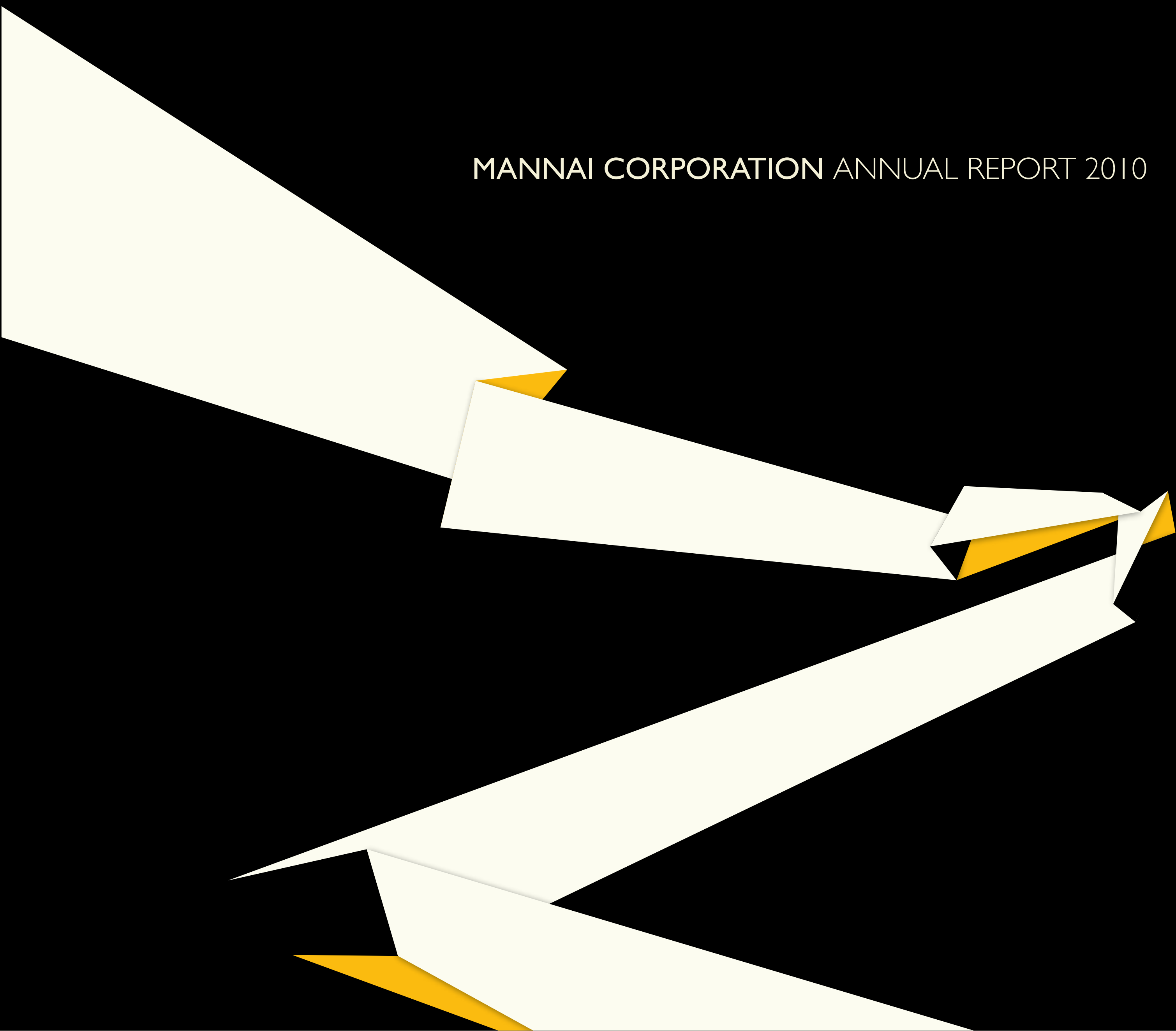
MANNAI CORPORATION ANNUAL REPORT 2010



MANNAI CORPORATION QSC

HIS HIGHNESS SHEIKH
HAMAD BIN KHALIFA
AL-THANI

Emir of the State
of Qatar

HIS HIGHNESS SHEIKH
TAMIM BIN HAMAD
AL-THANI

Heir Apparent

MANNAI GROUP

Automotive | Heavy Equipment | Information & Communication Technology (ICT) | Engineering Services (Manweir) | Travel | Energy & Industrial Markets | Industrial Supplies & Building Materials | Geological / Material Testing (Gulf Laboratories) | Home Appliances (HAED) | Medical Equipment | Logistics & Warehousing (Qatar Logistics) | System Integration / Outsourcing Services (Mansoft) | Facilities Management (Transfield Mannai) | Utility Networks Information Systems Consultants (UtilNet)

The effects of the global financial and economic upheaval of 2009 continued to be felt in the region and beyond in 2010.

However, in Qatar, thanks to the sound financial and economic policies of the Government, under the wise leadership of the Emir H H Sheikh Hamad Bin Khalifa Al Thani and the Heir Apparent H H Sheikh Tamim Bin Hamad Al Thani, the Qatari economy remained robust and continued to grow.

In Mannai Corporation, trading followed a similar pattern to last year with stronger growth in the Business to Business sector than in the retail sector where consumer confidence appeared to start recovering only towards the end of 2010.

The diversity of Mannai's range of businesses underpinned its overall performance which I am pleased to report enabled the Company to increase its Net Profit in 2010 to QR 230.80 Million, 25% higher than the 2009 figure of QR 184.2 Million.

In terms of financial performance since becoming a Public listed company the Net Profit achieved in 2010 is more than double the level reported for 2007, the year Mannai Corporation listed on the Qatar Exchange.

In line with the company's strategy to invest for the future expansion of its business, both in Qatar and regionally, the company made a significant investment in the building of an engineering workshop in Ras Laffan during the year and acquired majority ownership of an IT company in Jordan.

As required by the Qatar Financial Markets Authority the Company has issued a comprehensive report on its compliance with the recently introduced Corporate Governance Code. Details on the Company's Corporate Governance policies and areas which require discussion with shareholders appear in a later section of this report.

Following the comments I made at the AGM last year and as stated in the Company's Dividend Policy, the Board continues to believe the level of dividends and free shares the company is able to issue, remains an important element of creating value for our shareholders. Therefore I am pleased to report that as a result of the Company's continued strong profit performance the Board has recommended a cash dividend of 70% (being QR 7 per existing share) plus the issue of one new Bonus share for every 5 shares held.

I want 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. There is no doubt that it is the commitment of our people which makes the difference in underpinning the continued good performance of Mannai.

Whilst the recovery of the global economy is likely to remain gradual, the prospects for continued economic and infrastructure development in Qatar for the foreseeable future are excellent.

Given the diversity of Mannai's business supported by its healthy balance sheet and the underlying strength of the Qatar economy, I am confident the Company will continue to sustain its performance in 2011 and beyond.

Hamad Bin Abdulla Bin Khalifa Al Thani
Chairman

"In terms of financial performance since becoming a Public listed company the Net Profit achieved in 2010 is more than double the level reported for 2007, the year Mannai Corporation listed on the Qatar Exchange"

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 specialises 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

"...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."

Mannai Corporation, over the past two years, through the global & local slowdown has delivered outstanding results due to the commitment of its businesses that have worked hard and smart to stay above the economic challenges.

Our focus on expanding our operations internationally remains firm. This year Information & Communication Technology (ICT) acquired a controlling interest in UtilNet, a company based in Jordan. ICT also expanded into Oman and has since successfully executed many projects.

PERFORMANCE

The company delivered another year of excellent performance, yielding a 25% increase in net profits. This builds on a 26% increase in net profits achieved in 2009. The profits of the Group were QR 230.8 Million compared to QR 184.2 Million for the previous year.

The turnover of the Group increased 3% over the previous year. Excluding the Heavy Equipment Division, which suffered a 38% decline in turnover due to the slowdown in activity in the construction sector, the remaining businesses increased their sales by 7%.

The gross profit margin of the business was maintained at a healthy 22%, and we prudently managed our cost base. Our strong balance sheet, will enable us to leverage future acquisitions.

The Automotive Group experienced a difficult year due to the slowdown in the industry globally. However, the last quarter showed encouraging signs of recovery. There was a 6% growth in the total number of vehicles sold over the previous year.

DIVERSITY OF BUSINESS

Mannai Corporation is made up of a diverse range of businesses, operating within 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 an array of leading, 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 continue to provide a platform for future profitable growth, listening and responding to the changing needs of our customers and clients, while staying true to our core values of quality, value, service and trust.

The diversity and performance of our Business Units are defined and expanded on in the latter section of this report.

AWARDS

As in previous years, our businesses continued to receive accolades from their various overseas principals. Selections of the awards received during 2010 were:

★ Oracle - Winner of the Industry Partner of the Year for MENA region
★ Oracle - Runners up of the Industry Partner of the Year for Europe, Middle East & Africa (EMEA)
★ HP Reseller of the year 2010 Middle East - for all HP Business Units
★ HP Software & Solutions Partner of the year - Middle East
★ Microsoft - 2010 Country Partner of the Year
★ CISCO - Master Unified Communications Specialised Partner
★ TCL - Outstanding Global Partner Year 2010
★ TYCO Thermal Controls - 2009-2010 Most Valued Business Partner
★ General Motors - CRM Best of the Best Award

FUTURE OUTLOOK

Qatar winning the right to host the FIFA World Cup in 2022 will have a huge, positive impact on the country as well as local companies. Mannai is ready to play an active part towards making the World Cup a success. There is immense potential for growth, however, the benefits from this event will take a few years to realise.

Mannai will capitalise on new opportunities as a result of the increased expenditure on infrastructure within the country. It remains Mannai's strategy to continue to expand beyond Qatar via acquisitions and joint ventures in regional markets that are growing.

We are committed to continuing our growth as a company and delivering positive results for our shareholders.

Alekh Grewal
Chief Executive Officer

"The gross profit margin of the business was maintained at a healthy 22% ... our strong balance sheet will enable us to leverage future acquisitions."

MANNAI VISION

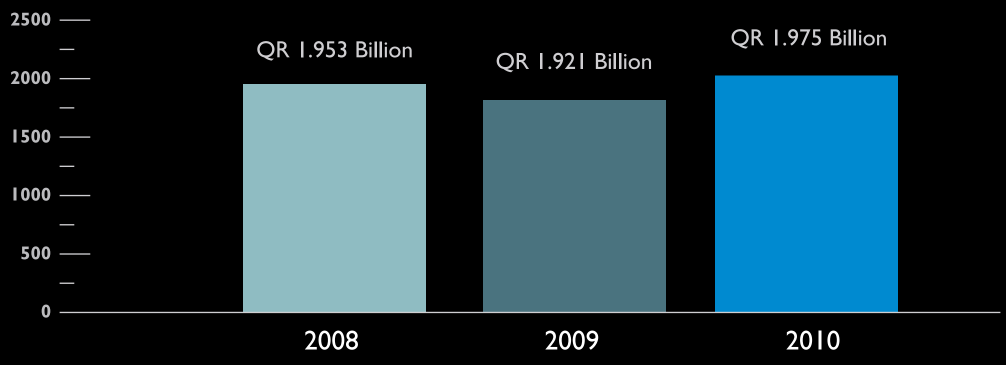
Through exceptional service and added value, build Mannai to be the most dependable business partner in the region.

MANNAI MISSION

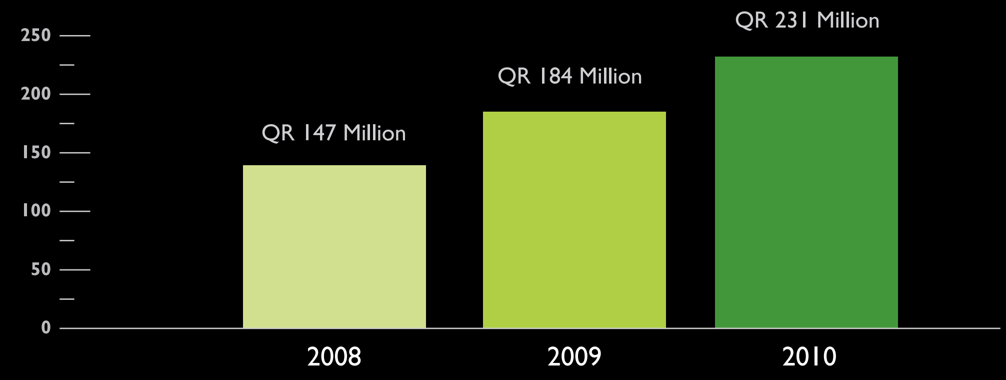
To create an environment which will attract and retain a committed team of talented professionals who will place Mannai at the forefront in our chosen markets.


MANWEIR
CF8M

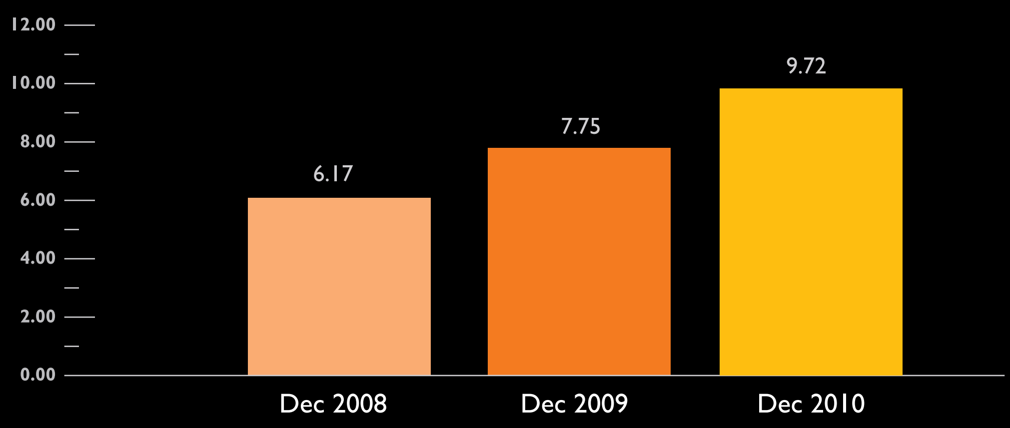
SALES / FROM YEAR 2008 TO 2010



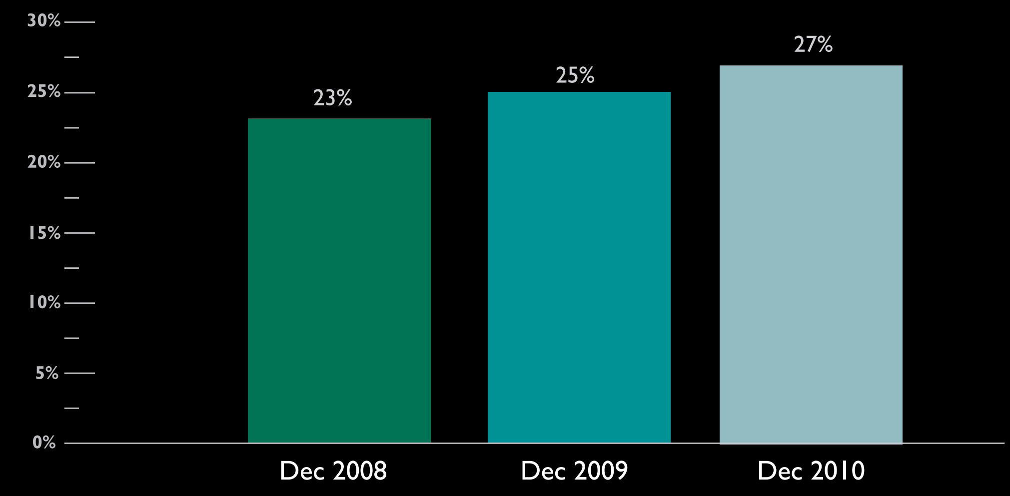
NET PROFIT / FROM YEAR 2008 TO 2010



EARNINGS PER SHARE / FROM YEAR 2008 TO 2010 (QR)



RETURN ON EQUITY (ROE) FROM YEAR 2008 TO 2010



SAID ABU ODEH
Director

RASHID FAHAD AL NAIMI
Director

MOHAMED ALI M. AL KUBAISI
Director

SHEIKH HAMAD BIN ABDULLA AL THANI
Chairman

SHEIKH SUHAIM BIN ABDULLA AL THANI
Vice Chairman

ALI YOUSEF KAMAL
Director

KHALID MANNAI
Executive Director

KEITH HIGLEY
Director

KHALID MANNAI
Vice Chairman of the Executive Committee

ARVIND CHADDHA
Chief Financial Officer

ALEKH GREWAL
Chief Executive Officer

SHEIKH SUHAIM BIN ABDULLA AL THANI
Chairman of the Executive Committee

K. VENUGOPALAN
Group General Manager
Information & Communication
Technology

**SAID
ABU ODEH**
Member

**ALAA
ELEBIARY**
Chief HR
& Admin. 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

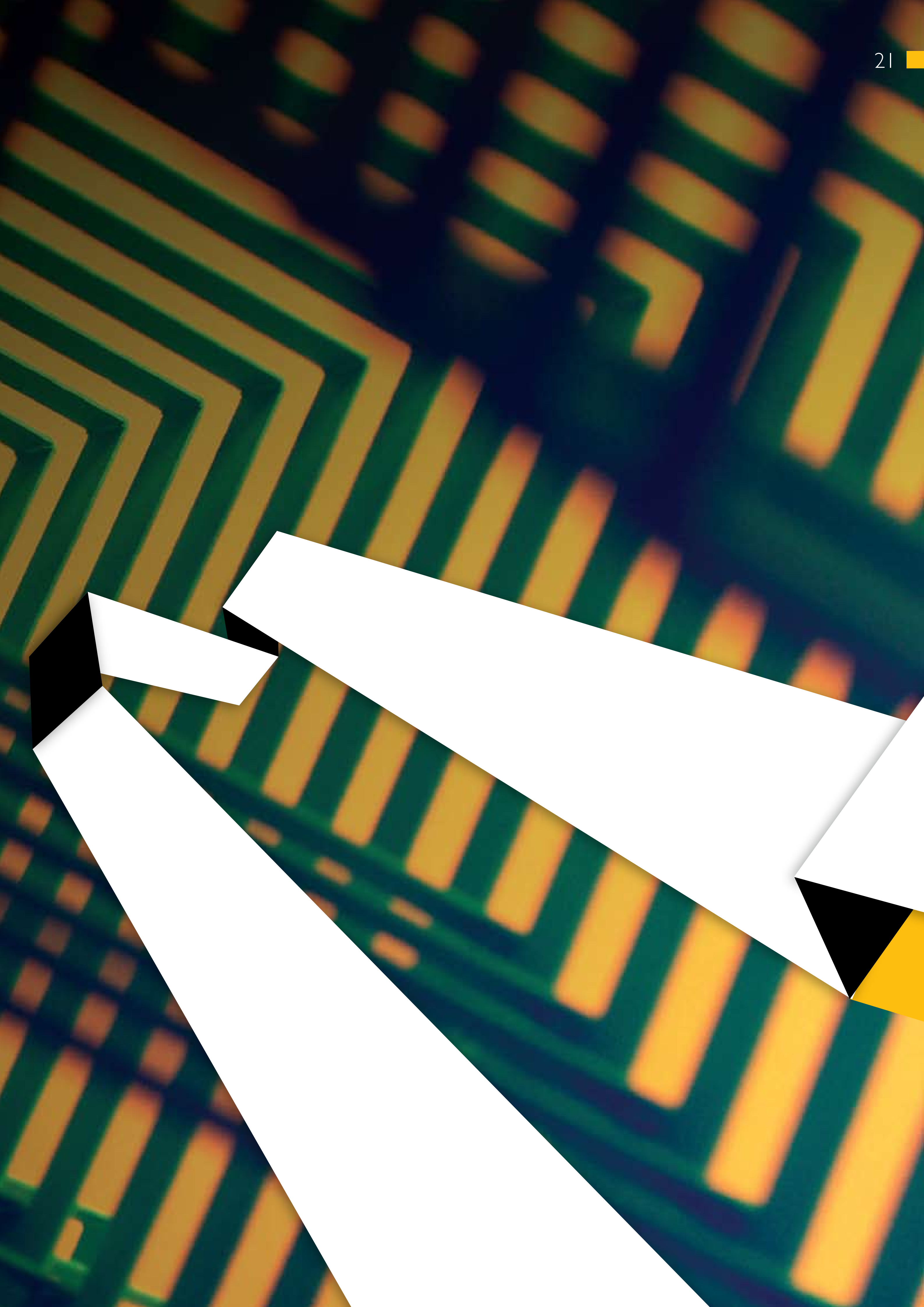
We believe in an open partnership with our suppliers and can be judged by how well we:

> 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.



CORPORATE GOVERNANCE

Mannai Corporation 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 companies in Qatar. Accordingly, as reported in the 2009 Annual Report the Board of Mannai Corporation began structuring its corporate governance procedures in line with the principles of the Code and the actions taken and updated status is summarised below :

- The Terms of Reference for our Board Committees were published in 2009 Annual Report and are available 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. These have been outlined below and are also available on the Company's website.

- As mentioned in the 2009 Annual Report in respect of those areas of the Code which would require amendments to the company's Articles of Association the company is awaiting the finalised version of the Code, after the transition period, before the Board considers recommending any changes to the company's Articles of Association to the shareholders.

  Consequently, the company has not yet adopted the following Articles of the Code into the Company's Articles of Association :

  - Code Article 9/1 Board Composition. However, the composition of our Board is compliant with this Article of the Code.
  - Code Article 23/1 Access to Information. However, detailed existing terms of access to information are contained in our present Articles of Association although not in the exact terms of the Code.
  - Code Article 26/1 Shareholders' Rights Concerning Board Members' Election. However, the Board accepts the principle.
  - Code Article 28/2 Minority Shareholders' Rights. The company has requested more details from the QFMA on the specific provisions required.
  - Code Article 28/3 Tag along Rights. The company has requested more detailed guidance from the QFMA.

  At the Ordinary General Assembly on 23rd February, 2011 the shareholders have been informed of the position as stated above and supported the Company's approach on Corporate Governance.

- In accordance with the directives received from QFMA, the company submitted its first Corporate Governance Report on 25th August, 2010.

  The annual report for the financial year ended 31st December, 2010 was submitted on 7th February, 2011 and is available in Arabic and English on the company's website.

BOARD COMMITTEES

AUDIT COMMITTEE

Sheikh Suhaim Bin Abdulla Al Thani	Chairman
Mohamed Al Kubaisi	Member
Ali Yousef Kamal	Member
Alekh Grewal	Member

NOMINATION COMMITTEE

Sheikh Suhaim Bin Abdulla Al Thani	Chairman
Mohamed Al Kubaisi	Member
Ali Yousef Kamal	Member

REMUNERATION COMMITTEE

Sheikh Suhaim Bin Abdulla Al Thani	Chairman
Mohamed Al Kubaisi	Member
Keith Higley	Member

CORPORATE GOVERNANCE COMMITTEE

Keith Higley	Chairman
Said Abu Odeh	Member

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 Listed Company the company paid a Cash dividend of 40% plus 20% Bonus shares in 2007; a 60% Cash dividend plus 10% Bonus shares in 2008; a 50% Cash dividend plus 50% Bonus shares in 2009; and a 70% Cash dividend plus 20% Bonus shares has been distributed for 2010.

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. It may also include a component based on long term performance of the company.

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

MANNAI TRADING AUTOMOTIVE GROUP

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

Mannai Automotive Group received prestigious awards including the GM Fleet Excellence Awards (for 3 consecutive years - 2007, 2008 & 2009), Customer Relationship Management (CRM) Excellence & Best of the Best Awards, GM Parts Excellence, Market Builder Awards for GM Parts, AC Delco & Conventional Batteries, and GM Service Excellence during the year 2010.

Year on Year Sales (2010 vs. 2009) of Premium Channel (Cadillac and Hummer brands) registered a double digit percentage increase, with Subaru brand recording an impressive growth of more than 30%.

Having invested in satellite outlets / branches, the focus was on harnessing them fully to make them self-sustaining profitable entities. Besides establishing the Mannai presence across the geographical spread of the State of Qatar, these have enabled us to deliver much faster, more efficient and convenient delivery of products and services to our elite class of customers. Looking forward, Mannai Automotive will continue to expand cautiously and 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, which has been the prime reason for its success over the last six decades.

The global auto industry, with Qatar being no exception, continued to go through a tough phase that began in 2009; however towards the end of 2010 there were indeed signs of recovery.

HEAVY EQUIPMENT DIVISION

Heavy Equipment Division (HED) is a business segment within Mannai's 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 such as Grove Cranes, JCB and Thermo King.

Despite difficult market conditions in the construction equipment sector, HED managed to maintain its overall market share for most of its franchises.

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 2011 HED will continue to further develop and expand its aftermarket activities to meet the growing demands and expectations of both existing and potential customers.

With Qatar having won the bid to host the FIFA World Cup 2022, huge investments are expected to be made in the infrastructure sector over the next decade and Mannai HED is fully equipped and geared to maximise its share.

INFORMATION & COMMUNICATION TECHNOLOGY (ICT) DIVISION

Mannai continued to be a market leader in providing ICT solutions to the Qatari market. The Division now has the ability to offer sophisticated hardware, software and network products integrated to meet customer needs.

Each ICT business unit performed well during 2010. The Networks Business Unit, working closely with Cisco and Panduit, was again the star performer producing excellent results. Mannai has been chosen to implement Cisco networks at most of the prestigious projects in Qatar. The business unit has also diversified operations by extending its relationships with other Cisco partners like EMC and VMWare. The partnership with Panduit has been a great success and in 2010 Mannai has become a leading structured cabling solution provider in Qatar.

The networking business has also expanded into Oman where the unit has successfully executed projects.

The Division's Systems & Hardware Business Unit partners with HP, Microsoft, Symantec, Citrix and others to implement and maintain state of the art solutions using enterprise servers, storage, networks and sophisticated management software tools. Providing end-to-end infrastructure solutions covering HP Hardware, Network & Software, Microsoft Enterprise Products, Symantec, Riverbed, Citrix, Palo Alto Networks, Toshiba and others are the key elements of the unit's success.

Oracle ERP and Technology Solutions accounted for a major portion of the software business in 2010. In recognition, Oracle has awarded Mannai its Industry Partner of the Year (Public Sector) Award for the Middle East and North African Region.

The business unit made sustained efforts in 2010 to diversify its business into other technologies such as Microsoft (SharePoint and .Net), SAP, JAVA, GIS Solutions, Mobile Banking Applications, BI and Data Warehousing. The unit has recently been appraised at CMMI Level 3 and this makes Mannai the only Qatari company to achieve this certification.

Mansoft, the offshore development centre in India, has improved its performance in 2010. The unit is now poised to take on more and more projects to implement software solutions in Africa and GCC countries.

As part of its diversification strategy during 2010, Mannai acquired a controlling interest in a Jordanian company called UtilNet which specialises in providing software implementation support in the telecom OSS area.

GE Healthcare

MANNAI MEDICAL

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, providing dedicated services to the Corporate, Retail and Leisure traveller through its network of offices. The business has positioned itself at the forefront of its sector and is well positioned 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 multinational companies who have operations within the country. The relationship also benefits Mannai Air Travel when BCD are successful in securing 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 and Kenya Airways. More recently it has been very successful in establishing a distributor network for Fly Dubai – the low cost airline that currently has five flights daily between Doha and Dubai. With the appointment of the Fly Dubai distributorship, the division has acquired a whole new market segment in retail business as well as in leisure package holidays. This has contributed to the growth in 2010 and will continue to do so as the network expands.

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. During 2010 Mannai Holidays signed a pact with the Vietnam Embassy and Asian Trails to boost tourism to Vietnam.

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

Considering the downward trend of margins within the travel industry, the Travel Group used its corporate reach coupled with increases in the effectiveness and efficiency of its 'back office' activities to maintain profit growth. The 'Online Booking Engine' will drive the business forward during the coming years and offer greater flexibility to the customers.

HOME APPLIANCES & ELECTRONICS DIVISION

Priding itself as a total 'Home Solution', Home Appliances and Electronics Division (HAED) continues to meet today's challenges. "HOME" brand affirms HAED's commitment to improve the quality of life by providing its customers with world leading appliances and electronics.

HAED Projects, since partnering with "SKM Air Conditioning Equipment", has won many prestigious projects in Qatar and was able to meet its commitment of providing a total HVAC Solution for commercial and residential projects. The SKM range of products includes Chillers, Air Handling Units, Packaged Units, Fan Coil Units, Ducted Splits and Mini-Splits. These products are built to stand the harsh corrosive climate and high ambient temperature conditions experienced in the Gulf region. Throughout 2010, the Projects team has been able to secure many landmark projects assisted by its principals SKM, Electrolux, White Westinghouse and Toshiba.

HAED's Wholesale Section continues to witness a steady growth year on year and will further strengthen its market position with brands that include Moulinex, Coleman, Seiko and Palson. Moreover, HAED has successfully launched and distributed AKAI batteries and energy saving lamp (CFL) products into the local market. Wholesale distribution network includes major hypermarkets, supermarkets, power retailers and many medium-scale dealers in Qatar.

Development is a constant objective and HAED is currently looking into expanding its retail network as well as its product portfolio that will help complement its existing range and bring HAED to the forefront in Home Appliances and Electronics business within Qatar.

The HAED Service section has set an example in the local market with its professional service that has enhanced the business turn-around-time for repairs of appliances and electronics. The Service section continues to develop its procedures and processes to meet the challenges in delivering a first-rate service to their valued customers.

ENERGY & INDUSTRIAL MARKETS

Energy & Industrial Markets (E&IM) is a long established division within Mannai Corporation. The division has an excellent track record in providing 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 caters to the oil and gas, petrochemical and utility sectors, 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, 2010 was one of the most successful years, witnessing the delivery of major products to several of the country's strategic infrastructural projects. Additionally, E&IM was able to successfully bid for and supply a wide range of products to many other projects within Qatar, namely Al Shaqab Equestrian Centre, New Fire Station in Umm Bab & Fahahil, Industrial Area Interchange, and the Qatar Primary Routes, North Road Project.

E&IM's outlook for 2011 is to continue working on opportunities which provide added value for customers and principals within their chosen fields of expertise, and to meet the objectives and expectations of shareholders and the various stakeholders.

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 a diverse group of 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 – both local and international. In addition, Qatar Logistics' always ensures that the logistics solution provided to the 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.

Qatar Logistics' is the exclusive agent for one of the major freight forwarding networks in the world - "Hellmann Worldwide Logistics" (HWL). This arrangement allows Qatar Logistics to be part of a network of over 200+ offices worldwide and appear on the 'radar' as HWL's preferred partner within Qatar. Supported by this global integrated logistic network, Qatar Logistics is positioned to meet and deliver its customers expectations.

Qatar Logistics also provides a professional service for all relocation requirements and it's 'move management programme' ensures the client receives a high quality service. The Relocation section offers a full export packing service, specialised crating, shipping, destination service and secure state of the art storage facilities. Underlining its commitment to adhere to recognised international standards, Qatar Logistics is finalising its procedures to attain ISO certification.

INDUSTRIAL SUPPLIES & BUILDING MATERIALS

Industrial Supplies & Building Materials (ISBM) is a division within Mannai Corporation operating four sections - 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 section markets and distributes 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 in Salwa Industrial area 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 equipment, welding equipment and consumables for fabrication. ISBM also stocks and supplies various waterproofing membranes, construction chemicals, and geo-textiles for the construction industry.

Through its Industrial Tooling section, ISBM sells a wide range of tooling from globally recognised brands – Norton (part of Saint-Gobain, France), JHW (part of Snap-on, USA), Mennekes (Germany), REED Pipe Tools (USA), NSK Japan & Europe, and Wilden Pumps & Engineering (USA). Brand names sold through the Welding section include Ador (India), Hyundai (Korea) and EWM (Germany).

The Building Materials section is distributor for Bitumat (KSA), Terraco (UAE), ASPEC (Kuwait), ALYAF (KSA) and Jollyboard (India). More recently, the section has also added Plywood boards to its product range. This board is specifically used in the construction industry for shuttering & centring works. The Building Materials section once again earned the No.1 Distributor Award from Bitumat (KSA) for exceeding revenues of specialised waterproofing materials.

The Turbine section executes long term contracts for the Oil & Gas Industry and continued winning major orders during 2010 for the supply of gas turbine equipment and associated spares. This section offers specialised OEM services for the refurbishment and service exchange of gas turbines to the local Oil and Gas Industry.

MANWEIR WLL

Manweir WLL, a wholly-owned subsidiary of Mannai Corporation QSC, backed by 3 decades of professional expertise has established itself as the leading manufacturing, repair and re-manufacturing facility for the Oil & Gas Industry, Petrochemical, Fertiliser, Marine and Power Industries in Qatar and the GCC States.

The Ras Laffan expansion is scheduled for completion by 3rd quarter 2011 and will increase the current size of Manweir, who completed their Salwa facility expansion this year, from 19,700m² to 65,700m² with the addition of a further 46,000m² of service capacity to meet the manufacturing and engineering requirements of the future.

Modernisation of the existing facility and the installation of sophisticated CNC equipment at Ras Laffan linked to Co-ordinate Measuring Machines (CMM) technology will provide accurate, reliable rapid reverse engineering capabilities. This will ensure Manweir continues to provide Qatar's leading industries with "world best practice" service. The close proximity of the new facility to Oil & Gas and Petrochemical customers will offer competitive prices and improved delivery cycles.

Manweir's Quality Management System is certified in compliance with ISO 9001:2000, ISO/TS 29001 & API-Q1 by American Petroleum Institute Quality Registrar (APIQR). API licenses include API 5CT (Tubing & Casing Connections/Accessories), API 6A (Wellhead & Christmas Tree Equipment), API 7-1 (Rotary Drill Stem Elements) & API 16A (Drill Through Equipment). Manweir is a licensed Threader of various Proprietary OCTG Premium Threads by Vallourec & Mannesman, TenarisHydril, Hunting, JFE-BEAR & NS Connection Technology, including Vallourec & Mannesman, NOV Grant Prideco & NKK Proprietary Double Shouldered Rotary Connections. Manweir is also a Repair Center for the overhaul and servicing of all types of Line Valves, Pressure Safety/Relief Valves & Control Valves with highly skilled and competent technicians trained by reputed OEMs such as Tyco Valves & Controls, Safety Systems, Metso automation, Farris & Kitz Corp.

Instrumentation & Valve Shop Skilled Instrument & Valve technicians provide quality services for calibration and overhaul of all types of Instruments and Valves. Manweir is a Designated Repair Centre (DRC No.11) for the overhaul and repair of Safety Relief Valves manufactured by Anderson Greenwood Crosby of Tyco Flow Control Group, UK. Manweir is also the Authorised Facility for service and repair of IMI Bailey Burkett safety & relief valves.

Rotating Equipment Overhaul Skilled and highly experienced Service Technicians provide excellent offshore and onshore services to carry out instant repairs, overhauls, and installations of all types of rotating and reciprocating equipment systems and are available on a 24x7 basis.

Machine Shop Manweir's large Machine shop is well equipped to provide for the needs of the Oil & Gas & Petrochemical industries in Qatar and GCC states. It is equipped with a comprehensive range of heavy duty and precision machine tools. CNC machines, specialising in the Machining and Threading of OCTG including Manufacture, Repair & Remanufacture of the following equipment:

Wellhead and Christmas Tree equipment (API 6A)
Drill Through Equipment (API 16A)
Casing & Tubing (API 5CT)
Drill Stem Elements (API 7-1)

Fabrication Shop Highly skilled Fabricators and qualified Welders provide fabrication and welding works for various grades of metals including Hard Facing, Brazing, and Cemented Carbide Dressing. Stainless Steel overlays to facilitate the repair and remanufacture of valves and wellhead equipment, refurbishment of Stabilisers with cemented carbide dressing ground to gauge size on cylindrical grinder.

Electrical Workshop provides a 24-hour service for repair of any type of AC/DC rotating machine or transformer, On-site, Offshore and Marine maintenance and repairs, upgrades for Insulation Systems, Slip ring and commutator repairs, skimming and undercutting, Transformer overhaul and repair, Dynamic Balancing in various grades, shaft renewal/manufacturing of obsolete parts, troubleshooting and supply of new motors.

Oilfield Products & Services Division (OPSD) - This division of Manweir is engaged in supplying the oil industry with equipment, tools & services required for exploration, drilling & production of hydrocarbons through its association with international companies such as National Oilwell Varco (formerly Andergauge), a provider of specialised down hole drilling tools, including the well-known AnderReamer and AG-itator, DNV, TIW, ITS, Water Weights, GSP, S2M and others. OPSD also markets the products & services of leading oilfield equipment manufacturers, suppliers & service companies.

GULF LABORATORIES WLL

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 19 years of experience, the business has provided its specialist services to a large proportion of civil engineering, water resource and development projects within the country.

Gulf Labs' drilling and geotechnical activities include onshore and offshore investigation, water-well drilling, geophysical surveys, hydrogeological 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 Company is regarded as one of the leading geotechnical and materials testing facilities in Qatar. Ground investigations were performed as part of the New Doha Port Project, Lusail Development, Qatar National Museum, New Doha International Airport, Qatargas QGX, Aspire Zone and Education City, as well as for a number of road design projects.

On-site material testing laboratories and call-off testing services provide on-going involvement at the Lusail Development Project, 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 further strengthened its environmental testing department with the purchase of a new Gas Chromatograph – Mass Spectrometer equipment. A new laboratory software Lastrada was implemented in order to improve both quality control procedures and the efficiency of analytical testing procedures.

During 2010 the company successfully re-certified its quality and occupational health and safety management systems to the latest ISO 9001:2008 and OHSAS 18001:2007 standards. Further 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 exploration and ground investigation projects and is poised to unveil its new laboratory testing services early in 2011.

TRANSFIELD MANNAI FACILITIES MANAGEMENT SERVICES WLL

During 2010, Transfield Mannai Facilities Management Services continued to maintain impressive advancement by both organically growing its existing client base through enhanced services such as delivery of Civil Refurbishment, HVAC and Telecommunications projects along with attracting new clients. This broadening of service provision has allowed our clients to continue to work with their trusted partner and in doing so ensure projects are delivered on time, on budget and to a high standard with a minimal impact on their business. These initiatives are evident in impressive increases over the previous year, both in terms of revenue as well as profits. The very strong order pipeline will see a similar trend in the 2011 financial year.

Management continues to focus on Quality Service Delivery encompassing a high focus on health, safety and environmental matters by investing in its people. Transfield Mannai Facilities Management Services has recently become a foundation member of the Middle East Facilities Management Association (MEFMA). This affiliation will provide the opportunity to offer positive leadership and influence standards within the Middle East Facilities Management community.

Software upgrades to both our finance and operating systems are complete. These enhancements will see us commence 2011 in a strong position ready to take on the challenges of the coming year with the confidence that improved reporting/monitoring of our business activities will not only support our journey of continuous improvement but also further enhance our overall returns.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

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.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, AS OF 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
		========	========

LIABILITIES AND EQUITY	Notes	2010 QR.000	2009 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
Vice Chairman

Alekh Grewal
Chief Executive Officer

CONSOLIDATED STATEMENT OF INCOME, FOR THE YEAR ENDED DECEMBER 31, 2010

	Notes	**2010 QR.000**	2009 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
		========	========

	2010 **QR.000**	2009 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
	========	========

The accompanying notes are an integral part of these consolidated financial statements

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
	QR.000	QR.000	QR.000	QR.000	QR.000
Balance - January 1, 2009	**144,000**	**172,354**	**80,117**	**129,856**	**--**
Total comprehensive income for the year	--	--	--	184,225	--
Issue of bonus shares	14,400	--	--	--	--
Dividends paid	--	--	--	--	--
Proposed dividends	--	--	--	(79,200)	--
Proposed bonus shares	--	--	--	(79,200)	--
Balance - January 1, 2010	**158,400**	**172,354**	**80,117**	**155,681**	**--**
Total comprehensive income for the year	--	--	--	230,835	50
Social and sports contribution for 2009	--	--	--	(4,606)	--
Issue of bonus shares	79,200	--	--	--	--
Dividends paid	--	--	--	--	--
Proposed dividends	--	--	--	(166,320)	--
Proposed bonus shares	--	--	--	(47,520)	--
Social and sports contribution for 2010	--	--	--	(5,771)	--
Non-controlling interests	--	--	--	--	--
Balance - December 31, 2010	**237,600**	**172,354**	**80,117**	**162,299**	**50**

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**
--	**86,400**	**14,400**	**627,127**	**--**	**627,127**
(481)	--	--	183,744	--	183,744
--	--	(14,400)	--	--	--
--	(86,400)	--	(86,400)	--	(86,400)
--	79,200	--	--	--	--
--	--	79,200	--	--	--
--------------	--------------	--------------	--------------	--------------	--------------
(481)	**79,200**	**79,200**	**724,471**	**--**	**724,471**
96	--	--	230,981	29	231,010
--	--	--	(4,606)	--	(4,606)
--	--	(79,200)	--	--	--
--	(79,200)	--	(79,200)	--	(79,200)
--	166,320	--	--	--	--
--	--	47,520	--	--	--
--	--	--	(5,771)	--	(5,771)
--	--	--	--	544	544
--------------	--------------	--------------	--------------	--------------	--------------
(385)	**166,320**	**47,520**	**865,875**	**573**	**866,448**
=======	=======	=======	=======	=======	=======

CONSOLIDATED STATEMENT OF CASH FLOWS, FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 **QR.000**	2009 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)**	(1,573)
Net Cash From Operating Activities	**157,878**	360,120
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**	1,020
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

The accompanying notes are an integral part of these consolidated financial statements

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 authorisation of these consolidated financial statements, the following standards and interpretations were effective:

(i) Revised standards:

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*

(ii) Revised Interpretations

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

(iii) Withdrawn Interpretations

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

(iv) New Interpretations

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 authorisation 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*

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

(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.

(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 realisable 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.

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 Amortisation

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 capitalised. Demo vehicles are amortised 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.

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.

(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:

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

8. INVENTORIES

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

(b) Other Intangible Assets

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

11. AVAILABLE FOR SALE INVESTMENTS

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

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

12. LONG TERM RECEIVABLES

	2010 QR.000	2009 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 QR.000	2009 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
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 capitalised.

15. BANK OVERDRAFTS AND LOANS

	2010 QR.000	2009 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 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.

16. ACCRUALS AND OTHER CREDIT BALANCES

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

	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 QR120 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	2009
	QR.000	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 QR.000	2009 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 QR.000	2009 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 QR.000	2009 QR.000
Projects under construction	**44,588**	14,571

(ii) Lease commitment

	2010 QR.000	2009 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.

	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.

As of December 31, 2010	**Less than one year QR.000**	**1-5 years QR.000**	**Total 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

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 maximising the return to shareholders through the optimisation 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 QR.000	2009 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 QR.000**	**Gross Margin QR.000**	**Assets QR.000**	**Liabilities 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
Automobile	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.

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