Gulf Warehousing Company Q.S.C.

Consolidated financial statements

31 December 2014

Gulf Warehousing Company Q.S.C.

Consolidated Financial Statements
As at and for the year ended 31 December 2014

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Independent auditors' report

To the Shareholders of Gulf Warehousing Company Q.S.C.
Doha, State of Qatar

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Gulf Warehousing Company Q.S.C. (the 'Company"), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management 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 management 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 our 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, we 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 management, 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 consolidated financial position of the Company as at 31 December 2014, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The Company's comparative consolidated financial statements for the year ended 31 December 2013 were audited by another auditor, who expressed an unmodified opinion thereon dated 19 January 2014.

Report on legal and other regulatory requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. The physical count of inventories was carried out in accordance with the established principles. We reviewed the report of the Company's Board of Directors and we confirm that the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the provisions of the Qatar Commercial Companies Law No. 5 of 2002 or the terms of the Company's Articles of Association during the year which might have had a material adverse effect on the business of the Company or its consolidated financial statements as at 31 December 2014.

15 January 2015	Gopal Balasubramaniam
Doha	KPMG
State of Qatar	Auditor's Registration No.251

Gulf Warehousing Company Q.S.C.

Consolidated statement of financial position
As at 31 December 2014 **In Qatari Riyals**

	Note	**31 December 2014**	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,126,137,981	931,424,667
Projects in progress	5	250,842,979	256,146,536
Investment property	6	172,968,860	131,971,562
Intangible assets and goodwill	7	134,740,203	141,387,018
Total non-current assets		1,684,690,023	1,460,929,783
Current assets			
Inventories		7,526,517	8,792,545
Accounts and other receivables	8	249,549,979	234,947,594
Cash and cash equivalents	9	160,228,239	174,804,478
Total current assets		417,304,735	418,544,617
TOTAL ASSETS		**2,101,994,758**	1,879,474,400
EQUITY AND LIABILITIES			
Equity			
Share capital	10	475,609,750	475,609,750
Legal reserve	11	237,804,875	231,517,414
Retained earnings		158,900,285	99,763,863
Equity attributable to the owners of the Company		872,314,910	806,891,027
Non-controlling interest		(3,681,223)	(3,681,223)
Total equity		868,633,687	803,209,804
Liabilities			
Non-current liabilities			
Loans and borrowings	13	978,979,628	771,567,746
Employees' end of service benefits	14	17,899,003	13,258,297
Total non-current liabilities		996,878,631	784,826,043
Current liabilities			
Accounts and other payables	15	168,487,527	126,040,839
Loans and borrowings	13	67,994,913	165,397,714
Total current liabilities		236,482,440	291,438,553
Total liabilities		1,233,361,071	1,076,264,596
TOTAL EQUITY AND LIABILITIES		**2,101,994,758**	1,879,474,400

These consolidated financial statements were approved by the Company's Board of Directors on 15 January 2015 and were signed on its behalf by:

Abdulla Fahad J J Al Thani
Chairman

Fahad Hamad J J Al Thani
Vice chairman

The notes on pages 7 to 33 form an integral part of these consolidated financial statements.

Gulf Warehousing Company Q.S.C.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2014 **In Qatari Riyals**

	Note	**31 December 2014**	31 December 2013
Revenue	17	673,331,762	527,259,368
Direct costs	18	(431,403,332)	(336,072,266)
Gross profit		241,928,430	191,187,102
Other income, net		(173,964)	1,005,648
Increase in fair value of investment property	6	14,722,840	9,243,767
General and administrative expenses	19	(40,207,754)	(40,941,523)
Staff costs		(40,113,509)	(34,587,636)
Operating profit		176,156,043	125,907,358
Finance costs, net		(35,883,893)	(27,356,005)
Profit		140,272,150	98,551,353
Other comprehensive income		-	-
Total comprehensive income		**140,272,150**	98,551,353
Profit / (loss) attributable to:			
Owners of the Company		140,272,150	101,625,528
Non-controlling interest		-	(3,074,175)
		140,272,150	98,551,353
Basic and diluted earnings per share	20	**2.95**	2.14

The notes on pages 7 to 33 form an integral part of these consolidated financial statements.

Gulf Warehousing Company Q.S.C.

Consolidated statement of changes in equity
For the year ended 31 December 2014 — **In Qatari Riyals**

	Attributable to the owners of the Company					
	Share capital	**Legal reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2013	396,341,460	221,354,861	90,109,816	707,806,137	(607,048)	707,199,089
Total comprehensive income:						
Profit / (loss)	-	-	101,625,528	101,625,528	(3,074,175)	98,551,353
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	101,625,528	101,625,528	(3,074,175)	98,551,353
Transferred to legal reserve	-	10,162,553	(10,162,553)	-	-	-
Contributions to social and sports fund	-	-	(2,540,638)	(2,540,638)	-	(2,540,638)
Transaction with the owners of the Company:						
Bonus shares issued (Note10)	79,268,290	-	(79,268,290)	-	-	-
Balance at 31 December 2013 / 1January 2014	475,609,750	231,517,414	99,763,863	806,891,027	(3,681,223)	803,209,804
Total comprehensive income:						
Profit	-	-	140,272,150	140,272,150	-	140,272,150
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	140,272,150	140,272,150	-	140,272,150
Transferred to legal reserve	-	6,287,461	(6,287,461)	-	-	-
Contribution to social and sports fund	-	-	(3,506,804)	(3,506,804)	-	(3,506,804)
Transactions with the owners of the Company:						
Dividends (Note 12)	-	-	(71,341,463)	(71,341,463)	-	(71,341,463)
Balance at 31 December 2014	**475,609,750**	**237,804,875**	**158,900,285**	**872,314,910**	**(3,681,223)**	**868,633,687**

The notes on pages 7 to 33 form an integral part of these consolidated financial statements.

Gulf Warehousing Company Q.S.C.

Consolidated statement of cash flows
For the year ended 31 December 2014 **In Qatari Riyals**

	Note	**31 December 2014**	31 December 2013
Cash flows from operating activities			
Profit		140,272,150	98,551,353
Adjustments for:			
Depreciation of property, plant and equipment	4	73,305,953	56,712,617
Amortisation of intangible assets	7	6,646,815	6,646,815
Valuation gain from investment property	6	(14,722,840)	(9,243,767)
Provision for impairment of trade receivables (net)	8	1,760,000	6,116,168
Loss / (gain) on disposal of property, plant and equipment		126,073	(53,566)
Provision for employees' end of service benefits	14	5,760,105	4,483,756
Finance costs		36,096,820	28,187,148
Finance income		(165,105)	(831,143)
		249,079,971	190,569,381
Changes in:			
Inventories		1,266,028	1,255,690
Accounts and other receivables		(16,362,385)	(12,641,851)
Accounts and other payables		27,997,648	21,172,406
Cash generated from operating activites		261,981,262	200,355,626
Employees' end of service benefits paid	14	(1,119,399)	(2,604,963)
Contribution to social and sports development fund		(2,540,638)	(2,022,106)
Net cash from operating activities		258,321,225	195,728,557
Cash flows from investing activites			
Purchase of property, plant and equipment	4	(39,314,482)	(34,240,644)
Proceeds from disposal of property, plant and equipment		1,838,000	505,927
Additions to project in progress	5	(251,639,759)	(257,063,079)
Finance income received		165,105	831,143
Net cash used in investing activities		(288,951,136)	(289,966,653)
Cash flows from financing activites			
Proceeds from loans and borrowings		179,631,148	270,857,502
Repayment of loans and borrowings		(69,622,067)	(90,596,895)
Finance costs paid		(22,613,946)	(28,187,148)
Dividends paid	12	(71,341,463)	-
Net cash from financing activities		16,053,672	152,073,459
Net (decrease) / increase in cash and cash equivalents		(14,576,239)	57,835,363
Cash and cash equivalents at 1 January		174,804,478	116,969,115
Cash and cash equivalents at 31 December	9	**160,228,239**	174,804,478

The notes on pages 7 to 33 form an integral part of these consolidated financial statements.

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Gulf Warehousing Company Q.S.C. (the "Company") is incorporated in accodrance with the provisions of the Qatar Commercial Companies Law No. 5 of 2002 as a Qatari Shareholding Company, and is registered with the the Ministry of Economy and Commerce of the State of Qatar under Commercial Registration number 27386 dated 21 March 2004. The registered office of the Company is at PO Box 24434, ‘D’ Ring road, Doha, State of Qatar. The ordinary shares of the Company are listed on the Qatar Stock Exchange.

The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The principal activities of the Group which have not changed since the previous year are the provision of logistic (set-up, establishment, and management of all types of warehouses for storage), and freight forwarding services.

These consolidated financial statements were authorized for issue by the Company’s Board of Directors on 15 January 2015.

The subsidiaries of the Group, including branches of the Company, are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Group effective shareholding % 31 December 2014	31 December 2013
Agility W.L.L.*	State of Qatar	Logistics and transportation	100%	100%
GWC Chemicals W.L.L.	State of Qatar	Chemical trading and Transport	100%	100%
GWC Food Services W.L.L. (Formerly GWC Projects)	State of Qatar	Trading in food stuffs	100%	100%
GWC Global Cargo & Transport L.L.C.*	United Arab Emirates	Warehousing and Transportation	100%	100%
Imdad Sourcing & Logistic Group W.L.L.	State of Qatar	Trading in food stuff and other consumables	51%	51%
GWC Saudi Arabia – Branches in Riyadh, Dammam & Jeddah	Kingdom of Saudi Arabia	Preparation, Development and Management of warehouses	100%	100%
Gulf Warehousing Company Limited	Republic of Nigeria	Warehousing and transportation	100%	100%
Gulf Warehousing Marine Services	State of Qatar	Marine Services	100%	100%

*Operating Group entities.

2. BASIS OF PREPARATION

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

Basis of measurement
These consolidated financial statements have been prepared under the historical cost convention AS modified with the revaluation of investment property.

Functional and presentation currency
These consolidated financial statements are presented in Qatari Riyals, which is the Company's functional currency. All amounts have been rounded to the nearest Qatari Riyal, unless otherwise indicated.

Use of judgments and estimates
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in Note 26.

New Standards, amendments and interpretations issued and effective on or after 1 January 2014

During the current year, the Group adopted all the below new and revised International Financial Reporting Standards that are relevant to its operations and are effective as of 1 January 2014. There was no material effect on the accounting policies of the Group as a result of their adoption:

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments have been applied retrospectively.

Amendments to IFRS 10, IFRS 12 and IAS 27 "Investment Entities"
The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.
Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets
The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 - Fair Value Measurements.

2. BASIS OF PREPARATION (CONTINUED)

New Standards, amendments and interpretations issued and effective on or after 1 January 2014 (continued)

IFRIC 21 Levies
IFRIC 21 on Levies (amendments to IAS 32) provide guidance on the accounting for levies in the financial statements of the entity that is paying the levy.

New standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015, and have not been applied in preparing these consolidated financial statements. Those which are relevant to the Group are set out below. The Group does not expect any significant impact on its accounting policies from their adoption and does not plan to early adopt these standards.

IFRS 9 - Financial Instruments
IFRS 9 published in July 2014, replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

IFRS 15 – Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments to IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted if the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated. The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to define benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees periods of service using the project unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees periods of service.

Annual improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle
The annual improvements to IFRSs to 2010-2012 and 2011 -2013 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 July 2014; earlier application is permitted (along with the special transitional requirement in each case) in which case the related consequential amendments to other IFRSs would also apply.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies of the Group applied in the preparation of these consolidated financial Statements are set out below. These policies have been applied consistently to both years presented in these consolidated financial statements.

Basis of consolidation
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 profit or loss and 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 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 in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities 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**.**

Property, plant and equipment
Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises 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 profit or loss as incurred.

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 & 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

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 profit or loss 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 comprise constructions in progress of properties whose use in terms of owner occupied property or investment property has not been decided by Group management. 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 properties. Once completed, these properties are transferred either to the investment property or to the property, plant and equipment depending on the management's decision for their intended use.

Investment property

Investment property comprises land and building held for long term and 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 profit or loss in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer.

Investment property is derecognised when either it is 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 profit or loss.

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.

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, if any. Internally generated intangible assets, excluding capitalized development costs are not capitalized and expenditure is reflected in the consolidated statement of profit or loss in the year in which the expenditure is incurred.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)
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 amortization 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 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 consolidated statement of profit or loss as an expense 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 consolidated statement of profit or loss when the asset is derecognised.

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 name*
Useful lives:	Finite (4-10 years)	Finite (10 years)
Amortization method used:	Amortized on straight line basis over the periods of availability.	Amortized on 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 or cash-generating units (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 consolidated statements of profit or loss in expense categories consistent with the function of the impaired asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)
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 consolidated statement of profit or loss.

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.

Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less applicable saleable expenses. Inventories comprise trading stock, spares and consumables as at the reporting date.

Accounts and other receivables
Account 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 derecognised when they are assessed as uncollectible.

Cash and cash equivalents
Cash and cash equivalents comprise bank balances, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 reorganization 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.

Financial assets carried at amortized cost
For financial assets carried at amortized 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 financial assets, 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.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the consolidated statement of profit or loss. 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 consolidated statement of profit or loss.

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' 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.

Loans and borrowings
Loans and borrowings are recognised initially at the fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, they 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 profit or loss over the period of borrowings. Installments due within one year 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 the Qatar Labor Law No. 14 of 2004. 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 of Qatar administered retirement fund for Qatari employees in accordance with the Retirement Law. The resulting charge is included within the staff cost in the consolidated statement of profit or loss. 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 recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss 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 fulfillment 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 profit or loss 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 profit or loss.

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 is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading
- Expected to be realized 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current versus non-current classification (continued)

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 , or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting

The Group classifies all other liabilities as non-current.

Fair value measurement

The Group measures financial and non-financial assets and liabilities, at fair value at each reporting date for accounting and or disclosure purposes. Also, fair values of financial instruments measured at amortized 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 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized 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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting .

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment property. 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 property. 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.

The management, in conjunction with the Group's external valuers, also compares 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.

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 fulfillment 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.

Interest income

Interest income is recognised using the effective interest rate method.

Borrowing costs

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalised as part of cost of the assets up to the date of asset being put to its intended use or the construction of the assets is complete. Other borrowing costs are recognised as an expense in the year in which they are incurred.

4. PROPERTY, PLANT AND EQUIPMENT

	Buildings[1]	Office equipment	Furniture & fixtures	Warehouse equipment[2]	Motor vehicles	Tools and equipment	Total
Cost							
Balance 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 5)	329,497,129	-	-	-	-	-	329,497,129
Balance 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
Additions	7,011,320	3,549,320	7,403,780	13,216,804	7,817,991	315,267	39,314,482
Disposals	-	(17,200)	-	-	(6,652,073)	-	(6,669,273)
Transfers (Note 5)	219,362,450	831,152	10,475,256	-	-	-	230,668,858
Balance at 31 December 2014	1,104,840,089	33,592,530	31,995,692	82,847,930	150,240,211	2,145,074	1,405,661,526
Accumulated depreciation							
Balance at 1 January 2013	43,618,007	11,225,896	6,054,806	22,899,249	70,663,816	388,927	154,850,701
Additions	28,858,193	5,269,520	2,581,624	4,697,451	14,971,631	334,198	56,712,617
Disposals	-	-	-	-	(640,526)	-	(640,526)
Balance at 31 December 2013	72,476,200	16,495,416	8,636,430	27,596,700	84,994,921	723,125	210,922,792
Additions	40,372,250	6,761,706	4,162,476	5,869,039	15,627,122	513,360	73,305,953
Disposals	-	(15,914)	-	-	(4,689,286)	-	(4,705,200)
Balance at 31 December 2014	112,848,450	23,241,208	12,798,906	33,465,739	95,932,757	1,236,485	279,523,545
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
At 31 December 2014	**991,991,639**	**10,351,322**	**19,196,786**	**49,382,191**	**54,307,454**	**908,589**	**1,126,137,981**

[1] Buildings are constructed on land leased for long term basis from State of Qatar. These leases are renewal for long term periods.
[2] Warehouse equipments are mortgaged against certain loans and borrowings (Note13).

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The depreciation charge has been allocated in the consolidated statement of profit or loss and other comprehensive income as follows:

	31 December 2014	31 December 2013
Direct costs (Note 18)	69,428,058	53,253,977
General and adminstrtive expenses (Note 19)	3,877,895	3,458,640
	73,305,953	56,712,617

5. PROJECTS IN PROGRESS

	2014	2013
Balance as at 1 January	256,146,536	351,880,586
Additions	251,639,759	257,063,079
Transfers to property, plant and equipment (Note 4)	(230,668,858)	(329,497,129)
Transfers to investment property (Note 6)	(26,274,458)	(23,300,000)
Balance as at 31 December	**250,842,979**	256,146,536

Projects in progress comprise mainly the constructions in Logistic Village Qatar Phase 4 and Kharaama substation work.

The amount of borrowing costs capitalized during the year ended 31 December 2014 was QR 20.7 million (2013: QR 12.5 million). The weighted average rate used to determine the amount of borrowing cost eligible for capitalization was 4.5% per annum which is the effective interest rate of the specific borrowings. Building under constructions are mortgaged against certain loans and borrowings (Note 13).

6. INVESTMENT PROPERTY

	31 December 2014	31 December 2013
Balance as at 1 January	131,971,562	99,427,795
Transfer from project in progress (Note 5)	26,274,458	23,300,000
Net increase in fair value	14,722,840	9,243,767
Balance at 31 December	**172,968,860**	131,971,562

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 10 years, with annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessees and historically the average renewal period was four years. No contingent rents are charged.

6. INVESTMENT PROPERTY (CONTINUED)

The fair value of investment property were determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property at each year end.

The following table provides the fair value measurement hierarchy of investment property:

2014	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Investment property	**172,968,860**	-	**172,968,860**	**-**
2013		Level 1	Level 2	Level 3
Investment property	131,971,562	-	131,971,562	-

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

7. INTANGIBLE ASSETS AND GOODWILL

	Goodwill[2]	**Customer contracts and related customer relationships[1]**	**Brand name[1]**	**Total**
Cost				
Balance at 1 January 2013	98,315,463	10,231,500	52,780,500	161,327,463
Accumulated amortisation				
At 1 January 2013	-	2,737,530	10,556,100	13,293,630
Additions (Note 19)	-	1,368,765	5,278,050	6,646,815
At 31 December 2013	-	4,106,295	15,834,150	19,940,445
Additions (Note 19)	-	1,368,765	5,278,050	6,646,815
At 31 December 2014	**-**	5,475,060	21,112,200	26,587,260
Carrying amounts				
At 31 December 2013	98,315,463	6,125,205	36,946,350	141,387,018
At 31 December 2014	**98,315,463**	**4,756,440**	**31,668,300**	**134,740,203**

[1] Customer contracts and the related customer relationships and brand name represent intangible assets acquired through business combination in the year 2011. The customer contracts and related customer relationships and brand name are assessed to have 10 years of useful life. As at 31 December 2014, these assets were tested for impairment and no impairment was identified.

7. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

[(2)] *Impairment testing of 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 the cash-generating units for testing the impairment of goodwill.

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

	Carrying amount of goodwill	
	31 December 2014	31 December 2013
Cash generating units:		
Logistics operations	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 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 rate stated below. The terminal growth rate does not exceed the long-term average growth rate for the business in which the cash generating units operate. As a result of this exercise, at 31 December 2014 no impairments was identified. (2013: No impairment).

Key assumptions used in value in use calculations:

	Logistics operations		Freight forwarding operations	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
Compound annual volume growth	11.40%	12.44%	12.80%	11.80%
Terminal growth rate	3.00%	3.00%	3.00%	3.00%
Discount rate	13.3%	11.00%	14.32%	16.00%

Management determined compound annual volume growth rate for each cash generating units over five-year forecast to be a key assumption. The volume of growth 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.

8. ACCOUNTS AND OTHER RECEIVABLES

	31 December 2014	31 December 2013
Accounts receivables, net	119,875,891	102,615,679
Advance to suppliers	24,579,824	54,899,458
Accrued revenue	38,864,726	34,974,302
Prepayments	57,252,798	34,694,007
Other receivable	8,976,740	7,764,148
	249,549,979	234,947,594

As at 31 December the aging of accounts receivable is follows:

	31 December 2014	31 December 2013
Not past due	21,004,909	23,390,456
Past due 0-30 days	34,339,710	13,657,546
Past due 31-60 days	22,926,771	23,426,946
Past due 61-90 days	13,047,867	15,807,536
More than 90 days	28,556,634	26,333,195
	119,875,891	102,615,679

Provision for impairment of accounts receivable:

	2014	2013
Balance as at 1 January	13,020,843	6,904,675
Provision made during the year	1,760,000	6,116,168
Balance as at 31 December	**14,780,843**	13,020,843

9. CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Cash in hand	1,254,113	1,992,968
Bank balance-current account	118,974,126	82,811,510
Bank balance-deposit account[1]	40,000,000	90,000,000
	160,228,239	174,804,478

[1]Deposits with an original maturity of less than 90 days are made for varying periods depending on the immediate cash requirements of the Group at commercial market rates.

10. SHARE CAPITAL

Authorised and Issued and paid up ordinary shares at nominal value of QR 10 each:

	2014	2013
Balance as at 1 January	475,609,750	396,341,460
Bonus shares issued during the year	-	79,268,290
Balance as at 31 December	**475,609,750**	475,609,750

	2014	2013
	No. of shares	No. of shares
At 1 January	47,560,975	39,634,146
Bonus shares issued during the year	-	7,926,829
At 31 December	**47,560,975**	47,560,975

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

11. LEGAL RESERVE

In accordance with Qatar Commercial Companies' Law No. 5 of 2002, an amount equal to 10% of the net profit for the year is required to be transferred to a legal reserve until such time the legal reserve equals 50% of the Company's paid up share capital. This legal reserve is not available for distribution except in circumstances specified in the abovementioned law.

12. DIVIDENDS

A cash dividend amounting to QR 71.34 million has been declared in respect of financial year 2013 at QR 1.5 per share by the Board of Directors and approved by shareholders in Annual General Meeting held on 16 February 2014.

Proposed dividend

The Board of Directors in its meeting held on 15 January 2015 proposed a cash dividend amounting to 71.34 million in respect of financial year 2014 at QR 1.5 per share. This proposal is subject to the approval of the shareholders' Annual General Meeting and the regulators in the State of Qatar.

13. LOANS AND BORROWINGS

	Years of maturity	**31 December 2014**	31 December 2013
LVQ term loans (i)	2020-2023	981,609,435	853,426,202
Other project loans (ii)	2023	7,716,477	8,218,780
Other term loans (iii)	2018	57,648,629	75,320,478
		1,046,974,541	936,965,460

13. LOANS AND BORROWINGS (CONTINUED)

Presented in the consolidated statement of financial position as:

	31 December 2014	31 December 2013
Current portion	67,994,913	165,397,714
Non-current portion	978,979,628	771,567,746
	1,046,974,541	936,965,460

(i) A term loan facility of QR 1,075 million was obtained from local banks to finance the construction and development of Logistic Village Qatar ("LVQ") located in Street # 52 of Industrial Area. The repayment on this facility began in April 2013. The term loan facility carries financing charges at Qatar Central Bank rate plus certain basis points with a floor of 4% per annum. The loans are secured against Company's building under construction, and assignment of revenues from the LVQ 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 charges at Qatar Central Bank rate plus certain basis points with a floor of 4% per annum. The loans are secured against warehouse equipment and other project related property.

(iii) A term loan amounting to QR 73 million was obtained from local financial institution to finance other capital projects of the Company. The repayment on this facility began in November 2014. The loan carries financing charges at Qatar Central Bank rate plus certain basis points with a floor of 5.1% per annum. The loan is secured against corporate guarantee of the Company and assignment of revenues to the account with the lender.

14. EMPLOYEES' END OF SERVICE BENEFITS

Movement in the employees· end of service benefits provision are as follows:

	2014	2013
Balance as at 1 January	13,258,297	11,379,504
Charge for the year	5,760,105	4,483,756
Paid during the year	(1,119,399)	(2,604,963)
Balance as at 31 December	**17,899,003**	13,258,297

15. ACCOUNTS AND OTHER PAYABLES

	31 December 2014	31 December 2013
Accounts payables	10,246,535	12,208,481
Accrued expenses	71,178,625	50,054,560
Other payables	55,516,417	32,383,338
Retentions payable	28,039,146	28,853,822
Provision for contribution for social and sports fund(1)	3,506,804	2,540,638
	168,487,527	126,040,839

(1)Pursuant to the Qatar Law No. 13 of 2008, the Company made an appropriation of QR 3.5 million (2013: QR 2.5 million) to the Social and Sports Development Fund of Qatar. This amount represents 2.5% of the net profit for the years ended 31 December 2014 and 2013.

16. RELATED PARTIES

The Group in the normal course of business carries out transactions with parties that fall within the definition of related parties as per International Accounting Standards (IAS) 24 "Related Party Disclosures."

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

	Nature of transactions	**31 December 2014**	31 December 2013
Agility network	Revenue	**7,460,658**	5,041,963
Agility network	Purchase of services	**50,745,600**	45,251,834

Related party balances
Balances with related parties included in the consolidated statement of financial position under Accounts and other receivables and account payables and other payables are as follows:

	31 December 2014	31 December 2013
Due from Agility network	**906,279**	611,595
Due to Agility network	**5,727,975**	6,744,514

Compensation of key management personnel

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

	31 December 2014	31 December 2013
Short-term benefits	10,069,044	8,897,931
Employees' end of service benefits	84,000	27,652
	10,153,044	8,925,583

17. REVENUE

	31 December 2014	31 December 2013
Logistic operations	478,627,845	369,666,909
Freight forwarding	191,586,654	151,931,436
Others	3,117,263	5,661,023
	673,331,762	527,259,368

18. DIRECT COSTS

	31 December 2014	31 December 2013
Freight forwarding charges	135,190,996	113,275,712
Staff costs	103,477,739	81,915,031
Depreciation of property, plant and equipment (Note 4)	69,428,058	53,253,977
Logistic costs	52,514,702	33,182,558
Repairs and maintenance	29,526,565	19,602,644
Fuel	18,031,188	12,874,269
Material purchases	-	5,875,101
Water and electricity	8,289,721	4,005,017
Insurance	2,650,193	2,302,574
Manpower subcontract charges	3,003,889	2,619,999
Others	9,290,281	7,165,384
	431,403,332	336,072,266

19. GENERAL AND ADMINSTRATIVE EXPENSES

	31 December 2014	31 December 2013
Amortization of intangible assets (Note 7)	6,646,815	6,646,815
Board of directors remuneration	6,150,000	5,799,085
Rent	1,505,404	3,782,087
Depreciation (Note 4)	3,877,895	3,458,640
Communication and postage	2,017,650	2,762,813
Repairs and maintenance	3,281,460	1,882,999
Legal and professional fees	2,310,955	1,281,627
Provision for impairment on accounts receivable (Note 8)	1,760,000	6,116,168
Employee benefits	1,497,435	1,227,537
Advertisement	1,317,430	1,219,413
Travelling expenses	1,088,591	1,128,770
License and registration fees	1,294,582	529,887
Printing and stationary	265,067	294,647
Government fees and expenses	69,984	195,308
Water and electricity	52,242	186,535
Other expenses	7,072,244	4,429,192
	40,207,754	40,941,523

20. 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.

	31 December 2014	31 December 2013
Profit attributable to the owners of the Company	140,272,150	101,625,528
Weighted average number of shares	47,560,975	47,560,975
Basic and diluted earnings per share	**2.95**	2.14

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

	2014	2013
Qualifying shares on 1 January	47,560,975	39,634,146
Bonus shares issued during the year (Note 10)	-	7,926,829
31 December	**47,560,975**	47,560,975

21. CONTINGENCIES AND COMMITMENTS

	31 December 2014	31 December 2013
Letters of guarantee	20,966,956	14,135,777
Performance bonds	57,886,143	30,962,891
	78,853,099	45,098,668

The Group has entered into capital commitments relating to certain construction contracts amounting to QR 117.5 million (2013: QR 186 million).

22. OPERATING LEASES

Leases as lessee
The Group leases a number of plot of lands under operating leases, the leases typically run for a period of 5 to 30 years, with an option to renew the lease after that date.

The leases were entered into many years ago. The Group determined that the land leases are operating leases. The Group does not have an interest in the residual value of the land. As a result, it was determined that substantially all of the risks and rewards of the land are with the landlord.

22. OPERATING LEASES (CONTINUE)

Future minimum rentals payments
At 31 December, the future lease payments under non-cancellable operating leases were payable as follows.

	31 December 2014	31 December 2013
Less than one year	3,665,824	2,389,740
Between one and five years	14,716,115	7,785,568
More than five years	44,708,837	17,230,107
	63,090,776	27,405,415

Amounts recognised in the consolidated statement of profit or loss.

	31 December 2014	31 December 2013
Lease expense	3,672,354	2,265,765
Sub-lease income	13,975,776	8,859,789
	17,648,130	11,125,554

Leases as lessor
The Group leases out its investment property (Note 6)

Future minimum rentals payments
At 31 December, the future minimum lease payments under non-cancellable leases are receivable as follows:

	31 December 2014	31 December 2013
Less than one year	15,554,136	13,975,776
Between one and five years	11,824,918	27,379,054
	27,379,054	41,354,830

23. SEGMENT INFORMATION

Basis for segmentation

The Group has the following three strategic divisions, which are its reportable segments. These divisions offer different services, and are managed by the Group separately for the purpose of making decisions about resource allocation and performance assessment.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Logistics operations	Storage, handling, packing and transportation
Freight forwarding	Freight services through land, air and sea
Others	Trading

The Group's Chief Executive Officer reviews the internal management reports of each division at least quarterly.

There are varying level of integration between the Logistics and Freight forwarding segments. Inter-segment pricing is determined on an arm's length basis.

The following table presents revenue and profit information regarding the Group's operating segments.

	31 December 2014		31 December 2013	
Operating segments	Segment revenue	Segment profit	Segment revenue	Segment profit / (loss)
Logistic operations	478,627,845	120,094,607	369,666,909	92,444,742
Freight forwarding	191,586,654	4,991,733	151,931,436	2,305,528
Others	3,117,263	250,043	5,661,023	(6,273,827)
Unallocated	-	14,935,767	-	10,074,910
	673,331,762	**140,272,150**	527,259,368	98,551,353

The following table presents segment assets as at 31 December 2014 and 31 December 2013:

	At 31 December 2014	At 31 December 2013
Operating segments		
Logistic operations	1,718,931,793	1,497,888,851
Freight forwarding	157,870,529	143,682,398
Others	12,223,576	15,931,589
Unallocated	212,968,860	221,971,562
	2,101,994,758	1,879,474,400

The segment revenue is generated mainly from the State of Qatar. A very insignificant amount is generated from the United Arab Emirates.

24. FINANCIAL RISK MANAGEMENT

Objective and policies
The Group's principal financial liabilities comprise loans and borrowings, retention payable and Accounts 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 accounts 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 rates and foreign exchange 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.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The Group is exposed to foreign currency risk on its imports. However, the outstanding payments are designated in US Dollar. As the Qatari Riyals is pegged to the US Dollar, balances in US Dollar are not considered to represent a significant currency risk.

Interest rate risk
Interest rate risk is the risk that the Group's earnings will be affected as a result of fluctuations in the value of financial instruments due to changes in market interest rates. The Group's exposure to interest rate risk is limited to the variable interest bearing borrowings.

At the reporting date, a reasonably possible changes of 100 basis points in interest rates would have increased / (decreased) equity and profit or loss by the amounts showing below:

	At 31 December 2014	At 31 December 2013
Variable rate loans and borrowings	**10,469,745**	9,369,655

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:

	At 31 December 2014	At 31 December 2013
Bank balances	158,974,126	172,811,510
Account receivables	119,875,891	102,615,679
Other receivables	8,976,740	7,764,148
	287,826,757	283,191,337

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

The Group continues to render services to more than 942 (2013: 823) customers with its largest 5 customers accounting for 38% (2013: 30%) of accounts 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 reputable and creditworthy 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.

2014	**Carrying Amount**	**Contractual cash flows**	**1-12 months**	**1-5 years**	**More than 5 years**
Accounts and other payables	164,980,723	(164,980,723)	(164,980,723)	-	-
Loans and borrowings	1,046,974,541	(1,315,977,651)	(85,538,010)	(793,660,871)	(436,778,770)
At 31 December	**1,211,955,264**	**(1,480,958,374)**	**(250,518,733)**	**(793,660,871)**	**(436,778,770)**

2013	Carrying Amount	Contractual cash flows	1-12 months	1-5 years	More than 5 years
Accounts and other payables	123,500,201	(123,500,201)	(123,500,201)	-	-
Loans and borrowings	936,965,460	(1,200,163,682)	(184,473,285)	(915,033,092)	(100,657,305)
At 31 December	1,060,465,661	(1,323,663,883)	(307,973,486)	(915,033,092)	(100,657,305)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital management

The Group policy is to maintain a strong capital base so as to maintain investor, creditor confidence and to sustain future development of the business. Management monitors the capital base 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 years ended 31 December 2014 and 31 December 2013. Capital comprises share capital of QR 475 million (2013: QR 475 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 600 million (2013: QR 385 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 at amortised cost in the consolidated financial statements:

	Carrying Amounts		**Fair values**	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
Financial assets				
Bank balances (excluding cash)	158,974,126	172,811,510	158,974,126	172,811,510
Accounts and other receivables	128,852,631	110,379,827	128,852,631	110,379,827
Financial liabilities				
Payables and other liabilities	164,980,723	123,500,201	164,980,723	123,500,201
Loans and borrowings	1,046,974,541	936,965,460	1,046,974,541	936,965,460

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 balance, receivables and payables and other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

26. SIGNIFICANT ESTIMATES AND JUDGEMENTS

Use of estimates
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 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 past due.

Useful lives of property, plant and equipment
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
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 property
Management carries its investment property at fair value, with changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2014 for investment property. The independent evaluator uses the market situations, estimated yield and the recent real estate transactions with similar characteristics and location of properties for the valuation of investment property.

Goodwill
Management 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 7).

27. COMPARATIVE FIGURES

The corresponding figures presented for the year 2013 have been reclassified where necessary to preserve consistency with the year 2014 figures. However, such reclassifications did not have any effect on the comprehensive income or the total equity for the year 2013.

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