

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

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**  
**TOGETHER WITH**  
**INDEPENDENT AUDITOR'S REPORT**

DRAFT

**GULF WAREHOUSING COMPANY – Q.S.C.**  
**DOHA - QATAR**  
**DECEMBER 31, 2006**

**TABLE OF CONTENTS**

Independent Auditors' Report	--
	<u>Page</u>
Balance Sheet	1
Statement of Income	2
Statement of Changes in Shareholders' Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 15

QR. 99 - 8

**INDEPENDENT AUDITORS' REPORT**

**To the Shareholders**

**Gulf Warehousing Company – Q.S.C.**

**Doha - Qatar**

**Report on the financial statements**

We have audited the accompanying financial statements of **Gulf Warehousing Company – Q.S.C (the “Company”)**, Doha - Qatar, which comprise of the balance sheet as at 31 December 2006 and the statements of income, changes in shareholders equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management’s responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor’s responsibility*

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company management's preparation and fair presentation of the 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 Company'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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of **Gulf Warehousing Company – Q.S.C**, Doha - Qatar as of 31 December 2006, and of 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**

Furthermore, in our opinion the financial statements provide the information required by law and the Company's Articles of Association. We are also of the opinion that proper books of account were maintained by the Company. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, no contraventions of the Law or the Company's Articles of Association were committed during the year which would materially affect the Company's activities or its financial position.

For **Deloitte & Touche**

**Doha - Qatar**  
**February 15, 2007**

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

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

**BALANCE SHEET**  
**AS OF DECEMBER 31, 2006**

<b><u>ASSETS</u></b>	<b>Note</b>	<b>2006</b>	<b>2005</b>
	-----	-----	-----
		<b>QR.</b>	<b>QR.</b>
<b>Non-Current Assets:</b>			
Property, plant and equipment	4	116,388,020	42,999,052
Available-for-sale investments	3	33,231,051	17,675,796
		-----	-----
<b>Total Non-Current Assets</b>		<b>149,619,071</b>	<b>60,674,848</b>
<b>Current Assets:</b>			
Accounts receivable-trade	5	10,538,795	380,327
Short-term advances, deposits, prepayments and other	6	5,437,800	7,038,111
Investments-held for trading	3	2,416,960	8,046,814
Investment property	7	--	11,500,000
Cash and cash equivalents	8	177,061,520	58,093,388
		-----	-----
<b>Total Current Assets</b>		<b>195,455,074</b>	<b>85,058,640</b>
		-----	-----
<b>Total Assets</b>		<b>345,074,145</b>	<b>145,733,488</b>
		=====	=====
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>			
<b>Non-Current Liabilities:</b>			
Retention payable		--	3,222,380
Provision for employees terminal benefits		96,992	45,121
Long-term loan	9	18,040,041	--
		-----	-----
<b>Total Non-Current Liabilities</b>		<b>18,137,033</b>	<b>3,267,501</b>
<b>Current Liabilities:</b>			
Accounts payable		813,193	12,240,934
Accruals, provisions and other credit balances		1,109,320	806,233
Current portion of long-term loan	9	9,189,398	--
Short-term retention payable		5,525,335	--
		-----	-----
<b>Total Current Liabilities</b>		<b>16,637,246</b>	<b>13,047,167</b>
<b>Shareholders' Equity:</b>			
Capital	10	250,000,000	120,000,000
Fair value reserve		(1,819,672)	(1,873,358)
Legal reserve	11	61,473,106	1,174,218
Proposed bonus shares		--	10,000,000
Retained earnings		646,432	117,960
		-----	-----
<b>Total Shareholders' Equity</b>		<b>310,299,866</b>	<b>129,418,820</b>
		-----	-----
<b>Total Liabilities and Shareholders' Equity</b>		<b>345,074,145</b>	<b>145,733,488</b>
		=====	=====

These financial statements were approved by the Board of Directors on March 5, 2007 and signed on its behalf by:

**Mr. Faisal Mohammad Ghanem Al Sulaiti**  
Chairman

**Mr. Abdul Rahman Saleh Al Khulaifi**  
General Manager

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

**INCOME STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Note	2006	For the period From March 8, 2004 (Date of inception) to December 31, 2005
	-----	-----	-----
		QR.	QR.
<b>Income:</b>			
Income from operations	12	9,482,592	--
Operating costs	12a	(7,623,193)	--
		-----	-----
<b>Gross Profit</b>		1,859,399	--
Investment income	13	5,143,058	13,778,274
Profit from bank deposits		2,713,562	4,263,030
Income from Modaraba arrangement	7	3,309,213	1,605,988
Other income		73,830	478,830
Pre-operating expenses		--	(1,158,793)
Depreciation expenses	4	(838,339)	(509,722)
General and administrative expenses	14	(8,998,310)	(5,952,425)
Loss on revaluation of securities	15	(2,675,222)	(763,004)
		-----	-----
<b>Net Income for the Year</b>		<b>587,191</b>	<b>11,742,178</b>
		=====	=====
Earnings per share (basic & diluted)	16	<b>0.04</b>	<b>0.90</b>
		=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS



**GULF WAREHOUSING COMPANY - O.S.C.**

**DOHA - QATAR**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Share Capital	Legal Reserve	Fair Value Reserve	Proposed Bonus Shares Issue	Retained Earnings	Total
	QR.	QR.	QR.	QR.	QR.	QR.
Capital contribution	120,000,000	--	--	--	--	120,000,000
Net income for the period	--	--	--	--	<b>11,742,178</b>	11,742,178
Transfer to legal reserve	--	1,174,218	--	--	<b>(1,174,218)</b>	--
Fair value reserve	--	--	(1,873,358)	--	--	(1,873,358)
Proposed bonus shares issue	--	--	--	10,000,000	(10,000,000)	--
Proposed Directors' remuneration	--	--	--	--	(450,000)	(450,000)
	-----	-----	-----	-----	-----	-----
Balance at December 31, 2005	<b>120,000,000</b>	<b>1,174,218</b>	<b>(1,873,358)</b>	<b>10,000,000</b>	<b>117,960</b>	<b>129,418,820</b>
Capital contribution	120,000,000	--	--	--	--	120,000,000
Transfer to share capital	10,000,000	--	--	(10,000,000)	--	--
Share premium allocated to legal reserve	--	60,000,000	--	--	--	60,000,000
Net income for the period	--	--	--	--	587,191	587,191
Transfer to legal reserve	--	58,719	--	--	(58,719)	--
Proceeds from sale of unallocated bonus shares fractions	--	240,169	--	--	--	240,169
Fair value reserve	--	--	53,686	--	--	53,686
	-----	-----	-----	-----	-----	-----
<b>Balance at December 31, 2006</b>	<b>250,000,000</b>	<b>61,473,106</b>	<b>(1,819,672)</b>	<b>--</b>	<b>646,432</b>	<b>310,299,866</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**GULF WAREHOUSING COMPANY - Q.S.C.**

**DOHA - QATAR**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>2006</b>	<b>2005</b>
	<b>QR.</b>	<b>QR.</b>
<b><u>Cash Flows from Operating Activities:</u></b>		
Net income for the period	587,191	11,742,178
Adjustments for:		
Depreciation of plant and equipment	3,247,500	509,722
Loss on revaluation of held for trading investments	2,675,222	763,004
Provision for employees end of service benefits	103,025	45,121
Profit from bank deposits	(2,713,562)	(4,263,030)
Profit on sale of Modaraba investment	(3,309,213)	--
	<b>590,163</b>	<b>8,796,995</b>
Accounts receivable	(10,158,468)	--
Accounts receivable, prepayments and other debit balances	1,600,311	(7,418,438)
Accounts payable	(11,427,741)	12,240,934
Accrued expenses and other credit balances	315,434	356,233
Retention payable	2,302,955	3,222,380
Payment of gratuity	(63,499)	--
<b>Net Cash (Used in) From Operating Activities</b>	<b>(16,840,845)</b>	<b>17,198,104</b>
<b><u>Cash Flows from Investing Activities:</u></b>		
Payments for investments	(17,831,310)	(28,358,972)
Proceeds from sale of investments	5,284,372	--
Proceeds from Modaraba investment	14,809,213	(11,500,000)
Payment for property and equipment	(47,209,523)	(43,508,774)
Profit from bank deposits	2,713,562	4,263,030
<b>Net Cash Used in Investing Activities</b>	<b>(42,233,686)</b>	<b>(79,104,716)</b>
<b><u>Cash Flows from Financing Activities:</u></b>		
Payments of long-term loan	(2,197,506)	--
Proceeds from capital contribution	120,000,000	120,000,000
Proceeds from share premium	60,000,000	--
Proceeds from issuance of fractional bonus shares	240,169	--
<b>Net Cash From Financing Activities</b>	<b>178,042,663</b>	<b>120,000,000</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>118,968,132</b>	<b>58,093,388</b>
Cash and Cash Equivalents – Beginning of the Year	58,093,388	--
<b>Cash and Cash Equivalents - End of the Year</b>	<b>177,061,520</b>	<b>58,093,388</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**1. General information**

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. Adoption of new and revised standards:**

During the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on January 1, 2006. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the company's accounting policies and has not affected the amounts reported for the current year.

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

Name of Standard / Interpretation	Effective for accounting periods beginning on or after;
New Standards:	
IFRS 7 - Financial Instruments - Disclosures	1 January 2007
Amendments to Standards:	
Amendment to IAS 1- Capital Disclosure	1 January 2007
New Interpretations:	
IFRIC 10 - Interim Financial Reporting and Impairment	1 November 2006
IFRIC 11 - IFRS 2 - Group and Treasury Share Transactions	1 March 2007

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

## **2. Significant Accounting Policies:**

### **Statement of compliance**

The financial statements have been prepared in accordance with **International Financial Reporting Standard**.

### **Basis of preparation**

The financial statements have been prepared on the historical cost basis except for the measurement at fair value of financial instruments.

The principal accounting policies are set out below.

### **Revenue recognition**

#### Service Revenue

Revenue is recognized as and when the services are rendered to the customers

#### Dividend Income

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

#### Profit on Time Deposits and Saving Accounts

Profit is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

### **Available-for-sale investments**

Available-for-sale investments are financial assets that are not held for trading or held to maturity.

Available-for-sale investments are initially measured at cost. After initial recognition, investments which are classified as "available-for-sale" are re-measured and recognized at fair value when the market price can be accurately assessed. The unrealised gains and losses resulting from the difference between the carrying amounts and the fair values are reported as a separate component of equity under valuation reserves until the investments are sold, collected or otherwise disposed of, or the investments are determined to be permanently the impaired, at which time the cumulative gain or loss previously reported in equity or any additional impairment losses which are not accounted for in the valuation reserves are included in the statement of income.

Investments where the fair market price is not available are measured at cost, including transaction costs less any impairment losses.

## **Investments – held for trading**

Investments – held for trading are initially measured at cost. At subsequent reporting dates, the investments are re-measured at fair value based on quoted market prices at that date. Unrealized gains and losses are recognized in the statement of income.

## **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

## **Property, plant and equipment**

Property and equipment are stated at cost less accumulated depreciation, less accumulated impairment. Depreciation is provided on a straight line basis except for freehold land which is determined to have an indefinite life. The rates of depreciation are based upon the estimated useful lives of the assets.

## **Impairment**

An assessment is made at each balance sheet date to determine whether there is objective evidence that an asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying amount. Impairment losses are recognized in the statement of income.

## **Foreign currencies**

Foreign currency transactions are recorded in Qatari Riyals at the rates of exchange prevailing at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Qatari Riyals at the rate of exchange prevailing at the end of the period. The resultant exchange differences are included in the statement of income.

## **Financial instruments**

### ***Financial assets***

The Company's principal financial assets include bank balances and cash, investments and accounts receivable and other debit balances. The financial assets are stated at their nominal value except for equity investments which are stated at fair value.

### ***Financial Liabilities***

Significant financial liabilities include accounts payable, accrued expenses and other credit balances and retention payable which are stated at their nominal value.

#### **Provisions:**

Provisions are recognised when the Company has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

#### **Employee's terminal benefits**

Provision is made for amounts payable in respect of employees terminal benefits based on Qatar Labour Law and is calculated using the employees' salary and period of service at the balance sheet date.

The Company makes contribution of 10% of salaries paid to Qatari employees to a special pension fund created for Qatari employees by the State of Qatar.

#### **3. Investments:**

##### **Investments – held for trading**

	<b>2006</b>	<b>2005</b>
	<b>QR.</b>	<b>QR.</b>
Balance as at January 1, 2006	8,046,814	8,809,818
Investments sold during the year	(3,166,958)	--
Mark to market adjustment	(2,462,896)	(763,004)
<b>Total</b>	<b>2,416,960</b>	<b>8,046,814</b>

##### **Available-for-Sale:**

Balance as at January 1, 2006	17,675,796	15,436,029
Investments sold during the year	(2,329,740)	--
Fair value reserve for quoted shares	53,686	(1,873,358)
Unquoted local companies shares – at cost	17,831,309	4,113,125
<b>Total</b>	<b>33,231,051</b>	<b>17,675,796</b>

## **5. Accounts Receivable-trade**

The Company started operations in October 2006 and the balance of accounts receivable represents the sale activities for the last three months of the year. The average credit period on sale of goods is 75 days. No interest is charged on balances not paid after the average credit period.

## **6. Short-Term Advances, Prepayments and Other Receivables:**

	<u>2006</u>	<u>2005</u>
	<u>QR.</u>	<u>QR.</u>
Advances	2,608,752	6,194,389
Prepayments	651,726	85,000
Profit receivable from fixed deposits	1,867,193	694,329
Other receivables	310,129	64,393
<b>Total</b>	<b><u>5,437,800</u></b>	<b><u>7,038,111</u></b>

## **7. Modaraba Investment:**

This represents a Modaraba arrangement under a joint venture with Al- Saif to purchase land.

The Modaraba arrangement ended during the year with a net income of QR. 3,309,213.

## **8. Cash and Bank Balances:**

	<u>2006</u>	<u>2005</u>
	<u>QR.</u>	<u>QR.</u>
Cash on hand	13,355	12,149
Current accounts	7,836,748	21,081,239
Fixed deposits	169,211,417	37,000,000
<b>Total</b>	<b><u>177,061,520</u></b>	<b><u>58,093,388</u></b>

Fixed deposits are short-term in nature, with effective interest rates ranging from 5.02% to 5.50%, and have maturity dates up to 90 days.

**9. Notes Payable – Current and Non-Current:**

	<u>Minimum Payments</u>	<u>Present Value of Minimum Payments</u>
	<u>December 31,</u> <u>2006</u> <u>QR.</u>	<u>December 31,</u> <u>2006</u> <u>QR.</u>
2007	9,591,727	9,189,398
2008	10,272,581	9,555,889
2009	5,825,816	5,041,268
2010	3,476,130	2,078,149
2011	1,822,561	1,364,735
	-----	-----
Less finance charges	(3,759,376)	
	-----	
<b>Present value of minimum payments</b>	<b><u>27,229,439</u></b>	<b><u>27,229,439</u></b>

During the current year, the Company purchased vehicles using bank facilities from various banks. Total facility was Q.R 33,186,321 in which Q.R 2,197,506 has been paid during the current year. The present value of the total amount outstanding was calculated using a discount rate of 7.5% which is the borrowing rate of the Company.

Total present value of the long term portion of the loan is QR. 18,040,041.

The net book value of the vehicles and the loan were adjusted for finance charges in the amount of Q.R 3,759,376.

**10. Share Capital:**

	<u>2006</u>	<u>2005</u>
	----- <u>QR.</u>	----- <u>QR.</u>
Authorized, issued, fully and paid up share capital of 25,000,000 shares of QR. 10 each (2005: 120,000 shares of QR. 10 each)	<u>250,000,000</u>	<u>120,000,000</u>

The shareholders at the extraordinary general assembly, held on March 6, 2006 approved to increase the company's share capital to QR. 250,000,000 through distribution of 8.33% bonus shares (one for every 12 shares held) of the existing shareholders amounting to QR. 10,000,000 and QR. 12,000,000 shares by cash contribution.

**11. Legal Reserve:**



In accordance with the Qatar Commercial Companies' Law No. 5 of 2002, 10% of net income for the period is to be transferred to legal reserve. This reserve is to be maintained until the reserve equals 50% of the paid-up capital and is not available for distribution except in circumstances specified in the Qatar Commercial Companies Law.

The Company had a premium of QR. 60 million from the issuance of 12,000,000 shares at a premium of QR. 5 each. This premium was allocated to legal reserve as stipulated by article 192 of the Companies Law (5) of 2002.

	<u>2006</u>	<u>2005</u>
	<u>QR.</u>	<u>QR.</u>
Legal reserve	1,473,106	1,174,218
Premium from issuance of shares	60,000,000	--
	<u><b>61,473,106</b></u>	<u><b>1,174,218</b></u>

**12. Income from Operations:**

	<u>2006</u>	<u>2005</u>
	<u>QR.</u>	<u>QR.</u>
Warehouse storage and handling charges	5,859,305	--
Container haulage charges	647,960	--
General cargo transportation charges	2,093,372	--
Freight forwarding income	355,755	--
Outsourcing contracts income	526,200	--
	<u><b>9,482,592</b></u>	<u>--</u>

**12a. Operating costs:**

	<u>2006</u>	<u>2005</u>
	<u>QR.</u>	<u>QR.</u>
Staff salaries and benefits	3,098,621	--
Water and electricity	325,617	--
Warehouse rental charges	600,000	--
Depreciation	2,409,161	--
Traveling expenses	791,844	--
Other general expenses	397,950	--
	<u><b>7,623,193</b></u>	<u>--</u>

**13. Investment Income:**

<u>2006</u>	<u>2005</u>
-------------	-------------

	----- QR. -----	----- QR. -----
Gain from sale of land held as investment property	4,438,828	1,426,796
Gain from sale of investments.	704,230	12,351,478
	----- <b>5,143,058</b> =====	----- <b>13,778,274</b> =====

**14. General and Administrative Expenses:**

	----- 2006 ----- QR. -----	----- 2005 ----- QR. -----
Staff salaries and benefits	3,263,993	3,493,037
License and registration fees	351,409	245,271
Communication and postage	212,331	96,825
Office rent	854,337	633,333
Warehouse rent	340,703	550,000
Water and electricity	--	35,456
Repair, maintenance and insurance	671,432	52,277
Donations	--	60,000
Travelling expenses	104,228	95,659
Legal and professional fees	655,332	451,900
Printing and stationery	156,388	26,156
Advertisements	651,711	102,393
Other general expenses	702,791	110,118
Staff recruitment and training expenses	1,033,655	--
<b>Total</b>	----- <b>8,998,310</b> =====	----- <b>5,952,425</b> =====

**15. Loss on Revaluation of Securities:**

	----- 2006 ----- QR. -----	----- 2005 ----- QR. -----
Mark to market value adjustment	2,462,896	763,004
Realized loss on available-for-sale investments	212,326	--
	----- <b>2,675,222</b> =====	----- <b>763,004</b> =====

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**4. Property, plant and equipments:**

	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.
<b>Cost:</b>										
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 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	1,755,468	1,108,585	2,636,388	33,751,184	560,739	9,729,325	120,145,242
<b>Depreciation:</b>										
January 1, 2006	--	--	--	147,387	105,857	28,723	60,444	167,311	--	509,722
Charge for the period	--	478,491	418,104	342,034	162,127	143,022	1,597,352	106,370	--	3,247,500
December 31, 2006	--	478,491	418,104	489,421	267,984	171,745	1,657,796	273,681	--	3,757,222
<b>Net Book Value:</b>										
December 31, 2006	8,167,353	56,940,452	4,599,153	1,266,047	840,601	2,464,643	32,093,388	287,058	9,729,325	116,388,020
December 31, 2005	8,167,353	--	--	329,696	198,278	126,969	368,356	361,003	33,447,397	42,999,052
Rate of Depreciation		5%	20%	20%-30%	25%	20%	12%	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 June 2007.

a) Depreciation for the year of 2006 amounted to QR. 3,247,500 in which QR. 2,409,161 has been charged to the operating costs and QR. 838,339 to general administrative expenses.

## **16. Earnings per share:**

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

	<b><u>For the year ended</u></b> <b><u>December 31, 2006</u></b> <b><u>QR.</u></b>	<b><u>For the period</u></b> <b><u>From March 8, 2004</u></b> <b><u>(Date of Inception)</u></b> <b><u>to December 31, 2005</u></b> <b><u>QR.</u></b>
Net income	587,191	11,742,178
Weighted average number of shares	15,564,384	13,000,000
Earnings per share (basic & diluted)	0.04	0.90

The prior period weighted average number of shares was adjusted for 1,000,000 bonus shares issued during the current year. As a result, prior period earnings per share was changed from 0.98 to 0.90

## **17. Related Party Transactions:**

### **Compensation of key management personnel**

	<b><u>December 31,</u></b> <b><u>2006</u></b> <b><u>QR.</u></b>	<b><u>For the Period From</u></b> <b><u>March 8, 2004</u></b> <b><u>(Date of Commencement)</u></b> <b><u>To December 31, 2005</u></b> <b><u>QR.</u></b>
Short-term benefits	186,522	2,049,178
Post employment benefits	6,345,227	102,431
Total	6,531,749	2,151,609

In addition to the above amounts the board of directors' are also given remuneration subject to shareholders' approval as disclosed in the statement of changes in shareholders' equity.

## **18. Segment Information:**

For management purpose, the Company is organised into one primary segment and operates in the State of Qatar.

## **19. Financial Instruments and Management Risk:**

Financial instruments represent both financial assets and liabilities. The significant accounting policies for assets and liabilities are disclosed in Note (3) to the financial statements.

### ***a. Currency Risk:***

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates. However, the Company is not exposed to such risk because there were no foreign currency transactions during the year.

### ***b. Credit Risk:***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company deposits its cash and revenue collected in credit worthy and reputable institutions. Credit risk relating to receivables is limited as it is spread over a large number of customers. Furthermore, the Company obtains appropriate securities.

### ***c. Liquidity Risk***

Represent the risk that the Company will not be able to settle its financial obligations due to cash and liquidity problem. Liquidity risk arises from the inability to collect instalments from its customers on financing activities or pay as and when they become due. Management confirms that cash and liquidity sources are sufficiently available to cover future obligations of the Company.

## **20. Critical Judgements in Applying Accounting Policies**

The following are the critical judgements that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

### **Classification of investments**

Financial assets could be classified either as available for sale investments, held-to-maturity investments, or at fair value through profit or loss account.

The Company's management has decided to account its investments as available for sale investments and fair value through profit or loss.

## **21. Comparative Figures:**

Certain of the prior period figures have reclassified, where necessary, to conform with the current year's presentation.