Mannai Corporation Annual Report 2009

MANNAI TRADING COMPANY WLL

Mannai Corporation_Annual Report 2009

Computer & Office Systems

Auto Group

Home Appliances & Electronics

Energy & Industrial Markets

MANWEIR WLL

GULF LABORATORIES WLL

QATAR LOGISTICS WLL

MANSOFT SYSTEMS PVT. LTD.

TRANSFIELD MANNAI FACILITIES
MANAGEMENT SERVICES WLL

TRANSFIELD MANNAI
OIL & GAS WLL

Colours of success.

Industrial Supplies & Building Materials

Heavy Equipment

Travel Group

Mannai Medical

Mannai Autorent

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HIS HIGHNESS SHEIKH HAMAD BIN KHALIFA AL-THANI

Emir of the State of Qatar

HIS HIGHNESS SHEIKH TAMIM BIN HAMAD AL-THANI

Heir Apparent

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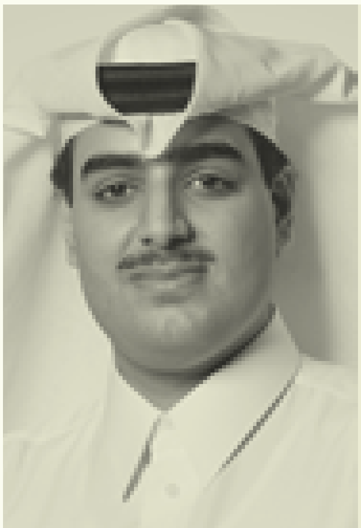
MANNAI GROUP

Automotive | Heavy Equipment | Computer & Office Systems | Engineering Services (Manweir) | Travel | Energy & Industrial Markets | Industrial Supplies & Building Materials | Geological / Material Testing (Gulf Laboratories) | Consumer Products (HAED) | Medical Equipment | Logistics & Warehousing (Qatar Logistics) | System Integration / Outsourcing Services (Mansoft) | Facilities Management (Transfield Mannai) | Transfield Mannai Oil & Gas (TSMOG)



Hamad Bin Abdulla Bin Khalifa Al Thani
Chairman of the Board

There is no doubt that 2009 was one of the most challenging years in recent times for the global economy and for our region.

Whilst the fundamentals of the economy in Qatar remained robust, the tightening of bank credit in the retail market coupled with cautious consumer sentiment resulted in a significant downturn in vehicle sales in the market and for Mannai.

However, I am pleased to report that the Company's activities with its B2B customers continued to grow enabling the company to increase its Net Profit to QR 184.2 million, 26% higher than the 2008 figure of QR 146.5 million.

The company was able to continue its strong performance in such challenging times, thanks to the management of a sound economic environment in Qatar through the wise leadership of the Emir HH Sheikh Hamad Bin Khalifa Al Thani and the Heir Apparent Sheikh Tamim Bin Hamad Al Thani.

The company's financial performance also benefitted from its healthy balance sheet with low debt gearing and no exposure to real estate trading or to stock market investments.

Following the strategy I outlined in our 2008 Annual Report, the company has continued to invest in its businesses in Qatar and to look for further expansion in regional markets over the medium term.

In 2009, the Qatar Financial Markets Authority issued a "Corporate Governance Code for the Companies Listed in Markets Regulated by the Qatar Financial Markets Authority". Accordingly the Board has begun revising its existing Corporate Governance procedures to accommodate the new Code.

The membership of our Audit and Remuneration Committees has been revised to achieve the required composition of Independent and Non-Executive Directors. In addition a Nomination Committee and a Corporate Governance Committee have been established.

Our proposed Dividend Policy and Remuneration Policy will be submitted to the General Assembly as required by the Code.

"...increase its Net Profit to QR 184.2 million, 26% higher than the 2008 figure of QR 146.5 million"

Following the General Assembly, details of our Corporate Governance policies and the Terms of Reference of our Board Committees are published in this Annual Report and on our website.

I am 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) plus the issue of 50% bonus shares, being the issue of one (1) new Bonus share for every two (2) shares held.

I am also pleased to report that the Board has discussed the possibility of issuing further Bonus shares similar to this year over the period of the coming 2 years if the profits and reserves permit the company to do so. This will be studied further at an appropriate time and communicated to shareholders and other interested parties in the normal way at that time.

I wish to express my thanks and appreciation to all the managers and staff of Mannai Corporation for their personal contribution to the achievements of the company. Customer service remains paramount and I recognise it is our people who make the difference with our customers which is ultimately reflected in the company's performance.

It seems recovery in the global economy may be very gradual during 2010. However, I am confident that the diversity of the company's range of businesses, our committed staff and the strength of the Qatar economy will continue to sustain the company's performance in 2010 and beyond.

Hamad Bin Abdulla Bin Khalifa Al Thani
Chairman

Mohamed Ali M. Al Kubaisi
Director

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 recognised world class engineering business, meeting the requirements of its local and international client base. The "Salwa Expansion" construction

"... our strategy is to seek opportunities which will enable us during the medium term to expand our core businesses overseas"

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 mobilisation 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 specialised 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

Alekh Grewal
Chief Executive Officer

HIGHLIGHTS OF 2009

PERFORMANCE

The business environment in 2009 was challenging, however despite this turbulence the company achieved a strong growth in earnings of 26%. This was achieved due to the diversity of our businesses.

Sales growth remained flat as new vehicle sales declined due to the economic crisis. This sluggishness was further compounded by the banks in Qatar tightening their lending criteria. Excluding Mannai Automotive, our other businesses grew at 11%.

Gross margins improved from 18% to 21% through significant commissions received by the Energy & Industrial Markets division for major projects won and executed during the year.

With an efficient deployment of resources and control over costs, the net profit for the year was QR 184.2 million, compared to QR 146.5 million in 2008.

DIVERSITY OF BUSINESS

Mannai Corporation is made up of a diverse range of businesses, operating to a single set of values that we call the Mannai Way. This includes servicing everything we sell, from a 100-ton Grove Crane to a Cadillac, to a Seiko watch. We continue to work with a leading array of globally recognised brands and international partners.

Our diverse range of trade and service businesses deal with both the commercial sector and the retail customer. We aim to achieve a sustainable quality of earnings across the company as a whole, underpinned by high standards of service.

The diversity and performance of our Business Units are outlined further in the Annual Report.

"... 2009 was challenging, however despite this turbulence the company achieved a strong growth in earnings"

AWARDS

As in previous years, our businesses continued to receive accolades from their various overseas principals and affiliates. A small selection of the awards received during 2009 were:

> General Motors - Technical Assistance Center Award for 2009
> General Motors – Fleet Excellence Award 2009
> CISCO - Technology Excellence Partner
> CISCO - Data Center Unified Computing (DCUC) certified ATP Partner
> Networking Dept. - Qatar Foundation Procurement Directorate Award for Performance 2008
> Electrolux - 2009 Platinum Level, STAR Partners for The Electrolux International Company
> Wilden Pumps - "Excellence in Performance" towards sales of Diaphragm Pumps.
> QAPCO - Transfield Mannai Facilities Management Services received Best Contractor Performance Award for the year 2008

FUTURE OUTLOOK

These uncertain times have created an opportunity for us to grow our business internationally as the valuation of companies have decreased, and opportunities which were previously closed to us are now opening up. The company is currently evaluating opportunities which, if successful, will diversify and increase our earnings.

We continue to invest in the expansion of our businesses in Qatar. Construction of our 46,000 sqm engineering workshop in Ras Laffan Industrial City will start during the 1st quarter of 2010 as well as commencing software development at our branch in the Qatar Science & Technology Park.

We are committed to continuing our growth as a company, to delivering positive results in a difficult economic environment and executing our financial goals.

Alekh Grewal
Chief Executive Officer

MANNAI VISION

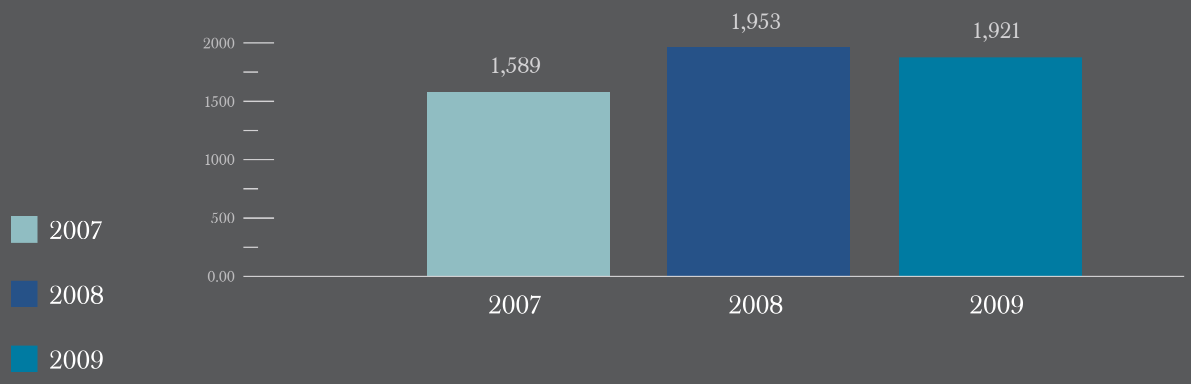
Through exceptional service and added value, build Mannai to be the most dependable business partner in the region.

MANNAI MISSION

To create an environment which will attract and retain a committed team of talented professionals who will place Mannai at the forefront in our chosen markets.

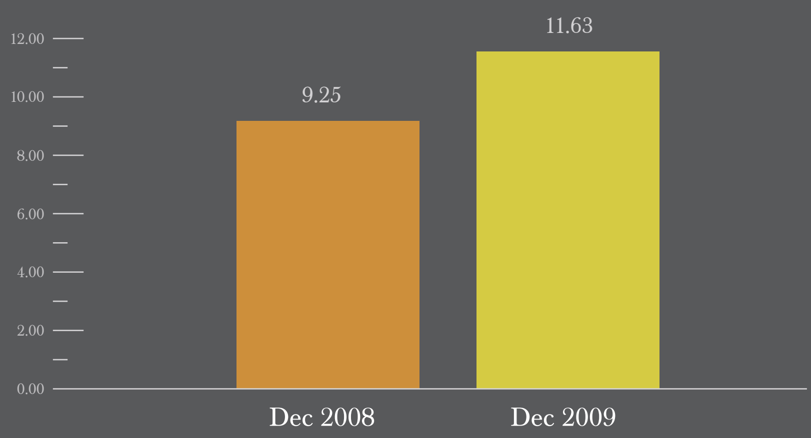

456
456

SALES GROWTH / FROM YEAR 2007 TO 2009 - Amount in QR Millions

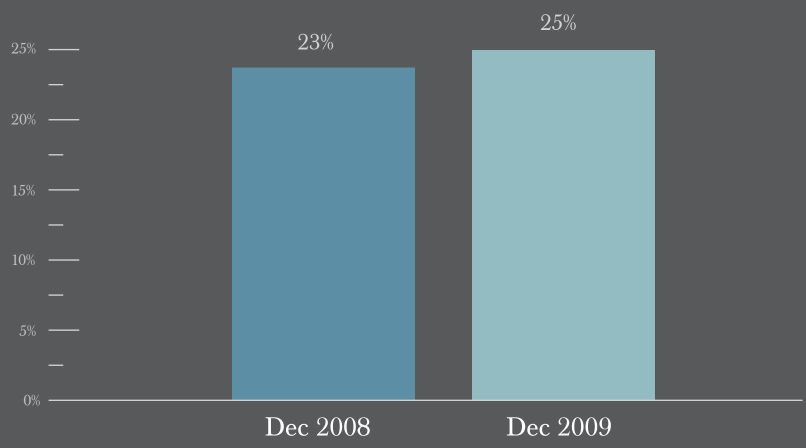


NET PROFIT GROWTH / FROM YEAR 2007 TO 2009 - Amount in QR Millions

EARNINGS PER SHARE / PERIOD ENDED DECEMBER 2009 v/s 2008 (QR)



RETURN ON EQUITY (ROE) 2008 - 2009



KEITH HIGLEY
Director

KHALID MANNAI
Executive Director

MOHAMED ALI M. AL KUBAISI
Director

SHEIKH HAMAD BIN ABDULLA AL THANI
Chairman

SHEIKH SUHAIM BIN ABDULLA AL THANI
Vice Chairman

RASHID FAHAD AL NAIMI
Director

ALI YOUSUF KAMAL
Director

SAID ABU ODEH
Director

KHALID MANNAI
Vice Chairman of the Executive Committee

ALAA ELEBIARY
Chief HR & Admin. Officer

ALEKH GREWAL
Chief Executive Officer

SHEIKH SUHAIM BIN ABDULLA AL THANI
Chairman of the Executive Committee

K. VENUGOPALAN
General Manager, Computer & Office Systems

SAID ABU ODEH
Member

ARVIND CHADDHA
Chief Financial Officer

MOHAMED HELMY
Group General Manager, Automotive

LIAM KEATING
Head of Operations

CUSTOMERS

Delighted customers are our future and we are judged by how well we:

- Exceed our customers' expectations through listening and understanding.
- Earn our customers loyalty and trust through honesty and courtesy.
- Commit to the highest standards in quality of customer care, timely delivery and after sales service.
- Become the customers' first choice each and every time because of our passion for excellence.
- Anticipate and respond to customer needs.

LEADERSHIP

Everyone in Mannai is a leader. Leaders are judged by the standards they set for themselves. Leaders in Mannai:

- Share knowledge and ideas openly.
- Treat everyone equally with fairness and integrity.
- Motivate and inspire to get results.
- Embrace and adapt to change.
- Empower people to take responsibility.

COMMUNITY

Mannai aims to promote the interests of Qatar, and we will be judged by:

- Our contribution to the local economy.
- Our adherence to practices that protect and support our natural environment.
- How well we develop and train our human resources.

SHAREHOLDERS

We aim to meet the expectations of our shareholders, and we will be judged by:

- Our ability to deliver consistent long-term value.
- Our high standards of corporate governance.

BUSINESS PARTNERS

We believe in an open partnership with our suppliers and can be judged by how well we:

- Deliver our best in class solutions to our customers.
- Develop our long-term relationships as partner of choice.
- Build competitive advantage for the businesses we represent.

TEAMS

Mannai is a team. Our team is judged by how well we work together. We aim to:

- Practice open and clear communication.
- Help one another to deliver benefits for the whole group.
- Show respect for each other and take pride in our achievements.
- Treat mistakes as an opportunity to learn, not to blame.
- Create a stimulating environment where people are proud to work.

Mannai Corporation QSC is committed to having a high level of corporate governance practices and procedures in a way which maintains the company's standards and enhances shareholder value.

During 2009 the Qatar Financial Markets Authority issued a Corporate Governance Code for listed public companies in Qatar. Accordingly the Board of Mannai Corporation has begun structuring its corporate governance procedures in line with the principles of the Code.

In accordance with the Code, the Terms of Reference for our Board Committees are detailed below and are published on our website www.mannai.com.

The Company's Dividend Policy and Remuneration Policy have been submitted to our shareholders in accordance with the Code. Similarly they are outlined below and has been published on the Company's website.

In addition, the Company has formalised the governing policies and procedures in respect of following:

> Conflict of Interest and Insider Trading - to prevent insider trading violations by its officers, directors, employees and other related individuals.

> Related Party Transactions – to ensure that all transactions that involve potential related parties or conflicts of interest are determined on a fair, reasonable and consistent basis.

> Whistle Blowing – to provide a process that enables employees to report any suspicious or illegal behavior detrimental to the interests of the company and shareholders.

The policies and procedures are available on the company's website.

Other practices as they are introduced will also be published on the website.

Where areas of the Code may require amendments to the Company's Articles of Association the Company is awaiting the finalized edition of the code, after the transition period, before the Board considers any necessary changes to the Company's bye-laws.

BOARD COMMITTEES & TERMS OF REFERENCE:

TERMS OF REFERENCE REMUNERATION COMMITTEE

MEMBERSHIP

Members of the Committee are appointed by the Board.

In accordance with the QFMA Corporate Governance Code, the Committee shall be comprised of at least three Non - Executive Board Members the majority of whom must be Independent.

The Board has appointed three Non - Executive Directors, two of whom are Independent Directors.

Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, CEO, Head of HR, external advisers and other Directors may be invited to attend for all or part of any meeting as and when appropriate.

The Remuneration Committee may consult at the Company's expense any independent expert or Consultant.

Appointments to the Committee are for a period of up to three years which may be extended by the Board.

QUORUM

The Quorum necessary for the transaction of business is two.

FREQUENCY OF MEETINGS

The Committee will meet whenever required throughout the year to review Remuneration Policy and the fixed and performance related remuneration of Board Members and Senior Executive Management. The Committee will keep minutes of its meetings.

NOTICE OF MEETINGS

The Committee Chairman or a delegated member of the Committee may give notice of a meeting together with an agenda at three working days notice.

ANNUAL GENERAL MEETING

The Chairman of the Committee will attend the Annual General Meeting prepared to answer any shareholder questions on Remuneration Policy.

DUTIES

In accordance with the QFMA Corporate Governance Code, the main role of the Remuneration Committee shall include setting the Remuneration Policy of the Company including remuneration of the Chairman and all Board Members as well as Senior Executive Management.

The Remuneration Policy has been presented to the shareholders in the Annual General Assembly for approval and will be made public.

Remuneration Policy shall take into account the responsibilities and scope of the functions of the Board Members and members of Senior Executive Management as well as the performance of the company.

Compensation may include fixed and performance related components noting that such performance related components should be based on the long term performance of the company.

No Member of the Committee shall decide his or her own remuneration.

REPORTING

The Committee Chairman reports formally to the Board on its proceedings. The Committee shall produce an annual report of the Company's Remuneration Policy and practices which is presented to the shareholders in the General Assembly for approval.

TERMS OF REFERENCE CORPORATE GOVERNANCE COMMITTEE

MEMBERSHIP

Members of the Committee are appointed by the Board.

The QFMA Corporate Governance Code requires that the Board of Directors shall at all times keep its Members updated about the latest developments in the area of Corporate Governance and best practices related thereto. The Board may delegate the same to a Corporate Governance Committee or any other body as it deems appropriate.

Accordingly, the Board has decided to establish a Corporate Governance Committee comprised of two Board Members to keep the Board updated in its Corporate Governance responsibilities and best practices.

Any Board Members and company executives and managers may be invited to attend the Committee meetings. In particular the committee will liaise closely with the Company's Reporting officers to the Qatar Exchange and QFMA (presently the CEO and CFO) and with the Company's Legal Department.

The Corporate Governance Committee may at the company's expense consult any lawyer, independent expert or consultant in its work.

Appointments to the Committee are for a period of three years which may be extended by the Board.

QUORUM

The quorum is two although any member may keep the Board briefed and updated as necessary.

FREQUENCY OF MEETINGS

The Committee should meet at least three times a year and more regularly in the first twelve months of the introduction of the QFMA Corporate Governance Code requirements. The Committee's briefings and advice to the Board will be minuted in the main Board minutes.

DUTIES
BACKGROUND

The QFMA Corporate Governance Code states "Each Director is responsible for having an appropriate understanding of their role and duties and for educating themselves in financial, business and industry practices as well as the Company's operations and functioning". "The Board of Directors shall at all times keep its Members updated about latest developments in the area of corporate governance and best practices related thereto".

Accordingly the main role of the Corporate Governance Committee is as follows:

> Through good Corporate Governance enable the Board to add value to the company and its reputation among its shareholders and stakeholders.

> Keep the Board of Directors updated at all times about the latest developments in the area of Corporate Governance and best practices related thereto.

> In conjunction with the Reporting Officers of the Company to the Qatar Exchange and the QFMA (presently the CEO and CFO) and the Company's Legal Department ensure the Board complies with relevant laws, regulations and codes of practice.

> When necessary meet with the QE, QFMA and Company lawyers as appropriate for expert guidance on areas of compliance.

> Assist the Board in establishing "The Board Charter" required in the Corporate Governance Code, detailing the Board's functions and responsibilities as well as Board Members duties based on Annex 2 of the QFMA Corporate Governance Code.

> The Corporate Governance Code is based on the principle of "Comply or Explain" the reasons of non-compliance. Where a company does not comply with any provision of the Code it must explain the reasons in an Annual Corporate Governance Report to be signed by the Chairman, sent to the QFMA and reported to the General Assembly. The Committee will be responsible in conjunction with the CEO and CFO for preparation of the Annual Corporate Governance Report.

Some elements of the code may require an amendment to the Company's Articles of Association. It should be noted that the Board has stated that any proposals to amend the Company's Articles of Association should only be brought forward for consideration after the transition period and finalization of the Code and following formal consultation with the Company's legal advisers.

REPORTING

The Committee will report regularly to the Board and keep the Board updated at all times about latest developments in the area of Corporate Governance affecting the Company.

TERMS OF REFERENCE AUDIT COMMITTEE

MEMBERSHIP

Members of the Committee are appointed by the Board.

In accordance with the QFMA Corporate Governance Code the Committee shall be comprised of at least three members the majority of whom should be Independent.

At least one member must have financial and audit experience.

The Chairman should be an Independent Director.

The Board has appointed three Independent Directors and the CEO, a qualified accountant.

Only members of the Committee have the right to attend meetings. However, other individuals such as the Chairman of the Board, CEO, CFO, other Directors, representatives from Internal Audit and the finance function may be invited to attend all or part of any meeting as and when appropriate.

The external auditors are invited to attend meetings as appropriate and to report on the annual audit.

The Audit committee may consult at the company's expense any independent expert or consultant.

Appointments to the Committee are for a period of up to three years which may be extended by the Board.

QUORUM

The quorum necessary for the transaction of business is two, including at least one Independent Director.

Frequency of Meetings and internal audit review

The Committee should meet at least once every three months at appropriate times in the reporting and audit cycle and otherwise as required. The Internal Auditor will report to the Board through the Audit Committee and the Audit Committee will receive Quarterly an Internal Audit Report including a review of the Internal Control System of the company.

The Committee will keep minutes of its meetings.

NOTICE OF MEETINGS

The Committee Chairman or a delegated member of the Committee may give notice of a meeting together with an agenda at three working days notice.

ANNUAL GENERAL MEETING

The Chairman of the Committee will attend the Annual General Meeting prepared to answer any shareholder questions on the Committee's activities.

DUTIES AND AUDIT COMMTTEE CHARTER

In accordance with the QFMA Corporate Governance Code the main role and responsibilities of the Audit Committee are contained in its Audit Committee Charter detailed below :

Audit Committee Charter

1. to adopt a policy for appointing the External Auditors; and to report to the Board of Directors any matters that, in the opinion of the Committee, necessitate action and to provide recommendations on the necessary procedures or required action;

2. to oversee and follow up the independence and objectivity of the external auditor and to discuss with the external auditor the nature, scope and efficiency of the audit in accordance with International Standards on Auditing and International Financial Reporting Standards;

3. to oversee, the accuracy and validity of the financial statements and the yearly, half-yearly and quarterly reports, and to review such statements and reports. In this regard particularly focus on:

a. Any changes to the accounting policies and practices;
b. Matters subject to the discretion of Senior Executive Management;
c. The major amendments resulting from the audit;
d. Continuation of the Company as a viable going concern;
e. Compliance with the accounting standards designated by the Authority;
f. Compliance with the applicable listing Rules in the Market; and
g. Compliance with disclosure rules and any other requirements relating to the preparation of financial reports;

4. to coordinate with the Board of Directors, Senior Executive Management and the Company's Chief Financial Officer or the person undertaking the latter's tasks, and to meet with the external auditors at least once a year;

5. to consider any significant and unusual matters contained or to be contained in such financial reports and accounts. And to give due consideration to any issues raised by the Company's Chief Financial Officer or the person undertaking the latter's tasks, or the Company's compliance officer or external auditors;

6. to review the financial and Internal Control and risk management systems;

7. to discuss the Internal Control systems with the management to ensure management's performance of its duties towards the development of efficient Internal Control systems;

8. to consider the findings of principal investigations in Internal Control matters requested by the Board of Directors or carried out by the Committee on its own initiative with the Board's approval;

9. to ensure coordination between the Internal Auditors and the External Auditor, the availability of necessary resources, and the effectiveness of the Internal Controls;

10. to review the Company's financial and accounting policies and procedures;

11. to review the letter of appointment of the External Auditor, his business plan and any significant clarifications he requests from Senior Management as regards the accounting records, the financial accounts or control systems as well as the Senior Executive Management's reply;

12. to ensure the timely reply by the Board of Directors to the queries and matters contained in the External Auditors' letters or reports;

13. to develop rules, through which employees of the Company can confidentially report any concerns about matters in the financial reports or Internal Controls or any other matters that raise suspicions. And to ensure that proper arrangements are available to allow independent and fair investigation of such matters whilst ensuring that the aforementioned employee is afforded confidentiality and protected from reprisal. Such rules should be submitted to the Board of Directors for adoption.

14. to oversee the Company's adherence to professional conduct rules;

15. to ensure that the rules of procedure related to the powers assigned to the Board of Directors are properly applied;

16. to submit a report to the Board of Directors on the matters contained in this Article;

17. to consider other issues as determined by the Board of Directors;

REPORTING

The Committee Chairman reports formally to the Board on its proceedings.

In the event of any disagreement between the Audit Committee's recommendations and the Board's decision, including where the Board refuses to follow the Committee's recommendation concerning the external auditor, the Board shall include in the Company's Governance Report, a statement detailing such recommendation and the reasons behind the Board of Directors decision not to follow the recommendations.

TERMS OF REFERENCE NOMINATION COMMITTEE

MEMBERSHIP

Members of the Committee are appointed by the Board.

In accordance with the QFMA, Corporate Governance Code the Committee shall be comprised of Independent Board Members and chaired by an Independent Board Member.

The Board has decided to appoint three Independent Board Members to the Committee including an Independent Chairman.

Only members of the Committee have the right to attend meetings. However, other individuals such as Chairman of the Board, CEO, Head of HR, external advisers and other Board Members may be invited to attend for all or part of any meeting as and when appropriate.

The Nomination Committee may consult at the Company's expense an independent expert or consultant.

Appointments to the Committees are for a period of up to three years which may be extended by the Board.

QUORUM

The quorum necessary for the transaction of business is two, both of whom must be Independent Non Executive Directors.

FREQUENCY OF MEETINGS

The Committee will meet whenever required throughout the year and annually to conduct an annual self assessment of the Board's performance.

NOTICE OF MEETINGS

The Committee Chairman or delegated member of the Committee may give notice of a meeting together with an agenda at three working days notice.

ANNUAL GENERAL MEETING

The Chairman of the Committee will attend the Annual General Meeting prepared to answer any shareholder questions on the Committee's activities.

DUTIES

In accordance with the QFMA Corporate Governance Code the main role of the Nominations Committee is to ensure that nominations and appointments of Board Members shall be made according to formal, rigorous and transparent procedures including :

> The recommendation of Board Member appointments and re-nomination for election by the General Assembly (nomination by the Committee does not deprive any shareholder of his rights to nominate or be nominated).

> Nominations shall take into account inter alia the candidates' sufficient availability to perform their duties as Board Members, in addition to their skills, knowledge and experience as well as professional, technical, academic qualifications and personality and should be based on the "Fit and Proper Guidelines for Nomination of Board Members" annexed to the Code as amended by the Authorities from time to time;

> The Nomination Committee's role shall also include conducting an annual self-assessment of the Board's performance.

> The QFMA requires that a Company must also comply with any conditions or requirements relating to the nomination, election or appointment of Board members issued by any relevant authority in Qatar.

In addition the Board requires that the Nomination Committee keeps under review the leadership needs of the Company, both executive and non-executive and senior management, with a view to ensuring the continued ability of the organization to compete effectively in the market place.

Accordingly, it will review management development programmes and the succession planning process for the executive management group and other senior management prepared by the CEO.

REPORTING

The Committee Chairman reports formally to the Board on its proceedings.

DIVIDEND POLICY

Article 37 of the Corporate Governance Code requires that the Board of Directors shall submit to the General Assembly a clear policy on Dividend Distribution.

This shall include the background and rationale of such policy in terms of the best interest of the Company and the shareholders.

The payment of dividends is subject to the recommendation of the Board of Directors and approval by the Company's shareholders.

Since becoming a Public Listed Company the company paid a Cash dividend of 40% plus 20% Bonus shares in 2007, and a 60% Cash dividend plus 10% Bonus shares in 2008

The declaration of dividends is discretionary and generally in line with market practice. Any future dividend payments by the Company will depend on a number of factors including but not limited to the company's operational performance, financial results, financial condition and prospects, as well as cash and liquidity requirements (including capital expenditure and investment plans) the market situation, legal regulatory and other such factors as the Board may deem relevant at the time.

The Company believes that the payment of dividends is an important element in creating shareholder value for its investors and subject to the above, it is the policy of the company at this time, which may be subject to changes in the future, to propose to the shareholders cash dividends generally in line with the market.

It is also the policy of the Company to increase the capital of the Company by the issue of free shares to its investors by way of Bonus issues from time to time at a level dependant on the Company's accumulated reserves.

REMUNERATION POLICY

Mannai Corporation aims to remunerate fairly and responsibly by ensuring reward for performance is competitive and by aligning executive reward with shareholders interests.

Remuneration takes into account the responsibilities and scope of the functions at all levels as well as the performance of the company.

Compensation at Management and Senior Executive level includes fixed and performance related components in order to motivate the achievement of objectives and to link rewards to corporate and individual performance.

No Senior Executive or Director should decide his or her own remuneration.

CORPORATE GOVERNANCE

Mannai Corporation's Corporate Governance procedures are available on our website

www.mannai.com

MANNAI TRADING AUTOMOTIVE GROUP

Mannai Trading Automotive Group holds the exclusive franchise in Qatar for the General Motors brands Cadillac, Hummer, GMC and Opel. In addition, Mannai Automotive is the main distributor for the premium Japanese car manufacturer Subaru.

Mannai Automotive Group received prestigious awards including the GM Fleet Excellence Awards (also won in 2005, 2007, & 2008), ACDelco Wholesale Excellence, ACDelco Incentive Program, GM Parts Excellence, Top Caltex Sales in GCC and two Awards from GM Technical Assistance Center during the year 2009.

Special focus was made to acquire and develop new agencies by the After Sales market Division, specialising in heavy equipment and commercial trucks (Filters, Engine Parts, Power Train Parts, General Parts, Brake Parts, Clutch/Shock Absorber, Transmission Parts and Accessories). Among the new brands are Hengest Filter, ASAS Filters, LASSO, LUK, FEBI, IPD, Euroricambi and others.

Investments made in recent years have gone a long way in establishing the Mannai presence across the geographical spread of the State of Qatar, enabling much faster, more efficient and convenient delivery of products and services. Future plans involve cautious expansion to deliver on-time products and services that meet and exceed customer requirements and expectations, thereby creating customers for life.

Mannai Automotive will continue to build on the proven excellence of its partnership with GM.

The global auto industry, went through a very tough phase during 2009 and Qatar was no exception. The year witnessed consolidations within the industry with some large auto manufacturers filing for bankruptcy and being restructured with government support. The Auto Industry around the world accepted this as a challenge and has emerged much leaner, focused and efficient organizations.

HEAVY EQUIPMENT DIVISION

Heavy Equipment Division (HED) is a business segment within the Mannai Automotive Group, specialising in the sale, repair and servicing of heavy equipment to the construction and industrial sectors.
HED also serves as sales distributor in Qatar for leading international equipment manufacturers including Grove Cranes, JCB and Thermo King.

Despite difficult trading conditions in the construction equipment sector, JCB products managed to increase overall market share from 13% to 19% in a market that reduced by 78% compared to the previous year. Daewoo Bus sales were particularly strong and recorded an impressive 213% increase in the number of units sold compared with 2008. Grove Crane sales remained strong with units ranging from 8 ton to 220 ton being supplied to Oil and Gas sectors.

HED After Sales operations continued to perform very well with the mobile workshop units becoming increasingly popular and appreciated by operators. The prestigious Manitowoc/ Grove Crane Care Elite Dealer status was again achieved by both Service and Parts Departments.

In 2010 HED will continue to further develop and expand its aftermarket activities to meet the growing demands and expectations of both existing and potential customers.

MANNAI COMPUTER & OFFICE SYSTEMS

Mannai Computer & Office Systems (COS) has been able to achieve higher levels of revenue and profit during the year, despite many major projects being delayed.

The Networking & Telecom business unit, working closely with Cisco, was a major contributor to the Division's overall results. Mannai COS is the chosen partner for implementing Cisco Networks at the New Doha International Airport, the Aspire Dome, the Government network, educational institutions, real estate projects and a number of other prestigious organizations. Over and above its CISCO Gold certification, Mannai COS became an Advanced Technology Partner with the capability to implement sophisticated technology solutions. With ISO/IEC 20000/1:2005 certification the unit is focusing on emerging technologies like RFID and IPTV.

The division's hardware business, spearheaded by HP products & services, had a phenomenal year. HP remains the preferred hardware platform for large enterprise customers and ministries. Combining its skills on system management tools from Microsoft, Symantec and HP, the Division has been able to offer total infrastructure solutions.

The software business unit continued to be the leader in implementing Oracle ERP and technology solutions in the Qatar market. The unit also made great strides in developing applications based on Microsoft technologies like SharePoint and .Net.

Operations of the Mansoft offshore development unit in Pune, India have now been integrated into the software group. Mannai COS can now offer a seamless and cost effective software solution to customers combining resources from Qatar and India.

Mannai COS remains the leading player in the ICT field in Qatar. The year 2009 has also seen the Division lay the foundations for diversifying operations to areas outside Qatar over the next few years.

MANNAI MEDICAL EQUIPMENT DIVISION

Mannai Medical Division, though relatively new, has already achieved significant inroads into the Qatar market as a partner of GE Medical Equipment Group. During the year major projects in the area of medical gases and nurse-call systems were executed.

Qatar is implementing plans to enhance the country's healthcare services and this will require major investment in medical infrastructure. Mannai Medical has signed teaming agreements with world renowned suppliers to take advantage of these opportunities with a focus on niche, high-tech medical applications.

MANNAI TRAVEL GROUP

Established in 1978, Mannai Travel Group is considered the leading travel agent in the State of Qatar, specialising in airline ticketing reservation and leisure travel. With five professionally serviced locations within the country, the business has positioned itself at the forefront of its sector and well placed to continue offering a first class service to its corporate and individual client base.

The Travel Group consists of four divisions: Mannai Air Travel, Space Travel, Mannai Holidays, and VFS. Mannai Air Travel focuses on corporate travel and its association with the global travel management company BCD Travel places it on a strong platform when dealing with international companies who have operations within the country. The relationship also benefits Mannai when BCD Travel wins business through the headquarters of global organisations such as the major international oil companies that have business interests and operations within Qatar.

Space Travel, the group's general sales agent, represents Philippine Airlines, Korean Air, Kenya Airways, and more recently it has been very successful in establishing a distributor network for Fly Dubai – the low cost airline that currently has two flights daily between Doha and Dubai. With the appointment of the Fly Dubai distributorship, the business has acquired a whole new market and has achieved an impressive start in a very short period of time. Moreover, the business has gained new clients that have the potential to grow into sizeable accounts throughout 2010.

Mannai Holidays is a leading leisure travel service provider and represents major hotel chains and leisure travel companies by offering a wide range of holidays for individuals as well as group travel. The division also processes visa applications on behalf of the Singapore Embassy.

VFS, the visa processing centre, is already in discussions with two other countries to offer similar services on their behalf in Qatar. Currently the VFS centre processes visas for the UK, Australia, and Malta.

Considering the overall global downturn within the travel industry, where there has been a 20% drop in revenues within the Gulf region, Mannai Travel still "turned in" a very strong performance. The business has added new revenue streams that will help growth in both the profits as well as market share in the coming year. Once the recently launched online booking engine is fully operational it will service customers with the support of technology driven solutions. The business is working on expanding its market reach and has plans to open additional service outlets within the coming years.

HOME APPLIANCES & ELECTRONICS DIVISION

Through our continuous efforts to meet today's business challenges, the Home Appliances & Electronics Division (HAED), formerly Consumer Products Division, has been given a new identity that revolves around customers' HOME needs. The new "HOME" brand affirms HAED's commitment to improve the quality of life by providing homeowners with world class appliances and electronics. The HAED's range of supply covers top quality built-in appliances, white goods, HVAC equipment, kitchen appliances and electronics from the world's leading brands.

HAED offers an after sales service provided by skilled technicians at its well-equipped workshop which has been renovated and upgraded this year to continue meeting and exceeding customer expectations.

More recently, HAED has opened a new retail outlet, HOME, at Al Wakra to further strengthen its network across the country and get closer to its customer base. Currently the division is reviewing the feasibility of expanding into other geographical areas within Qatar.

Being involved in projects, HAED has expanded its distributorship rights to HVAC equipment and has recently partnered with SKM to become a total solutions provider for Air Conditioning projects. SKM is a premier name in the AC industry, known for it's indigenously designed and engineered Air Conditioning Equipment (Chillers, AHU & Packaged Unit) and is recognised as one of the leading manufacturers in the Gulf region.

HAED's wholesale section has witnessed a steady growth year-on-year and continuously develops its offering portfolio, recently adding batteries and Car AV products from well-known brands like Akai. In the coming year HAED will continue to add new products that will help complement its existing range.

ENERGY & INDUSTRIAL MARKETS (E&IM)

Energy & Industrial Markets (E&IM) is a long established division within Mannai Corporation and provides a set of comprehensive services to international manufacturers, suppliers, and contractors by acting as their local agent within the State of Qatar. Services offered include trading, tendering, representing and supporting principals in the supply of their products, and offering technical and local expertise and "know-how" into the Qatari market.

E&IM's markets include oil and gas, petrochemicals and utilities, with a focus on the electrical, mechanical and civil disciplines. The product portfolio includes Cable Cleats, Cable Joints, Terminations & Accessories, Dry-Type Cast Resin Transformers & Oil-Type Filled Transformers, Electric Energy Meters, Gas Flow Meters & Gas Chromatographs, Medium Voltage & Low Voltage Switchgear, Moulded Case Circuit Breakers, Package Substations, Pipes & Fittings and Valves.

For the E&IM division 2009 was an excellent year. Amongst the projects won were the piping works for the mega Doha North Project as well as the Ras Laffan "C Project". In addition, E&IM successfully bid for many other tenders with Qatar Petroleum, Kahramaa and Ashghal. Amongst the products provided to these entities were piping, pumps, switchgear, transformers and fans.

E&IM's orders and tenders for 2010 cover Qatar's major strategic development projects in the Industrial, Commercial and Infrastructure sectors.

INDUSTRIAL SUPPLIES & BUILDING MATERIALS (ISBM)

ISBM is a division within Mannai Corporation that has four main areas – Turbines, Specialised Building Materials, Industrial Tooling, and Welding Equipment. The Turbine segment focuses primarily on the service-exchange of Gas Turbine equipment, associated spare parts, and the provision of technically-skilled personnel. The Specialised Building Materials business sells products mainly to the construction industry. A wide range of industrial products are distributed through the Industrial Tooling section while Welding specialises in the supply of rectifiers, motor generators, TIG & MIG welding machines and various types of electrodes.

The ISBM division is based at Salwa Industrial estate and operates out of a spacious modern showroom. The overall ISBM product range is extensive and includes industrial hand tools, pneumatic tools, abrasives, personal protection and safety equipment, industrial bearings, workshop equipments, welding equipments and consumables for fabrication. The business also stocks and supplies various waterproofing membranes, construction chemicals, and geo-textiles for the construction industry.

Through its Industrial Tooling section, ISBM have successfully marketed the products of EWM and NSK. EWM is a German based company involved in the design and manufacturing of welding equipment while NSK is one of the global players in the sector of ball-bearings. The Specialised Building Materials section once again earned the No.1 Distribution Award from BITUMAT (KSA) for exceeding revenues of specialised waterproofing materials. Additionally, the Industrial Tooling segment received recognition from Wilden Pumps for "Excellence in Performance" in sales of Diaphragm Pumps.

The Turbine segment executes the long term contracts for the Oil & Gas Industry and continued winning major contracts during year 2009 towards supply of Gas Turbine equipment and spares. During the year, Industrial Tooling was awarded a long-term contract from Al-Woqod to supply PPE (Personal Protective Equipment) and other Electrical equipment.

MANWEIR WLL

Manweir WLL is recognised as the leading manufacturing, repair and re-manufacturing facility within the State of Qatar. A wholly-owned subsidiary of Mannai Corporation QSC, Manweir's services are geared primarily to serve the Oil and Gas sectors including Petrochemical, Fertiliser and Marine Industries in Qatar and in nearby GCC States. The company's main facilities include a machine shop, welding and fabrication facility, electrical workshop and a mechanical workshop facility.

Manweir's large machine shop facility is comprehensively equipped with a wide range of heavy duty and precision machine tooling that include CNC machines capable of delivering industry specifications and requirements for machining and threading purposes. The welding and fabrication workshop is manned with highly skilled fabricators and qualified ("coded") welders who are capable of working on a wide range of metals. A comprehensive set of procedures are in place for the welding of Carbon Steels, Low Alloy Steels and Stainless Steels. The company's Electrical facility has for 20 years provided services for the repair/overhaul and rewind of a wide spectrum of electrically associated equipment. All electrical work is performed in compliance with the BEAMA/AEMT "Code of Practice for the Repair and Overhaul of Ex Electrical Apparatus". This Code of Practice is considered as the international standard to which "Hazardous Area equipment" should be repaired and overhauled. The primary focus of the Mechanical Workshop is the supply of skilled field service technicians, the calibration of electro-mechanical measuring equipment and the overhauling of valves, rotating & reciprocating equipment.

In addition to its manufacturing capability, the Manweir OPSD division represents a number of international companies by marketing their products and services. Products include drilling components, "down hole" tools, and mud motors, as well as inspection and classification services.

During 2009 Manweir completed the construction phase of its new workshop facility to further increase its manufacturing capacity and engineering capability. The new expansion has two distinct, temperature controlled workshop areas: one area dedicated as a "clean workshop" for the overhaul, maintenance, and testing of small to medium sized gas turbines, the second, a much larger area is a dedicated machine shop for all API (American Petroleum Institute) type work. The new state of the art workshop will house conventional and CNC type machine tools such as heavy duty horizontal borers, cylindrical grinders, and tubular expanding & swaging machines. Due to the nature of API work, the facility will be equipped with a comprehensive Tubular Handling System.

The company has recently obtained licenses to thread premium proprietary OCTG (Oil Country Tubular Goods) from TenarisHydril (TSH 500 Wedge Series Pin & Box Connections) and Vallourec & Mannesmann (VAM SFC, VAM ATS-E Pin & Box Connections). Additional licenses were obtained from Vallourec & Mannesmann to thread premium proprietary double shouldered rotary connections (VAM EIS, VAM CDS & VAM Express Pin & Box Connections). Manweir has also been authorised as a service centre for all types of Line Valves by KITZ Corporation of Japan.

GULF LABORATORIES WLL (GULF LABS)

Gulf Laboratories WLL is a wholly owned subsidiary of Mannai Corporation and specialises in providing geotechnical, geological and material testing services to international and local clients within the State of Qatar. With over 18 years of experience, the business has provided its specialist services to a large proportion of all civil engineering, water resources and development projects within the country.

Gulf Labs drilling and geotechnical activities include onshore and offshore investigation, water-well drilling, geophysical surveys, hydro-geological investigations and mineral resource studies. Its material testing activities include physical and chemical analysis of soil, rock, aggregate and concrete in addition to asphalt testing. Environmental testing activities including chemical and microbiological testing are also undertaken on groundwater, seawater, drinking water, and treated and untreated effluent.

The 2009 business performance was one of its best. A major contributor towards increased growth came from laboratory operations where Gulf Labs has invested heavily in new and more technically sophisticated equipment.

Gulf Labs is regarded as one of the leading geotechnical and materials testing facilities in Qatar. Extensive ground investigations were performed as part of the New Doha Port, Qatar National Museum, "Heart of Doha", Qatar Bahrain Causeway, New Doha International Airport and Lusail projects.

On-site material testing laboratories and call-off testing services provide on-going involvement in Lusail, Pearl GTL, QAFCO V, RasGas, Qatargas, New Doha International Airport, Education City, Cultural Village and various Sewage Treatment Plants. The business also expanded its asphalt testing capabilities in preparation for forthcoming infrastructural projects and has strengthened its environmental testing department.

During 2009 the company upgraded its quality and occupational health and safety management systems to the latest ISO 9001:2008 and OHSAS 18001:2007 standards. An additional 50+ test parameters were added to the scope of the company's BS EN ISO 17025:2005 laboratory accreditation.

Gulf Labs' Sultanate of Oman operations, trading as "Gulf Geotechnical Services & Material Testing LLC", won a number of mineral explorations and ground investigation projects and will have a fully operational laboratory facility established and operational during 2010.

QATAR LOGISTICS WLL

Qatar Logistics WLL is a wholly owned subsidiary of Mannai Corporation and has extensive experience as an international freight forwarding company. In using a selection of professional sea, air and road freight forwarding services, the company has put itself in an enviable position to cater to the requirements of diverse sectors and customers.

Qatar Logistics experience in the industry has allowed it to constantly provide reliable and first class services to, from and within the State of Qatar. The company provides domestic and international clients with professional services in the areas of shipping, customs clearance, in-country transportation, storage and relocation - local and international. In addition, Qatar Logistics always ensures that the logistics solution provided to clients is cost effective and efficient. Since the company's initial inception, Qatar Logistics has grown to be recognised as one of Qatar's leading freight forwarding specialists.

During 2009, the Qatar Logistics team has had numerous successes in addition to being awarded the contract from a high profile international client to manage the logistics element associated with customs clearance and delivery of related equipment for a major infrastructural project. Qatar Logistics freight forwarding team has signed an exclusive global agreement with one of the major freight forwarding networks in the world, Hellmann Worldwide Logistics (HWL). This will allow Qatar Logistics to join a network of over 200+ offices worldwide and appear on the "radar" as HWL's preferred partner within Qatar. Underlining its commitment to adhere to recognised international standards, Qatar Logistics has commenced work towards obtaining ISO certification.

TRANSFIELD MANNAI FACILITIES MANAGEMENT SERVICES

During 2009, Transfield Mannai achieved an impressive increase over the previous year, both in terms of revenue as well as profits. The very strong order pipeline should ensure a similar trend in 2010.

Management continues to focus on health, safety and environmental matters by investing in its people through monitoring the overall business processes to further improve performance. These strategies have proven to be a winning combination in the eyes of clients with an excellent contract retention rate during 2009 coupled with the winning of new contracts with clients such as Oryx GTL, Shell GTL, Tornado Company and others.

TRANSFIELD SERVICES MANNAI OIL AND GAS

In 2009, Transfield Services Mannai Oil and Gas WLL (TSMOG) was established as a Joint Venture between Mannai Corporation QSC and Transfield Services (International) Pty Ltd, to provide Operational and Maintenance support to the Resources and Industrial Sectors including Oil and Gas, Petrochemical, Power Generation, Steel Manufacture, Chemical and other industries in Qatar. Services include the execution of maintenance, shutdown and construction projects for clients in these industries.

Transfield Australia is a leading global provider of Operations, Maintenance, Asset and Project Management services and delivers essential services to all industries in the Resources and Industrial, Infrastructure Services, Property & Facilities Management sectors.

Transfield Services Mannai Oil & Gas WLL is actively tendering for major maintenance, shutdowns, and project opportunities in the Resources and Industrial Sector in Qatar with a view to develop long-term relationships in 2010 and beyond.

Consolidated Financial Statements And Independent Auditor's Report

For The Year Ended December 31, 2009

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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

Muhammad O. Bahemia
License No. 103
Doha - Qatar
February 2, 2010

ASSETS	NOTES	DECEMBER 31, 2009 QR. 000	DECEMBER 31, 2008 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

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	DECEMBER 31, 2009 QR.000	DECEMBER 31, 2008 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

	NOTES	DECEMBER 31, 2009 QR. 000	DECEMBER 31, 2008 QR. 000
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

	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

	DECEMBER 31, 2009	DECEMBER 31, 2008
	QR. 000	QR. 000
CASH FLOWS FROM OPERATING ACTIVITIES:		
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

	DECEMBER 31, 2009 QR. 000	DECEMBER 31, 2008 QR. 000
CASH FLOWS FROM INVESTING ACTIVITIES:		
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)
	———	———
CASH FLOWS FROM FINANCING ACTIVITIES:		
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
	=======	======

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:

Revised standards:

	IAS 1 has introduced the following:
• IAS 1 (Revised) - Presentation of Financial Statements	> 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) - Borrowing Costs	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.

2.1 Standards and Interpretations effective in the current period

• IFRS 7 (Revised) – Financial Instruments	The amendments to IFRS 7 expand the disclosures required in respect of 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 Standard

- 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:

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

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

(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.

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.

NAME OF THE COMPANY	COUNTRY OF INCORPORATION	OWNERSHIP %
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

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.

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.

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.

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 serverance 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 in the difference between the carrying amount and the present value of estimated cash flows discounted at the financial assets' original effective interest rate.

Revenue recognition:

(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.

(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 recognised 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.

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

	DECEMBER 31, 2009 QR. 000	DECEMBER 31, 2008 QR. 000
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.

6. ACCOUNTS AND BILLS RECEIVABLES

	DECEMBER 31, 2009 QR. 000	DECEMBER 31, 2008 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:

	DECEMBER 31, 2009 QR. 000	DECEMBER 31, 2008 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:

	DECEMBER 31, 2009	DECEMBER 31, 2008
	QR. 000	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

7. DUE FROM A JOINT VENTURE COMPANY

	DECEMBER 31, 2009	DECEMBER 31, 2008
	QR. 000	QR. 000
Transfield Mannai Facilities Management Services W.L.L	**1,472**	1,204

8. INVENTORIES

	DECEMBER 31, 2009	DECEMBER 31, 2008
	QR. 000	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

	DECEMBER 31, 2009	DECEMBER 31, 2008
	QR. 000	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

10. NON CURRENT RECEIVABLES

	DECEMBER 31, 2009 QR. 000	DECEMBER 31, 2008 QR. 000
Non current receivable	**3,570**	4,284
Less: Current Portion	**(714)**	(714)
Non Current Portion	**2,856**	3,570

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

11 (a). AVAILABLE FOR SALE INVESTMENT

	DECEMBER 31, 2009 QR. 000	DECEMBER 31, 2008 QR. 000
Investments in equities	**204**	**102**

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

	DECEMBER 31, 2009 QR. 000	DECEMBER 31, 2008 QR. 000
Total assets	**31,115**	22,604
Total liabilities	**(10,564)**	(6,901)
Net assets including goodwill	**20,551**	15,703
GROUP'S SHARE IN NET ASSETS	**8,872**	6,399

	DECEMBER 31, 2009 QR. 000	DECEMBER 31, 2008 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	**8,872**	6,399

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

12. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDING	PLANT AND MACHINERY	OFFICE FURNITURE & 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.

13. BANK OVERDRAFTS AND LOANS

	DECEMBER 31, 2009	DECEMBER 31, 2008
	QR. 000	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

	DECEMBER 31, 2009	DECEMBER 31, 2008
	QR. 000	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

	DECEMBER 31, 2009	DECEMBER 31, 2008
	QR. 000	QR. 000
Employees end of service benefits	22,157	17,053
Employees severance pay	4,878	–
	27,035	17,053
	======	=====

16. SHARE CAPITAL

	DECEMBER 31, 2009	DECEMBER 31, 2008
	QR. 000	QR. 000
Authorised shares of QR. 10 each	158,400	144,000
	=======	======

	NUMBER OF SHARES (IN THOUSANDS)	NUMBER OF SHARES (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

	DECEMBER 31, 2009	DECEMBER 31, 2008
	QR. 000	QR. 000
Profit on disposal of property, plant and equipment	**2,422**	2,469
Miscellaneous	**5,571**	2,199
	7,993	4,668

20. GENERAL AND ADMINISTRATIVE EXPENSES

	DECEMBER 31, 2009	DECEMBER 31, 2008
	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.

	DECEMBER 31, 2009	DECEMBER 31, 2008
	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:

	DECEMBER 31, 2009	DECEMBER 31, 2008
	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**
	======	======

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.

	DECEMBER 31, 2009	DECEMBER 31, 2008
Profit for the year (QR' 000)	**184,225**	146,520
	=======	=======
Weighted average number of shares outstanding during the year in thousands of shares	**15,840**	15,840
	=====	=====
Basic earnings per share (QR)	**11.63**	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:

	DECEMBER 31, 2009	DECEMBER 31, 2008
	QR. 000	QR. 000
Bank guarantees	**166,481**	149,688
Letter of credit	**9,450**	12,651
	———	———
	175,931	162,339
	=======	=======

25. COMMITMENTS

(i) Capital commitment

	DECEMBER 31, 2009	DECEMBER 31, 2008
	QR. 000	QR. 000
Projects under construction	**14,571**	11,587
	======	======

(ii) Lease commitment

	DECEMBER 31, 2009	DECEMBER 31, 2008
	QR. 000	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..

Interest rate risk exposures

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

	FLOATING INTEREST RATE	NON-INTEREST BEARING	TOTAL
	QR.000	QR.000	QR.000
FINANCIAL ASSETS:			
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**
FINANCIAL LIABILITIES:			
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.

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

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.

	2009	2008
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.

	LESS THAN ONE YEAR	**1-5 YEARS**	**ABOVE 5 YEARS**	**TOTAL**
2009	**QR.000**	**QR.000**	**QR.000**	**QR.000**
FINANCIAL ASSETS				
Cash and cash equivalents	**169,352**	**–**	**–**	**169,352**
Accounts receivable and other debit balances	**346,521**	**2,856**	**–**	**349,377**
FINANCIAL LIABILITIES				
Accounts payable and other credit balances	**322,992**	**–**	**–**	**322,992**
Borrowings	**83,524**	**–**	**–**	**83,524**
2008				
FINANCIAL ASSETS				
Cash and cash equivalents	26,887	–	–	26,887
Accounts receivable and other debit balances	388,440	3,570	–	392,010
FINANCIAL LIABILITIES				
Accounts payable and other credit balances	347,279	–	–	347,279
Borrowings	183,669	–	–	183,669

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:

		EFFECT ON STATEMENT OF INCOME	
CURRENCY	**PERCENTAGE**	**DECEMBER 31, 2009 QR. 000**	DECEMBER 31, 2008 QR. 000
GBP	+/- 3%	+/- 439	+/- 131
EURO	+/- 3%	+/- 208	+/- 58
YEN	+/- 3%	+/- 163	+/- 36
Others	+/- 3%	+/- 6	+/- 6

During the year the Group entered into three foreign exchange foreward contracts. These forword 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.

			NOTIONAL AMOUNT BY TERM TO MATURITY			
	POSITIVE FAIR VALUE QR'000	**NOTIONAL AMOUNT QR'000**	**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**	**–**	**–**

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:

	DECEMBER 31, 2009	DECEMBER 31, 2008
	QR. 000	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.

30. (A) SEGMENT REPORTING FOR THE YEAR 2009

SEGMENT	**REVENUE**	**GROSS MARGIN**	**ASSETS**	**LIABILITIES**
	QR.000	**QR.000**	**QR.000**	**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

SEGMENT	REVENUE	GROSS MARGIN	ASSETS	LIABILITIES
	QR.000	QR.000	QR.000	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.

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.

Colours of success.

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