



MANNAI CORPORATION (Q.S.C.)
DOHA – QATAR

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2008
TOGETHER WITH
AUDITOR'S REVIEW REPORT

MANNAI CORPORATION (Q.S.C.)
DOHA – QATAR

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

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DIRECTORS' REPORT

We are pleased to report a Net Profit of QR. 80.1 million for the six month period ended 30th June, 2008 which is an increase in Net Profit of 60% over the corresponding period in 2007.

Following an AGM and EGM in February 2008, the capital was increased to QR 144 million by the issue of 2.4 million bonus shares of QR 10 each.

Keith Higley
Managing Director

August 4, 2008

QR. 31230

Report on Review of Interim Condensed Consolidated Financial Statements

**To The Board of Directors
Mannai Corporation (Q.S.C.)
Doha - Qatar**

Introduction

We have reviewed the accompanying interim condensed consolidated Financial Statements of **Mannai Corporation (Q.S.C.)** “the Company” which comprise the interim consolidated balance sheet as of June 30, 2008 and the related interim consolidated statements of income, changes in equity and cash flows for the six month period then ended, and certain explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with **International Accounting Standard: IAS 34 “Interim Financial Reporting”**. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with **International Accounting Standard - 34 “Interim Financial Reporting”**.

For **Deloitte and Touche**

**Doha – Qatar
August 4, 2008**

**Muhammad Bahemia
License No. 103**

MANNAI CORPORATION (Q.S.C.)
DOHA – QATAR

INTERIM CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2008

	Note	June 30, 2008 (Reviewed)	December 31, 2007 (Audited)
<u>ASSETS</u>	-----	----- QR'000	----- QR'000
Current Assets:			
Bank balances and cash		55,286	16,428
Accounts and bills receivable		302,360	305,622
Due from related parties		--	2,455
Advances to suppliers		70,337	28,528
Accrued income		19,083	33,800
Inventories		387,200	395,769
Prepayments and other debit balances		16,064	12,444
		-----	-----
Total Current Assets		850,330	795,046
		-----	-----
Non-Current Assets:			
Investments		102	102
Long-term receivables		3,570	4,284
Investment in joint venture company		5,136	4,131
Property, plant and equipment	3	213,176	202,816
		-----	-----
Total Non-Current Assets		221,984	211,333
		-----	-----
Total Assets		1,072,314	1,006,379
		=====	=====

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

MANNAI CORPORATION (Q.S.C.)
DOHA – QATAR
INTERIM CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2008

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Note	June 30, 2008 (Reviewed)	December 31, 2007 (Audited)
	-----	-----	-----
		QR'000	QR'000
Current Liabilities:			
Bank overdrafts		168,048	147,137
Accounts payable		189,497	192,669
Accruals and other credit balances		141,481	128,728
		-----	-----
Total Current Liabilities		499,026	468,534
		-----	-----
Non-Current Liabilities:			
Provision for employees' end of service benefits		12,529	9,238
		-----	-----
Total Non-Current Liabilities		12,529	9,238
		-----	-----
Shareholders' Equity:			
Share capital	4	144,000	120,000
Legal reserve		172,354	172,354
Revaluation reserve		80,117	80,117
Proposed dividends		--	48,000
Proposed bonus shares		--	24,000
Retained earnings		164,288	84,136
		-----	-----
Total Shareholders' Equity		560,759	528,607
		-----	-----
Total Liabilities and Shareholders' Equity		1,072,314	1,006,379
		=====	=====

These financial statements were authorised and approved for issue by the Board of Directors
on August 4, 2008.

Keith Higley
Managing Director

Khalid Mannai
Executive Director

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

MANNAI CORPORATION (Q.S.C.)

DOHA -- QATAR

INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

	Note	<u>Six Month Period Ended June 30,</u>	
		2008	2007
		(Reviewed)	(Reviewed)
	-----	-----	-----
		QR'000	QR'000
Revenue		989,824	758,551
Direct costs		(787,351)	(607,279)
		-----	-----
Gross Profit		202,473	151,272
Other income		1,254	2,130
Share of profit from joint venture company		1,005	936
Investment income		716	331
General and administrative expenses		(97,546)	(77,444)
Selling and distribution expenses		(18,094)	(17,256)
Depreciation of property, plant and equipment		(4,747)	(5,103)
Finance costs		(4,909)	(4,742)
		-----	-----
Net Profit for the Period		80,152	50,124
		=====	=====
Basic and diluted Earnings Per Share (QR.)	5	5.57	3.91
		=====	=====

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

MANNAI CORPORATION (Q.S.C.)
DOHA – QATAR
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

	Share Capital	Legal Reserve	Revaluation Reserve	Proposed Dividends	Proposed Bonus Shares	Retained Earnings	Total
	----- QR'000	----- QR'000	----- QR'000	----- QR'000	----- QR'000	----- QR'000	----- QR'000
Balance – January 1, 2007 – (Audited)	60,000	58,218	80,117	40,000	--	49,755	288,090
Net profit for the period	--	--	--	--	--	50,124	50,124
Issue of shares	20,000	120,000	--	--	--	--	140,000
Dividends capitalized	40,000	--	--	(40,000)	--	--	--
	-----	-----	-----	-----	-----	-----	-----
Balance – June 30, 2007 – (Reviewed)	120,000	178,218	80,117	--	--	99,879	478,214
	=====	=====	=====	=====	=====	=====	=====
Balance – January 1, 2008 – (Audited)	120,000	172,354	80,117	48,000	24,000	84,136	528,607
Net profit for the period	--	--	--	--	--	80,152	80,152
Issue of bonus shares	24,000	--	--	--	(24,000)	--	--
Proposed dividends	--	--	--	(48,000)	--	--	(48,000)
	-----	-----	-----	-----	-----	-----	-----
Balance – June 30, 2008 – (Reviewed)	144,000	172,354	80,117	--	--	164,288	560,759
	=====	=====	=====	=====	=====	=====	=====

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

MANNAI CORPORATION (Q.S.C.)

DOHA – QATAR

INTERIM CONSOLIDATED CASH FLOWS STATEMENT
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

	Note	<u>Six Month Period Ended June 30,</u>	
		2008	2007
	-----	(Reviewed)	(Reviewed)
	-----	-----	-----
		QR'000	QR'000
Net Cash From (Used in) Operating Activities		91,999	(41,682)
<u>Cash Flows from Investing Activities:</u>			
Acquisition of property, plant and equipment		(27,799)	(37,062)
Proceeds from disposal of property, plant and equipment		4,802	4,872
Movement in long term receivables		714	714
Acquisition of investments		--	(536)
Investment income received		716	331
		-----	-----
Net Cash Used in Investing Activities		(21,567)	(31,681)
		-----	-----
<u>Cash Flows from Financing Activities:</u>			
Proceeds from issue of shares		--	140,000
Dividends paid		(48,000)	--
Finance costs paid		(4,486)	(4,501)
		-----	-----
Net Cash (Used in) From Financing Activities		(52,486)	135,499
		-----	-----
Net increase in cash and cash equivalents		17,946	62,136
Cash and cash equivalents at beginning of period		(130,708)	(129,571)
		-----	-----
Cash and Cash Equivalents at End of Period	6	(112,762)	(67,435)
		=====	=====

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

MANNAI CORPORATION (Q.S.C.)

DOHA – QATAR

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

1. Status and Activities:

Mannai Corporation (Q.S.C.), (the “**Company**”) is a Shareholding Company registered in Qatar under Commercial Registration Number 12. Effective July 10, 2007, the Company changed its status from a Closed (Private) Shareholding Company to Public Shareholding Company.

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

2. Significant Accounting Policies:

These interim condensed consolidated financial statements are prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2007 and should be read in conjunction with the 2007 annual financial statements and the notes attached thereto, except for the adoption of certain new, revised interpretations which are effective as of January 1, 2008. Adoption of these interpretations did not have any effect on the financial position nor performance of the Company.

The interim condensed consolidated financial statements are prepared under the historical cost convention except for investments which are carried at fair value.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the six month period ended June 30, 2008 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2008.

3. Property, Plant and Equipment:

	June 30, 2008 (Reviewed)	December 31, 2007 (Audited)
	----- QR'000	----- QR'000
Net book value - beginning balance	202,816	179,959
Additions	27,799	56,474
Disposals	(3,259)	(6,808)
Depreciation charge for the period / year	(14,180)	(26,809)
	-----	-----
Net Book Value - ending balance	213,176	202,816
	=====	=====

4. Share Capital:

	June 30, 2008 (Reviewed)	December 31, 2007 (Audited)
	----- QR'000	----- QR'000
14,400,000 (2007: 12,000,000) authorised, issued and fully paid shares of QR. 10 each	144,000	120,000
	=====	=====

- The shareholders of the Company at the extraordinary meeting held on February 28, 2008 approved the Board of Directors proposal for the issue of 1 bonus share for each 5 shares held.

5. Earnings Per Share:

Basic and diluted earnings per share are calculated by dividing the net profit for the period by the number of ordinary shares outstanding during the period.

	<u>Six Month Period Ended June 30,</u>	
	2008	2007
	(Reviewed)	(Reviewed)
	-----	-----
Net Profit for the period (QR.)	80,151,747	50,124,190
Number of shares outstanding during the period	14,400,000	12,819,890
	-----	-----
Basic and diluted earnings per share (QR.)	5.57	3.91
	=====	=====

6. Cash and Cash Equivalents:

Cash and cash equivalents for the purpose of cash flow statement, comprise of the following:

	June 30,	June 30,
	2008	2007
	(Reviewed)	(Reviewed)
	-----	-----
	QR'000	QR'000
Bank balances and cash	55,286	44,108
Bank overdrafts	(168,048)	(111,543)
	-----	-----
	(112,762)	(67,435)
	=====	=====

7. Related Parties:

a) Related party transactions

Related parties represent the Joint Venture Company, major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners. Pricing policies and terms of these transactions at arms length.

Transactions with related parties included in the income statement are as follows.

	<u>Six Month Period Ended June 30,</u>	
	2008	2007
	(Reviewed)	(Reviewed)
	-----	-----
	QR'000	QR'000
Joint venture company	1,472	707
Other related parties	8,506	7,444
	-----	-----
	9,978	8,151
	=====	=====

b) Related party balances

Balances with related parties included in the balance sheet are as follows:

	June 30,	December 31,
	2008	2007
	(Reviewed)	(Audited)
	-----	-----
	QR'000	QR'000
Trade receivables from related parties	--	2,455
	=====	=====

8. Compensation of Key Management Personnel:

The remuneration of key management personnel was as follows:

	<u>Six Month Period Ended June 30,</u>	
	2008	2007
	(Reviewed)	(Reviewed)
	-----	-----
	QR'000	QR'000
Short-terms benefits	6,184	4,443
Post-employment benefits	227	124
	-----	-----
	6,411	4,567
	=====	=====

9. Contingencies and Commitments:

	<u>June 30,</u> 2008 (Reviewed)	<u>December 31,</u> 2007 (Audited)
	----- QR'000	----- QR'000
a) <u>Contingent Liabilities</u>		
Bank guarantees	117,506 =====	105,055 =====
b) <u>Commitments</u>		
Capital Commitments	8,289 =====	16,641 =====

10. Segmental Reporting:

Six Month Period Ended June 30, 2008

Business Segment	Auto	Heavy Equipment	Energy & Industrial Markets	Information Technology	Travel	Engineering	Geotechnical Services	Other Businesses *	Shared Services	Total
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
	QR,000	QR,000	QR,000	QR,000	QR,000	QR,000	QR,000	QR,000	QR,000	QR,000
Revenue	435,724	97,750	88,173	224,023	23,811	63,829	13,503	53,941	(10,930)	989,824
Net Profit	45,250	9,925	12,461	13,236	8,036	8,748	2,313	2,894	(22,711)	80,152

Six Month Period Ended June 30, 2007

Business Segment	Auto	Heavy Equipment	Energy & Industrial Markets	Information Technology	Travel	Engineering	Geotechnical Services	Other Businesses *	Shared Services	Total
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
	QR,000	QR,000	QR,000	QR,000	QR,000	QR,000	QR,000	QR,000	QR,000	QR,000
Revenue	294,729	72,481	72,726	205,445	14,355	50,517	13,529	45,778	(11,009)	758,551
Net Profit	26,214	8,637	7,906	14,314	5,663	8,184	4,025	2,167	(26,986)	50,124

* Other businesses comprise Mannai Consumer Product Division, Freight Forwarding and Relocations businesses.

