

Corporate Governance Report



Gulf Warehousing Company's – (GWC) Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company. It guides the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long term shareholders' value. The corporate governance also takes into account the interest of other stakeholders.

The board of directors of the Company (the "Board") has adopted a Code of Corporate Governance Practices (the "CGP Code"), which is based on the guidelines set out by the Qatar Financial Market Authority (QFMA) on the Rules Governing all the Listed companies on the Qatar Exchange.

Continuous efforts are made to review and enhance the Company's internal controls and procedures in light of changes in regulations and developments in best practices.

Maintaining high standards of corporate governance practices is not just complying with the letter of the provisions but also the intent of the regulations to enhance corporate performance and accountability. Following below is the compliance status with the various CGP codes as of the financial year ended 31 December 2010.

A. Directors

1. The Board

The GWC's Board assumes responsibility for directing the Company and enhancing its value for shareholders in accordance with good corporate governance principles and has established relevant board committees to assist in discharging this responsibility.

Established committees include the followings:

1. Board Remuneration Committee;
2. Board Audit Committee; and
3. Board Nomination Committee

Each of the committees has an approved committee charter that specifies the roles, responsibilities and functions. All the Company's charters have been distributed to all shareholders and are all scheduled to be published on the company's website by March 31st, 2011. Compliance requirement of CG codes: article- 15.4, 16.2, 17.6,

The roles and responsibilities of the GWC Board broadly covers reviewing and approving corporate mission and broad strategies; overseeing and evaluating the conduct of the Group's businesses; identifying principal risks and ensuring the implementation of appropriate measures and control systems to manage these risks; and reviewing and approving important matters such as financial results, investments and divestments and other material transactions. The Board has delegated the day-to-day management and operation of the Group's businesses to the management of the Company headed by the Chief Executive Officer (CEO). Compliance requirement of CG codes: article- 5

The GWC Board composition is in compliance of the Company's article of association which stipulates a maximum total of Seven (7) Directors. Three (3) of these directors clearly meets the definition of 'Independent' Directors. The Vice Chairman of the Board runs as the Executive Director of the Company while all other Directors are non-executive. Compliance requirement of CG codes: article- 9

Subsequent to specific request; the Company has received confirmation of independence from each of the Directors for the period in review.

Each Director have been allocated a Board Committee as indicated in table 1.1. There are three Board Committees with membership allocations based on practical experience of the Board members. The various Board Committee meetings and attendance of directors are indicated in table 1.2

The GWC's Board of Directors role is regulated by a well defined Board Charter that specifies the duties of directors as well as their fiduciary responsibilities. The charter also list out the details of the Board's mission and responsibilities. The Company has designed documents which is a written confirmation of directors' compliance and fulfillment of their fiduciary duties. Compliance requirement of CG codes: article- 4 & 6

The entirety of this report is part indication of Management's commitment to ensuring full compliance with the CGP codes. Compliance requirement of CG codes: article- 3

The Board currently comprises the following members:

Table1.1; Board Committee Membership:

#	Board Membership	Nomination Committee	Remuneration Committee	Audit Committee
1.	Mohammad Al Emadi - Chairman			
2.	Shk. Fahed Bin Hamad Bin Jasim Al Thani – Vice Chairman			
3.	Ahmed Mubark Al-ali Al-Mahdid - Member	Committee-Member		
4.	Shk. Abdulla Bin Fahad Bin JJ Al Thani – Member	Committee-Chair		Committee-Member
5.	Dr. Hamad Saad M. Al-Saad – Member		Committee-Member	Committee-Chair
6.	Mohd Thamer M. Al- Aseri – Member	Committee-Member		
7.	Jassim Sultan J. Al- Rimaihi – Member		Committee-Member	Committee-Member

Table1.2; Directors attendance of Meetings (2009 & 2010):

#	Board Membership	General Assembly		Board Meeting		Nomination Committee	Remuneration Committee	Audit Committee
		2009	2010	2009	2010			
1.	Mohammad Al Emadi - Chairman	3/3	8/8	6/6				
2.	Shk. Fahed Bin Hamad Bin Jasim Al Thani – Vice Chairman	3/3	6/8	5/6			2/2	
3.	Ahmed Mubark Al-ali Al-Mahdid - Member	3/3	7/8	5/6		2/2		
4.	Shk. Abdulla Bin Fahad Bin JJ Al Thani – Member	3/3	7/8	6/6		2/2		8/8
5.	Dr. Hamad Saad M. Al-Saad – Member	3/3	7/8	6/6			2/2	8/8
6.	Mohd Thamer M. Al- Aseri – Member	3/3	8/8	5/6		2/2		
7.	Jassim Sultan J. Al- Rimaihi – Member	3/3	7/8	6/6			2/2	8/8

2. Chairman and Chief Executive Officer (“CEO”)

In specific compliance with the CG codes; the roles of the Chairman and the CEO of the Company are segregated and are not held by the same person. Currently, Mohammed Ismael Al Emadi is the Non-Executive Chairman and Ranjeev Menon is the CEO of the Company. Compliance requirement of CG codes: article- 7

The primary responsibility of the Chairman is to ensure effective functioning of the Board and to oversee Board policies. The Chairman is responsible for ensuring the proper functioning of the Board; in

an appropriate and effective manner including timely receipt by the Board Members of complete and accurate information. The CEO's main responsibility is to work with business managers to develop strategic business plans and to set out Key Performance Areas for the business managers as well as to focus on creating value through asset deployment and optimal use of the capital resources available. - Compliance requirement of CG codes: article- 8

The Chairman is not a member of any Board Committee – Compliance requirement of CG codes: article- 8.2

3. Non-Executive Directors

All non executive Board members have been chosen through balloting during the Annual General Meeting of the shareholders held in 2009. Board members have been elected to a term of maximum three (3) years in accordance with the Company's Bye-Laws. A new election into the Board is scheduled for 2012. The role of the Non-Executive Directors as listed in the Board charter is well in compliance with of the CG codes.

Compliance requirement of CG codes: article- 10

4. Nomination of Directors

The Board is responsible for the selection and recommendation of candidates for directorship of the Company, the Nomination Committee is chaired by an Independent Board Member and only comprised of independent Board Members which recommend Board Members' appointments and re-nomination for election by the General Assembly.

All new nominations received are assessed and approved by the Board (Board Nomination

Committee) in line with its policy of ensuring that the nominees are of high caliber and ample experience. Four (4) new directors have been elected into the Board for a 3 year term of office which expires in 2012.

As part of the acquisition agreement two (2) additional Directors have been added to the Board.

Compliance requirement of CG codes: article- 15

5. Board Meetings and Access of Information

During 2009 and 2010, the Board met regularly and members of the Board receive information between meetings about developments in the Company's business. In total Eight (8) board meetings were held in 2009 and Six (6) board meetings in 2010 which were both attended by the directors. Refer to Table 1.2 for attendance. Board papers have been circulated prior to board meetings at least one week; these papers include among others, financial and corporate information, significant operational and corporate issues, business performance and management proposals. Compliance requirement of CG codes: article- 11

6. Directors' Securities Transactions

All directors of the Company during the year, following specific enquiry by the Company, have confirmed that they have complied with the required standard set out by the QFMA instructions on 'quiet time' throughout the year. Below is the Directors' Shareholding information. Compliance requirement of CG codes: article- 13.4

Table 1.3

Name	Department / or Position		Owned Shares At 1st Jan'09	Add: Shares Purchased within the Year	Minus: Shares Sold within the Year	Owned Share Balance@ 31-Dec'10
Mohammad Al Emadi	Chairman	Personal	0	546,040	0	546,040
		Ismail Bin Ali Group	21,666	0	0	21,666
Shk. Fahed Bin Hamad Bin Jasim Al Thani	Vice-Chairman	Personal	0	0	0	0
Ahmed Mubark Al-ali Al-Mahdid	Director	Al Tameez Commercial Co.	1,240,000	0	0	1,240,000
		Personal	691	0	0	691
Shk. Abdulla Bin Fahad Bin JJ Al Thani	Director	Al Bateel Commercial Co.	41,666	0	0	41,666
		Personal	0	0	0	0
Dr. Hamad Saad M. Al-Saad	Director	Almsar Services Company	1,240,000	0	0	1,240,000
		Personal	0	0	0	0
Mohd Thamer M. Al-Aseri	Director	Al Shmaeel Group Ltd	41,666	0	0	41,666
		Personal	0	21,000	0	21,000
Jassim Sultan J. Al-Rimaihi	Director	Al Sanaam Commercial Co.	1,240,000	0	0	1,240,000
		Personal	0	0	0	0
Ranjeev Menon	CEO	Al Esham Commercial Co.	1,240,000	0	0	1,240,000
		Personal	83	30,703	0	30,786

7. Director's Transaction with the Company

During the year, the board; took a strategic decision to develop an expansion program in the development of "Logistics Village Qatar". Several contractors have been awarded construction projects. One of these companies includes a director's interest. This transaction is scheduled to be brought to the attention of shareholders general assembly for approval. The meeting is due in the first half of 2011. Compliance requirement of CG codes: article- 13.1, 13.2 & 13.3

8. Board Secretary

The Company has a substantive Board Secretary whose function is fully compliant with the CG codes. Compliance requirement of CG codes: article- 12

B. Directors' Remuneration

1. Board Remuneration Committee ("BRC")

The Board has established a Remuneration Committee comprising of three non-executive directors majority of who are independent.

Upon its constitution, the remuneration committee had adopted a term of reference which is pending presentation to the shareholders general assembly meeting due in 2011.

According to the term of reference, the committee's main role includes setting the remuneration of Chairman, Board Members as well as Senior Executive Management. Compliance requirement of CG codes: article- 16

C. Accountability and Audit

1. Board Audit Committee ("BAC")

The BAC oversees the financial reporting process and assesses the adequacy and effectiveness of the Company's system of internal control. The BAC meets with the Company's external and internal auditors, and reviews their audit plans, the internal audit programs, and the results of their examinations as well as their evaluations of the system of internal control. It also reviews directors' interests in contracts and connected transactions. The BAC reviews the Company's financial statements and the auditors' report thereon and submits its views to the Board.

The Board Audit Committee comprise of three directors majority of who are independent. The chair

of the Audit Committee is proficient in financial issues. The Audit committee has met 4 times during the year. Compliance requirement of CG codes: article- 17

2. Financial Reporting

The QFMA Rules require listed companies to prepare annual financial statements which shall provide a true and fair view of the state of affairs of the companies and of the results of their operations and cash flows. The Board is responsible for ensuring the maintenance of proper accounting records of the Group. It has also acknowledged its responsibility for preparing the financial statements.

The Board approves the financial statements after taking into account the BAC's comments on specific accounting matters. The Board is satisfied that appropriate accounting policies have been used in preparing the financial statements, consistently applied and complied with the relevant accounting standards. A statement of the auditors about their reporting responsibilities is included in the published audited financial reports.

3. Internal Controls and Risk Management

The Board, recognizing its responsibilities to ensure sound internal controls, has put in place a risk management framework for the Company to:

- identify significant risks faced by the Company in the operating environment as well as evaluate the impact of such risks identified;
- develop necessary measures and controls for managing these risks; and
- Monitor and review the effectiveness and adequacy of such measures.

The Board has entrusted the BAC with the responsibility of overseeing the implementation of the Company's risk management framework. In discharging this responsibility, the BAC, assisted by the Internal Audit Department:

- ensures that new and emerging risks relevant to the Group are promptly identified by management;
- assesses the adequacy of action plans and control systems developed to manage these risks; and

- Monitors the implementation of the action plans and the effectiveness and adequacy of the control systems.

The Company has established policies and standard operating procedures-SOPs at the departmental levels for all processes; the Company's Quality Control department is responsible for tracking and documenting details of all SOPs and Policies. The Company policies set guidelines on all major or tangible issues while the SOPs narrate the detail steps in carrying out tasks in various units of the Company. As at November 2010, all policies and SOPs have been reviewed and certified by the Internal Audit and approved by the CEO. The Internal Audit has the responsibility of ensuring the adequacy, relevance and appropriateness of all policies and SOPs.

During the year 2010, the Internal Audit in collaboration with the Quality Control Department carried out systems/Process MAPPING to verify that the processes contains no gap. All identified gaps have been rectified. This analysis was carried out to ensure controls are adequate and complete.

The entire system of internal control in GWC is highly dependent to Information Technology (IT). The IT applications implementations have been designed and carried out in such manners as to ensure systems integrity, Segregation of duties, Data security, User privilege and access control, Disaster Recovery and business continuity surety, Virus control etc. A control Self Assessment report was raised in 2010 by the internal audit department narrating observed inadequacies of the IT controls. All recommendations have been accepted by management for implementation.

During the period in review (2009 till Dec 2010), the internal Audit carried issued 49 reports. These reports are a result of reviews, audits and formal and informal discussions. All audit recommendations have been accepted and several are under implementations.

The external Auditors raised issues in the management report for the financial year 2009. All issues and concerns raised in the management report have been implemented.

The Internal Audit work is guided by Audit Plan for period 2010 and 2011. This audit plan is a planned schedule of prioritized audit work based on company wide risk assessment. The Risk assessment has been challenged and defended before the Audit Committee and have been approved by both the Audit Committee and the Chairman. The Audit Plan for the period in review has been fully implemented.

Risk Assessment and Management

A very detailed risk assessment of GWC has been carried out by the Internal Audit Department. Generally, risks have been identified into four classes namely: Strategic Risks, Infrastructure/Operational Risks, Compliance risk and Business Processes; these on-going processes are in place, and reviewed periodically by the Internal audit Department. Controls are also being built; the controls built into the risk management framework are intended to manage and not expected to eliminate all risks of failure to achieve business objectives. These controls provide reasonable, but not absolute, assurance against material misstatement of management and financial information or against financial losses and fraud. These controls assure that compliance and operations are running as should be.

The BAC also oversees the Internal audit Department to ensure its functionality. The internal audit have prepared quarterly reports to the BAC as required by of the CG codes.

The Board, through the BAC, has conducted an annual review on the Group's system of internal control and considers that it is generally adequate and effective. The Board is satisfied that the Company has fully complied with the provisions on internal controls as set out in the CG Code and by the Internal Audit Department. Compliance requirement of CG codes: article- 18

Risk Management Principles

The QFMA code of corporate governance articles 17 & 18 clearly requires the Board to ensure that the company's business running is guided by solid internal controls and risk management process. The following key principles underpin the current approach to risk management:

1. Our Board of Directors (through the Audit Committee) provides overall risk management supervision for the company as a whole. The Board Audit Committee Board regularly monitors the Company's risk profile.
2. GWC manages Strategic, Compliance & Regulatory, Operational and Business risks in a coordinated manner at all relevant levels within the organization.

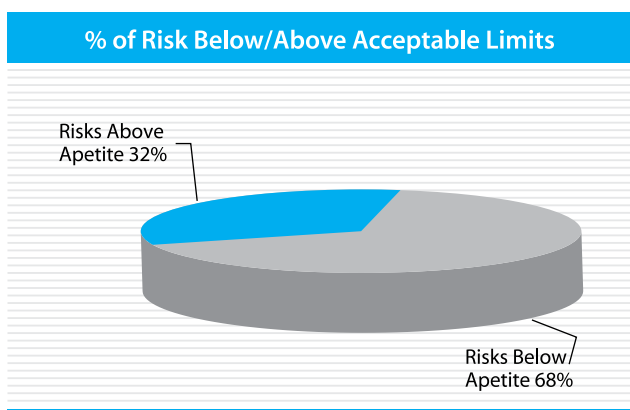
The structure of risk management function is closely aligned with the structure of the Company units. The risk management function is independent of our units or subsidiary.

Risk Analysis

For purposes of identification and management, the Company's list of risks have been categorized into 4 main groups namely:

1. Strategic Risks;
2. Operation & Infrastructure Risks;
3. Compliance and Regulatory Risks;
4. Business Processes Risks.

A total of 452 risks have been identified out of which 117 risks have been assessed, evaluated and is now been communicated to the risk owners. The 117 risk mainly relates to business process risks.



4. External Audit

The Board has procured the service of Ernst & Young Accounting firm as the external Auditor for the Company. The terms and condition of engagement ensures professionalism and independence.

The External Auditor has been chosen on the recommendation of the Audit committee and approval of the General Assembly. Compliance requirement of CG codes: article- 19

5. Compliance

The function of Compliance is being managed by the Internal Audit department.

D. Investor Relations

1. Communication with Investors

The Company encourages communication with all its investors. Extensive information about the Company's activities is provided in the annual reports which are distributed to shareholders. The Company's approach to information dissemination is meant to ensure compliance with CG codes. Compliance requirement of CG codes: article- 21

Regular dialogues are maintained with institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the Company are welcome and are dealt with in an informative and timely manner. The enquiries can be directed to the Board Secretary via email at the designated mail box: investor@gulfwarehousing.com or directly by questions at general meetings of the Company. In order to promote effective communication, the Company maintains a website at www.gulfwarehousing.com to provide:

- latest-news, announcements, financials reports etc.
- other corporate communication materials, e.g. notices of meetings, circulars, proxy forms, etc.;
- corporate calendar for important shareholders' dates for current financial year; online registration of email alert service for receiving the Company's latest corporate communications; and
- Other information relating to the company and its businesses to the public. Compliance requirement of CG codes: article- 21 & 23

2. Annual General Meeting ("AGM")

The AGM provides an opportunity for the shareholders to seek clarification and to obtain a better understanding of the Company's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Compliance requirement of CG codes: article- 24

3. External and Internal Auditor

The Board has created an internal audit department and has got approval of the AGM for the selection of Ernst and Young Accounting Firm for 2009 Audit SERVICES. Compliance requirement of CG codes: article- 18 & 19

4. Shares Ownership records and details

The Company through the office of Board Secretary maintains details of shares ownership and shareholders contacts. The Company also maintains an up to date website. The Company plans several improvements on the Company's website before the end of 2011. Compliance requirement of CG codes: article- 22

5. Antifraud Mechanisms

The Board has established anti fraud policies and has set mechanism that encourages Company employees to report to the Board any suspicious behavior where such behavior is unethical, illegal, or detrimental to the Company. Moreover the Company has adopted a comprehensive set of Human resources policies that protects the rights of employees in fairness and equity. The Company also has a remuneration policy which will be submitted to the General Assembly, due in first half of 2011, for ratification. Compliance requirement of CG codes: article- 29

6. Capital Structure and Protection of Minority Interest

The Company's capital structures are well guarded in the article of association with limits of individual share ownership. Minority interest protections are also guaranteed. All shareholders have equal levels of treatment in the Company i.e. all shares of the same class have same rights attached to them.

The Company's authorized capital is Qr. 250,000,000 while the premium capital is Qr. 60,000,000 while issued capital is same as authorized capital. The total number of Shares issued is 25,000,000 shares. The shares are all of same class. Compliance requirement of CG codes: article- 25 & 28

7. Shareholders' Rights concerning Board Members' Election and Dividend Policy

The Company's article of association and bye laws ensures shareholders make the ultimate approval on who becomes a Director through vote casting; the Company also has provisions that allow shareholders to recommendation for Directorship. The Company has also adopted a dividend policy and will present the same for General Assembly approval before the end of the year. Compliance requirement of CG codes: article- 26 & 27

8. Disclosures

The Company has complied with all disclosure requirements including financial reporting as well as disclosing the shareholdings of Board members as narrated in table 1.1 and table 1.3 of this report. The Company's financial reporting has been certified by the External Auditor. Compliance requirement of CG codes: article- 20

E. General Conclusion

The Company is currently compiling its Governance Manual and will be ready before the next General Assembly due in 2011.