Gulf Warehousing Company (Q.S.C.)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

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

Report on the financial statements

We have audited the accompanying consolidated financial statements of Gulf Warehousing Company (Q.S.C.) ("the Company") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects the financial position of the Group as of 31 December 2011, 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 Group, an inventory count has been conducted in accordance with established principles, and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We further confirm that the financial information included in the Annual Report of the Board of the Directors is in agreement with the books and records of the Group. 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 Group or on its financial position.

Ziad Nader
of Ernst & Young
Auditor's Registration No: 258

Date: 11 January 2012
Doha

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2011

	Notes	**2011**	2010
		QR	*QR*
Revenue	5	**419,574,107**	87,563,612
Direct costs	6	**(305,351,556)**	(54,737,773)
GROSS PROFIT		**114,222,551**	32,825,839
Other income	7	**1,532,342**	5,905,735
Valuation gains from investment properties	11	**4,080,905**	35,838,631
Staff costs		**(21,711,913)**	(8,243,223)
Net impairment loss on trade receivables	14	**(600,000)**	(866,010)
General and administrative expenses	8	**(29,877,336)**	(10,341,614)
Finance costs		**(5,912,470)**	(4,111,785)
PROFIT FOR THE YEAR		**61,734,079**	51,007,573
Attributable to:			
Owners of the parent		**61,733,037**	51,007,573
Non-controlling interest		**1,042**	-
		61,734,079	51,007,573
BASIC AND DILUTED EARNINGS PER SHARE (Attributable to owners of the parent) (Expressed in QR per share)	9	**1.56**	2.04

The attached notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	2011	*2010*
	QR	*QR*
PROFIT FOR THE YEAR	**61,734,079**	51,007,573
Other comprehensive income		
(Loss) gain on revaluation of available for sale investments	**(706,832)**	395,677
Other comprehensive (loss) income for the year	**(706,832)**	395,677
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**61,027,247**	51,403,250
Attributable to:		
Owners of the parent	**61,026,205**	51,403,250
Non controlling interests	**1,042**	-
	61,027,247	51,403,250

The attached notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2011

	Notes	***2011 QR***	*2010 QR*
ASSETS			
Non-current assets			
Property, plant and equipment	10	**666,443,356**	418,842,008
Investment properties	11	**95,376,595**	41,741,015
Intangible assets	12	**154,680,648**	-
Available-for-sale investments	13	**1,863,152**	2,569,984
		918,363,751	463,153,007
Current assets			
Inventories		**10,321,977**	1,200,223
Trade and other receivables	14	**239,582,609**	47,577,533
Bank balances and cash	15	**80,653,809**	96,877,607
		330,558,395	145,655,363
TOTAL ASSETS		**1,248,922,146**	608,808,370
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**396,341,460**	250,000,000
Legal reserve	17	**221,354,861**	67,696,321
Cumulative changes in fair value		**(958,798)**	(251,966)
Retained earnings		**66,660,794**	31,471,109
Attributable to owners of the parent		**683,398,317**	348,915,464
Non-controlling interests		**3,431,042**	-
Total equity		**686,829,359**	348,915,464

Continued…..

The attached notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2011

	Notes	***2011*** ***QR***	*2010* *QR*
Non-current liabilities			
Loans and borrowings	19	**346,194,671**	189,278,196
Employee benefits	20	**7,977,610**	1,595,469
		354,172,281	190,873,665
Current liabilities			
Trade payables and accruals	21	**107,953,076**	21,997,271
Loans and borrowings	19	**75,298,520**	29,956,082
Retention payable		**24,668,910**	17,065,888
		207,920,506	69,019,241
Total liabilities		**562,092,787**	259,892,906
TOTAL EQUITY AND LIABILITIES		**1,248,922,146**	608,808,370

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Mohamed Ismail Al Emadi
Chairman

....
Sheikh Fahed Bin Hamad Bin Jasim Al Thani
Vice Chairman

The attached notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2011

	Notes	*2011* *QR*	*2010* *QR*
OPERATING ACTIVITIES			
Profit for the year		**61,734,079**	51,007,573
Adjustments for :			
Depreciation	10	**32,870,747**	19,070,397
Amortisation of intangible assets	12	**6,646,815**	-
Valuation gains from investment properties	11	**(4,080,905)**	(35,838,631)
Profit on disposal of available for sale investments		**-**	(1,927,346)
Impairment of trade receivable (net)	14	**600,000**	866,010
Gain on disposal of property, plant and equipment		**(21,159)**	(621,701)
Provision for employees' end of service benefits	20	**2,420,338**	443,804
Finance costs		**5,912,470**	4,111,785
Interest income		**(1,417,308)**	(2,438,164)
Operating cash flows before changes in working capital		**104,665,077**	34,673,727
Working capital adjustments:			
Inventories		**(8,869,380)**	(658,332)
Trade and other receivables		**(76,596,144)**	9,906,885
Trade payable and accruals		**64,096,102**	12,983,112
Retention payable		**7,603,022**	16,752,875
Cash from operating activities		**90,898,677**	73,658,267
Finance costs paid		**(5,912,470)**	(4,111,785)
Employee end of service benefits paid	20	**(720,442)**	(123,930)
Contribution to social and sports development fund		**(1,275,189)**	(245,665)
Interest income received	7	**1,417,308**	2,438,164
Net cash from operating activities		**84,407,884**	71,615,051
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	**(208,044,481)**	(189,388,471)
Acquisition of subsidiary net of cash acquired	4(b)	**(26,665,879)**	-
Proceeds from disposal of property, plant and equipment		**184,065**	3,657,124
Proceeds from disposal of available-for-sale investments		**-**	27,339,823
Net cash used in investing activities		**(234,526,295)**	(158,391,524)
FINANCING ACTIVITIES			
Net movement in loans and borrowings		**155,464,613**	127,929,004
Contribution from non-controlling interest		**3,430,000**	-
Dividends paid		**(25,000,000)**	-
Net cash from financing activities		**133,894,613**	127,929,004
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(16,223,798)**	41,152,531
Cash and cash equivalents at 1 January		**96,877,607**	55,725,076
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	**80,653,809**	96,877,607

The attached notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to owners of the parent						
	Share capital	*Legal reserve*	*Cumulative changes in fair values*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total equity*
	QR	*QR*	*QR*	*QR*	*QR*	*QR*	*QR*
Balance at 1 January 2010	250,000,000	62,595,564	(647,643)	(12,914,853)	299,033,068	-	299,033,068
Profit for the year	-	-	-	51,007,573	51,007,573	-	51,007,573
Other comprehensive income	-	-	395,677	-	395,677	-	395,677
Total comprehensive income for the year	-	-	395,677	51,007,573	51,403,250	-	51,403,250
Contribution to Social and Sports Fund (Note 21a)	-	-	-	(1,520,854)	(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	-	348,915,464
Profit for the year	-	-	-	61,733,037	61,733,037	1,042	61,734,079
Other comprehensive loss	-	-	(706,832)	-	(706,832)	-	(706,832)
Total comprehensive income for the year	-	-	(706,832)	61,733,037	61,026,205	1,042	61,027,247
Issue of share capital (Notes 16 and 17)	146,341,460	153,658,540	-	-	300,000,000	-	300,000,000
Dividends paid for 2010 (Note 18)	-	-	-	(25,000,000)	(25,000,000)	-	(25,000,000)
Contribution to Social and Sports Fund (Note 21a)	-	-	-	(1,543,352)	(1,543,352)	-	(1,543,352)
Contribution from non-controlling interests	-	-	-	-	-	3,430,000	3,430,000
Balance at 31 December 2011	**396,341,460**	**221,354,861**	**(958,798)**	**66,660,794**	**683,398,317**	**3,431,042**	**686,829,359**

The attached notes 1 to 27 form part of these consolidated financial statements.

1 ACTIVITIES

Gulf Warehousing Company (Q.S.C.) (the "Company") is a public shareholding company incorporated in the State of Qatar under commercial registration number 27386. The Company together with its subsidiaries (the "Group") specialises in providing set-up, establishment, and management of all types of warehouses for storage, freight forwarding and other ancillary services. The Company is listed at Qatar Exchange.

The consolidated financial statements of the Group for the year ended 31 December 2011 were authorised for issue by the Board of Directors on 11 January 2012.

2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Gulf Warehousing Company Q.S.C. and its subsidiaries (together referred to as the "Group"). These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those used by the Group.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting principles. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

The principal subsidiaries/branches of the Group, incorporated in the consolidated financial statements of Gulf Warehousing Company Q.S.C are as follows:

Name of subsidiary/branch	*Country of incorporation*	*Principal activities*	*Group effective shareholding % 31 December 2011*
Agility W.L.L	Qatar	Logistics and transportation	100%
GWC Projects WLL	Qatar	Transportation	100%
PWC Special	Qatar	Investing in special projects	100%
Imdad Sourcing & Logistic Group WLL	Qatar	Trading in food stuff and other consumables	51%
GWC Saudi Arabia - Branch	Kingdom of Saudi Arabia	Logistics and transportation	100%

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Transactions eliminated on consolidation
All material inter-group balances and transactions, and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Non controlling interests
Non controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Acquisitions of non controlling interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the fair value of the share of the net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. a discount on acquisition) is recognized directly in the consolidated statement of income in the year of acquisition.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

Statement of compliance
The consolidated financial statements of the Group 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 new and amended IFRS and IFRIC interpretations effective as of 1 January 2011:

- IAS 24 Related Party Disclosures (amendment) effective 1 January 2011
- IAS 32 Financial Instruments: Presentation (amendment) effective 1 February 2010
- Improvements to IFRSs (May 2010)

The adoption of the standards or interpretations is described below:

IAS 24 Related Party Transactions (Amendment)
The definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control. A partial exemption from the disclosures has been included for government-related entities. For these entities, the general disclosure requirements of IAS 24 will not apply. Instead, alternative disclosures have been included, requiring: (a) The name of the government and the nature of its relationship with the reporting entity (b) The nature and amount of individually significant transactions (c) A qualitative or quantitative indication of the extent of other transactions that are collectively significant. This amendment did not give rise to any changes to the Group's financial statements.

IAS 32 Financial Instruments: Presentation (Amendment)
The definition of a financial liability has been amended to classify rights issues (and certain options or warrants) as equity instruments if: (a) The rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments and (b) In order to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment provide reliefs to entities that issue rights (fixed in a currency other than their functional currency), from treating the rights as derivatives with fair value changes recorded in profit or loss. Rights issued in foreign currencies that were previously accounted for as derivatives will now be classified as equity instruments. This amendment did not give rise to any changes to the Group's financial statements.

Improvements to IFRSs
'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2011, with earlier application permitted. No material changes to accounting policies are expected as a result of these amendments.

The following interpretation and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRIC 13 Customer Loyalty Programmes (determining the fair value of award credits)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective. The Group is currently considering the implications of the new IFRSs which are effective for future accounting periods and has not early adopted any of the new Standards as listed below:

Standard	*Title*
IFRS 9	Instruments: Classification & Measurement (Part 1) (Effective 1 January 2015)
IFRS 10	Consolidated Financial Statements (Effective 1 January 2013)
IFRS 11	Joint Arrangements (Effective 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities (Effective 1 January 2013)
IFRS 13	Fair Value Measurement (Effective 1 January 2013)

Summary of significant accounting policies

Revenue

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

Logistic operations

Logistic operations revenue 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 and recognised upon completion of the services.

Freight forwarding

The Group 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.

Other revenue

Other revenue represents income generated by the Group that arises from activities outside of the provision for logistic operations and freight forwarding.

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 Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in the consolidated statement of income as incurred. Land is not depreciated.

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

• 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

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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 consolidated statement of income 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 investment properties, property, plant and equipment upon commencement of commercial activities of the relevant asset.

Investment properties
Investment properties are properties (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 consolidated statement of income 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 consolidated statement of income 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 Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Business combinations and goodwill
Business combinations are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of income. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Where goodwill forms part of a cash-generating unit (group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the consolidated statement of income. The interest of non controlling shareholders in the acquiree is initially measured at the non-controlling interests proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidate statement of income.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually or more frequently if events or change in circumstances indicate the carrying value may be impaired, either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognising of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognized.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Intangible assets (continued)

A summary of the useful lives and amortization methods of Group's intangible assets other than goodwill are as follows:

		Customer contracts and related customer relationships	*Brand names*
Useful lives	:	Finite (4-10 years)	Finite (10 years)
Amortization method used	:	Amortized on a straight line basis over the periods of availability.	Amortized on a straight line basis over the periods of availability.
Internally generated or Acquired	:	Acquired	Acquired

Impairment of non-financial assets

The Group 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 Group 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 consolidated statement of income 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 Group 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 consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

Intangible assets
Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

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 consolidated statement of income 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 trading stock, 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 Group 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 consolidated 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 consolidated statement of income. 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 consolidated statement of income;
(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 recognised in the consolidated statement of income over the period of borrowings. Installments due within one year at amortised 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.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of 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 Group 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 Group 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 Group 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 Group'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 Group 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 Group 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 Group 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 consolidated statement of income. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised 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 Group 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.

Group as a lessee
Leases which do not transfer to the Group 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 consolidated statement of income 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 consolidated statement of income.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Fair values
The fair value of financial investments that are actively traded in organised 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 consolidated 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 consolidated 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 recognised 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.

4 BUSINESS COMBINATION

Acquisition of Agility W.L.L.
On 1 January 2011, the Group acquired 100 % shares of Agility W.L.L. ("Acquiree"), a limited liability company incorporated in the State of Qatar. The company is engaged in the activities of warehouse storage handling, freight forwarding, transportation, customs clearance and relocation services. The Group has obtained control over the Subsidiary in accordance with the acquisition agreement effective from 1 January 2011.

The fair value of the identifiable assets and liabilities of the above subsidiary immediately prior to the acquisition and the computation of goodwill and intangible assets are detailed below:

Assets	***Carrying amounts immediately prior to the acquisition*** ***QR***	***Fair value recognised on acquisition date*** ***QR***
Property, plant and equipment	73,175,443	**86,447,329**
Intangible assets (*Note a*)	-	**63,012,000**
Investment property	25,259,000	**35,697,866**
Goodwill	4,183,800	**4,183,800**
Advance to affiliates	1,020,000	**1,020,000**
Inventories	252,374	**252,374**
Trade and other receivables	96,836,902	**96,022,797**
Other short term assets	6,000,581	**6,814,686**
Bank balances and cash	12,151,449	**12,151,449**
	218,879,549	**305,602,301**
Liabilities		
Employees' end of service benefits	4,644,073	**4,644,073**
Loans and borrowings	42,400,000	**46,794,300**
Trade payables and accruals	14,785,000	**14,887,012**
Amount due to related parties	5,554,000	**5,554,000**
Income tax payable	35,000	**1,188,700**
	67,418,073	**73,068,085**
Net assets acquired at fair values		**232,534,216**
Less: Cost of business combination (*Note b*)		326,665,879
Goodwill on acquisition (*Note a*)		**94,131,663**

Notes:

(a) The Group has finalized the Purchase Price Allocation (PPA) to identify separately the intangible assets and goodwill of the acquisition. The amortization of intangible assets is based on purchase price allocation performed at the time of acquisition. Based on purchase price allocation, derived values of intangible assets of QR 63.0 Million and a goodwill of QR 94.1 Million is included in the value paid for the acquisition of 100% shares of Agility WLL. Intangible assets will be amortized within the useful life of 4 to 10 years.

4 BUSINESS COMBINATION (continued)

(b)
Cost of business combination:

Issue of 14,634,146 fully paid up ordinary shares of the Company	14,634,146	
Multiplied by the issue price	@ QR 20.50	299,999,993
Rounding off adjustment		7
Total value of issued shares		300,000,000
Cash consideration		16,065,879
Settlement of loans obtained by acquiree		10,600,000
Total cost of business combination		**326,665,879**

Investment in Imdad Sourcing & Logistic Group WLL
During the year, the company invested QR 1,020,000 and obtained 51% of the share capital in Imdad Sourcing & Logistic Group WLL. The subsidiary is engaged in the business of trading in food stuff and other consumables.

5 REVENUE

	2011 ***QR***	*2010* *QR*
Logistic operations	**223,891,652**	82,733,997
Freight forwarding income	**152,920,667**	4,829,615
Others	**42,761,788**	-
	419,574,107	87,563,612

6 DIRECT COSTS

	2011 ***QR***	*2010* *QR*
Freight forwarding charges	**115,634,507**	4,619,583
Staff costs	**59,976,909**	8,847,794
Material purchases	**38,393,894**	-
Depreciation (Note 10)	**30,578,711**	17,546,485
Logistic costs	**21,858,217**	3,005,641
Repairs and maintenance	**14,538,486**	4,355,248
Fuel	**6,642,624**	1,287,093
Water and electricity	**3,454,406**	1,221,498
Insurance	**2,865,428**	2,415,965
Manpower subcontract charges	**1,390,228**	8,960,710
Others	**10,018,146**	2,477,756
	305,351,556	54,737,773

7 OTHER INCOME

	2011	*2010*
	QR	*QR*
Interest income	**1,417,308**	2,438,164
Profit on disposal of property, plant and equipment	**21,159**	621,701
Profit from disposal of available-for-sale investments	**-**	1,927,346
Other income	**93,875**	918,524
	1,532,342	5,905,735

8 GENERAL AND ADMINISTRATIVE EXPENSES

	2011	*2010*
	QR	*QR*
Amortisation of intangible assets (Note 12)	**6,646,815**	-
Rent	**4,261,643**	2,737,132
Communication and postage	**3,594,046**	151,307
Board of Directors remuneration	**3,252,505**	2,400,000
Depreciation (Note 10)	**2,292,036**	1,523,912
Legal and professional fees	**1,598,393**	814,349
Advertisement	**1,459,682**	356,023
Repairs and maintenance	**1,247,479**	502,722
License and registration fees	**1,144,469**	376,318
Employee benefits	**768,446**	182,966
Water and electricity	**458,624**	305,374
Printing and stationery	**430,108**	107,648
Travelling expenses	**383,378**	9,197
Government fees and expenses	**121,859**	247,355
Other expenses	**2,217,853**	627,311
	29,877,336	10,341,614

9 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:

	2011	*2010*
Net profit for the period attributable to owners of the parent (QR)	**61,733,037**	51,007,573
Weighted average number of shares	**39,634,146**	25,000,000
Basic and diluted earnings per share (QR)	**1.56**	2.04

The weighted average numbers of shares have been calculated as follows:

	2011	*2010*
Qualifying shares at 1 January	**25,000,000**	25,000,000
Issue of new ordinary shares	**14,634,146**	-
Balance at 31 December	**39,634,146**	25,000,000

10 PROPERTY, PLANT AND EQUIPMENT

	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 2011	128,794,581	6,707,730	3,951,530	20,946,193	106,105,989	133,244	235,651,519	502,290,786
Acquisition of subsidiary (Note 4)	31,523,736	2,014,586	1,722,820	15,399,447	35,785,195	1,545	-	86,447,329
Additions	5,069,295	2,962,779	896,743	5,834,952	833,500	865,391	191,581,821	208,044,481
Disposals/transfers	84,072,264	256,370	450,377	4,036,869	(6,134,545)	-	(96,934,587)	(14,253,252)
At 31 December 2011	249,459,876	11,941,465	7,021,470	46,217,461	136,590,139	1,000,180	330,298,753	782,529,344
Depreciation:								
At 1 January 2011	18,463,898	5,696,849	1,421,930	11,177,951	46,676,886	11,264	-	83,448,778
Charge for the year	10,141,884	1,857,235	1,981,306	4,573,436	14,234,279	82,607	-	32,870,747
Disposals/transfers	177,130	124,255	831,700	2,967,888	(4,334,510)		-	(233,537)
At 31 December 2011	28,782,912	7,678,339	4,234,936	18,719,275	56,576,655	93,871	-	116,085,988
Net carrying amounts:								
At 31 December 2011	**220,676,964**	**4,263,126**	**2,786,534**	**27,498,186**	**80,013,484**	**906,309**	**330,298,753**	**666,443,356**

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

	2011 QR	*2010 QR*
Direct costs	**30,578,711**	17,546,485
General and administration expenses	**2,292,036**	1,523,912
	32,870,747	19,070,397

10 PROPERTY, PLANT AND EQUIPMENT (continued)

	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	6,856,502	128,554,276	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	-	128,794,581	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	-	110,330,683	1,010,881	2,529,600	9,768,242	59,429,103	121,980	235,651,519	418,842,008

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 19).

(iii) During the year, the Group changed its accounting estimate for depreciating buildings and certain 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 6.7 Million (2010: QR 3.3 Million).

11 INVESTMENT PROPERTIES

	2011	*2010*
	QR	*QR*
At 1 January	**41,741,015**	-
Acquisition of subsidiary (Note 4)	**35,697,866**	-
Transfer from property, plant and equipment	**13,856,809**	5,902,384
Net gain from fair value adjustment	**4,080,905**	35,838,631
At 31 December	**95,376,595**	41,741,015

Investment properties are 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 properties are located in the State of Qatar.

12 INTANGIBLE ASSETS

	Goodwill	*Customer contracts and related customer relationships*	*Brand names*	*Total*
	QR	*QR*	*QR*	*QR*
Cost:				
At 1 January 2011	-	-	-	-
Acquisition of a subsidiary	98,315,463	10,231,500	52,780,500	161,327,463
At 31 December 2011	98,315,463	10,231,500	52,780,500	161,327,463
Amortisation and impairment:				
At 1 January 2011	-	-	-	-
Amortisation during the year	-	1,368,765	5,278,050	6,646,815
At 31 December 2011	-	1,368,765	5,278,050	6,646,815
Net book value:				
At 31 December 2011	**98,315,463**	**8,862,735**	**47,502,450**	**154,680,648**

Acquisition during the year

Customer contracts, related customer relationships and brand names represent intangible assets acquired through business combination. The brand is assumed to have 10 years useful life and acquired in January 2011. As at 31 December 2011, these assets were tested for impairment.

13 AVAILABLE- FOR- SALE INVESTMENTS

	2011	*2010*
	QR	*QR*
Quoted equity investments	**1,863,152**	2,569,984

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.

14 TRADE AND OTHER RECEIVABLES

	2011	*2010*
	QR	*QR*
Trade receivables	**113,198,495**	15,900,162
Advances to suppliers	**51,939,351**	22,135,479
Accrued revenue	**38,640,591**	7,208,227
Prepayments	**27,176,772**	1,127,742
Other receivables	**8,627,400**	1,205,923
	239,582,609	47,577,533

At 31 December, financial assets at nominal value of QR 4,023,274 (2010: QR 1,190,667) were impaired.

	2011	*2010*
	QR	*QR*
At 1 January	**1,190,667**	325,645
Acquisition of a subsidiary	**2,501,748**	-
Charge for the year	**600,000**	866,010
Recoveries	**-**	-
Written off	**(269,141)**	(988)
At 31 December	**4,023,274**	1,190,667

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

			Past due but not impaired			
	Total	*Neither past due nor impaired*	*0-30 days*	*31-60 Days*	*61-90 Days*	*>90 days*
	QR	*QR*	*QR*	*QR*	*QR*	*QR*
2011	**113,198,495**	**44,600,825**	**25,286,567**	**14,530,009**	**9,398,364**	**19,382,730**
2010	15,900,162	9,145,944	5,309,198	696,610	90,584	657,826

15 CASH AND CASH EQUIVALENTS

	2011	*2010*
	QR	*QR*
Bank balances and cash	**24,653,809**	6,063,030
Term deposits with an original maturity of less than 90 days	**56,000,000**	90,814,577
	80,653,809	96,877,607

16 SHARE CAPITAL

	2011	*2010*
	QR	*QR*
At 1 January	**250,000,000**	250,000,000
Issue of share capital (Note 4)	**146,341,460**	-
At 31 December	**396,341,460**	250,000,000

17 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.

On 1 January 2011, the Company issued 14,634,146 new ordinary shares, with an issue price of QR 20.50 per share including a share premium of QR 10.50 per share in accordance with the acquisition agreement entered between the Company and Agility W.L.L. In accordance with Article 154 of the Qatar Commercial Companies Law, the amount in excess of the nominal value of the share issue price has been included in the Legal Reserve of the Company.

The reserve is not normally available for distribution, except in the circumstances stipulated by the above mentioned law. The Company did not make any transfers to the legal reserve from retained earnings as the 50% limit has been achieved as a result of the shares issued at premium.

18 DIVIDENDS PAID AND PROPOSED

During the year the company paid a dividend of QR 1 per share totaling QR 25 million for the year ended 31 December 2010.

The Board of Directors has proposed a dividend of QR 1.50 per share amounting to QR 59.4 million for the year ended 31 December 2011, which is subject to approval at the Annual General Assembly meeting of the shareholders.

19 LOANS AND BORROWINGS

	2011	*2010*
	QR	*QR*
LVQ term loans (i)	**329,577,279**	168,366,513
Vehicle loans (ii)	**13,457,712**	28,486,760
Other project loans (iii)	**55,017,923**	22,381,005
Other term loans (iii)	**23,440,277**	-
	421,493,191	219,234,278

	2011	*2010*
	QR	*QR*
Classified in the consolidated statement of financial position as follows:		
Current portion	**75,298,520**	29,956,082
Non-current portion	**346,194,671**	189,278,196
	421,493,191	219,234,278

19 LOANS AND BORROWINGS (continued)

Notes:

(i) A term loan facility of QR 500 Million was obtained from a local bank to finance the construction and development of Logistic Village ("LVQ") located in Street # 52 of Industrial Area. The repayment on this facility begins in April 2012. The term loan facility carries financing charges at commercial rates.

The above loan is guaranteed by the Group'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 Group. These loans carry financing costs at commercial rates. The loans are secured against warehouse equipment and other project related property.

20 EMPLOYEES END OF SERVICE BENEFITS

Movements in the employees' end of service benefits provision are as follows:

	2011 ***QR***	*2010* *QR*
Provision at 1 January	**1,595,469**	1,275,595
Acquisition of subsidiary (Note 4)	**4,644,073**	-
Provided during the year	**2,420,338**	443,804
End of service benefits paid	**(720,442)**	(123,930)
Provision at 31 December	**7,939,438**	1,595,469

21 TRADE PAYABLES AND ACCRUALS

	2011 *QR*	*2010* *QR*
Trade payables	**31,608,335**	4,829,012
Accrued expenses	**38,101,393**	9,308,927
Provision for contribution to Social and Sports Development Fund (a)	**1,543,352**	1,275,189
Other payables	**36,699,996**	6,584,143
	107,953,076	21,997,271

Note: (a)
Pursuant to Law No. 13 of 2008 and further clarification of the law issued in 2010, the Group made an appropriation of QR1.5 Million (2010: QR 1.2 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 2011 and 2010. The amount shown above represents the accrual made in respect of 2011 net profits and the share for 2010 profits has been remitted to the Directorate of Public Revenue and Taxes during the year.

22 RELATED PARTY DISCLOSURES

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

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

	2011 *QR*	*2010* *QR*
Revenue	**14,153,152**	12,232,583
Purchase of services	**64,292,875**	13,547,398

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

	2011 *QR*	*2010* *QR*
Trade receivables	**2,861,753**	3,507,867
Trade payables	**11,476,359**	3,134,558

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

	2011 *QR*	*2010* *QR*
Short-term benefits	**6,819,820**	3,992,300
Employees' end of service benefits	**131,125**	100,380
	6,950,945	4,092,680

23 COMMITMENTS AND CONTINGENT LIABILITIES

	2011	*2010*
	QR	*QR*
Contingent liabilities		
Letters of guarantee	**17,114,568**	7,649,224
Performance bonds	**17,319,519**	600,500
	34,434,087	8,249,724

The Group has entered into capital commitments relating to certain land levelling and related construction contracts amounting to QR 220 Million as at 31 December 2011 (2010: QR 230 Million).Future minimum rentals payable under non-cancellable operating leases at 31 December are as follows;

	2011	*2010*
	QR	*QR*
Within one year	**2,507,795**	1,877,999
After one year but not more than five years	**8,411,162**	4,000,000
More than five years	**19,543,102**	18,000,000
	30,462,059	23,877,999

24 SEGMENT INFORMATION

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

- Logistic operations segment includes storage, handling, packing and transportation;
- Freight forwarding segment includes freight services through land, air and sea;
- Others includes trading;

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.

24 SEGMENT INFORMATION (continued)

The following table presents revenue and profit information regarding the Group's operating segment for the year ended 31 December 2011 and 2010, respectively.

Year ended 31 December 2011	***Logistic operations QR***	***Freight forwarding QR***	***Others QR***	***Unallocated QR***	***Total QR***
Segment revenue	**223,891,652**	**152,920,667**	**42,761,788**	**-**	**419,574,107**
Depreciation	**32,477,675**	**377,144**	**15,928**	**-**	**32,870,747**
Segment profit	**43,760,918**	**12,381,208**	**2,127**	**5,589,826**	**61,734,079**

Year ended 31 December 2010	*Logistic operations QR*	*Freight forwarding QR*	*Others QR*	*Unallocated QR*	*Total QR*
Segment revenue	82,733,997	4,829,615	-	-	87,563,612
Depreciation	19,069,137	1,260	-	-	19,070,397
Segment profit	9,751,001	133,906	-	41,122,666	51,007,573

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

	Logistic operations QR	***Freight forwarding QR***	***Others QR***	***Unallocated QR***	***Total QR***
Segment assets					
At 31 December 2011	**926,934,548**	**112,450,573**	**44,549,579**	**164,987,446**	**1,248,922,146**
At 31 December 2010	562,989,391	1,401,739	-	44,417,240	608,808,370

25 FINANCIAL RISK MANAGEMENT

Objective and policies

The Group'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 Group's operations. The Group 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 Group'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 Group'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.

25 FINANCIAL RISK MANAGEMENT (continued)

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

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

The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest/profit rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated statement of income 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*
2011		
Floating rate instruments	**+25 b.p**	**(1,710,265)**
2010		
Floating rate instruments	+25 b.p	(622,217)

Equity price risk
The following table demonstrates the sensitivity of the effect of cumulative changes in fair value of the Group 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*
2011			
Available-for-sale investments – Quoted	**+10%**	**186,315**	-
2010			
Available-for-sale investments –Quoted	+10%	257,622	-

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 Group'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 Group, 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:

	2011 ***QR***	*2010* *QR*
Bank balances	**80,260,198**	96,769,788
Trade receivables	**110,648,495**	15,900,162
Other receivables	**18,863,915**	8,414,150
	209,772,608	121,084,100

25 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The Group continues to render services to more than 763 (2010: 153) customers with its largest 5 customers accounting for 27% (2010: 44%) of trade receivables. This significant concentration risk has been managed through enhanced monitoring and periodic tracking. The Group has a rigorous policy of credit screening prior to providing services on credit.

The Group 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 Group will not be able to meet financial obligations as they fall due. The Group'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 Group's reputation and is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

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

	1 to 12 months QR	*1 to 5 years QR*	*Over 5 years QR*	*Total QR*
At 31 December 2011				
Loans and borrowings	**93,587,342**	**412,145,146**	**5,187,230**	**510,919,718**
Trade payables	**31,608,335**	**-**	**-**	**31,608,335**
Accrued expenses	**38,101,393**	**-**	**-**	**38,101,393**
Other payables	**36,699,996**	**-**	**-**	**36,699,996**
Retention payable	**22,406,273**	**2,262,637**	**-**	**24,668,910**
	222,403,339	**414,407,783**	**5,187,230**	**641,998,352**
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

Capital management
The Group 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 Group 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 Group 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 Group 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 2011 and 31 December 2010. Capital comprises share capital of QR 396 Million (2010: QR 250 Million).

25 FINANCIAL RISK MANAGEMENT (continued)

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 386 Million (2010: QR 160 Million) worth of customer goods has been covered through insurance coverage. Also the Group limits its liability towards any losses by way of contractual agreements entered with respective customers.

26 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. 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.

27 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 consolidated 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 Group'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 Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group 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 Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Fair value of investment properties
The fair value of investment properties in the consolidated statement of financial position represents an estimate by independent professional valuer of the open market value of those properties as at 31 December 2011.

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.

27 SIGNIFICANT ESTIMATES AND JUDGEMENTS (continued)

Fair value of investment properties (continued)

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 2011, 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.

Goodwill
The Group has identified the following business activities as cash generating units

- Logistics
- Freight Forwarding operations

The group has also determined that the above constitute cash generating units for the testing of impairment of goodwill with indefinite life.

The recoverable amount of the cash generating units have been determined based on a value in use calculation using cash flow projections approved by the management from 2012 to 2016, which is in the range of the current short term growth rate for the logistics industry. The discount applied to cash flow projection is 16% and cash flows beyond five year period are extrapolated using 3% growth rate using conservative basis.

As result of this exercise, recoverable amount is greater than carrying amount and management conclude that goodwill is not impaired.

Key assumptions used in value in use calculation;
The calculation of value in use is sensitive to the following assumptions:

- Revenue
- Earnings before interest, tax, depreciation and amortisation ("EBIDTA")
- Discount rates and
- Growth rate used to extrapolate cash flows beyond the budget period.

Sensitivity change of assumptions
With regard to the assessment of value in use of the cash generating units, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.