Gulf Warehousing Company (Q.S.C.)

FINANCIAL STATEMENTS

31 DECEMBER 2009

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GULF WAREHOUSING COMPANY (Q.S.C.)

Report on the financial statements

We have audited the accompanying financial statements of Gulf Warehousing Company (Q.S.C.) ("the Company") which comprise the statement of financial position as of 31 December 2009, and the statement of income, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements of the Company for the year ended 31 December 2008 were audited by another auditor, whose report dated 1 March 2009, expressed an unqualified opinion on those statements.

Board of Directors' responsibility for the financial statements

The Board of Directors 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.

Auditors' 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 auditors' 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, we consider internal controls relevant to the entity'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 entity's internal controls. 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 present fairly, in all material respects, the financial position of the Company as of 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GULF WAREHOUSING COMPANY (Q.S.C.) (continued)

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles, and the financial statements comply with the Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Company or on its financial position. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Company.

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

Date: 25 January 2010
Doha

INCOME STATEMENT
Year ended 31 December 2009

	Notes	***2009***	*2008*
		QR	*QR*
			(Restated)
Revenue	3	**74,395,121**	56,805,498
Direct costs	4	**(46,445,508)**	(39,341,305)
GROSS PROFIT		**27,949,613**	17,464,193
Other income	5	**3,337,570**	4,211,509
Staff costs		**(7,211,681)**	(9,278,778)
Impairment loss on available-for-sale investments		**-**	(6,132,646)
Net impairment loss on trade receivables	11	**(637,854)**	(4,731,161)
General and administrative expenses	6	**(7,600,857)**	(12,927,868)
Impairment on property, plant and equipment	8	**-**	(7,417,531)
Finance costs		**(6,010,236)**	(6,370,791)
Profit (loss) before share of profit of associate		**9,826,555**	(25,183,073)
Share of profit from associate	9	**-**	1,519,666
PROFIT (LOSS) FOR THE YEAR		**9,826,555**	(23,663,407)
Earnings per Share			
Basic and diluted earnings per share	7	**0.393**	(0.947)

The attached notes 1 to 26 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	2009 ***QR***	*2008* *QR* *(Restated)*
PROFIT (LOSS) FOR THE YEAR	**9,826,555**	(23,663,407)
Net loss on revaluation of available for sale investments	**(647,643)**	(6,132,646)
Reclassified to income statement upon impairment (Note 25)	**-**	6,132,646
Other comprehensive (loss) income for the year	**(647,643)**	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**9,178,912**	(23,663,407)

The attached notes 1 to 26 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
At 31 December 2009

	Notes	**2009 QR**	2008 QR (Restated)	At 1 January 2008 QR
ASSETS				
Non-current assets				
Property, plant and equipment	8	**257,461,740**	270,839,996	263,092,665
Investment in an associate	9	**-**	16,912,396	15,392,730
Available-for-sale investments	10	**27,586,785**	11,322,031	21,606,810
		285,048,525	299,074,423	300,092,205
Current assets				
Inventories		**541,891**	-	-
Trade and other receivables	11	**58,350,428**	21,511,994	37,352,765
Bank balances and cash	12	**55,725,076**	59,545,725	85,836,029
		114,617,395	81,057,719	123,188,794
TOTAL ASSETS		**399,665,920**	380,132,142	423,280,999
EQUITY AND LIABILITIES				
Equity				
Share capital	13	**250,000,000**	250,000,000	250,000,000
Legal reserve	14	**62,595,564**	61,612,909	61,612,909
Cumulative changes in fair value		**(647,643)**	-	-
(Accumulated losses) Retained earnings		**(12,914,853)**	(21,758,753)	1,904,654
Total equity		**299,033,068**	289,854,156	313,517,563
Non-current liabilities				
Loans and borrowings	15	**69,251,858**	57,456,954	69,323,392
Employees' end of service benefits	16	**1,275,595**	959,330	591,286
		70,527,453	58,416,284	69,914,678
Current liabilities				
Trade payables and accruals	17	**7,738,970**	5,781,380	6,374,194
Loans and borrowings	15	**22,053,416**	21,870,293	27,450,426
Retention payable		**313,013**	4,210,029	6,024,138
		30,105,399	31,861,702	39,848,758
Total liabilities		**100,632,852**	90,277,986	109,763,436
TOTAL EQUITY AND LIABILITIES		**399,665,920**	380,132,142	423,280,999

....

Mohamed Ismail Al Emadi — Chairman

Ranjeev Menon — Chief Executive Officer

The attached notes 1 to 26 form part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 December 2009

	Notes	***2009*** ***QR***	*2008* *QR* *(Restated)*
OPERATING ACTIVITIES			
Profit (loss) for the year		**9,826,555**	(23,663,407)
Adjustments for:			
Depreciation	8	**21,662,696**	22,413,903
Profit on sale of available for sale investments		**-**	(1,167,557)
Impairment of trade receivable (net)	11	**637,854**	4,731,161
Impairment of available-for-sale investments		**-**	6,132,646
Impairment of property, plant and equipment		**-**	7,417,531
Share of profit of an associate		**-**	(1,519,666)
Loss on disposal of property, plant and equipment		**91,126**	33,699
Dividend income		**-**	(572,329)
Provision for employees' end of service benefits	16	**679,639**	811,084
Finance costs		**6,010,236**	6,370,791
Interest income	5	**(2,794,240)**	(1,989,411)
Operating cash flows before changes in working capital		**36,113,866**	18,998,445
Working capital changes:			
Trade and other receivables		**(37,476,288)**	11,109,610
Inventories		**(541,891)**	-
Accounts payable and accruals		**1,957,590**	(592,814)
Retention payable		**(3,897,016)**	(1,814,109)
Cash (used in) from operating activities		**(3,843,739)**	27,701,132
Finance costs paid		**(6,010,236)**	(6,370,791)
Employee end of service benefits paid	16	**(363,374)**	(443,040)
Interest income received	5	**2,794,240**	1,989,411
Net cash (used in) from operating activities		**(7,423,109)**	22,876,712
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	**(9,730,826)**	(37,920,954)
Proceeds from sale of property, plant and equipment		**1,355,259**	308,490
Dividend received		-	572,329
Proceeds from sale of available-for-sale investments		-	5,319,690
Net cash used in investing activities		**(8,375,567)**	(31,720,445)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		**33,713,757**	3,606,455
Repayment of loans and borrowings		**(21,735,730)**	(21,053,026)
Net cash from (used) in financing activities		**11,978,027**	(17,446,571)
DECREASE IN CASH AND CASH EQUIVALENTS		**(3,820,649)**	(26,290,304)
Cash and cash equivalents at 1 January		**59,545,725**	85,836,029
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	12	**55,725,076**	59,545,725

The attached notes 1 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2009

	Share capital QR	*Legal reserve QR*	*Cumulative changes in fair values QR*	*Accumulated losses QR*	*Total QR*
Balance at 1 January 2008	250,000,000	61,612,909	-	1,904,654	313,517,563
Total comprehensive loss for the year	-	-	-	(23,663,407)	(23,663,407)
Balance at 31 December 2008 *(Restated)*	250,000,000	61,612,909	-	(21,758,753)	289,854,156

	Issued capital QR	*Legal reserve QR*	*Cumulative changes in fair values QR*	*Accumulated losses QR*	*Total QR*
Balance at 1 January 2009	250,000,000	61,612,909	(6,132,646)	(15,626,107)	289,854,156
Correction of prior period error (Note 25)	-	-	6,132,646	(6,132,646)	-
Restated balance	250,000,000	61,612,909	-	(21,758,753)	289,854,156
Total comprehensive income for the year	-	-	(647,643)	9,826,555	9,178,912
Transfer to legal reserve	-	982,655	-	(982,655)	-
Balance at 31 December 2009	**250,000,000**	**62,595,564**	**(647,643)**	**(12,914,853)**	**299,033,068**

The attached notes 1 to 26 form part of these financial statements.

1 ACTIVITIES

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

The financial statements of the Company for the year ended 31 December 2009 were authorised for issue by the Board of Directors on 25 January 2010.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared on a historical cost basis, except for available-for-sale financial assets that have been measured at fair value.

The financial statements have been presented in Qatar Riyals (QR), which is the Company's functional currency and presentation currency.

Statement of compliance
The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

Changes in accounting policies and disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS's which became effective during the year. Adoption of these new or revised standards did not have any effect on the financial performance or position of the Company. They did however give rise to additional disclosures.

IAS 1 'Presentation of Financial Statements' (Revised)
The revised standard requires changes in equity arising from transactions with owners in their capacity as owners (i.e. owner changes in income) to be presented in the statement of changes in equity. All other changes in equity (i.e. non-owner changes in equity) are required to be presented separately in a performance statement (statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. The Company has elected to present two linked statements.

IFRS 7 Financial Instruments: Disclosures
The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognized at fair value. In addition reconciliation between the beginning and ending balance for level 3 fair value measurements is required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

IFRS 8 'Operating segments'
The new standard which replaced IAS 14 'Segment reporting' requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the Chief Executive Officer for decision making.

IAS 23 'Borrowing costs'
The standard has been revised to require capitalisation of borrowing costs when such cost relate to a qualifying asset. A qualifying asset is an asset that necessary takes a substantial period of time to get ready for its intended use or sale.

Improvements to IFRSs
In May 2008, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adopting of these amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The following amendments and interpretations became effective in 2009, but were not relevant to the Company's operations:

Standard/Interpretation	*Content*
IFRIC 16	Hedges of net investment in a foreign operation
IFRIC 9 and IAS 39	Embedded derivatives
IAS 32 and IAS 1 (Amendment)	Puttable financial instruments and obligations arising on liquidation
IFRS 2	Share based payments – Vesting conditions and cancellations
IFRIC 13	Customer Loyalty Programmes

Standards, amendments and interpretations issued but not adopted
The following standards, amendments and interpretations have been issued but are mandatory for accounting periods beginning on or after 1 July 2009 or later periods and are expected to be relevant to the Company:

Standard/ Interpretation	*Content*	*Effective date*
IFRS 1 and IAS 27	Cost of an investment in a subsidiary, jointly controlled entity or associate	1 July 2009
IFRS 3	Business combinations	1 July 2009
IAS 27	Consolidated and separate financial statements	1 July 2009
IAS 39	Financial instruments: Recognition and measurement – eligible hedged items	1 July 2009
IFRIC 17	Distribution of non-cash assets to owners	1 July 2009
IFRIC 18	Transfers of assets from customers	1 July 2009
IFRS 9	Financial instruments part 1: Classification and measurement	1 January 2013

The Company is considering the implications of the above standards, the impact on the Company and the timing of their adoption by the Company. The Company did not early adopt new or amended standards in 2009.

Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Warehouse storage and handling
Revenue from rendering of warehouse storage and handling is recognized when the outcome of the transaction can be estimated reliably.

Outsourcing
Outsourcing income comprises the management of the customers' warehouse by the company and accounted for on a straight line basis over the tenor of the warehouse management agreement.

General cargo transportation and truck leasing
General cargo transportation and truck leasing income primarily comprises inventory management, order fulfilment and transportation services. Logistics revenue is measured at the fair value of consideration received or receivable for goods and services. Revenues from transportation services are recognised by reference to the stage of completion. Stage of completion is measured by reference to the total transportation days completed to date as a percentage of total transportation days for each contract. Other logistics services are recognised upon completion of the services.

Freight forwarding
The Company generates freight forwarding revenues by purchasing transportation capacity from independent air, ocean and overland transportation providers and reselling that capacity to customers. Revenues are recognised upon completion of services.

Interest income
Interest income is recognised as the interest accrues.

Dividend income
Dividend income is recognised when the Company's right to receive the payment is established.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment
Property, plant and equipment are stated at cost, net of accumulated depreciation and/or impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively.All other repair and maintenance costs are recognised in the income statement as incurred. Land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

• Infrastructure development	25 years
• Buildings	20 years
• Office equipment	3 to 5 years
• Furniture and fixtures	4 years
• Warehouse equipment	5 years
• Motor vehicles	5 to 12 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate 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, being the higher of their fair value less costs to sell and their value in use.

An item of property, plant and equipment and any significant part initially recognised is derecognised 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 calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Capital work in progress
Capital work in progress comprises costs incurred in the development of and construction of warehouse management facilities, and other plant and equipment. These costs are transferred to property, plant and equipment upon commencement of commercial activities of the relevant asset.

Investments in an associate
The company's investment in its associate is accounted for using the equity method. An associate is an entity in which the company has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the income statement. The financial statements of the associates are prepared for the same reporting period as the investor. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in an associate (continued)
After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in its associates. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

Upon loss of significant influence over the associate, the Company measures and recognises any remaining investment in accordance with IAS 39 from the date that it ceases to have significant influence. The carrying amount of the investment at the date is regarded as its cost on initial measurement in accordance with IAS 39.

Impairment of non-financial assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property, plant and equipment previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Available for sale investments
All available-for-sale investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment.

After initial recognition, available for sale investments which have a quoted market price and whose fair value can be reliably measured, are remeasured at fair value. The unrealised gains and losses on remeasurement to fair value are reported as a separate component of equity until the investment is sold, collected or otherwise disposed, or the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement for the period.

Inventories
Materials and supplies inventories are stated at weighted average cost with appropriate adjustments for provisions against surplus inventory, deterioration, obsolescence or other loss in value. Inventories comprise spares and consumables as at the reporting date.

Trade and other receivables
Trade receivables are carried at original invoiced amount less impairment for non-collectability of these receivables. An allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents
Cash and cash equivalents in the statement of cash flows comprise Bank balances and cash and short-term deposits with an original maturity of three months or less.

Impairment of financial assets
An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, an 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; less any impairment loss previously recognised in the income statement;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Loans and borrowings
Loans and borrowings are recognized initially at fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, 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. Installments due within one year at amortized cost are shown as a current liability.

Derecognition of financial assets and liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Employees' end of service benefits
The Company provides end of service benefits to its expatriate employees in accordance with employment contracts and Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Also the Company provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the retirement law, and the resulting charge is included within the staff cost in the statement of income. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized when they are due.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
Provisions are recognized when the Company has an obligation (legal or constructive) arising from past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Leasing
The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Company as a lessee
Leases which do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Foreign currency translation
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting date. All differences are taken to the income statement.

Fair values
The fair value of financial investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets at the close of business on the reporting date.

For financial instruments where there is no active market, the fair value is determined by using discounted cash flow analysis or reference to broker or dealer price quotations. For discounted cash flow analysis, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

Use of estimates
The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future.

3 REVENUE

	2009 QR	*2008 QR*
Warehouse storage and handling charges	**52,651,173**	34,695,679
General cargo transportation, container haulage and truck leasing	**16,962,308**	15,718,195
Outsourcing contractors income	**3,500,100**	1,917,600
Freight forwarding income	**1,281,540**	4,474,024
	74,395,121	56,805,498

4 DIRECT COSTS

	2009	*2008*
	QR	*QR*
Depreciation	**20,051,673**	18,493,311
Staff costs	**9,776,660**	7,843,148
Repairs and maintenance	**3,630,408**	2,793,732
Manpower subcontract charges	**3,880,870**	1,891,304
Insurance	**2,675,508**	2,787,532
Water and electricity	**1,198,298**	1,020,959
Fuel	**1,258,328**	1,097,899
Freight forwarding charges	**857,400**	1,628,176
Others	**3,116,363**	1,785,244
	46,445,508	39,341,305

5 OTHER INCOME

	2009	*2008*
	QR	*QR*
Interest income	**2,794,240**	1,989,411
Other income	**543,330**	482,212
Dividend income	**-**	572,329
Profit from sale of available-for-sale investments	**-**	1,167,557
	3,337,570	4,211,509

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2009	*2008*
	QR	*QR*
Rent	**2,202,457**	1,642,265
Depreciation	**1,611,023**	3,920,592
Legal and professional fees	**950,828**	1,327,035
Advertisement	**480,933**	348,548
Government fees and expenses	**345,016**	333,377
Water and electricity	**299,575**	256,301
Repairs and maintenance	**288,165**	401,083
Communication and postage	**285,567**	704,223
License and registration fees	**272,051**	247,481
End of service benefits	**195,614**	811,084
Printing and stationery	**91,995**	103,222
Loss on disposal of property, plant and equipment	**91,126**	33,699
Travelling expenses	**4,037**	135,607
Penalties	**-**	2,000,000
Other expenses	**482,470**	663,351
	7,600,857	12,927,868

7 EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing the Profit (loss) for the year by the weighted average number of ordinary shares outstanding during the year as follows:

	2009 ***QR***	*2008* *QR* *(Restated)*
Profit (loss) for the year	**9,826,555**	(23,663,407)
Weighted average number of shares	**25,000,000**	25,000,000
Basic and diluted earnings per share	**0.393**	(0.947)

8 PROPERTY, PLANT AND EQUIPMENT

	Land QR	*Infrastructure development QR*	*Buildings QR*	*Office equipment QR*	*Furniture & fixtures QR*	*Warehouse equipment QR*	*Motor vehicles QR*	*Capital work in progress QR*	*Total QR*
Cost:									
At 1 January 2009	8,167,353	6,821,502	117,012,003	5,836,327	1,125,683	19,317,070	110,102,912	47,491,436	315,874,286
Additions	-	35,000	3,374,920	287,311	81,907	1,852,309	963,883	3,135,496	9,730,826
Disposals	-	-	-	-	-	(657,184)	(1,134,311)		(1,791,495)
At 31 December 2009	8,167,353	6,856,502	120,386,923	6,123,638	1,207,590	20,512,195	109,932,484	50,626,932	323,813,617
Depreciation and impairment:									
At 1 January 2009	-	406,999	7,432,745	2,862,436	600,304	4,824,506	28,907,300	-	45,034,290
Charge for the year	-	272,860	5,963,763	1,611,962	284,499	3,831,794	9,697,818	-	21,662,696
Disposals	-	-	-	-	-	(75,068)	(270,041)	-	(345,109)
At 31 December 2009		679,859	13,396,508	4,474,398	884,803	8,581,232	38,335,077	-	66,351,877
Net carrying amounts:									
At 31 December 2009	**8,167,353**	**6,176,643**	**106,990,415**	**1,649,240**	**322,787**	**11,930,963**	**71,597,407**	**50,626,932**	**257,461,740**

The depreciation charge has been allocated in the income statement as follows:

	2009 QR	*2008 QR*
Direct costs	**20,051,673**	18,493,311
General and administration expenses	**1,611,023**	3,920,592
	21,662,696	22,413,903

8 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land *QR*	*Infrastructure development* *QR*	*Buildings* *QR*	*Office equipment* *QR*	*Furniture & fixtures* *QR*	*Warehouse equipment* *QR*	*Motor vehicles* *QR*	*Capital work in progress* *QR*	*Total* *QR*
Cost:									
At 1 January 2008	8,167,353	6,104,978	60,479,058	4,496,685	1,016,665	9,176,055	61,723,515	127,338,023	278,502,332
Additions	-	-	1,748,325	1,339,642	95,468	819,427	5,043,650	28,874,442	37,920,954
Disposals	-	-	-	-	-	-	(549,000)	-	(549,000)
Transfers	-	716,524	54,784,620	-	13,550	9,321,588	43,884,747	(108,721,029)	-
At 31 December 2008	8,167,353	6,821,502	117,012,003	5,836,327	1,125,683	19,317,070	110,102,912	47,491,436	315,874,286
Depreciation and impairment:	-								
At 1 January 2008	-	162,799	3,473,861	1,369,815	329,275	2,279,182	7,794,735	-	15,409,667
Charge for the year	-	244,200	3,958,884	1,492,621	271,029	2,545,324	13,901,845	-	22,413,903
Disposals	-	-	-	-	-	-	(206,811)	-	(206,811)
Impairment loss	-	-	-	-	-	-	7,417,531	-	7,417,531
At 31 December 2008	-	406,999	7,432,745	2,862,436	600,304	4,824,506	28,907,300	-	45,034,290
Net carrying amounts:									
At 31 December 2008	8,167,353	6,414,503	109,579,258	2,973,891	525,379	14,492,564	81,195,612	47,491,436	270,839,996

Notes:

(i) The capital work in progress represents amounts incurred for project work relating to the construction of Logistic Village Qatar.

(ii) Motor vehicles, warehouse equipments and project related lands are pledged against the loan borrowings (Note 15).

(iii) During the year, the Company changed its accounting estimate for depreciating vehicles from its original useful lives of 5 - 8 years to 5 – 12 years. The Board of Directors is of the view that the change in useful lives provides more reliable and relevant information considering the average usage of these specialized vehicles used for cargo transportation. This change in accounting estimate has been accounted for prospectively. The effect of this change to current year income statement was reduction in depreciation charge by QR 3.4 Million.

9 INVESTMENT IN AN ASSOCIATE

	Country of incorporation	Ownership	2009 QR	2008 QR	At 1 January 2008 QR
Almadina Logistics	Oman	20%	**-**	16,912,396	15,392,730

During the year, the Company ceased to have significant influence in the above associate, hence this investment has been reclassified to the Available for Sale investment category in accordance with IAS 39. The carrying value at the date of cessation of significant influence has been considered as the fair value at the date of reclassification.

10 AVAILABLE- FOR- SALE INVESTMENTS

	2009 QR	2008 QR	At 1 January 2008 QR
Unquoted equity investments	**23,888,849**	8,500,081	12,652,214
Quoted equity investments	**3,697,936**	2,821,950	8,954,596
	27,586,785	11,322,031	21,606,810

11 TRADE AND OTHER RECEIVABLES

	2009 QR	2008 QR (Restated)	At 1 January 2008 QR
Trade receivables	**21,146,501**	14,892,892	17,651,912
Advances to suppliers	**34,431,222**	2,481,763	6,653,639
Prepayments	**1,331,998**	2,182,965	1,968,738
Other receivables	**1,440,707**	1,954,374	11,078,476
	58,350,428	21,511,994	37,352,765

At 31 December, financial assets at nominal value of QR 325,645 (2008: QR 4,396,552) were impaired. Movements in the allowance for impairment of financial assets were as follows:

	2009 QR	2008 QR (Restated)
At 1 January	**4,396,552**	1,118,246
Charge for the year	**1,164,629**	4,731,161
Recoveries	**(526,775)**	-
Written off	**(4,708,761)**	(1,452,855)
At 31 December	**325,645**	4,396,552

11 TRADE AND OTHER RECEIVABLES (continued)

At 31 December, the ageing of unimpaired financial assets is as follows:

			Past due but not impaired			
	Total QR	*Neither past due nor impaired QR*	*0-30 days QR*	*31-60 days QR*	*61-90 days QR*	*>90 days QR*
2009	**21,146,501**	**8.494,398**	**4,931,026**	**3,693,753**	**1,981,723**	**2,045,601**
2008 *(Restated)*	14,892,892	5,444,559	4,415,144	2,505,072	857,722	1,670,395

12 CASH AND CASH EQUIVALENTS

	2009 QR	*2008 QR*	*At 1 January 2008 QR*
Bank balances and cash	**4,275,803**	7,097,731	18,573,323
Term deposits with an original maturity of less than 90 days	**51,449,273**	52,447,994	67,262,706
	55,725,076	59,545,725	85,836,029

13 SHARE CAPITAL

	2009 QR	*2008 QR*	*At 1 January 2008 QR*
Authorized, issued and fully paid up share capital			
25,000,000 ordinary shares of QR 10 each	**250,000,000**	250,000,000	250,000,000

14 LEGAL RESERVE

In accordance with the Qatar Commercial Companies Law No. 5 of 2002, 10% of the profit for the year is required to be transferred to a legal reserve, until such reserve equals 50% of the issued capital. The reserve is not normally available for distribution, except in the circumstances stipulated by the above mentioned law.

15 LOANS AND BORROWINGS

	2009 QR	*2008 QR*	*At 1 January 2008 QR*
Vehicle loans	**51,125,460**	66,768,960	82,219,404
Term loans	**40,179,814**	12,558,287	14,554,414
	91,305,274	79,327,247	96,773,818

15 LOANS AND BORROWINGS (continued)

	2009	*2008*	*At 1 January 2008*
	QR	*QR*	*QR*
Classified in the statement of financial position as follows:			
Current portion	**22,053,416**	21,870,293	27,450,426
Non-current portion	**69,251,858**	57,456,954	69,323,392
	91,305,274	79,327,247	96,773,818

These loans have been taken from local financial institutions mainly to finance the acquisition of vehicles and other capital projects. The loans carry financing costs at commercial rates. The loans are secured against motor vehicles, warehouse equipment and project related lands.

16 EMPLOYEES' END OF SERVICE BENEFITS

	2009	*2008*
	QR	*QR*
Movements in the provision recognized in the statement of financial position are as follows:		
Provision at 1 January	**959,330**	591,286
Provided during the year	**679,639**	811,084
End of service benefits paid	**(363,374)**	(443,040)
Provision at 31 December	**1,275,595**	959,330

17 TRADE PAYABLES AND ACCRUALS

	2009	*2008*	*At 1 January 2008*
	QR	*QR*	*QR*
Trade payables	**3,541,839**	3,823,351	3,476,683
Accrued expenses and other payables	**4,197,131**	1,958,029	2,897,511
	7,738,970	5,781,380	6,374,194

18 RELATED PARTY DISCLOSURES

Related party transactions

These represent transactions with the major shareholders, senior management of the Company and the companies of which they are the principal owners. The transactions with related parties consist principally of sales, rents, and other services. Pricing policies and terms of these transactions are approved by the Company's management.

There were no transactions with related parties during the year. (2008 -Nil)

18 RELATED PARTY DISCLOSURES (continued)

Compensation of key management personnel
The remuneration of key management personnel during the year was as follows:

	2009	*2008*
	QR	*QR*
Short-term benefits	**788,142**	933,762
Employees' end of service benefits	**41,066**	386,645
	829,208	1,320,407

19 COMMITMENTS AND CONTINGENT LIABILITIES

	2009	*2008*
	QR	*QR*
Contingent liabilities		
Letters of guarantee	**6,784,898**	1,880,000
Performance bonds	**660,000**	72,500
	7,444,898	1,952,500

The Company has entered into capital commitments relating to certain land levelling and related construction contracts amounting to 217.2 million as at 31 December 2009 (2008: QR 7.7 million).

Future minimum rentals payable under non-cancellable operating leases at 31 December are as follows;

	2009	*2008*
	QR	*QR*
Within one year	**1,877,999**	1,877,999
After one year but not more than five years	**5,000,000**	5,573,989
More than five years	**18,000,000**	17,000,000
	24,877,999	24,451,988

20 SEGMENT INFORMATION

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

- Warehouse storage which includes storage and handling;
- Transportation includes general cargo transportation and truck leasing;
- 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 segments for the years ended 31 December 2009 and 2008.

20 SEGMENT INFORMATION (continued)

Year Ended 31 December 2009	*Warehouse storage QR*	*Transportation QR*	*Outsourcing QR*	*Unallocated QR*	*Total QR*
Segment revenue	53,932,713	16,962,308	3,500,100	-	**74,395,121**
Depreciation	12,421,247	8,918,346	323,103	-	**21,662,696**
Segment profit (loss)	16,688,848	(12,156,084)	1,849,737	3,444,054	**9,826,555**

Year Ended 31 December 2008 (Restated)	*Warehouse storage QR*	*Transportation QR*	*Outsourcing QR*	*Unallocated QR*	*Total QR*
Segment revenue	39,169,706	15,718,192	1,917,600	-	56,805,498
Depreciation	8,620,001	13,614,730	179,172	-	22,413,903
Segment profit (loss)	4,813,179	(28,425,176)	350,060	(401,470)	(23,663,407)

The following table presents segment assets of the Company's operating segments as at 31 December:

	Warehouse storage QR	*Transportation QR*	*Outsourcing QR*	*Unallocated QR*	*Total QR*
Segment assets					
At 31 December 2009	300,481,728	71,597,407	-	27,586,785	399,665,920
At 31 December 2008 *(Restated)*	212,143,175	139,754,540	-	28,234,427	380,132,142

21 FINANCIAL RISK MANAGEMENT

Objective and policies
The Company's principal financial liabilities comprise loans and borrowings and trade accounts payable. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables, bank balances and short-term deposits, which arise directly from its operations.

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

Market risk
Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's profit, equity or value of its holding of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing return.

Profit rate risk
The Company's financial assets and liabilities that are subject to profit rate risk comprise bank deposits, loans and borrowings.

The Company's exposure to the risk of changes in market profit rates relates primarily to the Company's financial assets and liabilities with floating profit rates.

The following table demonstrates the sensitivity of the income statement to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the income statement is the effect of the assumed changes in interest rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

	Changes in basis points	*Effect on profit QR*
2009		
Floating rate instruments	**+25 b.p**	**(145,529)**
2008		
Floating rate instruments	+25 b.p	(139,396)

Equity price risk
The following table demonstrates the sensitivity of the effect of cumulative changes in fair value of the Company to reasonably possible changes in quoted equity share prices, with all other variables held constant. The effect of decrease in equity prices is expected to be equal and opposite to the effect of the increase shown.

	Changes in equity prices	*Effect on equity QR*	*Effect on profit QR*
2009			
Available-for-sale investments – Quoted	**+10%**	**369,794**	**-**
2008			
Available-for-sale investments –Quoted	+10%	282,195	-

The unquoted equity price risk exposure arises from the Company's investment portfolio. The Company manages this through constant monitoring of the fair values of the investments and managing the exposures accordingly.

21 FINANCIAL RISK MANAGEMENT (continued)

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's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of accounts receivable and bank balances.

With respect to credit risk arising from the financial assets of the Company, the exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as follows:

	2009 ***QR***	*2008* *QR* *(Restated)*
Bank balances excluding cash	**55,641,576**	59,508,398
Trade receivables	**21,146,501**	14,892,892
Other receivables	**1,440,707**	1,954,374
	78,228,784	76,355,664

The Company sells its products and renders services to a large number of customers and its 5 largest customers account for 38% of outstanding trade receivables at 31 December 2009. (2008: 50%).

The Company reduces the exposure of credit risk arising from other financial assets by maintaining bank accounts with reputed banks and providing services only to the creditworthy counter parties.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation and is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The table below summarises the maturity profile of the Company's financial liabilities at 31 December based on contractual undiscounted payments.

	1 to 12 months *QR*	*1 to 5 years* *QR*	*Total* *QR*
At 31 December 2009			
Loans and borrowings	**26,137,455**	**79,963,071**	**106,100,526**
Trade payables	**3,541,839**	-	**3,541,839**
Accrued expenses and other payables	**4,197,131**	-	**4,197,131**
Retention payable	**313,013**	-	**313,013**
	34,189,438	**79,963,071**	**114,152,509**
At 31 December 2008			
Loans and borrowings	28,751,024	63,880,469	92,631,493
Trade payables	3,823,351	-	3,823,351
Accrued expenses and other payables	1,958,029	-	1,958,029
Retention payable	4,210,029	-	4,210,029
	38,742,433	63,880,469	102,622,902

21 FINANCIAL RISK MANAGEMENT (continued)

Capital management
The Company policy is to maintain a strong capital base so as to maintain investor, creditor and to sustain future development of the business. The management monitors the capital base, which the Company defines as the share capital, on a continuous basis.

The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions and shareholders' expectation. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year end 31 December 2009 and 31 December 2008. Capital comprises share capital of QR 250 Million (2008: QR 250 Million).

22 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of available-for-sale investments, accounts receivable and bank balances and cash. Financial liabilities consist of loans and borrowings, accounts payable and certain other payables.

The fair values of financial instruments are not materially different from their carrying values.

23 SIGNIFICANT ESTIMATES AND JUDGEMENTS

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.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

Useful lives of property, plant and equipment
The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

24 COMPARATIVE AMOUNTS

Certain amounts in the 2008 financial statements and supporting note disclosures have been reclassified to con form with the current year's presentation. Such reclassifications do not have an impact on the previously reported net profit or retained earnings except for those items discussed in Note 25.

25 PRIOR PERIOD ERROR

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

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

26 EVENTS AFTER THE REPORTING PERIOD

The merger agreement with Agility Qatar was signed on 5 January 2010, and the merger process is expected to be finalized by March 2010.