

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

INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2006
TOGETHER WITH
ACCOUNTANTS' REVIEW REPORT

GULF WAREHOUSING COMPANY – Q.S.C
DOHA – QATAR
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2006

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QR. 32217

ACCOUNTANTS' REVIEW REPORT

The Shareholders

Gulf Warehousing Company – Q.S.C

Doha – Qatar

We have reviewed the accompanying interim condensed balance sheet of **Gulf Warehousing Company – Q.S.C.**, as of June 30, 2006 and the related interim condensed statements of income, changes in shareholders' equity and cash flows for the six month period then ended. These interim condensed financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with **International Standard on Review Engagements 2400** applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether these condensed interim financial statements are free of material misstatement. A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not presented fairly, in all material respects, in accordance with **International Financial Reporting Standards No. 34, "Interim Financial Reporting"**.

For Deloitte & Touche

**Doha – Qatar
July 25, 2006**

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

GULF WAREHOUSING COMPANY – Q.S.C.

DOHA – QATAR

INTERIM CONDENSED BALANCE SHEET

JUNE 30, 2006

<u>ASSETS</u>	Note	June 30, 2006 (Reviewed)	December 31, 2005 (Audited)
	-----	-----	-----
		QR.	QR.
Current Assets:			
Cash on hand and at banks	3	26,306,678	58,093,388
Accounts receivable, prepayments and other debit balances	4	11,816,523	7,418,438
Investments held for trading	5	8,357,233	8,046,814
Modaraba investment		--	11,500,000
		-----	-----
Total Current Assets		46,480,434	85,058,640
Available-for-Sale Investments	5	18,302,879	17,675,796
Property and Equipment	6	72,875,988	42,999,052
		-----	-----
Total Assets		137,659,301	145,733,488
		=====	=====

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, 2006

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Note	June 30, 2006 (Reviewed)	December 31, 2005 (Audited)
	-----	-----	-----
		QR.	QR.
Current Liabilities:			
Accounts payable		513,993	12,240,934
Accrued expenses and other credit balances		139,304	806,233
Current portion of term loan		618,689	--
		-----	-----
Total Current Liabilities		1,271,986	13,047,167
		-----	-----
Non-Current Liabilities:			
Term loan		2,643,487	--
Retention payable		5,062,989	3,222,380
Provision for employee's terminal benefits		73,297	45,121
		-----	-----
Total Non-Current Liabilities		7,779,773	3,267,501
		-----	-----
Shareholders' Equity:			
Share capital	7	130,000,000	120,000,000
Legal reserve		1,414,387	1,174,218
Fair value reserve		(924,594)	(1,873,358)
Proposed bonus shares issue		--	10,000,000
(Accumulated deficit) / retained earnings		(1,882,251)	117,960
		-----	-----
Total Shareholders' Equity		128,607,542	129,418,820
		-----	-----
Total Liabilities and Shareholders' Equity		137,659,301	145,733,488
		=====	=====

Mr. Faisal Mohammad Ghanem Al Sulaiti
Chairman

Mr. Abdul Rahman Saleh Al Khulaifi
General Manager

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, 2006

		<u>For the Six Month</u> <u>Period Ended</u> <u>June 30, 2006</u> <u>(Reviewed)</u> <u>QR.</u>	<u>For the Six Month</u> <u>Period Ended</u> <u>June 30, 2005</u> <u>(Reviewed)</u> <u>QR.</u>
Income:			
Investment income	8	904,251	3,672,980
Profit from bank deposits		498,877	831,850
Income from Modaraba arrangement		3,309,213	1,605,988
Unrealized gain on revaluation of trading investments		--	2,252,718
Other income		635,897	151,270
		-----	-----
Total Income		5,348,238	8,514,806
		-----	-----
Expenses:			
Rent expenses		(500,000)	(450,000)
Depreciation		(245,208)	(169,570)
General and administrative expenses		(3,889,528)	(1,519,044)
Unrealized loss on revaluation of trading investments		(1,643,558)	--
Loss from sale of investments		(1,070,155)	--
		-----	-----
Total Expenses		(7,348,449)	(2,138,614)
		-----	-----
Net (Loss) Income for the Period		(2,000,211)	6,376,192
		=====	=====
Earnings per share (adjusted for 2005 due to bonus share issue)	9	(0.15)	0.49
		=====	=====

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, 2006

	<u>For the Six Month</u> <u>Period Ended</u> <u>June 30, 2006</u> <u>(Reviewed)</u> <u>QR.</u>	<u>For the Six Month</u> <u>Period Ended</u> <u>June 30, 2005</u> <u>(Reviewed)</u> <u>QR.</u>
<u>Cash Flows from Operating Activities:</u>		
Net (loss) income for the period	(2,000,211)	6,376,192
Adjustments for:		
Depreciation	245,208	169,570
Unrealized loss (gain) on revaluation of trading investments	1,643,558	(2,252,718)
Provision for employee's terminal benefits	28,176	--
	-----	-----
	(83,269)	4,293,044
Accounts receivable, prepayments and other credit balances	(4,398,085)	(5,949,646)
Accounts payable	(11,726,941)	(1,031,086)
Accrued expenses and other credit balances	(666,929)	(6,457)
Advances received on Modaraba arrangement	--	(1,605,988)
Retention payable	1,840,609	--
	-----	-----
Net Cash (Used in) Operating Activities	(15,034,615)	(4,300,133)
	-----	-----
<u>Cash Flows from Investing Activities:</u>		
Net movement in investments	(1,632,296)	(7,462,776)
Modaraba investment	11,500,000	13,500,000
Acquisition of property and equipment	(30,122,144)	(3,567,747)
	-----	-----
Net Cash (Used in) Generated from Investing Activities	(20,254,440)	2,469,477
	-----	-----
<u>Cash Flows from Financing Activities:</u>		
Long-term loan	3,262,176	--
Proceeds from sale of unallocated bonus shares fractions	240,169	--
	-----	-----
Net Cash Generated From Financing Activities	3,502,345	--
	-----	-----
Net (decrease) in bank balances and cash	(31,786,710)	(1,830,656)
Cash on hand and at banks – beginning of the period	58,093,388	86,075,901
	-----	-----
Cash on Hand and at Banks – End of the Period	26,306,678	84,245,245
	=====	=====

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 PERIOD FROM JANUARY 1, 2006 TO JUNE 30, 2006

1. Status and Activities:

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

The Company specializes in providing warehousing services.

The Company has recently commenced its operations and plans to go on full operations when the construction of its operating warehouse facilities is fully completed before the end of the current year.

2. Significant Accounting Policies:

These interim condensed financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the financial statements for the period ended December 31, 2005 and should be read in conjunction with those financial statements and the notes attached thereto.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

3. Cash on Hand and at Banks:

	June 30, 2006 (Reviewed)	December 31, 2005 (Audited)
	QR.	QR.
Cash on hand	35,469	12,149
Current accounts	16,240,209	21,081,239
Fixed deposits	10,031,000	37,000,000
Total	26,306,678	58,093,388

4. Accounts Receivable, Prepayments and Other Debit Balances:

	June 30, 2006 (Reviewed)	December 31, 2005 (Audited)
	QR.	QR.
Advances to suppliers	9,995,942	6,194,389
Accounts receivables	81,270	--
Profit receivable from bank deposits	144,672	694,329
Prepaid expenses	622,095	85,000
Other receivables	972,544	444,720
	-----	-----
Total	11,816,523	7,418,438
	=====	=====

5. Investments:

	June 30, 2006 (Reviewed)	December 31, 2005 (Audited)
	QR.	QR.
Investments Held for Trading:		
Quoted shares	7,582,922	8,046,814
Unquoted shares	774,311	--
	-----	-----
Total	8,357,233	8,046,814
	=====	=====
Available for Sale:		
Quoted shares	14,262,879	15,635,796
Unquoted shares	4,040,000	2,040,000
	-----	-----
Total	18,302,879	17,675,796
	=====	=====

7. Share Capital:

The authorised, issued and fully paid share capital consists of 13,000,000 shares of QR.10 each.

The shareholders at the extraordinary general assembly held on March 6, 2006 approved to increase the Company's authorized share capital to QR.130,000,000 of QR.10 per share through distribution of 8.33% bonus shares (One share for every 12 shares held) by the existing shareholders amounting to QR.10,000,000.

In the same meeting, the shareholders also approved to increase the Company's authorized share capital to QR.250,000,000 by making a right share issue of QR.12,500,000 shares at QR.25 per share. The Company has not yet done this right issue.

8. Investment Income:

	<u>For the Six Month</u> <u>Period Ended</u> <u>June 30, 2006</u> <u>(Reviewed)</u> QR.	<u>For the Six Month</u> <u>Period Ended</u> <u>June 30, 2005</u> <u>(Reviewed)</u> QR.
Income from sale of trading investments	--	3,672,980
Dividend income	904,251	--
	-----	-----
Total	904,251	3,672,980
	=====	=====

9. Earnings Per Share:

Earnings per share are calculated by dividing the net income for the period by the weighted average number of ordinary shares outstanding during the period.

	<u>For the Six Month</u> <u>Period Ended</u> <u>June 30, 2006</u> <u>(Reviewed)</u> QR.	<u>For the Six Month</u> <u>Period Ended</u> <u>June 30, 2005</u> <u>(Reviewed)</u> QR.
Net (loss) income for the period	(2,000,211)	6,376,192
	=====	=====
Adjusted weighted average number of shares outstanding	13,000,000	13,000,000
	=====	=====
Earnings per share	(0.15)	0.49
	=====	=====

10. Comparative Figures:

Certain of the prior period figures have been reclassified to conform with the current period's presentation.

GULF WAREHOUSING COMPANY – Q.S.C.

DOHA – QATAR

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006

	Share Capital	Legal Reserve	Fair Value Reserve	Proposed Dividend	(Accumulated Deficit) / Retained Earnings	Total
	----- QR.	----- QR.	----- QR.	----- QR.	----- QR.	----- QR.
Balance – December 31, 2004 - (Audited)	120,000,000	297,518	--	--	2,677,666	122,975,184
Net income for the period	--	--	--	--	6,376,192	6,376,192
Transfer to legal reserve	--	637,619	--	--	(637,619)	--
	-----	-----	-----	-----	-----	-----
Balance - June 30, 2005 - (Reviewed)	120,000,000	935,137	--	--	8,416,239	129,351,376
	=====	=====	=====	=====	=====	=====
Balance – December 31, 2005 – (Audited)	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 - (Reviewed)	130,000,000	1,414,387	(924,594)	--	(1,882,251)	128,607,542
	=====	=====	=====	=====	=====	=====

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

6. Property and Equipment:

	Land	Office Equipment	Furniture and Fittings	Warehouse Equipment	Vehicles	Office Renovation	Capital Work-in- Progress	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Cost:								
January 1, 2006	8,167,353	477,083	304,135	155,692	428,800	528,314	33,447,397	43,508,774
Additions during the period	5,693,871	278,846	132,415	701,179	3,420,164	--	19,895,669	30,122,144
June 30, 2006	13,861,224	755,929	436,550	856,871	3,848,964	528,314	53,343,066	73,630,918
Depreciation:								
January 1, 2006	--	147,387	105,857	28,723	60,444	167,311	--	509,722
Charge for the period	--	89,820	41,331	18,347	42,880	52,830	--	245,208
June 30, 2006	--	237,207	147,188	47,070	103,324	220,141	--	754,930
Net Book Value:								
June 30, 2006 (Reviewed)	13,861,224	518,722	289,362	809,801	3,745,640	308,173	53,343,066	72,875,988
December 31, 2005 (Audited)	8,167,353	329,696	198,278	126,969	368,356	361,003	33,447,397	42,999,052
Rate of Depreciation	--	20%-30%	25%	20%	20%	20%	--	