

**Gulf Warehousing Company (Q.S.C.)**

**UNAUDITED INTERIM CONDENSED  
FINANCIAL STATEMENTS**

**30 JUNE 2010**

## **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 2010, comprising of the interim statement of financial position as at 30 June 2010 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.

### **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: 28 July 2010  
Doha

# Gulf Warehousing Company (Q.S.C.)

## INTERIM STATEMENT OF INCOME

Six Months Ended 30 June 2010

	<i>Notes</i>	<i>Six months ended</i>	
		<i>30 June 2010</i>	<i>30 June 2009</i>
		<i>QR</i>	<i>QR</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	4	42,951,611	33,875,890
Direct costs	5	<u>(26,953,690)</u>	<u>(20,838,650)</u>
<b>GROSS PROFIT</b>		<b>15,997,921</b>	13,037,240
Other income		46,662	235,327
Finance income		1,332,299	966,464
Gain on disposal of property, plant and equipment		614,576	-
Staff costs		(4,306,829)	(3,614,675)
General and administration expenses		(3,975,566)	(3,592,164)
Finance costs		(2,297,110)	(3,163,552)
Impairment loss on available for sale investments		-	(29,406)
Net impairment loss on trade receivables		-	(882,635)
<b>PROFIT FOR THE PERIOD</b>		<b><u>7,411,953</u></b>	<b><u>2,956,599</u></b>
<b>Basic and diluted earnings per share</b>	10	<b><u>0.30</u></b>	<b><u>0.12</u></b>

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 2010

	<i>Six months ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2010</i>	<i>2009</i>
	<i>QR</i>	<i>QR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Profit for the period</b>	<b>7,411,953</b>	2,956,599
Net loss on revaluation of available for sale investments	<b>(1,983,961)</b>	(29,406)
Reclassified to statement of income upon impairment	-	29,406
<b>Other comprehensive income for the period</b>	<b>(1,983,961)</b>	-
<b>Total comprehensive income for the period</b>	<b>5,427,992</b>	2,956,599

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 2010

	<i>Notes</i>	<b>30 June 2010 QR (Unaudited)</b>	<b>31 December 2009 QR (Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	<b>307,442,563</b>	257,461,740
Available-for-sale investments		<b>25,602,742</b>	27,586,785
		<b>333,045,305</b>	285,048,525
<b>Current assets</b>			
Inventories		<b>510,776</b>	541,891
Trade and other receivables	7	<b>63,251,171</b>	58,350,428
Bank balances and cash		<b>66,864,052</b>	55,725,076
		<b>130,625,999</b>	114,617,395
<b>TOTAL ASSETS</b>		<b>463,671,304</b>	399,665,920
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		<b>250,000,000</b>	250,000,000
Legal reserve		<b>62,595,564</b>	62,595,564
Cumulative changes in fair value		<b>(2,631,604)</b>	(647,643)
Accumulated losses		<b>(5,748,561)</b>	(12,914,853)
<b>Total equity</b>		<b>304,215,399</b>	299,033,068
<b>Non-current liabilities</b>			
Loans and borrowings	8	<b>115,303,453</b>	69,251,858
Employees' end of service benefits		<b>1,410,261</b>	1,275,595
		<b>116,713,714</b>	70,527,453
<b>Current liabilities</b>			
Trade payables and accruals	9	<b>14,837,389</b>	7,738,970
Loans and borrowings	8	<b>22,229,732</b>	22,053,416
Retention payable		<b>5,675,070</b>	313,013
		<b>42,742,191</b>	30,105,399
<b>Total liabilities</b>		<b>159,455,905</b>	100,632,852
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>463,671,304</b>	399,665,920

.....  
 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 2010

	<i>Six months ended</i>	
	<b>30 June 2010</b>	<b>30 June 2009</b>
	<b>QR</b>	<b>QR</b>
<i>Notes</i>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	<b>7,411,953</b>	2,956,599
Adjustments for:		
Depreciation	<b>10,894,482</b>	10,829,498
Impairment allowance on accounts receivable written off	-	3,661,985
Impairment of available for sale investments	-	29,406
Finance costs	<b>2,297,110</b>	3,155,863
Gain on disposal of property, plant and equipment	<b>(614,576)</b>	-
Allowance for impairment of accounts receivable	-	882,635
Provision for employees' end of service benefits	<b>134,666</b>	228,366
Finance income	<b>(1,332,299)</b>	(966,464)
Operating cash flows before working capital changes	<b>18,791,336</b>	20,777,888
Working capital changes:		
Inventories	<b>31,115</b>	-
Trade and other receivables	<b>(3,593,773)</b>	(3,599,862)
Trade payables and accruals	<b>6,852,758</b>	(43,194)
Retention payable	<b>5,362,057</b>	(52,903)
Cash from operations	<b>27,443,493</b>	17,081,929
Finance costs paid	<b>(2,297,110)</b>	(3,155,863)
Net cash from operating activities	<b>25,146,383</b>	13,926,066
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(63,910,730)</b>	(4,130,690)
Proceeds from disposal of property, plant and equipment	<b>3,650,083</b>	-
Finance income received	<b>25,329</b>	664,612
Net cash used in investing activities	<b>(60,235,318)</b>	(3,466,078)
<b>FINANCING ACTIVITY</b>		
Net movement in loans and borrowings	<b>46,227,911</b>	(10,902,881)
Cash from (used in) financing activity	<b>46,227,911</b>	(10,902,881)
<b>INCREASE (DECREASE) IN BANK BALANCES AND CASH</b>	<b>11,138,976</b>	(442,893)
Bank balances and cash at 1 January	<b>55,725,076</b>	59,545,725
<b>BANK BALANCES AND CASH AT 30 JUNE</b>	<b>66,864,052</b>	59,102,832

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 2010

	<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>
1 January 2009	250,000,000	61,612,909	-	(21,758,753)	289,854,156
Total comprehensive income for the period	-	-	-	2,956,599	2,956,599
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>
1 January 2010	250,000,000	62,595,564	(647,643)	(12,914,853)	299,033,068
Restatement due to prior period adjustment (Note 11)	-	-	-	(245,661)	(245,661)
Restated balance	250,000,000	62,595,564	(647,643)	(13,160,514)	298,787,407
Total comprehensive income for the period	-	-	(1,983,961)	7,411,953	5,427,992
<b>Balance at 30 June 2010 (<i>Unaudited</i>)</b>	<b><u>250,000,000</u></b>	<b><u>62,595,564</u></b>	<b><u>(2,631,604)</u></b>	<b><u>(5,748,561)</u></b>	<b><u>304,215,399</u></b>

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 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 Company is listed at Qatar Exchange.

The interim condensed financial statements of the Company for the six-month period ended 30 June 2010 were authorised for issue by the Board of Directors on 28 July 2010.

## 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 2009. In addition, the results for the six months ended 30 June 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

### **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 2009, 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 2010.

#### *IFRS 1 and IAS 27, Cost of an investment in a subsidiary, jointly-controlled entity or associate*

The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and requires an entity to present dividends from investments in subsidiaries, jointly controlled entities and associates as income in the separate financial statements of the investor.

#### *IFRS 3, 'Business combinations'*

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of income. There is a choice, on an acquisition-by-acquisition basis, to measure the 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. All acquisition-related costs should be expensed. The Company will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

#### *IAS 27, 'Consolidated and separate financial statements'*

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost; any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Company will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010. In the future, this guidance will also tend to produce higher volatility in equity and/or earnings in connection with the acquisition of interests by the Company.



**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Improvements to IFRS*

'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2009 and 1 January 2010 respectively, with earlier application permitted. No material changes to accounting policies are expected as a result of these amendments.

The following amended standards and interpretations became effective in 2010, but were not relevant for the Company's operations:

IFRIC 17	Distribution of non cash assets to owners
IFRIC 18	Transfers of assets from customers
IAS 39 (Amendment)	Financial instruments: Recognition and measurement – Eligible hedged items

# Gulf Warehousing Company (Q.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2010

### 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 2010 and 2009, respectively.

<b>Six months ended 30 June 2010 (Unaudited)</b>	<i>Warehouse storage QR</i>	<i>Transportation QR</i>	<i>Outsourcing QR</i>	<i>Unallocated QR</i>	<i>Total QR</i>
<b>Segment revenue</b>	<b>31,551,416</b>	<b>7,882,454</b>	<b>2,998,761</b>	<b>518,980</b>	<b>42,951,611</b>
<b>Segment profit (loss)</b>	<b>11,580,840</b>	<b>(5,130,360)</b>	<b>961,473</b>	<b>-</b>	<b>7,411,953</b>

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

The following table presents segment assets of the Company's operating segments as at 30 June 2010 and 31 December 2009:

	<i>Warehouse storage QR</i>	<i>Transportation QR</i>	<i>Outsourcing QR</i>	<i>Unallocated QR</i>	<i>Total QR</i>
<b>Segment assets</b>					
<b>At 30 June 2010 (Unaudited)</b>	<b>376,212,545</b>	<b>61,856,017</b>	<b>-</b>	<b>25,602,742</b>	<b>463,671,304</b>
At 31 December 2009 (Audited)	300,481,728	71,597,407	-	27,586,785	399,665,920

# Gulf Warehousing Company (Q.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2010

### 4 OPERATING REVENUE

	<i>30 June 2010 QR (Unaudited)</i>	<i>30 June 2009 QR (Unaudited)</i>
Warehouse storage and handling charges	<b>28,519,523</b>	24,268,992
General cargo transportation, container haulage and truck leasing	<b>7,882,454</b>	7,748,311
Outsourcing contractors income	<b>3,517,741</b>	1,526,300
Freight forwarding income	<b>3,031,893</b>	332,287
	<b><u>42,951,611</u></b>	<b><u>33,875,890</u></b>

### 5 OPERATING COSTS

	<i>30 June 2010 QR (Unaudited)</i>	<i>30 June 2009 QR (Unaudited)</i>
Depreciation	<b>10,185,889</b>	9,968,749
Staff costs	<b>4,558,003</b>	4,194,816
Manpower subcontract charges	<b>3,472,386</b>	1,306,784
Freight forwarding charges	<b>2,968,627</b>	181,291
Repairs and maintenance	<b>1,610,419</b>	1,582,683
Insurance	<b>1,188,813</b>	1,232,668
Fuel	<b>623,936</b>	499,035
Water and electricity	<b>600,269</b>	539,932
Others	<b>1,745,348</b>	1,332,692
	<b><u>26,953,690</u></b>	<b><u>20,838,650</u></b>

### 6 PROPERTY, PLANT AND EQUIPMENT

#### Acquisitions and disposals

During the six months ended 30 June 2010, the Company acquired assets with a cost of QR 63.9 million (31 December 2009: QR 9.7 million; 30 June 2009: QR 4.13 million). Assets with a net book value of QR 1.8 million was disposed by the company during the six months ended 30 June 2010 (31 December 2009: QR 1.2 million; 30 June 2009: Nil) resulting in a net gain of disposal amounted to QR 614 thousand (31 December 2009: QR 91 thousand; 30 June 2009: Nil).

# Gulf Warehousing Company (Q.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2010

### 7 TRADE AND OTHER RECEIVABLES

	<i>30 June 2010 QR (Unaudited)</i>	<i>31 December 2009 QR (Audited)</i>
Advances	40,765,031	34,431,222
Trade receivables	15,128,091	21,146,501
Prepayments	2,751,669	1,331,998
Interest receivable	1,306,970	354,184
Deposits	714,653	213,773
Other receivables	2,584,757	872,750
	<u>63,251,171</u>	<u>58,350,428</u>

At 30 June 2010, financial assets amounting to QR 319,517 were impaired (31 December 2009: QR 325,645).

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

	<i>30 June 2010 QR (Unaudited)</i>	<i>31 December 2009 QR (Audited)</i>
Balance at 1 January	325,645	4,396,552
Charge for the period/year	-	1,164,629
Recoveries during the period/year	(5,628)	(526,775)
Written off during the period/year	(500)	(4,708,761)
Balance at 30 June / 31 December 2009	<u>319,517</u>	<u>325,645</u>

### 8 LOANS AND BORROWINGS

During the period ended 30 June 2010, the Company borrowed QR 58.1 million. These loans have been obtained to finance the acquisition of motor vehicles and for financing capital projects. The loans carry financing costs at commercial rates. The loans are secured against motor vehicles and warehouse equipment.

### 9 TRADE PAYABLES AND ACCRUALS

	<i>30 June 2010 QR (Unaudited)</i>	<i>31 December 2009 QR (Audited)</i>
Trade payables	8,439,531	3,541,839
Accrued expenses and other payables	6,397,858	4,197,131
	<u>14,837,389</u>	<u>7,738,970</u>

# Gulf Warehousing Company (Q.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2010

### 10 BASIC AND DILUTED EARNINGS PER SHARE

	<i>30 June 2010 QR (Unaudited)</i>	<i>30 June 2009 QR (Unaudited)</i>
Profit for the period	<u>7,411,953</u>	<u>2,956,599</u>
Weighted average number of shares	<u>25,000,000</u>	<u>25,000,000</u>
<b>Basic and diluted earnings per share (QR)</b>	<u><u>0.30</u></u>	<u><u>0.12</u></u>

### 11 SOCIAL CONTRIBUTION

In accordance with Law No. 13 of 2008, the Company has paid an amount equivalent to 2.5% of the profits relating to the year ended 31 December 2009 for the support of sports, cultural and charitable activities.