

Gulf Warehousing Company (Q.S.C.)

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 JUNE 2009

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF GULF WAREHOUSING COMPANY (Q.S.C.)

Introduction

We have reviewed the accompanying interim condensed financial statements of Gulf Warehousing Company (Q.S.C.) (the "Company") as at 30 June 2009, comprising of the interim statement of financial position as at 30 June 2009 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and the related explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review. The interim condensed financial statements of the Company as of 30 June 2008 were reviewed and the financial statements as of 31 December 2008 were audited by other auditor.

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 financial information 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 accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

A. Mekhael
of Ernst & Young
Auditor's Registration No. 59

Date: 4 August 2009
Doha

Gulf Warehousing Company (Q.S.C.)

INTERIM STATEMENT OF INCOME

Six Months Ended 30 June 2009

	Notes	<i>Six months ended</i>	
		30 June 2009	30 June 2008
		QR	QR
		(Unaudited)	(Unaudited)
Operating revenue	4	33,875,890	25,897,096
Operating costs	5	<u>(20,838,650)</u>	<u>(16,568,738)</u>
GROSS PROFIT		13,037,240	9,328,358
Other income		235,327	7,712
Finance income		966,464	2,380,964
General and administration expenses		(7,206,839)	(7,759,464)
Impairment of available for sale investments		(29,406)	-
Impairment of accounts receivable	7	(882,635)	-
Finance costs		<u>(3,163,552)</u>	<u>(2,154,025)</u>
PROFIT FOR THE PERIOD		<u>2,956,599</u>	<u>1,803,545</u>
Basic and diluted earnings per share	10	<u>0.12</u>	<u>0.07</u>

The attached notes 1 to 11 form part of these interim condensed financial statements.

Gulf Warehousing Company (Q.S.C.)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

Six Months Ended 30 June 2009

	<i>Six months ended</i>	
	<i>30 June 2009 QR (Unaudited)</i>	<i>30 June 2008 QR (Unaudited)</i>
Profit for the period	2,956,599	1,803,545
Loss on available-for-sale investments	(29,406)	-
Reclassification adjustments for losses included in the statement of income	<u>29,406</u>	<u>-</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>2,956,599</u>	<u>1,803,545</u>

The attached notes 1 to 11 form part of these interim condensed financial statements.

Gulf Warehousing Company (Q.S.C.)

INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	<i>Notes</i>	30 June 2009 QR (Unaudited)	31 December 2008 QR (Audited) (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	6	264,141,188	270,839,996
Investment in an associate		16,912,396	16,912,396
Available-for-sale investments		11,292,625	11,322,031
		<u>292,346,209</u>	<u>299,074,423</u>
Current assets			
Accounts receivable and prepayments	7	20,869,088	21,511,994
Bank balances and cash		59,102,832	59,545,725
		<u>79,971,920</u>	<u>81,057,719</u>
TOTAL ASSETS		<u>372,318,129</u>	<u>380,132,142</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		250,000,000	250,000,000
Legal reserve		61,612,909	61,612,909
Cumulative changes in fair values		-	-
Accumulated losses		(18,802,154)	(21,758,753)
Total equity		<u>292,810,755</u>	<u>289,854,156</u>
Non-current liabilities			
Loans and borrowings	8	45,695,750	57,456,954
Employees' end of service benefits		1,187,696	959,330
		<u>46,883,446</u>	<u>58,416,284</u>
Current liabilities			
Accounts payable and accruals	9	5,738,186	5,781,380
Loans and borrowings	8	22,728,616	21,870,293
Retention payable		4,157,126	4,210,029
		<u>32,623,928</u>	<u>31,861,702</u>
Total liabilities		<u>79,507,374</u>	<u>90,277,986</u>
TOTAL EQUITY AND LIABILITIES		<u>372,318,129</u>	<u>380,132,142</u>

.....
 Mohamed Ismail Al Emadi
 Chairman

.....
 Ranjeev Menon
 Chief Executive Officer

The attached notes 1 to 11 form part of these interim condensed financial statements.

Gulf Warehousing Company (Q.S.C.)

INTERIM STATEMENT OF CASH FLOWS

Six Months Ended 30 June 2009

	<i>30 June 2009</i>	<i>30 June 2008</i>
	<i>QR</i>	<i>QR</i>
<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES		
Profit for the period	2,956,599	1,803,545
Adjustments for:		
Depreciation	10,829,498	7,733,859
Impairment allowance on accounts receivable written off	3,661,985	-
Impairment of available for sale investments	29,406	-
Finance costs	3,155,863	2,154,025
Allowance for impairment of accounts receivable	882,635	-
Provision for employees' end of service benefits	228,366	(148,544)
Finance income	(966,464)	(2,380,964)
	20,777,888	9,161,921
Operating profit before working capital changes		
Working capital changes:		
Accounts receivables and prepayments	(3,599,862)	9,192,735
Accounts payable and accruals	(43,194)	(3,059,557)
Retention payable	(52,903)	(603,701)
	17,081,929	14,691,398
Cash from operations		
Finance costs paid	(3,155,863)	(2,154,025)
	13,926,066	12,537,373
Net cash from operating activities		
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,130,690)	(28,457,615)
Proceeds from sale of available-for-sale investments	-	4,040,000
Finance income received	664,612	2,380,964
	(3,466,078)	(22,036,651)
Net cash used in investing activities		
FINANCING ACTIVITY		
Net movement in loans and borrowings	(10,902,881)	(8,043,589)
	(10,902,881)	(8,043,589)
Cash used in financing activity		
DECREASE IN BANK BALANCES AND CASH	(442,893)	(17,542,867)
Bank balances and cash at 1 January	59,545,725	85,795,028
BANK BALANCES AND CASH AT 30 JUNE	59,102,832	68,252,161

The attached notes 1 to 11 form part of these interim condensed financial statements.

Gulf Warehousing Company (Q.S.C.)

INTERIM STATEMENT OF CHANGES IN EQUITY

Six Months Ended 30 June 2009

	<i>Share Capital QR</i>	<i>Legal reserve QR</i>	<i>Cumulative changes in fair values QR</i>	<i>Retained earnings QR</i>	<i>Total QR</i>
Balance at 1 January 2008	250,000,000	61,757,621	-	3,207,065	314,964,686
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,803,545</u>	<u>1,803,545</u>
Balance at 30 June 2008 (<i>Unaudited</i>)	<u>250,000,000</u>	<u>61,757,621</u>	<u>-</u>	<u>5,010,610</u>	<u>316,768,231</u>
	<i>Share Capital QR</i>	<i>Legal reserve QR</i>	<i>Cumulative changes in fair values QR</i>	<i>Accumulated losses QR</i>	<i>Total QR</i>
Balance at 1 January 2009	250,000,000	61,612,909	(6,132,646)	(14,626,107)	290,854,156
Correction of prior period error (Note 11)	<u>-</u>	<u>-</u>	<u>6,132,646</u>	<u>(7,132,646)</u>	<u>(1,000,000)</u>
Restated balance	250,000,000	61,612,909	-	(21,758,753)	289,854,156
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,956,599</u>	<u>2,956,599</u>
Balance at 30 June 2009 (<i>Unaudited</i>)	<u>250,000,000</u>	<u>61,612,909</u>	<u>-</u>	<u>(18,802,154)</u>	<u>292,810,755</u>

The attached notes 1 to 11 form part of these interim condensed financial statements.

1 ACTIVITIES

Gulf Warehousing Company (Q.S.C.) (the "Company") is a public shareholding company incorporated in the State of Qatar in March 2004 under commercial registration number 27386. The Company specializes in providing set-up, establishment, and management of all types of warehouses for storage, freight forwarding and other ancillary services.

The interim condensed financial statements of the Company for the six-month period ended 30 June 2009 were authorised for issue by the Board of Directors on 4 August 2009.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements of the Company are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for 31 December 2008. In addition, the results for the six months ended 30 June 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the interim condensed financial statements are the same as those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2008, except as noted below:

During the period, the Company has adopted the following standards effective for the annual periods beginning on or after 1 January 2009.

IAS 1 'Presentation of Financial Statements' (Revised):

The revised standard requires changes in equity arising from transactions with owners in their capacity as owners (i.e. owner changes in income) to be presented in the statement of changes in equity. All other changes in equity (i.e. non-owner changes in equity) are required to be presented separately in a performance statement (statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

IFRS 8 'Operating segments':

The new standard which replaced IAS 14 'Segment reporting' requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief executive officer for decision making.

Gulf Warehousing Company (Q.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2009

3 SEGMENT INFORMATION

For management purposes, the Company is divided into three operating segments which are based on business lines, as follows:

- Warehouse storage segment includes storage, handling, packing and freight forwarding operations;
- Transportation segment includes freight services through land, air and sea;
- Outsourcing includes management of third party warehouses;

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

The following table presents revenue and profit information regarding the Company's operating segment for the six months ended 30 June 2009 and 2008, respectively.

Six months ended 30 June 2009 (Unaudited)	<i>Warehouse storage QR</i>	<i>Transportation QR</i>	<i>Outsourcing QR</i>	<i>Unallocated QR</i>	<i>Total QR</i>
Segment revenue	24,601,279	7,748,311	1,526,300	-	33,875,890
Segment profit (loss)	8,925,997	(6,128,078)	188,086	(29,406)	2,956,599
Six months ended 30 June 2008 (Unaudited)	<i>Warehouse storage QR</i>	<i>Transportation QR</i>	<i>Outsourcing QR</i>	<i>Unallocated QR</i>	<i>Total QR</i>
Segment revenue	16,935,248	7,943,048	1,018,800	-	25,897,096
Segment profit (loss)	6,546,248	(5,401,310)	658,607	-	1,803,545

The following table presents segment assets of the Company's operating segments as at 30 June 2009 and 31 December 2008:

	<i>Warehouse storage QR</i>	<i>Transportation QR</i>	<i>Outsourcing QR</i>	<i>Unallocated QR</i>	<i>Total QR</i>
Segment assets					
At 30 June 2009 (Unaudited)	250,998,754	93,114,354	-	28,205,021	372,318,129
At 31 December 2008 (Audited)(Restated)	212,143,175	139,754,540	-	28,234,427	380,132,142

Gulf Warehousing Company (Q.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2009

4 OPERATING REVENUE

	<i>30 June 2009 QR (Unaudited)</i>	<i>30 June 2008 QR (Unaudited)</i>
Warehouse storage and handling charges	24,268,992	14,473,836
General cargo transportation and truck leasing	3,927,509	4,744,354
Container haulage charges	3,820,802	3,198,694
Outsourcing contractors income	1,526,300	1,018,800
Freight forwarding income	332,287	2,461,412
	<u>33,875,890</u>	<u>25,897,096</u>

5 OPERATING COSTS

	<i>30 June 2009 QR (Unaudited)</i>	<i>30 June 2008 QR (Unaudited)</i>
Depreciation	9,968,749	7,067,670
Staff costs	4,194,816	4,174,144
Repairs and maintenance	1,582,683	1,238,727
Manpower subcontract charges	1,306,784	635,558
Insurance	1,232,668	1,335,708
Water and electricity	539,932	9,450
Fuel	499,035	592,104
Freight forwarding charges	181,291	579,813
Others	1,332,692	935,564
	<u>20,838,650</u>	<u>16,568,738</u>

6 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2009, the Company acquired assets with a cost of QR 4.13 million (31 December 2008: QR 37.9 Million; 30 June 2008: QR 28.46 million). There were no disposals during the six months ended 30 June 2009 (31 December 2008: QR 549 Thousand; 30 June 2008: Nil).

During the period, the Company changed its accounting estimate for depreciating vehicles from its original useful lives of 5 - 8 years to 5 – 12 years. Management is of the view that the change in useful lives provides more reliable and relevant information considering the average usage of these specialized vehicles used for cargo transportation. This change in accounting estimate has been accounted for prospectively.

Gulf Warehousing Company (Q.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2009

7 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	<i>30 June 2009 QR (Unaudited)</i>	<i>31 December 2008 QR (Audited) (Restated)</i>
Trade receivables	14,637,819	15,455,392
Advances	1,740,325	2,481,763
Prepayments	2,998,779	2,182,965
Deposits	419,629	457,829
Interest receivable	301,852	262,316
Other receivables	770,684	671,729
	<u>20,869,088</u>	<u>21,511,994</u>

At 30 June 2009, financial assets amounting to QR 1.6 Million were impaired (31 December 2008: QR 4.3 Million).

Movements in the allowance for impairment of financial assets are as follows:

	<i>30 June 2009 QR (Unaudited)</i>	<i>31 December 2008 QR (Audited) (Restated)</i>
Balance at 1 January	4,396,552	1,118,246
Charge for the period/year	882,635	4,731,161
Written off during the period/year	<u>(3,661,985)</u>	<u>(1,452,855)</u>
Balance at 30 June / 31 December 2008	<u>1,617,202</u>	<u>4,396,552</u>

8 LOANS AND BORROWINGS

No additional loans were obtained during the period (31 December 2008: QR 3.61 million). The Company made loan repayments of QR 10.90 million during the period (31 December 2008: QR 21.05 million).

9 ACCOUNTS PAYABLE AND ACCRUALS

	<i>30 June 2009 QR (Unaudited)</i>	<i>31 December 2008 QR (Audited)</i>
Trade payables	3,856,343	3,823,351
Accrued expenses and other payables	<u>1,881,843</u>	<u>1,958,029</u>
	<u>5,738,186</u>	<u>5,781,380</u>

Gulf Warehousing Company (Q.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2009

10 BASIC AND DILUTED EARNINGS PER SHARE

	<i>30 June 2009 QR (Unaudited)</i>	<i>30 June 2008 QR (Unaudited)</i>
Profit for the period	<u>2,956,599</u>	<u>1,803,545</u>
Weighted average number of shares	<u>25,000,000</u>	<u>25,000,000</u>
Basic and diluted earnings per share (QR)	<u>0.12</u>	<u>0.07</u>

11 PRIOR PERIOD ERROR

At 31 December 2008, the Company did not recognise impairment loss on its quoted available-for-sale investments and accounts receivable amounting to QR 6,132,646 and QR 1,000,000, respectively. The financial statements for the year ended 31 December 2008 have been restated to correct this error. The effect of the restatement on those financial statements is summarised below. There is no effect on the statements of income and comprehensive income for the six month period ended 30 June 2009 and 30 June 2008.

	<i>Effect on 31 December 2008 QR</i>
Increase in impairment of available for sale investments	6,132,646
Increase in impairment of accounts receivable	<u>1,000,000</u>
Increase in net loss for the year ended 31 December 2008	<u>7,132,646</u>
Decrease in cumulative change in fair values due to recycling of impairment loss through the statement of income	6,132,646
Increase in accumulated losses	<u>(7,132,646)</u>
Net effect on equity	<u>(1,000,000)</u>