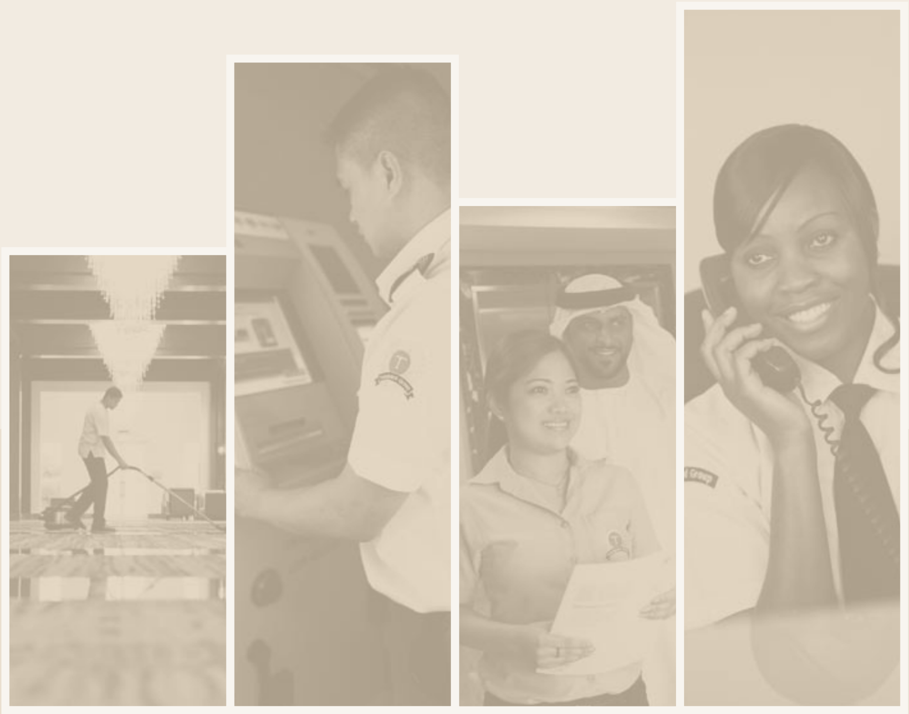
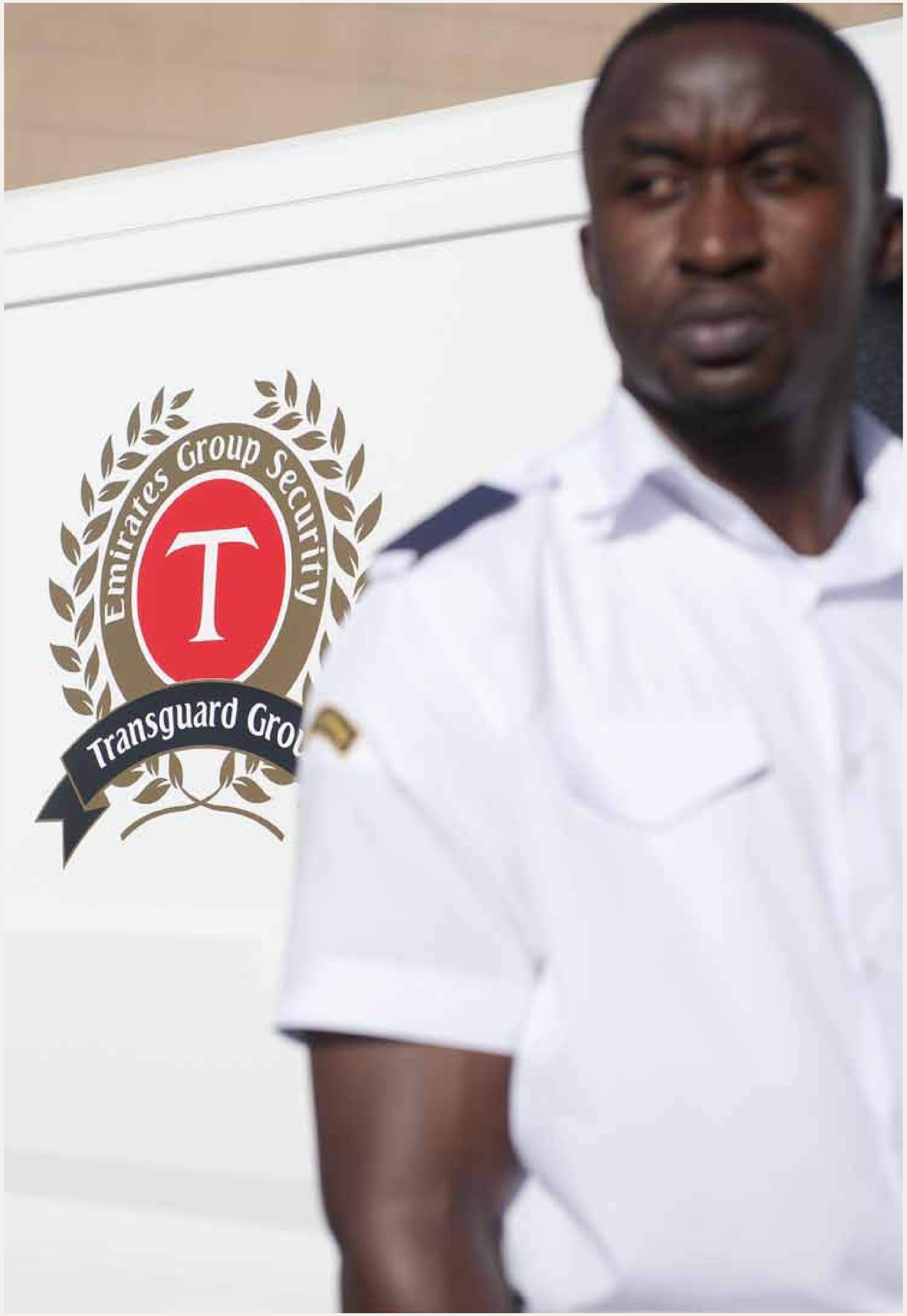


Transguard Group Annual Report 2011 - 2012

His Highness Sheikh Mohammed bin Rashid Al Maktoum

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



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His Highness Sheikh Ahmed bin Saeed Al Maktoum

Chairman and Chief Executive,
Emirates Airline & Group

Message from the Chairman

The Transguard Group maintains its position as a market-leading Business Support and Facilities Management (FM) company as well as continuing to be an important part of the Emirates Group.

In the financial year 2011-2012, the company has achieved a turnover of AED 510.4 million and a recorded profit of AED 48.5 million. The year has seen the company achieve two key operational goals that it set itself at the end of last year: Its FM business is firmly established as one of very few truly integrated FM service providers in the region, while its cash services business is now able to deliver complete end-to-end ATM and Cash Management, further reinforcing its position at the very forefront of the industry.

The next year will see the company developing a number of strategic partnerships and initiatives that will enable it to expand the range of services it offers to businesses across the UAE. Key amongst these will be the launch of its complete end-to-end outsourced Mailroom Management Solution, together with a management recruitment and resourcing business.

"I look forward to the next 12 months of continued success for the Transguard Group and to its further development as a market-leading business support services provider."

"Transguard's ability to keep pace with the continuously growing and changing demands that we put on it as a service supplier has been a key factor in its success"

The Executive Board Annual General Meeting

As an integral part of the Emirates Group, the company continues to support our airport operations. Transguard's ability to keep pace with the continuously growing and changing demands that we put on it as a service supplier has been a key factor in its success. The support it provides has developed further over the last 12 months and there are now around 5,000 Transguard staff employed at Dubai International Airport, providing a vast range of services from cargo and baggage handling to aircraft cleaning and security.

Sustainability is a key focus for the whole of the Emirates Group and Transguard has developed a number of excellent environmental initiatives under its 'TG Green' programme. Key amongst these is the setting of year-on-year carbon footprint and resource consumption reduction targets.

I look forward to the next 12 months of continued success for the Transguard Group and to its further development as a market-leading business support services provider.

Ahmed bin Saeed Al Maktoum

Chairman and Chief Executive, Emirates Airline & Group

Dr Abdulla Al Hashimi

Chief Executive Officer, Transguard Group LLC

Message from the Chief Executive Officer

The last year has been one of significant commercial success for the Transguard Group and one in which we have continued to develop the scope of our service capabilities across all our core businesses.

Our Cash Services business, Transguard Cash, has strengthened its position as the market leader in the region with the further development of our suite of end-to-end ATM management services and the continued investment in the technology that supports our operations.

Transtrack, our electronic track and trace system, is due to come into operation in the first quarter of 2012-2013, while Transoft OptiCash, the state-of-the-art currency management solution, is due to be rolled out by the middle of the year. The coming year will also see the start of the project to upgrade the systems that support our cash centre.

Our Facilities Management (FM) business goes from strength to strength. We remain at the forefront of the security industry in the region and we are firmly established as a leader in the delivery of traditional FM soft services, while our maintenance and hard FM services division has made major inroads into both the residential and commercial sectors.

Importantly we have achieved considerable growth for the FM and security services business in Abu Dhabi and the Northern Emirates. Our continued expansion across the region will be underlined by the opening of our new offices in the heart of Abu Dhabi.

"We will continue the strategy of extending our service offerings and exploring strategic alliances and new geographic markets"

At the beginning of the year we set ourselves the goal of further developing the business by becoming one of the first companies to offer truly-integrated and fully-managed FM services to the UAE market. I am delighted to report that we have made significant steps towards achieving this goal by securing our first major integrated facilities management contracts in Dubai.

We have restructured Macair, our projects business, and we have significantly extended the company's scope; adding landscaping and construction and fit-out projects to the business' already established range of Mechanical, Electrical and Plumbing (MEP) and security technology project capabilities. Going forward, we are confident that Macair will become a major contributor to the continued growth and success of the Group.

In 2012-2013 we will continue the strategy of extending our service offerings and exploring strategic alliances and new geographic markets, while investing in the corporate infrastructure that underpins the business.

It only remains for me to thank each and every one of my colleagues at Transguard for their contribution to our continued success.

Dr Abdulla Al Hashimi

Chief Executive Officer, Transguard Group

Mike McGeever

Managing Director, Transguard Group LLC

Message from the Managing Director

I am pleased to report that the Transguard Group has recorded a strong commercial performance in the financial year 2011-2012, highlighted by a net profit of AED 48.5m, derived from revenue of AED 510.4m.

2011-2012 was a year in which we further consolidated our financial management, by significantly strengthening our balance sheet and taking advantage of prevailing financial market conditions to completely restructure our funding. We are, therefore, entering the coming financial year ideally placed to execute a number of key projects and initiatives as part of our continued growth and expansion strategies.

In the first quarter of the year we will complete the formation of a strategic joint venture company with Swiss Post Solutions (SPS), the global business division of the Swiss Post Group and the leading provider of outsourced physical and digital mailrooms. Transguard SPS will provide solutions that take complete ownership of the management and operation of an organisation's mailroom and will form an excellent addition to our established portfolio of Facilities Management (FM) services.

In the second quarter, we will be launching a new group company specialising in the selection and recruitment of management and administrative personnel on permanent, temporary and short-term contract bases. This new business will complement our highly successful skilled and semi-skilled manpower supply business, allowing us to offer a comprehensive end-to-end recruitment and personnel supply service to organisations throughout the UAE.

The next 12 months will also see a major expansion of our operations in Abu Dhabi and

"Alongside our plans to develop and expand into new markets, we will remain totally focused on the core businesses that lay at the heart of Transguard"

the Northern Emirates. Our client-base outside Dubai has been growing steadily over the last year and we will be targeting significant further growth in all our key markets in the year ahead. Operations outside Dubai will be run from dedicated offices in the heart of Abu Dhabi which are due to open in the first quarter of 2012-2013.

Alongside our plans to develop and expand the Group into new markets, we will remain totally focused on the core businesses that lay at the heart of Transguard. Our continued success will rely heavily on our ability to maintain and continuously improve the levels of service we deliver to our current clients. Importantly, 80% of our 2012-2013 forecasted revenue will come from existing clients, while our forward order book value is currently in excess of AED 1bn.

Our business would be unable to operate to the extremely high standards we set ourselves without the corporate infrastructure that underpins it. In the coming financial year we will continue our commitment to invest in the technology, facilities, processes and people that support our operations and keep us at the forefront of every market in which we operate.

I would like to pay special thanks to all the members of the Transguard team for their continued support and I look forward to an exciting year ahead.

Mike McGeever

Managing Director, Transguard Group

Geoff Shewry

Deputy Managing Director, Transguard Group LLC

Message from the Deputy Managing Director

The strong corporate infrastructure that lies at the heart of the Transguard Group is a key contributor to our success and we are therefore committed to our strategy of continuous investment in the people and services that support our operational business.

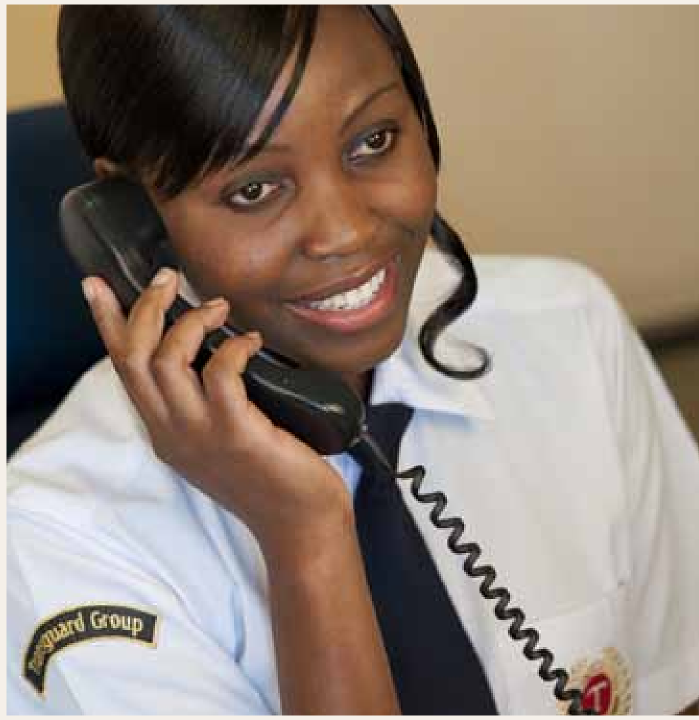
This year has seen a major restructuring of our Information and Communications Technology (ICT) functions and the development of an overarching ICT strategy that focuses on providing first class support to all areas of the business, while at the same time leveraging the expertise, efficiencies and economies of scale presented by 'Cloud-based' solutions.

The changing world economy has presented new challenges to all businesses in the UAE, including how to continue to attract high quality people to the region to live and work. We have made significant investment in both our recruitment and our training and development teams to ensure we continue to recruit the best and nurture their talent.

A major success for the recruitment team has been the initiative to place 'Transguard Ambassadors' in key destinations across the globe, providing in-country services that have dramatically improved our overseas recruitment processes.

The Transguard Training Academy now has a team of 14 full-time trainers and facilitators, providing a comprehensive programme to enhance and develop the skills and talents of our 15,000 plus workforce. In the last 12 months alone, more than 30,000 people have attended sessions covering 40 different subjects.

"Health and Safety management is a major priority and is central to the way in which we conduct our business"



Corporate Social Responsibility (CSR) plays an important role in our business and we are committed to a range of initiatives that benefit our staff, our communities and the environment. A key highlight of the last year is the roll-out of our apprenticeship scheme that each year sees up to six students from the school we sponsor in India joining the group as management trainees.

TG Green, our sustainability committee, has been highly successful in introducing measures to reduce the impact our business operations have on the environment and has set year-on-year measurable targets to continually improve its performance.

Health and Safety Management is a major priority and is central to the way in which we conduct our business. In the last year we have undertaken a group-wide health and safety training campaign which has seen more than 50 of the senior management team completing the Institute of Occupational Safety and Health (IOSH) Managing Safely course and over 400 staff members completing Fire Warden and First Aider courses.

The considerable achievements of our operational teams, and the corporate services teams that support them, have been intrinsic to our success in the last year and I cannot thank them enough for their dedication and loyalty.

Geoff Shewry

Deputy Managing Director, Transguard Group

John Nolan
Group Chief Financial Officer, Transguard Group LLC

Message from the Group Chief Financial Officer

Revenue and gross profit for the year ended 31st March 2012 were AED 510,359,680 and AED 137,797,864 respectively, while net profit reported was AED 48,499,481.

The current year's results owe a great deal to the successful restructuring of the Group which now has healthy revenue streams from each of its three main business units: Cash Services, Facilities Management (FM) and Projects. In addition, the results reflect a marked improvement in the trading environments across the Group's key client market sectors.

At the beginning of the year, the Finance department introduced a quarterly reforecasting system that is delivering greater transparency and enabling improved reporting and cash management across the group. Throughout the year, Finance undertook a major review of all banking facilities and, with a continued focus on cash flow management across the Group, delivered a healthy Balance Sheet at the year end.

The company incurred charges of AED 7,337,702 for the provision of bad debts in the current year bringing total bad debts provided over the last 4 years to AED 70,362,036, with provisioning predicted to be kept to a minimum going forward. Importantly, the credit control practices and resources now in place have resulted in Group-wide debtors' days being reduced to 73 days.

"Across all our corporate services the primary objective remains to develop and improve the services we provide to our internal and external customers"

Our Information and Communications Technology (ICT) department and Project Management Office (PMO) continue to develop the systems that underpin our corporate service infrastructure and our business operations.

In the last year they have overseen the successful roll-out of the Oracle Human Capital Management which now manages most of our human resources and payroll processes. In the coming year they will add the Finance and Supply Chain modules, bringing a range of benefits that will support the entire business.

Operationally, they have rolled out two new systems within the Cash Services business: a new 'track and trace' transaction solution, together with a biometrics system, that automates its employees' timekeeping processes, while our FM operations is now supported by an upgraded state-of-the-art Computer Aided Facilities Management (CAFM) system.

The Legal Services team continues to improve the rigidity and quality of our commercial contracts and, as part of its service improvement strategy, has introduced a Service Level Agreement working model that underpins all its processes.

Across all our corporate services the primary objective remains to develop and improve the services we provide to our internal and external customers and importantly, to support the operational businesses and enable them to meet the expectations of the shareholders.

"A major initiative for the coming financial year is the Business Improvement project, expected to deliver significant efficiencies, improvements and savings across all areas of the business"

A major initiative for the coming financial year is the Business Improvement project. Managed by a dedicated Business Improvement Office and supported by ICT and the PMO, this initiative is expected to deliver significant efficiencies, improvements and savings across all areas of the business.

The continued success of Transguard would not be possible without the professionalism, hard work and dedication of the teams within the Group and I would like to thank each of them for their support over the last financial year.

John Nolan

Group Chief Financial Officer, Transguard Group

Transguard Financial Report

Directors' Report and Consolidated Financial Statements for the year ended 31 March 2011/12

Transguard Group LLC

Director's Report and Consolidated Financial Statements for the year ended 31 March 2012

Contents | Pages

Transguard Group LLC

Directors' Report for the year ended 31 March 2012

The directors submit their report together with the audited consolidated financial statements of Transguard Group LLC ("the company") and its subsidiary (together, "the group") for the year ended 31 March 2012.

Principal activities

The principal activities of the group 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 group for the year ended 31 March 2012 are set out on page 5 of the consolidated financial statements.

Dividends

A dividend of AED 5,000,000 has been approved subsequent to 31 March 2012 (2011: AED 5,000,000). Additional details relating to dividend are disclosed in note 28.

Directors

The directors, who served during the year were:

Executive Directors

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

Non-Executive Director

- H.H. Sheikh Ahmed bin Saeed Al Maktoum

Auditors

The consolidated 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	**John Nolan**
Chief Executive Officer	Group Chief Financial Officer
31 May 2012	31 May 2012

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Transguard Group LLC ("the company") and its subsidiary (together, "the group") which comprise the consolidated balance sheet as of 31 March 2012 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 consolidated financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated 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

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the group as of 31 March 2012 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, in respect of the company, 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 2012.

PricewaterhouseCoopers

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

31 May 2012

Transguard Group LLC

Consolidated Financial Statements for the year ended 31 March 2012

CONSOLIDATED BALANCE SHEET

	Note	AS AT 31 MARCH 2012 AED	2011 AED
ASSETS			
Non-current assets			
Property, plant and equipment	5	**249,227,159**	255,016,384
Intangible assets	6	**12,271,933**	687,135
Investment in an associate	7	**78,874,474**	15,246,237
Financial assets at fair value through profit or loss	8	**200,000**	-
Due from related parties	11	**35,555,560**	-
		376,129,126	270,949,756
Current assets			
Inventories		**2,338,705**	2,626,565
Trade and other receivables	10	**91,886,416**	108,244,574
Due from related parties	11	**148,653,863**	133,546,602
Due from customers on contracts	12	**920,656**	4,466,977
Cash and bank balances	13	**8,740,454**	21,745,678
		252,540,094	270,630,396
Total assets		**628,669,220**	541,580,152
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	17	**300,000**	300,000
Legal reserve	18	**150,000**	150,000
Contributed capital	19	**1,806,502**	1,806,502
Retained earnings		**241,657,055**	198,157,574
		243,913,557	200,414,076
Non-controlling interest		**42,362,042**	24,226,475
Total equity		**286,275,599**	224,640,551
LIABILITIES			
Non-current liabilities			
Borrowings	15	**37,972,278**	55,791,850
Finance lease liabilities	16	**38,148,190**	48,344,084
Provision for employees' end of service benefits	20	**7,731,882**	9,170,681
		83,852,350	113,306,615
Current liabilities			
Trade and other payables	14	**108,936,252**	81,638,475
Due to related parties	11	**43,793,139**	19,942,931
Borrowings	15	**95,641,058**	91,563,671
Finance lease liabilities	16	**10,170,822**	10,487,909
		258,541,271	203,632,986
Total liabilities		**342,393,621**	316,939,601
Total equity and liabilities		**628,669,220**	541,580,152

These consolidated financial statements were approved by the Board of Directors on 31 May 2012 and signed on its behalf by:

……………………… ………………………

Dr. Abdulla Al Hashimi — Chief Executive Officer

John Nolan — Group Chief Financial officer

The notes on page 9 to 32 are an integral part of these consolidated financial statements

Transguard Group LLC

Consolidated Financial Statements for the year ended 31 March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	YEAR ENDED 31 MARCH 2012 AED	2011 AED
Revenue		**510,359,680**	503,309,416
Direct costs	21	**(372,561,816)**	(366,576,623)
Gross profit		**137,797,864**	136,732,793
Administrative expenses	22	**(74,180,387)**	(81,855,517)
Other income - net	24	**8,208,275**	57,474,588
Operating profit		**71,825,752**	112,351,864
Finance income	25	**2,231,771**	272,219
Finance costs	25	**(14,025,276)**	(20,720,761)
Finance costs - net		**(11,793,505)**	(20,448,542)
Share of profit of an associate	7	**1,628,237**	4,259,602
Profit for the year		**61,660,484**	96,162,924
Profit / (loss) for the year from discontinued operations	26	**4,974,564**	(3,832,980)
Total comprehensive income for the year		**66,635,048**	92,329,944
Profit attributable to:			
Owners of the parent		**48,499,481**	89,673,410
Non-controlling interest		**18,135,567**	2,656,534
		66,635,048	92,329,944

There is no other comprehensive income for the year.

The notes on page 9 to 32 are an integral part of these consolidated financial statements

Transguard Group LLC

Consolidated Financial Statements for the year ended 31 March 2012

Transguard Group LLC

Consolidated Financial Statements for the year ended 31 March 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent						
	Share capital	**Legal reserve**	**Contributed capital**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total**
	AED	**AED**	**AED**	**AED**	**AED**	**AED**	**AED**
Balance at 1 April 2010	300,000	150,000	1,806,502	113,484,164	115,740,666	-	115,740,666
Non-controlling interest arising on sale of shares	-	-	-	-	-	21,569,941	21,569,941
Total comprehensive income for the year	-	-	-	89,673,410	89,673,410	2,656,534	92,329,944
Transactions with owners							
Dividend relating to 2010	-	-	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Balance at 31 March 2011	300,000	150,000	1,806,502	198,157,574	200,414,076	24,226,475	224,640,551
Total comprehensive income for the year	-	-	-	48,499,481	48,499,481	18,135,567	66,635,048
Transactions with owners							
Dividend relating to 2011	-	-	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Balance at 31 March 2012	300,000	150,000	1,806,502	241,657,055	243,913,557	42,362,042	286,275,599

The notes on page 9 to 32 are an integral part of these consolidated financial statements

The notes on page 9 to 32 are an integral part of these consolidated financial statements

Transguard Group LLC

Consolidated Financial Statements for the year ended 31 March 2012

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	YEAR ENDED 31 MARCH 2012 AED	2011 AED
Cash flows from operating activities			
Profit for the year		**66,635,048**	92,329,944
Adjustments for:			
Depreciation	5	**16,173,183**	14,969,078
Amortisation	6	**334,846**	339,502
Provision for employees' end of service benefits	20	**4,459,513**	4,094,956
Provision for impairment of trade receivables	10	**7,337,702**	20,371,417
Provision for impairment of due from related parties	11	**-**	620,989
Write-off of receivable from associate	24	**-**	52,123,126
Gain on disposal of shares in a subsidiary	24	**-**	(110,930,059)
Share of profit of associate	7	**(1,628,237)**	(4,259,602)
Share of investment in Transguard Middle East Trading LLC	8	**(200,000)**	-
Finance costs – net	25	**11,793,505**	20,448,542
(Gain)/ loss on disposal of property, plant and equipment		**(9,030)**	43,875
Operating cash flows before payment of employees' end of service benefits and changes in working capital		**104,896,530**	90,151,768
Payments of employees' end of service benefits	20	**(5,898,312)**	(6,046,029)
Changes in working capital:			
Inventories		**287,860**	2,678,392
Trade and other receivables before movement in provision for impairment and write-off	10	**(52,979,544)**	13,075,940
Due from related parties before movement in provision for impairment and write-off	11	**(50,662,821)**	(87,841,955)
Due from customers on contracts	12	**3,546,321**	2,910,441
Trade and other payables	14	**27,297,777**	2,796,799
Due to related parties before movement in dividend payable	11	**18,850,208**	1,536,933
Net cash generated from operating activities		**45,338,019**	19,262,289
Cash flows from investing activities			
Additions to property, plant and equipment	5	**(15,279,886)**	(22,150,006)
Additions to intangible asset	6	**(7,460,368)**	(31,298)
Proceeds from disposal of property, plant and equipment		**430,966**	262,663
Proceeds from disposal of intangible assets		**14,716**	-
Interest received		**2,231,771**	272,219
Net cash used in investing activities		**(20,062,801)**	(21,646,422)
Cash flows from financing activities			
Proceeds from /(repayment of) borrowings – net	15	**2,223,613**	(68,310,101)
Payment of loan from a director		**-**	(23,267,763)
Payment towards finance lease liabilities	16	**(10,512,981)**	(3,499,812)
Interest paid	25	**(14,025,276)**	(20,720,761)
Proceeds from sale of shares in subsidiary		**-**	132,500,000
Net cash (used in)/ provided by financing activities		**(22,314,644)**	16,701,563
Net increase in cash and cash equivalents		**2,960,574**	14,317,430
Cash and cash equivalents at beginning of year		**(20,881,631)**	(35,199,061)
Cash and cash equivalents at end of year	13	**(17,921,057)**	(20,881,631)

The notes on page 9 to 32 are an integral part of these consolidated financial statements

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 Legal status and activities

Transguard Group LLC ("the company") and its subsidiary, Transguard Cash LLC ("the subsidiary") (together "the group") 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 wholly 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 99% of legal share capital and 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.

On 2 February 2011, the company acquired a controlling interest in Transguard Cash LLC. Additional details relating to the acquisition are disclosed in note 9.

2 Summary of significant accounting policies

The principal accounting policies adopted by the group in the preparation of these consolidated 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 consolidated financial statements have been prepared in accordance with, and comply with International Financial Reporting Standards ("IFRS"). These consolidated financial statements have been prepared under the historical cost convention except for financial assets at fair value through profit or loss which are measured at fair value.

The preparation of consolidated 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 group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the group

The following amendment to standard is mandatory for the first time for the financial year beginning 1 April 2011:

- IAS 1, 'Presentation of financial instruments' (effective from 1 January 2011);
- IAS 24 (revised), 'Related party disclosures' (effective from 1 January 2011);
- IFRS 7, 'Financial instruments: Disclosures' (effective from 1 January 2011);
- IAS 32 (amendment), 'Financial instruments: Presentation – Classification of rights issues' (effective 1 February 2010); and
- Improvements to IAS 27, 'Consolidated and separate financial statements' (effective 1 July 2010).

(b) New and amended standards and interpretations mandatory for the first time for the financial year beginning 1 April 2011 but not currently relevant to the group

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2011 or later periods, but they are not relevant to the group's operations:

- IFRS 1 (amendment), 'First-time adoption of IFRS – Limited exemption from comparative IFRS 7 disclosures for first-time adopters' (effective 1 July 2010);
- Improvements to IAS 34, 'Interim financial reporting' (effective 1 January 2011);
- IFRIC 14 (amendment), 'IAS 19 – The limit on a defined benefit assets, minimum funding requirements and their interaction' (effective 1 January 2011);
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments' (effective 1 July 2010);

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

- Improvements to IFRS 1, 'First-time adoption of IFRS' (effective 1 January 2011);
- Improvements to IFRS 3, 'Business combinations' (effective 1 July 2010); and
- Improvements to IFRIC 13, 'Customer loyalty programmes' (effective 1 January 2011).

(c) **New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2011 and not early adopted by the group**

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2012 or later periods, but the group has not early adopted them.

- IAS 1 (amendment), 'Financial statement presentation' regarding other comprehensive income (effective 1 July 2012);
- IAS 12 (amendment), 'Income taxes' on deferred tax' (effective 1 January 2012);
- IAS 19 (amendment), 'Employee benefits' (effective 1 January 2013);
- IAS 27 (revised 2011), 'Separate financial statements' (effective 1 January 2013);
- IAS 28 (revised 2011), 'Associates and joint ventures' (effective 1 January 2013);
- IFRS 1 (amendment), 'First time adoption', on fixed dates and hyperinflation' (effective 1 July 2011);
- IFRS 7 (amendments), 'Financial instruments: Disclosures' on derecognition' (effective 1 July 2011);
- IFRS 9, 'Financial instruments' (effective from 1 January 2013);
- IFRS 10, 'Consolidated financial statements' (effective 1 January 2013);
- IFRS 11, 'Joint arrangements' (effective 1 January 2013);
- IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013); and
- IFRS 13, 'Fair value measurement' (effective 1 January 2013).

2.2 Investment in an 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. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill on acquisition.

The group's share of post-acquisition profit or loss is recognised in the consolidated statement of comprehensive income and its share of post-acquisition movement in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the statement of comprehensive income.

Profits and losses resulting from transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are 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 consolidated statement of comprehensive income.

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

2 Summary of significant accounting policies (continued)

2.3 Investment in a subsidiary

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

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 group 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	3 - 12 years
Furniture and fixtures	10 years
Computer and office equipment	4 - 6 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 group policy.

All other repairs and maintenance are charged to the consolidated 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 consolidated statement of comprehensive income.

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

2 Summary of significant accounting policies (continued)

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.

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate intangible asset category and amortised in accordance with group policy.

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 depreciation / 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.

2.7 Financial assets

(a) Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss and 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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those which have been designated as financial assets at fair value through profit or loss upon initial recognition. Assets in this category are not expected to be settled within 12 months, therefore, they are classified as non-current.

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 group's loans and receivables comprise 'trade and other receivables (excluding prepayments)' (note 10), 'due from related parties' (note 11) and 'cash and bank balances' (note 13)

(b) Recognition and measurement

Financial assets at fair value through profit or loss

Financial assets carried at fair value through profit or loss are initially recognised at fair value. Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'finance costs – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income when the group's right to receive payments is established.

Loans and receivables

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 consolidated 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.

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

2 Summary of significant accounting policies (continued)

2.9 Impairment of financial assets

Assets carried at amortised cost

The group 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 group 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 consolidated statement of comprehensive income. As a practical expedient, the group 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 consolidated 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.

2.11 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 consolidated 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 consolidated statement

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

2 Summary of significant accounting policies (continued)

2.15 Borrowings (continued)

of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group 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.

In the current year, the group 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions that are in excess of the corridor limits determined in accordance with IAS 19 are amortised to the consolidated income statement over a period of expected average remaining working lives of the participating employees.

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.

2.17 Provisions

Provisions are recognised when the group 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 group's activities. The group 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 group'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.

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

2 Summary of significant accounting policies (continued)

2.18 Revenue recognition (continued)

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

(b) Finance lease

The group leases certain property, plant and equipment. Lease of assets where the group 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 consolidated 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 group's consolidated financial statements in the period in which the dividends are approved by the company's shareholders.

2.21 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The consolidated financial statements are presented in United Arab Emirates Dirham ('AED'), which is the group'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 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 consolidated statement of comprehensive income.

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

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

3 Financial risk management

3.1 Financial risk factors

The group'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 group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The group is exposed to foreign exchange risk in respect of its borrowings denominated in GBP. At 31 March 2012, 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 66,375 (2011: AED 268,061).

(ii) Cash flow and fair value interest rate risk

The group's cash flow interest rate risk arises from its borrowings including overdrafts and finance lease liabilities with variable interest rates and long term loan advanced to a related party.

The table below indicates the interest rate exposure on borrowings and loan advanced with variable interest rates at 31 March 2012 and 2011. The analysis calculates the effect on the consolidated statement of comprehensive income of a reasonably possible movement in interest rate:

	2012 AED	2011 AED
Interest cost		
+ 100 basis points	**1,040,179**	2,402,945
- 100 basis points	**(1,040,179)**	(2,402,945)

The group's exposure to fair value interest rate risk arises from borrowings and finance lease liabilities with fixed interest rates. Currently the group does not hedge the risk arising from its borrowings and finance leases liabilities. As discussed in notes 15 and 16 to these consolidated financial statements, the borrowings and finance leases liabilities are not subject to interest rate risk as the interest rate is fixed and the fair value approximates the carrying value.

(b) Credit risk

The group is exposed to credit risk in relation to its monetary assets, mainly trade receivables and bank deposits. The group 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 at bank comprises of balances with reputable commercial banks. Credit ratings of these commercial banks have been obtained from Moody's Corporation ('Moody's'). The table below analyses the balances with the banks at the balance sheet date.

	Rating	**2012 AED**	2011 AED
Banks			
A	C+	**852,992**	15,851,424
B	D	**287,333**	406,150
C	*	**5,324,669**	4,595,720
D	D-	**346,909**	135,721
E	C-	**42,240**	142,485
F	D+	**554,381**	-
G	*	**24,145**	-
H	D+	**263,063**	-
I	D+	**8,480**	-
		7,704,212	21,131,500

* not available.

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

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

	2012 AED	2011 AED
Trade receivables		
Counterparties without external credit rating		
Group 1	**1,236,866**	1,505,352
Group 2	**36,820,403**	61,722,450
	38,057,269	63,227,802

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 has been renegotiated in the year ended 31 March 2012 (2011: 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. Due to the dynamic nature of the underlying business, the group maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the group'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.

At 31 March 2012	**Less than 1 year AED**	**Between 1 and 2 years AED**	**Between 2 and 5 years AED**	**Over 5 years AED**	**Total AED**
Borrowings	**98,613,702**	**13,784,278**	**27,189,074**	**-**	**139,587,054**
Finance lease liabilities	**13,421,505**	**12,656,262**	**31,072,305**	**-**	**57,150,072**
Trade and other payables (excluding advance from customers and due to customers on contract)	**104,166,383**	**-**	**-**	**-**	**104,166,383**
Due to related parties	**43,793,139**	**-**	**-**	**-**	**43,793,139**
	259,994,729	**26,440,540**	**58,261,379**	**-**	**344,696,648**

At 31 March 2011	Less than 1 year AED	Between 1 and 2 years AED	Between 2 and 5 years AED	Over 5 years AED	Total AED
Borrowings	98,416,487	22,748,982	37,885,077	3,647,623	162,698,169
Finance lease liabilities	14,501,239	24,621,804	24,621,804	7,931,369	71,676,216
Trade and other payables (excluding advance from customers and due to customers on contract)	75,820,696	-	-	-	75,820,696
Due to related parties	19,942,931	-	-	-	19,942,931
	208,681,353	47,370,786	62,506,881	11,578,992	330,138,012

3.2 Capital risk management

The group's objectives when managing capital are to safeguard the group'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 group 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 group 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 and financial lease liabilities (including current and non-current amounts as shown in the consolidated balance sheet) less cash and bank balances. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

3 Financial risk management (continued)

3.2 Capital risk management (continued)

The gearing ratio at 31 March 2012 and 2011 was as follows:

	2012 AED	2011 AED
Borrowings (note 15)	133,613,336	147,355,521
Finance lease liabilities (note 16)	48,319,012	58,831,993
Less: cash and bank balances (note 13)	(8,740,454)	(21,745,678)
Net debt	173,191,894	184,441,836
Total equity	286,275,599	224,640,551
Total capital	459,467,493	409,082,387
Gearing ratio	37%	45%

The carrying value of financial assets and financial liabilities of the group as at 31 March 2012 and 2011 approximate to their fair value.

3.3 Fair value estimation

The carrying value of financial assets and financial liabilities of the group as at 31 March 2012 and 2011 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 group 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 group to estimate the services performed to date as a proportion of total services to be performed. The group 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.

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

4 Critical accounting estimates and judgements (continued)

4.1 Critical accounting estimates and assumptions (continued)

(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.

(f) Provision for employees' end of service benefits

The present value of the end of service benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for end of service benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of end of service benefit obligations.

The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the end of service benefit obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related end of service benefits obligation.

Other key assumptions for end of service benefit obligations are based in part on current market conditions. Additional information is disclosed in note 20.

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

5. Property, plant and equipment

	Land and buildings	Plant and machinery	Furniture and fixtures	Computer and office equipment	Motor vehicles	Capital work in progress	Total
	AED	AED	AED	AED	AED	AED	AED
Cost							
1 April 2010	217,622,806	15,756,192	10,788,177	8,004,299	15,517,097	2,770,065	270,458,636
Additions	-	1,182,048	3,143,072	579,456	6,126,225	3,889,696	14,920,497
Transfer *	-	-	-	-	-	7,229,509	7,229,509
Disposals	-	-	(674,620)	(44,975)	(104,136)	(26,425)	(850,156)
31 March 2011	217,622,806	16,938,240	13,256,629	8,538,780	21,539,186	13,862,845	291,758,486
Additions	27,428	2,312,918	3,126,684	896,402	7,650,180	1,266,274	15,279,886
Transfer **	-	-	14,946	-	-	(4,488,938)	(4,473,992)
Disposals	-	(122,711)	(199,725)	(255,029)	(533,000)	-	(1,110,465)
31 March 2012	217,650,234	19,128,447	16,198,536	9,180,153	28,656,366	10,640,181	301,453,917
Depreciation							
1 April 2010	4,729,193	3,957,604	3,263,434	5,176,655	5,189,756	-	22,316,642
Charge for the year	7,800,524	1,153,824	1,186,462	1,605,919	3,222,349	-	14,969,078
Disposals	-	-	(472,776)	(6,950)	(63,892)	-	(543,618)
31 March 2011	12,529,717	5,111,428	3,977,120	6,775,624	8,348,213	-	36,742,102
Charge for the year	7,822,863	1,418,593	1,401,975	1,214,895	4,314,857	-	16,173,183
Disposals	-	(23,027)	(134,464)	(223,114)	(307,922)	-	(688,527)
31 March 2012	20,352,580	6,506,994	5,244,631	7,767,405	12,355,148	-	52,226,758
Net book amount							
31 March 2012	197,297,654	12,621,453	10,953,905	1,412,748	16,301,218	10,640,181	249,227,159
31 March 2011	205,093,089	11,826,812	9,279,509	1,763,156	13,190,973	13,862,845	255,016,384

* Transfer in the prior year represents reclassification of advances given to suppliers (previously included in other receivables).

**Transfer during the current year includes reclassification of computer software amounting to AED 4,473,992 to 'Intangible assets' - Capital work in progress.

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

5 Property, plant and equipment (continued)

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

	2012 AED	2011 AED
Cost	99,156,546	96,234,870
Accumulated depreciation	(16,217,525)	(10,911,482)
Net book amount	82,939,021	85,323,388

Additional details relating to finance leases are given in note 16.

6 Intangible assets

	Computer software 2012 AED	Capital work in progress 2012 AED	Total 2012 AED
Cost			
Balance brought forward	1,737,970	-	1,737,970
Additions	22,930	7,437,438	7,460,368
Transfer	-	4,473,992	4,473,992
Disposals	(30,764)	-	(30,764)
Balance carried forward	1,730,136	11,911,430	13,641,566
Amortisation			
Balance brought forward	1,050,835	-	1,050,835
Charge for the year	334,846	-	334,846
Disposals	(16,048)	-	(16,048)
Balance carried forward	1,369,633	-	1,369,633
Net book amount	360,503	11,911,430	12,271,933

	Computer software 2011 AED	Capital work in progress 2011 AED	Total 2011 AED
Cost			
Balance brought forward	1,706,672	-	1,706,672
Additions	31,298	-	31,298
Balance carried forward	1,737,970	-	1,737,970
Amortisation			
Balance brought forward	711,333	-	711,333
Charge for the year	339,502	-	339,502
Balance carried forward	1,050,835	-	1,050,835
Net book amount	687,135	-	687,135

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

7 Investment 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, interior fit out, refurbishments and stone masonry works.	UAE

On 1 April 2011, the associate acquired 100% of the businesses of Plafond Technical Works LLC involved in the business of sanitary contracting, floor and wall titling works, false ceilings contracting and Stones Corner Building Contracting LLC involved in building contracting. As a result of these acquisitions, the company is expected to expand its business operations.

The summarised financial information in respect of the associated company is set out below:

	31 March 2012 AED	31 March 2011 AED
Total assets	**385,389,964**	260,527,952
Total liabilities	**328,671,777**	331,002,386
Net assets/(liabilities)	**56,718,187**	(70,474,434)
Revenue for the year	**142,436,556**	89,792,131
Profit for the year	**3,192,621**	8,352,161

Movement in the investment in an associate:

	2012 AED	2011 AED
Opening balance	**15,246,237**	10,986,635
Conversion of current account balance to equity during the period	**62,000,000**	-
Share of profit	**1,628,237**	4,259,602
Carrying value	**78,874,474**	15,246,237

During the year, the company entered into an agreement with the associate whereby AED 62 million of the current account balance payable by the associate was converted to equity.

8 Financial asset at fair value through profit or loss

	2012 AED	2011 AED
Opening balance	**-**	-
Investment during the year	**200,000**	-
Carrying value	**200,000**	-

Financial asset at fair value through profit or loss represents investment in the equity of an unlisted entity Transguard Middle East Trading LLC during the year, equivalent to 5% of the share capital of the company.

9 Investment in a subsidiary

On 2 February 2011, the group incorporated a wholly owned subsidiary, Transguard Cash LLC ("the subsidiary") through transfer of specific assets and liabilities of the company's Cash Generating Unit ("Cash Services operation") to the subsidiary.

Pursuant to its formation, the company entered into a strategic alliance with Network International LLC, in order to facilitate the provision of 'managed end to end ATM services' to the group's customers, through issuance of 50% equity interest in the subsidiary. This equity interest in the subsidiary was issued for a cash consideration of AED 132,500,000.

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

9 Investment in a subsidiary (continued)

Currently, the share capital of the subsidiary is owned equally by Transguard Group LLC and Network International LLC. However, as per a management agreement, the company has the sole right to manage and the power to govern the financial and operating policies of the subsidiary.

Subsidiary company	Percentage interest held	Principal activities	Country of incorporation
Transguard Cash LLC	50%	Providing cash management services including secure and safe movement of cash and documents and ATM services to banks.	UAE

10 Trade and other receivables

	2012 AED	2011 AED
Trade receivables	**55,526,851**	125,769,076
Less: provision for impairment of trade receivables	**(17,469,582)**	(62,541,274)
Trade receivables – net	**38,057,269**	63,227,802
Prepayments	**25,764,720**	16,421,255
Other receivables	**28,064,427**	28,595,517
	91,886,416	108,244,574

The group's customers are based in the UAE. At 31 March 2012 five customers (2011: five customers) accounted for 20% (2011: 24%) 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 2012, trade receivables of AED 11,775,229 (2011: AED 12,528,791) were fully performing.

Trade receivables that are more than one month past due are not considered impaired. As at 31 March 2012, trade receivables of AED 18,655,476 (2011: AED 34,346,210) 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:

	2012 AED	2011 AED
Upto 3 months	**10,406,011**	19,958,988
3 to 6 months	**5,040,486**	6,916,901
Over 6 months	**3,208,979**	7,470,321
	18,655,476	34,346,210

As of 31 March 2012, trade receivables of AED 25,096,146 (2011: AED 78,894,075) were impaired. The amount of provision was AED 17,469,582 (2011: AED 62,541,274). 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 given as follows:

	2012 AED	2011 AED
Upto 3 months	**9,370,237**	10,309,588
3 to 6 months	**2,504,201**	3,370,205
Over 6 months	**13,221,708**	65,214,282
	25,096,146	78,894,075

The carrying amount of the group's trade receivables and other receivables at 31 March 2012 and 2011 are denominated in AED.

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

10 Trade and other receivables (continued)

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

	2012 AED	2011 AED
Balance brought forward	**62,541,274**	42,169,857
Provision for impairment of trade receivables	**7,337,702**	20,371,417
Amounts written off as uncollectable	**(52,409,394)**	-
Balance carried forward	**17,469,582**	62,541,274

The provision charge on trade receivables recognised in the consolidated 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 2012 and 2011. The group does not hold any collateral as security.

11 Related party balances and transactions

Related parties include the shareholders, subsidiary, fellow subsidiaries, associate and businesses controlled by the shareholders or over which they exercise a significant management influence and key management personnel.

	Note	2012 AED	2011 AED
Due from related parties			
Non current			
Long term loan to an associate	11.1	**40,000,000**	-
Current portion of long term loan to an associate		**(4,444,440)**	-
Non current portion of long term loan		**35,555,560**	-
Current			
dnata and entities related to dnata		**101,233,797**	65,835,446
Current portion of long term loan to an associate		**4,444,440**	-
Short term loan to associate	11.2	**17,000,000**	-
Associate		**26,509,139**	68,332,145
Affiliates		**87,476**	-
		149,274,852	134,167,591
Less: provision for impairment of due from related parties		**(620,989)**	(620,989)
		148,653,863	133,546,602
		184,209,423	133,546,602

Movement in the group's provision for impairment of due from related parties are as follows:

	2012 AED	2011 AED
Balance brought forward	**620,989**	-
(Provision for impairment of due from related parties (note 22)	**-**	620,989
Balance carried forward	**620,989**	620,989
Due to related parties		
Affiliate	**5,116,011**	2,500,000
dnata and entities related to dnata	**38,677,128**	17,442,931
	43,793,139	19,942,931

The above balances arose from transactions in the normal course of business.

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

11 Related party balances and transactions (continued)

11.1 Long term loan

During the year, the company entered into a long term interest bearing loan agreement ('the loan') with an associate for AED 40 million. The loan was granted to the associate by way of conversion of current account into a long term loan. The loan carries interest at the rate of 5.5% per annum and is for a period of 10 years, with repayments commencing from 30 April 2012.

11.2 Short term loan

During the year, the company entered into a short term loan agreement ('the loan') with an associate for AED 17 million. The loan is interest free and is repayable by 31 March 2013. The loan was not discounted as the impact of discounting was not significant.

Related party transactions

During the year, the group 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.

	2012 AED	2011 AED
Sales to affiliates	**306,189,434**	273,301,824
Write-off of receivable from associate	**-**	52,123,126
Purchases from affiliates	**2,703,270**	2,988,402
Royalty fees to dnata (note 22)	**1,000,000**	1,000,000
Rent and utilities payment to affiliates	**4,117,411**	3,942,204
Short term loan to associate	**40,000,000**	-
Long term loan to associate	**17,000,000**	-
Investment in affiliate	**200,000**	-
Interest paid on loan from a director	**-**	1,581,217
Interest receivable on current account with associate	**1,907,771**	512,504
Key management compensation		
Salaries	**4,800,000**	4,047,000
End of service and other benefits	**2,665,812**	2,900,185
	7,465,812	6,947,185
Business support services	**3,600,000**	578,575

12 Due from customers on contracts

	2012 AED	2011 AED
Aggregate cost incurred and profits recognised on contracts in progress at the year end	**5,898,516**	33,952,007
Less : progress billings	**(4,977,860)**	(29,485,030)
	920,656	4,466,977

13 Cash and cash equivalents

	2012	2011
Cash on hand	**1,036,242**	614,178
Bank balances in current accounts	**7,704,212**	21,131,500
Cash and bank balances	**8,740,454**	21,745,678

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

13 Cash and cash equivalents (continued)

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	2012 AED	2011 AED
Cash and bank balances	8,740,454	21,745,678
Bank overdraft (note 15)	(26,661,511)	(42,627,309)
Cash and cash equivalents	(17,921,057)	(20,881,631)

Bank balances are held in current accounts with locally incorporated banks and branches of international banks. Interest at the rate of EIBOR + 3% (2011: EIBOR + 3%) is charged on the bank overdraft.

14 Trade and other payables

	2012 AED	2011 AED
Trade payables	18,858,239	22,761,589
Advances from customers	2,769,480	3,641,870
Provision for leave salary and leave passage	15,256,308	15,518,734
Due to customers on contract	2,000,389	2,175,909
Other payables and accruals	70,051,836	37,540,373
	108,936,252	81,638,475

15 Borrowings

	2012	2011
Non-current		
Borrowings	37,972,278	55,791,850
Current		
Borrowings	68,979,547	48,936,362
Bank overdrafts (note 13)	26,661,511	42,627,309
	95,641,058	91,563,671
Total borrowings	133,613,336	147,355,521

Loans outstanding from last year were obtained for the purchase of a CMC Machine (Loan 'A') and to fund the group's working capital requirements (Loan 'B'). Loan 'A' carries an interest rate of EIBOR + 3% with a minimum cap of 5.5% (2011: EIBOR + 3% with a minimum cap of 5.5%) per annum and is repayable by March 2013 through quarterly instalments. Loan 'B' carries an interest rate of EIBOR + 3% with a minimum cap of 5.5% (2011: EIBOR + 3% with a minimum cap of 5.5%) per annum and was repaid in full during the year. Loan 'A' is secured against the CMC Machine having a net book value amounting to AED 4,705,316 (2011: AED 5,431,602).

Loan 'C' was obtained for the purchase of a Labour Camp. It carries an interest rate of 6.5% per annum (2011: 8%) and is repayable by 2016 in seventy two monthly instalments starting from August 2010. Loan 'C' is secured against the labour camp having a net book value amounting to AED 119,811,493 (2011: AED 125,209,301).

Last year, the group obtained a loan for the purchase of motor vehicles (Loan 'D') at interest rate of EIBOR + 4% (2011: EIBOR + 4%) per annum and is repayable by October 2012 in nine quarterly instalments starting from October 2010. The loan is secured against vehicles having a net book value amounting to AED 2,009,642 (2011: 2,756,530).

Loan 'E' was taken at an interest rate of EIBOR + 4% (2011: EIBOR + 4%) per annum and is repayable by October 2012 in nine quarterly instalments starting from October 2010. Loan 'E' is secured against the motor vehicles of the group having a net book value amounting to AED 2,145,212 (2011: AED 3,388,837).

Loan 'F' was taken at an interest rate of 7.2% (2011: 7.2%) per annum and is repayable by November 2014 and is secured against motor vehicle having a net book value amounting to AED 1,127,853 (2011: AED 1,440,829).

Loan 'G' was taken at an interest rate of 4.5% (2011: 4.5%) per annum and is repayable by April 2013 through monthly instalments which started from January 2010. Loan 'G' is denominated in Pound Sterling ("GBP"). Loan 'H' is taken to finance working capital requirements at the rate of EIBOR + 3% (2011: EIBOR + 3%) per annum and is secured against the trade receivables of the company.

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

15 Borrowings (continued)

Loan 'I' outstanding from last year was obtained to fund the group's working capital requirements. Loan 'I' carries an interest rate of EIBOR + 4% (2011: EIBOR + 4%) per annum and is repayable by January 2013 through quarterly instalments.

Loan 'J' was taken during the year to fund the group's working capital requirements. The loan carries an interest rate of 7.2% per annum and is repayable by July 2015 and is secured against motor vehicle having a net book value amounting to AED 1,799,622.

Loan 'K' was taken during the year at an interest rate of EIBOR + 4.5% per annum. This loan is a short term revolving loan to fulfil the company's working capital requirements and if repayable within 90 days of draw down.

Loan 'L' was taken during the year at an interest rate of 3 months EIBOR + 3.0% per annum with a minimum cap of 5.5%. This loan is a short term revolving loan to fulfil the company's working capital requirements and if repayable within 120 days of draw down. The loan is secured by way of a promissory note.

The above borrowings are secured against financed assets. The maturity of the borrowings (excluding bank overdrafts) is as follow

	2012 AED	2011 AED
Less than 1 year	68,979,547	48,936,362
Between 1 and 2 years	11,796,901	19,061,990
Between 2 and 5 years	26,175,377	33,118,750
Greater than 5 years	-	3,611,110
	106,951,825	104,728,212

The group has undrawn facilities amounting to AED 194,880,545 (2011: AED 58,258,046). The movement in borrowings is as follows:

	2012 AED	2011 AED
Balance brought forward	104,728,212	173,038,313
Additions during the year	50,157,754	38,874,943
Payments during the year	(47,934,141)	(107,185,044)
Balance carried forward	106,951,825	104,728,212

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

	2012 AED	2011 AED
GBP	1,327,274	5,361,214
AED	105,624,551	99,366,998
	106,951,825	104,728,212

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

16 Finance lease liabilities

	Motor vehicles 2012 AED	Land & buildings 2012 AED	Total 2012 AED
Gross lease liabilities - minimum lease payments			
Less than one year	41,380	13,380,125	13,421,505
Between 1 and 5 years	-	43,728,567	43,728,567
	41,380	57,108,692	57,150,072
Less:			
Future finance charges on finance leases	(885)	(8,830,175)	(8,831,060)
Net lease liabilities	40,495	48,278,517	48,319,012
Present value of finance leases is as follows:			
Less than one year	40,495	10,130,327	10,170,822
Between 1 and 5 years	-	38,148,190	38,148,190
Net lease liabilities	40,495	48,278,517	48,319,012

	Motor vehicles 2011 AED	Land & buildings 2011 AED	Total 2011 AED
Gross lease liabilities - minimum lease payments			
Less than one year	397,252	14,103,987	14,501,239
Between 1 and 5 years	66,284	49,177,325	49,243,609
Over 5 years	-	7,931,368	7,931,368
	463,536	71,212,680	71,676,216
Less:			
Future finance charges on finance leases	(24,842)	(12,819,381)	(12,844,223)
Net lease liabilities	438,694	58,393,299	58,831,993
Present value of finance leases is as follows:			
Less than one year	373,128	10,114,781	10,487,909
Between 1 and 5 years	65,566	40,626,721	40,692,287
Over 5 years	-	7,651,797	7,651,797
Net lease liabilities	438,694	58,393,299	58,831,993

17 Share capital

The share capital of the company comprises 300 fully paid shares of AED 1,000 each (2011: 300 shares of AED 1,000 each) amounting to AED 300,000 (2011: AED 300,000).

18 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 net 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 paid-up 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.

19 Contributed capital

Contributed capital represents amount contributed by dnata.

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

20 Provision for employees' end of service benefits

Reconciliation of defined benefit plan:

	2012 AED	2011 AED
Present value of defined benefit obligation	11,633,098	10,135,540
Net actuarial losses not yet recognised	(3,901,216)	(964,859)
	7,731,882	9,170,681
Movement in net liability:		
Balance brought forward	9,170,681	11,121,754
Charge for the year	4,459,513	4,094,956
Benefits paid	(5,898,312)	(6,046,029)
Balance carried forward	7,731,882	9,170,681
Charge for the year for the defined benefit plan:		
Current service cost	3,851,381	3,591,376
Interest cost	608,132	503,580
	4,459,513	4,094,956
Actuarial assumptions:		
Valuation discount rate	5% per annum	6% per annum
Salary increase rate	2% per annum	2% per annum
Average service	2.44 years	2.48 years

21 Direct costs

	2012 AED	2011 AED
Staff costs (note 23)	234,321,581	241,144,837
Rent	52,728,573	60,498,902
Fuel and transportation	27,540,924	21,806,518
Depreciation and amortisation	16,443,326	15,079,073
Operations cost	13,972,807	9,941,035
Repairs and maintenance	6,393,242	4,902,354
Visa and immigration	5,157,969	5,022,835
Communication expenses	4,045,366	3,182,422
Insurance	3,505,485	2,754,548
Contract costs	602,511	427,805
Skip and waste removal	14,092	9,879
ATM operations fees	-	207,810
Others	7,835,940	1,598,605
	372,561,816	366,576,623

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

22 Administrative expenses

	2012 AED	2011 AED
Staff costs (note 23)	**45,601,707**	47,001,731
Provision for impairment of receivables	**7,886,085**	20,857,907
Rent	**3,670,527**	3,704,738
Fees and subscriptions	**3,638,405**	2,305,180
Business support services	**3,600,000**	578,571
Stationery and supplies	**2,386,711**	1,973,594
Royalty fees to dnata (note 11)	**1,000,000**	1,000,000
Marketing expenses	**1,134,829**	391,228
Business travel	**335,536**	242,722
Office maintenance	**92,335**	39,051
Information technology expenditure	**172,756**	93,657
Others	**4,661,496**	3,667,138
	74,180,387	81,855,517

23 Staff costs

	2012 AED	2011 AED
Salaries and wages	**254,542,744**	258,804,881
End of service benefits	**4,013,155**	3,784,598
Leave salary and passage	**17,516,123**	21,738,322
Other benefits	**3,851,266**	3,818,767
	279,923,288	288,146,568

Staff costs are allocated as follows:

	2012 AED	2011 AED
Direct costs (note 21)	**234,321,581**	241,144,837
Administrative expenses (note 22)	**45,601,707**	47,001,731
	279,923,288	288,146,568

24 Other income - net

	2012 AED	2011 AED
Gain on disposal of shares in a subsidiary	**-**	110,930,059
Foreign exchange losses	**(521,434)**	(1,181,897)
Gain / (loss) on disposal of property, plant and equipment	**9,030**	(43,875)
Write-off of receivable from associate	**-**	(52,123,126)
Discounts from suppliers	**6,630,168**	-
Other income / (expenses)	**2,090,511**	(106,573)
	8,208,275	57,474,588

25 Finance costs – net

	2012 AED	2011 AED
Finance income	**(2,231,771)**	(272,219)
Interest expense	**13,255,970**	20,299,516
Others	**769,306**	421,245
Finance costs	**14,025,276**	20,720,761
Finance costs - net	**11,793,505**	20,448,542

Transguard Group LLC

Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

26 Discontinued operations

(a) Disposal of solutions business unit

On 18 August 2011, the company entered into a business purchase agreement with Red Solutions LLC ("buyer") by virtue of which, all assets and liabilities as well as future business of the solutions division of the group were transferred to the buyer. The group received AED 6,000,000 on the sale of the business which resulted in a gain on disposal of AED 3,991,401.

(b) Analysis of the profit for the year from discontinued operations

The results of the discontinued operations included in the consolidated statement of comprehensive income are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

Profit for the year from discontinued operations

	2012 AED	2011 AED
Revenue	**8,050,530**	19,569,242
Expenses	**(7,067,367)**	(23,402,222)
Profit for the year from discontinued operations	**983,163**	(3,832,980)
Gain on disposal of discontinued operation	**3,991,401**	-
	4,974,564	(3,832,980)

Cash flows from discontinued operations

	2012 AED	2011 AED
Net cash inflows from operating activities	**9,088,297**	3,944,608
Net cash inflows from investing activities	**3,253,561**	(32,966)
Net cash inflows from financing activities	**(567,516)**	1,447,275
	11,774,342	5,358,917

The notes to the 'statement of comprehensive income' do not include the expenses and income related to the discontinued operations which has been shown as a separate line item in the 'statement of comprehensive income'. All comparatives have been rearranged for comparison of results of discontinued operations.

27 Commitments

	2012 AED	2011 AED
Guarantees	**23,852,761**	30,244,114
Letters of credit	**24,013,325**	4,079,054

The group has issued corporate guarantees on behalf of an associate.
The above were issued by bank in the normal course of business.

(a) **Operating commitments**

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

	2012 AED	2011 AED
Not later than 1 year	**27,030,429**	25,780,426
Later than 1 year and not later than 5 years	**33,279,620**	48,133,025
Over 5 years	**30,000,000**	28,224,000
	90,310,049	102,137,451

28 Dividends

A dividend in respect of the year ended 31 March 2012 of AED 16,666.67 per share (2011: AED 16,666.67 per share) amounting to AED 5,000,000 (2011: AED 5,000,000) has been approved by the Board of Directors on 21 May 2012.

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Notes to the Consolidated Financial Statements for the year ended 31 March 2012 (continued)

29 Financial instruments by category

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

	At fair value through the profit or loss AED	Loans and receivables AED	Other financial liabilities AED	Total AED
31 March 2012				
Financial assets				
Financial asset at fair value through the profit or loss	200,000	-	-	200,000
Due from related parties	-	184,209,423	-	184,209,423
Trade and other receivables (excluding prepayments)	-	66,121,696	-	66,121,696
Cash and bank balances	-	8,740,454	-	8,740,454
	200,000	259,071,573	-	259,271,573
Financial liabilities				
Borrowings	-	-	133,613,336	133,613,336
Finance lease liabilities	-	-	48,319,012	48,319,012
Trade and other payables (excluding advance from customers and due to customers on contracts)	-	-	104,166,383	104,166,383
Due to related parties	-	-	43,793,139	43,793,139
	-	-	329,891,870	329,891,870
31 March 2011				
Financial assets				
Due from related parties	-	133,546,602	-	133,546,602
Trade and other receivables (excluding prepayments)	-	91,823,319	-	91,823,319
Cash and bank balances	-	21,745,678	-	21,745,678
	-	247,115,599	-	247,115,599
Financial liabilities				
Borrowings	-	-	147,355,521	147,355,521
Finance lease liabilities	-	-	58,831,993	58,831,993
Trade and other payables (excluding advance from customers and due to customers on contracts)	-	-	75,820,696	75,820,696
Due to related parties	-	-	19,942,931	19,942,931
	-	-	301,951,141	301,951,141

30 Comparatives

The comparatives have been re-arranged wherever necessary for the purpose of comparison.

Transguard Group LLC
P.O. Box 22630 - Emirates Group Security Building,
Airport Freezone, Dubai, United Arab Emirates
T. +971 (4) 703 0500 F. +971 (4) 299 5644
Email. info@transguardgroup.net

www.transguardgroup.com