MANNAI CORPORATION Q.S.C

AND SUBSIDIARY COMPANIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended December 31, 2010

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DIRECTORS' REPORT

PERFORMANCE

The overall economic backdrop in which business was conducted in 2010 remained challenging through a greater part of the year with signs of recovery towards the last quarter.

Due to the slow recovery of the retail sector total sales grew by a modest 3% to QR 1.975 Billion. However, the strong performance of the company's other core businesses serving the industrial and infrastructural sectors enabled a 25% increase in Net Profit to QR 230.8 Million compared to the previous year's figure of QR 184.2 Million.

The Directors are pleased to report that encouraged by the commendable profit performance during the year under review, the Board has recommended a cash dividend of 70% (being QR 7 per share) and 1 Bonus share for every 5 shares held.

EXPANSION

Acquisition of majority interest in Utility Networks Systems Consultants (Utilnet), Jordan

During the year the Company acquired majority ownership of a leading Jordanian software service provider - Utility Networks Information Systems Consultants (UtilNet). UtilNet specializes in the development, implementation, and support of computer software solutions that focus upon the data management of telecommunications and electricity networks.

Through this acquisition, Mannai Corporation expects a strategic advantage as it will gain access to growing communication technology markets including Saudi Arabia, Algeria, Libya, Turkey and the African continent.

State of the Art Workshop at Ras Laffan

As reported in the previous year's Annual report, this state of the Art workshop is being established at Ras Laffan to cater to the continued major oil and gas developments within the State of Qatar and especially in Ras Laffan Industrial City.

This facility will have a fully API certified workshop with the capability to repair, overhaul and rewind electrical motors, and will make available technical expertise for providing 24 hour services for machining, fabrication and welding operations at the workshop as well as at client premises.

During the year work on the project has commenced and the facility is targeted for completion and commissioning during the 3rd quarter of 2011.

FUTURE OUTLOOK

In line with the Company's growth strategy we continue to seek overseas opportunities to achieve the Company's medium and long term plans for diversification and expansion.

We remain confident that despite the challenges arising from the difficult economic environment the Company with its diverse activities and appropriate management initiatives will continue to maintain its past and successful performance record.

Mohamed Ali M. Al Kubaisi
Director

QR. 31230

INDEPENDENT AUDITOR'S REPORT

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of **Mannai Corporation Q.S.C** (the "Company") and subsidiaries (collectively**,** the "**Group"**) which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of **Mannai Corporation Q.S.C** as at December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Legal and Regulatory Requirements

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

For **Deloitte & Touche**

Doha - Qatar
February 07, 2011

Muhammad O. Bahemia
License No. 103

MANNAI CORPORATION Q.S.C AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2010

ASSETS	**Notes**	**2010**	2009
		QR. 000	QR. 000
Current Assets:			
Bank balances and cash	5	**86,754**	169,352
Accounts and bills receivable	6	**393,760**	272,029
Due from a joint venture company	7	**1,510**	1,472
Inventories	8	**696,724**	531,197
Advance to suppliers		**47,324**	74,492
Prepayments and other debit balances	9	**31,656**	17,814
Total Current Assets		**1,257,728**	1,066,356
Non-Current Assets:			
Goodwill and other intangible assets	10	**11,827**	--
Available for sale investments	11	**5,254**	204
Long term receivables	12	**2,142**	2,856
Investment in joint venture company	13	**11,304**	8,872
Property, plant and equipment	14	**288,980**	218,032
Total Non-Current Assets		**319,507**	229,964
Total Assets		**1,577,235**	1,296,320

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2010

LIABILITIES AND EQUITY	**Notes**	**2010**	2009
		QR.000	QR.000
Current Liabilities:			
Bank overdrafts and loans	15	**47,186**	83,524
Accounts payable		**212,639**	198,798
Advances from customers		**243,622**	104,042
Accruals and other credit balances	16	**177,526**	158,450
Total Current Liabilities		**680,973**	544,814
Non-Current Liabilities:			
Provision for employees' end of service benefits	17	**29,814**	27,035
Total Liabilities		**710,787**	571,849
Equity:			
Share capital	18	**237,600**	158,400
Legal reserve	19	**172,354**	172,354
Revaluation reserve		**80,117**	80,117
Currency translation reserve		**(385)**	(481)
Fair value reserve		**50**	--
Proposed dividends	20	**166,320**	79,200
Proposed bonus shares	20	**47,520**	79,200
Retained earnings		**162,299**	155,681
Equity attributable to equity holders of the parent		**865,875**	724,471
Non-controlling interests		**573**	--
Total Equity		**866,448**	724,471
Total Liabilities and Equity		**1,577,235**	1,296,320

These consolidated financial statements were authorised and approved for issue by the Vice Chairman and Chief Executive Officer on February 7, 2011.

Suhaim Bin Abdulla Bin Khalifa Al Thani	Alekh Grewal
Vice Chairman	Chief Executive Officer

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2010

	Notes	2010	2009
		QR.000	QR.000
Revenue		**1,975,381**	1,921,144
Direct costs		**(1,531,226)**	(1,507,766)
Gross profit		**444,155**	413,378
Investment income		**1,000**	1,385
Other income	21	**3,813**	7,993
Share of profit from a joint venture company	13	**4,982**	3,493
General and administrative expenses	22	**(132,501)**	(152,245)
Selling and distribution expenses		**(60,542)**	(58,440)
Depreciation and amortization		**(11,688)**	(12,742)
Finance costs		**(5,176)**	(8,317)
Net profit for the year before directors' remuneration		**244,043**	194,505
Directors' remuneration		**(13,179)**	(10,280)
Net profit for the year		**230,864**	184,225
Attributable to:			
Owners of the parent company		**230,835**	184,225
Non-controlling interests		**29**	**--**
		230,864	184,225
Basic and diluted earnings per share (QR)	25	**9.72**	7.75
Weighted average number of shares		**23,760,000**	23,760,000

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2010

	2010	2009
	QR.000	QR.000
Net profit for the Year	**230,864**	184,225
Other comprehensive income:		
Net movement in fair value reserve	**50**	--
Foreign currency translation adjustment	**96**	(481)
Other comprehensive income for the year	**146**	(481)
Total comprehensive income for the year	**231,010**	183,744
Total comprehensive income attributable to:		
Owners of the parent company	**230,981**	183,744
Non-controlling interests	**29**	--
	231,010	183,744

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2010

	Share Capital	Legal Reserve	Revaluation Reserve	Retained Earnings	Fair value change	Currency Translation Reserve	Proposed Dividends	Proposed Bonus Share	Equity attributable to Shareholders	Non controlling Interests	Total
	QR.000	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**
Balance – January 01, 2009	**144,000**	**172,354**	**80,117**	**129,856**	**--**	**--**	**86,400**	**14,400**	**627,127**	**--**	**627,127**
Total comprehensive income for the year	--	--	--	184,225	--	(481)	--	--	183,744	--	183,744
Issue of bonus shares	14,400	--	--	--	--	--	--	(14,400)	--	--	--
Dividends paid	--	--	--	--	--	--	(86,400)	--	(86,400)	--	(86,400)
Proposed dividends	--	--	--	(79,200)	--	--	79,200	--	--	--	--
Proposed bonus shares	--	--	--	(79,200)	--	--	--	79,200	--	--	--
Balance – January 1, 2010	**158,400**	**172,354**	**80,117**	**155,681**	**--**	**(481)**	**79,200**	**79,200**	**724,471**	**--**	**724,471**
Total comprehensive income for the year	--	--	--	230,835	50	96	--	--	230,981	29	231,010
Social and sports contribution for 2009	--	--	--	(4,606)	--	--	--	--	(4,606)	--	(4,606)
Issue of bonus shares	79,200	--	--	--	--	--	--	(79,200)	--	--	--
Dividends paid	--	--	--	--	--	--	(79,200)	--	(79,200)	--	(79,200)
Proposed dividends	--	--	--	(166,320)	--	--	166,320	--	--	--	--
Proposed bonus shares	--	--	--	(47,520)	--	--	--	47,520	--	--	--
Social and sports contribution for 2010	--	--	--	(5,771)	--	--	--	--	(5,771)	--	(5,771)
Non-controlling interests	--	--	--	--	--	--	--	--	--	544	544
Balance – December 31, 2010	**237,600**	**172,354**	**80,117**	**162,299**	**50**	**(385)**	**166,320**	**47,520**	**865,875**	**573**	**866,448**

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

	2010	2009
	QR.000	QR.000
Cash Flows from Operating Activities:		
Net profit for the year	**230,864**	184,225
Adjustments for:		
Depreciation of property, plant and equipment	**36,471**	39,220
Amortisation of intangible asset	**122**	--
Gain on disposal of property, plant and equipment	**(771)**	(2,422)
Foreign currency translation reserve	**96**	(481)
Finance costs	**5,176**	8,317
Profit from a joint venture company	**(4,982)**	(3,493)
Provision for obsolete inventories and bad debts	**(28,972)**	10,272
Provision for employees' end of service benefits	**8,942**	11,555
	246,946	247,193
Accounts and bills receivables	**(120,500)**	72,866
Inventories	**(137,786)**	99,483
Due from a joint venture company	**(38)**	(268)
Prepayments and other debit balances	**(13,842)**	3,220
Advance to suppliers	**27,168**	(26,777)
Accounts payable	**13,841**	(80,356)
Advance from customers	**139,580**	55,909
Accruals and other credit balances	**11,449**	(726)
Cash Flows From Operations	**166,818**	370,544
Finance cost paid	**(2,777)**	(8,851)
Employees end of service benefits paid	**(6,163)**	(1573)
Net Cash From Operating Activities	**157,878**	360,120

MANNAI CORPORATION Q.S.C AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2010

	2010	2009
	QR.000	QR.000
Cash Flows from Investing Activities:		
Acquisition of property, plant and equipment	**(114,581)**	(45,130)
Acquisition of intangible assets	**(551)**	--
Proceeds from disposal of property, plant and equipment	**7,934**	12,388
Movement in long term receivable	**714**	714
Acquisition of investments	**(16,398)**	(102)
Dividends received from associate	**2,550**	1020
Net Cash Used in Investing Activities	**(120,332)**	(31,110)
Cash Flows from Financing Activities:		
Bank overdraft and loans	**(36,338)**	(100,145)
Dividends paid	**(79,200)**	(86,400)
Social and sports contribution paid	**(4,606)**	--
Net Cash Used in Financing Activities	**(120,144)**	(186,545)
Net (decrease) increase in cash and cash equivalents	**(82,598)**	142,465
Cash and cash equivalents at beginning of year	**169,352**	26,887
Cash and cash equivalents at end of year	**86,754**	169,352

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Mannai Corporation Q.S.C (the "Company") is registered as a Qatari Shareholding Company in the State of Qatar with the Ministry of Business and Trade under Commercial Registration Number 12. The registered office of the Company is situated in Doha, State of Qatar. The Company is listed on the Qatar Exchange. The consolidated financial statements comprise the Company and its subsidiaries together referred to as (the "Group").

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

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Standards and Interpretations effective in the current period

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

(i) <u>Revised standards:</u>

- IFRS 1 (Revised) — *First time adoption of International Financial Reporting Standards*
- IFRS 2 (Revised) — *Share-based Payment*
- IFRS 3 (Revised) — *Business combinations*
- IFRS 5 (Revised) — *Non Current assets Held for Sale & Discontinued Operations*
- IFRS 8 (Revised) — *Operating Segments*
- IAS 1 (Revised) — *Presentation of Financial Statements.*
- IAS 7 (Revised) — *Statement of cashflows*
- IAS 17 (Revised) — *Leases*
- IAS 27 (Revised) — *Consolidated and Separate Financial Statements*
- IAS 28 (Revised) — *Investment in associates*
- IAS 31 (Revised) — *Investment in joint ventures*
- IAS 36 (Revised) — *Impairment of Assets*
- IAS 38 (Revised) — *Intangible Assets*
- IAS 39 (Revised) — *Financial Instruments : Recognition and Measurement*

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

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

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

- IFRIC 9 — *Reassessment of Embedded Derivatives*
- IFRIC 16 — *Hedges of Net Investment in Foreign Operations*

(iii) <u>Withdrawn Interpretations</u>

- IFRIC 8 — *Scope of IFRS 2*
- IFRIC 11 — *Group and Treasury Share Transactions*

(iv) <u>New Interpretations</u>

- IFRIC 17 — *Distributions of Non-cash Assets to Owners*
- IFRIC 18 — *Transfers of Assets from Customers*

The adoption of these standards and Interpretations had no significant effect on the consolidated financial statements of the Group for the year ended December 31, 2010, other than certain presentation and disclosure changes.

2.2 Standards and Interpretations in issue not yet effective

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

(i) Revised Standards

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

- IAS 32 (Revised) — *Financial Instruments : Presentation*

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

- IFRS 1 (Revised) — *First time adoption of International Financial Reporting Standards.*
- IFRS 3 (Revised) — *Business combinations*
- IAS 27 (Revised) — *Consolidated and Separate Financial Statements*

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

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

(i) Revised Standards (continued)

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

- IFRS 1 (Revised) — *First time adoption of International Financial Reporting Standards*
- IFRS 7 (Revised) — *Financial Instruments disclosures* IAS 1 (Revised) – *Presentation of Financial Statements*
- IAS 24 (Revised) — *Related Party Disclosures*
- IAS 34 (Revised) — *Interim Financial Reporting.*

(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) Revised Interpretations

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

- IFRIC 14 — *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

(iv) New Interpretations

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.

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 Solutions and Systems (UAE) L.L.C	UAE	100
Mansoft Systems Pvt. Limited	India	100
Gulf Geotechnical Services and Material Testing L.L.C	Oman	100
Mideast Constructors W.L.L	Qatar	100
Utility Networks Information Systems (a)	Jordan	75

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

(a) The Group has acquired a 75% stake in Utility Networks Information Systems a Company registered in Jordan, by paying 50% of its estimated enterprise value at the date of acquisition amounting to QR. 8.69 million. The balance consideration payable in 2013, will be based on the financial performance of the company for the years 2010 – 2012.

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.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(CONTINUED)

(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, bank balances and deposits with original maturities of less than three months.

Trade receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Receivables are measured at 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.

Goodwill

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

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

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

Intangible assets

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

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 off, 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. 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. If the fair value of these investments cannot be reliably measured due to the nature of their cash flows the investments are carried at cost less any provision for impairment.

Joint Venture Company

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. Investment in joint venture is accounted for using the equity method, whereby, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Company's share of the net assets of the joint venture. The profit and loss reflects the Company's share of the results of the operations of the joint venture.

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

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 statement of income.

Depreciation and Amortization

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

Buildings	10-25 years
Plant, machinery and equipment	3-10 years
Assets on hire	3-5 years
Motor vehicles	3-5 years
Office furniture and equipment	3-5 years
Intangible assets	3 years

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

Demo vehicles are amortized over a period of 36 months.

Capital work-in-progress

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

Impairment of tangible assets

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

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

Operating lease

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

Payables and Accruals

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

Provisions

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

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

Foreign currency transactions

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

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

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

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

Impairment and un-collectability of financial assets

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

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

Revenue recognition

(i) Sale of goods and services

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

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

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

Revenue recognition (continued)

(ii) Investment income

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

(iii) Interest income

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

(iv) Rental income

Rental income is accounted for on a time proportion basis.

(v) Fee income

Fee income is recognized on time proportion basis.

Maintenance costs

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

Software and license fees

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

Taxes:

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of tangible assets and useful lives

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

Impairment of financial assets

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

Impairment of Inventories

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

Impairment of Goodwill

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

5. BANK BALANCES AND CASH

	2010	2009
	QR.000	QR.000
Bank balances	**84,814**	167,701
Cash on hand	**1,940**	1,651
	86,754	169,352

Bank balances include short term deposits with original maturities of less than three months. The deposits are placed with local banks and carry interest at rates ranging from 1 % to 2 % per annum.

6. ACCOUNTS AND BILLS RECEIVABLES

	2010	2009
	QR.000	QR.000
Accounts receivable	**396,443**	277,745
Bills receivable	**13,838**	12,036

	410,281	289,781
Less: Provision for doubtful debts	**(16,521)**	(17,752)
	393,760	272,029

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, 2010 the ageing of trade receivables and movement in the provision for doubtful debts are as follows:

i) *Ageing of accounts receivables:*

	2010	2009
	QR.000	QR.000
Within 60 days	**327,656**	186,039
61-120 days	**28,912**	17,345
121-180 days	**22,882**	30,616
Above 181 days	**16,993**	43,745
	396,443	277,745

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

	2010	2009
	QR.000	QR.000
Balance at January 1,	**17,752**	21,922
Additional provision for the year	**1,714**	4,277
Recovery during the year	**(2,945)**	(8,447)
Balance at December 31,	**16,521**	17,752

7. DUE FROM A JOINT VENTURE COMPANY

	2010	2009
	QR.000	QR.000
Transfield Mannai Facilities Management Services W.L.L	**1,510**	1,472

8. INVENTORIES

	2010	2009
	QR.000	QR.000
Merchandises, spares and tools	**291,988**	292,018
Vehicles and heavy equipments	**150,697**	138,056
Industrial supplies	**17,772**	21,951

Work-in-progress (i)	**259,032**	130,688
Others	**4,438**	3,428
	723,927	586,141
Less: Provision for obsolete and slow moving items	**(27,203)**	(54,944)
	696,724	531,197

(i) Work in progress includes an amount of QR 3.8 million representing cost incurred in a software product being developed by a subsidiary.

9. PREPAYMENTS AND OTHER DEBIT BALANCES

	2010	2009
	QR.000	QR.000
Prepaid expenses	**3,578**	2,997
Accrued income	**7,243**	6,324
Staff and other receivables	**20,835**	8,493
	31,656	17,814

10. GOODWILL AND OTHER INTANGIBLE ASSETS

(a) Goodwill

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

	2010	2009
	QR. 000	QR. 000
Utility Networks Information Systems	**11,398**	**--**

(b) Other Intangible Assets

	2010	2009
	QR. 000	QR. 000
Cost	**551**	**--**
Less: Accumulated amortization	**(122)**	**--**
	429	**--**
Total	**11,827**	**--**

11. AVAILABLE FOR SALE INVESTMENTS

	2010	2009
	QR.000	QR.000
Investments (a)	**5,204**	204
Fair value change	**50**	**--**
	5,254	204

	2010	2009
(a) Name of the Company	**QR. 000**	QR. 000
Mazaya Qatar Real Estate Development	**5,050**	--
Others	**204**	204
	5,254	204

12. LONG TERM RECEIVABLES

	2010	2009
	QR.000	QR.000
Long term receivable	**2,856**	3,570
Less: Current portion	**(714)**	(714)
Long term portion	**2,142**	2,856

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

13. SUMMARISED FINANCIAL INFORMATION IN RESPECT OF THE GROUP'S JOINT VENTURE COMPANY

	2010	2009
	QR.000	QR.000
Total assets	**38,807**	32,028
Total liabilities	**(13,487)**	(11,476)
Net assets	**25,320**	20,552
Group's share in net assets	**11,304**	8,872

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

	2010	2009
	QR.000	QR.000
Total revenue	**77,949**	63,563
Total profit for the year	**9,768**	6,849

Investment in joint venture company	**8,872**	6,399
Dividend received during the year	**(2,550)**	(1,020)
Share of profit for the year	**4,982**	3,493
Balance – December 31	**11,304**	8,872

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

14. PROPERTY, PLANT AND EQUIPMENT

	Land and Building QR.000	Plant and Machinery & Equipment QR.000	Office Furniture and Equipment QR.000	Motor Vehicles QR.000	Assets on Hire QR.000	Capital Work-in-Progress QR.000	Total QR.000
Cost:							
January 1, 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)
January 1, 2010	251,264	77,190	42,494	23,092	41,100	12,848	447,988
Acquisition through business combination	--	--	403	--	--	--	403
Additions	65,028	4,502	3,121	11,144	11,353	19,030	114,178
Transfers	15,313	3,024	--	--	--	(18,337)	--
Reclassification	--	(79)	79	(610)	610	--	--
Disposals	(29,790)	(13,984)	(12,815)	(6,393)	(16,830)	--	(79,812)
December 31, 2010	**301,815**	**70,653**	**33,282**	**27,233**	**36,233**	**13,541**	**482,757**
Depreciation:							
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
Disposals	--	(1,143)	(1,096)	(3,272)	(7,691)	--	(13,202)
January 1, 2010	112,663	52,904	31,191	14,145	19,053	--	229,956
Charge for the year	7,747	8,223	7,181	4,385	8,935	--	36,471
Reclassification	--	(39)	39	(37)	37	--	--
Disposals	(29,596)	(13,981)	(12,717)	(3,225)	(13,131)	--	(72,650)
December 31, 2010	**90,814**	**47,107**	**25,694**	**15,268**	**14,894**	**--**	**193,777**
Net Book Value:							
December 31, 2010	**211,001**	**23,546**	**7,588**	**11,965**	**21,339**	**13,541**	**288,980**
December 31, 2009	138,601	24,286	11,303	8,947	22,047	12,848	218,032

-Depreciation charge for the year amounting to QR. 24.9 million (2009: QR. 26.5 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. Capital work in progress at December 31, 2010 amounting to QR 13.54 million include QR. 343 thousands related to finance cost capitalized.

15. BANK OVERDRAFTS AND LOANS

	2010	2009
	QR.000	QR.000
Working capital facilities	**47,186**	83,524

(i) Working Capital Facilities (Bank overdrafts) are denominated in Qatari Riyals and US Dollars. Interest is payable at QIBOR / LIBOR + 1.5% to 3%. These facilities are governed by the terms of the facility agreement.

(ii) The facility fgreement 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.

16. ACCRUALS AND OTHER CREDIT BALANCES

	2010	2009
	QR.000	QR.000
Accrued expenses	**162,533**	138,298
Others	**14,993**	20,152
	177,526	158,450

17. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2010	2009
	QR.000	QR.000
Employees end of service benefits	**28,960**	22,157
Employees severance pay	**854**	4,878
	29,814	27,035

18. SHARE CAPITAL

	2010	2009
	QR.000	QR.000
Authorised shares of QR. 10 each	**237,600**	158,400

18. SHARE CAPITAL (CONTINUED)

	2010 Number of shares (In thousands)	2009 Number of shares (In thousands)
Balance at January 1,	**15,840**	14,400
Bonus shares issued	**7,920**	1,440
Balance at December 31,	**23,760**	15,840

19. 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.

20. PROPOSED DIVIDENDS/BONUS SHARES

The Board of Directors have proposed to issue to the existing shareholders one bonus share for every five shares held and a cash dividend of QR 7 per share totaling QR 166.3 million for the year 2010, which is subject to the approval of the shareholders at the Annual General Assembly.

21. OTHER INCOME

	2010 QR.000	2009 QR.000
Profit on disposal of property, plant and equipment	**771**	2,422
Miscellaneous	**3,042**	5,571
	3,813	7,993

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2010	2009
	QR.000	QR.000
Manpower cost	**71,772**	77,783
Rent	**15,824**	16,419
Travelling	**4,951**	4,177
Bank charges	**4,418**	4,278
Repairs and maintenance	**4,765**	2,158
Communication	**5,602**	5,465
Printing and stationery	**2,589**	2,307
Legal and professional charges	**6,455**	8,199
Provisions for obsolete inventories and bad debts net of recovery	**9,474**	22,860
Consultancy fees	**1,889**	3,998
Others	**4,762**	4,601
	132,501	152,245

23. RELATED PARTY TRANSACTIONS

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

	2010	2009
	QR.000	QR.000
Sales	**37,921**	24,092
Purchases	**1,836**	1,793
Investments	**5,000**	--

24. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel was as follows:

	2010	2009
	QR.000	QR.000
Short-terms benefits	**7,404**	6,504
Post-employment benefits	**490**	259
	7,894	6,763
Board of directors’ remuneration	**13,179**	10,280
	21,073	17,043

25. 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.

	2010	2009
Profit for the year (QR' 000)	**230,835**	184,225
Weighted average number of shares outstanding during the year (in thousands of shares)	**23,760**	23,760
Basic earnings per share (QR)	**9.72**	7.75

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.

26. 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:

	2010	2009
	QR.000	QR.000
Bank guarantees	**231,275**	166,481
Letters of credit	**9,632**	9,450
	240,907	175,931

27. COMMITMENTS

(i) Capital commitment

	2010	2009
	QR.000	QR.000
Projects under construction	**44,588**	14,571

(ii) Lease commitment

	2010	2009
	QR.000	QR.000
Less than one year	**41,958**	41,380
1 to 5 years	**78,699**	60,907
Above 5 years	**17,441**	25,805
	138,098	128,092

28. 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.

29. 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, 2010:

	Floating Interest Rate QR.000	Non-Interest Bearing QR.000	Total QR.000
Financial Assets:			
Bank balances and cash	34,923	51,831	86,754
Accounts and notes receivable	--	393,760	393,760
Investments	--	16,558	16,558
Non current receivables	--	2,142	2,142
Due from joint venture company	--	1,510	1,510
Total	**34,923**	**465,801**	**500,724**
Financial Liabilities:			
Bank overdrafts and loans	47,186	--	47,186
Accounts payable	--	212,639	212,639
Total	**47,186**	**212,639**	**259,825**
On Balance Sheet Gap as on December 31, 2010	**(12,263)**	**253,162**	**240,899**
On Balance Sheet Gap As on December 31, 2009	(60,277)	307,232	246,955

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, 2010.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

	2010	2009

Basis points	**+/- 25**	+/-25
Effect on profit for the year (QR. 000)	**-/+ 31**	-/+ 151

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. Credit risk on bank 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.

	2010	**2009**
Government and Qatari public companies	**41%**	36%
Private companies	**56%**	58%
Others	**3%**	6%
	100%	100%

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

Liquidity risk

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

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

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Less than one year	**1-5 years**	**Total**

As of December 31, 2010	**QR.000**	**QR.000**	**QR.000**
Financial Assets			
Cash and cash equivalents	86,754	--	86,754
Accounts receivable and other debit balances	441,084	2,142	443,226
Financial Liabilities			
Accounts payable and other credit balances	471,254	--	471,254
Borrowings	47,186	--	47,186
As of December 31, 2009			
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

The new bank facilities have been arranged and will be due for renewal on December 31, 2011.

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**	**2010**	2009
		QR.000	QR.000
EURO	+/- 3%	+/- 507	+/- 208
GBP	+/- 3%	+/- 206	+/- 439
YEN	+/- 3%	+/- 72	+/- 163
Others	+/- 3%	+/- 84	+/- 6

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

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

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

	2010		2009	
	Change in Price	**Effect on Income**	Change in Price	Effect on Income
	%	**QR. '000**	%	QR. '000
Quoted investments	+/- 10%	**505**	--	--

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 Group limits financing risk by monitoring changes in the issuer's financial position and financing costs.

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of debt and equity balances. The Group's overall strategy remains unchanged from 2009. The capital structure of the Group consists of debt, which includes borrowings disclosed in note 15, 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:

	2010	2009
	QR.000	QR.000
Cash and cash equivalents	**86,754**	169,352
Debt (i)	**(47,186)**	(83,524)
Net cash	**39,568**	85,828
Equity (ii)	**866,448**	724,471
Net debt to equity ratio	**--**	--

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

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

31. (a) SEGMENT REPORTING FOR THE YEAR 2010

Segment	**Revenue**	**Gross Margin**	**Assets**	**Liabilities**
	QR.000	**QR.000**	**QR.000**	**QR.000**

Automobile	587,632	120,297	289,146	42,553
Heavy equipment	117,345	29,031	99,297	17,018
Energy and industrial markets	87,426	42,994	131,298	32,655
Information technology	677,540	113,922	642,635	457,828
Travel	45,079	44,714	157,867	84,320
Industrial supplies & building materials	169,783	25,797	84,313	22,537
Freight forwarding & logistics	28,063	8,278	9,816	5,285
Engineering	112,603	21,648	98,039	74,197
Geotechnical services	41,434	14,130	25,202	12,422
Others	108,476	23,344	39,622	(38,028)
	1,975,381	**444,155**	**1,577,235**	**710,787**

31. (b) SEGMENT REPORTING FOR THE YEAR 2009

Segment	Revenue QR.000	Gross Margin QR.000	Assets QR.000	Liabilities 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	(22,472)
	1,921,144	**413,378**	**1,296,320**	**571,849**

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

32. COMPARATIVE FIGURES

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