Gulf Warehousing Company (Q.S.C.)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2013

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

Report on the consolidated 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 2013, 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 consolidated financial statements

The Board of Directors are 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 the 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 the 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 2013, 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 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 Company. 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.

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

Date: 19 January 2014
Doha

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2013

	Notes	***2013*** ***QR***	*2012* *QR*
Revenue	4	**527,259,368**	479,726,841
Direct costs	5	**(336,072,266)**	(323,137,394)
GROSS PROFIT		**191,187,102**	156,589,447
Other income		**1,005,648**	84,430
Valuation gains from investment properties	10	**9,243,767**	4,051,200
General and administrative expenses	6	**(34,825,355)**	(33,585,380)
Staff costs		**(34,587,636)**	(30,235,243)
Net impairment loss on trade receivables	13	**(6,116,168)**	(2,881,401)
OPERATING PROFIT		**125,907,358**	94,023,053
Finance income		**831,143**	258,459
Finance costs		**(28,187,148)**	(12,383,137)
Loss on disposal of available for sale investments		**-**	(1,014,124)
PROFIT FOR THE YEAR		**98,551,353**	80,884,251
Attributable to:			
Equity holders of the parent		**101,625,528**	84,922,341
Non-controlling interest		**(3,074,175)**	(4,038,090)
		98,551,353	80,884,251
BASIC AND DILUTED EARNINGS PER SHARE (Attributable to equity holders of the parent) (Expressed in QR per share)	7	**2.14**	1.79

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013 QR	*2012 QR*
PROFIT FOR THE YEAR	**98,551,353**	80,884,251
Other comprehensive income		
Transferred to income statement on disposal of available for sale investments	**-**	958,798
Other comprehensive income for the year	**-**	958,798
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (note)	**98,551,353**	81,843,049
Attributable to:		
Equity holders of the parent	**101,625,528**	85,881,139
Non-controlling interests	**(3,074,175)**	(4,038,090)
	98,551,353	81,843,049

Note:

At 31 December 2013, there are no items that will be reclassified to consolidated statement of income in subsequent periods (2012: 958,798).

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Notes	***2013*** ***QR***	*2012* *QR*
ASSETS			
Non-current assets			
Property, plant and equipment	8	**931,424,667**	624,851,872
Projects in progress	9	**256,146,536**	351,880,586
Investment properties	10	**131,971,562**	99,427,795
Intangible assets	11	**141,387,018**	148,033,833
		1,460,929,783	1,224,194,086
Current assets			
Inventories		**8,792,545**	10,048,235
Trade and other receivables	13	**234,947,594**	228,421,911
Bank balances and cash	14	**174,804,478**	116,969,115
		418,544,617	355,439,261
TOTAL ASSETS		**1,879,474,400**	1,579,633,347
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**475,609,750**	396,341,460
Legal reserve	16	**231,517,414**	221,354,861
Retained earnings		**99,763,863**	90,109,816
Equity attributable to the equity holders of the parent		**806,891,027**	707,806,137
Non-controlling interests		**(3,681,223)**	(607,048)
Total equity		**803,209,804**	707,199,089

Continued…..

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2013

	Notes	**2013** **QR**	2012 QR
Non-current liabilities			
Loans and borrowings	18	**771,567,746**	667,252,034
Employees end of service benefits	19	**13,258,297**	11,379,504
		784,826,043	678,631,538
Current liabilities			
Trade payables and accruals	20	**97,187,017**	79,183,279
Loans and borrowings	18	**165,397,714**	89,452,819
Retention payable		**28,853,822**	25,166,622
		291,438,553	193,802,720
Total liabilities		**1,076,264,596**	872,434,258
TOTAL EQUITY AND LIABILITIES		**1,879,474,400**	1,579,633,347

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Sheikh Fahed Bin Hamad Bin Jasim Al Thani
Chairman

Ahmed Mubarak Al-Mahdid
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 2013

	Notes	***2013*** ***QR***	*2012* *QR*
OPERATING ACTIVITIES			
Profit for the year		**98,551,353**	80,884,251
Adjustments for :			
Depreciation	8	**56,712,617**	38,853,649
Amortisation of intangible assets	11	**6,646,815**	6,646,815
Valuation gains from investment properties	10	**(9,243,767)**	(4,051,200)
Loss on disposal of available for sale investments		**-**	1,014,124
Impairment of trade receivable (net)	13	**6,116,168**	2,881,401
Gain on disposal of property, plant and equipment		**(53,566)**	(84,430)
Provision for employees' end of service benefits	19	**4,483,756**	4,383,515
Finance costs		**28,187,148**	12,383,137
Interest income		**(831,143)**	(258,459)
Operating cash flows before changes in working capital		**190,569,381**	142,652,803
Working capital adjustments:			
Inventories		**1,255,690**	273,742
Trade and other receivables		**(12,641,851)**	8,279,297
Trade payable and accruals		**17,485,206**	(29,286,723)
Retention payable		**3,687,200**	497,712
Cash from operating activities		**200,355,626**	122,416,831
Finance costs paid		**(28,187,148)**	(12,383,137)
Employee end of service benefits paid	19	**(2,604,963)**	(943,449)
Contribution to social and sports development fund		**(2,022,106)**	(1,543,352)
Interest income received		**831,143**	258,459
Net cash from operating activities		**168,372,552**	107,805,352
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	**(34,240,644)**	(49,244,878)
Additions to project in progress	9	**(257,063,079)**	(299,997,437)
Net proceeds from disposal of available for sale investments		**-**	1,807,826
Proceeds from disposal of property, plant and equipment		**505,927**	183,994
Net cash used in investing activities		**(290,797,796)**	(347,250,495)
FINANCING ACTIVITIES			
Net movement in loans and borrowings		**180,260,607**	335,211,662
Dividends paid	17	**-**	(59,451,213)
Net cash from financing activities		**180,260,607**	275,760,449
INCREASE IN CASH AND CASH EQUIVALENTS		**57,835,363**	36,315,306
Cash and cash equivalents at 1 January		**116,969,115**	80,653,809
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	14	**174,804,478**	116,969,115

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 2013

	Attributable to owners of the parent						
	Share capital QR	*Legal reserve QR*	*Cumulative changes in fair values QR*	*Retained earnings QR*	*Total QR*	*Non-controlling interests QR*	*Total equity QR*
Balance at 1 January 2012	396,341,460	221,354,861	(958,798)	66,660,794	683,398,317	3,431,042	686,829,359
Profit for the year	-	-	-	84,922,341	84,922,341	(4,038,090)	80,884,251
Other comprehensive income	-	-	958,798	-	958,798	-	958,798
Total comprehensive income for the year	-	-	958,798	84,922,341	85,881,139	(4,038,090)	81,843,049
Dividends paid (Note 17)	-	-	-	(59,451,213)	(59,451,213)	-	(59,451,213)
Contribution to Social and Sports Fund (Note 20a)	-	-	-	(2,022,106)	(2,022,106)	-	(2,022,106)
Balance at 31 December 2012	396,341,460	221,354,861	-	90,109,816	707,806,137	(607,048)	707,199,089
Profit and total comprehensive income for the year	-	-	-	101,625,528	101,625,528	(3,074,175)	98,551,353
Total comprehensive income for the year	-	-		101,625,528	101,625,528	(3,074,175)	98,551,353
Transferred to legal reserve	-	10,162,553	-	(10,162,553)	-	-	-
Bonus Issue (Note 15)	79,268,290	-	-	(79,268,290)	-	-	-
Contribution to Social and Sports Fund (Note 20a)	-	-	-	(2,540,638)	(2,540,638)	-	(2,540,638)
Balance at 31 December 2013	**475,609,750**	**231,517,414**	-	**99,763,863**	**806,891,027**	**(3,681,223)**	**803,209,804**

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 address of the registered office of the Company is at PO Box 24434, ‘D’ Ring road, Doha, State of Qatar. The Company together with its subsidiaries (the “Group”) specializes 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 Company for the year ended 31 December 2013 were authorized for issue in accordance with a resolution of the Board of Directors on 19 January 2014.

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”) as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and consolidated statement of other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

The principal subsidiaries of the Group including branches of the Company, included in the consolidated financial statements are as follows:

Name of subsidiary	*Country of incorporation*	*Principal activities*	*Group effective shareholding %* 2013	2012
Agility WLL	Qatar	Logistics and transportation	100%	100%
GWC Food Services W.L.L (Formerly GWC Projects)	Qatar	Trading in food stuffs	100%	100%
GWC Chemicals WLL	Qatar	Chemical trading and transport	100%	100%
GWC Global Transport LLC	UAE	Warehousing and transportation	100%	100%
Imdad Sourcing & Logistic Group WLL	Qatar	Trading in food stuff and other consumables	51%	51%
GWC Saudi Arabia – Branches in Riyadh, Dammam & Jeddah	KSA	Preparation, Development and Management of warehouses	100%	100%
Gulf Warehousing Company Limited	Republic of Nigeria	Warehousing and transportation	100%	100%

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements have been prepared on a historical cost basis, except for investment properties which are measured at fair value.

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

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) .

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to consolidated financial statements are disclosed in note 26.

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 recently issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 1 January 2013.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment has no impact on the Group's financial position or performance.

IAS 19 Employee Benefits (Revised)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. These amendments has no impact the Group's financial position or performance.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. This amendment does not have any impact on the Group's consolidated financial statements.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7
These amendments require an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance.

IFRS 10: Consolidated Financial Statements
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. At the date of initial application of IFRS 10 (1 January 2013), the Group assessed that it controls its subsidiaries as per IFRS 10.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies and disclosures (continued)

IFRS 11 Joint Arrangements (Effective for annual periods beginning on or after 1 January 2013)
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCE's) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This amendment did not have any impact on the Group's consolidated financial statement.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are not required as the Company has no subsidiaries with material non-controlling interests.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not materially impacted the fair value measurements of the Group.

Improvements included but do not have any impact on financial position and performance:-

- IAS 1 Presentation of Financial Statements
  This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

- IAS 16 Property plant and equipment
  This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

- IAS 32 Financial Instruments, Presentation
  This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Topic	*Effective date*
IFRS 9 Financial Instruments (Phases 1 & 2)	-
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32	1 January 2014
IFRIC Interpretation 21 Levies (IFRIC 21)	1 January 2014
IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39	1 January 2014

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, which are recognised upon completion of the services.

Interest income
Interest income is recognised using the effective interest rate method.

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	25years
Office equipment	3 to 5 years
Furniture and fixtures	4 years
Warehouse equipment	5 to 25 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 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.

Projects in progress
Projects in progress are carried at cost less impairment, if any. Costs are those expenses incurred by the Group that are directly attributable to the construction of assets. Once completed, the assets are transferred to either investment properties or to property, plant and equipment, depending on the management's intended use of the asset.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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 acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of *IAS 39 Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)
Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After 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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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 the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition 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 income statement when the asset is derecognised.

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

		Customer contracts and relate 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

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

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 or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount 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. When the carrying amount of an asset or CGU 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 pre-tax 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, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expense categories consistent with the function of the impaired asset, except for a property previously revalued when the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU'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 a 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 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.

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

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of 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 consolidated statement of income.

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.

Derecognition of 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 when:

(a) The rights to receive cash flows from the asset have expired

(b) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  (i) the Group has transferred substantially all the risks and rewards of the asset, or
  (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

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.

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.

Trade 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.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

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.

Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any

Segment reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Top Management (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

Current versus non-current classification
The Group presents assets and liabilities based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Fair value measurement
The Group measures financial instruments, such as, non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 25.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group’s management determines the policies and procedures for both recurring fair value measurement, such as investment properties. The management comprises of the head of the logistics operations segment, the head of the internal audit department, chief finance officers and the managers of each property.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Company’s audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group’s external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Fair value measurement (continued)
The management, in conjunction with the Group's external valuers, also compares each changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4 REVENUE

	2013 ***QR***	*2012* *QR*
Logistic operations	**369,666,909**	297,476,141
Freight forwarding income	**151,931,436**	148,711,489
Others	**5,661,023**	33,539,211
	527,259,368	479,726,841

5 DIRECT COSTS

	2013 ***QR***	*2012* *QR*
Freight forwarding charges	**113,275,712**	100,474,639
Staff costs	**81,915,031**	68,516,761
Depreciation (Note 8)	**53,253,977**	36,309,360
Logistic costs	**33,182,558**	44,274,007
Repairs and maintenance	**19,602,644**	17,035,641
Fuel	**12,874,269**	9,386,167
Material purchases	**5,875,101**	32,724,672
Water and electricity	**4,005,017**	4,921,989
Manpower subcontract charges	**2,619,999**	2,704,681
Insurance	**2,302,574**	1,849,520
Others	**7,165,384**	4,939,957
	336,072,266	323,137,394

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2013 ***QR***	*2012* *QR*
Amortisation of intangible assets (Note 11)	**6,646,815**	6,646,815
Board of Directors remuneration and attendance fees	**5,799,085**	4,360,279
Rent	**3,782,087**	3,608,770
Depreciation (Note 8)	**3,458,640**	2,544,289
Communication and postage	**2,762,813**	2,865,025
Repairs and maintenance	**1,882,999**	1,329,750
Legal and professional fees	**1,281,627**	1,554,191
Employee benefits	**1,227,537**	1,343,108
Advertisement	**1,219,413**	1,305,107
Travelling expenses	**1,128,770**	1,333,294
License and registration fees	**529,887**	1,391,798
Printing and stationery	**294,647**	321,235
Government fees and expenses	**195,308**	102,146
Water and electricity	**186,535**	531,741
Other expenses	**4,429,192**	4,347,832
	34,825,355	33,585,380

7 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the parent by the weighted average number of shares outstanding during the period.

There were no potentially dilutive shares outstanding at any time during the period and, therefore, the dilutive earnings per share are equal to the basic earnings per share.

	2013	*2012*
Net profit for the year attributable to owners of the parent (QR)	**101,625,528**	84,922,341
Weighted average number of shares	**47,560,975**	47,560,975
Basic and diluted earnings per share (QR)	**2.14**	1.79

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

	2013	*2012* *(Restated)*
Qualifying shares at the beginning of the period	**39,634,146**	39,634,146
Bonus shares issued during the year (Note 17)	**7,926,829**	7,926,829
Balance at end of the year	**47,560,975**	47,560,975

Note:
During the year, the Company issued bonus shares (refer Note 17). Therefore, the earnings per share that was previously reported as at 31 December 2012 have been restated for the effects of this transaction.

8 PROPERTY, PLANT AND EQUIPMENT

	Buildings QR	*Office equipment QR*	*Furniture & fixtures QR*	*Warehouse equipment QR*	*Motor vehicles QR*	*Tools & equipment QR*	*Total QR*
Cost:							
At 1 January 2013	546,586,272	25,473,343	12,052,944	54,656,570	139,738,029	1,195,415	779,702,573
Additions	2,382,918	3,755,915	2,063,712	14,974,556	10,429,151	634,392	34,240,644
Disposals	-	-	-	-	(1,092,887)	-	(1,092,887)
Transfers (Note 9)	329,497,129	-	-	-	-	-	329,497,129
At 31 December 2013	878,466,319	29,229,258	14,116,656	69,631,126	149,074,293	1,829,807	1,142,347,459
Depreciation:							
At 1 January 2013	43,618,007	11,225,896	6,054,806	22,899,249	70,663,816	388,927	154,850,701
Charge for the year	28,858,193	5,269,520	2,581,624	4,697,451	14,971,631	334,198	56,712,617
Disposals/transfers	-	-	-	-	(640,526)	-	(640,526)
At 31 December 2013	72,476,200	16,495,416	8,636,430	27,596,700	84,994,921	723,125	210,922,792
Net carrying amounts:							
At 31 December 2013	**805,990,119**	**12,733,842**	**5,480,226**	**42,034,426**	**64,079,372**	**1,106,682**	**931,424,667**

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

	2013 QR	*2012 QR*
Direct costs	**53,253,977**	36,309,360
General and administration expenses	**3,458,640**	2,544,289
	56,712,617	38,853,649

Note:

Warehouse equipments have been pledged against certain loans and borrowings (Note 18).

8 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings QR	*Office equipment QR*	*Furniture & fixtures QR*	*Warehouse equipment QR*	*Motor vehicles QR*	*Tools & equipment QR*	*Total QR*
Cost:							
At 1 January 2012	249,459,876	11,941,465	7,021,470	46,217,461	136,590,139	1,000,180	452,230,591
Additions	24,970,294	9,099,509	3,330,317	8,313,133	3,336,390	195,235	49,244,878
Disposals	-	-	-	-	(188,500)	-	(188,500)
Transfers (Note 9)	272,156,102	4,432,369	1,701,157	125,976	-	-	278,415,604
At 31 December 2012	546,586,272	25,473,343	12,052,944	54,656,570	139,738,029	1,195,415	779,702,573
Depreciation:							
At 1 January 2012	28,782,912	7,678,339	4,234,936	18,719,275	56,576,655	93,871	116,085,988
Charge for the year	14,835,095	3,547,557	1,819,870	4,179,974	14,176,097	295,056	38,853,649
Disposals/transfers	-	-	-	-	(88,936)	-	(88,936)
At 31 December 2012	43,618,007	11,225,896	6,054,806	22,899,249	70,663,816	388,927	154,850,701
Net carrying amounts:							
At 31 December 2012	502,968,265	14,247,447	5,998,138	31,757,321	69,074,213	806,488	624,851,872

9 PROJECTS IN PROGRESS

	2013	*2012*
	QR	*QR*
At 1 January	**351,880,586**	330,298,753
Additions	**257,063,079**	299,997,437
Net transfer to property, plant and equipment (Note 8)	**(329,497,129)**	(278,415,604)
Transfer to investment properties (Note 10)	**(23,300,000)**	-
	256,146,536	351,880,586

Projects in progress comprise the cost of assets acquired and under construction that are not available for use as at the end of the reporting period. These assets comprise mainly of constructions in Logistic Village Qatar Phase 4, Kharaama substation work and construction of warehouse at Mesaieed, upon completion, these will be used for providing logistics services and will be reclassified accordingly.

The amount of borrowing costs capitalised during the year ended 31 December 2013 were QR 12.5 Million (2012: QR 14.2 Million). The weighted average rate used to determine the amount of borrowing cost eligible for capitalization was 5.1% which is the effective interest rate of the specific borrowing.

Land and building under constructions have been pledged against certain loans and borrowings (Note 18)

10 INVESTMENT PROPERTIES

	2013	*2012*
	QR	*QR*
At 1 January	**99,427,795**	95,376,595
Transfer from project in progress	**23,300,000**	-
Net gain from fair value adjustment	**9,243,767**	4,051,200
At 31 December	**131,971,562**	99,427,795

Notes:

(i) 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.

(ii) The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

(iii) Fair value hierarchy disclosures for investment properties have been provided in Note 25.

11 INTANGIBLE ASSETS

	Goodwill *QR*	*Customer contracts and related customer relationships* *QR*	*Brand name* *QR*	*Total* *QR*
Cost:				
At 1 January 2013 and 31 December 2013	98,315,463	10,231,500	52,780,500	161,327,463
Amortisation:				
At 1 January 2013	-	2,737,530	10,556,100	13,293,630
Amortisation during the year	-	1,368,765	5,278,050	6,646,815
At 31 December 2013	-	4,106,295	15,834,150	19,940,445
Net book value:				
At 31 December 2013	**98,315,463**	**6,125,205**	**36,946,350**	**141,387,018**

Note:
Customer contracts and the related customer relationships and brand names represent intangible assets acquired through business combination in 2011. The brand name is assessed to have 10 years of useful life. As at 31 December 2013, these assets were tested for impairment, no impairments were required.

	Goodwill *QR*	*Customer contracts and related customer relationships* *QR*	*Brand name* *QR*	*Total* *QR*
Cost:				
At 1 January 2012 and 31 December 2012	98,315,463	10,231,500	52,780,500	161,327,463
Amortisation:				
At 1 January 2012	-	1,368,765	5,278,050	6,646,815
Amortisation during the year	-	1,368,765	5,278,050	6,646,815
At 31 December 2012	-	2,737,530	10,556,100	13,293,630
Net book value:				
At 31 December 2012	98,315,463	7,493,970	42,224,400	148,033,833

12 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

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 the cash-generating units for testing the impairment of goodwill and intangible asset with indefinite lives.

12 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIFE (continued)

Accordingly, the goodwill acquired through business combinations has been allocated to the cash generating units as follows:

	Carrying amount of the goodwill	
	2013	*2012*
Cash generating units:	***QR***	*QR*
Logistics	**53,090,350**	53,090,350
Freight Forwarding operations	**45,225,113**	45,225,113
Total	**98,315,463**	98,315,463

The recoverable amount of all cash generating units s has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the cash generating units operates. As a result of this exercise, At 31 December 2013, no impairments were noted. (2012: Nil).

Key assumptions used in value in use calculations

	Logistics		***Freight forwarding operations***	
	2013	*2012*	***2013***	*2012*
Compound annual volume growth	12.44%	14.15%	11.80%	14.15%
Long term growth rate	3.00%	3.00%	3.00%	3.00%
Discount rate	11.00%	16.00%	14.45%	16.00%

Management determined compound annual volume growth rate for each cash generating units covering over the five-year forecast period to be a key assumption. The volume of sales in each period is the main driver for revenue and costs. The compound annual volume growth rate is based on past performance and management's expectations of market development. The long term growth rates used are consistent with the forecasts included in industry reports. The discount rates used reflect specific risks relating to the relevant operating segments.

13 TRADE AND OTHER RECEIVABLES

	2013	*2012*
	QR	*QR*
Trade receivables	**102,615,679**	138,768,890
Advances to suppliers	**54,899,458**	40,288,880
Accrued revenue	**34,974,302**	24,055,905
Prepayments	**34,694,007**	21,114,188
Other receivables	**7,764,148**	4,194,048
	234,947,594	228,421,911

13 TRADE AND OTHER RECEIVABLES (continued)

At 31 December, financial assets at nominal value of QR 13,020,843 (2012: QR 6,904,675) were impaired.

	2013 ***QR***	*2012* *QR*
At 1 January	**6,904,675**	4,023,274
Charge for the year	**6,116,168**	2,881,401
At 31 December	**13,020,843**	6,904,675

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*
2013	**102,615,679**	**23,390,456**	**13,657,546**	**23,426,946**	**15,807,536**	**26,333,195**
2012	138,768,890	61,655,658	17,908,892	9,302,138	7,173,491	42,728,711

14 CASH AND CASH EQUIVALENTS

	2013 ***QR***	*2012* *QR*
Bank balances and cash	**174,804,478**	116,969,115
	174,804,478	116,969,115

Term deposits with an original maturity of less than 90 days are made for varying periods depending on the immediate cash requirements of the Group with original maturity dates of less than three months and the profit rates at commercial market rates.

15 SHARE CAPITAL

Authorised, issued and paid up capital	***2013*** ***QR***	*2012* *QR*
At 1 January	**396,341,460**	396,341,460
Issue of bonus shares	**79,268,290**	-
At 31 December	**475,609,750**	396,341,460

Authorised, issued and paid up capital	***2013*** *Number of shares*	*2012*
At 1 January	**39,634,146**	39,634,146
Issue of bonus shares	**7,926,829**	-
At 31 December	**47,560,975**	39,634,146

16 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. During the year, the Company has transferred QR 10,162,553 to the legal reserve.

The reserve is not normally available for distribution, except in the circumstances stipulated by the above mentioned law.

17 DIVIDENDS PAID

At the Annual General Assembly held on 5 March 2013, the shareholders approved the issuance of one share for every 5 shares held which amounted to 7,926,829 shares with a value of QR 79,268,290 for the year ended 31 December 2012. (For the year ended 31 December 2011: QR 1.5 per share amounting to QR 59.4 million was declared and paid as cash dividend during 2012).

18 LOANS AND BORROWINGS

	2013	*2012*
	QR	*QR*
LVQ term loans (i)	**853,426,202**	650,550,913
Other project loans (ii)	**8,218,780**	11,122,880
Other term loans (iii)	**75,320,478**	95,031,060
	936,965,460	756,704,853

	2013	*2012*
	QR	*QR*
Allocated in the consolidated statement of financial position as:		
Current portion	**165,397,714**	89,452,819
Non-current portion	**771,567,746**	667,252,034
	936,965,460	756,704,853

Notes:

(i) A term loan facility of QR 947 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 began in April 2012. The term loan facility carries financing charges at commercial rates.

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

(ii) 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.

(iii) Term Loans amounting to QR 73 Million have been obtained from local financial institutions to finance other capital projects of the Company. The repayment on this facility began in November 2013. These loans carry financing costs at commercial rates and are secured against Company's revenue. This facility has been secured based on corporate guarantee of the Company and assignment of revenue proceeds to the account with the lender.

19 EMPLOYEES END OF SERVICE BENEFITS

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

	2013 ***QR***	*2012* *QR*
Provision at 1 January	**11,379,504**	7,939,438
Provided during the year	**4,483,756**	4,383,515
End of service benefits paid	**(2,604,963)**	(943,449)
Provision at 31 December	**13,258,297**	11,379,504

20 TRADE PAYABLES AND ACCRUALS

	2013 ***QR***	*2012* *QR*
Trade payables	**12,208,481**	11,950,224
Accrued expenses	**50,054,560**	39,044,780
Other payables	**32,383,338**	26,166,169
Provision for contribution to Social and Sports Development Fund (a)	**2,540,638**	2,022,106
	97,187,017	79,183,279

Note: (a)
Pursuant to Law No. 13 of 2008, the Group made an appropriation of QR 2.5 Million (2012: QR 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 2013 and 2012. The amount shown above represents the accrual made in respect of 2013 net profits and the share for 2012 profits has been remitted to the Directorate of Public Revenue and Taxes during the year.

21 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:

	2013 ***QR***	*2012* *QR*
Revenue	**5,041,963**	10,240,022
Purchase of services	**45,251,834**	39,834,147

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

	2013 ***QR***	*2012* *QR*
Trade receivables	**611,595**	855,686
Trade payables	**6,744,514**	5,643,694

21 RELATED PARTY DISCLOSURES (continued)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2013, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2012: QR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel

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

	2013 ***QR***	*2012* *QR*
Short-term benefits	**8,897,931**	10,372,386
Employees' end of service benefits	**27,652**	129,416
	8,925,583	10,501,802

22 COMMITMENTS AND CONTINGENT LIABILITIES

	2013 ***QR***	*2012* *QR*
Contingent liabilities		
Letters of guarantee	**14,135,777**	11,920,551
Performance bonds	**30,962,891**	24,592,620
	45,098,668	36,513,171

The Group has entered into capital commitments relating to certain related construction contracts and purchase of vehicles amounting to QR 186 Million as at 31 December 2013 (2012: QR 154 Million).Future minimum rentals payable under non-cancellable operating leases at 31 December were as follows;

	2013 ***QR***	*2012* *QR*
Within one year	**2,389,740**	2,244,162
After one year but not more than five years	**7,785,568**	7,760,608
More than five years	**17,230,107**	17,908,426
	27,405,415	27,913,196

23 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.

23 SEGMENT INFORMATION (continued)

The following table presents revenue and profit information regarding the Group's operating segment for the year ended 31 December 2013 and 2012, respectively.

Year ended 31 December 2013	*Logistic operations QR*	*Freight forwarding QR*	*Others QR*	*Unallocated QR*	*Total QR*
Segment revenue	**369,666,909**	**151,931,436**	**5,661,023**	**-**	**527,259,368**
Depreciation	**56,035,258**	**409,485**	**267,874**	**-**	**56,712,617**
Segment profit	**92,444,742**	**2,305,528**	**(6,273,827)**	**10,074,910**	**98,551,353**

Year ended 31 December 2012	*Logistic operations QR*	*Freight forwarding QR*	*Others QR*	*Unallocated QR*	*Total QR*
Segment revenue	297,476,141	148,711,489	33,539,211	-	479,726,841
Depreciation	38,397,351	380,234	76,064	-	38,853,649
Segment profit	71,920,292	12,900,009	(8,240,999)	4,304,949	80,884,251

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

Segment assets	*Logistic operations QR*	*Freight forwarding QR*	*Others QR*	*Unallocated QR*	*Total QR*
At 31 December 2013	**1,497,888,851**	**143,682,398**	**15,931,589**	**221,971,562**	**1,879,474,400**
At 31 December 2012	1,337,585,428	116,078,044	26,542,080	99,427,795	1,579,633,347

Geographic segments
The Group provides 99% of its services in the State of Qatar.

24 FINANCIAL RISK MANAGEMENT

Objective and policies
The Group's principal financial liabilities comprise loans and borrowings, retention payable and trade and other payables. 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 and bank balances 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 and profit rates will affect the Group's profit, 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.

24 FINANCIAL RISK MANAGEMENT (continued)

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The 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:

	2013	*2012*
	QR	*QR*
Bank balances	**172,811,510**	116,157,377
Trade receivables	**102,615,679**	138,768,890
Other receivables	**7,764,148**	4,194,048
	283,191,337	259,120,315

The Group continues to render services to more than 823(2012: 955) customers with its largest 5 customers accounting for 30% (2012: 34%) 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	*1 to 5 years*	*Over 5 years*	*Total*
	QR	*QR*	*QR*	*QR*
At 31 December 2013				
Loans and borrowings	**184,473,285**	**915,033,092**	**100,657,305**	**1,200,163,682**
Trade payables	**12,208,481**	-	-	**12,208,481**
Accrued expenses	**50,054,560**	-	-	**50,054,560**
Other payables	**32,383,338**	-	-	**32,383,338**
Retention payable	**21,046,520**	**7,807,302**	-	**28,853,822**
	300,166,184	**922,840,394**	**100,657,305**	**1,323,663,883**
At 31 December 2012				
Loans and borrowings	113,702,597	688,522,689	160,588,707	962,813,993
Trade payables	11,950,224	-	-	11,950,224
Accrued expenses	39,044,780	-	-	39,044,780
Other payables	26,166,169	-	-	26,166,169
Retention payable	18,760,171	6,406,451	-	25,166,622
	209,623,941	694,929,140	160,588,707	1,065,141,788

24 FINANCIAL RISK MANAGEMENT (continued)

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 2013 and 31 December 2012. Capital comprises share capital of QR 475 Million (2012: QR 396 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 385 Million (2012: QR 393 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.

25 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair values
Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the consolidated financial statements:

	Carrying amounts		*Fair values*	
	2013	*2012*	***2013***	*2012*
	QR	*QR*	***QR***	*QR*
Financial assets				
Bank balances (excluding cash)	**172,811,510**	116,157,377	**172,811,510**	116,157,377
Trade and other receivables	**247,968,437**	235,326,586	**247,968,437**	235,326,586
Financial liabilities				
Payables and other liabilities	**97,187,017**	79,183,279	**97,187,017**	79,183,279
Loans and borrowings	**936,965,460**	756,704,853	**936,965,460**	756,704,853

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

- Bank balances, receivables and payables and other liabilities and loans and borrowings approximate their carrying amounts largely due to the short-term maturities/repricing of these instruments.

25 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Fair value measurement
The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2013:

			Fair value measurement using		
	Date of valuation	*Total QR'000*	*Quoted prices in active markets Level 1 QR'000*	*Significant observable inputs Level 2 QR'000*	*Significant unobservable inputs Level 3 QR'000*
Assets measured at fair value:					
Investment properties (Note 10):	31/12/2013	**131,971**	**-**	**131,971**	**-**

There have been no transfers between Level 1 and Level 2 during the year.

26 SIGNIFICANT ESTIMATES AND JUDGEMENTS

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 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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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.

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.

26 SIGNIFICANT ESTIMATES AND JUDGEMENTS (continued)

Fair value of investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of income. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2013 for investment properties. For investment properties, The independent evaluator uses the market situations, estimated yield and expected future cash flows and the recent real estate transactions with similar characteristics and location of properties for the valuation of investment properties.

If an independent valuation is carried out at the intermediate period, the management determines the year end valuation by applying appropriate discounting rate on the intermediate valuation based on the market situations, estimated yield and expected future cash flows. Thus the management believes it's a more transparent and accurate valuation
The key assumptions used to determine the fair value of the properties are provided in Notes 10.

Goodwill
The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 12).

27 COMPARATIVE INFORMATION

Certain prior year amounts have been reclassified in order to conform to the current year presentation. Such reclassification did not affect previously reported net profit or total equity.