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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2007
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

GULF WAREHOUSING COMPANY – Q.S.C.
DOHA - QATAR
DECEMBER 31, 2007

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QR. 32217

INDEPENDENT AUDITOR'S 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 2007 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 2007, 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 might materially affect the Company's activities or its financial position.

For **Deloitte & Touche**

Doha - Qatar
January 31, 2008

Muhammad Bahemia
License No. 103

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

BALANCE SHEET
AS OF DECEMBER 31, 2007

ASSETS	Note	2007	2006
Current Assets:		**QR.**	**QR.**
Cash and cash equivalents	**4**	85,795,028	177,061,520
Accounts receivable-trade	**5**	17,651,912	10,538,795
Short-term advances, prepayments and other receivables	**6**	19,741,854	5,437,799
Investments at fair value through profit or loss	**7 (a)**	--	2,416,960
Total Current Assets		**123,188,794**	**195,455,074**
Non-Current Assets:			
Property, plant and equipment	**9**	264,539,788	116,388,020
Available-for-sale investments	**7 (b)**	21,606,810	33,231,051
Investment in associate	**8**	15,392,730	--
Total Non-Current Assets		**301,539,328**	**149,619,071**
Total Assets		**424,728,122**	**345,074,145**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable		3,476,683	813,193
Accruals, provisions and other credit balances		2,897,511	1,109,320
Current portion of long-term loan	**10**	27,450,426	9,189,398
Short-term retention payable		6,024,138	5,525,335
Total Current Liabilities		**39,848,758**	**16,637,246**
Non-Current Liabilities:			
Provision for employees terminal benefits	**11**	591,286	96,992
Long-term loan	**10**	69,323,392	18,040,041
Total Non-Current Liabilities		**69,914,678**	**18,137,033**
Total Liabilities		**109,763,436**	**34,774,279**
Shareholders' Equity:			
Capital	**12**	250,000,000	250,000,000
Legal reserve	**13**	61,757,621	61,473,106
Fair value reserve		--	(1,819,672)
Retained earnings		3,207,065	646,432
Total Shareholders' Equity		**314,964,686**	**310,299,866**
Total Liabilities and Shareholders' Equity		**424,728,122**	**345,074,145**

These financial statements were approved by the Board of Directors on January 31, 2008 and signed on its behalf by:

Mr. Faisal Mohammad Ghanem Al Sulaiti	**Mr. James Walsh**
Chairman	**General Manager**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2007

	Note	2007	2006
		QR.	QR.
Revenue:			
Operating revenue	**14**	45,397,104	9,482,592
Operating costs	**14a**	(31,366,404)	(7,623,193)
Gross Profit		**14,030,700**	**1,859,399**
Investment revenue	**15**	7,419,846	6,096,605
Profit on sale of property and equipment		1,267,242	--
Gain on sale of land		--	4,438,828
Net gain from sale of investments		4,703,236	491,904
Expenses:			
Depreciation	**9**	(1,014,585)	(838,339)
General and administrative	**16**	(20,172,905)	(8,998,310)
Share of loss in associate	**8**	(143,950)	--
Change in fair value of held for trading investment		--	(2,462,896)
Interest expense		(3,244,436)	--
Net Income for the Year		**2,845,148**	**587,191**
Earnings per share (basic & diluted)	**17**	**0.11**	**0.02**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007

	Share Capital	Legal Reserve	Fair Value Reserve	Proposed Bonus Shares Issue	Retained Earnings	Total
	QR.	QR.	QR.	QR.	QR.	QR.
Balance at January 1, 2006	**120,000,000**	**1,174,218**	**(1,873,358)**	**10,000,000**	**117,960**	**129,418,820**
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 year	--	--	--	--	587,191	587,191
Transfer to legal reserve	--	58,719	--	--	(58,719)	--
Proceeds from sale of unallocated bonus shares fractions	--	240,169	--	--	--	240,169
Net movement in fair value reserve	--	--	53,686	--	--	53,686
Balance at January 1, 2007	**250,000,000**	**61,473,106**	**(1,819,672)**		**646,432**	**310,299,866**
Net income for the year	--	--	--	--	2,845,148	2,845,148
Transfer to legal reserve	--	284,515	--	--	(284,515)	--
Transferred to income statement	--	--	1,819,672	--	--	1,819,672
Balance at December 31, 2007	**250,000,000**	**61,757,621**	**--**	**--**	**3,207,065**	**314,964,686**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007	2006
	QR.	QR.
Cash Flows from Operating Activities:		
Net income for the year	2,845,148	587,191
Adjustments for:		
Depreciation of property, plant and equipment	12,273,869	3,247,500
Provision for bad debts	1,118,246	--
Loss on revaluation of held for trading investments	--	2,462,896
Gain on sale of investments	(4,703,236)	--
Share of loss from associate	143,950	--
Profit from sale of property and equipment	(1,267,242)	--
Dividend received	(1,163,028)	--
Interest charged	3,244,436	--
Provision for employees end of service benefits	665,405	115,370
Profit from bank deposits	(6,109,982)	(2,713,562)
Profit on sale of Modaraba investment	--	(3,309,213)
	7,047,566	**390,182**
Accounts receivable	(8,231,363)	(10,158,468)
Short term advances, prepayments and other debit balances	(14,304,055)	1,600,312
Accounts payable	2,663,490	(11,427,741)
Accrued expenses and other credit balances	1,788,191	303,087
Retention payable	498,803	2,302,955
Cash Used in Operating Activities	**(10,537,368)**	**(16,989,673)**
Employees' end of service benefits paid	(171,111)	(63,499)
Net Cash Used in Operating Activities	**(10,708,479)**	**(17,053,172)**
Cash Flows from Investing Activities:		
Net movement of investments	(19,312,181)	(17,618,983)
Proceeds from sale of investments	24,339,610	5,284,372
Proceeds from Modaraba investment	--	14,809,213
Acquisition of property and equipment	(158,554,896)	(47,209,523)
Proceeds from sale of property and equipment	1,503,951	--
Dividend received	1,163,028	--
Profit from bank deposits received	6,109,982	2,713,562
Net Cash Used in Investing Activities	**(144,750,506)**	**(42,021,359)**
Cash Flows from Financing Activities:		
Net movement in loan	64,192,493	(2,197,506)
Proceeds from capital contribution	--	120,000,000
Proceeds from share premium	--	60,000,000
Proceeds from issuance of fractional bonus shares	--	240,169
Net Cash From Financing Activities	**64,192,493**	**178,042,663**
Net (Decrease) Increase in Cash and Cash Equivalents	**(91,266,492)**	**118,968,132**
Cash and Cash Equivalents – Beginning of the Year	177,061,520	58,093,388
Cash and Cash Equivalents - End of the Year	**85,795,028**	**177,061,520**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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.

2.1 Standards and Interpretations Effective in the Current Year:

In the current year, the Company has adopted IFRS 7 Financial Instruments: Disclosures which are effective for annual reporting periods beginning on or after January 1, 2007, and the consequential amendments to *IAS 1 Presentation of Financial Statements*.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Company's financial instruments and management of capital.

Four Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. These are: IFRIC 7 *Applying the Restatement Approach under* IAS 29, *Financial Reporting in Hyperinflationary Economies*; IFRIC 8 Scope of IFRS 2; IFRIC 9 *Reassessment of Embedded Derivatives*; and IFRIC 10 *Interim Financial Reporting and Impairment*. The adoption of these Interpretations has not led to changes in the Company's accounting policies.

2.2 Standards and Interpretations in Issue Not Yet Adopted:

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

Amendments to standards:	
IAS 23 (Revised)	Borrowing Costs (effective on or after January 1, 2009);
IAS 1	Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income (effective for accounting periods beginning on or after 1 January 2009);
New standard:	
IFRS 8	Operating Segments (effective for accounting periods beginning on or after January 1, 2009);

<u>2.2 Standards and Interpretations in Issue Not Yet Adopted: (Continued):</u>

New interpretation

IFRIC 11	IFRS 2: *Group and Treasury Share Transactions* (effective March 1, 2007);
IFRIC 12	*Service Concession Arrangements* (effective January 1, 2008);
IFRIC 13	Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008)
IFRIC 14	IAS 19 – *The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction* (effective January 1, 2008).

Management anticipates that all of the above standard and interpretations as applicable will be adopted in the Company's financial statements in future period and that the adoption of those Interpretations and Standards will have no material impact on the financial statements of the Company in the period of initial application.

<u>3. Basis of Preparation and Significant Accounting Policies:</u>

Basis of Preparation

The financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair value.

The financial statements are presented in Qatari Riyals, which is the Company's functional and presentation currency. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

Significant Accounting Policies:

<u>Revenue recognition</u>

<u>Service revenue</u>

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

<u>Investment income</u>

Investment income is accounted for on an accrual basis when the right to receive the income is established.

3. Significant Accounting Policies (Continued):

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances with original maturities of less than three months.

Accounts receivable

Accounts receivable are stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Available-for-sale investments

Available-for-sale investments are those that are designated as available-for-sale and intended to be held for an indefinite period of time.

Available-for-sale investments are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition.

Available-for-sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

The fair value of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the fair value is established using valuation techniques. These include the use of recent arms length transactions, discounted cash flow analysis, and other valuation techniques commonly used by market participants.

The Company assesses at each balance sheet date whether there is objective evidence that available-for-sale investments are impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. When there is objective evidence that are available-for-sale investment is impaired the cumulative loss that has been recognised directly in equity is removed from equity and recognised in profit or loss.

Available-for-sale (continued):

Due to the nature of cash flows arising from Company's unquoted investments, the fair value of these investments cannot be reliably measured. Consequently, these investments are carried at cost less provision for impairment losses, if any.

Investments at fair value through profit or loss

Investments classified as trading securities in these financial statements are included in the category trading securities. Investments are classified as trading securities if they are acquired for the purpose of selling in the near term. These investments are subsequently remeasured at fair value. All related unrealised gains or losses are included in the income statement. Interest earned or dividends received are included in interest and dividend income respectively.

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. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets.

Capital work-in-progress is carried at cost. Cost includes cost of construction work. Upon the completion of the work, the balance of capital work-in-progress will be transferred to the respective asset category, under property and equipment.

Leases

Leases where the Company as a lessee does not retain substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Impairment of tangible assets

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of tangible assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognized.

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 year. The resultant exchange differences are included in the statement of income.

Accounts payable and other credit balances

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not

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.

Interest bearing loans

Interest bearing loans are recognized initially at fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, interest bearing loans and borrowings are measured at amortized cost using the effective interest method, with any differences between the cost and final settlement values being recognized in the income statement over the period of borrowings. Instalments due within one year at amortised cost are shown as a current liability.

Investment in associates

The Company's investment in its associate is accounted for under the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in associate is carried in the balance sheet at cost plus post acquisition changes in the Company's share of net assets of the associate, less any impairment in value. The income statement reflects the Company's share of the results of its associates. Unrealised profits and losses resulting from transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate.

Impairment and uncollectability of financial assets:

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the income statement. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value;
(b) For assets carried at cost, impairment is the difference between cost and the present value of future estimated cash flows discounted at the current market rate of return for a similar financial asset.
(c) For assets carried at amortised cost, impairment in the difference between the carrying amount and the present value of estimated cash flows discounted at the financial assets' original effective interest rate.

4. Cash and Cash Equivalents:

	December 31, 2007	December 31, 2006
	QR.	**QR.**
Cash on hand	112,911	13,355
Current accounts	23,419,411	7,836,748
Fixed deposits	62,262,706	169,211,417
Total	**85,795,028**	**177,061,520**

Fixed deposits earn profit rates ranging from 3.25% to 4.25%, and have maturity dates up to 90 days.

5. Accounts Receivable-Trade:

	December 31, 2007	December 31, 2006
	QR.	**QR.**
Trade accounts receivable	18,770,158	10,538,795
Less: Provision for doubtful debts	(1,118,246)	--
Net	**17,651,912**	**10,538,795**

The average credit period for sale of goods and rendering services is 60 to 90days. No interest is charged on the overdue trade receivables. The Company has provided for doubtful debts on its receivables based on management's historical experience.

As at December 31, 2007 the ageing of trade receivables and movement in the provision for doubtful debts are as follows:

(i) Ageing of neither past due nor impaired

	December 31, 2007	December 31, 2006
	QR.	QR.
Less than 90 days	10,993,972	8,326,339

(ii) Ageing of past due

	December 31, 2007	December 31, 2006
	QR.	QR.
91-120 days	1,424,652	2,212,456
121-180 days	1,521,042	-
181-365 days	4,542,712	-
Total	**7,488,406**	**2,212,456**

(iii) Ageing of impaired trade receivables

	December 31, 2007	December 31, 2006
	QR.	QR.
More than 365 days	287,780	--

(iv) Movement in the provision of doubtful debts:

	December 31, 2007	December 31, 2006
	QR.	QR.
Balance at the beginning of the year	--	--
Additional provision during the year	1,118,246	--
Balance at end of the year	**1,118,246**	**--**

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

December

	31, 2007	2006
	QR.	QR.
Advances	6,653,639	2,608,752
Prepayments	1,968,738	651,726
Profit receivable from fixed deposits	1,562,299	1,867,193
Other receivables	9,557,178	310,128
Total	**19,741,854**	**5,437,799**

7. Investments:

7a. Investments – investments at fair value through profit or loss:

	2007	2006
	QR.	QR.
Balance at the beginning of the year	2,416,960	8,046,814
Investments sold during the year	(2,416,960)	(3,166,958)
Change in fair value	--	(2,462,896)
Balance at the end of the year	--	**2,416,960**

7b. Available-for-sale investments:

	2007	2006
Quoted:	QR.	QR.
Balance at the beginning of the year	15,399,742	17,675,796
Investments sold during the year	(15,399,742)	(2,329,740)
Fair value reserve for quoted shares	--	53,686
Balance at the end of the year	--	**15,399,742**
Unquoted	**21,606,810**	**17,831,309**
Total Available-for-Sale	**21,606,810**	**33,231,051**

8. Investment in an Associate:

The Company has the following investment in an associate:

Name of Entity	Country of Incorporation	Percentage of Interest	2007 QR.	2006 QR.
Almadina Logistics	Oman	20%	15,392,730	--

The following table illustrates summarised financial information of the Company's investment in the associate.

	2007 QR.	2006 QR.
Current assets	35,271,270	--
Non-current assets	44,446,790	--
Current liabilities	(437,810)	--
Net assets	79,280,250	--
Total Revenue	**1,999,810**	**--**
Loss for the year	**719,750**	**--**
Company Share of Loss of Associate	**143,950**	**--**

These figures are based on unaudited financials of the investee.

9. Property, Plant and Equipments:

	Land	Infrastructure Development	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.	QR.
Cost:											
January 1, 2007	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
Additions during the year	--	6,104,978	3,060,115	--	2,751,217	195,474	1,522,410	27,972,331	--	119,055,821	160,662,346
Disposals during the year	--	--	--	--	(10,000)	(287,394)	--	--	(560,739)	--	(858,133)
December 31, 2007	8,167,353	6,104,978	60,479,058	5,017,257	4,496,685	1,016,665	4,158,798	61,723,515	--	128,785,146	279,949,455
Depreciation:											
January 1, 2007	--	--	478,491	418,104	489,421	267,984	171,745	1,657,796	273,681	--	3,757,222
Charge for the year	--	162,799	2,995,370	1,003,451	884,794	301,832	685,882	6,136,939	102,802	--	12,273,869
Disposals for the year	--	--	--	--	(4,400)	(240,541)	--	--	(376,483)	--	(621,424)
December 31, 2007	--	162,799	3,473,861	1,421,555	1,369,815	329,275	857,627	7,794,735	--	--	15,409,667
Net Book Value:											
December 31, 2007	8,167,353	5,942,179	57,005,197	3,595,702	3,126,870	687,390	3,301,171	53,928,780	--	128,785,146	264,539,788
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
Rate of Depreciation	--	4%	5%	20%	20%-30%	25%	20%	12.50%-20%	20%	--	

* The work in progress as of December 31, 2007 represents amounts paid for project work relating to construction of warehouses and facilities and related vehicles and equipment.

Depreciation for the year amounted to QR. 12,273,869 in which QR. 11,259,284 has been charged to operating costs and QR. 1,014,585 to general and administrative expenses.

10. Interest Bearing Loans:

Included in the financial statements as:

	December 31, 2007	2006
	QR.	QR.
Current portion of long-term loan (payable within 1 year)	27,450,426	9,189,398
Long-term loan (payable within 2 to 5 years)	69,323,392	18,040,041
	96,773,818	**27,229,439**

These loans have been taken from local financial institutions mainly to finance the acquisition of vehicles. The loans carry effective profit rates ranging between 7% to 11%. The loans are secured by the vehicles of the Company.

11. Employees' End of Service Benefits:

	2007	2006
	QR.	QR.
Balance at beginning of the year	96,992	45,121
Expenses recognised during the year	665,405	115,370
Benefits paid during the year	(171,111)	(63,499)
Balance at End of the Year	**591,286**	**96,992**

12. Share Capital:

	December 31, 2007	2006
	QR.	QR.
Authorized, issued, fully and paid up share capital of 25,000,000 shares of QR. 10 each	250,000,000	250,000,000

13. Legal Reserve:

In accordance with the Qatar Commercial Companies' Law No. 5 of 2002, 10% of net income for the year 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.

14. Operations Revenue:

	For the Year Ended December 31, 2007	2006
	QR.	QR.
Warehouse storage and handling charges	24,609,604	5,859,305
Container haulage charges	6,309,616	647,960
General cargo transportation charges	9,864,879	2,093,372
Freight forwarding income	3,115,561	355,755
Outsourcing contracts income	1,497,444	526,200
Total	**45,397,104**	**9,482,592**

14a. Operating Costs:

	For the Year Ended December 31, 2007	2006
	QR.	QR.
Staff salaries and benefits	10,090,190	3,098,621
Water and electricity	1,001,630	325,617
Warehouse rental charges	756,000	600,000
Depreciation	11,259,284	2,409,161
Traveling expenses	129,130	791,844
Other general expenses	8,130,170	397,950
Total	**31,366,404**	**7,623,193**

15. Investment Revenue:

	For the Year Ended December 31, 2007	2006
	QR.	QR.
Dividend received	1,163,028	--
Profit from bank deposits	6,109,982	2,713,562
Income from Modaraba arrangement	--	3,309,213
Others	146,836	73,830
Total	**7,419,846**	**6,096,605**

16. General and Administrative Expenses:

	For the Year Ended December 31, 2007	2006
	QR.	QR.
Staff salaries and benefits	4,969,795	3,263,993
License and registration fees	518,051	351,409
Communication and postage	525,734	212,331
Office rent	380,645	854,337
Warehouse rent	504,000	340,703
Water and electricity	250,407	--
Repair, maintenance and insurance	2,118,445	671,432
Donations	85,250	--
Travelling expenses	129,130	104,228
Legal and professional fees	1,414,972	655,332
Printing and stationery	131,586	156,388
Advertisements	1,959,495	651,711
Other general expenses	6,434,583	702,791
Staff recruitment and training expenses	750,812	1,033,655
Total	**20,172,905**	**8,998,310**

17. Earnings per Share:

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

	For the Year Ended December 31, 2007	2006
	QR.	QR.
Net income	2,845,148	587,191
Weighted average number of shares	25,000,000	25,000,000
Earnings per share (basic & diluted)	**0.11**	**0.02**

18. Related Party Transactions:

Compensation of key management personnel

	For the Year Ended December 31, 2007 QR.	2006 QR.
Short-term benefits	819,000	730,000
Post employment benefits	332,000	293,500
Total	**1,151,000**	**1,023,500**

There is no board remuneration for both years.

19. Segment Information:

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

20. Financial Instruments:

Financial instruments comprise financial assets and financial liabilities.

The Company's principal financial assets include cash and bank balances, investments and accounts receivable.

Significant financial liabilities include accounts payable, loans and retention payable.

Fair Value of Financial Instruments

Trading and available-for-sale investments which are quoted are carried at fair value which is based on quoted market prices of securities. The fair value of other financial instruments approximates their carrying value.

Financial Risk Management

The activities of the Company expose it to routine financial risks, including the effects of defaults by customers, movement in interest rates and liquidity. The Company management seeks to minimise potential adverse effects on the financial performance of the Company by taking appropriate steps to address specific risk management areas, such as credit risk, interest rate risk, and liquidity management.

Interest Rate Risk Exposures:

The Company is not exposed to interest or profit rate risk as it borrows funds at fixed profit rates.

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 has no significant exposure to such risk because these foreign currency transactions during the year were not significant.

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 has adopted a policy of only dealing with creditworthy counterparties. 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.

Liquidity Risk:

Prudent liquidity management implies maintaining sufficient funding to enable the business of the Company to continue without disruption. In accordance with prudent liquidity risk management, the management of the Company aims to maintain an adequate amount of funding in the form of cash at bank and timely collection of debts.

Market Risk:

The Company is not subject to market risk as it does not have any quoted available-for-sale investments at year end.

Capital Risk:

The Company manages its capital to ensure that it will be able to continue a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2006.

The capital structure of the Company consists of debt, which includes the borrowing disclosed in note 10, equity comprising issued capital, reserves and retained earnings.

The company's management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the year end were as follows:

	December 31, 2007	December 31, 2006
	QR.	QR.
Debt (i)	96,773,818	27,229,439
Equity (ii)	314,964,686	310,299,866
Net debt to equity ratio	**0.31**	**0.09**

(i) Debt is defined as long and short term borrowing as detailed in Note 10.
(ii) Equity includes all capital and reserves of the Company.

21. 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.

Available-for-Sale Investments

The Company treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. The Company evaluates amounts other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities impairment on a case to case basis.

Impairment of Accounts Receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the balance sheet date, gross trade accounts receivable were QR. 18,770,158 and the provision for doubtful debts was QR. 1,118,246. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the income statement.

22. Commitments:

Capital Commitments

The company has entered into capital commitments relating to certain land, leveling and related construction contracts amounting to 17.132 million as at December 31, 2007.

23. Contingent Liabilities:

The Company had outstanding letters of guarantee amounting to QR. 2,698,135 as at December 31, 2007.

24. Subsequent Events:

The company is in the process of negotiating a significant amount of financial facilities with a leading local bank for an amount of approximately QR 500 million to finance the logistics village project.

25. Comparative Figures:

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