Transguard Group

Annual Report 2009/2010

H.H. Sheikh Mohammed bin Rashid Al-Maktoum

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

Contents

Chairman and Chief Executive,
Emirates Airline & Group

H.H. Sheikh Ahmed bin Saeed Al-Maktoum

As we emerge into more favorable economic conditions, Transguard remains ideally placed for its next planned phase of sustained growth and development.

Message from the Chairman

The global recession has continued to have an impact across the world, so it is encouraging to report on a year that has seen Transguard build on its position as one of the leading business support services companies in the region and manage to maintain its highly successful economic record.

Over the last 12 months the company has achieved a turnover of AED 545m and a recorded profit of AED 17.8m. In the same period, the company has consolidated its considerable workforce, with a current headcount of more than 20,000 full-time employees.

A key factor in Transguard's success is its ability to continually broaden and diversify the services it provides to the UAE's vibrant business community, both by organic growth and strategic acquisition. This year has been no exception, with key highlights being the investment in mechanical, electrical and plumbing (MEP) project and maintenance company Macair and the further broadening of the company's facilities management (FM) capability into the burgeoning hospitality and leisure sectors.

At the same time, Transguard continues to be a valuable service provider to other companies within the Emirates Group, delivering a range of essential services, particularly in support of our airport operations. It is encouraging to see the range and scope of these services has also increased over the last 12 months.

As we emerge into more favorable economic conditions, Transguard remains ideally placed for its next planned phase of sustained growth and development and I look forward to the next 12 months as the group further reinforces its position as a market leading business support services conglomerate and an intrinsic part of the Emirates Group.

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

Chief Executive Officer, Transguard Group

Dr Abdulla Al Hashimi

In a year that has presented many challenges, it is laudable that the group as a whole has continued to perform to the exacting standards it sets itself.

Message from the Chief Executive Officer

The last year has been one of major consolidation for the Transguard Group and one in which the business has maintained its strong financial performance through difficult trading conditions.

The reorganization of the group into three key business units has had the planned impact on the group's ability to better serve its core market sectors and prepare itself for the next phase of growth.

FM Services has built on the group's reputation for service excellence in the security and cleaning industries and expanded its operations in the burgeoning hospitality sector, to emerge as a true leader in the region's highly competitive facilities management market. The integration of the group's airside services business has brought greater expertise and flexibility to the support provided to the wider Emirates Group and will be of major importance for the anticipated demands of Dubai World Central - Al Maktoum International.

Our strategic entrance into the MEP maintenance market reinforces the group's FM credentials, positioning it as one of the few organizations in the region that can offer true end-to-end property and facilities management and maintenance services. At the same time, the alignment of the group's MEP project capability alongside the existing technical solutions expertise greatly increases the scope of the group's project business.

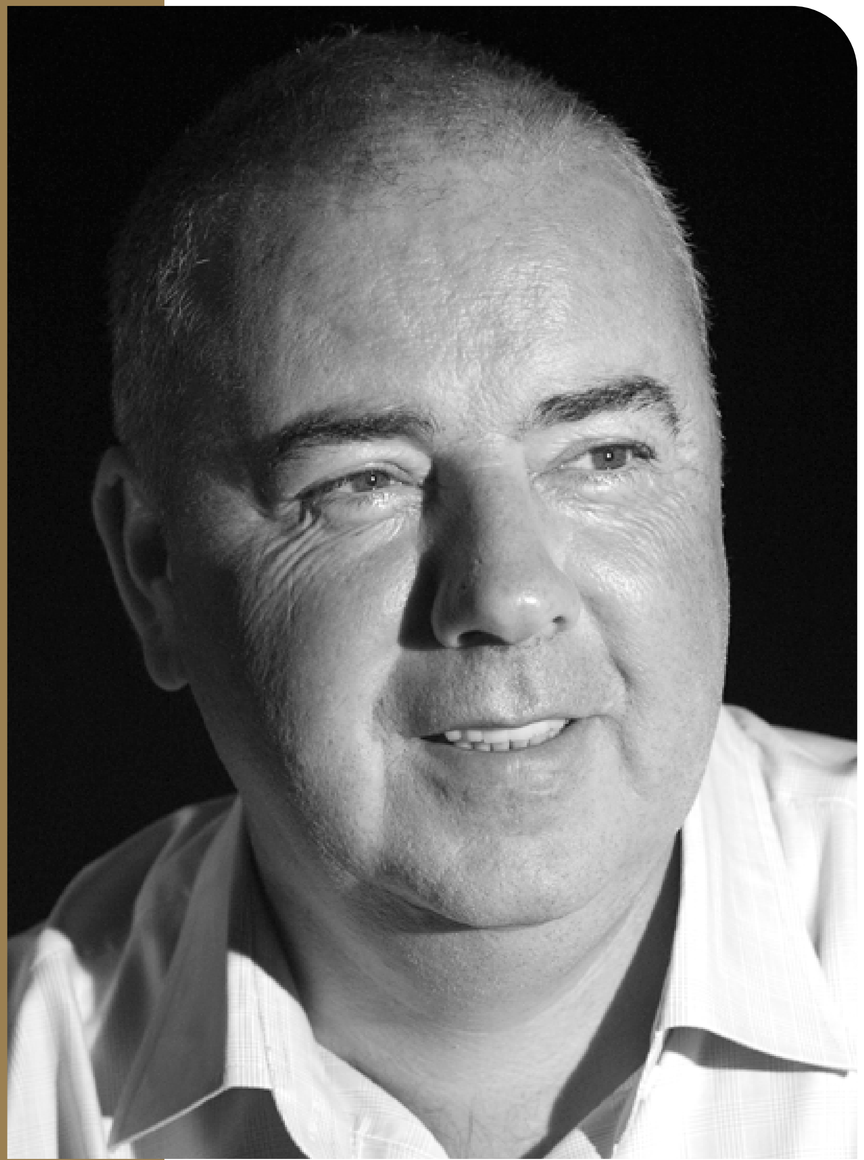
Cash Services has maintained its market-leading position and continues to expand and develop the services it offers to the region's financial institutions. Its key goal for the next financial year is to explore further market expansion and look at the feasibility of rolling out its highly successful operations to organizations across the GCC.

Prevailing market conditions and the increasing sophistication of the region's economy have encouraged a shift in focus for the group's Outsourced Services Division (OSD). Going forward, the supply of skilled and semi-skilled manpower to traditional markets such as construction and transport will be augmented by the development of outsourced administrative services, including human resources, information technology, payroll and other financial services. This ability to continually develop its service offerings in step with market needs will play a pivotal role in the future.

In a year that has presented many challenges, it is laudable that the group as a whole has continued to perform to the exacting standards it sets itself. The successes of this year have laid the foundations for the next stage of planned strategic growth and development.

It only remains for me to thank the entire Transguard Group team for their continued hard work, loyalty and dedication.

Dr Abdulla Al Hashimi
Chief Executive Officer, Transguard Group



Managing Director, Transguard Group

Mike McGeever

In challenging times, we have successfully met key objectives and have laid the foundations for the group's next planned phase of growth and development.

Message from the Managing Director

Building on the successes of the previous years, the priorities we set ourselves for the last 12 months were to instigate a period of rigorous commercial consolidation and to maintain our financial performance, while at the same time continuing to develop the group's commercial profile.

I am delighted to report that through what has been a period of challenging global trading conditions, we have successfully met these key objectives and have laid the foundations for the group's next planned phase of growth and development.

The group's commercial achievements are highlighted by a net profit of AED 17.8m produced from a revenue of over AED 545m. These results, achieved with a workforce of some 20,000 full-time staff, underline the strength and rigidity of the group and, perhaps more importantly, reinforce our belief that the quality of our business prevails despite external market conditions.

These financial achievements have been complemented by rigorous cash management strategies and procurement protocols that have ensured that the group has had the necessary working capital to support its commercial development objectives, while also generating genuine savings and efficiencies.

The group's service capability continues to evolve, with the most significant development being substantial investment in developing the group's MEP operations. The ability to deliver plant and facilities maintenance aligns perfectly with our existing facilities management expertise and the next 12 months will see these two business streams converging into a major force at the forefront of the region's FM industry.

Investment in our most important assets, our people, has also been a priority and over the last 12 months we have made considerable investment in the group's infrastructure and in particular in the facilities, amenities and services that we provide to our substantial workforce.

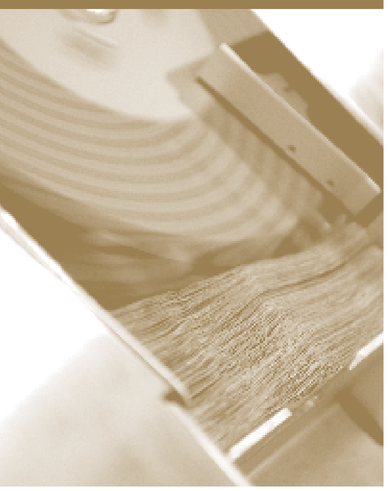
The next 12 months will be an important period for the group. The rigorous consolidation programmes and the strategic development and investment protocols that we have put in place this year will help to ensure that we are ideally placed to meet the commercial, economic and corporate growth targets that we have set ourselves for the coming year.

I would like to extend my thanks to the entire Transguard team for their continued loyalty and dedication and for their contribution to a year of outstanding achievement in a period of continuing adversity.

Mike McGeever
Managing Director, Transguard Group LLC

Chief Financial Officer, Transguard Group

John Nolan



The continued success of Transguard is to a large extent due to its personnel.

Message from the Chief Financial Officer

Revenue and gross profit for the year ended 31 March 2010 were AED 545,435,128 and AED 128,166,982 respectively, while reported net profit was AED 17,849,695.

The current year's results are a reflection of the challenging global economic conditions. The Company undertook a restructuring and consolidation of its business units, resulting in the significant downsizing of its Outsourced Services business and measured growth in its Cash Services and FM Services businesses.

A number of initiatives were undertaken to adapt to the new trading environment. The Company incurred a significantly increased charge of AED 32,282,470 for the provision of bad debts as well as incurring significant one-off costs as a result of carrying a high number of unutilized bed spaces in its staff accommodation throughout the year.

In October 2009 the Company acquired a stake in Macair LLC and as a result incurred a loss of AED 13,102,992 in an associate company in the current financial year. The next financial year will see the completion of all legacy projects and with significant contribution from new projects the outlook for Macair is promising.

In line with the Company's strategy to roll out more sophisticated Outsourced Services offerings, the Company recently took on its first payroll bureau client and will roll out a business process services offering in the next financial year.

During the current year the Company continued to invest for the long term acquiring its second staff accommodation facility. Its strategic location will ensure the efficient delivery of services to clients in Jebel Ali and Northern Abu Dhabi, as well as to Dubai World Central - Al Maktoum International.

The Company's Oracle HCM project is due to go live in the early part of the next financial year, while other IT projects include 'Track and Trace' which will roll out hand held terminals to all mobile ATM and Cash-in-Transit teams.

During the current year the Legal Services Department was established with the appointment of the Group General Counsel. This important appointment has assisted the business with the many new challenges presented by the changed trading environment.

The finance function has continued to develop processes to ensure the Company's Business Units are appropriately supported, while customer pricing and profitability continue to be refined.

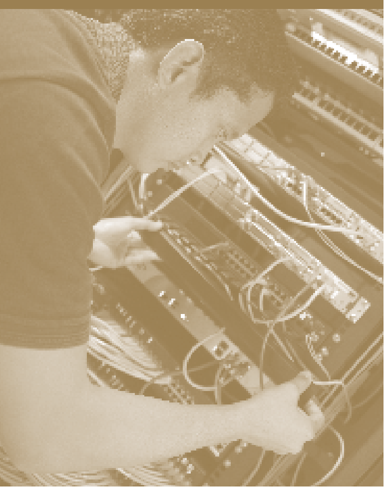
Working capital and treasury management ensured the Company successfully delivered the restructuring plan laid out by the Board. As a result Cash Services and FM Services will continue to grow and the next financial year is expected to show a steady increase in revenues across the group, leading to increased gross profit and a significant rebound in net profit.

The continued success of Transguard is to a large extent due to its personnel and I would like to thank all Transguard employees for their hard work and dedication over the last financial year.

John Nolan
Chief Financial Officer

Director

Joe Morrin



The new structure has helped to simplify and improve the efficiency of the business, while at the same time giving each of the new teams the autonomy they need.

Corporate Overview

The last 12 months have seen a number of significant changes in the structure of both the operational divisions and the corporate support services departments of the business.

Early in the year the group underwent a strategic restructure from its seven individual operating divisions into three distinct business units: FM Services; Cash Services and Outsourced Services. The new structure has helped to simplify and improve the efficiency of the business, while at the same time giving each of the new teams the autonomy they need to meet their and the wider group's business objectives.

FM Services brings together the existing facilities management soft services business, together with the group's airport operations, manned security and hospitality services.

The Cash Services business is the umbrella for all the group's cash management operations, from Cash-in-Transit and ATM services, to the cash processing services at the group's two state-of-the-art cash centres, while Outsource Services brings together the manpower and training sides of the business, an area which will see significant development over the next 12 months.

Macair brings an established MEP project business to the group, together with the expertise to allow us to develop a strong maintenance capability that completes the group's total FM service offering.

The group acquired the Elite Sporting Academy towards the end of the year. The academy provides coaching and training to youngsters from across Dubai, as well as nurturing exceptional talent from around the world, and falls under the group's marketing and events department.

There has been significant development of the group's support services, ensuring that the systems and processes that underpin the organization are of a standard, robustness and quality to support our business goals going forward.

Key amongst these are the projects to install and implement Oracle HCM, a system that will give long term support to many of the group's critical business functions; the development of the group's intranet and the introduction of salary cards across the group.

Our commitment to staff welfare continues to be a major priority and our Accommodation and Logistics team has undertaken a major upgrade project of the group's accommodation facilities, ensuring they more than meet legislative requirements, while our ongoing commitment to quality is borne out by our certification to the quality management standard ISO9001:2008.

Joe Morrin
Director

Group 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.

Over the last nine years 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, outsourced services and MEP services, as well as maintaining its position at the forefront of the security industry.

The group has three distinct Business Units

Cash Services

The Cash Services team is the market leader in the provision of 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 and a hi-tech Communications Centre, the team offers a comprehensive range of cash services, including:

Cash in Transit

- Inter-Branch Collections and Deliveries
- Central Bank Deposits and Withdrawals
- Cash and Valuables Collection and Delivery
- Cheque and Document Collection and Delivery

Cash Processing

- Note Counting and ATM Fitness Note Sorting
- Counterfeit Detection
- Foreign Currency Processing
- Electronic Reporting
- Coin Counting and Reporting

ATM Services

- Cash and Consumables Replenishment
- Cash and Deposit Reconciliation
- Alarm and Security Checks and Tests
- First Line Maintenance and Repair
- ATM Monitoring
- Cash Forecasting and Optimization

Communications Centre

- Cash Replenishment and Collection Helpline
- ATM Maintenance Helpline
- 24 hour Customer Support
- Real-Time Callout Monitoring and Reporting

Cash Deposit Centres

- Licensed Centres throughout the UAE
- High Security and Fully Insured

Facilities Management Services

FM Services brings together the group's core businesses in security and facilities management, forming one operational unit that benefits greatly from the synergy that exists between these highly successful businesses.

FM Consultancy: The FM consultancy team offers end-to-end facilities consultancy and management, from contract management to service delivery

FM Cleaning: Delivers a comprehensive portfolio of general and specialist cleaning and hygiene services to businesses across the UAE

FM Security: Offers manned guarding and security personnel services to a range of industry sectors, from the financial and retail to the commercial office and residential markets

FM Hospitality: Servicing the hotel and leisure sector with a comprehensive range of hospitality and housekeeping services

Airside Services: Delivering a diverse portfolio of services to the growing aviation sector in the UAE and in particular to the group's clients within the wider Emirates Group.

Asset Protection: Providing a range of specialist security services, including event security and personal protection.

Outsourced Services Division

The Outsourced Services Division (OSD) brings together the recruitment and training sides of the group. The team's expertise lies in the recruitment, deployment and development of personnel across all skills levels - from semi-skilled to senior management - and to a diverse range of organizations and industries.

- Skilled and semi-skilled operational staff, including construction, catering and transportation personnel
- Junior, middle and senior management personnel
- Outsourced Payroll, Finance, HR and IT services

Macair

Macair is one of the leading MEP companies in the region and has extensive experience in supplying mechanical, electrical, instrumentation, and plumbing services to the commercial, heavy industrial and residential sectors.

Projects: The projects business delivers bespoke MEP design and installation services to developers across the region

Maintenance: Macair provides a full range of plant, building and facilities maintenance, including emergency and reactive services, together with planned, preventative and smart maintenance.

Solutions: The technical solutions arm of Macair provides design and installation of integrated technical solutions, from building control and management systems to sophisticated security surveillance systems.

Sports and Events Management

In addition to the three core business units, Transguard also has a sports and events management division that runs the recently acquired Transguard Elite Sports Academy and organizes a number of public and corporate events, including the hugely successful White Collar Fight Nights.

Central Services Departments

The Central Services Department (CSD) is a new team within the group, created through the consolidation of the group functions Human Resources, Quality Management, Procurement and Group Projects. The creation of the team encourages an integrated approach to consistent group services management and delivery, which in turn allows the team to develop, deploy and monitor group practices and services across the organisation.

Group Human Resources

Over the last year the group's HR team has continued delivering expert services, technical expertise and advisory responsibilities to support the group's staffing strategies of promoting leadership, organisational team development, and workplace relations.

Some of the key activities delivered in the year included introduction of the electronic payment card and preparation for a restructuring of the HR team centred on the implementation of the Oracle HCM system. For the coming year the focus will be on the transition to Oracle, the updating of key HR policies and the introduction of a common performance evaluation framework.

Group Procurement

The entire group procurement portfolio managed by the team in the last financial year was approximately AED 102m. The procurement team strategy for 2009/2010 included establishing supplier rating and scorecard assessment systems and the introduction of purchase requisition monitoring mechanisms and a warehouse management system.

Going forward key projects include automating key performance indicators to achieve almost real time information; deployment of standard payment terms with the majority of suppliers and targeting a 20% deflation rate for key suppliers and procurement commodities.

Group Quality Management

'Continual Improvement of the Transguard Group' is the mantra by which the quality team operates. It has a commitment to driving group service levels higher, essentially by focusing on individual performance and customer perception.

The previous year saw the successful completion of the ISO surveillance audit and the team has continued to manage the group's quality systems, while reinforcing individual staff awareness of the Group Quality Policy

The forthcoming year will see further focus on embedding and improving the Group Quality Policy in all the group's teams and establishing quality deliverables as an element of every performance contract.

Group Projects

Group Projects is a newly created unit driving standardisation, process development and project gate-keeping, ensuring every programme or project is aligned to the Group Functional Policies such as HR Policy and Quality Policy.

In the last 12 months the team has worked actively on strategically significant new projects and programmes including FM integration, consolidating standard operating procedures, supporting the development of business support structures, and preparation work for HR ORACLE implementation. The team is currently working on a major initiative to create the Group Operating Manual, a key element in the Corporate Governance agenda for the next year.

Corporate Services Departments

The Corporate Services departments include the finance, ICT, accommodation and Logistics and Marketing functions of the group.

Group Finance

The Finance Team of some 50 full-time staff is responsible for delivering a range of financial services, including providing strategic and day-to-day financial support to the Business Units, meeting the group's internal and external reporting requirements and managing its extensive payroll function.

The current economic climate has meant that the major focus over the last 12 months has been rigorous cash management, while also ensuring the group has the necessary working capital to support its growth strategies. Key achievements include the continued strengthening of the team's internal reporting systems which has led to improved profitability within the group's businesses.

For the coming year the focus will continue to be on cash management and profitability, while amongst the major challenges will be the successful seamless implementation of the Oracle Financial system as part of the group's wider Oracle project.

Group ICT

The ICT team provides IT strategies and services that need to be economic, efficient, durable, and flexible, allowing the group to respond rapidly to both market and customer needs.

The team is currently implementing the company-wide Oracle HCM Solution, the forerunner of a series of integrated systems that will drive the business forward. In addition it will continue to develop and upgrade the IT infrastructure and refine the organisation, procedures and policies that support both users and business needs.

Accommodation and Logistics

The Accommodation and Logistics department plays a pivotal support role to all the operational business units by ensuring that all the group's staff accommodation facilities are well-maintained and managed, and meet all company and statuary requirements, and by operating the group's substantial vehicle fleet.

Key achievements in the last year have been a number of major accommodation facility refurbishment and improvment projects, together with the introduction of a number of welfare and amenity initiatives, from internet cafes to 24-hr support helplines. The vehicle fleet has driven over 8 million km in the past year, a marked increase on 2008/2009, and this has been matched with a significant decrease in road traffic accident rates.

Group Legal Services

The Legal Services department plays an important role in the group's ongoing commitment to implement business best practice and to promote strong corporate governance across the organisation. One of its key functions is to manage and control the group's contractual relationships with its clients, contractors and suppliers.

Marketing and Communications

The Marketing department is responsible for the setting and management of the Group's corporate visual standards and manages its PR and promotional campaigns.

The department also plays a significant role in the organization and promotion of the group's corporate and public events.

Nigel Hall
Group Director
FM Services

Our focus for the forthcoming year is to work closely with other parts of the group to develop our ability to offer total FM contracts.

Facilities Management Services

FM Services continues to be at the forefront of the facilities management market in the region, offering a comprehensive range of FM soft services to organizations across all market sectors.

The last 12 months have seen the business making significant strides in challenging circumstances with all key components of the business performing to meet exacting standards and targets.

The cleaning and hospitality business has shown major growth with prestigious contract wins both in Dubai and Abu Dhabi, testament to the teams' reputation for offering professionally delivered and managed services.

The group's Airside Services business remains at the heart of Transguard's business support to the wider Emirates Group and the last year has seen a further expansion and development of the services it offers at Dubai International Airport. This development is particularly important as it provides a firm platform for the anticipated demands of Dubai World Central - Al Maktoum International.

It has been a challenging but exciting year for the FM Security team. The introduction of federal laws has brought welcomed and improved minimum standards for training, staff conditions and service capability for the industry in the northern Emirates. Transguard has made significant investment in its in-house training programmes to ensure it is among the best in the business and more than able to meet the legislative demands of the region. The further development of client-specific training modules has continued to enhance the levels of service we can offer and has helped to maintain our position as a leader in the market.

Our focus for the forthcoming year is to work closely with other parts of the group to develop our ability to offer total FM contracts, from soft service provision to MEP maintenance.

The experience, expertise and industry knowledge of our international management, coupled with our commitment to staff welfare and personal development has been instrumental in maintaining our position at the forefront of the FM industry.

The entire FM team has shown great loyalty and dedication and I would like to take this opportunity to thank each team member for their contribution over the last 12 months.

Nigel Hall

Group Director, FM Services

Peter Walters
Group Director
Cash Services

Our focus for the forthcoming year is to ensure we are well placed with resources and infrastructure to meet predicted growth.

Cash Services

In the past year Cash Services has seen continued growth, both financially, through increased revenue and profit, and commercially through substantial increases in market share.

It is particularly encouraging that we have achieved this growth in the face of two major challenges: the global economic conditions (conditions that particularly affect our clients, the banks and financial institutions); and new Federal legislation that has impacted on operating costs across the security industry.

The introduction over the last year of new legislative measures for the security industry are to be welcomed and these will undoubtedly help to improve standards and enhance safety and security. We have worked closely with the authorities to implement these innovative improvements, including such measures as the installation of CCTV cameras in armored vehicles and the introduction of real time visual communications between vehicles and our control rooms and police headquarters.

Our service offering continues to expand and we are now able to offer fully managed services for ATMs including cash forecasting, monitoring and incident management. We are also actively looking at the feasibility of starting operations in other MENA and GCC countries where we can export our successful UAE cash management model.

It is encouraging that our customers have ambitious plans for growth over the next 12 months, characterized by substantial increases in ATM numbers, and although it is perhaps too early to say that a major recovery has started, it would appear that the worst of the downturn is now over.

Our focus for the forthcoming year is therefore to ensure that we are well placed with resources and infrastructure to meet this predicted growth, while also working to improve our operating efficiencies through improved working practices and further investment in cutting edge technologies.

It only remains for me to thank the whole of the Cash Services team who once again have played such an important part in maintaining our position at the forefront of the cash management services industry in the region.

Peter Walters

Peter Walters
Group Director, Cash Services

Lynne McMurray
Chief Operating Officer

The strategic review has enabled us to rapidly evolve into a more robust entity, capable of responding to the market landscape with greater agility.

Outsourced Services

The last 12 months have presented the Outsourced Services Division (OSD) with a significant number of challenges, driven primarily by the prevailing economic conditions.

Our key regional markets, including the catering, manufacturing, infrastructure and construction industries, witnessed highly restrained market conditions and our key competitors all reported poor trading performances.

These conditions applied significant pressure to OSD's overall performance and generated the need for a mid-term review to look at more realistic and updated assessments of our market position and overall performance management, resulting in a revised strategy whose key components emphasised:

- Driving risk management and redefining materiality criteria
- Addressing customer needs assessments and materiality profiling
- Developing additional service capabilities and value-added offerings
- Establishing resourcing channels, agility management and maintaining competitive advantage
- Developing a more efficient and lean management structure through internal workflows optimisation
- Improving employee welfare monitoring with the introduction of a 24/7 helpline
- Ensuring linkage and alignment to the wider group's strategy and performance criteria

This strategic review and restructure has enabled OSD to rapidly evolve into a more secure and robust entity, capable of tracking changing conditions and responding to the economic and market landscape with greater agility. Its ability to better monitor and so aspire to outperform existing and new competitors will produce newer approaches to managing capability and performance, helping to leverage the Transguard brand and develop more innovative products and services.

There is definite optimism in many of the markets that OSD traditionally serves, driven partly by visible market consolidation and by early signs of a recovery, while the current market conditions are also encouraging organisations to consider outsourcing functions such as Payroll, HR, IT and low to middle management roles.

Key indicators of the market optimism are characterised by the steady number of projects coming on-line in Abu Dhabi and the number of consolidated and turnkey packages now being tendered by clients looking to partner with larger organisations capable of delivering diverse services. The UAE is the key market within OSD's plans and the obvious desire for Dubai to be the first of all the major global markets to recover adds to our optimism.

The OSD mantra of 'Portfolio Choices' is a guiding theme that drives the confidence that in the coming year OSD will deliver beyond expectations.

Lynne McMurray
Chief Operating Officer

Mike Callender
Managing Director, Macair

The year ahead will offer the opportunity for our people to reach their full potential and deliver market-leading levels of customer service and satisfaction.

Macair

Investment in Macair has given the group the capability to provide the full range of mechanical, electrical and plumbing (MEP) services, from design and installation through to service and maintenance programmes, thus completing the group's total FM capability and augmenting the already broad range of services it currently provides.

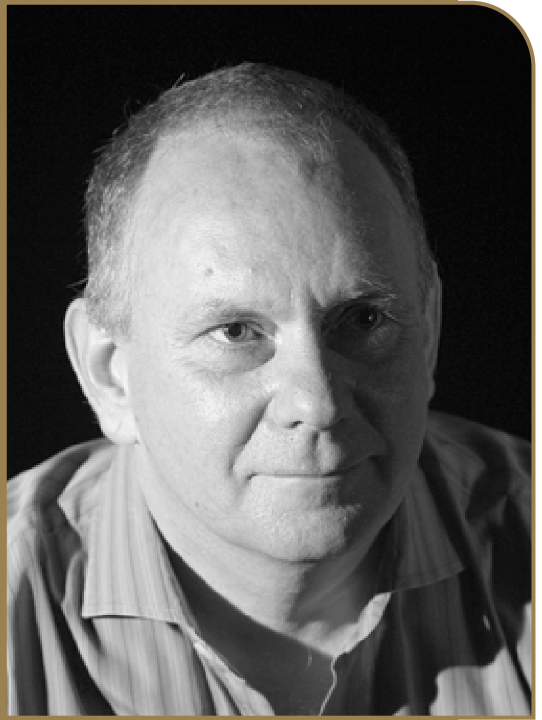
Strategically, this greatly increases the group's offering to both existing and new client sectors and provides opportunities to further cement current customer relationships. A key area for growth will be through the development of the maintenance arm of the business, driven in part by the trend for organisations within the region to look more critically at prolonged asset life and efficient energy consumption.

Macair's project offering is also a good fit with the group's existing technical security business, Transguard Solutions. Recognised as one of the region's leading designers and installers of high-end integrated security management systems, Transguard Solutions can also offer the building management and control systems to support Macair's MEP installation projects.

Macair's strategy for the coming year is to concentrate on growing the maintenance side of the business through the development of dedicated multi-disciplined service teams that can offer world class reactive, planned and smart maintenance contracts, while also consolidating its project-based business.

The year ahead will be a challenging one but the challenge will offer the opportunity for our people to reach their full potential and deliver market-leading levels of customer service and satisfaction.

Mike Callender
Managing Director, Macair



Mark Povey
Group Marketing Director

The welfare of the group's employees is of primary importance and Transguard is committed to providing all its staff members with high quality, safe and productive working and living conditions.

Corporate Social Responsibility

The Transguard Group has a programme of initiatives for the benefit and support of its staff, its local community and the wider communities of many of its expatriate employees.

The welfare of the group's employees is of primary importance and Transguard is committed to providing all its staff members with high quality, safe and productive working and living conditions and the last year has seen substantial investment in the company's accommodation facilities, from pilot schemes for internet cafes, convenience stores and other amenities across the facilities, to a major programme of refurbishment and improvement.

The company has maintained and extended its staff welfare and reward schemes and this year has seen the introduction of a number of new sports initiatives, music events and award schemes. One of the highlights of the year saw more than 30 staff rewarded with an informal lunch with legendary music star and humanitarian campaigner Sir Bob Geldof. The star signed and presented each member of staff with a certificate of appreciation, after which they enjoyed listening to him rehearse with his band for his live concert later that day.

The group supports a number of local initiatives and activities, and this year these included the Marine Clean-up Campaign, part of Dubai's environmental Marasina Campaign, and Dirham Wa Bas, or 'One Dirham Only', a charitable fundraising initiative of the Ministry of Social Affairs.

The group has a particular interest in promoting sport and amongst its current initiatives is the sponsorship of Transguard Toa, one of the few rugby clubs in Dubai that regularly fields all Emirati teams and that helps to promote rugby and sport amongst UAE national youngsters, together with sponsorship of the staff cricket and football teams.

The Transguard Elite Sporting Academy (TESA) is a sporting initiative backed by international football star Tim Cahill and which provides professional coaching to talented youngsters from across the UAE, as well as offering scholarship opportunities to exceptional young sports stars from underprivileged regions around the world.

Further afield, the group has a keen interest in the work of the Christel House foundation which provides education, welfare and outreach support to impoverished children at six centres around the world. Transguard sponsors part of the charity's school in Bangalore, India and in the coming year is introducing an apprenticeship and training programme for some of the school's talented graduates.

Mark Povey
Group Marketing Director

Transguard Financial Report

Directors' Report and Financial Statements for the year ended 31 March 2010

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The Directors submit their report together with the audited financial statements of Transguard Group LLC ("the company") for the year ended 31 March 2010.

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 2010 are set out on page 5 of the financial statements.

Dividends

A dividend of AED 5,000,000 has been approved subsequent to 31 March 2010 (2009: AED 20,000,000).

Directors

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

Executive Directors

- Dr. Abdulla Al Hashimi
- Mike McGeever
- John Nolan

Non-executive Director

- 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	**Mike McGeever**
Chief Executive Officer	Managing Director
17th August 2010	17th August 2010

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 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Transguard Group LLC
Directors' Report and Financial Statements for the year ended 31 March 2010

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 2010 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 and has carried out physical verification of inventories in accordance with properly established procedures;

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 2010.

PricewaterhouseCoopers

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

17th August 2010

BALANCE SHEET

	Note	AS AT 31 MARCH 2010 AED	2009 AED
ASSETS			
Non-current assets			
Property, plant and equipment	5	**248,141,994**	113,226,750
Intangible asset	6	**995,339**	902,299
Investment in an associate	7	**10,986,635**	-
		260,123,968	114,129,049
Current assets			
Inventories		**5,304,957**	1,691,380
Trade and other receivables	8	**141,691,931**	178,375,307
Due from related parties	9	**98,448,762**	53,764,683
Due from customers on contracts	10	**7,377,418**	2,956,376
Cash and cash equivalents	11	**3,832,232**	4,585,971
		256,655,300	241,373,717
Total assets		**516,779,268**	355,502,766
EQUITY			
Capital and reserves			
Share capital	15	**300,000**	300,000
Legal reserve	16	**150,000**	150,000
Contributed capital	17	**1,806,502**	1,806,502
Retained earnings		**113,484,164**	115,634,469
Total equity		**115,740,666**	117,890,971
LIABILITIES			
Non-current liabilities			
Borrowings	13	**127,935,503**	5,520,331
Finance lease liabilities	14	**58,630,094**	62,059,342
Provision for employees' end of service benefits	18	**11,121,754**	8,514,492
Due to a related party	9	**18,007,472**	-
		215,694,823	76,094,165
Current liabilities			
Trade and other payables	12	**78,841,676**	103,286,384
Due to related parties	9	**18,666,289**	3,946,378
Borrowings	13	**84,134,103**	53,652,939
Finance lease liabilities	14	**3,701,711**	631,929
		185,343,779	161,517,630
Total liabilities		**401,038,602**	237,611,795
Total equity and liabilities		**516,779,268**	355,502,766

These financial statements were approved by the Board of Directors on 17th August 2010 and signed on its behalf by:

Dr. Abdulla Al Hashimi
Chief Executive Officer

Mike McGeever
Managing Director

Transguard Group LLC
Directors' Report and Financial Statements for the year ended 31 March 2010

STATEMENT OF COMPREHENSIVE INCOME

	Note	YEAR ENDED 31 MARCH 2010 AED	2009 AED
Revenue	19	**545,435,128**	607,625,669
Direct costs	20	**(417,268,146)**	(462,302,196)
Gross profit		**128,166,982**	145,323,473
Administrative expenses	21	**(92,947,322)**	(61,810,229)
Other income		**4,866,439**	260,186
Operating profit		**40,086,099**	83,773,430
Finance income	23	**745,730**	13,855
Finance costs	23	**(9,879,142)**	(4,979,036)
Finance costs - net		**(9,133,412)**	(4,965,181)
Share of loss from an associate	7	**(13,102,992)**	-
Profit for the year		**17,849,695**	78,808,249
Total comprehensive income for the year		**17,849,695**	78,808,249

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2010

	Share capital AED	Legal reserve AED	Contributed capital AED	Retained earnings AED	Total AED
At 1 April 2008 - as reported earlier	300,000	150,000	1,806,502	33,210,062	35,466,564
Effect of change in accounting policy (note 27)	-	-	-	3,616,158	3,616,158
At 1 April 2008 - as restated	300,000	150,000	1,806,502	36,826,220	39,082,722
Profit/ total comprehensive income for the year	-	-	-	78,808,249	78,808,249
Balance at 31 March 2009	300,000	150,000	1,806,502	115,634,469	117,890,971
Profit/ total comprehensive income for the year	-	-	-	17,849,695	17,849,695
Dividend relating to 2009	-	-	-	(20,000,000)	(20,000,000)
Balance at 31 March 2010	**300,000**	**150,000**	**1,806,502**	**113,484,164**	**115,740,666**

Transguard Group LLC
Directors' Report and Financial Statements for the year ended 31 March 2010

STATEMENT OF CASH FLOWS

	Note	YEAR ENDED 31 MARCH 2010 AED	2009 AED
Cash flows from operating activities			
Profit for the year		**17,849,695**	78,808,249
Adjustments for:			
Depreciation	5	**9,091,451**	5,879,321
Amortisation	6	**300,072**	194,762
Provision for employees' end of service benefits	18	**5,207,976**	(1,714,246)
Provision for impairment of receivables	8	**32,282,470**	9,749,458
Share of loss from an associate	7	**13,102,992**	-
Finance costs - net	23	**9,133,412**	4,965,181
(Gain) / loss on disposal of property, plant and equipment		**(21,123)**	118,007
Operating cash flows before payment of employees' end of service benefits and changes in working capital		**86,946,945**	98,000,732
Payments of employees' end of service benefits	18	**(2,600,714)**	(2,413,886)
Changes in working capital:			
Inventories		**(3,613,577)**	(1,691,380)
Trade and other receivables before movement in provision for impairment, write offs and investment in associate	8	**(19,688,721)**	(114,250,281)
Due from related parties	9	**(44,684,079)**	(20,840,190)
Due from customers on contracts	10	**(4,421,042)**	(2,956,376)
Trade and other payables	12	**(24,444,708)**	46,961,340
Due to related parties before movement in dividend payable	9	**22,727,383**	1,841,260
Net cash generated from operating activities		**10,221,487**	4,651,219
Cash flows from investing activities			
Additions to property, plant and equipment	5	**(144,522,218)**	(35,898,414)
Additions to intangible asset	6	**(393,112)**	(534,649)
Proceeds from disposal of property, plant and equipment		**536,646**	47,030
Net cash used in investing activities		**(144,378,684)**	(36,386,033)
Cash flows from financing activities			
Proceeds from borrowings - net	13	**154,202,815**	6,655,642
Payment towards finance lease liabilities	14	**(359,466)**	(284,173)
Finance costs - net	23	**(9,133,412)**	(4,965,181)
Payment of dividend		**(10,000,000)**	-
Net cash provided by financing activities		**134,709,937**	1,406,288
Net increase / (decrease) in cash and cash equivalents		**552,740**	(30,328,526)
Cash, cash equivalents and bank overdraft at beginning of year		**(35,751,801)**	(5,423,275)
Cash, cash equivalents and bank overdraft at end of year	11	**(35,199,061)**	(35,751,801)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

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.

On 16 October 2009, the company acquired a 51% non-controlling interest in MacAir LLC for a non-cash consideration of AED 24 million. Additional details relating to the acquisition are disclosed in note 7.

2 Summary of significant accounting policies

The principal 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 judgment 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.

The company has an investment in associate (note 7) that is equity accounted and hence these financial statements are 'economic interest' financial statements.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the company

The company has adopted the following new and amended IFRSs as of 1 January 2009:

- IFRS 7 'Financial instruments - Disclosures' (amendment) - effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The change in accounting policy only impacts presentation of financial statements,
- IAS 1 (revised). 'Presentation of financial statements' - effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. The change in accounting policy only impacts presentation of financial statements; and
- IAS 23 (revised), 'Borrowing costs' (effective 1 January 2009).

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

- IAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 January 2010);
- IAS 7 (Amendment), 'Cash flow statements' (effective from 1 January 2010);

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

- IAS 17 (Amendment), 'Leases' (effective from 1 January 2010);
- IAS 27 (revised), 'Consolidated and separate financial statements' (effective from 1 July 2009);
- IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2010);
- IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2010);
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2010);
- IFRS 2 (Revised), 'Share-based payment' (effective from 1 July 2009);
- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009);
- IFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (effective from 1 January 2010);
- IFRS 8, 'Operating segments' (effective from 1 January 2010);
- IFRIC 9, 'Reassessment of embedded derivatives' (effective on or after 1 July 2009);
- IFRIC 16, 'Hedges of a net investment in foreign operation' (effective on or after 1 July 2009);
- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009); and
- IFRIC 18, 'Transfers of assets from customers' (effective on or after 1 July 2009).

2.2 Investment in associate

Associates are all entities over which the company has significant influence but not control, generally accompanying shareholdings between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The company's share of its associate's post-acquisition profits or losses is recognised in the statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the company and its associates are eliminated to the extent of the company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the company. Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

2.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the

2 Summary of significant accounting policies (continued)

2.3 Foreign currency translation (continued)

dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other income'.

2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. 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.

Land is not depreciated. Depreciation on other assets 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. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated 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.

All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

2.5 Intangible asset

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 five years.

2.6 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 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an 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).

Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of significant accounting policies (continued)

2.7 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.

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 are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables (excluding prepayments)' (note 8), 'due from related parties' (note 9) and 'cash and cash equivalents' (note 11).

(b) Recognition and measurement

Loans and receivables are initially measured at fair value and subsequently carried at amortised cost using the effective interest method.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously

2.9 Impairment of financial assets

Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment lossesThe company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The company first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventory comprises the cost of purchase and other costs incurred in bringing the inventory to its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 Summary of significant accounting policies (continued)

2.11 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (if any).

2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks and other short term highly liquid investments with original maturity of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.13 Share capital

Ordinary shares are classified as equity.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income 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.

2.16 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.

A provision is also made for the full amount of the end of service benefits, using actuarial techniques, due to employees in accordance with the UAE Labor 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 end of service benefits 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 Summary of significant accounting policies (continued)

2.17 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 will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the services rendered 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 is recognised on following basis:

(a) Service revenue

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

(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.

2.19 Leases

(a) Operating lease

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

2 Summary of significant accounting policies (continued)

2.19 Leases (continued)

(b) Finance lease

The company leases certain property, plant and equipment. 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 liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases are depreciated over the shorter of the estimated useful lives of the assets and the lease term.

2.20 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

3 Financial risk management

3.1 Financial risk factors

The company's activity exposes it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance

(a) Market risk

(i) Foreign currency risk

The company is exposed to foreign exchange risk in respect of its borrowings denominated in GBP. At 31 March 2010, if the currency had weakened / strengthened by 5% against AED, the profit / total comprehensive income for the year would have been higher / lower by AED 611,708 (2009: Nil).

(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 and is substantially independent of changes in market interest rates.

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

The table below indicates the interest rate exposure on borrowings with variable interest rates at 31 March 2010 and 2009. The analysis calculates the effect on the statement of comprehensive income of a reasonably possible movement in interest rate:

	2010 AED	2009 AED
Interest cost		
+ 100 basis points	**2,597,858**	1,126,402
- 100 basis points	**(2,597,858)**	(1,126,402)

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

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(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.

Cash and cash equivalents comprise of balances with reputable commercial banks. The table below analyses the balances with the banks at the balance sheet date.

	Rating	**2010 AED**	2009 AED
Banks			
A	A2	**1,636,512**	3,469,425
B	Baa1	**889,377**	109,216
C	Baa2	**448,000**	19,055
D	Aa3	**126,625**	8,999
E	*	**61,572**	-
		3,162,086	3,606,695

* not available

The credit quality of trade receivables that are not impaired can be assessed by reference to historical information about counterparty default rates:

	2010 AED	2009 AED
Trade receivables		
Counterparties without external credit rating		
Group 1	**4,048,870**	4,333,908
Group 2	**80,179,383**	83,836,742
	84,228,253	88,170,650

Group 1 – new customers (less than 6 months).

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

None of the financial assets that are not impaired have been renegotiated in the year ended 31 March 2010 (2009: Nil). No credit limits were exceeded during the year and management does not expect any losses from non-performance by these counterparties.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit limits and the ability to close out market positions. Due to the dynamic nature of the underlying business, the company maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date 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 except finance lease liabilities as the impact of discounting is not significant.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

At 31 March 2010	Less than 1 year AED	Between 1 and 2 years AED	Between 2 and 5 years AED	Over 5 years AED	Total AED
Borrowings	94,999,782	60,251,437	87,185,402	-	242,436,621
Finance lease liabilities	8,207,055	14,599,686	38,232,286	18,642,346	79,681,373
Trade and other payables (excluding advance from customers)	75,301,806	-	-	-	75,301,806
Due to related parties	18,666,289	5,700,337	12,307,135	-	36,673,761
	197,174,932	80,551,460	137,724,823	18,642,346	434,093,561

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

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 as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The gearing ratio at 31 March 2010 and 2009 was as follows:

	2010 AED	2009 AED
Borrowings (note 13)	**212,069,606**	59,173,270
Finance lease liabilities (note 14)	**62,331,805**	62,691,271
Less: Cash and cash equivalents (note 11)	**(3,832,232)**	(4,585,971)
Net debt	**270,569,179**	117,278,570
Total equity	**115,740,666**	117,890,971
Total capital	**386,309,845**	235,169,541
Gearing Ratio	**70%**	50%

3.3 Fair value estimation

The carrying value of financial assets and financial liabilities of the company as at 31 March 2010 and 2009 approximate to their fair value.

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 will, 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 the 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 analyses cost incurred from total cost of the project including the cost to come 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 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 2.6.

(e) Impairment of investment in associated companies

Management applies the guidance in IAS 39 to identify if potential impairment exists for its equity accounted investments. At the end of each accounting period, an assessment is made whether there is any objective evidence of impairment. In such instances, the investment is subject to an impairment test by comparing the carrying amount to the recoverable amount of the asset.

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 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
Additions	131,686,500	1,164,219	2,543,983	828,813	5,528,638	2,770,065	144,522,218
Disposals	-	-	-	(4,747)	(1,669,658)	-	(1,674,405)
31 March 2010	217,622,806	15,756,192	10,788,177	8,004,299	15,517,097	2,770,065	270,458,636
Depreciation							
1 April 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
Charge for the year	3,282,907	1,080,916	877,129	1,642,906	2,207,593	-	9,091,451
Disposals	-	-	-	(1,193)	(1,157,689)	-	(1,158,882)
31 March 2010	4,729,193	3,957,604	3,263,434	5,176,655	5,189,756	-	22,316,642
Net book amount							
31 March 2010	212,893,613	11,798,588	7,524,743	2,827,644	10,327,341	2,770,065	248,141,994
31 March 2009	84,490,020	11,715,285	5,857,889	3,645,291	7,518,265	-	113,226,750

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5 Property, plant and equipment (continued)

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:

	2010 AED	2009 AED
Cost	**84,021,709**	84,021,709
Accumulated depreciation	**(4,448,723)**	(1,830,673)
Net book amount	**79,572,986**	82,191,036

Additional details relating to finance leases are given in note 14.

Bank borrowings are secured on land and buildings, motor vehicles and plant and machinery for a value of AED 130,592,632 (2009: nil), AED 4,163,836 (2009: AED 4,137,983) and AED 5,988,384 (2009: AED 6,545,023) respectively.

6 Intangible asset

Computer Software

	2010 AED	2009 AED
Cost		
Balance brought forward	**1,313,560**	778,911
Additions	**393,112**	534,649
Balance carried forward	**1,706,672**	1,313,560
Amortisation		
Balance brought forward	**411,261**	216,499
Charge for the year	**300,072**	194,762
Balance carried forward	**711,333**	411,261
Net book amount	**995,339**	902,299

7 Investments in an associate

On 16 October 2009, the company acquired a 51% non-controlling interest in MacAir LLC ("associate") by converting its trade receivable balance of AED 24 million owed to it by the associate to contributed capital in the associate. Additional details relating to the acquisition are given below:

Principal associated company	Percentage interest held	Principal activities	Country of incorporation
Macair LLC	51%	Air conditioning, lifts, electricity transmission, communication networks, security systems, electromechanical installation and maintenance.	UAE

As at the date of the acquisition, the associate's net liabilities were AED 77m (as stated below). The premium of AED 63m (share of net liabilities of AED 77m for a consideration of AED 24m) represents existing customer relationships and also the ability of the company to generate future profits from the order book. The summarised financial information in respect of the associated company is set out below:

	31 March 2010 AED	15 October 2009 AED
Total assets	**139,532,241**	113,620,432
Total liabilities	**218,358,836**	190,844,514
Net liabilities	**(78,826,595)**	(77,224,082)
Revenue for the period*	**32,056,415**	57,974,715
Loss for the period*	**(25,692,140)**	(103,437,360)

* Revenue and loss for the period is from 16 October 2009 to 31 March 2010 (2009: 1 January 2009 to 15 October 2009).

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7 Investments in Associated Companies (continued)

Movement in the investment in an associate:

	2010 AED	2009 AED
Acquisition of associate during the year	**24,089,627**	-
Share of loss	**(13,102,992)**	-
Carrying value	**10,986,635**	-

8 Trade and other receivables

	2010 AED	2009 AED
Trade receivables	**126,398,110**	98,068,200
Less: provision for impairment of receivables	**(42,169,857)**	(9,897,550)
Trade receivables – net	**84,228,253**	88,170,650
Prepayments	**20,795,132**	28,194,601
Other receivables	**36,668,546**	62,010,056
	141,691,931	178,375,307

The company's customers are based in the UAE. At 31 March 2010, five customers accounted for 19% (2009: 22%) 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 defaults of these customers.

As of 31 March 2010, trade receivables of AED 21,501,401 (2009: AED 32,509,866) were fully performing.

Trade receivables that are more than one month past due are not considered impaired. As at 31 March 2010, trade receivables of AED 49,942,724 (2009: AED 55,660,784) 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:

	2010 AED	2009 AED
Upto 3 months	**24,188,586**	36,594,001
3 to 6 months	**9,803,814**	13,635,102
Over 6 months	**15,950,324**	5,431,681
	49,942,724	55,660,784

As of 31 March 2010, trade receivables of AED 54,953,985 (2009: AED 9,897,550) were impaired. The amount of provision was AED 42,169,857 (2009: AED 9,897,550). These receivables relate to customers which are in difficult financial situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2010 AED	2009 AED
Upto 3 months	**12,110,661**	-
3 to 6 months	**3,329,070**	-
Over 6 months	**39,514,254**	9,897,550
	54,953,985	9,897,550

The carrying amount of the company's trade receivables and other receivables at 31 March 2010 and 2009 are denominated in AED.

8 Trade and other receivables (continued)

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

	2010 AED	2009 AED
Balance brought forward	9,897,550	1,012,380
Provision for impairment of receivables (note 21)	32,282,470	9,749,458
Amounts written off as uncollectible	(10,163)	(864,288)
Balance carried forward	42,169,857	9,897,550

The provision charge on trade receivables recognised in the statement of comprehensive income during the year mainly relates to existing customers who are unable to meet their obligations. This charge is included in '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 fair values of trade and other receivables approximate to their carrying amounts as at 31 March 2010 and 2009. The company does not hold any collateral as security.

9 Related party balances and transactions

Related parties comprise shareholders, key management personnel, directors and any businesses that are controlled, directly or indirectly, by the shareholders or directors of the company.

	2010 AED	2009 AED
Due from related parties		
Dnata and entities related to Dnata	51,855,041	53,764,683
Associate company	46,593,721	-
	98,448,762	53,764,683
Due to related parties		
Non-current		
Loan from a director	18,007,472	-
Current		
Loan from a director	23,267,763	-
Less: non-current portion	18,007,472	-
Current portion	5,260,291	-
Dnata and entities related to Dnata	13,405,998	3,946,378
	18,666,289	3,946,378

The above balances arose from transactions in the normal course of business and are interest free other than the loan from a director and the balance due from an associate.Related party transactions

During the year, the company obtained a loan from a director at an interest rate of 8% per annum which is repayable by 2014 in forty-eight monthly instalments. The maturity of the loan is as follows:

	2010 AED	2009 AED
Less than 1 year	5,260,291	-
Between 1 and 2 years	5,700,338	-
Between 2 and 5 years	12,307,134	-
	23,267,763	-

9 Related party balances and transactions (continued)

During the year, the company entered into the following significant transactions with related parties in the ordinary course of business. These transactions were carried out at prices and on terms applicable to non-related parties for similar transactions.

	2010 AED	2009 AED
Sales	237,623,477	200,133,274
Purchases	3,816,931	3,260,428
Royalty fees (note 21)	1,000,000	1,000,000
Rent and utilities	3,942,063	2,921,847
Interest on loan from a director	281,903	-
Interest on current account with associate	506,188	-
Key management compensation	6,087,000	8,371,518

10 Due from customers on contracts

	2010 AED	2009 AED
Aggregate cost incurred and profits recognised on contracts in progress at the year end	15,653,020	42,796,940
Less : Progress billings	(8,275,602)	(39,840,564)
	7,377,418	2,956,376
Disclosed as follows:		
Due from customers on contracts	7,377,418	2,956,376

11 Cash and cash equivalents

	2010 AED	2009 AED
Cash on hand	670,146	979,276
Bank balances in current accounts	3,162,086	3,606,695
Cash and cash equivalents	3,832,232	4,585,971

Cash, cash equivalents and bank overdraft, include the following for the purposes of the statement of cash flows:

	2010 AED	2009 AED
Cash and cash equivalents	3,832,232	4,585,971
Bank overdraft (note 13)	(39,031,293)	(40,337,772)
Cash, cash equivalents and bank overdraft	(35,199,061)	(35,751,801)

Bank balances are held in current accounts with locally incorporated banks and branches of international banks. Interest at the rate of EIBOR + 3% (2009: EIBOR + 4%) is charged on the bank overdraft.

12 Trade and other payables

	2010 AED	2009 AED
Trade payables	**15,431,146**	17,324,676
Advances from customers	**3,539,870**	7,353,789
Provision for leave salary and leave passage	**18,829,548**	28,488,159
Other payables and accruals	**41,041,112**	50,119,760
	78,841,676	103,286,384

13 Borrowings

	2010 AED	2009 AED
Non-current		
Borrowings	**127,935,503**	5,520,331
Current		
Borrowings	**45,102,810**	13,315,167
Bank overdrafts (note 10)	**39,031,293**	40,337,772
	84,134,103	53,652,939
Total borrowings	**212,069,606**	59,173,270

Loans outstanding from last year were obtained for the purchase of a CMC Machine (Loan 'A') and to fund the company's working capital requirements (Loan 'B'). Loan 'A' carries an interest rate of EIBOR + 3% (2009: EIBOR + 3%) and is repayable by 2013 through quarterly instalments. Loan 'B' carries an interest rate of EIBOR + 3% (2009: EIBOR + 3%) per annum and is repayable by quarterly instalments by the end of 2011. Loan 'A' is secured against the CMC Machine amounting to AED 5,988,384 (2009: 6,545,023).

During the year, the company obtained loans for the purchase of a Labour Camp (Loan 'C' & Loan 'D') and Motor Vehicles (Loan 'E'). Further, two loans (Loan 'F' and Loan 'G') were obtained to fund the company's working capital requirements.

Loan 'C' is taken at an interest rate of 8% per annum and is repayable by 2016 in seventy two monthly instalments starting from August 2010. Loan 'D' carries an interest rate of 8% per annum and is repayable by 2014 in forty eight monthly instalments which started from March 2010. Loan 'C' is secured against the labour camp of the company amounting to AED 130,592,362 (2009: nil).

Loan 'E' is taken at an interest rate of EIBOR + 4% and is repayable by 2012 in nine quarterly instalments starting from July 2010. Loan 'E' is secured against the motor vehicles of the company amounting to AED 4,163,836 (2009: 4,137,983).

Loan 'F' carries an interest rate of EIBOR + 4.8% and is repayable by May 2010. Loan 'G' is taken at an interest rate of 4.5% per annum and is repayable by 2011 in twenty four monthly installments which started from January 2010. Loan 'G' is denominated in GBP.

The above borrowings are secured against financed assets. The maturity of the borrowings is as follows:

	2010 AED	2009 AED
Less than 1 year	**45,102,810**	13,315,167
Between 1 and 2 years	**52,023,985**	2,789,400
Between 2 and 5 years	**75,911,518**	2,730,931
	173,038,313	18,835,498

The company has undrawn facilities amounting to AED 68,729,703 (2009: AED 35,348,650).

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13 Borrowings (continued)

The movement of borrowings is as follows:

	2010 AED	2009 AED
Balance brought forward	**18,835,498**	12,179,856
Additions during the year	**173,305,864**	17,884,221
Payments during the year	**(19,103,049)**	(11,228,579)
Balance carried forward	**173,038,313**	18,835,498

The carrying amounts of the company's borrowings are denominated in the following currencies:

	2010 AED	2009 AED
GBP	**12,234,155**	-
AED	**160,804,158**	18,835,498
	173,038,313	18,835,498

14 Finance lease liabilities

	2010 AED Motor vehicles	2010 AED Land & buildings	2010 AED Total
Gross lease liabilities - Minimum lease payments			
Less than one year	497,175	7,709,880	8,207,055
Between 1 and 5 years	463,458	52,368,514	52,831,972
Over 5 years	-	18,642,346	18,642,346
	960,633	78,720,740	79,681,373
Less:			
Future finance charges on finance leases	(82,224)	(17,267,344)	(17,349,568)
Net lease liabilities	878,409	61,453,396	62,331,805
Present value of finance leases is as follows:			
Less than one year	439,791	3,261,920	3,701,711
Between 1 and 5 years	438,618	40,852,907	41,291,525
Over 5 years	-	17,338,569	17,338,569
Net lease liabilities	878,409	61,453,396	62,331,805

	2009 AED Motor vehicles	2009 AED Land & buildings	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

15 Share capital

The share capital of the company comprises 300 fully paid shares of AED 1,000 each (2009: 300 shares of AED 1,000 each).

16 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.

17 Contributed capital

Contributed capital is a non-distributable reserve of the company.

18 Provision for employees' end of service benefits

Reconciliation of defined benefit plan:

	2010 AED	2009 AED
Present value of defined benefit obligation	10,969,580	9,001,753
Net actuarial losses not yet recognized	152,174	(487,261)
	11,121,754	8,514,492

Movement in net liability

	2010 AED	2009 AED
Balance brought forward	8,514,492	12,642,624
Charge for the year / (prepaid cost) (note 22)	5,207,976	(1,714,246)
Benefits paid	(2,600,714)	(2,413,886)
Balance carried forward	11,121,754	8,514,492

Charge for the year / (prepaid cost) for the defined benefit plan:

	2010 AED	2009 AED
Current service cost	4,667,871	4,544,861
Interest cost	540,105	362,057
Recognised transitional asset	-	(6,621,164)
	5,207,976	(1,714,246)

Actuarial assumptions

	2010	2009
Valuation discount rate	6 % per annum	6% per annum
Salary increase rate	2 % per annum	2% per annum
Salary increase rate	2.04 years	1.1 years

19 Revenue

	2010 AED	2009 AED
Service revenue	530,459,216	579,268,069
Contract revenue	14,975,912	28,357,600
	545,435,128	607,625,669

20 Direct costs

	2010 AED	2009 AED
Staff costs (note 22)	268,687,761	259,118,844
Rent	84,297,053	80,363,613
Fuel and transportation	23,631,833	24,075,257
Depreciation and amortisation (notes 5 and 6)	9,391,523	6,074,083
Operations cost	5,874,267	18,286,907
Visa and immigration	5,029,659	27,465,677
Repairs and maintenance	4,402,882	4,011,452
Insurance	4,320,077	3,126,438
Communication expenses	4,116,721	3,103,031
Contract costs	2,884,376	21,065,514
ATM operations fees	1,101,869	2,538,905
Skip and waste removal	119,686	11,310,752
Others	3,410,439	1,761,723
	417,268,146	462,302,196

21 Administrative expenses

	2010 AED	2009 AED
Staff costs (note 22)	46,103,239	38,734,008
Provision for impairment of receivables (note 8)	32,282,470	9,749,458
Rent	4,337,494	3,782,589
Fees and subscriptions	3,274,438	156,078
Marketing expenses	1,502,820	223,153
Stationery and supplies	1,308,772	1,894,663
Royalty fees to Dnata (note 9)	1,000,000	1,000,000
Business travel	442,270	676,689
Information technology expenditure	132,109	292,563
Office maintenance	61,023	167,163
Others	2,502,687	5,133,865
	92,947,322	61,810,229

22 Staff costs

	2010 AED	2009 AED
Salaries and wages	288,975,221	264,154,830
End of service benefits (note 18)	5,207,976	(1,714,246)
Leave salary and passage	16,408,758	31,270,505
Other benefits	4,199,045	4,141,763
	314,791,000	297,852,852

Staff costs are allocated as follows:

	2010 AED	2009 AED
Direct costs (note 20)	268,687,761	259,118,844
Administrative expenses (note 21)	46,103,239	38,734,008
	314,791,000	297,852,852

23 Finance costs – net

	2010 AED	2009 AED
Finance income	**745,730**	13,855
Interest expense	**(9,551,150)**	(4,542,231)
Others	**(327,992)**	(436,805)
Finance costs	**(9,879,142)**	(4,979,036)
Net finance costs	**(9,133,412)**	(4,965,181)

24 Commitments

	2010 AED	2009 AED
Guarantees	**48,290,331**	8,054,939
Letters of credit	**2,552,691**	20,826

The above were issued in the normal course of business.

(a) Operating commitments

The company leases office building and labour camps under non-cancellable operating lease agreements. The future minimum lease payments under the lease are as follows:

	2010 AED	2009 AED
Not later than 1 year	**45,588,002**	37,738,113
Later than 1 year and not later than 5 years	**59,876,185**	1,742,442
	105,464,187	39,480,555

25 Subsequent events

A dividend of AED 5,000,000 has been approved subsequent to 31 March 2010 (2009: AED 20,000,000).

26 Financial instruments by category

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

	Loans and receivables AED	Other financial liabilities AED	Total AED
31 March 2010			
Financial assets			
Due from related parties	98,448,762	-	98,448,762
Trade and other receivables (excluding prepayments)	120,896,799	-	120,896,799
Cash and cash equivalents	3,832,232	-	3,832,232
	223,177,793	-	223,177,793
Financial liabilities			
Borrowings	-	212,069,606	212,069,606
Finance lease liabilities	-	62,331,805	62,331,805
Trade and other payables (excluding advance from customers)	-	75,301,806	75,301,806
Due to related parties	-	36,673,761	36,673,761
	-	386,376,978	386,376,978

26 Financial instruments by category (continued)

	Loans and receivables AED	Other financial 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
Cash and bank balances	4,585,971	-	4,585,971
	208,531,360	-	208,531,360
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

27 Change in accounting policy

The company has a policy of amortising certain expenditures over a period in which it is expected to derive the benefits of that expenditure. During the current financial year, the company has extended the above policy to other expenses such as uniforms provided to staff, staff training and employee visa expenses. These expenses are now amortised on the following basis:

Description	**New policy**
Uniforms provided to staff	1 year
Staff training	1 year
Visa expenses	3 years

Previously these expenses were charged to the statement of comprehensive income as and when incurred. Management believes that the change in accounting policy is material to the financial statements and accordingly the prior year comparatives have been restated in accordance with the provisions of IAS 8 – "Accounting policies, changes in accounting estimates and errors".

In line with the guidance provided in IAS 8, the change in accounting policy has been applied retrospectively and comparative figures for 2009 restated. Opening retained earnings at 1 April 2008 have been increased by AED 3,616,158 which is the amount of the adjustment relating to periods prior to that date.

The effect of the change in accounting policy is tabulated below:

	2010 AED	2009 AED
Impact on statement of comprehensive income		
Increase / (decrease) in direct costs	**1,938,259**	(3,477,162)
(Decrease) / increase in profit / total comprehensive income for the year	**(1,938,259)**	3,477,162
Impact on balance sheet		
Increase in trade and other receivables	**5,155,061**	7,093,320
Increase in total assets	**5,155,061**	7,093,320

27 Change in accounting policy (continued)

As required by IAS 1, the restated balance sheet at the beginning of earliest comparative period i.e. 1 April 2008 is given below:

	As at 31 March		As at 1 April
	2010	2009	2008
	AED	AED	AED
ASSETS			
Non-current assets			
Property, plant and equipment	**248,141,994**	113,226,750	20,760,274
Intangible asset	**995,339**	902,299	562,412
Investment in an associate	**10,986,635**	-	-
	260,123,968	114,129,049	21,322,686
Current assets			
Inventories	**5,304,957**	1,691,380	-
Trade and other receivables	**141,691,931**	178,375,307	73,874,484
Due from related parties	**98,448,762**	53,764,683	32,924,493
Due from customers on contracts	**7,377,418**	2,956,376	-
Cash and cash equivalents	**3,832,232**	4,585,971	7,906,044
	256,655,300	241,373,717	114,705,021
Total assets	**516,779,268**	355,502,766	136,027,707
EQUITY			
Capital and reserves			
Share capital	**300,000**	300,000	300,000
Legal reserve	**150,000**	150,000	150,000
Contributed capital	**1,806,502**	1,806,502	1,806,502
Retained earnings	**113,484,164**	115,634,469	36,826,220
Total equity	**115,740,666**	117,890,971	39,082,722
LIABILITIES			
Non-current liabilities			
Borrowings	**127,935,503**	5,520,331	9,000,454
Finance lease liabilities	**58,630,094**	62,059,342	264,616
Provision for employees' end of service benefits	**11,121,754**	8,514,492	12,642,624
Due to a related party	**18,007,472**	-	-
	215,694,823	76,094,165	21,907,694
Current liabilities			
Trade and other payables	**78,841,676**	103,286,384	56,325,044
Due to related parties	**18,666,289**	3,946,378	2,105,118
Borrowings	**84,134,103**	53,652,939	16,508,721
Finance lease liabilities	**3,701,711**	631,929	98,408
	185,343,779	161,517,630	75,037,291
Total liabilities	**401,038,602**	237,611,795	96,944,985
Total equity and liabilities	**516,779,268**	355,502,766	136,027,707

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