MANNAI CORPORATION Q.S.C

AND SUBSIDIARY COMPANIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

MANNAI CORPORATION Q.S.C AND SUBSIDIARY COMPANIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended December 31, 2011

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DIRECTORS' REPORT

PERFORMANCE

Mannai Corporation continued its growth journey with a very successful year 2011. Net Profit increased to QR.279.1 Million compared to QR.230.8 Million in the previous year. This increase in Net Profit of 21% was achieved because of the broad diversity of the Group's activities, including the recent investment in a business in the UAE, despite the economic slowdown in the region. This growth was built on top of the 25% increase in Net Profit achieved in the previous year.

The Sales revenue in Qatar grew by 16% over the previous year.

The Directors are pleased to report that the Board has recommended cash dividend of 55% (QR. 5.50 per share) on the increased share capital of QR. 342.2 Million.

EXPANSION AND DIVERSIFICATION

Acquisition of stake in AXIOM Telecom, UAE

During the year in line with the company's growth strategy of expanding and diversifying its business interests across the region the group acquired a 35% stake in AXIOM Telecom the UAE based pan-GCC handset retailer and distributor. AXIOM operates across the GCC in UAE, Bahrain, Saudi Arabia, Kuwait and Qatar. AXIOM also has interests in a joint venture in South Africa and an associate in India.

Acquisition of strategic interest in NEXThink, Switzerland

The company also acquired a minority stake in NEXThink, a company operating in the IT management segment based in Lausanne, Switzerland, which has a presence in more than 10 countries. This strategic investment will also directly support the growth of Mannai's IT business regionally.

Engineering Workshop facility at Ras Laffan Industrial Area

During the year the company completed the construction of its Engineering workshop facility located at Ras Laffan Industrial Area. The company has imported technologically advanced State of the Art Plant and Machinery and commissioning of the machines is well underway. With the completion of this Engineering workshop facility the company is well positioned to support the investments the State of Qatar is continuing to make in the Oil and Gas sector.

OUTLOOK FOR 2012 AND BEYOND

The company will continue to explore opportunities both in Qatar and outside to grow profitably in 2012 and beyond. We remain optimistic that the company will continue to deliver value to all our stakeholders.

Mohamed Ali M. Al Kubaisi
Director

Deloitte.

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QR. 31230

INDEPENDENT AUDITOR'S REPORT

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

Report on the consolidated 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, 2011, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 presents fairly, in all material respects, the financial position of Mannai Corporation Q.S.C and subsidiaries as at December 31, 2011, and their 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 Company has maintained proper books of account, the physical inventory has been duly carried out and the contents of the directors' report are in agreement with the 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 Commercial Companies Law or the Company's Articles of Association were committed during the year which would materially affect the Group's activities or its financial position.

For **Deloitte & Touche**

Muhammad Bahemia
License No. 103

Doha - Qatar
February 27, 2012

MANNAI CORPORATION Q.S.C AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2011

ASSETS	**Notes**	**2011**	2010
		QR. 000	QR. 000
Current Assets:			
Bank balances and cash	5	**88,293**	86,754
Accounts and bills receivable	6	**429,311**	393,760
Due from a joint venture company	7	**3,103**	1,510
Inventories	8	**748,165**	696,724
Advance to suppliers		**46,414**	47,324
Prepayments and other debit balances	9	**56,847**	31,656
Total Current Assets		**1,372,133**	1,257,728
Non-Current Assets:			
Goodwill and other intangible assets	10	**7,311**	11,827
Available for sale investments	11	**14,485**	5,254
Long term receivables	12	**1,428**	2,142
Investment in joint venture company	13	**14,385**	11,304
Investment in an associate company	14	**1,147,281**	--
Property, plant and equipment	15	**337,389**	288,980
Total Non-Current Assets		**1,522,279**	319,507
Total Assets		**2,894,412**	1,577,235

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2011

LIABILITIES AND EQUITY	Notes	2011 QR.000	2010 QR.000
Current Liabilities:			
Bank overdrafts and loans	16a	**241,438**	47,186
Accounts payables		**224,465**	212,639
Advance from customers		**465,093**	243,622
Accruals and other credit balances	17	**166,502**	177,526
Total Current Liabilities		**1,097,498**	680,973
Non-Current Liabilities:			
Bank Loan	16b	**390,862**	--
Provision for employees' end of service benefits	18	**36,501**	29,814
Total Non-Current Liabilities:		**427,363**	29,814
Total Liabilities		**1,524,861**	710,787
Equity:			
Share capital	19	**342,144**	237,600
Legal reserve	20	**513,216**	172,354
Revaluation reserve		**80,117**	80,117
Currency translation reserve		**(1,180)**	(385)
Fair value reserve		**(1,095)**	50
Proposed dividends	21	**188,179**	166,320
Proposed bonus shares	21	--	47,520
Retained earnings		**247,586**	162,299
Equity attributable to equity holders of the parent		**1,368,967**	865,875
Non-controlling interests		**584**	573
Total Equity		**1,369,551**	866,448
Total Liabilities and Equity		**2,894,412**	1,577,235

These consolidated financial statements were authorised and approved for issue by the Vice Chairman and Chief Executive Officer on February 27, 2012.

Suhaim Bin Abdulla Bin Khalifa Al Thani
Vice Chairman

Alekh Grewal
Chief Executive Officer

MANNAI CORPORATION Q.S.C AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME
For the year ended December 31, 2011

	Notes	**2011**	2010
		QR.000	QR.000
Revenue		**2,292,748**	1,975,381
Direct costs		**(1,798,341)**	(1,500,327)
Gross profit		**494,407**	475,054
Investment income		**2,093**	1,000
Other income	22	**17,831**	3,813
Share of profit from joint venture and associate company		**65,047**	4,982
General and administrative expenses	23	**(158,960)**	(138,495)
Selling and distribution expenses		**(63,388)**	(60,542)
Eearnings before interest, depreciation and amortization		**357,030**	285,812
Finance costs		**(22,717)**	(5,176)
Depreciation and amortization		**(39,591)**	(36,593)
Net profit for the year before directors' remuneration		**294,722**	244,043
Directors' remuneration		**(15,548)**	(13,179)
Net profit for the year		**279,174**	230,864
Attributable to:			
Equity holders of the parent company		**279,163**	230,835
Non-controlling interests		**11**	29
		279,174	230,864
Basic and diluted earnings per share (QR)	26	**9.01**	7.71
Weighted average number of shares		**30,971,614**	29,941,415

MANNAI CORPORATION Q.S.C AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2011

	2011 QR.000	2010 QR.000
Net profit for the Year	**279,174**	230,864
Other comprehensive (loss) income:		
Net movement in fair value reserve	**(1,145)**	50
Foreign currency translation adjustment	**(795)**	96
Other comprehensive (loss) income for the year	**(1,940)**	146
Total comprehensive income for the year	**277,234**	231,010
Total comprehensive income attributable to:		
Equity holders of the parent company	**277,223**	230,981
Non-controlling interests	**11**	29
	277,234	231,010

MANNAI CORPORATION Q.S.C AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2011

	Attributable to Equity Holders of the Parent										
	Share Capital	**Legal Reserve**	**Revaluation Reserve**	**Retained Earnings**	**Fair Value Reserve**	**Currency Translation Reserve**	**Proposed Dividends**	**Proposed Bonus Shares**	**Total**	**Non-controlling Interests**	**Total**
	QR.000	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**
Balance – January 1, 2010	158,400	172,354	80,117	155,681	--	(481)	79,200	79,200	**724,471**	--	724,471
Total comprehensive income for the year	--	--	--	230,835	50	96	--	--	**230,981**	29	231,010
Social and sports contribution for 2009	--	--	--	(4,606)	--	--	--	--	**(4,606)**	--	(4,606)
Issue of bonus shares	79,200	--	--	--	--	--	--	(79,200)	--	--	--
Dividends paid	--	--	--	--	--	--	(79,200)	--	**(79,200)**	--	(79,200)
Proposed dividends	--	--	--	(166,320)	--	--	166,320	--	--	--	--
Proposed bonus shares	--	--	--	(47,520)	--	--		47,520	--	--	--
Non-controlling interests	--	--	--	--	--	--	--	--	--	544	544
Social and sports contribution for 2010	--	--	--	(5,771)					**(5,771)**		(5,771)
Balance – January 1, 2011	**237,600**	**172,354**	**80,117**	**162,299**	**50**	**(385)**	**166,320**	**47,520**	**865,875**	**573**	**866,448**
Total comprehensive income for the year	--	--	--	279,163	(1,145)	(795)	--	--	**277,223**	11	277,234
Movements in subsidiaries legal reserve	--	(1,282)	--	1,282	--	--	--	--	--	--	--
Issue of bonus shares	47,520	--	--	--	--	--	--	(47,520)	--	--	--
Dividends paid	--	--	--	--	--	--	(166,320)	--	**(166,320)**	--	(166,320)
Proposed dividends	--	--	--	(188,179)	--	--	188,179	--	--	--	--
Rights issue	57,024	342,144	--	--	--	--	--	--	**399,168**	--	399,168
Social and sports contribution for 2011	--	--	--	(6,979)	--	--	--	--	**(6,979)**	--	(6,979)
Balance – December 31, 2011	**342,144**	**513,216**	**80,117**	**247,586**	**(1,095)**	**(1,180)**	**188,179**	**--**	**1,368,967**	**584**	**1,369,551**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2011

	2011	2010
	QR.000	QR.000
Cash Flows from Operating Activities:		
Net profit for the year	**279,174**	230,864
Adjustments for:		
Depreciation of property, plant and equipment	**39,455**	36,471
Amortisation of intangible asset	**136**	122
Gain on disposal of property, plant and equipment	**(2,051)**	(771)
Foreign currency translation reserve	**133**	96
Finance costs	**22,717**	5,176
Profit from a joint venture and associate company	**(65,047)**	(4,982)
Provision for obsolete inventories and bad debts	**1,741**	(28,972)
Provision for employees' end of service benefits	**9,057**	8,942
	285,315	246,946
Changes in working capital:		
Accounts and bills receivable	**(32,990)**	(120,500)
Inventories	**(55,743)**	(137,786)
Due from a joint venture company	**(1,593)**	(38)
Prepayments and other debit balances	**(25,191)**	(13,842)
Advance to suppliers	**910**	27,168
Accounts payable	**11,826**	13,841
Advance from customers	**221,471**	139,580
Accruals and other credit balances	**(12,495)**	11,449
Cash Flows From Operations	**391,510**	166,818
Finance cost paid	**(26,943)**	(2,777)
Employees' end of service benefits paid	**(2,370)**	(6,163)
Social and sports contribution paid	**(5,771)**	(4,606)
Net Cash From Operating Activities	**356,426**	153,272

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2011

	2011	2010
	QR.000	QR.000
Cash Flows from Investing Activities:		
Acquisition of property, plant and equipment	**(93,722)**	(114,581)
Acquisition of intangible assets	**--**	(551)
Proceeds from disposal of property, plant and equipment	**7,812**	7,934
Movement in long term receivable	**714**	714
Acquisition of investments	**(1,090,203)**	(16,398)
Dividends received from joint venture and associate company	**2,550**	2,550
Net Cash Used in Investing Activities	**(1,172,849)**	(120,332)
Cash Flows from Financing Activities:		
Bank overdraft and loans	**585,114**	(36,338)
Proceeds from rights issue	**399,168**	--
Dividends paid	**(166,320)**	(79,200)
Net Cash From (Used in) Financing Activities	**817,962**	(115,538)
Net increase (decrease) in cash and cash equivalents	**1,539**	(82,598)
Cash and cash equivalents at beginning of year	**86,754**	169,352
Cash and cash equivalents at end of year	**88,293**	86,754
Non-cash item:		
Issue of bonus shares	**47,520**	79,200

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. The Company is listed on the Qatar Exchange. The consolidated financial statements comprise the Company and its subsidiaries together referred to as (the “Group”).

The core activities of the Group include engineering services to the oil & gas sector, automotive and heavy equipment distribution and service, information and communication technology, office systems, medical equipment, home appliances and electronics, building materials and furniture, logistics and warehousing, geotechnical, geological, environmental and material testing services, facilities maintenance and management service, travel services, trading and representation.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Revised IFRSs affecting presentation and disclosures

(i) Revised Standards

The following new and revised standards and interpretations have been adopted in these consolidated financial statements. The application of these new and revised standards and interpretations has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 3 (Revised) — *Business combinations - Amendments resulting from May 2010 Annual Improvements to IFRSs*
- IFRS 7 (Revised) — *Financial Instruments: Disclosures - Amendments resulting from May 2010 Annual Improvements to IFRSs*
- IAS 1 (Revised) — *Presentation of Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs*
- IAS 24 (Revised) — *Related Party Disclosures (Revised)*
- IAS 27 (Revised) — *Consolidated and Separate Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs*
- IAS 32 (Revised) — *Financial Instruments: Presentation - Amendments relating to classification of rights issues*
- IAS 34 (Revised) — *Interim Financial Reporting - Amendments resulting from May 2010 Annual Improvements to IFRSs*

(ii) <u>Revised Interpretations:</u>

- IFRIC 13 — *Customer Loyalty Programmes - Amendments resulting from May 2010 Annual Improvements to IFRSs*
- IFRIC 14 — *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction- November 2009 Amendments with respect to voluntary prepaid contributions*
- IFRIC 19 — *Extinguishing Financial Liabilities with Equity Instruments*

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.1 Revised IFRSs affecting presentation and disclosures

(ii) Revised Interpretations:

The adoption of these standards and Interpretations had no significant effect on the consolidated financial statements of the Group for the year ended December 31, 2011, other than certain minor presentation and disclosure changes.

2.2 Standards and Interpretations in issue not yet effective

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

(i) Revised Standards:

Effective for annual periods beginning on or after July 1, 2011

- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments enhancing disclosures about transfers of financial assets*

Effective for annual periods beginning on or after January 1, 2012

- IAS 12 (Revised) — *Income Taxes - Limited scope amendment (recovery of underlying assets)*

Effective for annual periods beginning on or after July 1, 2012 (Early adoption allowed)

- IAS 1 (Revised) — *Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented*

Effective for annual periods beginning on or after January 1, 2013

- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities*
- IAS 19 (Revised) — *Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects*
- IAS 27 (Revised)* — *Consolidated and Separate Financial Statements (Early adoption allowed) - Reissued as IAS 27 Separate Financial Statements*
- IAS 28 (Revised)* — *Investments in Associates (Early adoption allowed) -Reissued as IAS 28 Investments in Associates and Joint Ventures*

Effective for annual periods beginning on or after January 1, 2015

- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments requiring disclosures about the initial application of IFRS 9*

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.2 Standards and Interpretations in issue not yet effective (Continued)

(ii) New Standards:

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

- IFRS 10* *Consolidated Financial Statements*
- IFRS 11* *Joint Arrangements*
- IFRS 12* *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*

Effective for annual periods beginning on or after January 1, 2015 (Early adoption allowed)

- IFRS 9 *Financial Instruments*
  - Classification and measurement of financial assets
  - Accounting for financial liabilities and de-recognition

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011). These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The application of the above new standards and interpretations in future periods may have significant impact on amounts reported in the consolidated financial statements. Management of the Group has, however, not yet performed a detailed analysis of the impact of the application of these Standards and hence has not yet quantified the extent of the impact.

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 Group's) 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.

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

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.

Name of the Company	**Country of incorporation**	**Ownership %**
Mannai Trading Company W.L.L	Qatar	100
Manweir W.L.L	Qatar	100
Gulf Laboratories Company 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 Solutions and Systems (UAE) L.L.C	UAE	100
Mansoft Systems Pvt. Limited	India	100
Gulf Geotechnical Services and Material Testing L.L.C	Oman	100
Utility Networks Information Systems (a)	Jordan	75

(a) The Group acquired a 75% stake in Utility Networks Information Systems, a Company registered in Jordan, by paying 50% of its estimated enterprise value at the date of acquisition amounting to QR. 8.69 million. The balance consideration of 4.34 million was payable subsequently based on the future financial performance of the company.

Since the subsidiary company Utility Networks Information Systems did not meet the criteria for payment under the purchase agreement, the balance amount of QR. 4.34 recognised on acquisition as a payable was reversed to statement of income during the year.

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

Financial instruments:

Date of recognition
Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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

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.

Determination of fair value
The fair values of financial instruments traded in organized 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and deposits 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 amortized cost using the effective interest method, less any impairment.

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

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. Unrealized gains and losses are recognized 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 investment is disposed off, the cumulative gain or loss previously recognized in equity is recognized 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. Dividends earned whilst holding available for sale financial investments are recognized in the statement of income as ‘Dividend income’ when the right to receive dividend has been established. If the fair value of these investments cannot be reliably measured due to the nature of their cash flows the investments are carried at cost less any provision for impairment.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

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.

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

Impairment and un-collectability of financial assets

An assessment is made at each reporting 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 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.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results of assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated financial statements at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

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. Investment in joint venture is accounted for using the equity method, whereby, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the net assets of the joint venture. The profit and loss reflects the Group's share of the results of the operations of the joint venture.

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

Payables and accruals

Payables and accruals are stated at their fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

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)

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 remain unpaid, if any.

Long-term debt

Long-term debt is initially recognized at fair value, net of transaction costs incurred. Debt is classified as current liability unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Capitalization of transaction costs related to issuance of debt instruments
Transaction costs arising from issuance of debt instruments are included in the carrying value of the debt and amortized using the effective interest rate method over the period of the respective liability.

Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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.

Goodwill

Goodwill arising on a business combination represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost net of any impairment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

Intangible assets

Intangible assets represent the cost of self generated software product developed by one of its subsidiary companies. The product cost is amortized over a period of 3 years.

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 estimates accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of income. Free hold land is stated at revalued amount.

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
Plant, machinery and equipment	3-10 years
Assets on hire	3-5 years
Motor vehicles	3-5 years
Office furniture and equipment	3-5 years
Intangible assets	3 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.

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

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.

Operating lease

A lease where a significant portion of the risks and rewards of ownership is retained by the lessor is classified as operating lease. Payments made under an operating lease (net of any incentives received from the lessor) are charged to the statement of income on a straight line basis over the lease term.

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.

Investments made in subsidiaries outside Qatar are recorded in Qatari Riyals using the exchange rate at the date when the investments were made. Such investments are revalued at the rate of exchange ruling at reporting date. Any resultant exchange gain or losses are taken to the statement of comprehensive income.

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. End of service benefits under non-current liabilities in the statement of financial position 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.

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 reporting date.

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

Revenue recognition (continued)

(ii) Investment income

Income from investments other than joint venture and associate 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 income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(iv) Rental income

Rental income is accounted for on a time proportion basis.

(v) Fee income

Fee income is accounted 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 costs of software and license fees are 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 the application of the Group's accounting policies, which are described in note 3, management is required to make certain, 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 if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (COTINUED)

Impairment of tangible assets and useful lives

The Group's management tests annually whether tangible assets have suffered impairment in accordance with accounting policies stated in note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates. The Group's management determines the useful lives and related depreciation charge. The depreciation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

Impairment of financial assets

The Group's management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the statement of income. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors including historical and past default experiences of the counter parties.

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.

Impairment of Goodwill

The Group's management determines whether goodwill is impaired by estimating the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

5. BANK BALANCES AND CASH

	2011	2010
	QR.000	QR.000
Bank balances	**85,073**	84,814
Cash on hand	**3,220**	1,940
	88,293	86,754

Bank balances include foreign currencies held in call deposit accounts.

6. ACCOUNTS AND BILLS RECEIVABLE

	2011	2010
	QR.000	QR.000
Accounts receivable	**412,613**	396,443
Bills receivable	**30,658**	13,838
	443,271	410,281
Less: Provision for doubtful debts	**(13,960)**	(16,521)
	429,311	393,760

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.

As at December 31, 2011 the ageing of trade receivable and movement in the provision for doubtful debts are as follows:

i) *Ageing of accounts receivable of neither past due nor impaired:*

	2011	2010
	QR.000	QR.000
Within 60 days	**362,528**	327,656

ii) *Ageing of accounts receivable past due but not impaired:*

	2011	2010
61-120 days	**19,850**	28,912
Above 121 days	**16,275**	23,354
	36,125	52,266

iii) *Ageing of accounts receivable past due and impaired:*

	2011	2010
Above 121 days	**13,960**	16,521
Total	**412,613**	396,443

iv) *Movement in the provision of doubtful debts*:

	2011	2010
	QR.000	QR.000
Balance at January 1,	**16,521**	17,752
Additional provision for the year	**318**	1,714
Recovery during the year	**(2,879)**	(2,945)
Balance at December 31,	**13,960**	16,521

7. DUE FROM A JOINT VENTURE COMPANY

	2011	2010
	QR.000	QR.000
Transfield Mannai Facilities Management Services W.L.L	**3,103**	1,510

8. INVENTORIES

	2011	2010
	QR.000	QR.000
Merchandises, spares and tools	**287,749**	291,988
Vehicles and heavy equipments	**91,498**	150,697
Industrial supplies	**14,045**	17,772
Work-in-progress	**381,365**	259,032
Others	**5,013**	4,438
	779,670	723,927
Less: Provision for obsolete and slow moving items	**(31,505)**	(27,203)
	748,165	696,724

9. PREPAYMENTS AND OTHER DEBIT BALANCES

	2011	2010
	QR.000	QR.000
Prepaid expenses	**5,193**	3,578
Accrued income	**17,962**	7,243
Staff and other receivables	**33,692**	20,835
	56,847	31,656

10. GOODWILL AND OTHER INTANGIBLE ASSETS

(a) Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGU's) that are expected to benefit from that business combination. The allocation of carrying amount of goodwill to the CGU's is as follows:

	2011	2010
	QR. 000	QR. 000
Utility Networks Information Systems	**11,398**	11,398
Impairment loss	**(4,344)**	--
	7,054	11,398

Management has assessed goodwill for impairment and recorded a loss on impairment of QR. 4.34 million.

10. GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

(b) Other Intangible Assets

	2011	2010
	QR. 000	QR. 000
Cost	**429**	551
Less: Accumulated amortization	**(136)**	(122)
Effect of exchange difference	**(36)**	--
	257	429
Total	**7,311**	11,827

11. AVAILABLE FOR SALE INVESTMENTS

	2011	2010
	QR.000	QR.000
Investments (a)	**15,580**	5,204
Fair value change	**(1,095)**	50
	14,485	5,254

	2011	2010
(a) Name of the Company	**QR.000**	QR.000
Mazaya Qatar Real Estate Development Q.S.C	**3,905**	5,050
NexThink SA (i)	**10,376**	--
Others	**204**	204
	14,485	5,254

(i) NexThink SA is an unquoted investment, acquired towards end of the year and accordingly, the cost approximates its fair value.

12. LONG TERM RECEIVABLES

	2011	2010
	QR.000	QR.000
Long term receivable	**2,142**	2,856
Less: Current portion	**(714)**	(714)
Long term portion	**1,428**	2,142

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

13. INVESTMENT IN JOINT VENTURE COMPANY

	2011	2010
	QR.000	QR.000
Total assets	**48,977**	38,777
Total liabilities	**(17,616)**	(13,457)
Net assets	**31,361**	25,320
Group's share in net assets	**14,385**	11,304

Summarised financial information in respect of the Group's Joint Venture Company is as follows:

	2011	2010
	QR.000	QR.000
Total revenue	**92,432**	77,949
Total profit for the year	**11,042**	9,768
Investment in joint venture company	**11,304**	8,872
Dividend received during the year	**(2,550)**	(2,550)
Share of profit for the year	**5,631**	4,982
Balance – December 31	**14,385**	11,304

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.

14. INVESTMENT IN ASSOCIATE COMPANY

During the year, the Group acquired 35% of Axiom Limited, incorporated in Dubai – UAE. The investment has been treated as an associate and is accounted for under the equity method of accounting.

	2011	2010
	QR.000	QR.000
Consideration paid	**1,074,538**	**--**
Transaction costs	**13,327**	**--**
Share of profit from associate	**59,416**	**--**
	1,147,281	**--**

The Group plans to finalise its Purchase Price Allocation (PPA) for the acquisition within the allowable one year period to determine any difference between the cost of investment and the net fair value of the investee's identifiable assets and liabilities.

14. INVESTMENT IN ASSOCIATE COMPANY (CONTINUED)

Summarised financial information in respect of the Group's Associate Company is as follows:

	2011	2010
	QR.000	QR.000
Total assets	**1,960,096**	**--**
Total liabilities	**(1,463,492)**	**--**
Net assets	**496,604**	**--**
Total revenue	**7,350,531**	**--**
Total profit for the year	**205,361**	**--**

15. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings QR.000	Plant and Machinery & Equipment QR.000	Office Furniture and Equipment QR.000	Motor Vehicles QR.000	Assets on Hire QR.000	Capital Work-in-Progress QR.000	Total QR.000
Cost:							
January 1, 2010	251,264	77,111	43,881	22,482	41,710	12,848	449,296
Additions	65,028	4,502	3,121	11,144	11,353	19,030	114,178
Transfers	15,313	3,024	--	--	--	(18,337)	--
Disposals	(29,790)	(13,984)	(12,815)	(6,393)	(16,830)	--	(79,812)
January 1, 2011	**301,815**	**70,653**	**34,187**	**27,233**	**36,233**	**13,541**	**483,662**
Additions	141	3,616	4,881	9,981	13,202	61,901	93,722
Transfers	--	119	--	--	--	(119)	--
Reclassification	--	45	(100)	--	55	--	--
Disposals	--	(1,882)	(562)	(6,124)	(7,257)	--	(15,825)
December 31, 2011	**301,956**	**72,551**	**38,406**	**31,090**	**42,233**	**75,323**	**561,559**
Depreciation:							
January 1, 2010	112,663	52,865	32,135	14,108	19,090	--	230,861
Charge for the year	7,747	8,223	7,181	4,385	8,935	--	36,471
Disposals	(29,596)	(13,981)	(12,717)	(3,225)	(13,131)	--	(72,650)
January 1, 2011	**90,814**	**47,107**	**26,599**	**15,268**	**14,894**	**--**	**194,682**
Charge for the year	11,023	8,299	5,098	5,223	9,812	--	39,455
Reclassification	--	(2)	(43)	--	45	--	--
Disposals	--	(936)	(549)	(3,686)	(4,893)	--	(10,064)
Effect of foreign currency exchange difference	--	(1)	98	--	--	--	97
December 31, 2011	**101,837**	**54,467**	**31,203**	**16,805**	**19,858**	**--**	**224,170**
Net Book Value:							
December 31, 2011	**200,119**	**18,084**	**7,203**	**14,285**	**22,375**	**75,323**	**337,389**
December 31, 2010	211,001	23,546	7,588	11,965	21,339	13,541	288,980

Free hold 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. Capital work in progress at December 31, 2011 amounting to QR 75.3 million includes QR 2.2 million related to finance costs capitalized.

16. BANK OVERDRAFTS AND LOANS

	2011	2010
	QR.000	QR.000
a. Current		
Working capital facilities	**164,946**	47,186
Bank loan	**76,492**	--
	241,438	47,186
b. Non-current		
Bank loan	**397,038**	--
Less: Transaction costs	**(6,176)**	--
Net carrying amount	**390,862**	--

(i) Working Capital Facilities (Bank overdrafts) are denominated in Qatari Riyals and US Dollars. Interest is payable at QIBOR / LIBOR + 2% to 3%. 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.

17. ACCRUALS AND OTHER CREDIT BALANCES

	2011	2010
	QR.000	QR.000
Accrued expenses	**163,933**	162,533
Others	**2,569**	14,993
	166,502	177,526

18. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2011	2010
	QR'000	QR'000
Balance at January 1,	**29,814**	27,035
Provision for the year	**9,057**	8,942
Provision used during the year	**(2,370)**	(6,163)
Balance at January 31,	**36,501**	29,814

19. SHARE CAPITAL

	2011	2010
	QR.000	QR.000
Authorised, issued and fully paid shares of QR. 10 each	**342,144**	237,600

	2011 Number of shares (In thousands)	**2010 Number of shares (In thousands)**
Balance at January 1,	**23,760**	15,840
Bonus shares issued	**4,752**	7,920
Rights issue on October 5, 2011 (i)	**5,702**	--
Balance at December 31,	**34,214**	23,760

(i) During the year, the Group issued 5,702,400 shares through a rights issue of QR. 70 each.

20. 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 on the private placement of 2 million shares in May 2007 and QR 342 million from rights issue of 5.7 million shares in October 2011 at a premium of QR 60 per share which were both credited to legal reserve.

21. PROPOSED DIVIDENDS

The Board of Directors have proposed a cash dividend of QR 5.5 per share totaling QR. 188.1 million for the year 2011, which is subject to the approval of the shareholders at the Annual General Assembly. (2010 – QR 7 per share totaling QR. 166.3 million plus a bonus issue of one share for every five shares held, which was approved by the shareholders at the Annual General Assembly on February 23, 2011).

22. OTHER INCOME

	2011	2010
	QR.000	QR.000
Profit on disposal of property, plant and equipment	**2,052**	771
Miscellaneous	**15,779**	3,042
	17,831	3,813

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2011	2010
	QR.000	QR.000
Manpower cost	**91,662**	77,766
Rent	**16,489**	15,824
Travelling	**4,943**	4,951
Bank charges	**4,992**	4,418
Repairs and maintenance	**4,146**	4,765
Communication	**6,096**	5,602
Printing and stationery	**2,336**	2,589
Legal and professional charges	**11,304**	6,455
Provisions for obsolete inventories and bad debts net of recoveries	**6,082**	9,474
Goodwill written off	**4,344**	**--**
Others	**6,566**	6,651
	158,960	138,495

24. RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties.

	2011	2010
	QR.000	QR.000
Sales	**40,104**	38,130
Purchases	**2,096**	1,836
Investments	**--**	5,000
Due from a joint venture company	**3,103**	1,510
Compensation of key management personnel	**26,257**	22,343

25. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel was as follows:

	2011	2010
	QR.000	QR.000
Short-terms benefits	**10,103**	8,619
Post-employment benefits	**606**	545
	10,709	9,164
Board of directors' remuneration	**15,548**	13,179
	26,257	22,343

26. 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.

	2011	2010
Profit for the year (QR' 000)	**279,163**	230,835
Weighted average number of shares outstanding during the year (in thousands of shares)	**30,972**	29,941
Basic earnings per share (QR)	**9.01**	7.71

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

27. 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 amounts of the Group non funded facilities outstanding are is as follows:

	2011	2010
	QR.000	QR.000
Letters of guarantees	**299,374**	231,275
Letters of credit	**40,070**	9,632
	339,444	240,907

28. COMMITMENTS

(i) Capital commitments

	2011	2010
	QR.000	QR.000
Projects under construction	**3,933**	44,588

(ii) Lease commitments

	2011	2010
	QR.000	QR.000
Less than one year	**44,817**	41,958
1 to 5 years	**66,033**	78,699
Above 5 years	**18,731**	17,441
	129,581	138,098

29. 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.

30. 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.

Interest rate risk exposures

The following summary sets out the Group exposure to interest rate risk as of December 31, 2011:

	Floating Interest Rate QR.000	Fixed Interest Rate QR.000	Non-Interest Bearing QR.000	Total QR.000
Financial Assets:				
Bank balances and cash	28,958	--	59,335	88,293
Accounts and notes receivable	--	--	429,311	429,311
Investments	--	--	1,176,151	1,176,151
Non-current receivables	--	--	1,428	1,428
Due from joint venture company	--	--	3,103	3,103
Total	**28,958**	**--**	**1,669,328**	**1,698,286**
Financial Liabilities:				
Bank overdrafts and loans	464,745	167,555	--	632,300
Accounts payable	--		224,465	224,465
Total	**464,745**	**167,555**	**224,465**	**856,765**
On Balance Sheet Gap As on December 31, 2011	**(435,787)**	**(167,555)**	**1,444,863**	**841,521**
On Balance Sheet Gap As on December 31, 2010	(12,263)	--	253,162	240,899

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, 2011.

	2011	2010
Basis points	**+/- 25**	+/-25
Effect on profit for the year (QR. 000)	**-/+ 1,162**	-/+ 31

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk refers to the risk that 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 balances is limited as they are placed with banks having good credit rating. The Group's exposures to counterparties are 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.

	2011	2010
Government and Qatari public companies	**48%**	41%
Private companies	**46%**	56%
Others	**6%**	3%
	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 to 90 days of the date of purchase.

The following table details 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.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Less than one year	**1-5 years**	**Total**
As of December 31, 2011	**QR.000**	**QR.000**	**QR.000**
Financial Assets			
Cash and cash equivalents	88,293	--	88,293
Accounts receivable and other debit balances	463,003	1,428	464,431
	551,296	1,428	552,724
Financial Liabilities			
Accounts payable and other credit balances	227,034	--	227,034
Borrowings	241,438	390,862	632,300
	468,472	390,862	859,334
Liquidity Gap	**82,824**	**(389,434)**	**(306,610)**
As of December 31, 2010			
Financial Assets			
Cash and cash equivalents	86,754	--	86,754
Accounts receivable and other debit balances	414,595	2,142	416,737
	501,349	2,142	503,491
Financial Liabilities			
Accounts payable and other credit balances	227,632	--	227,632
Borrowings	47,186	--	47,186
	274,818	--	274,818
Liquidity Gap	226,531	2,142	228,673

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:

		Effect on Statement of Income	
Currency	**Percentage**	**2011**	2010
		QR.000	QR.000
GBP	+/- 3%	+/- 135	+/- 507
EURO	+/- 3%	+/- 86	+/- 206
Others	+/- 3%	+/- 8	+/- 74

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 effect on the comprehensive income of a possible price change in quoted investments, with all other variables held constant is as follows:

	2011		2010	
	Change in Price %	**Effect on Equity QR. '000**	Change in Price %	Effect on Equity QR. '000
Quoted investments	+/- 10%	**390**	+/- 10%	505

Financing risk

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

31. 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 debt and equity balances. The Group's overall strategy remains unchanged from 2010. The capital structure of the Group consists of debt, which includes borrowings disclosed in note 16, 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:

	2011 QR.000	2010 QR.000
Cash and cash equivalents	**88,293**	86,754
Debt (i)	**(632,300)**	(47,186)
Net (debt) cash	**(544,007)**	39,568
Equity (ii)	**1,369,551**	866,448
Net debt to equity ratio	**0:4:1**	**--**

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

32. (a) SEGMENT REPORTING FOR THE YEAR 2011

Segment	Revenue QR.000	Gross Margin QR.000	Assets QR.000	Liabilities QR.000
Automobile	647,067	128,102	220,542	43,271
Heavy equipment	149,889	32,293	74,047	14,401
Energy and industrial markets	105,520	44,166	29,898	31,972
Information technology	888,730	128,924	762,586	635,384
Travel	48,091	47,682	59,177	39,054
Industrial supplies & building materials	149,855	23,324	53,958	14,023
Freight forwarding & logistics	30,465	9,286	9,753	3,944
Engineering	117,676	33,977	78,848	54,715
Geotechnical services	46,577	20,250	31,488	16,464
Others	108,878	26,403	1,574,115	671,633
	2,292,748	**494,407**	**2,894,412**	**1,524,861**

32. (b) SEGMENT REPORTING FOR THE YEAR 2010

Segment	Revenue QR.000	Gross Margin QR.000	Assets QR.000	Liabilities QR.000
Automobile	587,632	127,989	289,146	42,553
Heavy equipment	117,345	29,705	99,297	17,018
Energy and industrial markets	87,426	42,994	131,298	32,655
Information technology	677,540	117,549	642,635	457,828
Travel	45,079	44,715	157,867	84,320
Industrial supplies & building materials	169,783	25,928	84,313	22,537
Freight forwarding & logistics	28,063	8,596	9,816	5,285
Engineering	112,603	32,043	98,039	74,197
Geotechnical services	41,434	16,543	25,202	12,422
Others	108,476	28,992	39,622	(38,028)
	1,975,381	**475,054**	**1,577,235**	**710,787**

The above figures are stated after elimination of intercompany transactions and balances.

33. SUBSEQUENT EVENT

The Group entered into an agreement to acquire 100% of the shareholding of Black Cat Engineering & Construction WLL, a company registered in State of Qatar. The Group is in the process of obtaining the required approval from regulatory authorities.

34. COMPARATIVE FIGURES

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