

GULF WAREHOUSING COMPANY – Q.S.C
DOHA - QATAR

INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2007
TOGETHER WITH
INDEPENDENT AUDITOR'S
REVIEW REPORT

GULF WAREHOUSING COMPANY – Q.S.C

DOHA – QATAR

JUNE 30, 2007

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QR. 32217

INDEPENDENT AUDITOR'S REVIEW REPORT

To The Shareholders
Gulf Warehousing Company – Q.S.C
Doha – Qatar

Introduction

We have reviewed the accompanying interim condensed balance sheet of **Gulf Warehousing Company – Q.S.C.**, as of **June 30, 2007** and interim statements of income, changes in shareholders' equity and cash flows for the six months period then ended, and certain explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with **International Accounting Standard - 34, "Interim Financial Reporting"**. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial statements are not prepared, in all material respects, in accordance with **International Accounting Standard - 34, “Interim Financial Reporting”**.

For **Deloitte & Touche**

**Doha – Qatar
July 18, 2007**

**Muhammad O. Bahemia
License No. 103.**

GULF WAREHOUSING COMPANY – Q.S.C.
DOHA – QATAR

INTERIM CONDENSED BALANCE SHEET
JUNE 30, 2007

<u>ASSETS</u>	Note	June 30, 2007 (Reviewed)	December 31, 2006 (Audited)
	-----	-----	-----
		QR.	QR.
Current Assets:			
Bank balances and cash	3	106,572,850	177,061,520
Accounts receivable		17,131,022	10,538,795
Prepayments and other debit balances		6,173,517	5,437,800
Investments at fair value through profit and loss	4	2,395,185	2,416,960
		-----	-----
Total Current Assets		132,272,574	195,455,075
Non-Current Assets:			
Available-for-sale investments	4	58,277,406	33,231,050
Property and equipment	5	201,905,962	116,388,020
		-----	-----
Total Non-Current Assets		260,183,368	149,619,070
		-----	-----
Total Assets		392,455,942	345,074,145
		=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

GULF WAREHOUSING COMPANY – Q.S.C.
DOHA – QATAR

INTERIM CONDENSED BALANCE SHEET
JUNE 30, 2007

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	June 30, 2007 (Reviewed)	December 31, 2006 (Audited)
	----- QR.	----- QR.
Current Liabilities:		
Accounts payable	11,580,147	813,193
Accrued expenses and other credit balances	1,078,531	1,109,320
Term loan	25,668,677	9,189,398
Retention payable	2,762,668	5,525,335
	-----	-----
Total Current Liabilities	41,090,023	16,637,246
	-----	-----
Non-Current Liabilities:		
Term loan	39,364,169	18,040,041
Provision for end of service benefits	103,809	96,992
	-----	-----
Total Non-Current Liabilities	39,467,978	18,137,033
	-----	-----
Total Liabilities	80,558,001	34,774,279
	-----	-----
Shareholders' Equity:		
Share capital	250,000,000	250,000,000
Legal reserve	61,473,106	61,473,106
Fair value reserve	1,948,466	(1,819,672)
Accumulated (deficit) / Retained Earnings	(1,523,631)	646,432
	-----	-----
Total Shareholders' Equity	311,897,941	310,299,866
	-----	-----
Total Liabilities and Shareholders' Equity	392,455,942	345,074,145
	=====	=====

Mr. Faisal Mohammad Ghanem Al Sulaiti
Chairman

Mr. Abdulaziz Bin Mohammad Al-Attiyah
Vice Chairman

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

GULF WAREHOUSING COMPANY – Q.S.C.
DOHA – QATAR

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2007

	Note -----	For the Six Month Period Ended June 30, 2007 ----- QR.	For the Six Month Period Ended June 30, 2006 ----- QR.
Operating income		19,898,560	--
Operating costs		(17,966,765)	--
		-----	-----
Gross Profit		1,931,795	--
		-----	-----
Income from Modaraba agreements		--	3,309,213
Other income		5,600	635,897
Rent expenses		(800,000)	(500,000)
Depreciation		(429,130)	(245,208)
General and administrative expenses		(3,686,131)	(3,889,528)
Investment income (loss), net		4,307,803	(1,310,585)
Impairment loss on available-for-sale investments	4 a	(3,500,000)	--
		-----	-----
Net Loss for the Period		(2,170,063)	(2,000,211)
		=====	=====
Earnings per share (basic and diluted)	6	(0.09)	(0.15)
		=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

GULF WAREHOUSING COMPANY – Q.S.C.

DOHA – QATAR

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2007

	For the Six Month Period Ended June 30, 2007	For the Six Month Period Ended June 30, 2006
	----- QR.	----- QR.
<u>Cash Flows from Operating Activities:</u>		
Net loss for the period	(2,170,063)	(2,000,211)
Adjustments for:		
Depreciation	6,248,810	245,208
Unrealized loss on revaluation of investments - Trading	21,775	1,643,558
Impairment loss – Available-for-Sale Investments	3,500,000	--
Provision for employee’s end of service benefits	6,817	28,176
	-----	-----
	7,607,339	(83,269)
Accounts receivable	(6,592,227)	(81,270)
Prepayments and other debit balances	(735,717)	(4,316,815)
Accounts payable	10,766,954	(11,726,941)
Accrued expenses and other credit balances	(30,789)	(666,929)
Retention payable	(2,762,667)	1,840,609
	-----	-----
Net Cash From (Used in) Operating Activities	8,252,893	(15,034,615)
	-----	-----
<u>Cash Flows from Investing Activities:</u>		
Net movement in investments	(24,778,218)	(1,632,296)
Modaraba investment	--	11,500,000
Acquisition of property and equipment	(49,318,794)	(30,122,144)
	-----	-----
Net Cash (Used in) Investing Activities	(74,097,012)	(20,254,440)
	-----	-----
<u>Cash Flows from Financing Activities:</u>		
Long-term loan	--	3,262,176
Payment of term loan	(4,644,551)	--
Proceeds from sale of unallocated bonus shares fractions	--	240,169
	-----	-----
Net Cash (Used in) From Financing Activities	(4,644,551)	3,502,345
	-----	-----
Net (decrease) in bank balances and cash	(70,488,670)	(31,786,710)
Bank balances and cash – beginning of the period	177,061,520	58,093,388
	-----	-----
Bank Balances and Cash – End of the Period	106,572,850	26,306,678
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

GULF WAREHOUSING COMPANY – Q.S.C.
DOHA – QATAR

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2007

1. Status and Activities:

Gulf Warehousing Company - Q.S.C., is a public shareholding company incorporated in the State of Qatar in March 2004 under registration number 27386 and governed by the provisions of the Qatari Commercial Companies' Law.

The Company specializes in providing set-up, establishment, management and leasing of all types of warehouses for storage, freight for commodities and others.

2. Significant Accounting Policies:

The interim condensed financial statements of the Company are prepared in accordance with **International Accounting Standard - 34**, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2006. These interim condensed financial statements should be read in conjunction with the 2006 annual financial statements and the notes attached thereto.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the six month ended June 30, 2007 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2007.

For the purpose of these interim condensed financial information, the Company has adopted revised and amended Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to its operations for the period beginning January 1, 2007.

3. Bank Balances and Cash:

	June 30, 2007 (Reviewed)	December 31, 2006 (Audited)
	----- QR.	----- QR.
Current Assets:		
Cash on hand	28,381	13,355
Current accounts	26,295,116	7,836,748
Fixed deposits	80,249,353	169,211,417
	-----	-----
Total	106,572,850	177,061,520
	=====	=====

4. Investments:

	June 30, 2007 (Reviewed)	December 31, 2006 (Audited)
	----- QR.	----- QR.
Investments at Fair Value through Profit and Loss:		
Quoted shares	2,395,185	2,416,960
	=====	=====
Available-for-Sale Investments:		
Quoted shares	13,627,799	15,399,742
Unquoted shares	44,649,607	17,831,308
	-----	-----
Total	58,277,406	33,231,050
	=====	=====

4a. Impairment Loss on Available-for-Sale Investments:

An impairment loss has been recognized in the income statement for the period ended June 30, 2007 for the following securities:

	June 30, 2007 (Reviewed)	December 31, 2006 (Audited)
	----- QR.	----- QR.
Industries Qatar	(2,897,671)	--
Medicare Group	(602,329)	--
	-----	-----
Total	(3,500,000)	--
	=====	=====

6. Earnings Per Share:

Earnings per share is calculated by dividing the net income (loss) for the period by the weighted average number of ordinary shares outstanding during the period as follows.

	For the Six Month Period Ended June 30, 2007 (Reviewed)	For the Six Month Period Ended June 30, 2006 (Reviewed)
	----- QR.	----- QR.
Net loss for the period	(2,170,063)	(2,000,211)
	=====	=====
Adjusted weighted average number of shares outstanding	25,000,000	13,000,000
	=====	=====
Earnings per share (basic and diluted)	(0.09)	(0.15)
	=====	=====

GULF WAREHOUSING COMPANY – Q.S.C.

DOHA – QATAR

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2007

	Share Capital	Legal Reserve	Fair Value Reserve	Bonus Share	Accumulated (Deficit) / Retained Earnings	Total
	----- QR.	----- QR.	----- QR.	----- QR.	----- QR.	----- QR.
Balance – January 1, 2006 -	120,000,000	1,174,218	(1,873,358)	10,000,000	117,960	129,418,820
Net loss for the period	--	--	--	--	(2,000,211)	(2,000,211)
Transfer to share capital	10,000,000	--	--	(10,000,000)	--	--
Proceeds from sale of unallocated bonus shares fractions	--	240,169	--	--	--	240,169
Changes in fair value	--	--	948,764	--	--	948,764
Balance - June 30, 2006	130,000,000	1,414,387	(924,594)	--	(1,882,251)	128,607,542
Balance – January 1, 2007	250,000,000	61,473,106	(1,819,672)	--	646,432	310,299,866
Net loss for the period	--	--	--	--	(2,170,063)	(2,170,063)
Net movement in fair value reserve	--	--	268,138	--	--	268,138
Fair value reserve recognized in the Statement of income	--	--	3,500,000	--	--	3,500,000
Balance - June 30, 2007	250,000,000	61,473,106	1,948,466	--	(1,523,631)	311,897,941

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

5. Property and Equipment:

	Land	Buildings	Racking System	Office Equipment	Furniture and Fittings	Warehouse Equipment	**Vehicles	Office Renovation	*Work-in-Progress	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Cost:										
January 1, 2006	8,167,353	--	--	477,084	304,135	155,692	428,800	528,313	33,447,397	43,508,774
Additions during the year	--	23,971,546	5,017,257	1,278,385	804,450	2,480,696	33,322,384	32,425	9,729,325	76,636,468
Transferred to buildings	--	33,447,397	--	--	--	--	--	--	(33,447,397)	--
December 31, 2006	8,167,353	57,418,943	5,017,257	1,755,469	1,108,585	2,636,388	33,751,184	560,738	9,729,325	120,145,242
Additions during the period	--	279,094	--	758,047	186,199	1,007,162	42,541,472	--	46,994,778	91,766,752
June 30, 2007	8,167,353	57,698,037	5,017,257	2,513,516	1,294,784	3,643,550	76,292,656	560,738	56,724,103	211,911,994
Depreciation:										
January 1, 2006	--	--	--	147,387	105,857	28,723	60,444	167,311	--	509,722
Charge for the period	--	478,491	418,105	342,034	162,127	143,022	1,597,351	106,370	--	3,247,500
December 31, 2006	--	478,491	418,105	489,421	267,984	171,745	1,657,795	273,681	--	3,757,222
Charge for the period	--	1,435,474	501,726	311,314	147,010	292,388	3,504,824	56,074	--	6,248,810
June 30, 2007	--	1,913,965	919,831	800,735	414,994	464,133	5,162,619	329,755	--	10,006,032
Net Book Value:										
June 30, 2007	8,167,353	55,784,072	4,097,426	1,712,781	879,790	3,179,417	71,130,037	230,983	56,724,103	201,905,962
December 31, 2006	8,167,353	56,940,452	4,599,152	1,266,048	840,601	2,464,643	32,093,389	287,057	9,729,325	116,388,020
Rate of Depreciation	--	5%	20%	20%-30%	25%	20%	12.50%-20%	20%	--	

* The work in progress as of December 31, 2006 represents amounts paid for the following projects: Truck parking and warehousing project in Umsaeed City Limits which is expected to be completed by the end of 2007, warehousing facility project in Ras Laffan city which is expected to be completed by September 2007, and Al Wukair project in which first phase to be completed by October 2007.

**Additions for vehicles and the related loans were adjusted for future finance charges in the amount of QR. 6,244,174 (December 31, 2006: QR. 3,759,376)