Transguard Group

Annual Report 2008-2009

H.H. Sheikh Mohammed bin Rashid Al-Maktoum

Vice President and Prime Minister of the UAE and Ruler of Dubai

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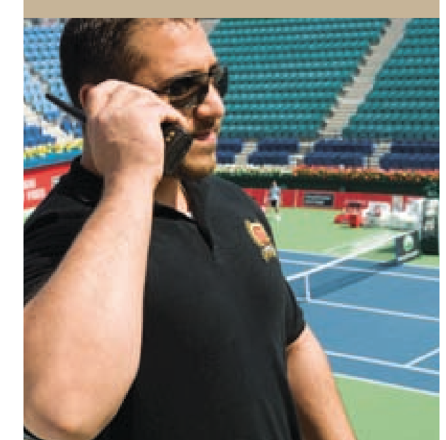


Chairman and Chief Executive, Emirates Airline & Group

H.H. Sheikh Ahmed bin Saeed Al-Maktoum

Despite the global economic conditions, the Transguard Group has maintained its exceptional rate of growth.

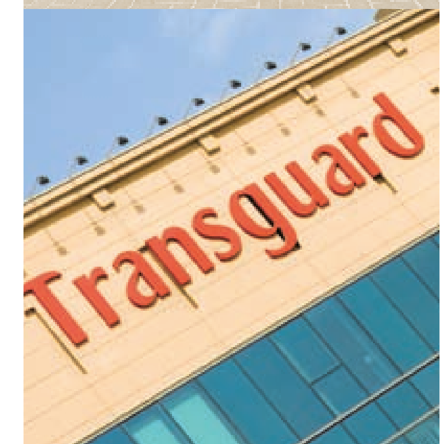
It gives me great pleasure to report on a year that has seen the further rise in stature of Transguard, both as a member of the Emirates Group and as one of the leading business support services companies in the region.

Despite the global economic conditions, the Transguard Group has maintained its exceptional rate of growth. The last twelve months have seen the company's turnover increase by more than 57% to AED 607m, while its recorded profit has more than doubled to AED 75m. This has been matched by substantial physical growth, with staff numbers now standing at over 38,000, an increase of 70% on this time last year.

Transguard remains a valuable service provider to other companies within the Emirates Group, delivering a range of excellent services, including the support they provide to our airport operations and the Emirates fleet of aircraft. At the same time the company has continued to grow its business offering to external customers. The cash management, security and facilities management businesses have all grown in size and reputation, more than maintaining their positions at the forefront of their respective industries.

This structured process of diversification and consolidation will continue over the next financial year and will be intrinsic to the future success and growth of the Group. I look forward to the next twelve months as Transguard cements its position as a market-leading business support services conglomerate and as a valued component of the Emirates Group.

H.H. Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive,
Emirates Airline & Group



Chief Executive Officer, Transguard Group

Dr Abdulla Al Hashimi

The efforts and successes of the individual divisions, backed by the Group's corporate strength and rigidity, have delivered a commendable year's achievements.

It has been an important year for the Transguard Group and one which has seen substantial growth in all areas of the business. It is a testament to the robustness of the Group that it has been able to prosper in the current global economic conditions.

The Facilities Management Division has continued to expand and develop. Its strategic move into the growing hospitality sector has added a range of services to its established FM business and has opened up a number of new markets. The division has also taken on the management of the Group's manned guarding services, enabling the creation of the Asset Protection Division.

Asset Protection will concentrate on consolidating the highly successful event security business, which recently won the Live Event Security Company of the Year Award, while also developing its range of specialist protection services.

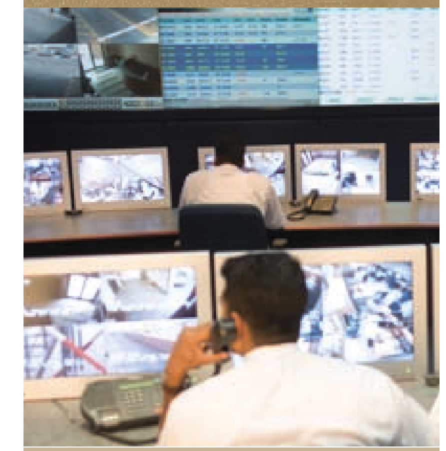
The Airside Services Division continues to grow the portfolio of services it delivers to the Emirates Group, while at the same time developing its wider client base throughout the UAE. One of the year's highlights for the division has been its role in supporting the highly successful expansion of Dubai International Airport, including the opening of Terminal 3 and the arrival of the first Airbus A380 aircraft.

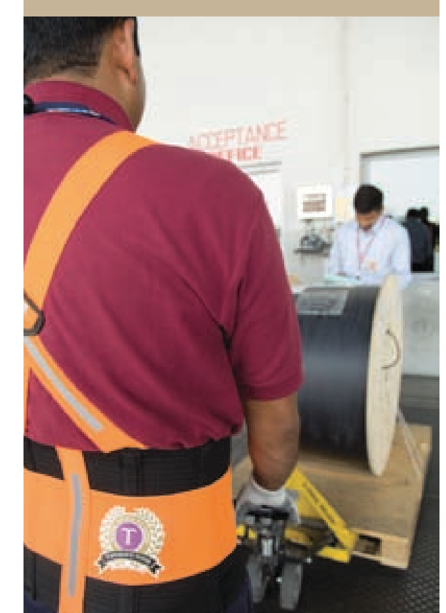
The last twelve months has seen the Cash Services Division become fully operational in Abu Dhabi, Ras al-Khaimah and Fujairah, further reinforcing its position as the market leader in the region, while the recent introduction of sophisticated monitoring and forecasting systems means it can now offer banks a total end-to-end cash management service.

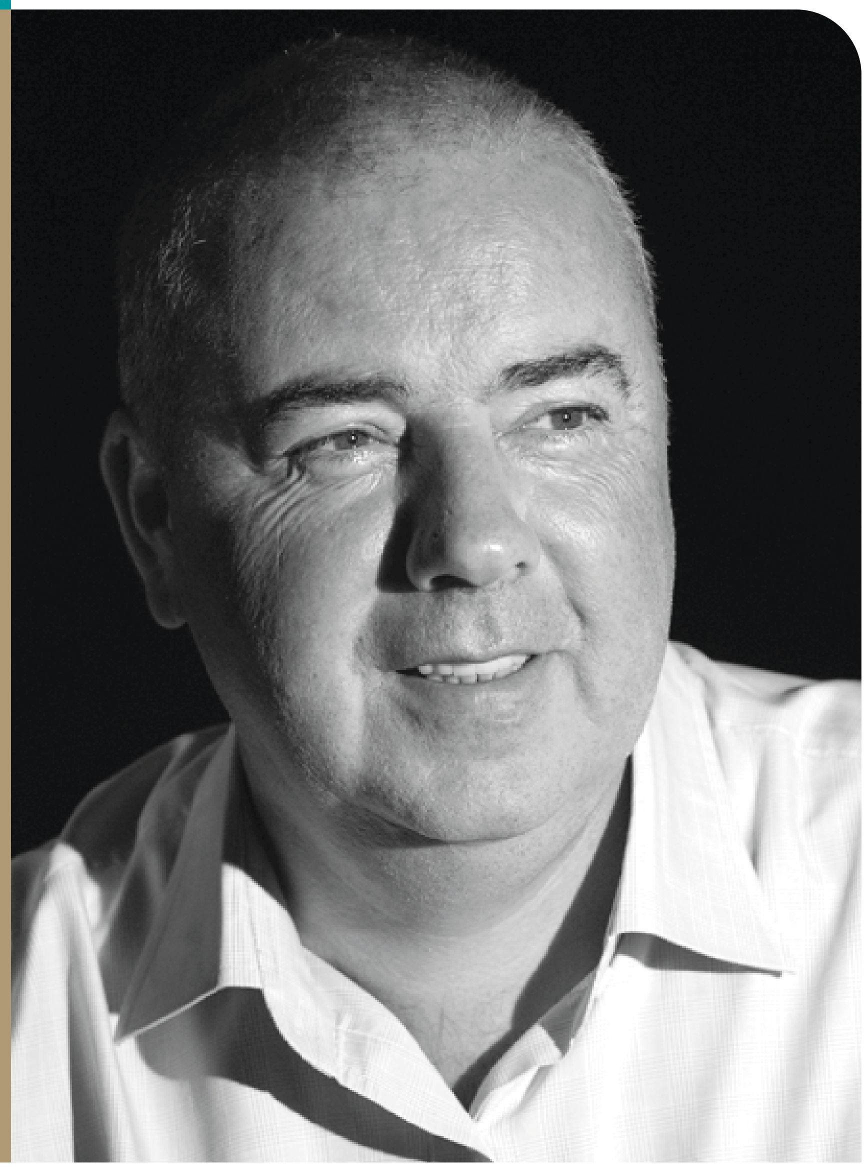
The Security Solutions Division has completed a number of high profile projects and has further enhanced its reputation within the security sector. The Education Academy continues to support the work of Edith Cowan University and is increasing its focus on developing the Group's in-house training programmes, a key factor in the quality of our workforce and the Group's exceptional staff retention rates. Finally, the Events Management Division has organised a number of high profile music and sporting events that provide excellent brand awareness, supporting the Group's overall marketing activity.

The efforts and successes of the individual divisions, backed by the Group's corporate strength and rigidity, have delivered a commendable year's achievements. It only remains for me to thank the loyalty and dedication of the entire Transguard team which once again has proved outstanding.

Dr Abdulla Al Hashimi
Chief Executive Officer, Transguard Group







Managing Director, Transguard Group

Mike McGeever

The Group's commercial achievements are highlighted by a net profit of AED 75m.

The Executive Board is delighted to report that the Transguard Group has recorded a highly successful all round performance during the financial year 2008/09.

The Group's commercial achievements are highlighted by a net profit of AED 75m, more than double the previous year's performance, derived from a revenue of some AED 607m and accomplished with a workforce of over 38,000. This is a particularly strong performance in the current global financial environment and one that highlights an underlying corporate strength within the Group which sets the foundations for future sustainability and growth.

One of the key qualitative successes has been the attainment of improved rigidity in our corporate governance. Set by the board as one of the major objectives for the financial year, this has been achieved through a combination of factors, including the ongoing policy of investing in high calibre senior management, the introduction of formal succession planning protocols and the introduction of a transparent reporting framework. The certification of the group to the quality management standard ISO9001:2000 was also instrumental in this process.

The Group's product offering continues to evolve. The last twelve months has seen the further convergence of its diverse range of services into more strategic integrated outsourced solutions, enabling client organisations to take advantage of a sole provider for their business support services, under a single management contract and with a more holistic approach to facilities management than that offered by more traditional 'siloed' services.

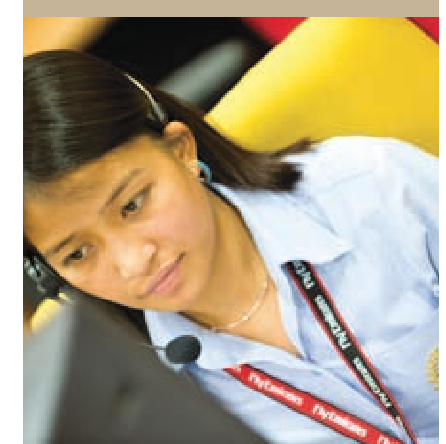
The year also saw the Group meet a number of key performance targets, including:

- Profit and Revenue doubling for the second year in a row
- Revenue from third parties being retained at 80%
- Substantially increased revenue from non-traditional sources (80% of 2008/09 revenue was derived from non-security industries)
- Establishment of a more equitable spread across the Group's revenue streams
- Successful completion of its best practice corporate governance projects

Looking ahead, the new financial year provides a unique period for the Transguard Group and the markets it operates within. The priority is to further consolidate the Group and to continue to develop its commercial profile, ensuring that it is ideally placed for the next wave of growth. With this in mind, our key objective for the next twelve months is to replicate this year's financial performance, a substantial achievement in itself and one which will reinforce our reputation as one of the most reputable and successful companies in the UAE and one with a long and prosperous future.

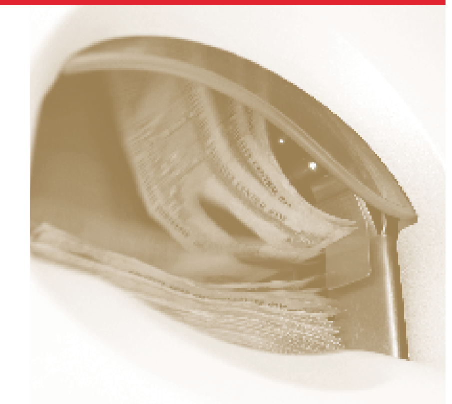
This year proves again that the true assets of the Group are its people. We are defined and shaped by them and we would like to extend our thanks and congratulations to all our employees for their contribution to this year's performance. All of us should be justly proud of what we have achieved in the last twelve months and what we are confident of achieving in the next.

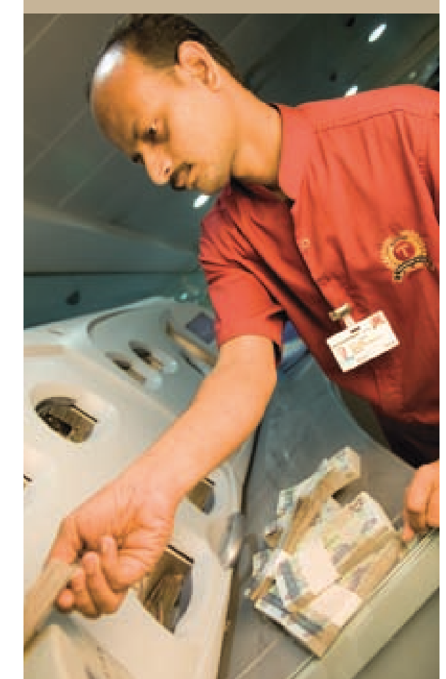
Mike McGeever
Managing Director, Transguard Group

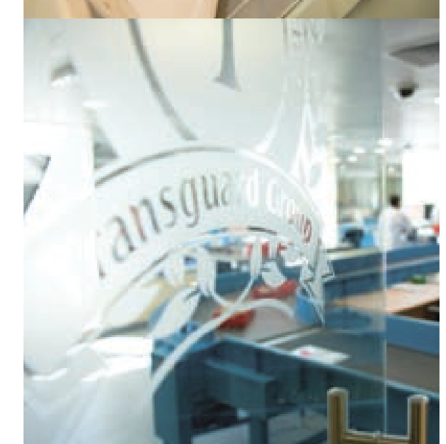


Chief Financial Officer, Transguard Group

John Nolan







The coming year will see a further development of key processes.

Revenue and profit increased in the financial year ending 31st March 2009 to AED 607,625,669 and AED 75,331,087 respectively, representing a net profit margin of 12.4%. This compares with revenue and profit of AED 384,871,444 and AED 33,037,853 respectively in the prior financial year, representing a net profit margin of 8.6%.

The financial position of the company was strengthened during the year with continued investment in its long term future through focused capital investment which included the purchase of a staff accommodation facility in Sonapur. In addition the company continued to invest in the efficient management of its fleet and accommodation facilities. By 31st March 2009 Net Assets had increased from AED 35,466,564 to AED 110,797,651 and I am very pleased to announce the company's first ever dividend of AED 20,000,000.

These results are a reflection of the appropriate measures taken during the year to protect the company's shareholders against risks associated with the global credit crisis and its effects in the United Arab Emirates. This has included the strengthening of risk management systems across the company as well as a significant focus on working capital management. Consequently the company has successfully adapted to the tougher trading and funding environments.

One demonstration of these measures is the improvement in net profit margin, which has been achieved through efficient pricing and improved unit costs. These were driven by the company's investment in its central support functions as evidenced by its ISO accreditation, as well as information technology improvements. A deliberate investment has been made into the Human Capital across the company with many senior appointments across the group.

The coming year will see a further development of key processes throughout the organisation. Several business process reviews will deliver efficiencies through the standardisation and automation of workflows. The company's Information Technology environment will be strengthened through the development of legacy systems as well as the rollout of the Oracle ERP system. Ongoing staff development as well as focused technical training will continue to deliver further efficiencies across the company's support functions.

The current economic crisis provides the company with the opportunity to be introspective and prepare for the future. Work completed to date and planned for the coming year will prepare the company for its next phase of growth. Investment will be carried out in a measured manner commensurate with market conditions. While the year ahead is one for consolidating recent successes it is also important to prepare for the scaling up of business activities that will come when market conditions improve.

John Nolan
Chief Financial Officer

Human Resources

CORE VALUES

- SUCCESS THROUGH PEOPLE
- ONE TEAM
- DRIVING COMPETITIVE ADVANTAGE
- DYNAMIC
- RADICAL

Currently Transguard Group is supporting over 50 different nationalities from all five continents within an employee base of over 38,000.

Committed to Growth

The Human Resources (HR) Department provides services, expertise and advice to support the group's staffing strategies of promoting leadership, organisational and team development, and productive workplace relations.

HR plays a significant role in ensuring the company has the teams to build an efficient infrastructure through the creation and implementation of effective policies and practices and through the development of the organisation's workforce capability at all levels.

The Executive Board continues to be highly supportive of the key planning initiatives being put in place within the organization. These include the introduction of Annual Performance Reviews, Management Induction Programmes and regular 'HR for Non HR' sessions.

Future initiatives include building robust succession plans for employees to support their career development and increase the quality of the group's human capital. In addition, the policy of targeting top performing managers for career progression continues and is intrinsic in supporting the vision of hiring the best in the marketplace and retaining the best in the industry. In the previous year this has led to 28 key management and supervisory positions being filled from internal promotions across the organisation.

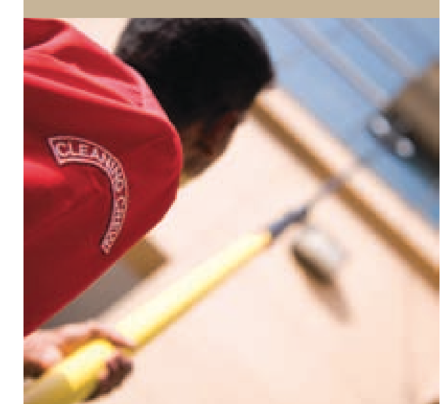
The HR department itself has been restructured over the last twelve months, ensuring core functions are operating more efficiently, with committed managers leading equally committed teams and delivering even higher standards of service to stakeholders, both internally and externally.

Over the next twelve months there will be a strong focus on the development of employees, managers and emerging leaders, through internal training, development and talent management programmes. Additionally there will be an ongoing focus on cultivating the diversity of the group, enriching our business through the contributions of a diverse mix of employee backgrounds and cultures. Currently Transguard Group is supporting over 50 different nationalities from all five continents within an employee base of over 38,000.

The competitive platform for the HR department will be to continue building a solid employee value proposition, which will provide a secure, rewarding and challenging environment for those employees who are willing to be part of the group's future.

Mark Lindley
Group HR Director

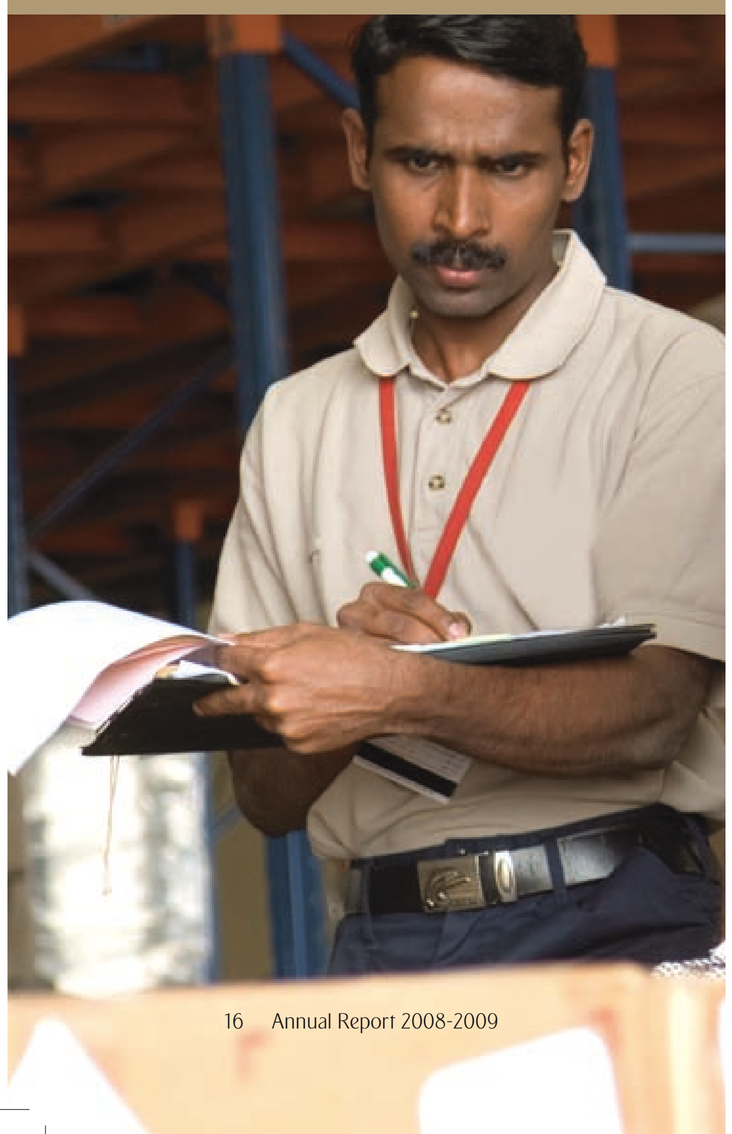
DIVISION	March 2008	March 2009
Airside	2,555	2,798
Cash Services	862	1,035
Facilities Management	15,594	31,003
Patrol	2,100	3,108
Solutions	85	72
Corporate Services	322	565
TOTAL	**21,518**	**38,581**



Quality Management

Doing things right, first time

Our Quality Policy ensures that the policies and processes we implement are comparable to leading businesses in the world.



Dedicated to Continual Improvement

Transguard Group is committed to providing the highest level of service to all its customers. The core of our Quality is established in the group's Quality Policy, the essence of which is to ensure a process of continual improvement.

Our major achievement in 2008/09 is the certification of the group to the quality management standard ISO9001:2000 which ensures the highest level of quality assurance across all business sectors throughout the Emirates; all our branches throughout the Emirates are ISO certified.

Our Quality Policy ensures that the policies and processes we implement are comparable to leading businesses in the world, that we ensure that we do things right first time and that we ensure a process of continual improvement across the board. Each one of our staff is accountable for their actions and for ensuring that our policies and objectives are met.

Our customers' perception and satisfaction are the keys to our success and, therefore, our key performance indicators. To ensure their continued satisfaction, we have put measures in place that guarantee their voices are heard. We ensure this through a process of formalised management systems, regular customer satisfaction surveys and mechanisms designed for dealing with customer problems effectively and quickly.

Every division has established a set of Standard Operating Procedures and measurable Quality Objectives to enable process owners to monitor the effectiveness of their processes. Each process is audited twice a year by our trained Internal Auditors and undergoes ongoing revision.

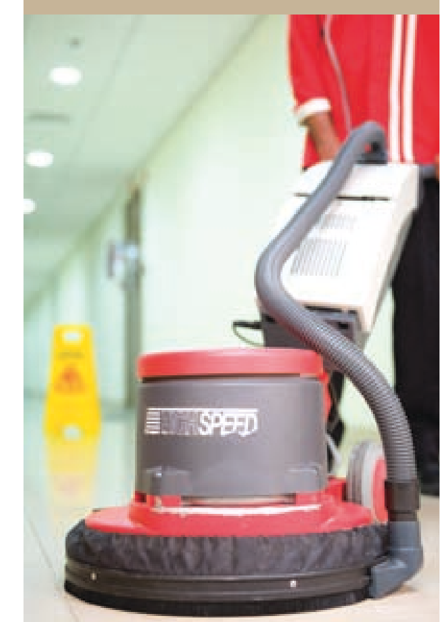
We have a dedicated supply management team whose role it is to nurture relations with our corporate suppliers. We implement a rigorous supplier selection process to ensure that they meet all our criteria. Moreover, wherever possible, we ensure that suppliers to our suppliers also meet these criteria. This process ensures reliability and suitability of both the supplier and their product or service.

Our goals and objectives include, but are not limited to:

- Setting measurable quality objectives at every level of our businesses
- Ensuring that all our existing staff receive on-going training for the roles they perform
- Ensuring that all future staff are recruited against the highest international standards
- Ensure that all training is evaluated and reviewed for its effectiveness
- Ensuring that staff performance is evaluated on an annual basis
- Ensuring that all our suppliers are evaluated for their effectiveness and relevance to the business
- Ensuring that our Quality Management System is continually improved through a process of bi-annual Management Review meetings, review of the Quality Objectives and the effectiveness of Internal Audits.

At Transguard we look to the future with great anticipation. Going forward, we intend to nurture relations with our existing customers and build long term relations with future customers. Our Quality Management System is at the heart of our business and we look forward to implementing the full range of quality improvement tools in order to ensure continual improvement across all divisions.

Birjees Hussain
Quality Manager





Corporate Overview

The Transguard Group, an Emirates Group company, was established in 2001 and rapidly became renowned as the leading security services provider in the region.

Since then, the Group has diversified significantly and is now an international business support services conglomerate and a leader in the fields of facilities management, cash management, security, training, FM consultancy, airport services and events management.

The Group has a current full-time staff of over 38,000 and an experienced international management team. It is committed to further consolidating its market-leading position in its fields of operation, while continuing its policy of sustained, planned growth and development. The Group has seven operating divisions:

FACILITIES MANAGEMENT

The FM Division provides the full range of traditional FM services, from single soft services through to total integrated FM solutions. Its services are delivered at all levels of control and management, from the provision of operational staff, to totally managed delivery against contractually agreed KPIs and SLAs. Its clients are drawn from across the spectrum of market sectors, including industrial and manufacturing, commercial, hospitality and leisure markets.

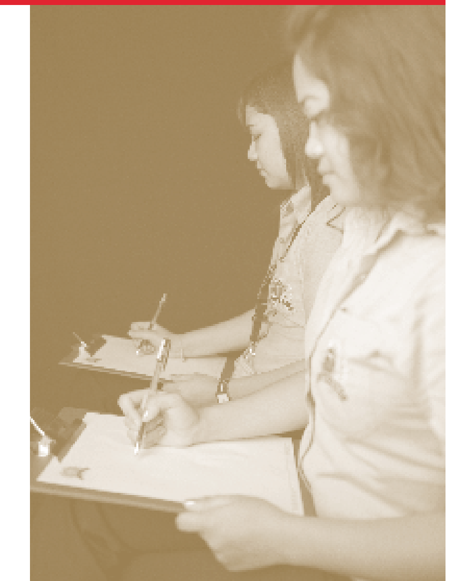
AIRSIDE SERVICES

The Airside Services Division provides a diverse portfolio of services to the growing aviation sector in the UAE and in particular to its clients within the wider Emirates Group. The range of services it delivers is continually developing and includes cargo and baggage handling, aircraft cleaning, check-in support, portering and IT support.

CASH SERVICES

Transguard Cash Services Division offers end-to-end cash management solutions to banks, financial institutions, major retailers and corporate and VIP customers throughout the region. Operating the largest fleet of armoured and special purpose vehicles in the UAE and with two state-of-the-art high security cash management centres, the division offers a comprehensive range of cash services, including cash-in-transit, cash processing and ATM services.

The Group has a current full-time staff of over 38,000 and an experienced international management team.



SECURITY SOLUTIONS

Transguard Solutions is the physical and electronic security systems division of the Group. Its international team of specialist engineers and consultants has developed a reputation for excellence in the design and installation of integrated security solutions, across a range of systems and technologies, from CCTV and physical and electronic access control, to control room infrastructures and converged IT solutions.

SECURITY PATROL

The Security Patrol Division provides a comprehensive range of manned security services to organisations across the UAE. These include uniformed guarding services to a wide range of industries, from finance and retail, to construction and commercial office, as well as award-winning event security services to the leading music and sports event promoters in the region.

TRANSGUARD EDUCATION ACADEMY

The Education Academy produces and delivers the staff training and development programmes that lay at the heart of the Group's commitment to personal development and career progression for all its staff members, as well as ensuring the quality of the services it delivers to its clients. In addition, the Academy provides administrative support to the Edith Cowan University facility in Dubai.

TRANSGUARD EVENTS MANAGEMENT

The Events Management Division delivers a range of high-profile events, from public music concerts and sporting dinners, to bespoke corporate events. Its signature events include White Collar Boxing which is now renowned as one of the leading corporate entertainment events in the region.




Facilities Management

Diversification and Growth

The division's diversification into the hospitality sector has also brought success, with contract wins including Atlantis the Palm and Emaar Hospitality.

Our Strength is in Our People

Over the past twelve months there has been a major restructuring of the group's Facilities Management (FM) Division, spearheaded by the key appointments of several professionals with experience in the burgeoning hospitality sector as well as in traditional FM service delivery.

The continued growth of the UAE FM sector in the last year has created a plethora of opportunities and challenges that the division has more than capably met and that have facilitated another year of exceptional growth. Staff numbers have almost doubled, while turnover has increased by some 50%.

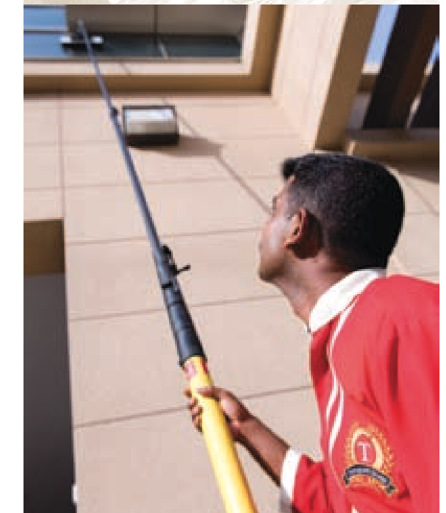
This growth has come from both an expansion of the services we are providing to existing customers and from new business, including high profile FM contract wins with Dubai's only heritage site, 'Bastikiya', Global Village Seasonal, Bawadi Sales Centre and the maintenance cleaning contract at Dubai International Airport's Terminal 3. The division's diversification into the hospitality sector has also brought success, with contract wins including Atlantis the Palm and Emaar Hospitality.

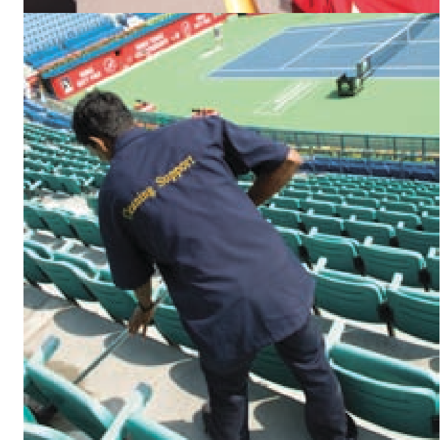
An important development towards the end of the financial year was the decision to bring the group's operations in manned security services under the umbrella of the FM Division. This extends the portfolio of integrated services the division can offer, while at the same time allowing the newly formed Asset Protection Division to concentrate on its core range of specialist security services.

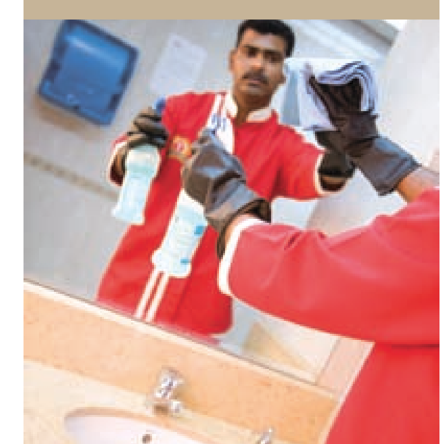
The division's strength continues to be its people. The management team boasts over 100 years' combined international experience in providing facilities management services to both the private and public sector and is robustly supported by an operational team of skilled and semi skilled operational staff, all trained to the highest standards through the group's in-house training programmes.

The last year has been another highly successful one for the division and the year ahead promises to be one of further growth and consolidation as we continue to reinforce our leading position in the traditional FM sector, while looking to our hospitality and security operations to provide new growth opportunities.

Nigel Hall
Divisional Director, Facilities Management

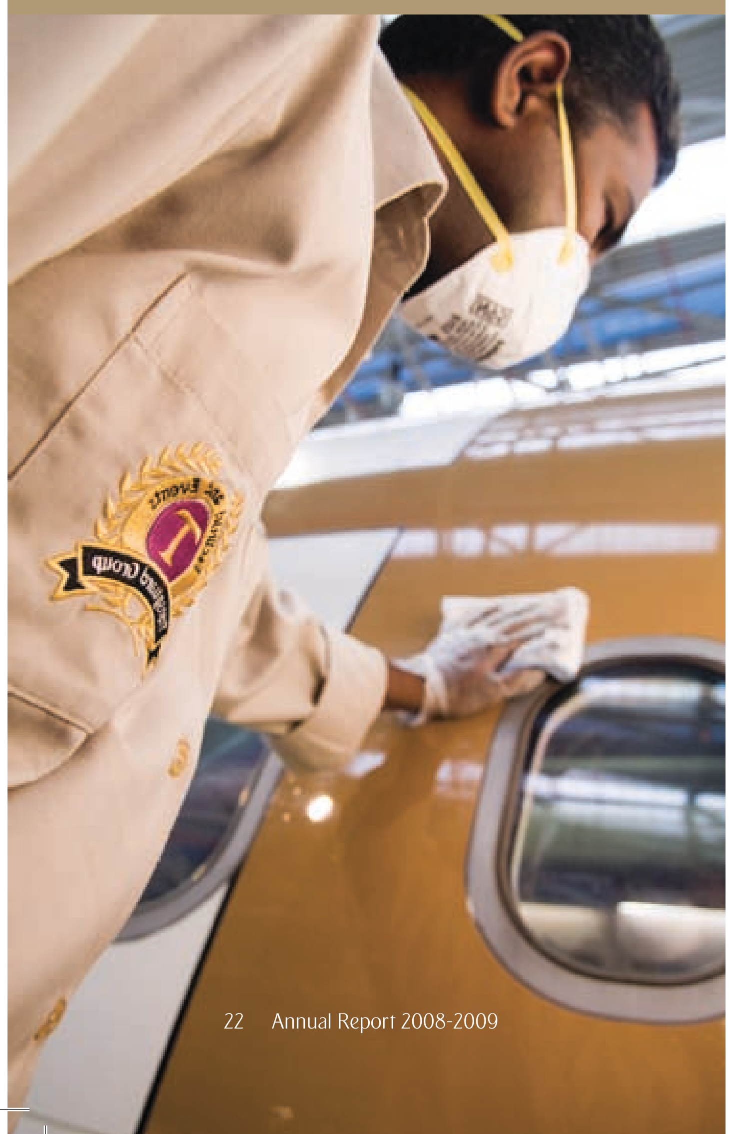






Airside Services

Teamwork and Dedication



By working in close partnership with our clients, we have been able to adapt and provide the flexibility they need during this period of global uncertainty.

Providing Service Excellence

It has been a challenging but highly successful year for the Airside Services Division and one in which we have demonstrated our ability to react to changing client conditions and demands. By working in close partnership with our clients, we have been able to adapt and provide the flexibility they need during this period of global uncertainty.

A major part of the last twelve month's activity has been supporting widespread expansion at Dubai International Airport, including the opening of the sensational Terminal 3 and the arrival of the first A380 aircraft to the region. The division has also started the provision of airside services to Etihad Crystal Cargo, supporting their expansion projects at Abu Dhabi International Airport.

The division has continued to grow as part of its planned development process, providing a range of new and expanded services, with a commensurate rise in staff numbers. Primary areas of business growth include:

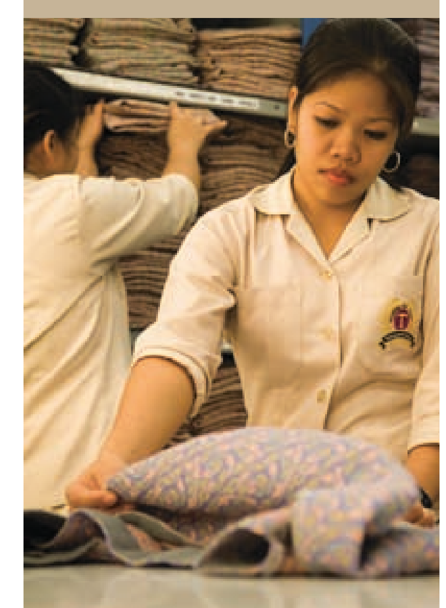
- Continued and extended cleaning and ground handling support to the growing Emirates Airline fleet
- Portering services at Terminal 3
- Concierge services for First and Business Class customers at Terminal 3
- Deep cleaning services for the Airbus A380 fleet
- Continued and extended support to DNATA Cargo Services
- Continued and extended support to Emirates SkyCargo
- Cargo handling support to UPS
- Continued and extended support to Panalpina's cargo operations

Staff training and career development continue to be at the heart of the group's business strategy. Over the last year there have been a wealth of opportunities for career progression within the division and it is encouraging to report that we have been able to fill these posts internally and, in doing so, rewarding deserving employees, helping to maintain our excellent staff retention record and, importantly, providing team continuity and stability for our clients.

Teamwork has also been a major factor in ensuring we provide the excellence of service our clients demand and over the last twelve months we have introduced a number of team incentive programmes that have proved highly successful and will be extended and developed over the coming year.

It only remains for me to thank all the airside teams for their hard work and dedication and to thank our clients for their continued support and business. We look forward to developing and growing our business in partnership with them during the next year and beyond.

Anne Petersen
Divisional Director, Airside Services



Cash Services

End- to- End Cash Management

The Cash Services Division has had another successful year, with strong growth in market share, revenue and profitability.

Rising to the Challenge

The Cash Services Division has had another successful year, with strong growth in market share, revenue and profitability.

Our service offering has been enhanced by the opening of the group's new purpose-built Cash Management Centre in Abu Dhabi, along with operational offices in Ras al-Khaimah and Fujairah. In addition clients are able to benefit from the dedicated Customer Service Department and sophisticated call monitoring systems introduced at the communications centre in our Dubai Head Office. The introduction of cash forecasting and ATM monitoring means that we can now offer the region's banks a total end-to-end cash management service.

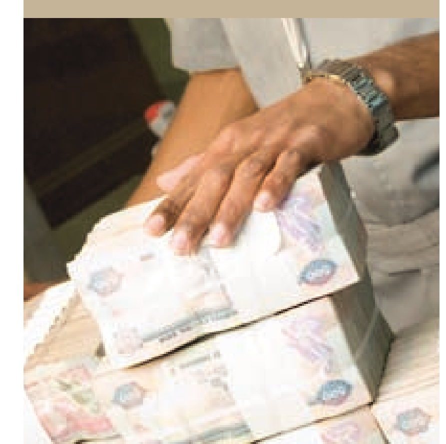
Operationally, we have invested in an additional high speed note sorter and our vehicle fleet has grown to some 200 vehicles. A newly formed department within the division has also been created to focus on the managing of risks associated with security issues such as theft and attacks on staff.

The next financial year will provide a range of new challenges. The debates continue on how the current global economic situation will impact on the operations of the major banks in the UAE. There are indications that the commercial banks are slowing down their expansion plans, but at the same time the industry predicts a marked increase in cash usage.

New legislation for the UAE security industry is due to come into effect in June of this year and will undoubtedly have an impact on the industry. The regulations, welcomed by many and drawn up in conjunction with the police authority, will help facilitate the ongoing process to further professionalise the security services in the region and will include minimum wage levels and standards for security guards.

Our continued success is in a large part due to the hard work and professionalism of our team, from the cashiers and security guards, to the supervisors and managers. I have no doubt that their commitment will help enable the division to continue to grow its business in what will be a challenging and interesting year ahead.

Peter Walters
Divisional Director, Cash Services



Security Solutions

Total Integrated Systems

The Security Solutions Division continues to enhance its reputation for the professional delivery of integrated security solutions.

Technology Solutions

The Security Solutions Division continues to enhance its reputation for the professional delivery of integrated security solutions.

The last twelve months have been significant for the successful completion of a number of flagship projects that have underlined the division's capability to deliver increasingly larger and more complex projects. Notable successes include the upgrade of the CCTV system at the Burj Al Arab and Madinat Jumeirah; the installation of an integrated security solution for Halliburton's new regional headquarters and satellite sites throughout Abu Dhabi; and the delivery of an IP-based surveillance platform for 7he Sevens Rugby Stadium.

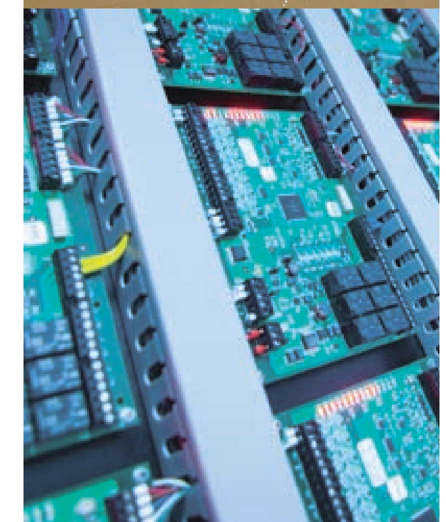
Over the next twelve months the division will focus on putting in place strategies to develop, enhance and consolidate its offerings in a number of important local markets, including the financial and burgeoning hospitality sectors. In addition it will put considerable effort into further developing its maintenance capabilities, an area of increasing significance as organisations realise the benefits of high quality support services for their existing security systems.

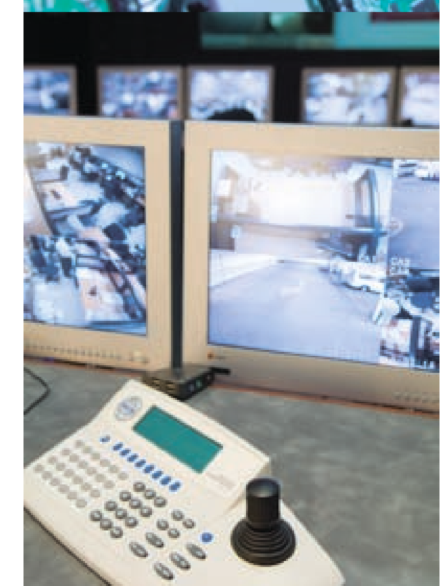
The current global trend towards a more holistic approach to security will also see the development of solutions that draw on the expertise of other businesses in the Group, and in particular the resources offered by the FM Division. This strategy will enable us to offer total integrated solutions that combine both technology and manpower in a smarter and more effective way, an approach that has proven success in meeting clients' operational requirements while improving system efficiency and delivering better value for money.

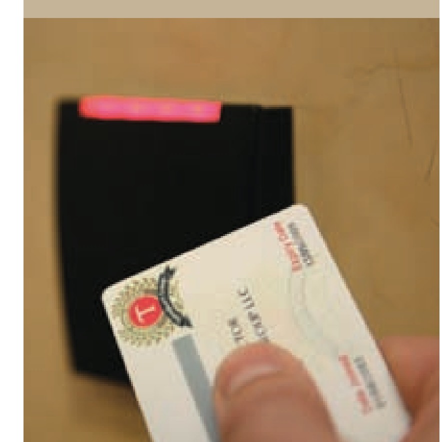
Finally, the division's geographic business strategy will see it concentrating on the consolidation of its activities in Dubai, allied to medium-term expansion in Abu Dhabi and throughout the region.

I would like to finish by thanking all members of the Solutions team for their continued efforts and I look forward to the challenges and opportunities the next twelve months present.

Simon Precious
Divisional Director, Security Solutions







Security Patrol

Proven Success

Our reputation is justly deserved and is one that has been built on solid operational policies and practices, gleaned from the international experience of our senior management team.

Award-winning Security Services

In the last year the Patrol Division has maintained its reputation as the number one supplier of security guarding services in the region. The division not only continues to be the first choice for static and patrol guarding services, but is also recognised as the leader in events and licensed premises security, recently winning the Live Event Security Company of The Year Award.

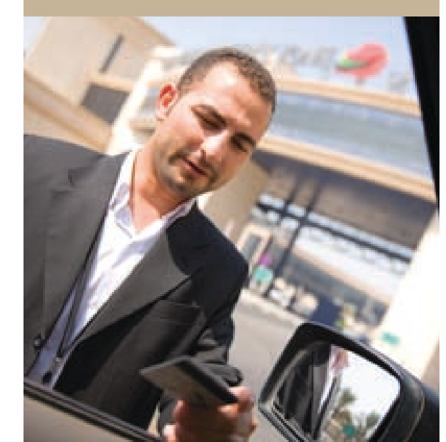
Our reputation is justly deserved and is one that has been built on solid operational policies and practices, gleaned from the international experience of our senior management team, and backed by our commitment to recruitment and training excellence. The quality and experience of our team means that we are ideally placed to further consolidate our position as the UAE's security market matures and as the legislative regulation of the industry in the region continues apace.

However, it is important to keep ahead in a changing market and to react intelligently and quickly to the demands and needs of both clients and potential clients. For many organisations it has become clear that it makes operational sense to integrate manned guarding services into the overall management of their facilities, providing seamless delivery across all their soft service requirements. To this end, we have recently included our manned security services under the umbrella of the group's FM division, giving clients the capability to implement total integrated FM or bundled FM services under one central management contract.

This move has also allowed us to concentrate on the highly successful and more specialised security services we offer under the newly formed Asset Protection Division. Asset Protection will draw on the experience and training of its management team to focus on the delivery of security services that fall outside the remit of traditional manned guarding. These include our highly successful events and licensed premises security, together with a range of close protection and high-value asset protection services.

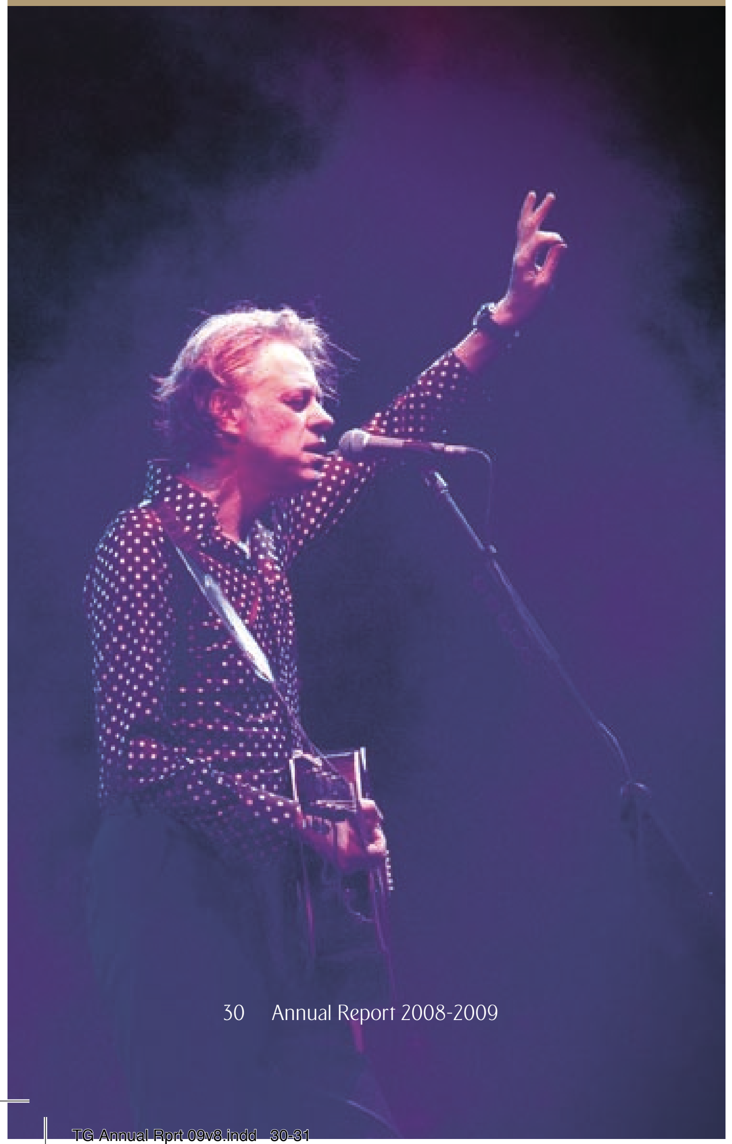
The challenge to build on the already proven success of this specialised area of our business is one that the Asset Protection team and I look forward to greatly.

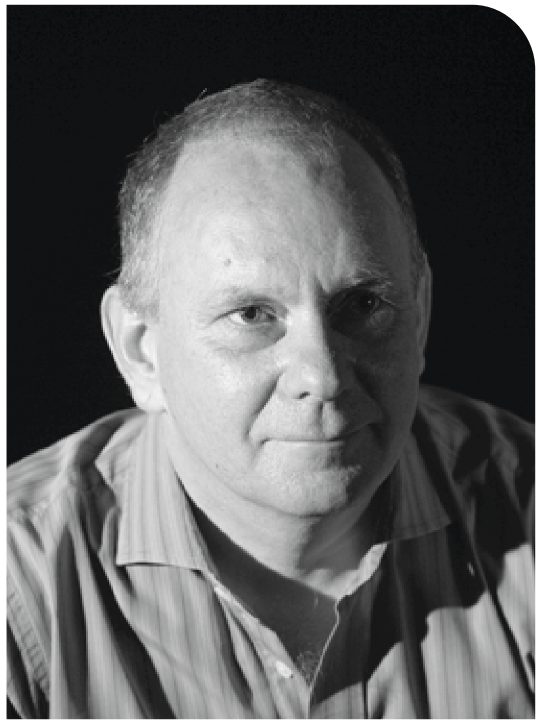
Mike Gough
Divisional Director, Security Patrol



Events Management

Creating Brand Awareness





The division will continue to expand and develop its White Collar Fight Night concept as well as bringing more international music acts to the region.

High Quality Events

The last twelve months have once again seen the Events Division deliver a number of commercial and corporate events that reinforce its position as a producer of high quality music and sporting events, while also provide excellent brand awareness for the wider Group.

Notable achievements include the production, promotion and staging of the acclaimed concert by international rock group Queen and Paul Rodgers. The concert, which took place in Dubai in November, was praised as one of the best live performances of the year. Other music events included the return of Irish star Bob Geldof whose annual concert is now an established and highly successful fixture on the Dubai music scene.

The division's signature event, the White Collar Boxing Fight Night, continues to be heralded as one of the most successful corporate entertainment events in the Dubai social calendar. This year's gala night drew a record number of guests and played host to more novice boxing bouts than at any previous event.

This year also saw the staging of the first 'Dubai Can Dance' event. The evening saw eight amateur couples competing before a crowd of more than 500 dinner guests in a 'reality-style' dance competition that gained significant media coverage in the region's media.

Over the next twelve months the division will continue to expand and develop its White Collar Fight Night concept as well as bringing more international music acts to the region. In addition, it will again deliver a range of activities and events to both promote the Group corporately and provide entertainment for staff and clients.

Although a relatively small part of the business, the Events Division plays an important role in the development of the Group and in the marketing of the Transguard brand.

Mark Povey
Director, Marketing & Events

Education Academy

Meeting the evolving needs of the business

Actively seeking to develop education and training links with the leading industry-specific international trade associations and institutions.

Client-specific Training Programmes

Transguard's commitment to the training and personal development of its workforce is intrinsic to the Group's success. At the heart of this commitment lays the Education Academy and its remit to develop and deliver the courses and programmes that meet the continually evolving needs of the business.

The further diversification and growth of the Group over the last twelve months has resulted in a marked increase in the required range of training and development courses, together with a considerable rise in the number of staff that need to pass through the Academy's doors.

It is pleasing to report that the Academy has more than met these challenges, while at the same time identifying a number of initiatives aimed at enhancing the quality of the wider Group's services and helping individual staff members within the organisation.

One key initiative is the further development of client-specific training programmes and courses. Created in collaboration with equipment manufacturers, product suppliers, and the client organisations themselves, these programmes deliver a range of service benefits and strengthen relationships between delivery teams, clients and suppliers. Notable successes for the initiative have been with DNATA, Emirates Engineering and many FM cleaning clients.

The Academy is also actively seeking to develop education and training links with the leading industry-specific international trade associations and institutions, ensuring the courses that it delivers remain in line with international best practice. Looking to the future, the ultimate aim is to gain industry recognition or accreditation for the Academy's training and to offer programmes to external clients and the wider business community.

Other initiatives include the broadening of the scope of the formal, structured Induction Training Courses, regular organisation-wide training audits, and the piloting of the 'Training Passport', a pocket guide of task-specific information and a personal training and achievement record.

The Academy also continues to support the work of the Edith Cowan University, providing administrative support to its staff, students and facilities. Over the last year it has significantly restructured this side of the business and the next twelve months will see further improvements to the services it provides to both trainer and student.

The Academy plays an important part in ensuring that the Group has the skills sets and in-house knowledge to meet the demands of its forecasted diversification and growth plans and we look forward to the challenges of the year ahead.

Joe Morrin
Director, Transguard Group

Transguard Financial Report

Directors' Report and Financial Statements for the year ended 31 March 2009

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DIRECTORS REPORT

The Directors submit their report together with the audited financial statements of Transguard Group LLC ("the company") for the year ended 31 March 2009.

Principal Activities

The principal activities of the company are to provide technical support, facilities and events management, guarding services, aviation security including accredited training and aircraft protection, security solutions such as close protection security and cash and valuables handling.

Results

The results of the company for the year ended 31 March 2009 are set out on page 41 of the financial statements.

Dividends

A dividend of AED 20,000,000 has been approved subsequent to 31 March 2009 (2008: Nil).
No amount has been transferred to the non-distributable legal reserve (2008: Nil)

Directors

The Directors, who served throughout the year, unless otherwise stated, were:
Executive Directors

Dr. Abdulla Al Hashimi

Mike McGeever

John Nolan (appointed on 26 March 2009)

Non-executive Directors

H.H. Sheikh Ahmed bin Saeed Al-Maktoum

Auditors

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Dr. Abdulla Al Hashimi
Chief Executive Officer

Mike McGeever
Managing Director

31 May 2009

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRANSGUARD GROUP LLC

Report on the Financial Statements

We have audited the accompanying financial statements of Transguard Group LLC ("the company") which comprise the balance sheet as of 31 March 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRANSGUARD GROUP LLC

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as of 31 March 2009 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (8) of 1984, as amended, we report that:

i. we have obtained all the information we considered necessary for the purposes of our audit;

ii. the financial statements comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (8) of 1984, as amended and the Articles of Association of the company;

iii. the company has maintained proper books of account;

iv. the financial information included in the Directors' report is consistent with the books of account of the company; and

v. nothing has come to our attention which causes us to believe that the company has breached any of the applicable provisions of the UAE Federal Law No. (8) of 1984, as amended, or of its Articles of Association, which would materially affect its activities or its financial position as of 31 March 2009.

PricewaterhouseCoopers

31st May 2009

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

BALANCE SHEET

	Note	As at 31 March 2009 - AED	As at 31 March 2008 - AED
ASSETS			
Non-current assets			
Property, plant and equipment	5	113,226,750	20,760,274
Intangible assets	6	902,299	562,412
		114,129,049	21,322,686
Current assets			
Inventories		1,691,380	-
Trade and other receivables	7	171,281,987	70,258,326
Due from related parties	8	53,764,683	32,924,493
Due from customers on contracts	9	2,956,376	-
Cash and bank balances	10	4,585,971	7,906,044
		234,280,397	111,088,863
Total assets		348,409,446	132,411,549
EQUITY			
Capital and reserves			
Share capital	14	300,000	300,000
Legal reserve	15	150,000	150,000
Contributed capital		1,806,502	1,806,502
Retained earnings		108,541,149	33,210,062
Total equity		110,797,651	35,466,564
LIABILITIES			
Non-current liabilities			
Borrowings	12	5,520,331	9,000,454
Finance leases	13	62,059,342	264,616
Provision for employees' end of service benefits	16	8,514,492	12,642,624
		76,094,165	21,907,694
Current liabilities			
Trade and other payables	11	103,286,384	56,325,044
Due to related parties	8	3,946,378	2,105,118
Borrowings	12	53,652,939	16,508,721
Finance leases	13	631,929	98,408
		161,517,630	75,037,291
Total liabilities		237,611,795	96,944,985
Total equity and liabilities		348,409,446	132,411,549

These financial statements were approved by the Board of Directors on 31 May 2009 and signed on its behalf by:

Dr. Abdullah Al Hashimi
Chief Executive Officer

Mike McGeever
Managing Director

Transguard Group LLC
Directors' Report and Financial Statements for the year ended 31 March 2009

INCOME STATEMENT

	Note	Year ended 31 March 2009 - AED	Year ended 31 March 2008 - AED
Revenue	17	607,625,669	384,871,444
Direct costs	18	(465,779,358)	(313,779,306)
Gross profit		141,846,311	71,092,138
General and administrative expenses	19	(61,810,229)	(41,118,279)
Other income		260,186	4,483,222
Operating profit		80,296,268	34,457,081
Finance costs - net	20	(4,965,181)	(1,419,228)
Profit for the year		75,331,087	33,037,853

STATEMENT OF CHANGES IN EQUITY

	Share Capital AED	Legal Reserve AED	Contributed Capital AED	Retained Earnings AED	Total AED
At 1 April 2007	300,000	150,000	1,806,502	172,209	2,428,711
Profit for the year	-	-	-	33,037,853	33,037,853
At 31 March 2008	300,000	150,000	1,806,502	33,210,062	35,466,564
Profit for the year	-	-	-	75,331,087	75,331,087
At 31 March 2009	300,000	150,000	1,806,502	108,541,149	110,797,651

CASH FLOW STATEMENT

	Note	Year ended 31 March 2009 - AED	Year ended 31 March 2008 - AED
Cash flows from operating activities			
Profit for the year		75,331,087	33,037,853
Adjustments for:			
Depreciation	5	5,879,321	4,371,604
Amortisation	6	194,762	199,357
Provision for employees' end of service benefits	16	(1,714,246)	8,728,538
Provision for impairment of receivables	7	9,749,458	966,249
Finance costs - net	20	4,965,181	1,419,228
Loss on disposal of property, plant and equipment		118,007	-
Write back of amounts payable to divisional managers		-	(3,400,649)
Operating cash flows before payment of employees' end of service benefits and changes in working capital		94,523,570	45,322,180
Payments of employees' end of service benefits	16	(2,413,886)	(772,239)
Changes in working capital:			
Inventories		(1,691,380)	73,662
Trade and other receivables before movement in impairment provision and write offs	7	(110,773,119)	(13,432,986)
Due from related parties	8	(20,840,190)	(22,121,910)
Due from customers on contracts	9	(2,956,376)	400,388
Trade and other payables	11	46,961,340	19,902,872
Due to related parties	8	1,841,260	(5,243,103)
Net cash generated from operating activities		4,651,219	24,128,864
Cash flows from investing activities			
Additions to property, plant and equipment	5	(35,898,414)	(8,553,802)
Additions to intangible assets	6	(534,649)	(436,814)
Proceeds from disposal of property, plant and equipment		47,030	-
Net cash used in investing activities		(36,386,033)	(8,990,616)
Cash flows from financing activities			
Proceeds from borrowings - net	12	6,655,642	4,404,674
Payment towards finance lease liabilities	13	(284,173)	225,549
Finance costs - net	20	(4,965,181)	(1,419,228)
Payments made to divisional managers		-	(13,184,481)
Net cash generated from / (used in) financing activities		1,406,288	(9,973,486)
Net (decrease) / increase in cash and cash equivalents		(30,328,526)	5,164,762
Cash and cash equivalents, beginning of the year		(5,423,275)	(10,588,037)
Cash and cash equivalents, end of the year	10	(35,751,801)	(5,423,275)

1 Legal Status and Activities

Transguard Group LLC ("the company") is a limited liability company incorporated in the United Arab Emirates under the UAE Federal Law No (8) of 1984, as amended and operates under a trade license issued in Dubai. The registered address of the company is P.O. Box 686, Dubai, United Arab Emirates.

The principal activities of the company are to provide technical support, facilities and events management, guarding services, aviation security including accredited training and aircraft protection, security solutions such as close protection security and cash and valuables handling.

The share capital of the company is owned by Dnata, a company incorporated in the Emirate of Dubai, UAE, with limited liability, under an Emiri Decree No. 1 of 1987 (as amended). The 'Transguard' trademark, name and logo is held by Dnata.

As of 11 December 2007, there has been a change in the arrangements for sharing results of the company, whereby previous agreements with the divisional managers have been replaced by a Framework Agreement between Dnata, Transguard Group LLC, Samsara Group plc and Mike McGeever. Under this new agreement Dnata has agreed that Mike McGeever is to be granted the right to receive an amount equal to 50% of the future declared dividends arising as a result of the profits of Transguard (excluding the TAS business) for a five year period.

2 Summary of Significant Accounting Policies

The significant accounting policies adopted by the company in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(a) Standards, interpretations and amendment to published standards that are not yet effective and are not relevant to the company's operations.

- IFRIC 11, 'IFRS 2 – Company and treasury share transactions';
- IFRIC 12, 'Service concession agreements' ;
- IFRIC 13, 'Customer loyalty programmes';
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'; and
- IFRIC 16, 'Hedges of a net investment in a foreign operation'.

(b) Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the company

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods commencing on or after 1 January 2009, but the company has not early adopted. Management is currently assessing the following standards and interpretations which may have an impact on the company's operations:

- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009);
- IAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 January 2009);

Transguard Group LLC
Notes to the Financial statements for the year ended 31 March 2009

- IAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009);
- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009);
- IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' - 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009);
- IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009);
- IAS 38 (Amendment), 'Intangible assets'(effective from 1 January 2009);
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2009); and
- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') (effective from 1 January 2009);

(c) Standards, interpretations and amendment to published standards that are not yet effective and are not relevant to the company's operations

Certain new interpretations and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2009 or later periods but are not relevant to the company's operations:

- IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009);
- IAS 27 (Revised), 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 1 July 2009);
- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial instruments: Presentation' and IFRS 7, 'Financial instruments Disclosures') (effective from 1 January 2009);
- IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009);
- IAS 31 (Amendment), 'Interests in joint ventures' (and consequential amendments to IAS 32 and IFRS 7) (effective from 1 January 2009);
- IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16) (effective from 1 January 2009);
- IAS 27 (Amendment), 'Consolidated and separate financial statements' (effective from 1 January 2009);
- IAS 41 (Amendment), 'Agriculture' (effective from 1 January 2009);
- IFRS 1 (Amendment) 'First time adoption of IFRS', and IAS 27 'Consolidated and separate financial statements' (effective from 1 January 2009);
- IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009);
- IFRS 3 (Revised), 'Business combinations' (effective for annual periods beginning on or after 1 July 2009);
- IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1 July 2009);
- IFRS 8, 'Operating segments' (effective for annual periods beginning on or after 1 January 2009); and
- IFRIC 15, 'Agreements for construction of real estates' (effective from 1 January 2009);

2.2 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Cost represents the purchase cost together with any incidental expenses of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the company and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

2 Summary of Significant Accounting Policies (Continued)

2.2 Property, Plant and Equipment (Continued)
Land is not depreciated. Depreciation is computed using the straight line method at rates calculated to allocate the cost of assets to their estimated residual values over their expected useful lives, as follows:

Buildings	20 years
Plant and machinery	12 years
Furniture and fixtures	10 years
Computer and office equipment	4-5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. When the carrying amount of the property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount.

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with company policy.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in other income in the income statement.

2.3 Intangible Assets
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

2.4 Impairment of Non-Financial Assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units").

2.5 Financial Assets
(a) Classification

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor. They are included in current assets. Loans and receivables with maturities lesser than 12 months, are classified as 'trade and other receivables', 'due from related parties' and 'cash and cash equivalents' in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest method.

(b) Recognition and measurement

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in note 2.7.

2.6 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on an actual cost basis and represents landed costs and all directly attributable expenses incurred in bringing the inventory to its present location and condition. Net realisable value is determined on the basis of estimated selling prices in the ordinary course of business, less estimated selling expenses.

Transguard Group LLC
Notes to the Financial statements for the year ended 31 March 2009

2.7 Trade and Other Receivables
Trade receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the estimated recoverable amount. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'General and administrative expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'General and administrative expenses' in the income statement.

2.8 Cash and Cash Equivalents
Cash and cash equivalents comprise cash on hand and in current accounts less overdrafts with banks. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.9 Provisions
Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

2.10 Employee Benefits
A provision is made for the estimated liability for employees' entitlements to annual leave and leave passage as a result of services rendered by the employees up to the balance sheet date.

Provision is also made, using actuarial techniques, for the full amount of end of service gratuity benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the balance sheet date.

In the current year, the company employed a firm of independent actuaries to determine the value of employee benefits as at the balance sheet date, using actuarial techniques including the Projected Unit Credit Method. The liability for leave salary, leave passage and gratuity at the end of the year, and the charge for the year on account of these benefits have been recorded in line with the recommendations of the actuaries.

The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to employees' end of service benefits is disclosed as a non-current liability.

2.11 Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.12 Trade and Other Payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.13 Revenue Recognition
(a) Service revenue

Revenue comprises the fair value of the consideration received or receivable for the services performed in the ordinary course of the company's activities. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below.

Revenue arising from services rendered is recognised when the services have been provided to the customers.

2 Summary of Significant Accounting Policies (Continued)

2.13 Revenue Recognition (Continued)

(b) Contract revenue

Contract revenue is recognised under the percentage of completion method. When the outcome of the contract can be reliably estimated, revenue is recognised by reference to the proportion that accumulated costs up to the year end bear to the estimated total costs of the contract. When the contract is at an early stage and its outcome cannot be reliably estimated, revenue is recognised to the extent of costs incurred up to the year end which are considered recoverable.

Revenue relating to variation orders and amounts under claims are not recognised unless negotiations have reached an advanced stage such that it is probable that the customer will accept the claim/variation order and the amount of the claim/variation order can be measured reliably.

Losses on contracts are assessed on an individual contract basis and provision is made for the full amount of the anticipated losses, including any losses relating to future work on a contract, in the period in which the loss is first foreseen.

In determining costs incurred up to the year end, any costs relating to future activity on a contract are excluded and shown as work in progress. The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end. Where the sum of the costs incurred and recognised profit or recognised loss exceeds the progress billings, the balance is shown as due from customers on contracts. Where the progress billings exceed the sum of costs incurred and recognised profit or recognised loss, the balance is shown as due to customers on contracts.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.14 Finance Leases

Lease of assets where the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is allocated between the finance charge and liability so as to achieve a constant periodic rate of interest on the remaining finance balance for each period. The interest element of the finance cost is charged to the income statement. The assets acquired under finance leases are depreciated over the estimated useful lives on a basis consistent with similar fixed assets.

2.15 Operating Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.16 Foreign Currencies

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Arab Emirates Dirhams', which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions during the year in foreign currencies are translated into Arab Emirates Dirhams at exchange rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Arab Emirates Dirhams at exchange rates prevailing at that date. All gains and losses from settlement and translation of foreign currency transactions are recognised in the income statement.

3 Financial Risk Management

3.1 Financial Risk Factors

The company's activity potentially exposes it to certain financial risks, market risk (foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The company's overall risk management programme seeks to minimise potential adverse effects of these risks on the company's financial performance.

(a) Market risk

(i) Foreign currency risk

The company has insignificant exposure to foreign exchange risk since the majority of its transactions are in Arab Emirates Dirhams.

(ii) Cash flow and fair value interest rate risk

The company has no significant interest bearing assets. Interest income is a minor portion of the company's income and operating cash flows are substantially independent of changes in market interest rates.

The company's cash flow interest rate risk arises from its borrowings and finance lease liabilities with variable interest rates and bank overdraft.

The table below indicates the cash flow interest rate risk exposure at 31 March. The analysis calculates the effect on the income statement of a reasonably possible movement in interest rate:

	2009 AED	2008 AED
Interest cost		
+ 100 basis points	1,126,402	258,722
- 100 basis points	(1,126,402)	(258,722)

The company's exposure to fair value interest rate risk arises from borrowings and finance lease liabilities with fixed interest rates.

(b) Credit risk

The company is exposed to credit risk in relation to its monetary assets, mainly trade receivables and bank deposits.

The company assesses the credit quality of the customer taking into account its financial position, past experience and other factors. It also has formal procedures to follow up and monitor trade debtors.

Banking transactions are limited to reputed commercial banks.

The table below shows balance of the major counterparties at the balance sheet date.

	Rating	2009 AED	2008 AED
Counterparty			
Banks			
A	A1	3,469,425	5,489,382
B	A1	109,216	2,046,319
C	*	19,055	84,875
D	Aaa	8,999	-
Customers			
A	N/a	7,743,552	10,067,019
B	N/a	4,196,320	2,779,557
C	N/a	3,883,374	1,819,864
D	N/a	3,340,322	1,800,006
E	N/a	3,220,076	1,451,387

* not available

3 Financial Risk Management (Continued)

3.1 Financial Risk Factors (Continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances and the availability of funding from an adequate amount of committed credit facilities. The company maintains sufficient flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the company's liquidity reserve on the basis of expected cash flow. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal and external regulatory requirements.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2009	Less than 1 year AED	Between 1 and 2 years AED	Between 2 and 5 years AED	Over 5 years AED	Total AED
Borrowings	54,241,408	3,037,164	2,848,652	-	60,127,224
Finance lease liabilities	2,658,774	7,114,244	40,358,958	30,876,060	81,008,036
Trade and other payables (excluding advance from customers)	95,932,595	-	-	-	95,932,595
Due to related parties	3,946,378	-	-	-	3,946,378
	156,779,155	10,151,408	43,207,610	30,876,060	241,014,233
At 31 March 2008					
Borrowings	17,086,895	3,616,800	6,161,697	-	26,865,392
Finance lease liabilities	131,868	276,655	-	-	408,523
Trade and other payables (excluding advance from customers)	51,296,944	-	-	-	51,296,944
Due to related parties	2,105,118	-	-	-	2,105,118
	70,620,825	3,893,455	6,161,697	-	80,675,977

3.2 Capital Risk Management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings and finance lease liabilities as shown in the balance sheet) less cash and bank balances. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

Transguard Group LLC
Notes to the Financial statements for the year ended 31 March 2009

	2009 AED	2008 AED
Borrowings (note 12)	59,173,270	25,509,175
Finance lease liabilities (note 13)	62,691,271	363,024
Less: Cash and bank balances (note 10)	(4,585,971)	(7,906,044)
Net debt	117,278,570	17,966,155
Total equity	110,797,651	35,466,564
Total capital	228,076,221	53,432,719
	51%	34%

3.3 Fair Value Estimation

The carrying value of financial assets and financial liabilities of the company as at 31 March 2009 and 2008 approximates to their fair value. The carrying value less impairment provision of trade receivables is assumed to approximate to its fair value due to the short-term nature of trade receivables.

4 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical Accounting Estimates and Assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates may, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Revenue recognition

Contract revenue is recognised using a percentage-of-completion method. Use of percentage-of-completion method requires the company to estimate the services performed to date as a proportion of total services to be performed. The company uses various techniques to estimate the stage of completion of contracts. Management regularly review estimates relating to contracts and revisions to profitability on an ongoing basis.

(b) Impairment of trade and other receivables

The impairment charge reflects estimates of losses arising from the failure or inability of the parties concerned to make the required payments. The charge is based on knowledge of the customer's business and financial standing, the customer's ability and willingness to settle, the customer's credit worthiness and the historic write-off experience. Changes to the estimated impairment charge may be required if the financial condition of the customers were to improve or deteriorate. Management considers that the current level of impairment charge is appropriate and consistent with the loss estimated at year end.

(c) Depreciation of property, plant and equipment

Management assigns useful lives and residual values to property, plant and equipment based on intended use of assets and the economic lives of those assets. Subsequent changes in the circumstances such as technological advancements or prospective utilisation of the asset concerned could result in the actual useful lives or residual values differing from initial estimates. Management has reviewed the residual values and useful lives of major items of property, plant and equipment and made adjustments where considered necessary.

(d) Impairment of property, plant and equipment

Continued losses in specific events or circumstances could trigger an impairment review of the carrying amount of property, plant and equipment. Management assesses the impairment of all its assets as stated in note 2.4.

Transguard Group LLC
Notes to the Financial statements for the year ended 31 March 2009

5 Property, Plant And Equipment

	Land and Buildings AED	Plant and Machinery AED	Furniture and Fixtures AED	Computer and Office Equipment AED	Motor Vehicles AED	Capital work in progress AED	Total AED
Cost							
1 April 2007	-	10,762,469	3,640,189	3,113,991	3,854,361	536,970	21,907,980
Additions	1,650	1,359,086	1,419,400	2,284,362	1,509,460	1,889,844	8,553,802
Transfers to intangible assets	-	-	-	(342,097)	-	-	(342,097)
Transfers	3,515,956	(1,089,142)	-	-	-	(2,426,814)	-
Adjustments	-	(650,278)	59,600	(11,941)	(102,654)	-	(705,273)
31 March 2008	3,607,606	10,382,135	5,119,189	5,044,315	5,261,167	-	29,414,412
Additions	82,328,700	4,209,838	3,125,005	2,135,918	6,711,373	-	98,510,834
Disposals	-	-	-	-	(314,423)	-	(314,423)
31 March 2009	85,936,306	14,591,973	8,244,194	7,180,233	11,658,117	-	127,610,823
Depreciation							
1 April 2007	-	1,056,448	1,129,452	900,871	1,212,905	-	4,299,676
Charge for the year	113,750	964,014	545,947	1,277,951	1,469,942	-	4,371,604
Transfers to intangible assets	-	-	-	(17,142)	-	-	(17,142)
Transfers	89,115	(89,115)	-	-	-	-	-
31 March 2008	202,865	1,931,347	1,675,399	2,161,680	2,682,847	-	8,654,138
Charge for the year	1,243,421	945,341	710,906	1,373,262	1,606,391	-	5,879,321
Disposals	-	-	-	-	(149,386)	-	(149,386)
31 March 2009	1,446,286	2,876,688	2,386,305	3,534,942	4,139,852	-	14,384,073
Net book amount							
31 March 2009	84,490,020	11,715,285	5,857,889	3,645,291	7,518,265	-	113,226,750
31 March 2008	3,404,741	8,450,788	3,443,790	2,882,635	2,578,320	-	20,760,274

Included in the carrying amount of property, plant and equipment are land and building and motor vehicles where the company is a lessee under a finance lease. Details of these assets are as follows:

	2009 AED	2008 AED
Cost	84,021,709	717,051
Accumulated depreciation	(1,830,673)	(413,344)
Net book amount	82,191,036	303,707

Additional details relating to finance leases are given in note 13.

6 Intangible Assets

Computer Software

	2009 AED	2008 AED
Cost		
Opening	778,911	-
Additions	534,649	436,814
Transfers from property, plant and equipment	-	342,097
At 31 March	1,313,560	778,911
Amortisation		
Opening	216,499	-
Charge for the year	194,762	199,357
Transfers from property, plant and equipment	-	17,142
At 31 March	411,261	216,499
Net book amount	902,299	562,412

7 Trade and Other Receivables

Trade receivables	98,068,200	45,270,581
Provision for impairment of receivables	(9,897,550)	(1,012,380)
Trade receivables – net	88,170,650	44,258,201
Prepayments	21,101,281	12,942,032
Other receivables	62,010,056	13,058,093
	171,281,987	70,258,326

The company's customers are based in the UAE. At 31 March 2009 five customers accounted for 22% (2008: 40%) of the total trade receivables. Management is confident that this concentration of credit risk will not result in a loss to the business in view of the credit worthiness and no previous history of default by these customers.

As of 31 March 2009, trade receivables of AED 32,509,866 (2008: AED 26,200,639) were fully performing.

Trade receivables that are more than one month past due are not considered impaired. As at 31 March 2009, trade receivables of AED 55,660,784 (2008: AED 18,057,562) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivable is as follows:

	2009 AED	2008 AED
Upto 3 months	36,594,001	14,233,252
3 to 6 months	13,635,102	2,682,692
Over 6 months	5,431,681	1,141,618
	55,660,784	18,057,562

7 Trade and Other Receivables (Continued)

As of 31 March 2009, trade receivables of AED 9,897,550 (2008: AED 1,012,380) were impaired and fully provided for. These receivables relate to customers who are in unexpected difficult economic situations.

The carrying amount of the company's trade receivables at 31 March 2009 and 31 March 2008 are denominated in Arab Emirates Dirhams.

Movements in the company's provision for impairment of trade receivables are as follows:

	2009 AED	2008 AED
Balance brought forward	1,012,380	232,167
Charge for the year (note 19)	9,749,458	966,249
Amounts written off as uncollectable	(864,288)	(186,036)
	9,897,550	1,012,380

The impairment charge on trade receivables recognised in the income statement during the year mainly relates to existing customers who are unable to meet their obligations. This charge is included in General and administrative expenses. Amounts charged to the provision account are written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables. The company does not hold any collateral as security.

8 Related Party Balances and Transactions

Related parties comprise of shareholders, directors, businesses controlled by the shareholders and directors over which they exercise significant management influence.

	2009 AED	2008 AED
Due from related parties		
Entities related to Dnata	53,764,683	32,924,493
Due to related parties		
Dnata or entities related to Dnata	3,946,378	2,105,118

The above balances arose from transactions in the normal course of business and are interest free.

Related party transactions

During the year, the company entered into the following significant transactions with related parties in the ordinary course of business.

	2009 AED	2008 AED
Sales	200,133,274	130,779,662
Purchases	3,260,428	1,557,700
Royalty fees (note 19)	1,000,000	2,108,526
Rent and utilities	2,921,847	2,491,651
Key management compensation comprising salary, bonus and other short term benefits	8,371,518	8,457,232 9

9 Due From Customers On Contracts

	2009 AED	2008 AED
Aggregate cost incurred and recognised profits on contracts in progress at the year end	42,796,940	32,862,268
Less : Progress billings	(39,840,564)	(32,862,268)
	2,956,376	-
Disclosed as follows:		
Due from customers on contracts	2,956,376	-

10 Cash And Bank Balances

	2009 AED	2008 AED
Cash on hand	979,276	285,468
Bank balances in current accounts	3,606,695	7,620,576
Cash and bank balances	4,585,971	7,906,044
Bank overdraft (note 12)	(40,337,772)	(13,329,319)
Cash and cash equivalents	(35,751,801)	(5,423,275)

Bank balances are held in current accounts with locally incorporated banks and branches of international banks. Interest at the rate upto EIBOR + 4% is charged on the bank overdraft.

11 Trade And Other Payables

	2009 AED	2008 AED
Trade payables	17,324,676	13,175,519
Advances from customers	7,353,789	5,028,100
Provision for leave salary and leave passage	28,488,159	15,753,057
Other payables and accruals	50,119,760	22,368,368
	103,286,384	56,325,044

12 Borrowings

	2009 AED	2008 AED
Non-current		
Borrowings	5,520,331	9,000,454
Current		
Borrowings	13,315,167	3,179,402
Bank overdrafts (note 10)	40,337,772	13,329,319
	53,652,939	16,508,721
Total borrowings	59,173,270	25,509,175

12 Borrowings (Continued)

Borrowings are taken for the purchase of a Labour Camp ('Loan A'), Armour Vans ('Loan B') and a CMC Machine ('Loan C'). Loan A carries an interest rate of 7% p.a. The interest is payable monthly with the last instalment payable in December 2009. Loan B & Loan C carry an interest rate of EIBOR + 3%.

The above borrowings are secured against financed assets and denominated in UAE Dirhams.
The maturity of the borrowings is as follows:

	2009 AED	2008 AED
Less than 1 year	13,315,167	3,179,402
Between 1 and 2 years	2,789,400	3,213,333
Between 2 and 5 years	2,730,931	5,787,121
	18,835,498	12,179,856

The movement of borrowings is as follows:

	2009 AED	2008 AED
Balance brought forward	12,179,856	7,775,182
Additions during the year	17,884,221	7,008,427
Repayments	(11,228,579)	(2,603,753)
	18,835,498	12,179,856

13 Finance Lease Liabilities

	2009 AED Motor vehicles	2009 AED Land & building	2009 AED Total
Gross lease liabilities - Minimum lease payments			
Less than one year	729,072	1,929,702	2,658,774
Between 1 and 5 years	860,714	46,612,488	47,473,202
Over 5 years	-	30,876,060	30,876,060
	1,589,786	79,418,250	81,008,036
Less:			
Future finance charges on finance leases			
	(177,875)	(18,138,890)	(18,316,765)
Net lease liabilities	1,411,911	61,279,360	62,691,271
Present value of finance leases is as follows:			
Less than one year	631,929	-	631,929
Between 1 and 5 years	779,982	33,192,987	33,972,969
Over 5 years	-	28,086,373	28,086,373
Net lease liabilities	1,411,911	61,279,360	62,691,271

	2008 AED Motor vehicles	2008 AED Land & building	2008 AED Total
Gross lease liabilities - Minimum lease payments			
Less than one year	131,868	-	131,868
Between 1 and 5 years	276,655	-	276,655
	408,523	-	408,523
Less:			
Future finance charges on finance leases			
	(45,499)	-	(45,499)
Net lease liabilities	363,024	-	363,024
Present value of finance leases is as follows:			
Less than one year	98,408	-	98,408
Between 1 and 5 years	264,616	-	264,616
Net lease liabilities	363,024	-	363,024

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Notes to the Financial statements for the year ended 31 March 2009

14 Share Capital

The share capital of the company comprises 300 fully paid shares of AED 1,000 each (2008: 300 shares of AED 1,000 each).

15 Legal Reserve

In accordance with the UAE Federal Law No (8) of 1984, as amended, and the company's Articles of Association, 10% of the profit of the company for the year is transferred to a non-distributable legal reserve. Such transfers are required to be made until the reserve is equal to at least 50% of the share capital of the company. Since the legal reserve of the company is equal to 50% of the share capital, no additional amounts have been transferred to the legal reserve during the year.

16 Provision for Employees' End of Service Benefits

Reconciliation of defined benefit plan

	2009 AED	2008 AED
Present value of defined benefit obligation	9,001,753	-
Net actuarial losses not yet recognized	(487,261)	-
	8,514,492	-

Movement in net liability

	2009 AED	2008 AED
Opening net liability	12,642,624	4,686,325
(Prepaid cost) / charge for the year (note 21)	(1,714,246)	8,728,538
Benefits paid	(2,413,886)	(772,239)
Closing net liability	8,514,492	12,642,624

Prepaid cost for the defined benefit plan

	2009 AED	2008 AED
Current service cost	4,544,861	-
Interest cost	362,057	-
Recognised transitional asset	(6,621,164)	-
	(1,714,246)	-

Actuarial assumptions

Valuation discount rate	6 % per annum	-
Salary increase rate	2 % per annum	-

17 Revenue

	2009 AED	2008 AED
Service revenue	579,268,069	357,279,363
Contract revenue	28,357,600	27,592,081
	607,625,669	384,871,444

18 Direct Costs

	2009 AED	2008 AED
Staff costs (note 21)	259,118,844	171,117,673
Rent	80,363,613	55,200,500
Visa and immigration	28,901,607	16,881,955
Fuel and transportation	24,075,257	14,407,794
Contract costs	21,065,514	9,813,602
Operations cost	20,328,139	16,788,230
Skip and waste removal	11,310,752	11,571,671
Depreciation and amortisation (notes 5 and 6)	6,074,083	4,570,961
Repairs and maintenance	4,011,452	2,967,930
Insurance	3,126,438	1,734,647
Communication expenses	3,103,031	1,851,553
ATM operations fees	2,538,905	3,238,914
Others	1,761,723	3,633,876
	465,779,358	313,779,306

19 General and Administrative Expenses

Staff costs (note 21)	38,734,008	28,916,696
Rent	3,782,589	1,910,556
Stationery and supplies	1,894,663	835,378
Provision for impairment of receivables (note 7)	9,749,458	966,249
Royalty fees to Dnata (note 8)	1,000,000	2,108,526
Business travel	676,689	253,744
Information technology expenditure	292,563	262,576
Marketing expenses	223,153	746,860
Office maintenance	167,163	293,374
Fees and subscriptions	156,078	1,553,535
Others	5,133,865	3,270,785
	61,810,229	41,118,279

20 Finance Costs – Net

Finance costs	4,979,036	1,419,228
Finance income	(13,855)	-
	4,965,181	1,419,228

21 Staff Costs

Salaries and wages	264,154,830	174,082,514
End of service benefits (note 16)	(1,714,246)	8,728,538
Leave salary and passage	31,270,505	14,666,772
Other benefits	4,141,763	2,556,545
	297,852,852	200,034,369
Staff costs are allocated as follows:		
Direct costs	259,118,844	171,117,673
General and administrative expenses	38,734,008	28,916,696
	297,852,852	200,034,369

22 Commitments

Guarantees	8,054,939	15,149,578
Letters of credit	20,826	-

The above were issued by the company's bankers in the normal course of business.

Transguard Group LLC
Notes to the Financial statements for the year ended 31 March 2009

23 Financial Instruments by Category

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables AED	Other financials liabilities AED	Total AED
31 March 2009			
Financial assets			
Due from related parties	53,764,683	-	53,764,683
Trade and other receivables (excluding prepayments)	150,180,706	-	150,180,706
Due from customers on contracts	2,956,376	-	2,956,376
Cash and bank balances	4,585,971	-	4,585,971
	211,487,736	-	211,487,736
Financial liabilities			
Borrowings	-	59,173,270	59,173,270
Finance lease liabilities	-	62,691,271	62,691,271
Trade and other payables (excluding advance from customers)	-	95,932,595	95,932,595
Due to related parties	-	3,946,378	3,946,378
	-	221,743,514	221,743,514
31 March 2008			
Financial assets			
Due from related parties	32,924,493	-	32,924,493
Trade and other receivables (excluding prepayments)	57,316,294	-	57,316,294
Cash and bank balances	7,906,044	-	7,906,044
	98,146,831	-	98,146,831
Financial liabilities			
Borrowings	-	25,509,175	25,509,175
Finance lease liabilities	-	363,024	363,024
Trade and other payables (excluding advance from customers)	-	51,296,944	51,296,944
Due to related parties	-	2,105,118	2,105,118
	-	79,274,261	79,274,261

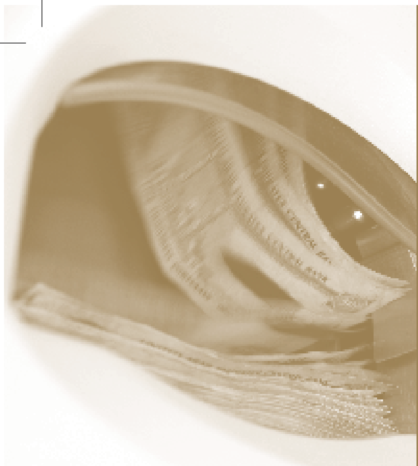
24 Financial Instruments by Category (Continued)

Credit quality of financial assets	**2009 AED**	**2008 AED**
Trade receivables		
Group 1	4,540,535	7,863,155
Group 2	93,527,665	37,407,426
Total	98,068,200	45,270,581
Due from related parties		
Financial assets without credit rating	53,764,683	32,924,493
Cash and cash equivalents		
Financial assets with credit rating	(35,751,801)	(5,423,275)

Group 1 – new customers (less than 6 months).
Group 2 – existing customers (more than 6 months) with no defaults in the past.

25 Subsequent Events

A dividend of AED 20,000,000 has been approved subsequent to 31 March 2009 (2008: Nil).



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