Gulf Warehousing Company (Q.S.C.)

FINANCIAL STATEMENTS

31 DECEMBER 2010

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 2010, and the income statement, 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 information.

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, and for such internal control as board of directors’ determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 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, the auditors consider internal control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by board of directors’, 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 2010, and 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 Qatar 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: 26 January 2011
Doha

INCOME STATEMENT
Year ended 31 December 2010

	Notes	***2010 QR***	*2009 QR*
Revenue	3	**87,563,612**	74,395,121
Direct costs	4	**(54,737,773)**	(46,445,508)
GROSS PROFIT		**32,825,839**	27,949,613
Other income	5	**5,905,735**	3,337,570
Valuation gains from investment property	9	**35,838,631**	-
Staff costs		**(8,243,223)**	(7,211,681)
Net impairment loss on trade receivables	11	**(866,010)**	(637,854)
General and administrative expenses	6	**(10,341,614)**	(7,600,857)
Finance costs		**(4,111,785)**	(6,010,236)
PROFIT FOR THE YEAR		**51,007,573**	9,826,555
Basic and diluted earnings per share	7	**2.040**	0.393

The attached notes 1 to 25 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2010

	2010 ***QR***	*2009* *QR*
PROFIT FOR THE YEAR	**51,007,573**	9,826,555
Gain (loss) on revaluation of available for sale investments	**395,677**	(647,643)
Other comprehensive income for the year	**395,677**	(647,643)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**51,403,250**	9,178,912

The attached notes 1 to 25 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	*2010* QR	*2009* QR
ASSETS			
Non-current assets			
Property, plant and equipment	8	**418,842,008**	257,461,740
Investment property	9	**41,741,015**	-
Available-for-sale investments	10	**2,569,984**	27,586,785
		463,153,007	285,048,525
Current assets			
Inventories		**1,200,223**	541,891
Trade and other receivables	11	**47,577,533**	58,350,428
Bank balances and cash	12	**96,877,607**	55,725,076
		145,655,363	114,617,395
TOTAL ASSETS		**608,808,370**	399,665,920
EQUITY AND LIABILITIES			
Equity			
Issued capital	13	**250,000,000**	250,000,000
Legal reserve	14	**67,696,321**	62,595,564
Cumulative changes in fair value		**(251,966)**	(647,643)
Retained earnings (accumulated losses)		**31,471,109**	(12,914,853)
Total equity		**348,915,464**	299,033,068
Non-current liabilities			
Loans and borrowings	16	**189,278,196**	69,251,858
Employees' end of service benefits	17	**1,595,469**	1,275,595
		190,873,665	70,527,453
Current liabilities			
Trade payables and accruals	18	**21,997,271**	7,738,970
Loans and borrowings	16	**29,956,082**	22,053,416
Retention payable		**17,065,888**	313,013
		69,019,241	30,105,399
Total liabilities		**259,892,906**	100,632,852
TOTAL EQUITY AND LIABILITIES		**608,808,370**	399,665,920

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Mohamed Ismail Al Emadi — Chairman

Ranjeev Menon — Chief Executive Officer

The attached notes 1 to 25 form part of these financial statements.

STATEMENT OF CASH FLOWS
Year ended 31 December 2010

	Notes	***2010*** ***QR***	*2009* *QR*
OPERATING ACTIVITIES			
Profit for the year		**51,007,573**	9,826,555
Non-cash adjustments:			
Depreciation	8	**19,070,397**	21,662,696
Valuation gains from investment property	9	**(35,838,631)**	-
Profit on disposal of available for sale investments		**(1,927,346)**	-
Impairment of trade receivable (net)	11	**866,010**	637,854
Gain (loss) on disposal of property, plant and equipment		**(621,701)**	91,126
Provision for employees' end of service benefits	17	**443,804**	679,639
Finance costs		**4,111,785**	6,010,236
Interest income		**(2,438,164)**	(2,794,240)
Operating cash flows before changes in working capital		**34,673,727**	36,113,866
Working capital adjustments:			
Inventories		**(658,332)**	(541,891)
Trade and other receivables		**9,906,885**	(37,476,288)
Trade payable and accruals		**12,983,112**	1,957,590
Retention payable		**16,752,875**	(3,897,016)
Cash from (used in) operating activities		**73,658,267**	(3,843,739)
Finance costs paid		**(4,111,785)**	(6,010,236)
Employee end of service benefits paid	17	**(123,930)**	(363,374)
Contribution to social and sports development fund		**(245,665)**	-
Interest income received	5	**2,438,164**	2,794,240
Net cash from (used in) operating activities		**71,615,051**	(7,423,109)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	**(189,388,471)**	(9,730,826)
Proceeds from disposal of property, plant and equipment		**3,657,124**	1,355,259
Proceeds from disposal of available-for-sale investments		**27,339,823**	-
Net cash used in investing activities		**(158,391,524)**	(8,375,567)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		**149,188,145**	33,713,757
Repayment of loans and borrowings		**(21,259,141)**	(21,735,730)
Net cash from financing activities		**127,929,004**	11,978,027
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**41,152,531**	(3,820,649)
Cash and cash equivalents at 1 January		**55,725,076**	59,545,725
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	12	**96,877,607**	55,725,076

The attached notes 1 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2010

	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	-	(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
Total comprehensive income for the year	-	-	395,677	51,007,573	51,403,250
Contribution to Social and Sports Fund (Note 18a)	-	-	-	(1,520,854)	(1,520,854)
Transfer to legal reserve	-	5,100,757	-	(5,100,757)	-
Balance at 31 December 2010	**250,000,000**	**67,696,321**	**(251,966)**	**31,471,109**	**348,915,464**

The attached notes 1 to 25 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 shares of the Company are publicly traded at Qatar Exchange.

The registered office of the Company is located at P.O. Box 24434, Doha in State of Qatar.

The financial statements of the Company for the year ended 31 December 2010 were authorised for issue by the Board of Directors on 26 January 2011.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

Statement of compliance
The financial statements of the Company have been prepared in accordance with 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 amendments and interpretations became effective in 2010, but were not relevant to the Company's operations:

Standard/Interpretation	*Content*
IFRS 2	Share-based Payment (Revised)
IFRS 3	Business Combinations (Revised)
IFRIC 17	Distributions of Non-cash Assets to Owners
IAS 19	Employee Benefits
IAS 27	Consolidated and Separate Financial Statements (Amended)
IAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items

Improvements to IFRSs
In May 2008 and April 2009, 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 adoption of those amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

Standards, amendments and interpretations issued but not adopted
The following standard, amendments and interpretations have been issued but are mandatory for accounting periods beginning on or after 1 January 2011 or later periods and are not expected to be relevant to the Company:

Standard/ Interpretation	*Content*	*Effective date*
IFRIC 14	Prepayments of a minimum funding requirement (Amendment)	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2011
IAS 24	Related Party Disclosures (Revised)	1 January 2011
IAS 32	Financial Instruments: Presentation – Classification of Rights Issues (Amendment)	1 January 2011
IFRS 9	Financial instruments part 1: Classification and measurement	1 January 2013

The Company did not early adopt any new or amended standards in 2010.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 25 years
- Office equipment 3 to 5 years
- Furniture and fixtures 4 years
- Warehouse equipment 5 to 20 years
- Motor vehicles 5 to 12 years
- Tools and equipment 4 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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
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.

Investment property
Investment property is property (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both. A property interest that is held by a lessee under an operating lease may be classified and accounted for as investment property if, and only if, the property would otherwise meet the definition of an investment property.

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. The initial cost of a property interest held under a lease and classified as an investment property is recognised at the lower of the fair value of the property and the present value of minimum lease payments. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gain or loss arising from changes in the fair values of investment property is included in the income statement in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 profit 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. Borrowing costs attributable to the construction of the warehouse facilities (capital work in progress) are capitalised as part of the warehouse facilities costs. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the facilities for their intended use are completed. A capitalisation rate is used up to the date of completion of substantially all the activities necessary to prepare the asset for their intended use as the entire loans are specifically used for the purposes of obtaining qualifying assets.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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

	2010 ***QR***	*2009* *QR*
Warehouse storage and handling charges	**61,258,149**	52,651,173
General cargo transportation, container haulage and truck leasing	**15,304,066**	16,962,308
Outsourcing contractors income	**6,171,782**	3,500,100
Freight forwarding income	**4,829,615**	1,281,540
	87,563,612	74,395,121

4 DIRECT COSTS

	2010 ***QR***	*2009* *QR*
Depreciation (Note 8)	**17,546,485**	20,051,673
Staff costs	**8,847,794**	9,776,660
Repairs and maintenance	**4,355,248**	3,630,408
Manpower subcontract charges	**8,960,710**	3,880,870
Insurance	**2,415,965**	2,675,508
Water and electricity	**1,221,498**	1,198,298
Fuel	**1,287,093**	1,258,328
Freight forwarding charges	**4,619,583**	857,400
Others	**5,483,397**	3,116,363
	54,737,773	46,445,508

5 OTHER INCOME

	2010	*2009*
	QR	*QR*
Interest income	**2,438,164**	2,794,240
Profit from disposal of available-for-sale investments	**1,927,346**	-
Profit on disposal of property, plant and equipment	**621,701**	-
Other income	**918,524**	543,330
	5,905,735	3,337,570

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2010	*2009*
	QR	*QR*
Rent	**2,737,132**	2,202,457
Board of Directors remuneration	**2,400,000**	-
Depreciation (Note 8)	**1,523,912**	1,611,023
Legal and professional fees	**814,349**	950,828
Repairs and maintenance	**502,722**	288,165
License and registration fees	**376,318**	272,051
Advertisement	**356,023**	480,933
Water and electricity	**305,374**	299,575
Government fees and expenses	**247,355**	345,016
End of service benefits	**182,966**	195,614
Communication and postage	**151,307**	285,567
Printing and stationery	**107,648**	91,995
Travelling expenses	**9,197**	4,037
Loss on disposal of property, plant and equipment	-	91,126
Other expenses	**627,311**	482,470
	10,341,614	7,600,857

7 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2010	*2009*
	QR	*QR*
Profit for the year	**51,007,573**	9,826,555
Weighted average number of shares	**25,000,000**	25,000,000
Basic and diluted earnings per share	**2.040**	0.393

8 PROPERTY, PLANT AND EQUIPMENT

	Land QR	*Infrastructure development QR*	*Buildings QR*	*Office equipment QR*	*Furniture & fixtures QR*	*Warehouse equipment QR*	*Motor vehicles QR*	*Tools & equipment QR*	*Capital work in progress QR*	*Total QR*
Cost:										
At 1 January 2010	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
Additions	-	-	240,305	584,092	2,743,940	433,998	228,305	133,244	185,024,587	189,388,471
Disposals/transfers	-	(6,856,502)	-	-	-	-	(4,054,800)	-	-	(10,911,302)
At 31 December 2010	8,167,353	-	120,627,228	6,707,730	3,951,530	20,946,193	106,105,989	133,244	235,651,519	502,290,786
Depreciation:										
At 1 January 2010	-	679,859	13,396,508	4,474,398	884,803	8,581,232	38,335,077	-	-	66,351,877
Charge for the year	-	274,260	5,067,390	1,222,451	537,127	2,596,719	9,361,186	11,264	-	19,070,397
Disposals/transfers	-	(954,119)	-	-	-	-	(1,019,377)	-	-	(1,973,496)
At 31 December 2010	-	-	18,463,898	5,696,849	1,421,930	11,177,951	46,676,886	11,264	-	83,448,778
Net carrying amounts:										
At 31 December 2010	**8,167,353**	-	**102,163,330**	**1,010,881**	**2,529,600**	**9,768,242**	**59,429,103**	**121,980**	**235,651,519**	**418,842,008**

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

	2010* *QR	*2009* *QR*
Direct costs	**17,546,485**	20,051,673
General and administration expenses	**1,523,912**	1,611,023
	19,070,397	21,662,696

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 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:									
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

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 certain loans and borrowings (Note 16).

(iii) During the year, the Company changed its accounting estimate for depreciating buildings and warehouse equipments from its original useful lives of 20 years to 25 years and 5 years to 20 years respectively. The Board of Directors are of the view that the change in useful lives provides more reliable and relevant information considering the average usage of these building and warehouse equipments.

(iv) Capital work in progress includes borrowing costs capitalized amounting to QR 3.3 Million (2009: Nil).

9 INVESTMENT PROPERTY

	2010	*2009*
	QR	*QR*
At 1 January	**-**	-
Transfer from property, plant and equipment	**5,902,384**	-
Net gain from fair value adjustment	**35,838,631**	-
At 31 December	**41,741,015**	-

Investment property is stated at fair value, which has been determined based on valuations performed by Al Haque Rental and Real Estate, an accredited independent court approved valuation specialist located in Doha, State of Qatar. The above investment property is located in the State of Qatar.

10 AVAILABLE- FOR- SALE INVESTMENTS

	2010	*2009*
	QR	*QR*
Quoted equity investments	**2,569,984**	3,697,936
Unquoted equity investments	**-**	23,888,849
	2,569,984	27,586,785

Note:
Available for sale investments have been valued using Level 1 measurement techniques as per IFRS 7. Level 1 refers to valuation of investments based on quoted (unadjusted) prices in active markets for identical assets.

11 TRADE AND OTHER RECEIVABLES

	2010	*2009*
	QR	*QR*
Trade receivables	**15,900,162**	21,146,501
Advances to suppliers	**22,135,479**	34,431,222
Accrued revenue	**7,208,227**	823,540
Prepayments	**1,127,742**	1,331,998
Other receivables	**1,205,923**	617,167
	47,577,533	58,350,428

At 31 December, financial assets at nominal value of QR 1,190,667 (2009: QR 325,645) were impaired.

	2010	*2009*
	QR	*QR*
At 1 January	**325,645**	4,396,552
Charge for the year	**866,010**	1,164,629
Recoveries	**-**	(526,775)
Written off	**(988)**	(4,708,761)
At 31 December	**1,190,667**	325,645

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*
2010	**15,900,162**	**9,145,944**	**5,309,198**	**696,610**	**90,584**	**657,826**
2009	21,146,501	8.494,398	4,931,026	3,693,753	1,981,723	2,045,601

12 CASH AND CASH EQUIVALENTS

	2010 QR	*2009 QR*
Bank balances and cash	**6,063,030**	4,275,803
Term deposits with an original maturity of less than 90 days	**90,814,577**	51,449,273
	96,877,607	55,725,076

13 ISSUED CAPITAL

	2010 QR	*2009 QR*
Authorized, issued and fully paid up share capital		
25,000,000 ordinary shares of QR 10 each	**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 PROPOSED DIVIDENDS

The Board of Directors has proposed a dividend of QR 1 per share amounting to QR 25 Million for the year ended 31 December 2010, which is subject to approval at the General Assembly (2009 – Nil).

16 LOANS AND BORROWINGS

	2010	*2009*
	QR	*QR*
LVQ term loans (i)	**168,366,513**	33,713,755
Vehicle loans (ii)	**28,486,760**	46,476,000
Other term loans (iii)	**22,381,005**	11,115,519
	219,234,278	91,305,274

	2010	*2009*
	QR	*QR*
Classified in the statement of financial position as follows:		
Current portion	**29,956,082**	22,053,416
Non-current portion	**189,278,196**	69,251,858
	219,234,278	91,305,274

Notes:

(i) A term loan facility of QR 251 million was obtained from a local bank to finance the construction and development of Logistic Village located in Street # 52 of Industrial Area. The repayment on this facility begins in December 2011. The term loan facility carries financing charges at commercial rates.

The above loan is guaranteed by the Company’s land and building under construction, and assignment of all revenues from the project to the loan account with the lender.

(ii) These loans have been obtained from local financial institutions to finance the acquisition of motor vehicles. These vehicle loans carry financing costs at commercial rates. The loans are secured against motor vehicles.

(iii) These term loans have been taken from local financial institutions to finance the other capital projects of the Company. These loans carry financing costs at commercial rates. The loans are secured against warehouse equipment and other project related property.

17 EMPLOYEES’ END OF SERVICE BENEFITS

	2010	*2009*
	QR	*QR*
Movements in the provision are as follows:		
Provision at 1 January	**1,275,595**	959,330
Provided during the year	**443,804**	679,639
End of service benefits paid	**(123,930)**	(363,374)
Provision at 31 December	**1,595,469**	1,275,595

18 TRADE PAYABLES AND ACCRUALS

	2010	*2009*
	QR	*QR*
Trade payables	**4,829,012**	3,541,839
Accrued expenses	**9,308,927**	3,134,743
Other payables	**6,584,143**	1,062,388
Provision for contribution to Social and Sports Development Fund (a)	**1,275,189**	-
	21,997,271	7,738,970

Note: (a)
Pursuant to Law No. 13 of 2008 and further clarification of the law issued in 2010, the Company made an appropriation of QR 1.5 million to the Social and Sports Development Fund of Qatar. This amount represents 2.5% of the net profit for the years ended 31 December 2010 and 2009. The amount shown above represents the accrual made in respect of 2010 net profits and the balance representing the share for 2009 profits has been remitted to the Directorate of Public Revenue and Taxes during the year.

19 RELATED PARTY DISCLOSURES

These represent transactions with the major shareholders, board of directors, 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.

Related party transactions
Transactions with related parties included in the statement of comprehensive income are as follows:

	2010	***2009***
	QR	***QR***
Revenue	**12,232,583**	7,774,575
Purchase of services	**13,547,398**	2,005,780

Related party balances
Balances with related parties included in the statement of financial position are as follows:

	2010	***2009***
	QR	***QR***
Trade receivables	**3,507,867**	2,005,594
Trade payables	**3,134,558**	1,320,760

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

	2010	*2009*
	QR	*QR*
Short-term benefits	**3,992,300**	788,142
Employees' end of service benefits	**100,380**	41,066
	4,092,680	829,208

20 COMMITMENTS AND CONTINGENT LIABILITIES

	2010	*2009*
	QR	*QR*
Contingent liabilities		
Letters of guarantee	**7,649,224**	6,784,898
Performance bonds	**600,500**	660,000
	8,249,724	7,444,898

The Company has entered into capital commitments relating to certain land levelling and related construction contracts amounting to QR 230 million as at 31 December 2010 (2009: QR 217 million).Future minimum rentals payable under non-cancellable operating leases at 31 December are as follows;

	2010	*2009*
	QR	*QR*
Within one year	**1,877,999**	1,877,999
After one year but not more than five years	**5,000,000**	5,000,000
More than five years	**17,000,000**	18,000,000
	23,877,999	24,877,999

21 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 2010 and 2009.

Year ended 31 December 2010	*Warehouse storage QR*	*Transportation QR*	*Outsourcing QR*	*Unallocated QR*	*Total QR*
Segment revenue	**66,087,764**	**15,304,066**	**6,171,782**	**-**	**87,563,612**
Depreciation	**10,292,235**	**8,484,524**	**293,628**	**-**	**19,070,387**
Segment profit (loss)	**59,005,027**	**(14,712,585)**	**1,431,096**	**5,284,035**	**51,007,573**

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

21 SEGMENT INFORMATION (continued)

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 2010	**518,932,127**	**87,200,018**	**-**	**2,676,225**	**608,808,370**
At 31 December 2009	300,481,728	71,597,407	-	27,586,785	399,665,920

22 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 summarized below.

Market risk

Market risk is the risk that changes in market prices, such as interest/profit 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/profit 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/profit rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December. The effect of decreases in interest/profit rates is expected to be equal and opposite to the effect of the increases shown.

	Changes in basis points	*Effect on profit QR*
2010		
Floating rate instruments	**+25 b.p**	**(622,217)**
2009		
Floating rate instruments	+25 b.p	(145,529)

22 FINANCIAL RISK MANAGEMENT (continued)

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*
2010			
Available-for-sale investments – Quoted	**+10%**	**267,622**	**-**
2009			
Available-for-sale investments –Quoted	+10%	369,794	-

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.

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:

	2010 QR	*2009 QR*
Bank balances	**96,769,788**	51,449,274
Trade receivables	**15,900,162**	21,146,501
Other receivables	**8,414,150**	1,440,707
	121,084,100	74,036,482

The Company continues to render services to more than 153 customers with its largest 5 customers accounting for 44% of trade receivables. (2009: 38%). This significant concentration risk has been managed through enhanced monitoring and periodic tracking. The Company has a rigorous policy of credit screening prior to providing services on credit.

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 loans.

22 FINANCIAL RISK MANAGEMENT (continued)

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 2010			
Loans and borrowings	**34,004,469**	**230,836,580**	**264,841,049**
Trade payables	**4,829,012**	-	**4,829,012**
Accrued expenses	**9,308,927**	-	**9,308,927**
Other payables	**6,584,143**	-	**6,584,143**
Retention payable	**-**	**17,065,888**	**17,065,888**
	54,726,551	**247,902,468**	**302,629,019**
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	3,134,743	-	3,134,743
Other payables	4,197,131	-	4,197,131
Retention payable	313,013	-	313,013
	37,324,181	79,963,071	117,287,252

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 2010 and 31 December 2009. Capital comprises share capital of QR 250 Million (2008: QR 250 Million).

Operational risk
As a precaution in managing exposure to business continuity risk arising from potential losses or damages to customer goods; an amount of QR 160 Million worth of customer goods has been covered through insurance coverage. Also the Company limits its liability towards any losses by way of contractual agreements entered with respective customers.

23 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.

24 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 similar instruments.

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. During the year the change in accounting estimate has been accounted for prospectively. The effect of this change to current year income statement was a reduction in depreciation charge by QR 2.8 million.

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.

Fair value of investment property
The fair value of investment properties in the statement of financial position represents an estimate by independent professional valuer of the open market value of those properties as at 31 December 2010.

In assessing the open market value of investment properties, the professional valuers will consider lettings, tenant's profiles, future revenue streams, capital values of both fixtures and fittings, any environmental matters and the overall repair and condition of the property in the context of the local market. Data regarding local market conditions is primarily historic in nature and provides a guide as to current letting values and yields.

The current volatility in the global financial system has created a significant degree of turbulence in commercial real estate markets across the world. There has been a significant reduction in transaction volumes with activity below the levels of recent years. Therefore, in arriving at their estimates of open market values as at 31 December 2010, the valuers have increasingly used their market knowledge and professional judgement and not only relied on historic transactional comparables. In these circumstances, there is a greater degree of uncertainty than that which exists in a more active market in estimating the open market values of investment property.

The lack of liquidity in capital markets also means that, if it was intended to dispose of the property, it may be difficult to achieve a successful sale of the investment property in the short term.

25 EVENTS AFTER THE REPORTING PERIOD

The shareholders of the Company have approved the acquisition of Agility WLL with effect from 1 January 2011 for a total consideration of QR 300 Million, by way issuing 14,634,146 fully paid up ordinary shares at a price of QR 20.50 per share.