MANNAI CORPORATION Q.S.C.

ANNUAL REPORT 2011


Values
Bridge
Dedication
Team
Family

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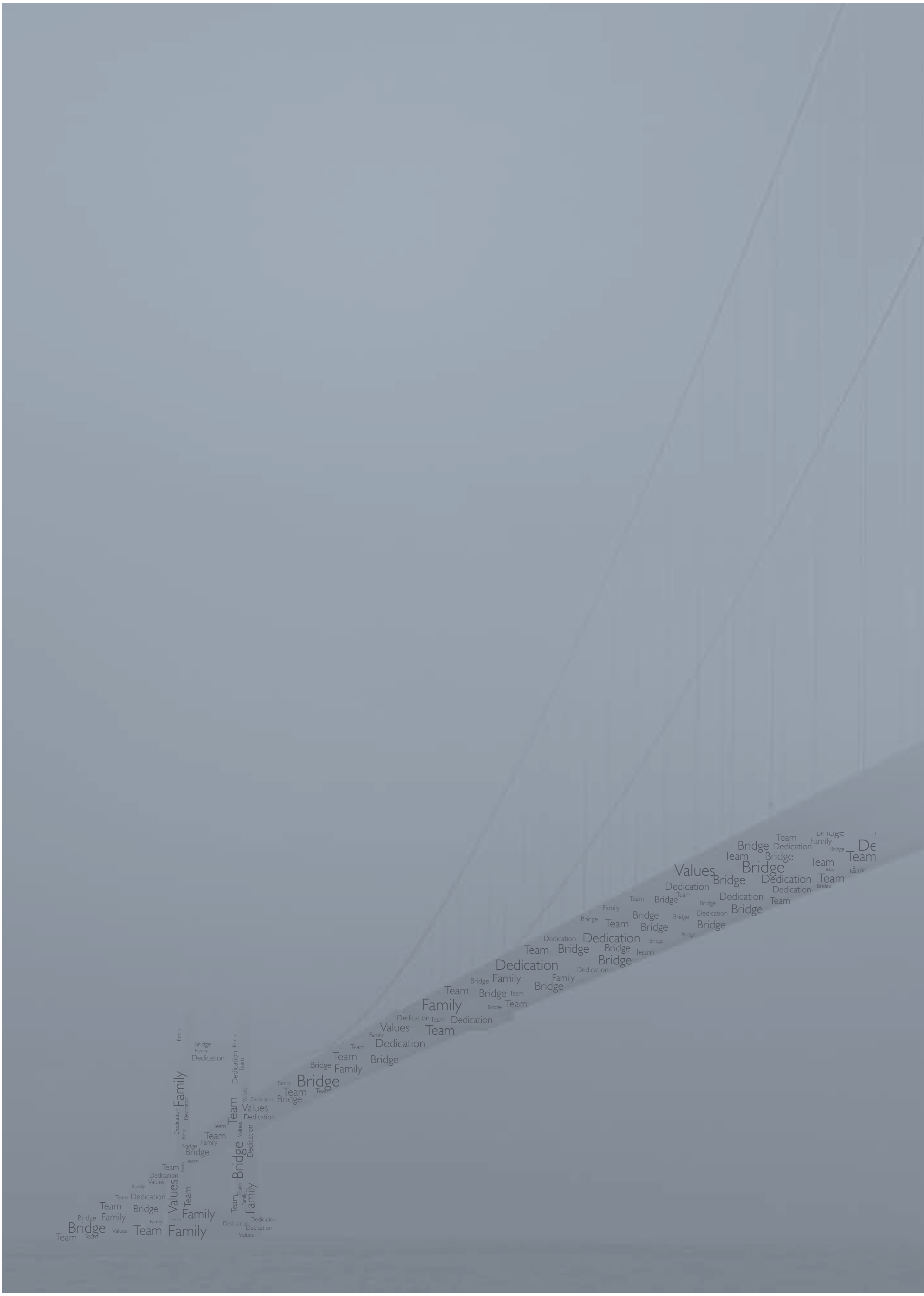
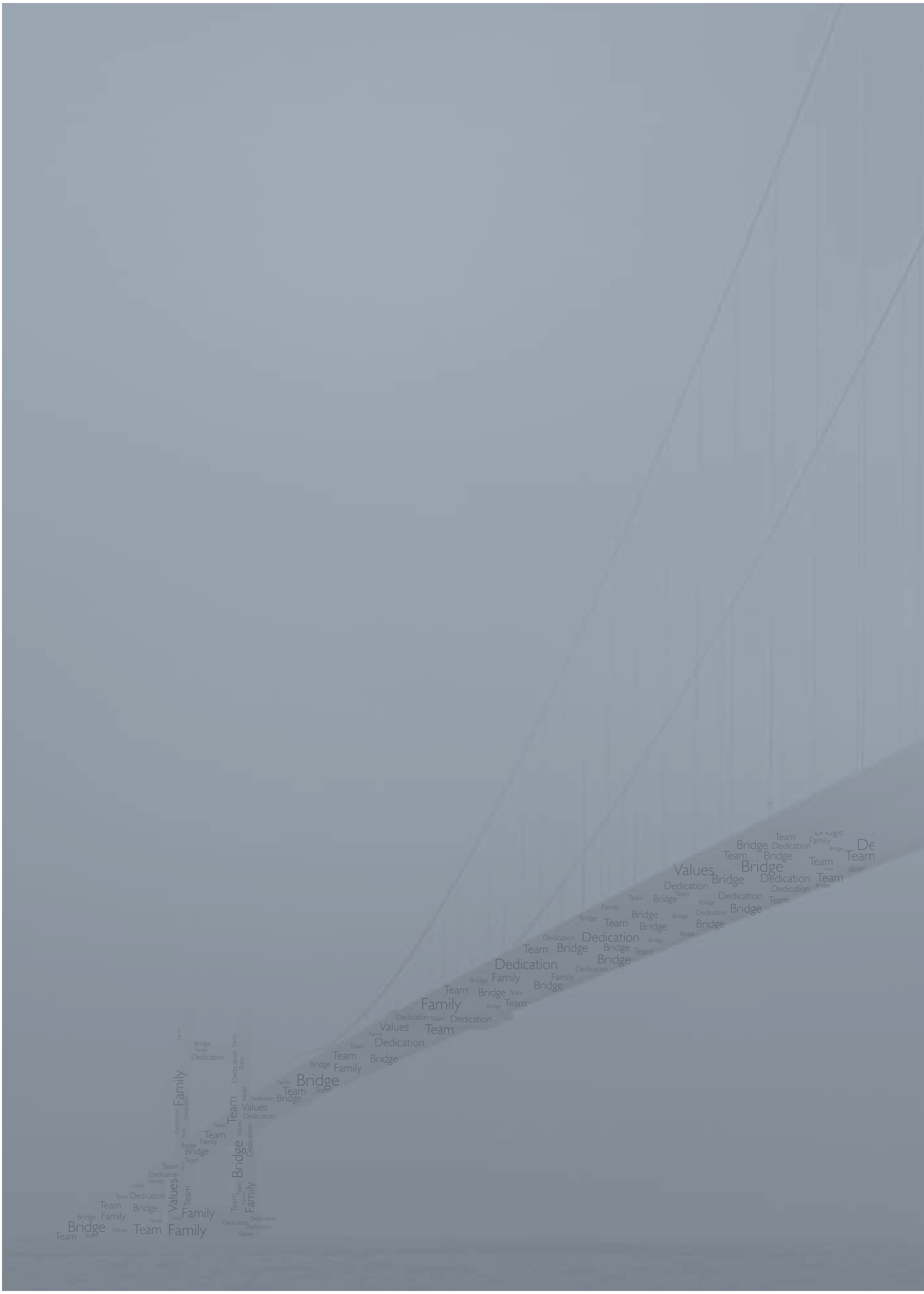

Bridge
Team
Family
Values
Dedication

His Highness Sheikh Hamad Bin Khalifa Al-Thani

Emir of the State of Qatar

His Highness Sheikh Tamim Bin Hamad Al-Thani

Heir Apparent



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Together, we are in to witness

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bound our heart the success of one team, one family.

This is Mannai Corporation's 5th Annual Report since listing on the Qatar Exchange in 2007 and given the challenging global economic conditions in recent years, I thought this would be an appropriate time to reflect on the development of the Company's strategies and business over that time.

In terms of strategy, the first Annual Report as a Public Listed Company in 2007 commented on the strengthening of the Company's Board and capital base in preparation for longer term developments.

The following year in 2008, I reported on the Board's Strategic Review and our plans to expand the Company's business overseas in the medium term as well as continuing to invest and develop our core business within Qatar.

In 2009, I reported that our core business in Qatar was growing strongly and the Company was focusing its overseas expansion plans on opportunities in regional markets.

The following year, the Company acquired an IT company in Jordan and established an IT and GeoTechnical subsidiary in Oman.

In 2011, the Company acquired a strategic 35% stake in AXIOM Limited in the UAE, the largest mobile handset distributor throughout the GCC. Also in 2011, the Company purchased a small but key stake in a specialised IT company in Switzerland with Middle East potential for Mannai, and in Qatar the Company completed the construction of a new engineering workshop on its 46,000 sq. metre site in Ras Laffan.

At the Extraordinary General Assembly in December, 2011, our shareholders gave their support for the Company to make an offer to acquire Black Cat Engineering & Construction WLL, a leading EPC contractor in Qatar. The offer is subject to regulatory approval in Qatar and that process is underway.

Chairman's Report

The journey continues. Diversification of earnings both within Qatar and in regional economies remains a key strategy for the company going forward.

More recently in January, 2012, the Company announced through the Qatar Exchange that it is considering making an offer to acquire a significant stake in Damas International, the leading Middle East jewellery retailer based in Dubai. Any subsequent announcement on this potential investment by Mannai will also be made through the Qatar Exchange in due course.

In terms of profit performance over the last 5 financial years, since 31st December, 2006, the Company's Net Profit has more than quadrupled.

There is no doubt that these developments would not have been possible in such globally challenging times without the benefit of the sound economic environment in Qatar, established through the wise leadership of the Emir HH Sheikh Hamad Bin Khalifa Al-Thani and the Heir Apparent HH Sheikh Tamim Bin Hamad Al-Thani.

I am pleased to report that in 2011, the Company has increased its Net Profit to QR 279 Million, 21% higher than the 2010 figure of QR 230.8 Million.

As a result of the continued strong performance in 2011, and keeping in mind further expansion plans, the Board has recommended a cash dividend of 55% (being QR 5.50 per share).

Once again, I would like to express my thanks and appreciation to the managers and staff of Mannai Corporation for their energetic contribution to the continued achievements of the Company.

The journey continues. Diversification of earnings, both within Qatar and in regional economies remains a key strategy for the Company going forward.

I must thank our shareholders for their continued support of the Company's expansion plans, including the related Rights Issue on the Qatar Exchange in September 2011 which was over-subscribed.

I am confident that our expanding regional diversity and the strength of the Qatari economy underpinning our core business will continue to sustain the Company's performance in 2012 and beyond.

Hamad Bin Abdulla Bin Khalifa Al-Thani

Chairman

PERFORMANCE

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

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

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

EXPANSION AND DIVERSIFICATION

Acquisition of stake in AXIOM Telecom, UAE

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

Acquisition of strategic interest in NEXThink, Switzerland

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

Directors' Report

Engineering workshop facility at Ras Laffan Industrial Area

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

OUTLOOK FOR 2012 AND BEYOND

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

Mohamed Ali M. Al Kubaisi

Director

The strategy to diversify the Group's earnings by expanding our presence beyond Qatar such that those businesses will contribute a significant portion of the total profit in the next 3 years is underway and I am delighted to report that with the acquisition of a 35% shareholding in Axiom in the UAE, we are on track to fulfill that strategy.

PERFORMANCE

Net profit increased by 21% over 2010 building on the 25% growth achieved last year. The profits of the Group increased to QR 279.1 Million compared to QR 230.8 Million for the previous year.

The turnover of the Group increased by 16% over the previous year.

Earnings per share increased by 17% to QR 9.01 from QR 7.71 over the previous year.

Mannai's ICT Division was the sole IT supplier for the 2011 Arab Games held in Qatar and it is an acknowledgement of the Division's capability to offer turnkey solutions covering hardware systems, application software and networks.

The Automotive Group sales of new vehicles increased by 13% compared to the previous year, surpassing the overall market growth in car sales in Qatar.

During the year, certain back office processes were off-shored to our subsidiary in Pune to reduce administration costs.

DIVERSITY OF BUSINESS

Mannai Corporation is a conglomerate operating within a single set of values that we call the "Mannai Way". We work with an array of leading globally recognised brands and international partners.

Our diverse range of trade and service businesses deal with customers in the Oil & Gas industry, commercial and government sector and retail customers. We aim to continue to provide a platform for future profitable growth, listening and responding to the changing needs of our

Chief Executive Officer's Report

Mannai Corporation delivered a significant increase in profits in 2011 despite continued economic challenges and our expansion internationally will cement the continued growth in earnings going forward.

customers and clients while staying true to our core values of quality, value, service and trust.

Details of our businesses are expanded on in the latter section of this report.

AWARDS

As in previous years, our businesses continue to receive accolades from their major international principals. A selection of the awards received during 2011 were:

- 'Application Partner of the Year 2011' and 'Exadata Partner of the Year 2011' by Oracle Corporation
- 'Country Partner of the Year (Qatar) – 2011' from Microsoft
- HP ME Partner of the year (All HP Business Units) - 2 years in a row
- HP Software and Solutions ME Partner of the year
- Symantec Partner of the Year - Qatar
- Cisco - Public Sector Partner of the Year
- Cisco - Services Partner of the Year
- 'Top Five' in the Technical Staff Skill Competition conducted by General Motors, wherein the best of 2600 Technicians from the GCC countries participated
- 2011 distinguished Service Award from White Westinghouse (In recognition of 50 Years of Service as a dedicated distributor)
- TCL Global VIP Partner Award 2011

FUTURE OUTLOOK

Mannai will continue to look for acquisition opportunities internationally in line with its strategy of targeting markets that will continue to grow. We will capitalise on new opportunities as a result of the increased expenditure on infrastructure within Qatar. We are optimistic about the projects associated with FIFA 2022 and the Rail network will begin to be awarded during 2012.

We remain committed to continuing our growth as a company and delivering positive results for our Shareholders.

Alekh Grewal

Chief Executive Officer

A mission of commitment a vision of partnership

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.

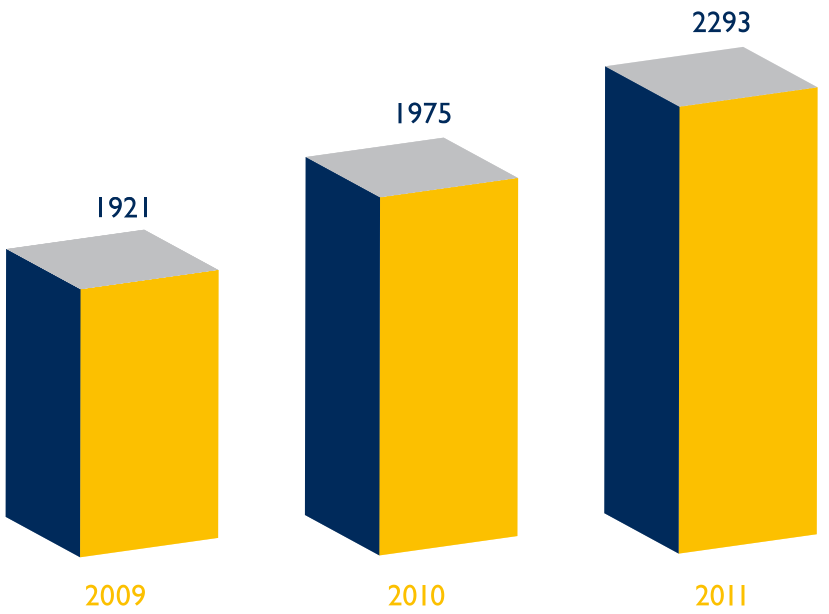
Mannai Vision

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

Financial Highlights

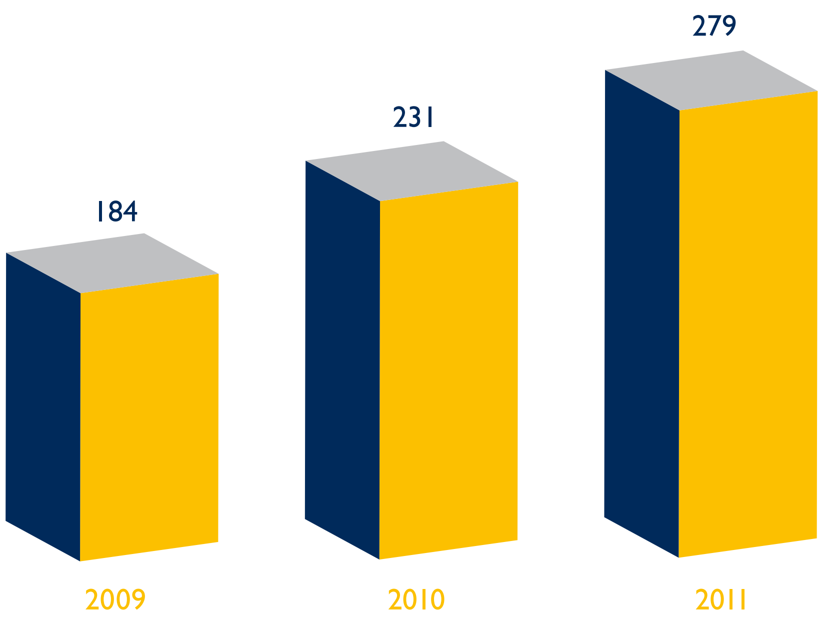
REVENUE

Amount in QR Millions



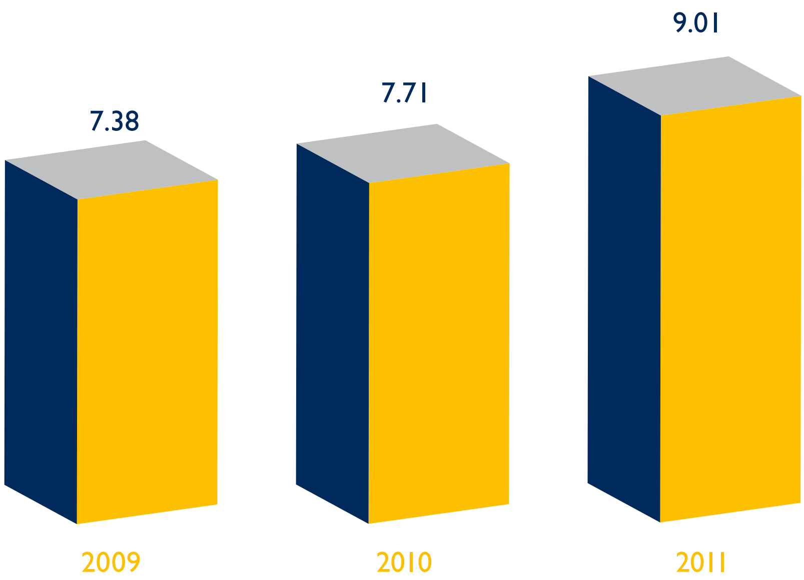
NET PROFIT

Amount in QR Millions



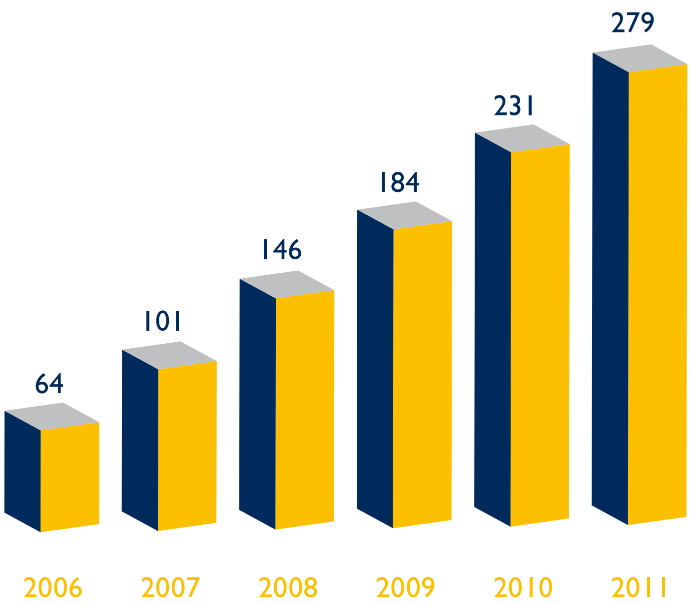
EARNINGS PER SHARE

Amount in QR



NET PROFIT TREND

Amount in QR Millions



Board of Directors

Sheikh Hamad Bin Abdulla Al-Thani
Chairman

Said Abu Odeh
Director

Mohamed Ali M. Al Kubaisi
Director

Rashid Fahad Al Naimi
Director

Sheikh Suhaim Bin Abdulla Al-Thani
Vice Chairman

Ali Yousef Kamal
Director

Khalid Mannai
Executive Director

Keith Higley
Director

Executive Committee

Sheikh Suhaim Bin Abdulla Al-Thani
Chairman of the Executive Committee

Khalid Mannai
Vice Chairman of the Executive Committee

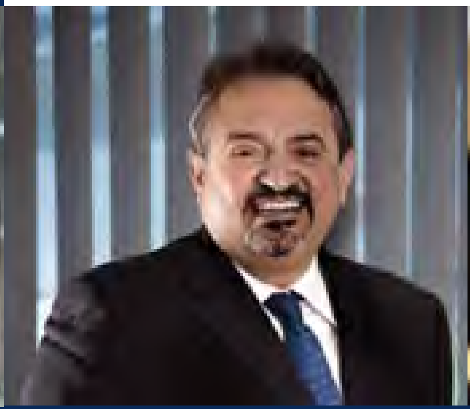
Mohamed Helmy
Group General Manager, Automotive

K. Venugopalan
Group General Manager, Information & Communication Technology

Mannai is a team.
Our team is judged by how well we work together.

Alekh Grewal
Chief Executive Officer

Alaa Elebiary
Chief HR & Support Officer



Said Abu Odeh
Member

Paul McCarthy
Head of Operations

The Mannai Way

We want Mannai to be clearly recognized as the standard of excellence in Qatar.

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 the 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.

  The Company has not yet adopted the following Articles of the Code into the Company's Articles of Association and the explanations are given below:

  - 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 & 3 Minority Shareholders' Rights and Tag along Rights. However, the Board recognise their responsibility to represent the interests of all shareholders, however shareholder decisions will ultimately depend on a majority vote, in accordance with the Article 128 of the Commercial Companies Law no. 5 for the year 2002.

  At the Ordinary General Assembly on 20th March, 2012 the shareholders have been informed of the position as stated above and supported the Company's approach on Corporate Governance.
- The annual report for the financial year ended 31st December, 2011 is also 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 the following Cash Dividend and Bonus Shares:

Years	Cash Dividend	Bonus Shares
2007	40%	20%
2008	60%	10%
2009	50%	50%
2010	70%	20%
2011	55%	--

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 the long-term performance of the Company.

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

Mannai Automotive Group

Mannai Automotive Group is the authorised dealer for General Motors for their Cadillac and GMC brand of Vehicles. Mannai Automotive Group is also the sole distributor in Qatar for Subaru Vehicles, the premium Japanese manufacturer.

Year on year, Sales of units (2011 vs. 2010) registered a growth of more than 15%, surpassing the overall market growth. GMC sales registered significant growth of around 30%, while the Cadillac sales volumes were maintained. The sale of all of our flagship vehicles (Escalades, Yukons, Pick-ups) showed a very healthy positive trend in the highly competitive domestic market.

Mannai Automotive Group received prestigious awards during the year 2011 from General Motors, in all segments. Sales (Retail, Fleet, Parts, Batteries and Lubricants), Service and Customer Value / Relationship Management teams received several accolades during the year.

Mannai Automotive Group staff ranked amongst the 'Top Five' in the Technical Staff Skill Competition conducted by General Motors, wherein the best of 2600 Technicians from across the GCC countries participated. Mannai's Mission Statement is to create an environment that will attract and retain the most committed team of talented professionals and the awards won during the year bear testimony to this.

Mannai Automotive Group received the "Outstanding Sales Performance" awards from HENGST Germany and Double Star China. Society of Tribologists & Engineers of USA recognised Mannai Automotive Group as the "Certified Lubricant Specialist". Mannai Automotive Group was appointed the authorised dealer in the State of Qatar by KS Group from Germany manufacturers of Engine Parts.

Mannai Automotive Group, having invested in Satellite Outlets / Branches (establishing Mannai presence across the geographical spread of the State of Qatar) and Mobile Units (providing Services at Customers' premises), has enhanced the capability to provide much faster, more efficient and convenient / comfortable delivery of products and services to our valued Customers. This has helped Mannai Automotive Group to meet and exceed Customer expectations and thereby creating Customers for life. This is in line with Mannai's Vision Statement to be the Most Trusted Business Partner in the region through exceptional service and added value.

Mannai Automotive Group will continue to build on the proven excellence of its partnership with General Motors and other International Manufacturers which has been the dynamic factor behind its success over the last six decades.

Heavy Equipment Division

Heavy Equipment Division (HED), a business segment within Mannai Automotive Group, specialises in the Sales and Marketing of Heavy Equipment and Construction Machinery, catering to the construction and industrial sectors. HED also provides an efficient after-sales support with adequate stock of spares and components maintained in the warehouse and specialised workshop services offered for repairs and maintenance. HED is well recognised in the State of Qatar as Exclusive Distributors for leading international brands such as Grove Cranes, JCB and Thermo King.

HED has achieved its objectives and targets arising out of moderate growth in the construction industry during the year 2011, with market share of reputable brands having recorded significant increase.

In 2011, HED received "Dealer Excellence Award 2011" in Dealer development category and Runner-up award in Coverage and Facilities category from JCB. Year on year sales of JCB units registered a 80% growth. HED also received a "Million Dollar Club Award" for Outstanding Performance in 2011 from Thermo King.

HED has invested for integration of Parts, Service and Unit Sales operations under one roof, which has been welcomed by Customers and Principals alike. Besides, HED is also investing in refurbishing its existing Showroom facility and expanding its Service facility.

HED signed Exclusive Distributorship agreements for 'SANY' Concrete Machinery and 'SINOTRUK' Commercial Vehicles (Heavy Duty Trucks) during the year 2011. HED will be increasing the customer base and market share with the addition of these two new products.

With Qatar having won the bid to host FIFA World Cup in 2022, huge investments are expected to be made in the infrastructure sector over the next decade. HED, with its wide product range and state-of-the-art warehouse and workshop facilities, is well positioned to play a significant role in the infrastructure development activities planned in the State of Qatar.


JCB
JCB
JS200


JCB
JCB
JCB
JS200

Axiom Telecom

As a part of diversification strategy during 2011, Mannai Corporation acquired 35% shareholding interest in Axiom Limited, the leading UAE-based pan–GCC mobile handset retailer and distributor that trades under the Axiom Telecom, Fono and One Mobile brands.

Axiom is a leading multi-brand, multi-channel retailer and distributor of mobile handsets, accessories and telecom services in the Middle East and is a strategic partner of du and Mobiliy, leading mobile operators in the UAE and KSA respectively. Axiom currently has over 900 stores and over 3,200 points of sale in the UAE, Kingdom of Saudi Arabia, Kingdom of Bahrain, the State of Kuwait and the State of Qatar and have investments in a joint venture operating in India and an associate operating in South Africa. Axiom business has two product segments: the sale and service of mobile handsets and accessories (referred to as "mobile devices") and the sale of telecom services through partnership agreements with mobile telecommunications operators (referred to as "telecom services"). It also generates airtime revenue from Thuraya Telecommunications Company ("Thuraya"), a mobile satellite service provider in the MENA region and revenue from repairs of handsets.

Axiom sells a full range of mobile devices primarily sourced directly from leading manufacturers and distributors including Apple, LG, Motorola, Nokia, Research in Motion UK ("RIM UK"), Samsung and Sony Ericsson.

Major strengths of Axiom:

- Market leader in mobile handset and telecom services across the Middle East
- Major telecom player with unique partnerships with fast growing mobile operators
- Presence in attractive markets with strong growth and favourable dynamics
- Multi-brand, multi-channel strategy with close end-customer relationship

During 2012 and forward, Axiom's overall business strategy is to seek new opportunities to access and ultimately sell to the mobile telecommunications end consumer by: (1) leveraging existing distribution channels to provide end users with a full range of the latest products and services; (2) expanding the scope and scale of operations in each of the markets to maximise profitability; and (3) expanding into additional developing markets in the Middle East and elsewhere for additional growth for telecommunications products and services.

Information & Communication Technology (ICT) Division

The Qatar market for ICT products and services improved in 2011 and **Mannai ICT Division** was able to retain their market share and technological edge. The division continues to be a market leader as a one stop solution provider with its capability to offer Hardware, Software and Network products integrated to meet customer needs.

Mannai's ICT Division was the only IT supplier for the 2011 Arab Games and it is an acknowledgement of the Division's capability to offer turnkey solutions covering hardware systems, application software and networks.

Networking: the increased activity in building infrastructure helped the Networks Business Unit achieve higher volumes. Networking section has the needed skill sets and professional project management expertise to execute large projects and continues to be the leader in implementing complex network and telecom solutions. The business unit has been involved in a number of prestigious projects like the Qatar National Convention Centre. Networking is a Gold Certified Partner of CISCO and a Master Certified Partner in Unified Communication of CISCO. Though a recent entrant, the unit has succeeded in winning a significant share of the storage market with EMC.

The Oman unit is gaining recognition as a professional player in the enterprise market and has won and executed large projects successfully.

Hardware: providing mission critical servers and services for data centres is the main activity of the Systems and Hardware Business Unit. The unit has the capability to provide end-to-end solutions ranging from complex servers to sophisticated IT security systems.

Software: with the increasing reliance of Qatari businesses on IT systems, the market for application software has become significant. During the year, the Software Business unit was able to win some significant software projects. This excellent performance was commended by Oracle and Microsoft and the Business Unit received quite a few awards for special achievement.

Mansoft, the offshore development centre in India, has improved its performance in 2011. It has in addition to supporting the Doha operations, made an entry into the East African market.

UtilNet, based in Jordan, controlling stake of which was acquired by Mannai during 2010, was successful in obtaining major contracts in Saudi Arabia for implementing network inventory software for telecoms.

Medical Division

2011 was a year of consolidation for the **Medical Division.** Focus was on completion of the contracts carried forward from last year; the main ones being for Sidra and HMC Heart Hospital. Recognising that providing efficient and timely after-sales service is critical for medical equipment, the Division invested heavily in training service engineers.

Quality Healthcare is an important aspect of Qatar National Vision 2030 and over the coming years, the Division expects to play a significant role in realising this.

Energy & Industrial Markets Division

Energy & Industrial Markets (E&IM) is a division of Mannai Corporation with an excellent track record in providing comprehensive services to international manufacturers, suppliers and contractors by acting as their local agent within the State of Qatar. E&IM provides local expertise and "know-how" into the Qatari market. E&IM supports principals in the supply of their products with tendering, representing at various levels both in the Government and Private Sector.

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 and Oil-Type Filled Transformers, Electric Energy Metres, Gas Flow Metres and Gas Chromatographs, Medium Voltage and Low Voltage Switchgear, Moulded Case Circuit Breakers, Package Substations, Pipes and Fittings, Valves, Serviwrap and Maflowrap.

E&IM had a very successful year in 2011 and together with its principals delivered major products to several of the country's strategic infrastructural projects, such as: Dukhan Highway Sewage Project, Lusail Expressway Project, QP Dukhan Project and CPI Project at Lusail.

E&IM in 2012 will continue to work on opportunities to provide added value for customers and principals alike.

Home Appliances and Electronics Division

A "Total Home Solution Provider", **Mannai Home Appliances and Electronics Division (HAED)** continues to improve the quality of life by providing its customers with world-known appliances and electronics under one roof.

HAED's Wholesale Section continues to witness a steady growth year on year. Our product availability has been further strengthened by the wholesale section through its distribution network, which includes major hypermarkets, supermarkets, power retailers and many medium-scale dealers in Qatar.

HAED Projects is continuously growing and has won many prestigious projects in Qatar and was able to meet its commitment of providing a total HVAC / Home Appliances solution for commercial and residential projects. In 2011, Projects section was able to secure many landmark projects assisted by its global suppliers SKM, Electrolux, White Westinghouse and Toshiba.

Under the motto "We Service, Whatever We Sell", our HAED Service section has also been instrumental in the overall success of HAED Group. The turn-around-time for servicing of appliances and electronics has been improved with its professional service team, thus assuring higher satisfaction rate of our customers. The Service Section has a continuous improvement ethic assuring optimal service to our customers.

Development is a constant objective and HAED is currently looking into expanding its retail business as well as its products portfolio that would complement the current range and maximise its offering to customers in Qatar.

Industrial Supplies & Building Materials Division

Industrial Supplies & Building Materials (ISBM) is a division of Mannai Corporation and is specialised in the supply of waterproofing materials, industrial products, gas turbine parts and services to the civil and oil & gas industry in the State of Qatar. These products are marketed through the business segments within ISBM as follows:

Specialised waterproofing

This segment sources and supplies a very wide range of specialised building materials which greatly enhance the quality and durability of buildings. The offerings range from waterproofing materials and chemicals to expansion joints fillers and non-woven geotextiles to supply of bitumen. It also supplies polypropylene corrugated sheets, plywood boards, protection boards etc from well-known brands.

Waterproofing segment achieved the best distributor award from Bitumat, KSA and Twin Walla, UAE. It also supplies Bitumen 60/70 to local road construction activities from BAPCO, Bahrain.

Industrial Tools & Machinery & Welding Equipment & Consumables

This segment stocks and supplies a wide range of industrial machinery and tools which enhance the productivity and product quality in diverse industries. The range extends all the way from machine tools to ball bearings, abrasives, and hand tools.

This segment represents reputable brands like NORTON for supply of abrasives, NSK for industrial bearings, J H Williams, a SNAP-ON CO for industrial hand tools, REED for pipe tools, Tractel for lifting and PPE etc.

It also offers a whole range of welding equipment and consumables from leading manufacturers, ADOR, India; Hyundai, Korea; EWM, Germany to the repair and fabrication industry in Qatar.

Turbine Parts and Services

This segment serves the Oil & Gas industry, mainly gas turbines for power generation, pump drives, compressor drives at onshore and offshore locations. ISBM's Turbine segment executes long-term contracts with Oil & Gas companies in the supply of turbine spares and providing dedicated technical personnel for maintenance activities and trouble shooting.

The segment has won major contracts and orders for the supply of new major components of the turbines, controls retrofits and service exchange of core engines.

Manweir WLL

MANWEIR WLL, a wholly-owned subsidiary of Mannai Corporation QSC, has provided more than 3 decades of professional expertise and established itself as the leading manufacturing, repair and re-manufacturing facility provider to Qatar and the GCC states.

Manweir's Quality Management System is certified in compliance with ISO 9001:2000, ISO/TS 29001 and API-Q1 by American Petroleum Institute Quality Registrar (APIQR).

The new Ras Laffan facility is scheduled to commence operations in the 2nd quarter of 2012. The facility with its 46,000m^2 area and state-of-the-art plant and machineries will enhance the capacity and capability of the existing facility at Salwa. The business will continue to grow through 2012, providing services at internationally recognised standards to the Oil & Gas Industry, Petrochemical, Fertiliser, Marine, and Power Generation Industries.

Instrumentation and Valve Shop Skilled Instrument and Valve Technicians provide quality services for calibration and overhaul of all types of instruments, control valves, line valves, choke and safety relief valves. Additionally, Manweir serves as a Designated Repair Centre for the overhaul and repair of Safety Relief Valves manufactured by Anderson GreenWood Crosby of Tyco Flow Control Group and also for IMI Bailey Burkett.

Rotating Equipment Overhaul Available on a 24x7 basis, experienced Service Technicians provide offshore and onshore services to repair, overhaul and installation of rotating, reciprocating and electrical equipment.

Machine Shop Manweir's large Advanced Machine shop is equipped to provide complex solutions in Qatar and GCC states. It is equipped with a comprehensive range of high capacity and precision CNC machine tools, specialising in the Machining and Threading of OCTG and repair and remanufacture of the equipment.

Fabrication Shop Skilled Fabricators and qualified Welders provide fabrication and welding of ferrous and non-ferrous material including Hard Facing, Brazing and Cemented Carbide Dressing, Stainless Steel overlays for the repair and remanufacture of valves and wellhead equipment, refurbishment of Stabilisers with cemented carbide dressing ground to gauge size.

Electrical Workshop provides a 24-hour service on-site, Offshore and Marine for repair and maintenance of electrical equipment, rewinding of AC/DC rotating machines, analysis of electrical faults, transformer overhaul and Dynamic Balancing. Resistive load bank capabilities and a newly installed Vacuum Pressure Impregnation tank offer enhanced services delivery.

Oilfield Products & Services Division (OPSD) supplies 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, DNV, TIW, ITS, Water Weights, GSP, S2M, and Brinker Technology.

Mannai Travel Group

Mannai Travel Group has become a market leader since its inception in 1978. It has four divisions; Mannai Air Travel, Space Travel, Mannai Holidays and VFS, and each division is at the forefront in their respective area of service.

As an IATA agent, Mannai Air Travel is one of the most trusted Travel Management Companies in the region and offers services to a range of large corporate clientele in the Oil & Gas Industry, Educational sector, Banks and SMEs. Mannai Air Travel has a global reach through its affiliation with BCD Travel, a Global Travel Management Company providing a strong support to service the Multinational Companies as well as local and regional corporate business clients.

As a General Sales Agent, **Space Travel** represents Philippines Airlines, Korean Air, Kenya Airways and is establishing and growing a distribution network for Fly Dubai, the fastest growing regional Low Cost Carrier which currently operates 8 daily flights into and out of Doha, and has gained market share over the year with ambitious growth plans for the year 2012. Most recently, Space Travel has been appointed as the main distributor for FlyDubai Cargo to build a cargo agents network for Fly Dubai.

In addition, Space Travel has also added a new business stream by opening a cargo office under the "Space Travel and Cargo" banner which will contribute to its 2012 growth strategy.

As a comprehensive Leisure Travel Services provider, **Mannai Holidays** has grown over the years to become a mature and respected name among both principal and end users in marketing the full range of leisure products and in providing all inclusive packages to both individual and group travellers.

Today, Mannai Holidays represents a number of international companies helping them position their products within the regional travel trade, as well as making the same services available to the end user and the holiday and leisure traveller. Products added to the portfolio during 2011 include: Disneyland-Paris, Hong Kong Disneyland, Disney Cruises, Walt Disney World-Orlando, Leuftner River Cruises, Ponant Luxury Cruises & Yachts, Rovos Rail-South Africa and Ancora Cortina, an exclusive resort in North Eastern Italy.

The division as a local VFS representative is the most recognised and provides business process support for acceptance of visa applications on behalf of several European and Asian missions. Most recently, we have been appointed to service visa applications for Bulgaria.

The travel group has implemented ways to become more effective in meeting customers' expectations and to provide them with an effective tool to cut time and help them reduce their costs through online applications and service supported by back office which is being developed into a 24/7 service.

Gulf Laboratories Co. WLL

Gulf Laboratories Co. WLL, a wholly owned subsidiary of Mannai Corporation, specialises in providing geotechnical, geological and material testing services to international and local clients within the State of Qatar. The business has provided its specialist services to a large proportion of civil engineering, water resource and development projects within the country over 20 years.

Gulf Labs' drilling and geotechnical activities include onshore and offshore investigation, water-well drilling, geophysical surveys, hydro-geological investigations and mineral resource studies. Material testing activities include physical and chemical analysis of soil, rock, aggregate and concrete, and asphalt testing. Environmental testing activities include chemical and microbiological testing on groundwater, seawater, drinkable water and treated and untreated effluent.

The company is one of the leading geotechnical and materials testing facilities in Qatar. Ground investigations were performed as part of the Doha Metro Project, New Doha Port Project, Lusail Development, Qatar National Museum, New Doha International Airport, Laffan DHT Project, Qatar Gas Plateau Maintenance Project, Barzan Project, Doha Festival City, Cultural Village, Education City and 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, QAFCO VI, RasGas, Qatar Gas, New Doha International Airport, Education City, Cultural Village and various Sewage Treatment Plants.

The environmental testing laboratory continues to be involved with various monitoring and testing programmes for Dolphin Gas, Pearl GTL, Qatar Petroleum and a number of Ashghal sewage treatment plants and groundwater monitoring wells.

The business continues to develop its asphalt testing capabilities in preparation for forthcoming infrastructure projects and has further expanded its environmental testing laboratory with the addition of new suites of tests. A new testing facility is currently being set-up in Ras Laffan to provide oil testing services.

The company is accredited with quality and occupational health and safety management systems 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. The company has also implemented an environmental management system in accordance with ISO 14001.

Gulf Labs operates in Sultanate of Oman, under the name of Gulf Geotechnical Services & Material Testing LLC, and has won a number of mineral exploration and ground investigation projects. The new materials testing laboratory services were set-up in 2011. The company has acquired new state-of-the-art drilling equipment capable of drilling up to 1500 metres.

Mannai Interiors

During Q3 of 2011, a new division **"Mannai Interiors"** has been established to provide turnkey solutions in interior design projects by furnishing luxury hotels, resorts, hostelry, private residences, commercial and business spaces. The division represents world-class furniture manufacturers known for their exceptional quality and standards of workmanship such as Arthur Brett, McLaren Furniture & Interiors.

Mannai Interiors also offers Educational, Laboratory and Modern office furniture. It also offers full range of kitchen equipment for the food industry from Pedro y Lopez.

With Qatar hosting FIFA 2022 and the emphasis in promoting Qatar as an Educational destination, this division is well positioned to participate in the upcoming projects in hospitality and educational sectors.

UBMO Mannai

UBMO Mannai was formed as a strategic alliance between Mannai and UBM Overseas, a UK based construction material supplier. UBM Overseas has over 40 years of experience in supplying construction materials through an extensive global network. The alliance between the two companies provides a one stop solution service for construction companies, a valuable advantage as the demand for construction sector increases with the expansion of Qatar's economy and development.

With Qatar hosting the FIFA World Cup in 2022 and the construction of Metro and Railways project, UBMO Mannai alliance is well placed to fully contribute and participate in the infrastructure projects that will soon unfold over the coming decade.

UBMO Mannai's product portfolio includes inter-alia copper tubes for construction and engineering, electric water heating products, cable management and support system, energy efficient commercial and industrial luminaries, sanitary products and water temperature control solutions.

Qatar Logistics WLL

Qatar Logistics WLL is a wholly owned subsidiary of Mannai Corporation and has grown to become a recognised brand in Logistics sector. With its extensive experience as an international freight forwarding company, it has pioneered in providing diversified services in vertical segments such as air, ocean and road freight forwarding services. Our international experience and extensive commitment have enabled us to combine the highest professional standards with considerable advancements.

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 2011, Qatar Logistics was awarded a contract from a high profile international client to manage the complete logistics solution, plus on-site handling of related heavy equipment for a major infrastructure project.

Qatar Logistics also provides professional service for any door-to-door relocation needs in the world. Qatar Logistics offers full export packing service, specialised crating, shipping, destination service and secure state-of-the-art storage facilities. Qatar Logistics was recently awarded the Office Relocation Service Contract for three years by the major Gas Producer in Ras Laffan.

Qatar Logistics freight forwarding team is an exclusive partner of "Hellmann Worldwide Logistics" (HWL), the major freight forwarding networks in the world. This allows Qatar Logistics to work with over 400+ offices in 157 countries and appear on the "radar" as HWL's preferred partner within Qatar. Supported by global integrated logistic network and the latest solutions, Qatar Logistics meets the challenges of tomorrow's world.

Qatar Logistics is in the final stages of obtaining ISO – 9001:2008 and FDI Accreditation.

Qatar Logistics outlook for 2012 and forward is to continue working on opportunities which will arise with the Metro Rail and other infrastructural projects being planned in Qatar for hosting FIFA World Cup in 2022.

Transfield Mannai Facilities Management Services WLL

In 2011, **Transfield Mannai Facilities Management Services (TMFMS)** has won new work with prestigious clients including the Qatar Museum Authority thus maintaining the 'Number 1' position in the market for quality facility management services.

TMFMS ongoing improvement plan includes a strong focus on customer satisfaction in terms of quality services. Continuously improving staff competency through training and development is just one of the strategies to achieve this goal.

As a founder member of the Middle East Facilities Management Association (MEFMA), TMFMS has been active in working with MEFMA to engage and share best practice with the Facilities Management community within the State of Qatar.

Recently, TMFMS has commenced a Joint Venture with MacMullen Engineering Company (MEC) from Ireland. MEC provides specialist HVAC and Civil Engineering services. Over the past 12 months, TMFMS and MEC have successfully delivered a number of HVAC projects. The engagement with MEC allows TMFMS to diversify its services including Survey, Design, Install, Commission and Maintain, Refurbish and Upgrade the clients assets and to provide them the optimum operating outcomes for their facilities.

2011 ended with a solid pipeline of new opportunities in place, supported by absolute commitment to Health, Safety and the Environment. With continued focus on improvement to service delivery and customer satisfaction, TMFMS is well placed to take on new opportunities, along with enhancing the services provided to existing clients.

The New Year brings new opportunities for TMFMS to demonstrate to the Facilities Management community the ability to provide world-class services within the region.


We believe
in wise decisions,
paving the way
for exceptional
achievements
and thriving
opportunities.

Consolidated Financial Statements and Independent Auditor's Report

For the year ended December 31, 2011

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Independent Auditor's Report

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of **Mannai Corporation Q.S.C.** (the "Company") and subsidiaries (collectively, the **"Group"**) which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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 present fairly, in all material respects, the financial position of **Mannai Corporation Q.S.C.** and subsidiaries as at December 31, 2011, and their financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Legal and Regulatory Requirements

Furthermore, in our opinion the Company has maintained proper books of account, the physical inventory has been duly carried out and the contents of the directors' report are in agreement with the consolidated financial statements. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, no contraventions of the Commercial Companies Law or the Company's Articles of Association were committed during the year which would materially affect the Group's activities or its financial position.

For Deloitte & Touche

Doha - Qatar
February 27, 2012

Muhammad Bahemia
License No. 103

MANNAI CORPORATION Q.S.C. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2011

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2011

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

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

Suhaim Bin Abdulla Bin Khalifa Al Thani
Vice Chairman

Alekh Grewal
Chief Executive Officer

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

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

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

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

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

Attributable to Equity Holders of the Parent

	Share Capital	Legal Reserve	Revaluation Reserve	Retained Earnings
	QR.000	QR.000	QR.000	QR.000
Balance – January 1, 2010	158,400	172,354	80,117	155,681
Total comprehensive income for the year	--	--	--	230,835
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)
Non-controlling interests	--	--	--	--
Social and sports contribution for 2010	--	--	--	(5,771)
Balance – January 1, 2011	**237,600**	**172,354**	**80,117**	**162,299**
Total comprehensive income for the year	--	--	--	279,163
Movements in subsidiaries legal reserve	--	(1,282)	--	1,282
Issue of bonus shares	47,520	--	--	--
Dividends paid	--	--	--	--
Proposed dividends	--	--	--	(188,179)
Rights issue	57,024	342,144	--	--
Social and sports contribution for 2011	--	--	--	(6,979)
Balance – December 31, 2011	**342,144**	**513,216**	**80,117**	**247,586**

Fair Value Reserve	Currency Translation Reserve	Proposed Dividends	Proposed Bonus Shares	Total	Non-controlling Interests	Total
QR.000	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**	**QR.000**
--	(481)	79,200	79,200	**724,471**	--	724,471
50	96	--	--	**230,981**	29	231,010
--	--	--	--	**(4,606)**	--	(4,606)
--	--	--	(79,200)	**--**	--	--
--	--	(79,200)	--	**(79,200)**	--	(79,200)
--	--	166,320	--	**--**	--	--
--	--		47,520	**--**	--	--
--	--	--	--	**--**	544	544
				(5,771)		(5,771)
50	**(385)**	**166,320**	**47,520**	**865,875**	**573**	**866,448**
(1,145)	(795)	--	--	**277,223**	11	277,234
--	--	--	--	**--**	--	--
--	--	--	(47,520)	**--**	--	--
--	--	(166,320)	--	**(166,320)**	--	(166,320)
--	--	188,179	--	**--**	--	--
--	--	--	--	**399,168**	--	399,168
--	--	--	--	**(6,979)**	--	(6,979)
(1,095)	**(1,180)**	**188,179**	**--**	**1,368,967**	**584**	**1,369,551**

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2011

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

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

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

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Revised IFRSs affecting presentation and disclosures

(i) Revised Standards

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

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

(ii) Revised Interpretations:

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

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

2.2 Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations applicable to the Group were in issue but not yet effective:

(i) Revised Standards:

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

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

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

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

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

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

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

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

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

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

(ii) New Standards:

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

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

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

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

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

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

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale investments which are measured at fair value and freehold land which has been revalued.

The consolidated financial statements of the Group have been prepared in accordance with **International Financial Reporting Standards (IFRS)**.

The consolidated financial statements have been presented in Qatari Riyals (QR) the functional currency and all values are rounded to the nearest QR thousand except when otherwise indicated.

Basis of consolidation

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal Group's) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the asset transferred. The accounting policies and reporting period of the subsidiaries have been changed where necessary to ensure consistency with the policies and period adopted by the Group.

The consolidated financial statements of the Group include the financial statements of the Company and its controlled subsidiaries listed below. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

Financial instruments:

Date of recognition

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

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

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

Derivatives

Derivatives include forward foreign exchange contracts which are re-measured at fair value at each reporting date and included in other assets when their fair value is positive and in other liabilities when their fair value is negative. The resultant gains or losses arising from the changes in fair value of derivatives held for trading purposes are included in the statement of income.

Determination of fair value

The fair values of financial instruments traded in 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.

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 investment 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 is 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.

Effective interest method

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

Derecognising of financial assets and financial liabilities:

(i) Financial assets

A financial asset is derecognised where:

- the right to receive cash flows from the asset has 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.

Impairment and un-collectability of financial assets

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

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

Investments in associates

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

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

Joint venture company

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

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

Payables and accruals

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

Provisions

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

Bank borrowings

Bank borrowings are recorded as and when the proceeds are drawn. Financial charges are accounted for on an accrual basis using effective interest rate and are included in payables and accruals to the extent of amount remain unpaid, if any.

Long-term debt

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

Capitalisation of transaction costs related to issuance of debt instruments

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

Capitalisation of borrowing costs

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

Inventories

Inventories are stated at the lower of cost and net 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 realisable 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 amortised over a period of 3 years.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis.

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

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 statement of income on a straight line basis over the lease term.

Foreign currency transactions

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

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

Employees' end of service benefits and pension contributions

The Group provides for end of service benefits in accordance with the employment policies of the Group. The provision is calculated on the basis of individual's final salary and the period of service at the reporting date. End of service benefits under non-current liabilities in the statement of financial position also include provision for severance pay.

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

Revenue recognition

(i) Sale of goods and services

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

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

(ii) Investment income

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

(iii) Interest income

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

(iv) Rental income

Rental income is accounted for on a time proportion basis.

(v) Fee income

Fee income is accounted on time proportion basis.

Maintenance costs

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

Software and license fees

The costs of software and license fees are expensed in the year of acquisition.

Taxes

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Impairment of tangible assets and useful lives

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

Impairment of financial assets

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

Impairment of inventories

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

Impairment of goodwill

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

5. BANK BALANCES AND CASH

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

Bank balances include foreign currencies held in call deposit accounts.

6. ACCOUNTS AND BILLS RECEIVABLE

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

The average credit period for sale of goods and rendering services is 30 to 60 days. No interest is charged on the overdue trade receivables.

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

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

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

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

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

iii) Ageing of accounts receivable past due and impaired:

	2011	2010
	QR.000	QR.000
Above 121 days	**13,960**	16,521
Total	**412,613**	396,443

iv) Movement in the provision of doubtful debts:

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

7. DUE FROM A JOINT VENTURE COMPANY

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

8. INVENTORIES

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

9. PREPAYMENTS AND OTHER DEBIT BALANCES

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

10. GOODWILL AND OTHER INTANGIBLE ASSETS

(a) Goodwill

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

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

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

(b) Other Intangible Assets

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

11. AVAILABLE FOR SALE INVESTMENTS

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

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

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

12. LONG TERM RECEIVABLES

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

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

13. INVESTMENT IN JOINT VENTURE COMPANY

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

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

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

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

14. INVESTMENT IN ASSOCIATE COMPANY

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

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

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

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

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

15. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Plant and Machinery & Equipment
	QR.000	**QR.000**
Cost:		
January 1, 2010	251,264	77,111
Additions	65,028	4,502
Transfers	15,313	3,024
Disposals	(29,790)	(13,984)
January 1, 2011	**301,815**	**70,653**
Additions	141	3,616
Transfers	--	119
Reclassification	--	45
Disposals	--	(1,882)
December 31, 2011	**301,956**	**72,551**
Depreciation:		
January 1, 2010	112,663	52,865
Charge for the year	7,747	8,223
Disposals	(29,596)	(13,981)
January 1, 2011	**90,814**	**47,107**
Charge for the year	11,023	8,299
Reclassification	--	(2)
Disposals	--	(936)
Effect of foreign currency exchange difference	--	(1)
December 31, 2011	**101,837**	**54,467**
Net Book Value:		
December 31, 2011	**200,119**	**18,084**
December 31, 2010	211,001	23,546

Freehold land and buildings were revalued in the year 2004 resulting in a revaluation reserve of QR 80.117 million, reflected in equity. The buildings are erected on the land leased from Doha Municipality. Capital work in progress at December 31, 2011 amounting to QR 75.3 million includes QR 2.2 million related to finance costs capitalised.

Office Furniture and Equipment	Motor Vehicles	Assets on Hire	Capital Work-in-Progress	Total
QR.000	**QR.000**	**QR.000**	**QR.000**	**QR.000**
43,881	22,482	41,710	12,848	449,296
3,121	11,144	11,353	19,030	114,178
--	--	--	(18,337)	--
(12,815)	(6,393)	(16,830)	--	(79,812)
34,187	**27,233**	**36,233**	**13,541**	**483,662**
4,881	9,981	13,202	61,901	93,722
--	--	--	(119)	--
(100)	--	55	--	--
(562)	(6,124)	(7,257)	--	(15,825)
38,406	**31,090**	**42,233**	**75,323**	**561,559**
32,135	14,108	19,090	--	230,861
7,181	4,385	8,935	--	36,471
(12,717)	(3,225)	(13,131)	--	(72,650)
26,599	**15,268**	**14,894**	**--**	**194,682**
5,098	5,223	9,812	--	39,455
(43)	--	45	--	--
(549)	(3,686)	(4,893)	--	(10,064)
98	--	--	--	97
31,203	**16,805**	**19,858**	**--**	**224,170**
7,203	**14,285**	**22,375**	**75,323**	**337,389**
7,588	11,965	21,339	13,541	288,980

16. BANK OVERDRAFTS AND LOANS

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

(i) Working Capital Facilities (Bank overdrafts) are denominated in Qatari Riyals and US Dollars. Interest is payable at QIBOR / LIBOR + 2% to 3%. These facilities are governed by the terms of the facility agreement.

(ii) The facility agreement in place has a negative pledge clause whereby neither the Group nor any members of the Group will create or permit to subsist any security interest on any of its assets.

17. ACCRUALS AND OTHER CREDIT BALANCES

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

18. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

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

19. SHARE CAPITAL

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

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

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

20. LEGAL RESERVE

In accordance with Qatar Commercial Companies Law No. 5 of 2002 and the Articles of Association of the Company and each of the subsidiary companies, 10% of the net profit for the year is to be transferred to legal reserve up to 50% of share capital. This reserve is not available for distribution except in circumstances as specified in the Companies' Law. Legal reserve represents legal reserve of the Company and its subsidiaries. The Group received a premium of QR 120 million on the private placement of 2 million shares in May 2007 and QR 342 million from rights issue of 5.7 million shares in October 2011 at a premium of QR 60 per share which were both credited to legal reserve.

21. PROPOSED DIVIDENDS

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

22. OTHER INCOME

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

23. GENERAL AND ADMINISTRATIVE EXPENSES

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

24. RELATED PARTY TRANSACTIONS

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

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

25. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel was as follows:

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

26. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

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

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

27. CONTINGENT LIABILITIES

Under the bank facilities agreement, cross guarantees exist between each of the group companies which could be enforced by the financiers, if the borrowers were to be in default of the finance agreement. Each member of the Group is therefore irrevocably, unconditionally and jointly and severally liable as principal obligor. The amounts of the Group non funded facilities outstanding are as follows:

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

28. COMMITMENTS

(i) Capital commitments

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

(ii) Lease commitments

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

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset can be exchanged or a liability settled, between knowledgeable and willing parties at arms length. Since the accompanying consolidated financial statements have been prepared under the historical cost convention except for certain investments, the carrying value of the Group's financial instruments as recorded could therefore be different from the fair value. However, in management's opinion, the fair value of the Group's financial assets and liabilities are not considered significantly different from their book values.

30. FINANCIAL RISK MANAGEMENT

The Group is exposed to normal credit risk, liquidity risk, and market risks such as currency risk, price risk and interest rate risk. The Group monitors and manages the risks relating to the operation of the Group through internal risk reports.

Interest rate risk exposures

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

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

The Group is exposed to interest rate risk as it borrows funds at floating interest rates. The following table demonstrates the sensitivity of the Group's profit to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the profit is the effect of the assumed changes in interest rate on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at December 31, 2011.

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

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. Credit risk on bank balances is limited as they are placed with banks having good credit rating. The Group's exposures to counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management.

The Group provides its services and products to a large number of customers. Customers are concentrated in the following sectors.

	2011	2010
Government and Qatari public companies	**48%**	41%
Private companies	**46%**	56%
Others	**6%**	3%
	100%	100%

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

Liquidity risk

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

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

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

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The foreign exchange currency exposure is minimal since the Group deals mostly in Qatar Riyal and US Dollar. The following table details the Group's sensitivity to an increase or decrease in the Qatari Riyals against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and the impact of a change in the exchange rates is as follows:

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

Market risk

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

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

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

Financing risk

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

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balances. The Group's overall strategy remains unchanged from 2010. The capital structure of the Group consists of debt, which includes borrowings disclosed in note 16, cash and cash equivalents and equity, comprising issued capital, legal reserve and retained earnings.

Gearing ratio

The Group's management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the year end was as follows:

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

(i) Debt is defined as bank overdraft, short-term and long-term loans.

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

32. (a) SEGMENT REPORTING FOR THE YEAR 2011

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

32. (b) SEGMENT REPORTING FOR THE YEAR 2010

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

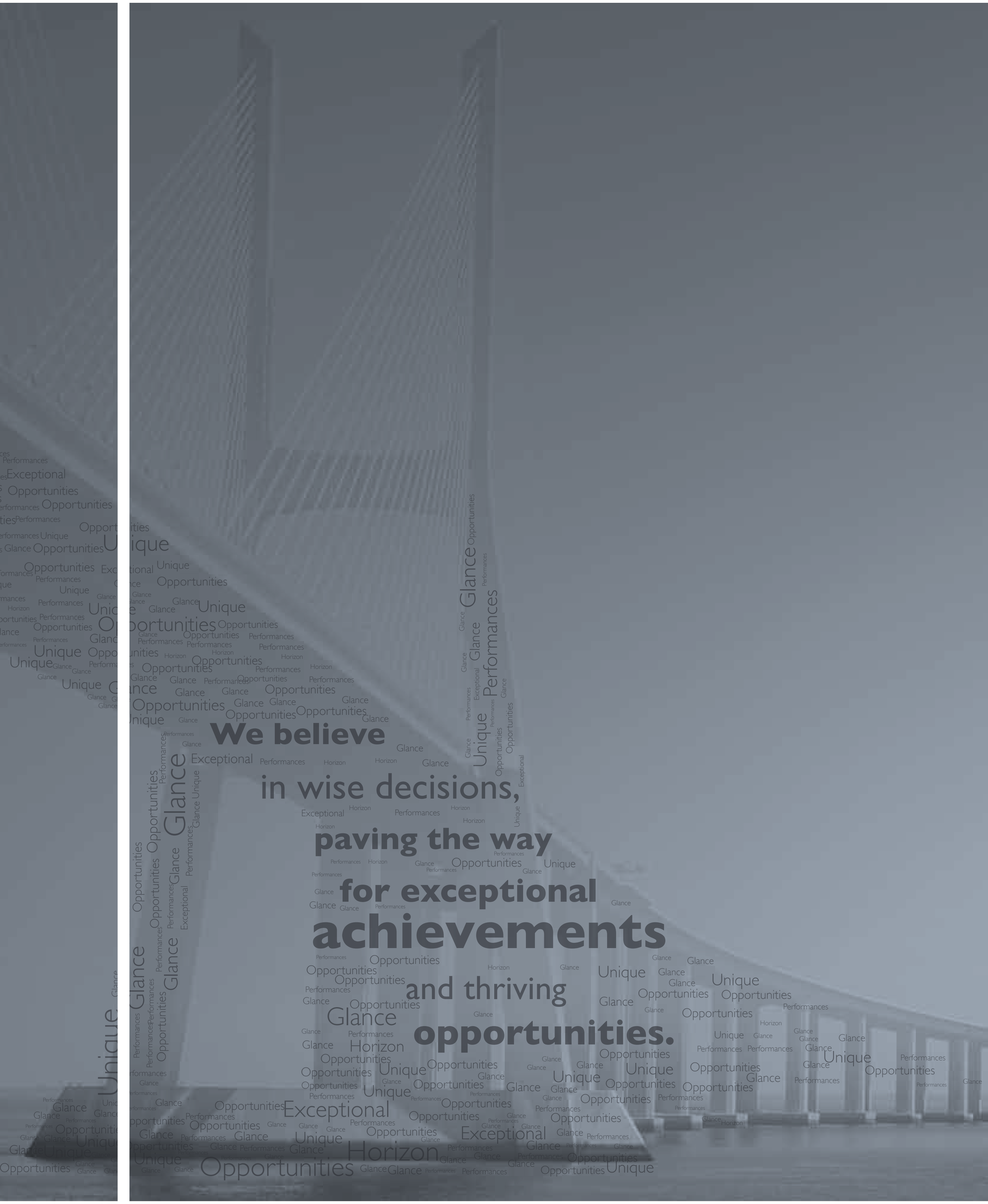
The above figures are stated after elimination of intercompany transactions and balances.

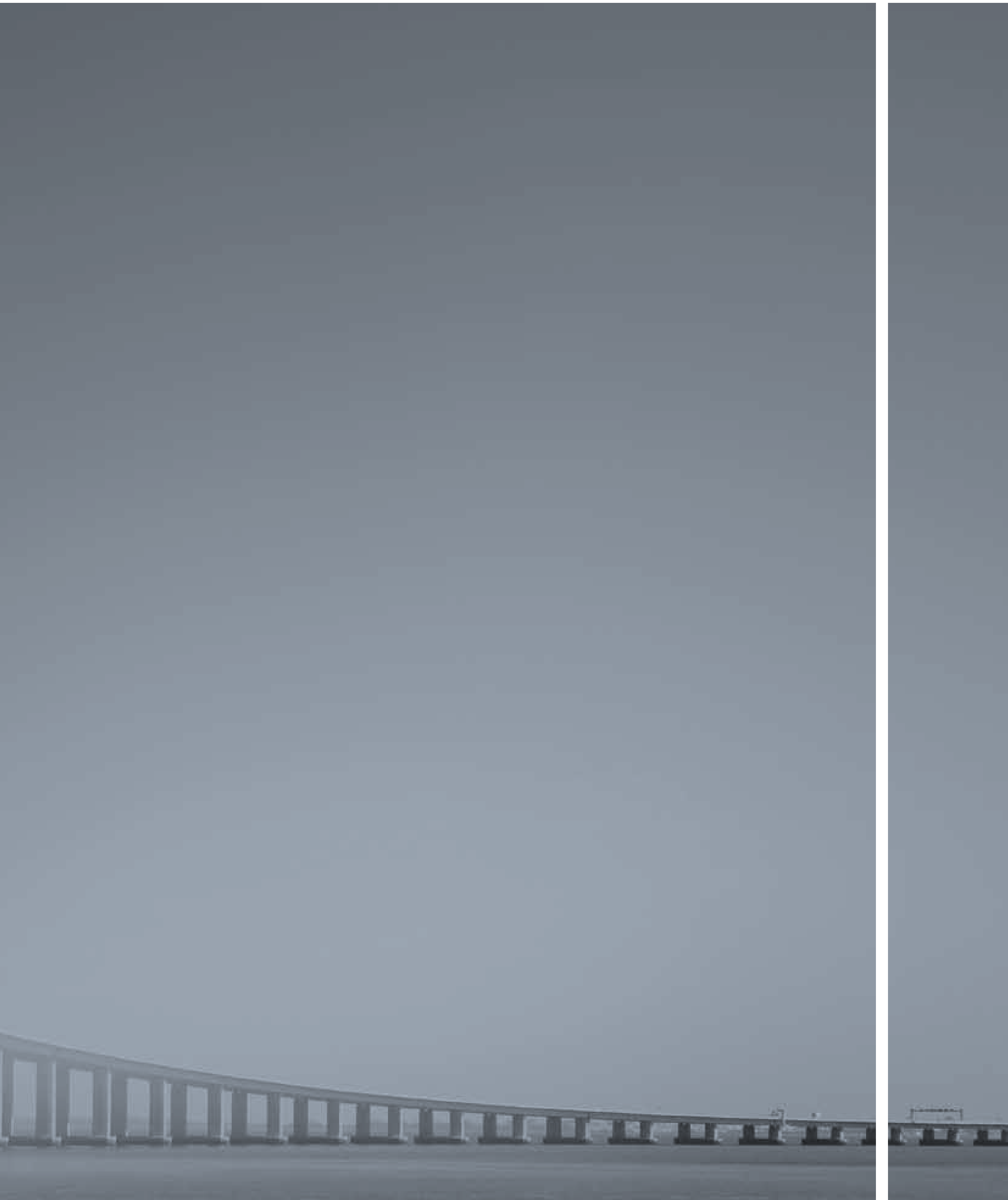
33. SUBSEQUENT EVENT

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

34. COMPARATIVE FIGURES

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


We believe
in wise decisions,
paving the way
for exceptional
achievements
and thriving
opportunities.



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