
Investment income	(1,385)	(1,125)
Provision for obsolete inventories and bad debts	10,272	13,661
Provision for employees' end of service benefits	11,555	7,816
	-----	-----
	246,289	200,016
Accounts and bills receivables	72,866	(35,528)
Inventories	99,483	(261,516)
Prepayments and other debit balances	3,220	25,209
Accounts payable	(80,356)	86,485
Advance to suppliers	(26,777)	(19,188)
Advance from customers	55,909	47,060
Due from a joint venture company	(268)	1,251
Accruals and other credit balances	(1,207)	31,889
	-----	-----
Cash Flows From Operations	369,159	75,678
Finance cost paid	(8,851)	(8,109)
Employees end-of-service benefits paid	(1,573)	(838)
	-----	-----
Net Cash From Operating Activities	358,735	66,731
	-----	-----

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, 2009

	<u>2009</u>	<u>2008</u>
	QR.000	QR.000
<u>Cash Flows from Investing Activities:</u>		
Acquisition of property, plant and equipment	(45,130)	(54,834)
Proceeds from disposal of property, plant and equipment	12,388	8,190
Movement in long term receivable	714	714
Acquisition of investments	918	--
Dividends from investments	1,385	1,125
	-----	-----
Net Cash Flows Used in Investing Activities	(29,725)	(44,805)
	-----	-----
<u>Cash Flows from Financing Activities:</u>		
Bank overdraft and loans	(100,145)	36,533
Dividends paid	(86,400)	(48,000)
	-----	-----
Net Cash Used in Financing Activities	(186,545)	(11,467)
	-----	-----
Net increase in cash and cash equivalents	142,465	10,459
Cash and cash equivalents at beginning of year	26,887	16,428
	-----	-----
Cash and cash equivalents at end of year	169,352	26,887
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Mannai Corporation Q.S.C (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 registered office of the Company is situated in Doha, State of Qatar and listed on the Qatar Exchange. The consolidated financial statements comprise the Company and its subsidiaries together referred to as (the “Group”).

The principal activities of the Group are sales and service of automobiles, heavy equipment sales, information technology, engineering, geotechnical services, oil field services, sales and service of consumer products, office equipment, industrial products, travel, logistics, warehousing, sponsorship and representation for international companies.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Standards and Interpretations effective in the current period

At the date of authorization of these consolidated financial statements, the following standards and interpretations were effective:

(i) Revised standards:

- IAS 1 (Revised) - IAS 1 has introduced the following:
 - Terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
 - Comprehensive revision including requiring a statement of comprehensive income
- IAS 23 (Revised) - The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these consolidated financial statements because it has always been the Group’s accounting policy to capitalise borrowing costs incurred on qualifying assets.

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.1 Standards and Interpretations effective in the current period (continued)

- IFRS 7 (Revised) – The amendments to IFRS 7 expand the disclosures required in respect of Financial Instruments fair value measurements and liquidity risk.

In addition to the amendments described above, a number of standards were also amended. The Improvements have led to changes in the details of the Group's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.

(ii) New Standards

- IFRS 8 – *Operating Segments*

This is a disclosure standard requiring operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the Chief Operating decision maker, in order to allocate resources to the segments and to assess their performance.

(iii) New Interpretations

- IFRIC 13 – *Customer Loyalty Programmes*
- IFRIC 15 - *Agreement for Construction of Real Estate*
- IFRIC 16 – *Hedges of Net Investment in Foreign Operations*

The adoption of these new standards and Interpretations had no significant effect on the consolidated financial statements of the Group for the year ended December 31, 2009, other than certain presentation and disclosure changes.

2.2 Standards and Interpretations in issue not yet effective

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

(i) Revised Standards

Effective for annual periods beginning on or after July 1, 2009

- IAS 27 (Revised) – *Consolidated and Separate Financial Statements*
- IAS 28 (Revised) – *Investments in Associates*
- IAS 31 (Revised) – *Interest In Joint Ventures*
- IAS 38 (Revised) – *Intangible Assets*
- IAS 39 (Revised) – *Financial Instruments: Recognition & Measurement*
- IFRS 2 (Revised) – *Share-based Payments*
- IFRS 3 (Revised) – *Business Combinations*
- IFRS 5 (Revised) – *Non Current assets Held for Sale & Discontinued Operations*

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Effective for annual periods beginning on or after January 1, 2010

- IAS 1- *Presentation of Financial statements*
- IAS 7 (Revised) - *Statement of Cash Flows*
- IAS 17 (Revised) - *Leases*
- IAS 36 (Revised) - *Impairment of Assets*
- IAS 39 (Revised) – *Financial Instruments: Recognition & Measurement*
- IFRS 1 (Revised) - *First time adoption*
- IFRS 2 (Revised) - *Share-based Payments*
- IFRS 5 (Revised) – *Non Current assets Held for Sale & Discontinued Operations*
- IFRS 8 (Revised) – *Operating Segments*

Effective for annual periods beginning on or after January 1, 2011.

- IAS 24 (Revised) – *Related Party Disclosures.*

(ii) New Standard

Effective for annual periods beginning on or after January 1, 2013 (Early adoption allowed)

- IFRS 9- *Financial Instruments –Classification and Measurement*

(iii) New Interpretations

Effective for annual periods beginning on or after July 1, 2009

- IFRIC 17 - *Distributions of Non-Cash Assets to Owners*

Effective for transfers from customers received on or after July 1, 2009

- IFRIC 18 - *Transfers of Assets from Customers*

Effective for annual periods beginning on or after July 1, 2010

- IFRIC 19 - *Extinguishing Financial Liabilities with Equity Instruments*

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, other than certain presentation and disclosure changes. Management has yet to decide when to adopt IFRS 9 and will only be in a position to assess its potential impact on the financial statements at the time of adoption.

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

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

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.

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 and reporting period of the subsidiaries have been changed where necessary to ensure consistency with the policies and period 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.

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

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

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

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.

(iii) Derivatives

Derivatives include forward foreign exchange contracts which are re-measured at fair value at each reporting date and included in other assets when their fair value is positive and in other liabilities when their fair value is negative. The resultant gains or losses arising from the changes in fair value of derivatives held for trading purposes are included in the statement of income.

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.

(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.

(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 at the 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.

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

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

Cash and cash equivalents:

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

Trade receivables:

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment.

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.

Available for sale investments:

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 in other comprehensive income and accumulated 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/loss 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.

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

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

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.

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
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 36 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 statement of income in the year the asset is derecognised.

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

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

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.

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 reporting date. Any resultant exchange gains or losses are taken to the statement of income.

Bank Borrowings

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

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 reporting date. Under non-current liabilities in the statement of financial position. End of service benefits also include provision for severance pay.

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 statement of income. 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 is 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:

(i) 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.

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

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

(ii) 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 and the right to receive has been established.

(iii) 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.

(iv) Rental income

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

(v) Fee income

Fee income is recognized on 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.

Taxes:

Taxes are calculated based on applicable tax laws or regulations in which the Group operates.

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.

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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. BANK BALANCES AND CASH

	<u>2009</u> <u>QR.000</u>	<u>2008</u> <u>QR.000</u>
Bank balances	167,701	25,216
Cash on hand	1,651	1,671
	-----	-----
	169,352	26,887
	=====	=====

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 % per annum.

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

6. ACCOUNTS AND BILLS RECEIVABLES

	<u>2009</u> QR.000	<u>2008</u> QR.000
Accounts receivables	277,745	355,159
Bills receivables	12,036	7,488
	-----	-----
	289,781	362,647
	-----	-----
Less: Provision for doubtful debts	(17,752)	(21,922)
	-----	-----
	272,029	340,725
	=====	=====

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 receivables over 6 to 9 months at 25%, 9 to 12 months at 50% and above 1 year at 100%.

As at December 31, 2009 the ageing of trade receivables and movement in the provision for doubtful debts are as follows:

i) Ageing of accounts receivables:

	<u>2009</u> QR.000	<u>2008</u> QR.000
Within 60 days	186,039	272,591
61-120 days	17,345	17,613
121-180 days	30,616	30,813
Above 181 days	43,745	34,142
	-----	-----
	277,745	355,159
	=====	=====

ii) Movement in the provision of doubtful debts:

	<u>2009</u> QR.000	<u>2008</u> QR.000
Balance at January 1,	21,922	20,424
Additional provision for the year	4,277	14,620
Recovery during the year	(8,447)	(13,122)
	-----	-----
Balance at December 31,	17,752	21,922
	=====	=====

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT**

For the year ended December 31, 2009

7. DUE FROM A JOINT VENTURE COMPANY

	<u>2009</u> QR.000	<u>2008</u> QR.000
Transfield Mannai Facilities Management Services W.L.L	1,472	1,204

8. INVENTORIES

	<u>2009</u> QR.000	<u>2008</u> QR.000
Merchandises, spares and tools	292,018	319,923
Vehicles and Heavy Equipments	138,056	268,459
Industrial supplies	21,951	20,728
Work-in-progress	130,688	73,410
Others	3,428	3,104
	-----	-----
	586,141	685,624
Less: Provision for obsolete and slow moving items	(54,944)	(40,502)
	-----	-----
	531,197	645,122

9. PREPAYMENTS AND OTHER DEBIT BALANCES

	<u>2009</u> QR.000	<u>2008</u> QR.000
Prepaid expenses	2,997	4,945
Accrued income	6,324	7,275
Staff receivable	217	229
Other debtors and receivables	8,276	8,585
	-----	-----
	17,814	21,034

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

10. NON CURRENT RECEIVABLES

	<u>2009</u>	<u>2008</u>
	QR.000	QR.000
Non current receivable	3,570	4,284
Less: Current portion	(714)	(714)
	-----	-----
Non Current Portion	<u>2,856</u>	<u>3,570</u>
	-----	-----

Long term portion has not been discounted since the effect is considered immaterial.

11 (a). AVAILABLE FOR SALE INVESTMENT

	<u>2009</u>	<u>2008</u>
	QR.000	QR.000
Investments in equities	204	102
	=====	=====

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

	<u>2009</u>	<u>2008</u>
	QR.000	QR.000
Total assets	31,115	22,604
Total liabilities	(10,564)	(6,901)
Net assets including goodwill	<u>20,551</u>	<u>15,703</u>
	-----	-----
Group's Share in Net Assets	<u>8,872</u>	<u>6,399</u>
	=====	=====

	<u>2009</u>	<u>2008</u>
	QR.000	QR.000
Total revenue	63,563	49,637
Total profit for the year	6,849	4,446
Investment in joint venture company	6,399	4,131
Dividend received during the year	(1,020)	--
Share of profit for the year	3,493	2,268
	-----	-----
Balance – December 31	<u>8,872</u>	<u>6,399</u>
	=====	=====

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.

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

12. PROPERTY, PLANT AND EQUIPMENT

	Land and Building	Plant and Machinery	Office Furniture and Equipment	Vehicles	Assets on Hire	Capital Work-in- Progress	Total
Cost:	QR.000	QR.000	QR.000	QR.000	QR.000	QR.000	QR.000
January 1, 2008	232,780	55,563	27,495	18,384	37,160	15,843	387,225
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)	(3,045)	(12,890)	--	(16,033)
January 1, 2009	240,002	69,895	39,787	24,272	37,906	14,164	426,026
Additions	620	4,711	3,417	5,955	16,752	13,675	45,130
Transfers	10,642	3,740	609	--	--	(14,991)	--
Disposals	--	(1,156)	(1,319)	(7,135)	(13,558)	--	(23,168)
December 31, 2009	251,264	77,190	42,494	23,092	41,100	12,848	447,988
Depreciation:							
January 1, 2008	99,430	38,696	18,479	9,373	18,431	--	184,409
Charge for the year	4,809	5,872	5,903	4,895	8,363	--	29,842
Related to disposals	--	--	(1)	(1,708)	(8,604)	--	(10,313)
January 1, 2009	104,239	44,568	24,381	12,560	18,190	--	203,938
Charge for the year	8,424	9,479	7,906	4,857	8,554	--	39,220
Related to disposals	--	(1,143)	(1,096)	(3,272)	(7,691)	--	(13,202)
December 31, 2009	112,663	52,904	31,191	14,145	19,053	--	229,956
Net Book Value:							
December 31, 2009	138,601	24,286	11,303	8,947	22,047	12,848	218,032
December 31, 2008	135,763	25,327	15,406	11,712	19,716	14,164	222,088

- Depreciation charge for the year amounting to QR. 26.5 million (2008: QR. 19.2 million) has been included in direct costs. Land and buildings were revalued in the year 2004 resulting in a revaluation reserve of QR. 80.117 million reflected in equity. The buildings are erected on the land leased from Doha Municipality.

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT**

For the year ended December 31, 2009

13. BANK OVERDRAFTS AND LOANS

	<u>2009</u> QR.000	<u>2008</u> QR.000
Working capital facilities	83,524 =====	183,669 =====

(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.

14. ACCRUALS AND OTHER CREDIT BALANCES

	<u>2009</u> QR.000	<u>2008</u> QR.000
Accrued expenses	137,817	139,718
Others	20,152	19,992
	----- 157,969 =====	----- 159,710 =====

15. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	<u>2009</u> QR.000	<u>2008</u> QR.000
Employees end of service benefits	22,157	17,053
Employees severance pay	4,878	--
	----- 27,035 =====	----- 17,053 =====

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT**

For the year ended December 31, 2009

16. SHARE CAPITAL

	<u>2009</u> QR.000	<u>2008</u> QR.000
Authorised shares of QR. 10 each	158,400 =====	144,000 =====
	<u>Number</u> <u>of shares</u> (In thousands)	<u>Number</u> <u>of shares</u> (In thousands)
Balance at January 1, 2009	14,400	12,000
Bonus issue on February 26, 2009	1,440 -----	2,400 -----
Balance December 31, 2009	15,840 =====	14,400 =====

17. 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, 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 a premium of QR. 60 per share which was credited to legal reserve.

18. PROPOSED DIVIDENDS/BONUS SHARES

The Board of Directors have proposed to issue to the existing shareholders one bonus share for every two shares held and a cash dividend of QR 5 per share totaling QR 79.2 million for the year 2009, which is subject to the approval of the shareholders at the Annual General Assembly.

19. OTHER INCOME

	<u>2009</u> QR.000	<u>2008</u> QR.000
Profit on disposal of property, plant and equipment	2,422	2,469
Miscellaneous	5,571 -----	2,199 -----
	7,993 =====	4,668 =====

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT**

For the year ended December 31, 2009

20. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2009</u>	<u>2008</u>
	QR.000	QR.000
Manpower cost	78,864	77,173
Rent	14,353	13,712
Conveyance and travel	7,933	8,440
Bank charges	3,287	5,179
Repairs and maintenance	4,178	6,724
Communication	5,456	5,706
Printing and stationery	2,307	2,473
Legal and professional charges	5,068	4,862
Provisions for obsolete inventories and bad debts net of recovery	10,272	13,661
Miscellaneous expenses	22,107	15,525
	-----	-----
	153,825	153,455
	=====	=====

21. RELATED PARTY TRANSACTIONS

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

	<u>2009</u>	<u>2008</u>
	QR.000	QR.000
Sales to related parties	23,476	18,214
	=====	=====
Purchases from related parties	1,626	2,489
	=====	=====

22. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel was as follows:

	<u>2009</u>	<u>2008</u>
	QR.000	QR.000
Short-terms benefits	6,504	6,718
Post-employment benefits	259	323
	-----	-----
	6,763	7,041
Board of directors' remuneration	8,700	7,050
	-----	-----
	15,463	14,091
	=====	=====

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

23. 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.

	<u>2009</u>	<u>2008</u>
Profit for the year (QR' 000)	<u>184,225</u>	146,520
Weighted average number of shares outstanding during the year in thousands of shares	<u>15,840</u>	15,840
Basic earnings per share (QR)	<u>11.63</u>	9.25

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.

24. 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:

	<u>2009</u>	<u>2008</u>
	<u>QR.000</u>	<u>QR.000</u>
Bank guarantees	166,481	149,688
Letter of credit	9,450	12,651
	<u>175,931</u>	<u>162,339</u>

25. COMMITMENTS

(i) Capital commitment

	<u>2009</u>	<u>2008</u>
	<u>QR.000</u>	<u>QR.000</u>
Projects under construction	<u>14,571</u>	11,587

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

25. COMMITMENTS (CONTINUED)

(ii) Lease commitment

	<u>2009</u> QR.000	<u>2008</u> QR.000
Less than one year	41,380	47,220
1 to 5 years	60,907	85,333
Above 5 years	25,805	35,345
	-----	-----
	128,092	167,898
	=====	=====

26. 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.

27. 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..

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk exposures

The following summary sets out the group exposure to interest rate risk as of December 31, 2009:

	<u>Floating</u> <u>Interest Rate</u> <u>QR.000</u>	<u>Non-Interest</u> <u>Bearing</u> <u>QR.000</u>	<u>Total</u> <u>QR.000</u>
<u>Financial Assets:</u>			
Bank balances and cash	23,247	146,105	169,352
Accounts and notes receivable	--	272,029	272,029
Investments	--	9,076	9,076
Non current receivables	--	2,856	2,856
Due from joint venture company	--	1,472	1,472
Advances to suppliers	--	74,492	74,492
	-----	-----	-----
Total	23,247	506,030	529,277
	-----	-----	-----
<u>Financial Liabilities:</u>			
Bank overdrafts and loans	83,524	--	83,524
Accounts payable	--	198,798	198,798
	-----	-----	-----
Total	83,524	198,798	282,322
	-----	-----	-----
On Balance Sheet Gap as on December 31, 2009	(60,277)	307,232	246,955
	=====	=====	=====
On Balance Sheet Gap As on December 31, 2008	(168,230)	132,009	(36,221)
	=====	=====	=====

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, 2009.

	<u>2009</u>	<u>2008</u>
Basis points	+/- 25	+/-25
Effect on profit for the year (QR.000)	-/+ 151	-/+ 421

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

	<u>2009</u>	<u>2008</u>
Government Entities and Qatari Public Companies	36%	28%
Private Companies	58%	52%
Others	6%	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 table 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.

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Less than one year	1-5 years	Above 5 years	Total
2009	QR.000	QR.000	QR.000	QR.000
<i>Financial Assets</i>				
Cash and cash equivalents	169,352	--	--	169,352
Accounts receivable and other debit balances	346,521	2,856	--	349,377
<i>Financial Liabilities</i>				
Accounts payable and other credit balances	322,992	--	--	322,992
Borrowings	83,524	--	--	83,524
2008				
<i>Financial Assets</i>				
Cash and cash equivalents	26,887	--	--	26,887
Accounts receivable and other debit balances	388,440	3,570	--	392,010
<i>Financial Liabilities</i>				
Accounts payable and other credit balances	347,279	--	--	347,279
Borrowings	183,669	--	--	183,669

The current bank facilities are due for renewal on December 31, 2010.

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	Effect on statement of income	
		2009	2008
		QR.000	QR.000
GBP	+/- 3%	+/- 439	+/- 131
EURO	+/- 3%	+/- 208	+/- 58
YEN	+/- 3%	+/- 163	+/- 36
Others	+/- 3%	+/- 6	+/- 6

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (Continued)

During the year the Group entered into three foreign exchange forward contracts. These forward contracts were re-measured to fair value and the resultant gain arising from the changes in fair value are included in the statement of income.

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 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.

28. DERIVATIVE INSTRUMENTS

The table below shows the positive fair values of derivative financial instruments, together with the notional amounts analyzed by the term to maturity. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year-end, do not necessarily reflect the amounts of future cash flows involved.

	Positive Fair Value QR'000	Notional Amount QR'000	Notional amount by term to maturity			
			Within 3 Months QR'000	3 – 12 Months QR'000	1-5 Years QR'000	More than 5 Years QR'000
Foreign exchange fair value hedge:						
Foreign currency forward contracts	251	11,312	--	11,312	--	--
Total	251	11,312	--	11,312	--	--

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

29. 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 2008. The capital structure of the Group consists of debt, which includes borrowings disclosed in note 13, 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:

	<u>2009</u> QR.000	<u>2008</u> QR.000
Cash and cash equivalents	169,352	26,887
Debt (i)	(83,524)	(183,669)
Net debt	85,828	(156,782)
Equity (ii)	724,952	627,127
Net debt to equity ratio	--	0.25:1

(i) Debt is defined as bank overdraft and loans.

(ii) Equity includes all capital and reserves of the Group.

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

30. (a) SEGMENT REPORTING FOR THE YEAR 2009

<u>Segment</u>	<u>Revenue</u> QR.000	<u>Gross</u> <u>Margin</u> QR.000	<u>Assets</u> QR.000	<u>Liabilities</u> QR.000
Auto	564,251	106,649	232,517	50,120
Heavy Equipment	188,260	34,791	88,256	23,618
Energy and Industrial Markets	84,651	36,211	80,118	19,526
Information Technology	609,994	99,282	440,347	312,462
Travel	39,865	38,441	127,164	72,858
Industrial Supplies & Building Materials	142,798	29,019	74,202	27,196
Freight Forwarding & Logistics	29,939	8,745	14,610	8,500
Engineering	117,982	19,721	105,604	70,137
Geotechnical Services	41,696	13,738	32,024	9,904
Others	101,708	26,781	101,478	(22,953)
	-----	-----	-----	-----
Total	1,921,144	413,378	1,296,320	571,368
	=====	=====	=====	=====

30. (b) SEGMENT REPORTING FOR THE YEAR 2008

<u>Segment</u>	<u>Revenue</u> QR.000	<u>Gross</u> <u>Margin</u> QR.000	<u>Assets</u> QR.000	<u>Liabilities</u> QR.000
Auto	715,171	120,545	419,054	236,374
Heavy Equipment	189,102	34,005	81,105	20,178
Energy and Industrial Markets	75,850	18,589	40,995	27,214
Information Technology	534,594	83,496	485,853	286,994
Travel	39,559	38,003	146,138	101,524
Industrial Supplies and Building Materials	130,575	21,908	53,951	9,107
Freight Forwarding and Logistics	31,023	7,583	14,781	10,511
Engineering	133,685	25,680	101,189	67,532
Geotechnical Services	31,553	11,376	23,205	4,823
Others	72,234	1,347	(51,425)	(76,538)
	-----	-----	-----	-----
Total	1,953,346	362,532	1,314,846	687,719
	=====	=====	=====	=====

The above figures are stated after eliminating intercompany transactions and balances.

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2009

31. COMPARATIVE 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.