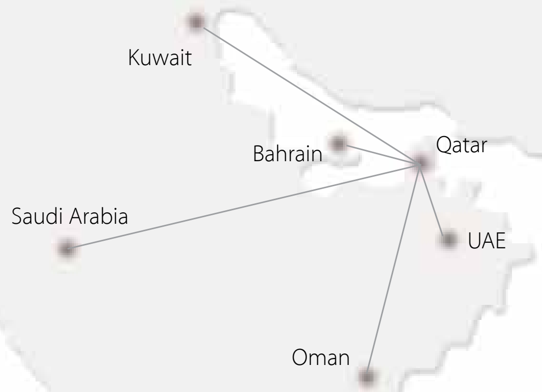
شركة الخليج للمخازن
Gulf Warehousing Company
(ش.م.ق) (Q.S.C)



THE LOGISTICS POWERHOUSE OF QATAR

annual report 2012

His Highness
Sheikh Hamad Bin Khalifa Al-Thani
Emir of the State of Qatar

His Highness
Sheikh Tamim Bin Hamad Al-Thani
Heir Apparent

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THE LOGISTICS POWERHOUSE OF QATAR

If goods do not arrive on time, customers cannot buy them. If goods do not arrive in the proper place, or in the proper condition, no sale can be made. As a result, all economic activity throughout the supply chain cannot exist without an efficient logistics industry to facilitate transactions.

As the largest logistics company in Qatar, GWC is an important component of the country's economy and its GDP growth. Today, GWC supports the movement and flow of many economic transactions – both directly and by providing infrastructure to other industry players. One way or another, we stand in the middle of facilitating the sale of virtually all goods and services within the country. As a result, we are playing an important role by providing the basic backbone services required for the functioning of an economy. Our own efficiency and continuing productivity growth are embedded within the framework of Qatar and we are proud to be part of a vibrant knowledge-based economy with emerging capabilities, mindsets, networks, institutions, incentives and infrastructure. As a well-diversified and asset-rich logistics player, we will continue to contribute to the growth of Qatar.

The future of Qatar is bright.
As the leading logistics player in this vibrant market,
our future too is bright.

AT A GLANCE

We are the basic backbone required for the functioning of an economy.

HEAD QUARTERS
D Ring Road, Doha, Qatar

COMPANY TYPE
Qatari Shareholding Company

LISTING
Qatar Exchange (Previously Doha Securities Market)

STOCK CODE
GWCS

LISTED
2004

EMPLOYEES
1300+

CUSTOMERS
500+
globally

ORGANIC EXPANSION
Logistics Village Qatar

with **>1 mn.**
square metres

STORAGE CAPACITY

>200,000

pallets in state-of-the-art Warehouse;

20,000 square metres bulk storage and

250,000 square metres open yard storage

TRANSPORTATION ASSETS

>1137 Trucks, Trailers and Specialised Vehicles

POSITIONING

Leading 3PL and 4PL Service Provider in Qatar

SERVICES

- 3PL and distribution Warehousing
- Freight Forwarding and Transportation
- Ambient and Frozen/ Temperature controlled storage
- Bonded storage
- Hazmat Chemical Storage
- Records Management
- Customs Clearance
- Sports Logistics
- Asset Management
- International Moving and Relocation
- Fine Arts Logistics

SHAREHOLDERS

>10,000

INDUSTRY SEGMENTS SERVED

- Chemical
- Electronics
- Food and Beverage
- Healthcare
- High Value Commodities
- Industrial Product
- Government
- Retail
- Oil
- Gas
- Chemicals
- Steel

INFORMATION TECHNOLOGY

- Warehouse Management
- Transport Management
- Freight Management

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Mohamed Ismail Al-Emadi
Chairman

Sh. Fahed Bin Hamad Bin Jasim Al Thani
Vice Chairman

Sh. Abdulla Bin Fahad Bin J.J Al Thani
Member

Mr. AbdulAziz Zeid Al Taleb
Board Member and Managing Director

Mr. Ahmed Mubark Al-Ali Al-Mahdid
Member

Dr. Hamad Saad M. Al-Saad
Member

Mr. Mohd Thamer M. Al-Aseri
Member

Mr. Jassim Sultan J. Al-Rimaihi
Member

Ms. Henadi Al-Saleh
Member

MANAGING DIRECTOR

Mr. Abdulaziz Zeid Al Taleb

GROUP CHIEF EXECUTIVE OFFICER

Mr. Ranjeev Menon

PRINCIPAL BANKERS

Qatar Islamic Bank

Masraf AL Rayan

CORPORATE OFFICE

Gulf Warehousing Company
D Ring Road
Doha, Qatar.

STOCK EXCHANGE LISTING

Qatar Exchange
Doha, Qatar.

MISSION, VISION & VALUES

WHAT IS OUR MISSION?

Our Mission is to earn the trust and loyalty of GWC owners and nurture our family by developing and marketing GWC as a market leader with respect to quality, cost and customer service through the integration of people, technology and business systems.

WHAT IS OUR VISION?

GWC is a rapidly growing preferred logistics company and we aim to become the number one integrated supply chain service provider of choice and the most sought after Third Party Logistics Services provider in Qatar and the GCC.

WHAT ARE OUR VALUES?

Ownership

We take ownership for everything that takes place at the workplace. We are accountable for our results and know that for things to change, we must change first.

Commitment

We are committed to the Vision, Mission, Values and success of our company, its current and future teams and its customers at all times.

Going that Extra Mile

We deliver beyond your expectation. This means we will give you more than what we have promised by going the extra mile.

Excellence

'Good' isn't enough for us. We always deliver solutions of exceptional quality that add value to all involved. We look for ways to do more and stay on a path of constant and never ending improvement and innovation.

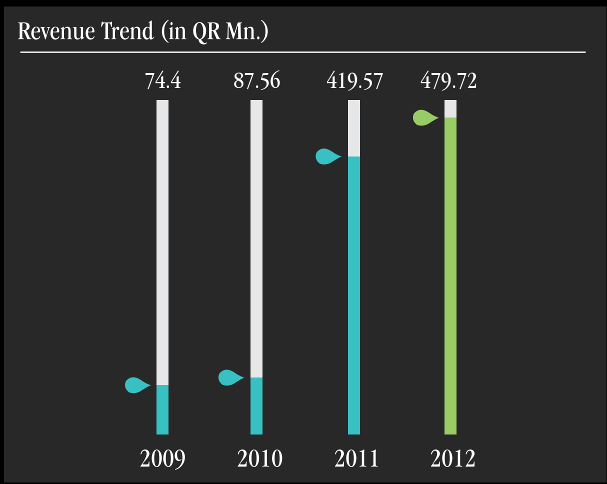
FINANCIAL HIGHLIGHTS

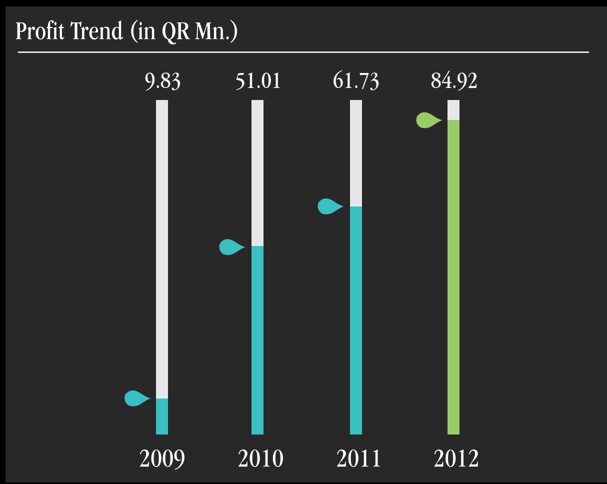
RATIOS

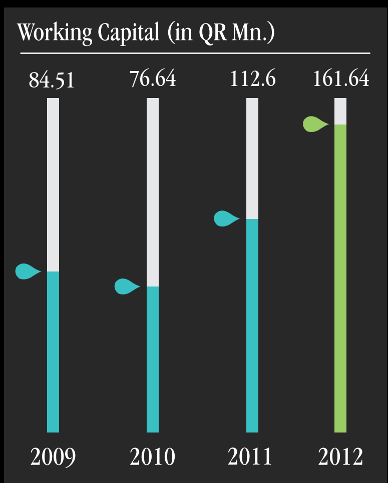
		2009	2010	2011	2012
1	Equity ratio (in percent)	74.8	57.3	55.0	44.8
2	Return on equity (in percent)	3.3	14.6	9.0	11.4
3	Short-term ratio of indebtedness (in percent)	7.5	11.3	16.6	12.3
4	Intensity of long-term indebtedness (in percent)	17.6	31.4	28.4	43.0
5	Fixed assets coverage ratio (in percent)	129.6	116.5	113.4	113.2
6	Working capital (in QR million)	84.51	76.64	122.6	161.64
7	Intensity of capital expenditure (in percent)	71.3	76.1	73.5	77.5

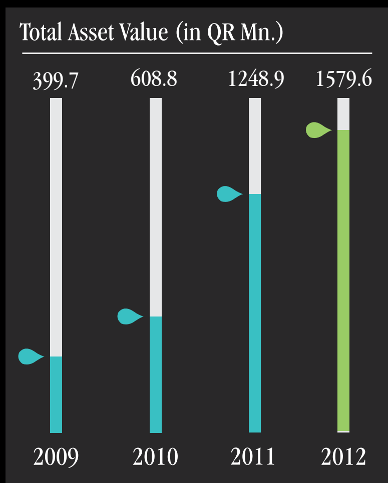
* Previous years have been restated for comparison purposes.

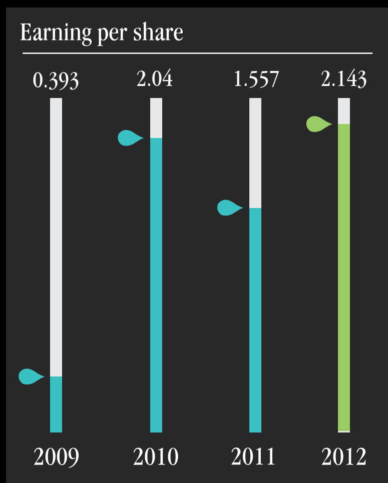
1. Total equity in relation to total assets at the end of the year.
2. Net earnings for the year in relation to share + reserves + retained earnings as of January 1 of the current year less dividend paid during the current years as of date of distribution + capital Increase (incl. share premium) as of date of payment.
3. Short term liabilities in relation to total assets.
4. Long term liabilities in relation to total assets.
5. Total equity (including non – controlling interest) + long–term liabilities in relation to non-current assets.
6. Total current assets, less current liabilities.
7. Non – current assets in relation to total assets.











FINANCIAL SUMMARY

Key Figures	2009	2010	2011	2012
Operating Revenue	74,395,121	87,563,612	419,574,107	479,726,841
Other Income	3,337,570	41,744,366	5,613,247	4,394,089
Profit	9,826,555	51,007,573	61,733,037	84,922,341
Shares	25,000,000	25,000,000	39,634,146	39,634,146
Earnings Per Share (EPS)	0.393	2.040	1.557	2.143

All figures in the table and charts are in QR

OPERATIONAL HIGHLIGHTS

We offered customers higher value through intelligent integrated logistics solutions, the spectacular absorption of our LVQ logistics infrastructure and our overall improved efficiency in leveraging our assets..

CAPACITY ENHANCEMENT

- Logistics Village Qatar: Phase 3 ready Apr 2013 adding 90,000 sq.m.
- Planning stage : adding 85,000 sq. m.
- Ras Laffan Operations: 10,300 sq. m. Open Yard completed ahead of schedule
- Mesaieed Warehouse : Expansion of 9,500 sq. m. under planning
- Transportation Fleet: 25 dedicated truck added to service a major furniture retailer
- Information Technology: Warehouse Management System completely upgraded
- People Strength: GWC's manpower base grew by 18% to 1,334 employees

MARKET ACCESS EXPANSION

- Branch Office in Dubai opened for business

RECOGNITION AND AWARDS

- ISO 27001:2005 Information Security Management Systems (ISMS) certification for LVQ Data Centre
- GWC is named Logistics Company of the Year for a third consecutive year by ITP Publishing
- GWC awarded the Best Logistics Infrastructure in the Middle East for it state of the art LVQ

We increased the density of our GCC network by adding Dubai to our sales and marketing outposts.

CHAIRMAN'S LETTER

GWC is playing an important role by providing efficient logistical services that forms one of the basic backbone services required for the running of an economy.

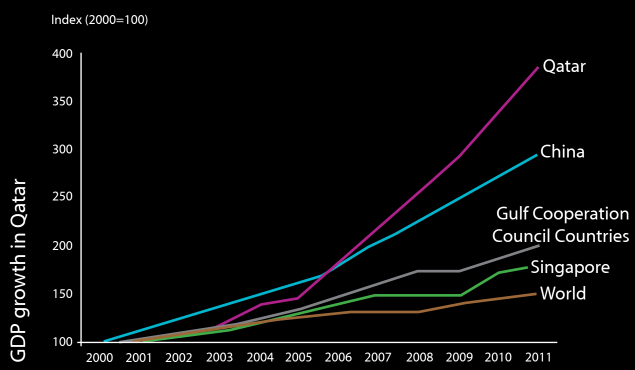
DEAR SHAREHOLDERS,

I am delighted to inform you that your Company continues to make strong progress in terms of sales growth, employee base, profits and shareholder value. Through the various sections of this Annual Report, we explain these details in full and I am sure you will be delighted with what you read. In essence, we grew by 14.34% in topline revenues to surpass QR 479.7 million, with a healthy EBITDA margin of 27.54%. This represents a near doubling in business volume, a substantial ramp up in occupancy levels and utilisation rates at Logistics Village Qatar (LVQ), the main growth driver behind the business, and improved pricing ability, allowing for margin improvement and rising returns.

STRONG PERFORMANCE ON THE BACK OF A STRONG ECONOMY

Since 2000, Qatar has grown faster than any other economy, and it now ranks among the top flight of countries in terms of its income per capita. I am pleased to inform you that today, GWC is widely considered Qatar's undisputed logistics leader and has increasingly become an integral part of the country's economic functioning. Today, Qatar is the largest exporter of LNG (liquid natural gas) and GTLs (gas to liquids) in the world and its economic ascent of recent years, in which many new different industries have blossomed, has few comparisons. The successful development of our economy has resulted from the visionary and committed leadership of our Emir – Sheikh Hamad bin Khalifa Al Thani.

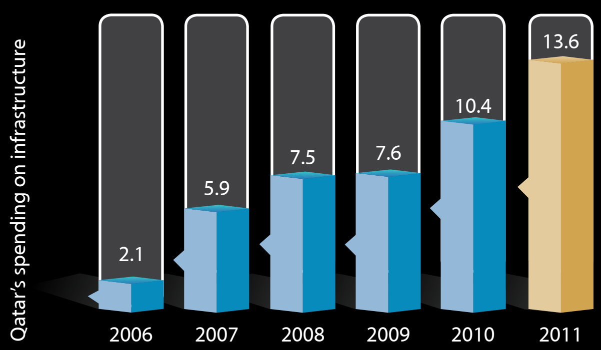
Real GDP : Qatar and selected economies since 2000



Note: Data for 2011 are IMF preliminary estimates, except for Qatar.
Sources: Qatar Statistics Authority and International Monetary Fund (IMF) World economic Outlook September 2011 database (http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/weodata/index.aspx), accessed27 February 2012.

Growth in oil and gas revenues has afforded higher living standards and rising consumer spending among Qataris. Qatar's generous surpluses have also funded a range of investments.

Investment spending (US$ billion)



Source: MEED Project database, accessed 27 February 2012

To meet the needs of a growing economy and larger population, Qatar has spent prodigiously on expanding and upgrading economic and social infrastructure. It has also used its resources wisely to hedge against uncertainty and to build a legacy for future generations.

From an economic perspective, progress towards sustainability requires that Qatar graduate from an investment focused economy to one in which improvements in efficiency and productivity gains begin to propel growth. I believe that in this regards, GWC is playing an important role by providing efficient logistical services that forms one of the basic backbone services required for the running of an economy. Our own efficiency and continuing productivity growth are embedded within the framework of Qatar and we are proud to be part of a vibrant knowledge-based economy with emerging capabilities, mindsets, networks, institutions and infrastructure.

FUTURE ECONOMIC OUTLOOK

Over the next few years, Qatar is positioned to grow in high-value services. The opening of the New Doha International Airport, and the expansion plans of Qatar Airways, which is anticipating rapid passenger volume growth over the next decade, will add to output and exports. Improved regional and international connectivity, the completion of state of the art conference facilities and expansion of hotel accommodation should support continuing growth of business tourism. Despite difficult conditions in the global financial economy, Qatar's financial sector will continue to expand and support growth in the wider economy.

The Qatar Financial Centre Authority is actively promoting development of asset management, captive insurance and re-insurance businesses. Qatar Exchange, the country's stock exchange, is launching

With both our capacity and geography expansions expected to further push business volumes and revenues, the future looks bright.

new trading platforms. A "junior bourse" is soon expected to provide better access to equity finance for smaller businesses. Secondary trading of government paper and issuance of securities of longer maturity will support the development of a domestic corporate debt market and Islamic financial bonds. The commercial banking sector, both conventional and Islamic, is expected to enjoy healthy growth in its retail business, and will have the opportunity to participate in the funding of a substantive pipeline of capital projects. The efforts of Qatar's export development agency (Tasdeer) to support non-oil and gas exports, and new initiatives of the Qatar Development Bank and Enterprise Qatar to support fledgling small and medium-sized enterprise (SME) activity through the provision of financial and non-financial support services, will start to bear fruit. More generally, the logistics services in most part introduced by GWC's LVQ, easier access to credit, wider availability of equity funding and subsidised support will aid private enterprise across a broader front. Government services, utilities and retail and other domestic services are also expected to keep up with overall pace of growth in the economy and an anticipated increase in population.

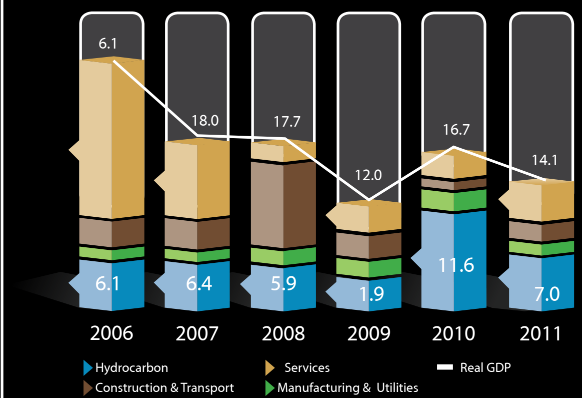
STRENGTHENING OUR TOP MANAGEMENT

I am pleased to announce that effective from 19th September 2012, the board has appointed Mr. Abdulaziz Zeid Al-Taleb as the new Managing Director and member of the Board of Directors of the company. Prior to joining GWC, Mr. Abdulaziz was the deputy general manager for Al-Khaleej Gas. He holds a bachelor's degree in business from Indiana State University in the US, and has 22 years of experience starting with QP in supply chain management. I wish to express my sincere optimism and confidence in Mr. Abdulaziz's abilities and vast experience in contributing positively to the future progress of GWC. I wish Mr. Abdulaziz Zeid Al-Taleb much success in his new role in the Company.

LOOKING AHEAD

For the economy in Qatar, a sea change in hydrocarbons momentum is now under way. The steep ascent of the past decade will eventually run its course and hydrocarbons output will eventually plateau. This is not an unexpected development and the country is well prepared for it. It is Qatar's non-oil and gas economy that is now set to take over the reins of growth over the next decade.

Contribution to growth: Hydrocarbon and non-hydrocarbon



Source: Qatar Statistics Authority (http://www.qsa.gov.ga/eng/index.htm).

This will ensure that well-diversified and asset rich logistics player like GWC will continue to post strong operating and financial results on a sustainable and consistent basis. With both our capacity and geography expansions expected to further push business volumes and revenues, the future looks bright. I would like to take this opportunity to express thanks to all stakeholders for their support and contribution in making GWC a vital part of the country's economy.

Mohamed Ismail Al Emadi
Chairman

MANAGING DIRECTOR'S LETTER

In FY2012, GWC once again displayed exemplary performance while maintaining its peer position in terms of growth within the industry.

DEAR SHAREHOLDERS,

Firstly I would like to thank the Chairman and the Board of Directors in entrusting me the Managing Director's responsibility for this great company and I look forward to working alongside a great board and an agile management team that has brought GWC to such great heights. I bring more than 22 years of experience in the supply chain industry to this position which I'm currently integrating into the company to achieve the goals set in their business model, its full scope and the potential for sustainable growth.

PERFORMANCE

In FY2012, GWC once again displayed exemplary performance while maintaining its peer position in terms of growth within its industry. GWC is also comfortably the largest player, with strong profitability and cash generating position. During FY2012, each of business verticals has delivered strong performance and addition to the group's aggregate revenues and profits. In FY2012, we grew revenue by 14.34 percent compared to FY2011, to cross QR 479.7 million. We also generated an operating profit of QR 94 million, representing a 42% increase over the previous year's results. We produced an EBIDTA of 27.54% amounting to QR 132.12 million and generated free cash flows of QR 117 million, 45 percent above last year. I am pleased to inform you that based on this year's earnings, the Board has recommended to issue 20% bonus shares (one share for every five shares held). Total Assets of GWC increased by QR 331 million to QR 1579.6 million and Total Liabilities of GWC increased by QR 310 million to QR 872 million compared to FY 2011. The changes are mainly due to the Company's investments greenfield asset additions in the LVQ project and operating contribution. The equity of the Group has increased by QR 20.4 million to QR 707.2 million; this represents a debt-equity ratio of 1.07 percent (2011: 0.61 percent).

STAYING THE COURSE OF GROWTH

There are enormous opportunities to be had in this country which continues to grow at an accelerated rate. The difficulties created by global slowdown are not over, but we have been privileged to establish some strong relationships both in the private sector and with government agencies in Qatar. Indeed, government support has been overwhelming, and in return we have strived to be an example of what 3PL has to offer. The Company, its directors and its management teams have undeniably proven that they can deliver unique, comprehensive logistics solutions that have become the infrastructure upon which the country has grown.

Selling and growing our relationships are our core strengths. Our focus on gaining market share through sales and account management and our expanded menu of services have continued to generate success and create opportunities for us in the marketplace. While accelerated volume growth in FY2012 is encouraging, the timing and strength of the global freight market recovery are anything but clear. The difficulties created by global slowdown are not over. We should be ready to face the challenges in 2013 as we deal with a mixed economic climate,

We grew revenue by 14.34 percent compared to FY2011, to cross QR 479.7 million. We also generated an operating profit of QR 94 million, representing a 42 percent increase over the previous year's results.

business failures, and other stresses in the global marketplace. While we continue to feel very positive about our volume growth and value proposition, it is because of our economic policies that has insulated Qatar's business climate from the vagaries of the global economic uncertainties. This will mean that we should be able to sustain our medium and long-term growth targets of 30 percent growth.

Notwithstanding the short-term challenges, our focus on success and our business model remain constant. Change is happening faster than ever. One of the core challenges that every company faces is to adapt to changes in the marketplace quicker than their competitors, while retaining enough stability in its own culture, processes, and business model to be effective and add value. Changes in our customers' expectations and our services continue to accelerate. At the same time, our approach to solving these challenges has remained consistent. We have the best people and technologies to support them. We have also built the best customer relationships. We also sell aggressively and reward those who generate results. We will continue to remain flexible and focused on people, technology and service. While we need to continue to adapt to be successful, our core competencies and business model will remain the same.

FOCUSING ON OUR FUTURE

When we analyse our ability to grow organically and continue to take market share in 2013 and beyond, in many ways our long-term prospects and competitive positioning have never been better. One of the positive consequences of a global slowdown is an increased marketplace focus on competitive supply chains and efficient transportation spending. Our basic business model of flexible, high-service transportation logistics and supply chain services continues to have increasing relevance to many customers that want more efficient and flexible supply chains and better information. We will continue to expand our offerings and integrate them together to provide more holistic choices for our customers. I believe that businesses domiciled in Qatar will find it increasingly cost efficient to employ 3rd party solutions for any logistics needs (warehousing through to transport), rather than deploying in-house capability. We will continue to see a high demand for third party logistics services, and we feel that our service offerings, people, and technology continue to improve and provide better choices for customers to pursue process improvements and cost savings.

As the country's sole integrated provider of logistics solutions, we are a direct play on macroeconomic growth in Qatar. Our main competitive advantages of the business lie in our incumbent status, which allows for scale and market share leadership over the next decade at least and a cost advantage in LVQ, which allows gross margins in the warehouse segment to improve further warehousing segment to 10%. Given these strengths, I believe the sky is the limit for GWC in terms of both domestic and regional growth.

I am delighted to be a part of a very strong and stable GWC. I look forward to engaging with all its stakeholders to keep helping GWC to emerge into a regional logistics powerhouse.

Mr. Abdulaziz Zeid Al-Taleb
Managing Director and
Board Member

"While we need to continue to adapt to be successful, our core competencies and business model will remain the same."

Our basic business model of flexible, high-service transportation logistics and supply chain services is highly relevant to many customers that want flexible supply chains and better information.

GROUP CEO's LETTER

Important success factors for FY 2012 were the Group's ability to offer customers higher value through intelligent integrated logistics solutions, the spectacular absorption of our LVQ logistics infrastructure and our overall improved operational efficiency.

DEAR SHAREHOLDERS,

In 2012, the GWC Group again secured a leading position with regard to growth and profitability. I am pleased to inform you that all our business units of the GWC Group outperformed growth rates in their markets and that we are undoubtedly the fastest growing 3PL provider in the GCC area. Apart from pure sales numbers, other metrics also make the same point. For example, our year-on-year fixed asset base grew 47 percent to cross QR 976 million; our road fleet continues to be amongst the largest in the GCC area with 1137 vehicles; and our employee strength has grown by 18 percent from the previous year to cross 1,334 people. The Group continued its concentration on its core strengths: customer orientation, detailed industry know-how, operational excellence and internal efficiency. We systematically invested in product development and sales to extend its industry-specific solutions, market its offering more effectively and gain new customers. As a result, in 2012, GWC increased its turnover by 14.34 percent to reach QR 479.7 million. The Group countered the increasing complexity of domestic and international business with process improvements through system standardisation. Our innovative IT solutions helped achieve higher internal efficiency and increased productivity in all business units.

CONTRACT LOGISTICS – OUR MAINSTAY ADVANTAGE

GWC functions as a singularly accountable, asset-based integrator of a client's logistics, transportation, supply and demand chains. It operates under multiple business models as commonly defined as 2PL, 3PL and 4PL. Overall, the driving force for growth in contract logistics will remain the trend towards outsourcing, from which GWC continues to benefit due to its special capabilities in fulfilling this need. For the year FY2012, our contract logistics business was the most successful, earning top scores for its operational results due to new customer wins, productivity improvements and strong volume increases. Following a higher demand for complex services as well as for warehousing and distribution activities, a number of new contracts were concluded in contract logistics. During FY2012, our contract logistics business grew by 32.87%. Important success factors were the Group's ability to offer customers higher value through intelligent integrated logistics solutions and its improved operational efficiency.

FREIGHT FORWARDING - SPREADING OUR WINGS

Currently Gulf Warehousing Company has a global network of freight forwarding in a total of 125 countries. Through our supply chain planning and optimisation services delivered under our 3PL umbrella, GWC's freight forwarding division assists our clients in designing and implementing solutions that improve the predictability and reduce the overall costs of their supply chains. Correspondingly, our freight forwarding business comprises 31% of our total business. Going forward, we expect robust growth to continue well into the next year and beyond.

During FY2012, we took early steps in building our market share for transport services within new regions close to us geographically. We concentrated on increasing the density of our GCC network by adding Dubai to our sales and marketing outposts. These new offices have started functioning and I expect steady progress as we create a strong platform to build our business. GWC's strategy for regional expansion is more than just a plan – it's a roadmap to the future. Moving forward, we plan to extend our footprint and brand across other GCC and Northern African territories in the next few years.

NICHE BUSINESSES – CONTRIBUTING STRONG MARGINS

Our performance of highly specialised services for selected industries was successful. Our most steady source of business continues to come from our warehouses and services dedicated to the Oil and Gas industry. Our deep understanding of the critical needs of this sector and our ability to handle Hazmat products gives us an edge in maintaining the chemical handling side of our business. Our cold storage capabilities are strong contributors to the food and pharmaceutical industries. In particular, our records management, fine arts and home relocations services continued to perform and grow as expected.

The combined contribution of these businesses enables GWC to be an all rounder in satisfying critical customer needs and they continue to be valued contributors to the Group's overall healthy EBITDA margin of 27.54%.

ASSET RICH BUSINESSES – CREATING VALUE FROM STRENGTH

Correspondingly, we experienced robust warehouse utilisation both within our own standalone warehouses and open yards across Qatar and our mega logistics infrastructure business - Logistics Village Qatar. In overland, transport GWC continued to invest in its transportation assets and deployed its transport fleet effectively to deliver high levels of point-to-point service across Qatar and now UAE and Saudi Arabia. The Company witnessed healthy transport orders stemming from higher sales expenditures and supported by the strong overall healthy economic performance. Its productivity enhancements were based on internal efficiency increases, digitisation and newly upgraded warehouse management systems combined with extended IT support and integration with our clients' networks. Increased capacity utilisation, together with the rise in volume in all our business units, contributed to improved yields and return on investments.

We experienced robust warehouse utilisation both within our own standalone warehouses and open yards across Qatar and our mega logistics infrastructure business - Logistics Village Qatar

CAPACITY EXPANSION – FROM STRENGTH TO STRENGTH

Phase two of the LVQ is now 100% complete and has an additional of 62,000 sqm. of warehousing space for deployment. In addition to the development of The LVQ, the Company's project team also had the task to take forward two other expansion projects within the Company– Mesaieed and Ras Laffan. The open yard in Ras Laffan was completed in August 2012 and is well positioned to fill the supply gap for good facilities that support the oil and gas customers of this area. During FY2012, GWC also acquired and developed an additional 10,300 sqm. of open yard space in Ras Laffan for the future expansion for storing hazardous materials.

" The LVQ intiative has already started Phase 2 delivering in FY 2012 and its revenues are 16% of our total turnover."

LVQ - ACCELERATING OUR GROWTH

The Logistics Village Qatar has not only been a game changer for GWC, but for the entire logistics industry in the GCC area. The LVQ has made the idea of any business setting up its own logistics centre obsolete. This business model has helped GWC garner a significant market share in Qatar. The grand vision behind LVQ was to provide regional logistics players and large corporate houses something they never had until now: a platform that was tailor-made for their special needs, supported by ready-made services and infrastructure to help them become operational instantly.

GWC's positioning within the industry has dramatically improved through its entry into the logistics infrastructure business with its LVQ Village, making the Company the principal participant in both the retail and the wholesale end of the logistics business. FY2012 saw the on-time completion of Phase 2 and the commencement of the work for Phase 3. The full positive impact of this ambitious large-scale logistics infrastructure expansion initiative has already started playing out in FY2012. As we near the 100% utilisation of The LVQ in the next couple of years, we are already exploring the opportunity of setting up another such village in another part of Qatar. In this way, we hope to continue the promotion of Qatar as an indispensible hub for logistics and trade within the GCC area.

OUR PEOPLE – ENTREPRENEURIAL AND MOTIVATED

A key element of our overall strategy is our ongoing focus on Organisational Capability, with the clear goal to deliver improvements in employee engagement.
Our top team leaders are being encouraged to think entrepreneurially and we are empowering them further to take authority and fast decisions. Another key area of focus for the year was to strengthen the culture for producing impeccable execution. We see this as the "credo" of our company, applicable to everything we do. In our operations, we have introduced a performance management tracker that defines areas crucial to operational excellence and the long-term sustainability of our operations.

CLOSING

I am delighted to report to you that GWC has, for the 3rd consecutive time in a row, received the "Best 3PL Company of the Year" award by ITP Publishing 2012. This is testimony to the Company's people and its vision, making GWC the de-facto benchmark for excellence in the industry. This, however, does not mean we will become complacent, but we aim to continue to focus on progressively improving performance – in a global supply chain we are only as good as our weakest operation. Our strength and financial health has allowed us to continue to invest in our relationships, our business and technology. Our capabilities and our network continue to expand. Marketplace acceptance of the advantages of our leadership and the solutions we provide continues to grow. While there may be challenges from time to time, we remain confident in our people, our plans, and our ability to execute. We are well positioned for continued success, and we thank you for your continued support.

Ranjeev Menon
Group Chief Executive Officer

Our top team leaders are being encouraged to think entrepreneurially and we are empowering them further to take authority and fast decisions.

Mohamed Ismail Al Emadi
Chairman

Sh. Fahed Bin Hamad Bin Jasim Al Thani
Vice Chairman

Sh. Abdulla Bin Fahad Bin J.J Al Thani
Member

BOARD OF DIRECTORS

We ardently believe that good corporate governance contributes to competitiveness, improves access to lowest cost capital, and thus spur economic growth.

Mr. Abdul Aziz Zeid Al Taleb
Managing Director and Member

Mr. Ahmed Mubark Al-ali AL-Mahdid
Member

Dr. Hamad Saad M. Al-Saad
Member

Mr. Jassim Sultan J. Al- Rimaihi
Member

Mr. Mohd Thamer M. Al- Aseri
Member

Ms. Henadi Al-Saleh
Member

As a result, we continuously look to ways and means by which the Company is directed and controlled in the best interest of our stakeholders.

"Being awarded the "Best Logistics company in Qatar for 2012" is testimony to GWC's people and its vision, making us the de-facto benchmark for excellence in industry.

MANAGEMENT TEAM

We believe in monitoring our performance in areas crucial to operational excellence and the long-term sustainability of our operations.

Mr. Rajeswar Govindan
Chief Financial Officer

Mr. Govindan has been serving as the Chief Financial Officer of GWC since 2008. He is an ACMA from the Institute of Cost & Works Accountants of India, Kolkatta and has completed his Bachelor's degree in Commerce from MG University, Kerala. His experience in the field of accountancy and finance span for more than 16 years. Before joining GWC he worked for organisations such as Vodafone Essar, Reliance Communications Ltd., Escotel Mobile Communications Ltd., Shriram Investments Ltd. and Travancore Cochin Chemicals Ltd. His strong acumen in financial analysis, budgeting, MIS, accounts, revenue assurance, fund management and team management have been instrumental in helping GWC's organic and inorganic growth over the recent years.

Mr. Shebl Salim El Khayatt
Director - Logistics Village Qatar

Mr. El Khayatt is the Director of the Logistics Village Qatar (LVQ), GWC's strategic play in the country's logistics infrastructure space. He has graduated from College Ecole Technique De Zahle and has more than a decade's experience in Warehousing & Logistics Management. Associated with GWC since 2005, he has held several positions within the Company. He was one of the pioneers in up-scaling the operational excellence of the LVQ. Prior to GWC, he spent five years establishing a pan Nigeria distribution network for prominent brands, such as British American Tobacco.

Mr. Nader Hakim
Director - Contract Logistics

Mr. Hakim is the Director and business head of GWC's Contract Logistics vertical and has been contributing to the growth of the Company's 3PL & 4PL business since 2008. He has been instrumental in developing and expanding the warehousing and logistics operations of the Company. He is a bachelor's degree graduate in Electrical Engineering, from the American University of Beirut. Over the last 13 years, he has worked for organisations such as GeoVision S.A.L, Code Fusion Solutions, ABB and the Kuwait National Petrol Company. Prior to this, he served in the Lebanese army with the rank of a Lieutenant.

Mr. Bobby George
Director - Freight Forwarding

Mr. George is the Director of the Freight Forwarding business vertical at GWC and has been with the Company since 2003. He has completed his bachelor's degree in Arts, specialising in Public Administration, and has close to 15 years of experience in the Industry. Previously, he has worked with The Orient Express Lines and Freight Systems Ltd. in Dubai; with Al Jazeera Simatech Shipping and also with Samsung Corporation in Qatar. He has been involved extensively in growing the Freight Forwarding division of GWC, a key growth driver for GWC.

Mr. Segun Abayomi

Director - Internal Audit and Compliance

Mr. Abayomi is the Director of Internal Audit & Compliance at GWC and has been associated with the Company since 2009. He is a qualified accountant (FCMA) and a Certified Fraud Examiner (CFE) with a Masters in Accounting. He has more than two decades of rich experience in the field of internal audit and financial reporting systems and procedures, working for firms such as Abuja Sheraton and Qatar National Hotels Company (QNHC).

Ms. Melanie Cooray

Director - IMRS

Ms. Cooray is the Director for the International Moving & Relocation (IM&R) business vertical of GWC. She holds Diplomas in HHGS & Freight Forwarding, Ticketing & Reservation, Computer Studies, Economics & Commerce. With more than 2 decades of rich experience in field of business development and operations, she has been a key driver behind the expansion of GWC's IM&R business.

Mr. Sunil Kambrath

Director - RMS

Mr. Kambrath is the Director for the Records Management Services (RMS) vertical of GWC. He holds a bachelor degree in Academic & Legislative Law and has two decades of rich expertise in fields of 3PL, 4PL business process engineering and in supply chain management. He has been a strong proponent and advocate for establishing and expanding the RMS business at GWC.

Mr. Setrak Khajikian

Head of Transport

Mr. Khajikian is the Head of Transport at GWC. He holds PGD in Fleet Management and Transportation, he has 13 years of experience in transportation, logistics and supply chain and has been working with GWC since March 2007. Setrak directs all activities and functions within the Transportation Department and ensures compliance with all applicable company and state requirements. He has been highly effective in meticulous management of the transport division, achieving high levels of efficiency, economy and safety in operations.

Mr. Naji Nassar

Director - Country Operations

Mr. Nassar is the Director of Country Operations at GWC. He has close to 33 years of rich experience and has been working with GWC since April 2005. In particular, he has deep familiarity with the Oil and Gas industry, having handled major projects such as Shell GTL, Ashgal, Lusail and Rasgas. In parallel, he has been involved in the development of GWC's new segments and in the operational management of all departments within the Company.

Ms. Natasha Jeyanthi Subramaniam

Head of Human Resources

Ms. Subramanium is the Human Resources Head of Department at GWC since 2011. She holds a Masters degree in Human Resources Management and Industrial Psychology. She has extensive experience spanning 20 years in HR Operations within both Western and Asia Pacific regions.

Mr. Nawaf Mohammed Al Emadi

Head of Sales and Marketing

Mr. Emadi is the Head of Sales and Marketing at GWC and joined the Company in 2011. He focuses on developing GWC's business across the Government Sectors in Qatar and is responsible for enhancing the relationships between Government organisations and existing service departments of the Company.

Mr. Abdulaziz Mohammed Al-Sahlawi

Head of Public Relations

Mr. Mohammod is the Head of Public Relations and has been working with GWC since Feb 2011. He is focusing on creating and expanding public awareness of GWC across the gulf region.

OUR BUSINESS MODEL

At the centre of this model lies our know-how and our people, who are continuously learning new and better ways of getting the best out of our assets to delivering shareholder value.

Our business model is to deliver the **Highest Service Levels** in the most **Cost Effective** manner through robust **Processes & Technologies** and **Company-owned Warehouse and Transportation Assets**. We aim to address a variety of customer needs, both **generic** and **niche**, becoming an all-in-one solution provider to our clients.

Our business model also calls for achieving **large scale** in both **physical and digital storage capacity**, which allows us to address the larger canvas of the logistics industry in which reliable solutions are needed by both **end-user customers** and **intermediary logistics players**.

WHAT BUSINESS ARE WE IN?

We are in the business of providing high-quality logistics services that give our customers a competitive advantage in Qatar and the Middle East markets. GWC is as vital to Qatar's domestic and global supply chain needs as currency is to commerce.

HOW DO WE DELIVER IT?

We deliver this by understanding our customers intimately and by leveraging our global network and unique local insights; specialised logistics capabilities; motivated, skilled, and multicultural people; high quality Information Technology; multi-located well-equipped warehouses and a fleet of road transportation assets.

WHAT IS OUR GROWTH STRATEGY?

The Company's strategy is to grow both organically and through selective mergers and acquisitions. Organically, we are investing significantly in expanding our capacities to cater to a growing nation with a vibrant economy. Inorganically, we are acquiring strong regional players that complement our infrastructure and service offerings.

WHAT IS OUR BUSINESS STRATEGY?

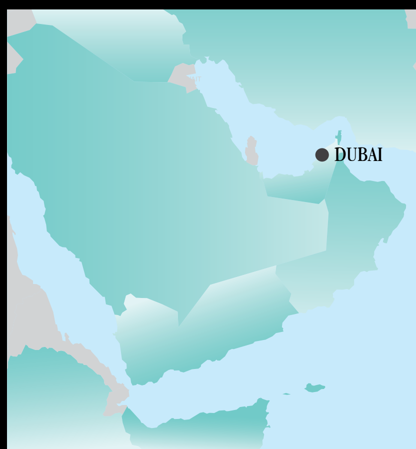
GWC's key business strategy is to bring new competitive advantages to its customers and better chances for the Company's growth in the future. We move more types of products to more places – in more ways – than you might imagine. That's been both our business model and competitive advantage from the day we started. When regional corporates and global multinationals choose GWC for delivery services - its reliability that we promise. It's what defines and differentiates us.

WAREHOUSE: RAS LAFFAN

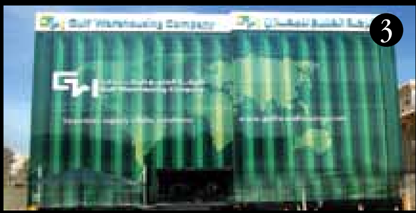
Located inside Ras Laffan Industrial City, GWC's facility caters to the specialist needs of Qatar's companies. It occupies area of 16,000 square metres, comprising 19,860 pallets positions and 10,000 square metres of open yard for storage of heavy equipment and pipes. It also offers temperature controlled safe storage and handling of hazardous materials such as UN class 2, 3, 4, 5, 6, 8 and 9 and non-classified according to their hazardous properties.

WAREHOUSE : STREET 41

Street 41 is a specialised warehouse located in the industrial area, featuring 12,000 square metres, 10,000 pallet positions, 8 dock doors, 12 metre high, temperature control, chilled and frozen zone. This facility also houses our state-of-the-art records management storage with 8 chambers and a capacity of more than 240,000 boxes.



Our new sales beachheads in the GCC area.



GWC HEAD OFFICE

Located in the heart of Doha City, the GWC Corporate Headquarters houses the Freight Forwarding, Financial Administration, Investor Relations, Sales and Marketing functions of the Company. It is also the place where the senior management of the Company function from.

FLAGSHIP WAREHOUSE: STREET 15

Street 15 is our flagship warehouse, featuring 25,000 square metres, 40,084 pallets positions, 18 dock doors, 13.5 m high, ambient, temperature controlled, chilled and frozen zones, vertical carousels for fast moving and high value storage solutions.

WAREHOUSE: MESAIEED

60,800 square metres of open yard mainly services our clients in the second major energy production hub for open yard storage solutions and assists our Doha operations to even better service the capital's logistics needs.

OUR PAN QATAR PRESENCE

THE 33K WAREHOUSE AT (LVQ)

The "33K" is GWC's largest third-party warehousing facility of 33,000 square metres, with a capacity of 60,000 pallet locations. It covers the requirements of Bulk and In-Rack material storage and handling, temperature controlled, ambient or open yard conditions. It also uses the most advanced technologies, with VNA racking of upto 12 metres, modern VNA man-up machines, dock level controls, super-flat flooring and the latest WMS.

LOGISTICS VILLAGE QATAR (LVQ)

Located 20kms away from all the key transportation hubs and business and industrial centres, LVQ will occupy more that 1 million square metres and feature a gamut of facilities and capabilities that will make GWC by far the largest logistics operator in Qatar.

LOGISTICS VILLAGE QATAR

Transforming Qatar into the Logistics Powerhouse of the GCC Area

The LVQ has attained a high level of awareness in the marketplace through general word of mouth referrals and by the closing of FY2012, the Company expects stable and sustainable positive cash flows from this mega logistics infrastructure for years to come.

THE ALTERNATIVE LOGISTICS HUB OF THE GCC

During FY2012, the first phase of the Logistics Village Qatar (LVQ), comprising of 305,200 sqm., matured into a fully functional and revenue generating asset for the Company. This is in part due to the strengthening position of Qatar as an economic engine within the MENA region. Its rapidly growing economy, rich gas reserves and world-class logistics infrastructures are ideal ingredients for a dynamic and vibrant trading hub. Qatar is also blessed with a free economic zone in close proximity to the Doha International Airport and its Government has formulated plans to establish two additional free zones — one in close proximity to the Mesaieed Industrial City (MIC) and another that is expected to cater to the transport and manufacturing industries. Qatar is also located midway along the Arabian Gulf with easy connectivity and proximity to Saudi Arabia, Bahrain, and Kuwait, as well as Iraq, and a major part of Iran. This proximity, coupled with GWC's initiatives for developing an integrated logistics infrastructure through the LVQ model, could potentially transform Qatar into a viable alternative logistics hub within the GCC.

IN HIGH DEMAND

The vision behind LVQ was to provide corporates and logistics services providers an easy and ready-made plug-and-play infrastructural solution for catering to their logistical needs. As a result, the LVQ was master planned to be highly configurable to suit the needs of clients from a variety of industries. The LVQ is a platform that is configured to bring a smile on any logistics executive's face, as they are able to serve the needs of both internal and external stakeholders within the logistics value chain. Even midsized companies, with short time-lines and budgets, do not have to waste their resources creating their infrastructure from scratch and instead can set-up shop immediately. As a result, GWC's clients at LVQ have been able to focus more on their core competencies and implement their regional strategies faster.

The popularity of LVQ over the last 2 years stands testimony to the vision behind the LVQ concept. During FY2012, Phase 3, made up of large warehousing units, continued to receive strong forward bookings by regional logistic players. The LVQ has attained a high level of awareness in the marketplace through general word of mouth referrals and by the closing of FY2012, more than 6% of Phase 3 has already been booked. With typical leases being negotiated as five-year contracts, the Company expects stable and sustainable positive cash flows from this mega logistics infrastructure for years to come.

Going beyond the full capacity of The LVQ, GWC is also exploring the idea of developing another greenfield project called LVQ 2.

In FY2012, the construction of LVQ's Phase 2, comprising of 60,560 sqm of additional warehousing space, was completed and made operational. As part of the overall master plan of the LVQ, the Company started the construction of Phase 3 comprising of 85,000 sqm, which is expected to be completed by the 2nd quarter of 2013. Once Phase 3 is completed, the LVQ will be home to a total logistics centre of more than 1 million square metres. This phase will also include the hypermarket and the recreational club meant for the community living within LVQ. In terms of occupancy, the Company received robust demand for its space during the year. By the end of FY2012, the areas under Phase 2 achieved 100% occupancy levels.

LVQ Data Centre is ISMS Certified

The key service areas of the LVQ's Data Centre include Internet provisioning services; IP telephony and the hosting of network equipment for its clients. Built to last for at least 10 years, this Data Centre is amongst the best configured and equipped in Qatar. GWC believes that a key reason for the LVQ's undeniable success stems from the ability of its occupiers to get connected and functional as soon as they commence operations. The LVQ's Data Centre offers instant plug-and-play access into its IT backbone so that its clients can harness the power of IP Telephony for global communications. The number of clients served from this centre has increased to 22 in FY2012, up from just 7 in FY2011. A key achievement during FY2012 for GWC was its success in establishing the ISO 27001:2005 Information Security Management Systems (ISMS) certification. This milestone is yet another demonstration of GWC's commitment to information security and customer satisfaction. During the year, the Company expanded its network to cover the entire master planned areas of the LVQ.

UNSTOPPABLE FACILITY GROWTH

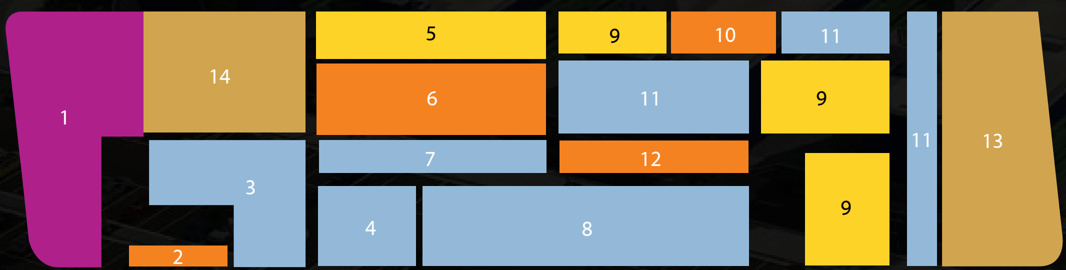
	*Phase I	*Phase II	+Phase III	+Phase IV
Warehouse	82,200 sqm	60,560 sqm	85,000 sqm	81,500 sqm
Container/Laydown Yard	100,000 sqm	-	-	50,000 sqm
Truck Maintenance	100,000 sqm	-	-	-
Administration	-	-	4,600 sqm	-
Accommodation	23,000 sqm	-	16,400 sqm	-

* Completed + Under Development

THE FUTURE

Going forward, the Company foresees strong demand for its services and spaces within the LVQ. To capitalise on this ever-growing demand, the Company is re-evaluating the master plan of LVQ to allow for additional future development to be potentially possible under Phase 4. For better utilisation of the LVQ and thus higher revenue yields, the Company is considering the conversion of the car storage areas into leasable warehousing space. Going beyond the full capacity of The LVQ, GWC is also exploring the idea of developing another greenfield project called LVQ 2.

Capacity Growth at LVQ



***Phase I**
Completion 2011
82,200 SqM Warehouses

- 3 Accommodations
- 4 Truck Maintenance Facility
- 7 Small Multi-Purpose Warehouses
- 8 Container Storage
- 8 Repair Depot
- 11 Large Dedicated Warehouses

***Phase II**
Completion 2012
60,560 SqM Warehouses

- 6 Small Multi-Purpose Warehouses
- 12 Medium Multi-Purpose Warehouses
- 10 Large Dedicated Warehouses

+Phase III
Completion 2013
85,000 SqM Warehouses

- 5 Small Multi-Purpose warehouses
- 9 Large Dedicated Warehouses

+Phase IV
Completion 2014
81,500 SqM Warehouses

- 13 Large dedicated warehouse
- 14 Small Multi-Purpose warehouses
- 1 Future Expansion

* Completed + Under Development

LOGISTICS VILLAGE QATAR

Snapshot View of The Logistics Village Qatar (LVQ)

- 1 million square metres Master-Planned Logistics Village
- 250,000 square metres of Warehouses
- 100,000 square metres of Truck Parking and Maintenance Workshop
- 65,000 square metres of Container Depot
- 250,000 square metres of Laydown Area and Auction Yard
- 39,400 square metres of Residential and Recreational Facilities
- Award Winning Infrastructure
- Globally Accepted Quality Management Standards
- Plug-and-Play Administrative Facilities
- State-of-the-Art IT infrastructure
- Flexible and Bespoke Service Packages

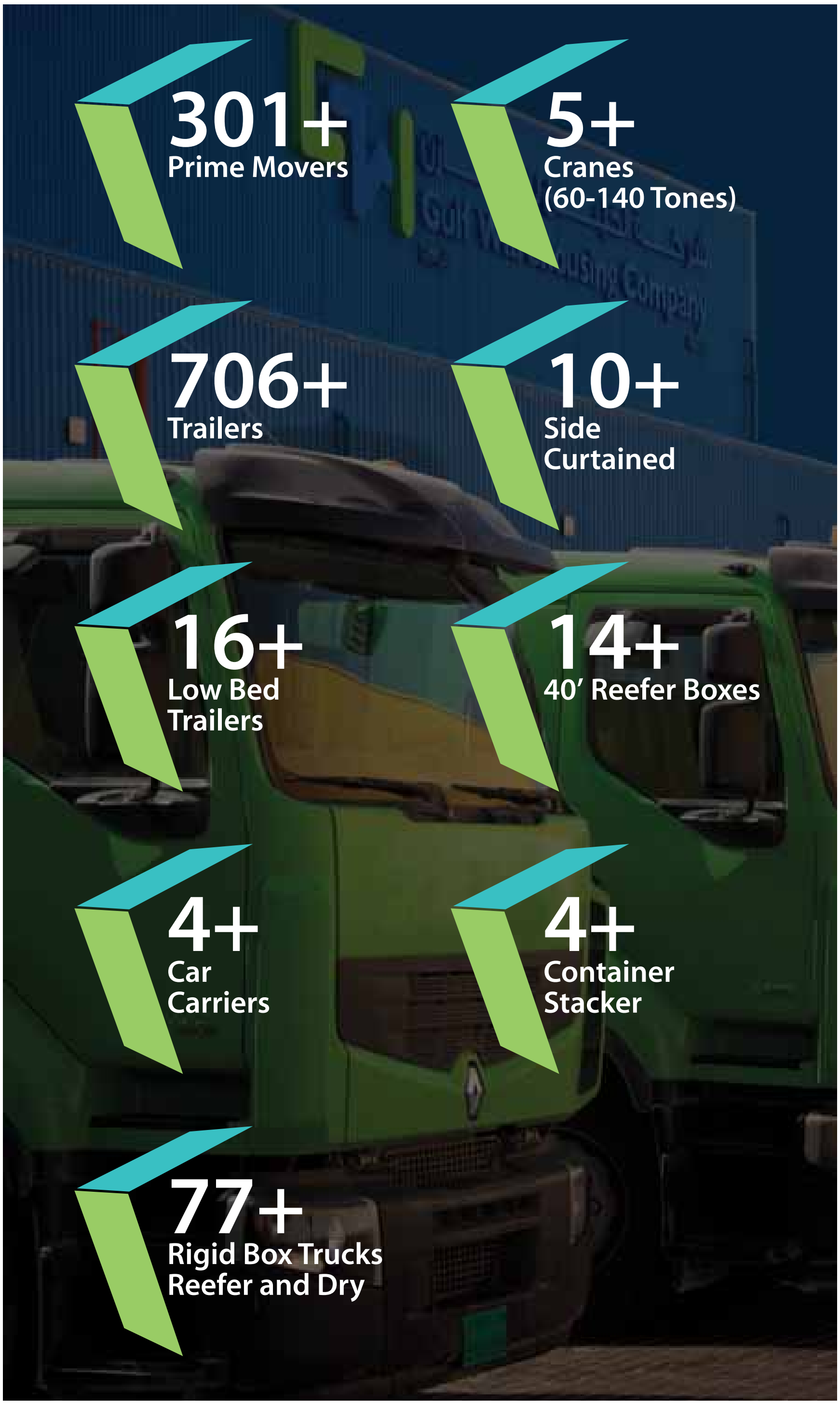
OUR TRANSPORTATION ASSETS

FY2012 witnessed the launch of the Company's Dubai operations and its business traction stemming from its transportation services has delivered early signs of success in a new market.

With more than 1,137 vehicles as part of our carriage arsenal and with a team of more than 380 experienced drivers, we operate one of the largest road transportation fleets in Qatar. Covering all corners of the GCC territories, we are able to provide our customers with both local and international door-to-door service. With an inventory ranging from flat beds to low beds; heavy lifts and car carriers; cranes to stackers – we are in an ideal position to offer highly customised transportation solutions for a multiple variety of industries.

During FY2012, the road transportation division of GWC exceeded 12 million kms of travelled distance. Despite competitive challenges, GWC has succeeded in maintaining its market share by protecting its customer relationships. GWC also enjoys a certain degree of stability in this business due to the fact that more than 60% of its business is based on long-term contracts with large users of this service. The Company's size and scale of operations and the wide variety of inventory of assets have ensured that it is amongst the very few that can cater to the stringent needs of large clients such as oil and gas companies. The Company has proven itself against competition by leveraging its capabilities and service levels, which very few can offer.

FY2012 witnessed the launch of the Company's Dubai operations and its business traction stemming from its transportation services has delivered early signs of success in a new market. The Company's Dubai office is expected to strengthen its cross border trucking business within the GCC area. In the years to come, GWC expects its transportation business to grow significantly from this region. Going forward, as new large-scale projects start taking shape in Qatar from 2013 onwards, GWC expects its transportation business to be well positioned to take advantage of any future upsurge in demand.



CONTRACT LOGISTICS

Overall, the driving force for growth in contract logistics will remain the trend towards outsourcing, from which GWC continues to benefit due to its special capabilities in fulfilling this need.

The global economy is being shaped by increased outsourcing of services that can be separated from the core activity of a business. Today, GWC is Qatar's leading supply chain company and offers customers a complete offering across Contract Logistics and Freight Management, alone or in combination. It provides complete supply chain design and implementation for large and medium-size national and multinational companies in the GCC area.

In the global economy, service and individualisation are playing increasingly large roles. More and more companies are hiring third parties to perform services and are fueling the trend toward outsourcing in the process. Globally, specialised and flexible contract logistics-service providers are profiting from this trend. In Qatar, GWC is at the forefront and a leader of the 3PL (3rd Party Logistics) services business opportunity. We offer specialised, sector-focused solutions and operate near and within customers' facilities in order to respond as quickly and as flexibly as possible to their needs.

Amid this change, shorter technology and production cycles and the overall acceleration of business activities require new organisational structures. Modern, successful companies focus on holistic management of the value chain or supply chain that optimises the structure and process organisation of the entire value chain. The trend towards outsourcing and integrated, cross-company management, facilitated by up-to-date IT solutions, is the driving force behind the growing importance of contract logistics. GWC designs, implements and operates complex, end-to-end Contract Logistics for large and medium sized national and multinational companies operating in the GCC region. By concentrating on certain sectors and niches, GWC has been able to garner a large market share of the Qatar marketplace, particularly in the contract logistics sector.

Today, for insightful and precision-driven corporates, GWC is by far the most preferred Contract Logistics service provider in Qatar. GWC's knowledge of customers' supply chain requirements, focus on operational excellence and sector expertise creates competitive advantages for its customers, helps its own business develop more cost-effective solutions and puts it in a strong position to grow over the coming years. The six case studies of contract logistics presented in this Annual Report are indications of GWC's leadership and success in this area of business.

RETAIL SUPERMARKETS

GWC is the 3PL contractor to the two leading high-end supermarket retailers in Qatar. Between them, they enjoy a lions share of the country's supermarket footprint and sell through more than 25 retail locations across the country.

GWC's role for these two retailers is of a 3PL contractor for managing the full warehousing operations of these retail giants, including the distribution operations serving 25+ super and hypermarkets nationwide. The services include open case picking, chilled and frozen food storage, segregation, labeling, co-packing and other value added services.

RETAIL DISTRIBUTION

GWC is the logistics contractor to the world's most successful mass-market furniture retailer, selling home furnishings and other household goods. The mandate involves the use of LVQ's space, the management of the retailer's warehouses and the distribution of its products within Qatar. A unique feature of this arrangement includes the first 3PL operation in Qatar with fully motorised mobile racking systems. Furthermore, GWC's warehouses are linked to the client's central store on same system on a real-time basis, allowing inventory to be reflected uniformly across all the client's POS systems. GWC has a full door-to-door role incorporating both the scope of warehousing and home delivery, including furniture assembly. GWC uses a dedicated fleet of 25 trucks servicing the client's customers nationwide.

PHARMACEUTICAL

GWC is the 4PL contractor and LVQ lessor to the Government of Qatar's national health body, which has the responsibility to establish the country's health systems. Its role is to create a clear vision for the nation's health direction, set goals and objectives for the country, design policies to achieve the vision, regulate the medical landscape, protect the public's health, set the health research agenda, and monitor and evaluate progress towards achieving those objectives. A key function of the government body is the oversight of the quality and effectiveness of service delivered by hospital and other public and private sector health service providers. GWC is responsible for running this department's offsite (LVQ) and onsite stores, through its Warehouse Management System (WMS) platform. The Company maintains the visibility of inventory and the consumption trends by each department, with 100% accuracy of the inventory. GWC has also implemented the OMS (Order Management System) for its client, to allow users real-time access to the online catalogues, see stock quantities and the pictures with technical specifications – all synchronised with the WMS.

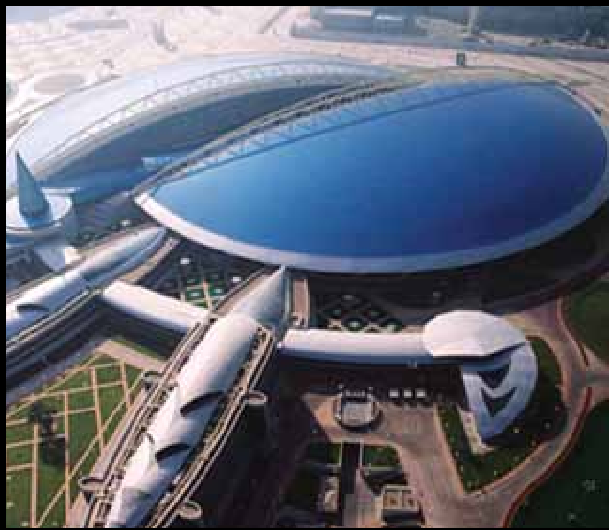
TELECOMMUNICATIONS

GWC is the 3PL contractor to a leading global telecommunications technology company that is a leader in mobile, fixed, IP and optics technologies, and a pioneer in applications and services. With operations in more than 130 countries and the most experienced global services organisation in the industry, this telecoms giant is also a local partner to many projects within Qatar. Most notably, it is amongst the key players rolling out mobile telephony within the country. GWC's mandate covers the responsibility for storing and handling over 4,000 active SKUs for this client. It handles in excess of 1,500 pieces dispatches per day to cater to the growing telecoms network in Qatar, including round the clock services to cater for emergencies. GWC provides complete warehousing solutions with 99.99% accuracy for the audited year-end inventory. A key USP of this service includes the use of a Vertical Carousel storage systems for segregating and easily accessing sensitive, small and high value items. Operations are based out of the state of the art warehouse facility at the new Logistics Village Qatar (LVQ), including both covered warehousing and open yard facilities.

GOVERNMENT WAREHOUSES

GWC is the logistical partner to the Government's autonomous body that oversees all infrastructure related projects as well as public amenities of the State. This body has been associated with many landmark developmental programmes including the Olympics Village; the Doha International Airport; several major road projects and the improvement of the sewage collection and treatment system. More specifically, GWC is closely aligned to the operations of the public works maintenance that looks after the roads and drainage of the city. GWC manages this department's warehouses that maintain over 40,000 line items, stocked across 3 warehouse sites. Specialised services provided by GWC include the categorisation of stock on the basis of FSN (Fast moving/Slow Moving/Non moving) analysis; 24X7 access emergencies and custom built Order Management System (OMS). GWC manages two warehouses totaling 12,000 sqm with 3,500 pallet locations and an open yard of 200,000 sqm. For the stock control of spare parts, more than 13,000 specialised bin locations and 120 heavy-duty cantilever racking systems are utilised by the Company.

SPORTS



The Company is an end-to-end solution provider for a leading sports venue and events company of Qatar. It manages its world-class sporting venues as well as provides venue and event management services for different sectors. This includes tailor made warehousing solutions such as the development and implementation of process and procedures and the deployment and maintenance of a smart warehouse management system. The Company has also established unifying warehouse management processes and integration between all the client's business units. This involved the setting up SLAs & KPIs with periodic review and the day-to-day management of the warehouses, leading to space and stock level optimisation. GWC is also responsible for the periodic inventory cycle count and reconciliation with asset registers.

FREIGHT FORWARDING MANAGEMENT

Our Freight Forwarding business comprises 31% of our total business, and plays a pivotal role in our geographical expansion and growth.

With a global network covering a total of 125 countries throughout the world, GWC continues to be the leading player in the freight forwarding business in Qatar. Growing faster than the industry's rate of growth in FY2012, GWC was able to extend its market position despite stiff competition from existing and new players in the market.

The Company was able to achieve this by leveraging its key strengths. Firstly, as an asset-based freight forwarding solutions player with warehousing and trucking under its own control, GWC was able to offer better options and service levels to its clients compared to non-asset based players. Secondly, during the year, the Company was able to win significant large contracts within the Oil and Gas sector, a sector in which GWC specialises with strong domain

knowledge and capabilities. Finally, the general positive economic climate of Qatar and the improving business climate in Dubai and other GCC areas also ensured a strong forward wave of growth for the Company.

During FY2012, GWC initiated operations in Dubai through its own branch office with a strong team promoting freight forwarding services. While still at its early stages, GWC expects significant growth from its presence in these new GCC territories in the next few years. As a new entrant to these markets, the Company plans to leverage its cost advantages, trucking assets, specialised knowledge, warehousing capabilities and top service levels to participate with strength in what is a highly competitive market.

Looking forward into the next few years, we expect to see similar growth rates for our freight forwarding business within Qatar and the GCC region. With large-scale infrastructural projects expected to take off in the second half of 2013 and as one gets closer to 2022 FIFA World Cup, GWC expects strong winds to continue blowing into its sails.

During FY2012, GWC initiated operations in Dubai through its own branch offices with strong teams promoting freight forwarding services.

NICHE BUSINESSES

The combined contribution of our niche businesses enables GWC to be an all rounder in satisfying critical customer needs and they continue to be valued contributors to the Group's overall healthy EBITDA margin of 27.54%.

RECORDS MANAGEMENT

GWC operates the most advanced Data Storage Centre Facility incorporating the latest know how on media management. To help organisations successfully implement highly productive records management strategies, GWC offers a comprehensive array of services.

GWC offers digital records management, data tapes management, data destruction, public and dedicated physical warehouse space, dedicated warehouse space, asset management and inventory management, document shredding services and scanning services. GWC also manages the fixed and IT Assets of its clients, making it extremely convenient for its customers to trace and locate their assets and implement their end-of-year audits and Intellectual Property compliances with great ease. As part of an end-to-end service platform, GWC also offers its clients a comprehensive and responsible destruction service for digital and physical assets that exceed their maturity.

INTERNATIONAL MOVING & RELOCATIONS

Since 2007, GWC has been providing professional, confidential and caring support services, which focus on the successful relocation of hundreds of people into and out of Qatar.

Today, GWC is Qatar's largest specialty household goods relocation company and, backed by unmatched worldwide transportation, warehousing and logistics capabilities, we offer world-class international moving and relocation services, both locally and internationally. Over the last four years, this business vertical has almost doubled each year, reflecting the dynamism of Qatar's economy and growth of its expat community.

FINE ARTS LOGISTICS

GWC is amongst the very few specialists serving this niche space and expects this business segment to grow significantly in line with the growing prosperity and multicultural makeup of the country.

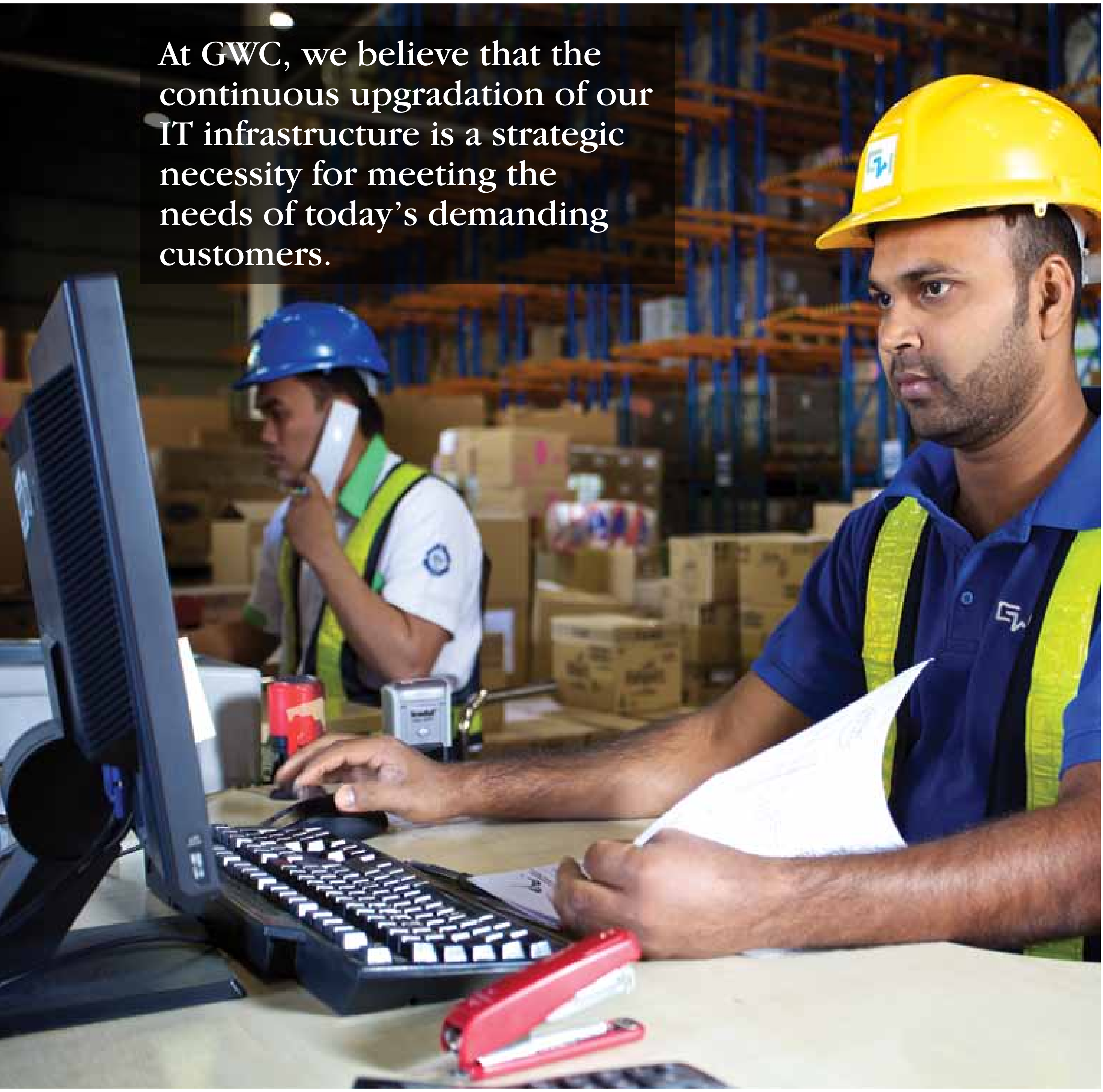
Not surprisingly, leading fine arts institutions such as The Qatar National Museum and its various sub-museums - such as The Museum of Islamic Art and The Museum of Modern Arab Art, all pose their complete faith in our expertise for handling their exhibition materials – time and time again.

INFORMATION TECHNOLOGY

The latest IT technologies are helping to create value by increasing the productivity of our resources and by improving the quality of our operations.

As supply chain management becomes more sophisticated, companies are increasingly seeking full service solutions from a single or limited number of partners that are familiar with their requirements, processes and procedures. At GWC, we believe that to create competitive advantage, our Information Technology (IT) strategy must fulfill several demanding requirements and that the continuous upgradation in our IT infrastructure is a strategic necessity for meeting the needs of today's demanding customers.

Most importantly, the latest IT technologies are helping to create value by increasing the productivity of our resources and by improving the quality of our operations. We strongly believe that the determinant of competitive advantage lies in the combination of human and business resources with IT.



At GWC, we believe that the continuous upgradation of our IT infrastructure is a strategic necessity for meeting the needs of today's demanding customers.


We strongly believe that the determinant of competitive advantage lies in the combination of human and business resources with IT.

INFORMATION TECHNOLOGY ENHANCEMENTS DURING FY2012

Amongst several upgrades and introductions of IT solutions, these are some of the key progress areas achieved during FY2012:

Warehouse Management System - Upgrade	GWC's team is continuously upgrading the current Warehouse Management System to the latest versions which allow the smooth running of operations and the fulfillment of complex requirements demanded by customers.
Freight Forwarding System Management	GWC's IT team started the implementation of a new Freight Management System for GWC's freight operations. The new solution is more user friendly and is being configured to meet the Company's requirements more effectively.
Microsoft Lync-Communicator	The Company deployed the Lync-Communicator to find and communicate with the right person. Rich presence including pictures, skill search and location information to facilitate smart communication choices including built-in instant messaging capability.
Microsoft Sharepoint/ connections -Intranet	GWC Connections introduced the web-powered gateway that unifies access to all Company information and applications. It simplifies how employees can find and share information and make better and more informed decisions. It helps reduce costs, saves time, increases collaboration and increases productivity and effectiveness.
Email System – Microsoft Exchange 2010	The Company implemented a new email system, which allows for continuous replication, virtualisation, business continuity and cost saving on storage.
Solar wind – Network Tool	The Company installed a Network Performance Management that monitors and analyses real-time, in-depth, network performance statistics for routers, switches, wireless access points and servers. It also helps to monitor and drill down into problems areas, exploring traffic patterns and device performance.
Vulnerability Management	The implementation of the QualysGuard Vulnerability Management (VM) system has automated the lifecycle of network auditing and vulnerability management across the enterprise, including network discovery and mapping, asset prioritisation, vulnerability assessment reporting and remediation tracking according to business risk.
Audit & Security Tools	With the growing complexity of IT infrastructure and the diverse range of platforms, this is extremely difficult to do security review and security audit which is essential task for any organisation – it is no less than the protection of critical assets. GWC's IT team continuously reviews its different security and audit products to manage security auditing and reviewing.

QUALITY, SAFETY & RECOGNITION

GWC's quality-assurance efforts over the years are testimony to its strong culture of maintaining the highest standards of excellence in the industry.

As a customer and employee centric company, GWC is a highly quality and standards orientated company. Its quality-assurance efforts over the years are testimony to its strong culture of maintaining the highest standards of excellence in the industry. Customers have come to understand that when they deal with GWC, they can trust to receive nothing but the highest level of quality in all the products and services offered by the company.

GWC maintains an enviable stable of certifications to ensure the best operational standards for its employees and clients:

Structure Processes and Systems	ISO9001 : 2008 Quality Management System (QMS)	Since 2007
Caring for our Environment	14001 : 2004 Enviromental Management Systems (EMS)	Since 2010
Obsessed with Safety	18001 : 2007 Safety Maagement System (OHSAS)	Since 2009
Uncompromising on Food Safety and Security	22000 : 2005 Food Safety Management System (FSMS)	Since 2007
Secured Information Systems	ISO 27001:2005 Information Security Management Systems (ISMS)	Since 2012

GULF WAREHOUSING COMPANY WINS BEST LOGISTICS COMPANY OF THE YEAR FOR THIRD CONSECUTIVELY YEAR.

GWC's CFO Mr. Rajeswar Govindan receiving the award from the Managing Director of ITP Mr. Karam Awad

GULF WAREHOUSING COMPANY IS AWARDED THE BEST LOGISTICS INFRASTRUCTURE IN THE MIDDLE EAST FOR THE LVQ.

GWC's Director of LVQ Mr. Shebl El Khayatt receiving the award from the Senior Group Editor of ITP Mr. Robeel Haq.

LRQA

CERTIFICATE OF APPROVAL

This is to certify that the Information Security Management System of:

Gulf Warehousing Company – Data Center
LVQ Data Center Building, Logistics Village, Street 53
Industrial Area, Doha
Qatar

has been approved by Lloyd's Register Quality Assurance to the following Information Security Management System Standards:

ISO/IEC 27001:2005

The Information Security Management System is applicable to:

LVQ Data Center services comprising of IT Infrastructure Management consisting of support for Network, Internet and IP Telephony and their respective processes as per SoA Ver. 01

Original Approval: 2 November 2012
Current Certificate: 2 November 2012
Certificate Expiry: 1 November 2015

Issued by: Lloyd's Register Quality Assurance Limited

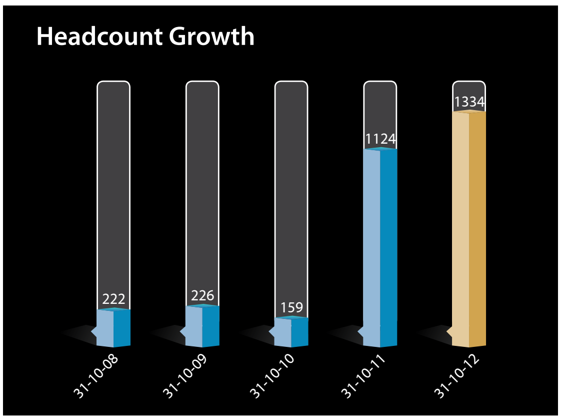
ISO 27001:2005 INFORMATION SECURITY MANAGEMENT SYSTEMS (ISMS) CERTIFICATION FOR LVQ DATA CENTRE

A key achievement during FY2012 for GWC was its success in establishing the ISO 27001:2005 Information Security Management Systems (ISMS) certification. This milestone is yet another demonstration of GWC's commitment to information security, business continuity and prevention of disaster. This certification gives our customers confidence in the maintenance of confidentiality through GWC's secured and hacking-proof network.

OUR PEOPLE

Our total number of employees increased in 2012 to reach 1334, 18% more than FY2011.

It is the Company's passionate employees that convince customers to choose GWC, again and again.



Many of the GCC's leading companies recognise GWC as a first-class logistics service provider because of its diversified capabilities and the value and flexibility of the solutions it delivers. However, it is the Company's team of dedicated, experienced and passionate employees that are the most vital asset that convince customers to choose GWC, again and again.

GWC has strong HR team comprising of some 28 people. Its key role is to ensure that the Company has the given intellectual talent at any given point in time to implement its business strategies. It also focuses on the welfare of its staff and the development of their skills to ensure that GWC is always at the forefront within its industry. It monitors the performance of its people and finds ways to improve productivity and the living condition of its local and vast ex-pat workforce.

Our total number of employees worldwide increased in 2012 to reach 1334, 18% more than FY2011. GWC is seen as an attractive employer with its strong focus on management and employee development. Schemes such as the International Logistics Management & Leadership Program, mentoring programs and talent management programs place performance at the core of GWC's personnel activities. Furthermore, the Company counts on active communication with its staff, whereby the employees are encouraged to bring in and communicate their own ideas and creativity.

During FY2012, the Company revamped its HR documentation handling systems and implemented a company wide engagement programme that reached out to more than 1,200 individuals from every level of operations. The HR team also initiated the concept of Focus Groups, which are made up of managers from different spheres of the Company activities. This initiative is encouraging GWC managers from disparate areas to collaborate together for exploring even better ways of functioning. The HR department also initiated an engagement programme called "Employee Connect" aimed primarily at the 2nd tier management members, encouraging them to share challenges and experiences for better understanding. The Company also launched a new internal newsletter called "GWC Connect" in December 2012. This will be published quarterly and will reach all employees by print and by electronic medium.

In order to retain talent within the Company, the HR team continuously gauges the happiness quotient of its workforce. This allows them to intervene and solve challenges that can lead to the departure of an employee. GWC has a commendable attrition record of less than 1% attrition rate for its top and middle management staff members, and less than 5% for the rest of its workforce.

GWC continues to embrace the drive to increase the participation of Qataris in the workforce. The Company held special exhibitions at career fairs to encourage local Qataris to join GWC and works closely with the Ministry of Labour to review resumes and offer trainings and internships to willing candidates.

CORPORATE GOVERNANCE REPORT FOR 2012

"Our corporate governance is well positioned to fulfill our economic, environmental, and social responsibilities and contribute to sustainable growth."

"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.

Maintaining high standards of corporate governance practices is not just about complying with the letters of the provisions of the CGP codes but also the intent of the regulations to enhance corporate performance, accountability and transparency. Following below is the compliance status with the various CGP codes as of the financial year ended 31 December 2012.

A. Board of 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 these responsibilities.

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 each committee roles, responsibilities and functions. All company's board committee charter has been distributed to all shareholders during AGM 2010 and is also published on the company's website. Compliance requirement of CG codes: article- 15.4, 16.2, 17.6,

The role 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 Group Chief Executive Officer (GCEO). Compliance requirement of CG codes: article- 5

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

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

Several Directors have been allocated Board Committee memberships as indicated in table 1.1; there are three (3) 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

Board Charter

The business of the Gulf Warehousing Company (GWC) is managed under the direction of the Board of Directors headed by the Chairman. The Board must direct its activities towards the achievement of the objectives as set out in the GWC Memorandum of Association.

Objective of GWC

The objective of the GWC according to the company's certificate of Registration includes:

1	(995221)	Prepare, make, manage, lease warehouses of all type	2	(602300)	Goods Transport by road on Trailers
3	(2003733)	Aircraft & hotel catering Services	4	(1000085)	Import of chemical items for construction works
5	(1000086)	Import painted related items	6	(2002939)	Treading in chemical items related to pest control
7	(1000087)	Import adhesive items	8	(2002730)	Import anti-rusting & anti-corrosion chemical items.
9	(536220)	Trading in chemical items used making of antiseptic and cleaning items	10	(536140)	Trading in chemical items related to photographic shooting.

11	(1000089)	Import chemicals related to plastic items	12	(536130)	Trading in chemical related to laboratories
13	(2002731)	Import of chemicals related to plastic items.	14	(536120)	Trading in chemicals related to making of fertilizer.
15	(536200)	Trading in chemical items related to printing	16	(1000027)	Importing of chemical items related to water treatment
17	(2001954)	Trading in chemical items related to heat insulations	18	(501400)	Trading in used trucks
19	(503053)	Trading in light weight trailers spare-parts	20	(512000)	Trading in food items
21	(512050)	Trading in consumable items	22	(523300)	Trading in office furniture
23	(631000)	Storing in warehouses	24	(544121)	Trading in heavy duty equipment
25	(544122)	Trading in light equipment	26	(602400)	Land transport by trailers (Transport)
27	(630100)	Shipping, unloading, supply of goods by road or sea	28	(641220)	Transport, store of documents & papers
29	(741500)	Industrial Consultancy , Technical and related	30	(2003571)	Trade in tools and Electronic devices
31	(200122)	Trade in Sports equipment and tools	32	(521660)	Trade in sports wear

Role of the Board

MAJOR FUNCTIONS OF THE BOARD

The major functions of the Board as approved by the Board are:

1. Strategy formulation and approval, including the development of major goals and strategies, in conjunction with the senior management team;

2. The Group Chief Executive Officer - GCEO is a GWC employee. Responsibility for selection and, when necessary, removal of the GCEO is jointly exercised by the board with the approval of the chairman of the board of directors;

3. Monitoring organizational performance using agreed performance measures linked to business strategies benchmarked against corporate peers;

4. Ensuring that stewardship frameworks are in place including overview of policies, practices and performance of risk management, internal compliance and control, codes of conduct, legal compliance and public reporting;

5. Networking on behalf of the organization to assist in achieving organizational goals.

In interpreting these functions Board members generally follow a clear direction in the way the Board carries out its major functions, and delegates detail or other functions to management. The board adopts the following approach:

1. The Board will focus on "ends" rather than "means" when formulating policies about delegation. Budgets, programs, personnel policies, building, equipment and a host of other matters that traditionally consume board time are management means issues rather than ends.

2. However, all terms and means that contravene the state laws or other statutory regulations or that contradict the norms and culture of the state of Qatar or the dictate of the memorandum of association is hereby prohibited and cannot be implemented.

3. From time to time the Board may redefine where management actions start and end.

Further Narration of Role of the Board

(a) The Board has primary responsibility to shareholders for the sustainability and relevance of the GWC by guiding and monitoring its business and affairs.

(b) In carrying out its responsibilities, the Board undertakes to serve the interests of GWC shareholders, employees, customers and the broader community.

(c) Each Director of GWC will act in good faith in the best interests of GWC as a whole, and collectively oversee and appraise the strategies, major policies, processes and performance of the company using care and diligence to ensure that GWC's long term sustainability is assured.

(d) The independence of the Directors will be a paramount principle of governance. Directors will not misuse their position in the Board to advance personal interests. Directors will not use information available to them as Board members to advance personal interests or agendas.

(e) Directors are required to inform the Board of any conflicts or potential conflicts of interest they may have in relation to particular items of business. Directors must absent themselves from discussion or decisions on those matters. Where a conflict of interest or potential conflict is not identified by a Director, the Chair of the Board or Committee (or other Directors) will call the matter to the attention of the Director.

Structure and composition

The Board Structure is described in the Articles of association of GWC. As currently defined it provides for a Nine (9) elected Board membership all of who shall be elected by the Ordinary General Assembly by secret ballots.

Term of References

Member of the Board shall be:

1. Not less than twenty one year old;
2. Have not been convicted with criminal offense or involved in dishonesty or in any of the crimes mentioned in articles (324), (325) of commercial company law unless he is reinstated;
3. Own (20,000) twenty thousand shares in the company allocated to guarantee the company, shareholders and creditor and other equities towards responsibility of the board members. These shares shall be deposited within sixty days from the start of membership in one of the certified banks and it shall remain deposited and shall not be subject to dealing or mortgage or distrait until the end of membership and the balance sheet of the end of the financial year is certified and if the member fails to give the security as required his membership shall be dismissed;
4. Electable for three renewable years;
5. No one with his personal capacity or in his own capacity as representative to any persons is allowed to be member of the Board of GWC if this person is a member of the Board of three (or more) joint stock companies whose headquarters are in the state, also no one with his personal capacity or in his own capacity as representative to any persons is allowed to be Chairman or Deputy Chairman of GWC if this person is a chairman or Deputy Chairman of the Board of two (or more) joint stock companies whose headquarters are in the state. In all cases, ordinary persons may not be managing directors in more than one company whose headquarters are in the state or have membership in the Board of other companies of similar activities or competitors and whoever violates shall his/her membership dismissed.
6. The Board of directors shall elect Chairman and Deputy Chairman by secret ballot.
7. Chairman of the Board shall be the Company chairman and shall represent the company in front of others and shall implement the decision of the board and abide by its recommendations.

Board Committees

The responsibilities bestowed on the Board require the formation of committees to enhance effective monitoring of the Company. The following committees shall be established by the Board:

(a) Board Nomination Committee
(b) Board Audit Committee
(c) Board Remuneration Committee

Board Nomination Committee

I. The Board shall constitute a Nomination Committee chaired by an Independent Board Member and comprised of Independent Board Members which shall recommend Board Members' appointments and re-nomination for election by the General Assembly (for the avoidance of doubt, nomination by the Committee will not deprive any shareholder of his rights to nominate or to be nominated);

II. Nominations shall take into account inter alia the candidates' sufficient availability to perform their duties as Board Members, in addition to their skills, knowledge and experience as well as professional, technical, academic qualifications and personality and should be based on the 'Fit and Proper Guidelines for Nomination of Board Members' annexed to the Code as amended by the Authority from time to time;

III. Upon its establishment, the Nomination Committee shall adopt and publish its terms of reference explaining its authority and role.

IV. The Nomination Committee's role shall also include conducting an annual self-assessment of the Board's performance.

Board Audit Committee

I. The Board of Directors shall establish an Audit Committee that shall be comprised of at least three members the majority of whom should be Independent. The Audit Committee must include at least one member with financial and audit experience. If the number of available Independent Board Members was not sufficient to fill the Audit Committee membership, the Company may appoint members that are not Independent Board Members provided that the Chairman of the Committee is Independent.

II. In any event, any person who is or has been employed by the Company's external auditors within the last 2 years may not be a member of the Audit Committee.

III. The Audit Committee may consult at the Company's expense any independent expert or consultant.

IV. The Audit Committee shall meet as needed and regularly at least once every three months and shall keep minutes of its meetings.

V. In the event of any disagreement between the Audit Committee's recommendations and the Board 's decision including where the Board refuses to follow the Committee's recommendations concerning the external auditor, the Board shall include in the Company's Governance Report, a statement detailing such recommendations and the reason(s) behind the Board of Directors' decision not to follow the recommendations.

VI. Upon its establishment, the Audit Committee shall adopt and make public its terms of reference explaining its main role and responsibilities in the form of an Audit Committee Charter.

Board Remuneration Committee

I. The Board of Directors shall establish a Remuneration Committee comprised of at least three Non-Executive Board Members the majority of who must be Independent. (Article 16.1 of CG codes)

II. Upon its constitution, the Remuneration Committee shall adopt and make available its terms of reference explaining its role and main responsibilities. (Article 16.2 of CG codes)

III. The Remuneration Committee's main role shall include setting the remuneration policy of the Company including remuneration of the

Chairman and all Board Members as well as Senior Executive Management. (Article 16.3 of CG codes)

IV. The Remuneration Policy shall be presented to the shareholders in the General Assembly for approval and shall be made public. (Article 16.4 of CG codes)

V. Remuneration shall take into account the responsibilities and scope of the functions of the Board Members and members of Senior Executive Management as well as the performance of the Company. Compensation may include fixed and performance-related components, noting that such performance related components should be based on the long-term performance of the Company. (Article 16.5 of CG codes)

Replacement and Resignation (Ref: Article 32-MoA)

If the post of a member of the board is vacant it shall be occupied by the shareholder who has majority of votes but who is not already in the board. If this is not possible then the one who follows and this new member shall continue with the predecessor's term only.

Responsibilities of the Board (Preambles/ Notes of responsibilities of Board as is now)

The Board is responsible for the management of the affairs of GWC; this responsibility includes:

(a) Setting the strategic direction of GWC and monitoring management's implementation of that strategy;

(b) Selection and appointing the Group Chief Executive Officer, determining his/her conditions of service and monitoring his/her performance against established objectives;

(c) Selection and appointing the Company Auditors both external and internal, determining his/her conditions of service and monitoring his/her performance against established objectives;

(d) Appointing the Board Secretary;

(e) Reviewing on a regular basis, the conditions of service and performance monitoring procedures to apply to senior management;

(f) Monitoring financial outcomes and the integrity of reporting; in particular, approving annual budgets and longer-term strategic and business plans;

(g) Setting specific limits of authority for management to commit to new expenditure, entering contracts or acquiring businesses without Board approval;

(h) Approving acquisitions and disposals of businesses and investments;

(i) Approving significant changes of key policies;

(j) Ensuring that effective audit, risk management and compliance systems are in place to protect the Company's assets and to minimize the possibility of GWC operating beyond legal requirements or beyond acceptable risk parameters;

(k) Monitoring compliance with regulatory requirements and ethical standards; Reviewing, on a regular basis, senior management succession planning and development;

(l) Reporting to the Shareholders on the discharge of their responsibilities in such a manner as is approved by the Board from time to time.

(m) Appointing such Committees of the Board as may be appropriate to assist in the discharge of its responsibilities, determining their responsibilities and approving a charter for each Committee;

(n) In discharging these responsibilities, each Director is bound by the company's Act, the memorandum of association and all charters, policies and codes of conduct in force from time to time including, but not limited to: (i) This Charter; (ii) The Committee charters (iii) The Directors' Code of Conduct,

(o) The Board's responsibilities are collegiate and, once decisions are made, Directors must not publicly advocate policies contrary to established Board decisions.

(p) The Board delegates to the Group Chief Executive Officer responsibility for implementing the strategic direction, and for managing the day-to-day operations of GWC.

Role of the Chairman (Article 8 of CG codes)

The responsibility of the Chairman includes:

I. 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. (Article 8.1 of CG codes)

II. Ensuring that he/she is not a member of any of the Board committees prescribed in this charter. (Article 8.2 of CG codes)

III. Liaising with the Group Chief Executive Officer and the Board Secretary to see that new Board members are appropriately briefed and have access to information on aspects of the Company's operations;

IV. Establishing the agenda for Board meetings, in consultation with the Group Chief Executive Officer and Board Secretary; (Article 8.3 of CG codes)

V. Being the main point of contact and communication between the Board and the Group Chief Executive Officer, ensuring that the Board's views are communicated clearly and accurately;

VI. Acting as primary counselor to the Group Chief Executive Officer.

VII. Leading the review of the Board's performance and the review of the GCEO performance, ensuring that the delegated authority of the GCEO and expected key performance criteria for the GCEO are clear.

VIII. Presiding over Board and General Meetings of the Company. (Several CG & commercial law)

IX. Setting a standard for Board members in terms of attendance at meetings and prior familiarity with Board Papers distributed and issues to be raised;

X. Ensuring that the meetings are conducted competently, ethically and in an open fashion consistent with a transparent culture.

XI. Ensuring that general meetings are conducted efficiently and that member have adequate opportunity to air their views and obtain answers to their queries.

Role of Directors (Article 10 of CG codes)

Duties of the Non-Executive Board Members include but are not limited to the following:

I. Participation in the meetings of the Board of Directors and providing independent opinion on strategic matters, policy, performance, accountability, resources; (Article 10.1.1 of CG codes)

II. Ensuring that priority shall be given to the Company's and Shareholders' interests in case of conflict of interests; (Article 10.1.2 of CG codes)

III. Participation in the Company's Audit Committee; (Article 10.1.3 of CG codes)

IV. Monitoring the Company's performance in realizing its agreed objectives and goals and reviewing its performance reports including the Company's annual, half yearly and quarterly reports; and; (Article 10.1.4 of CG codes)

V. The development of the procedural rules for the Company's corporate governance for ensuring their implementation in a consistent manner; and (Article 10.1.5 of CG codes)

VI. Availing the Board of Directors and its different Committees of their skills, experiences, diversified specialties and qualifications through regular presence in the Board meetings and effective participation in the General Assemblies and the acquisition of a balanced understanding of Shareholders' opinions. (Article 10.1.6 of CG codes)

Fiduciary Duties of Board Members (Article 6 of CG codes)

These duties include:

I. Board members shall ensure compliance with all trade laws and requirements of QE and QFMA.

II. Each Board Member owes the Company the fiduciary duties of care, loyalty and compliance with the rules set out in related laws and regulations including this Board Charter. (Article 6.1 of CG codes)

III. Board Members must at all time act on an informed basis, in good faith, with due diligence and care, and in the best interests of the Company and all shareholders. (Article 6.2 of CG codes)

IV. Board Members shall act effectively to fulfill their responsibilities towards the Company (Article 6.3 of CG codes)

Review of performance

The Board will conduct, at least every year, a comprehensive review of its performance as a Board. The method of conducting each review, and the extent of that review, is for the Board to determine from time to time. The review of the GCEO performance is conducted in accordance with the terms set out in the formal letter of appointment signed by the GCEO and where not spelt out the Chairman of the Board will set out the terms. (Article 8.3.6 of CG codes)

Review of Charter

The Board will regularly review and amend this charter and the charters of Board Committees to ensure they remain consistent with the Board's objectives and responsibilities, and relevant standards of corporate governance.

Approval of Charter

This charter must be approved in the form of a passed resolution of the Board.

Other Board Practices and Duties

1. The Board members has full and immediate access to information, documents, and records pertaining to the company. The company has complied with this CGR requirement. Compliance requirement of CG codes: article- 14

2. The board has put in review an induction program for newly appointed board members to ensure that, upon their election, members become fully aware of their responsibilities and the company operations. Compliance requirement of CG codes: article- 14

3. Board of Directors has a process in place to keep its members updated about latest developments in area of corporate governance and best practices. Compliance requirement of CG codes: article- 14

The Board currently comprises the following members:

Table1.1; Board Committee Membership:

#	Board Membership	Nomination Committee	Remuneration Committee	Audit Committee
1.	Mohamed Al Emadi - Chairman			
2.	Shk. Fahed Bin Hamad Bin Jasim Al Thani – Vice Chairman		Committee-Chair	
3.	Ahmed Mubark Al-ali Al-Mahdid - Member	Committee-Member		
4.	Shk. Abdulla Bin Fahad Bin J.J 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:

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

2. Chairman and Group CEO

In specific compliance with the CG codes; the roles of the Chairman and the Group CEO of the Company are segregated and are not held by the same person. Currently, Mohamed Ismael Al Emadi is the Non-Executive Chairman and Ranjeev Menon is the Group 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 directing the affairs of the company; in an appropriate and effective manner including timely receipt by the Board Members of complete and accurate information. The Group CEO's main responsibility is to work with business managers to develop and achieve 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. The responsibilities of the Group CEO are determined by the Board. During calendar year 2012, Mr. Abdulaziz Zeid Al-Taleb replaces Mr. Basem Chbaklo as Managing Director. - 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 Board members have been chosen through balloting during the Annual General Meeting of the shareholders held in 2011. 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 2014. 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 of the Board is chaired by an Independent Board Member and comprised of independent Board Members which recommend Board Members' appointments and 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. Compliance requirement of CG codes: article- 15

5. Board Meetings and Access of Information

During 2012, the Board met regularly and members of the Board receive information between meetings about developments in the Company's business. In total Six (6) board meetings were held and attended by the directors in 2012. 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 managerial 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 @ 31-Dec-2011	Add: Net Changes in Shares within the Year	Owned Share Balance@ 31-Dec'12
Mohamed Al Emadi	Chairman	Personal	685,667	355,145	1,040,812
		Ismail Bin Ali Group	21,666	0	21,666
Shk. Fahed Bin Hamad Bin Jasim Al Thani	Vice-Chairman	Personal	0	0	0
		Al Murqab Capital	1,240,000	7,265,080	8,505,080
Ahmed Mubark Al-ali Al-Mahdid	Director	Personal	691	0	691
		Al Bateel Commercial Co.	41,666	0	41,666
Shk. Abdulla Bin Fahad Bin J.J Al Thani	Director	Personal	0	0	0
		Al Masar Services Co.	1,240,000	120,138	1,360,138
Dr. Hamad Saad M. Al-Saad	Director	Personal	0	0	0
		El Shameel Group Ltd	41,666	0	41,666
Mohd Thamer M. Al- Aseri	Director	Personal	21,000	0	21,000
		Al Sanaam Commercial Co.	1,240,000	0	1,240,000
Jassim Sultan J. Al- Rimaihi	Director	Personal	0	0	0
		Al Eseham Commercial Co.	1,240,000	0	1,240,000
Abdulaziz Al Taleb	MD	Personal	0	0	0
		South Port Co	1,240,000	(120,138)	1,119,862
Henadi Al-Saleh	Director	Personal	0	0	0
		Agility - Kuwait	7,170,732	0	7,170,732
Ranjeev Menon	Group CEO	Personal	63,516	(25,106)	38,410
		N/A	0	0	0

7. Director's Transaction with the Company

The board took a strategic decision to develop an expansion program in the development of "Logistic Village Qatar". One of the contractors awarded construction projects is noted to include 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 March of 2013. 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. The Board Secretary has an LLB law degree with more than six (6) years of experience. 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 available to the public on the company's websites.

According to the term of reference, the committee's main role includes setting the remuneration of Chairman, Board Members, Internal Auditor as well as Group Chief Executive Officer - GCEO.
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 and risk management. 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 and risk management. 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 requires listed companies to prepare annual financial statements which shall provide a true and fair view of the state of affairs of companies and of the results of their operations and cash flows. The Board; being aware of its responsibility for ensuring the maintenance of proper accounting records of the company, has acknowledged its responsibility for preparing the financial statements.

The Board approves the financial statements; as prepared by the management, 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. Details of the company's financials are published on the websites.

3. Internal Controls and Risk Management

The Board; recognizing its responsibilities to ensure sound internal controls have put in place a risk management and control 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 company 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.
- Ensures all processes are mapped for complete coverage and related risk assessments

The natural process is such that the company defines processes and actions needed to achieve its objectives. Policy guidelines and standard operating procedures are then documented to guide the various actions, the Company's policies and standard operating procedures-SOPs are at the departmental or unit levels for all processes and actions.

The company's Quality Assurance 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 2011, all policies and SOPs have been reviewed and certified by the Internal Audit and approved by the Group CEO. The Internal Audit has the responsibility of ensuring the adequacy, relevance, appropriateness and compliance with all company's policies and SOPs.

During the year 2011, the Internal Audit in collaboration with the Quality Assurance Control Department carried out annual systems/Process MAPPING to verify that the processes contain no gap. All identified gaps have been rectified. These analyses were carried out to ensure controls are adequate and complete.

The entire system of internal control in GWC is highly dependent on 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 privileges and access control, Disaster Recovery and business continuity surety, Virus control etc. A control Self-Assessment report was raised in Q2-2012 by the internal audit department narrating observed in-adequacies of the IT controls. All recommendations have been accepted by management for implementation.

During the period in review, the Internal Audit issued 35 reports and several hundreds of mails and correspondences. These reports & mails are a result of reviews, audits, formal and informal discussions. All audit recommendations have been accepted and several are under implementations. Audit reports also include bi-annual internal control self-assessments that cover summary assessments of the various operations and processes in the company including the finance, information technology, transport operations, contract logistics operations, freight operations, and other departments.

The external Auditors raised issues in the management report for the financial year 2011. All issues and concerns raised in the management report have been implemented.

The Internal Audit work is guided by Audit Plan for period 2011 - 2013. 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 and follow-up of completeness will be done in 2013.

Risk Assessment and Management

A very detail risk assessment of GWC has been carried out by the Internal Audit Department in liaison with the Management team. Generally, GWC risks have been identified into four classes namely: Strategic Risks, Infrastructure/Operational Risks, Compliance risk and Business Processes; the company's risk management process endures continuous periodical review to ensure risks details are up-to-date and are under adequate control.

Controls are built into the risk management framework and 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 company'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.

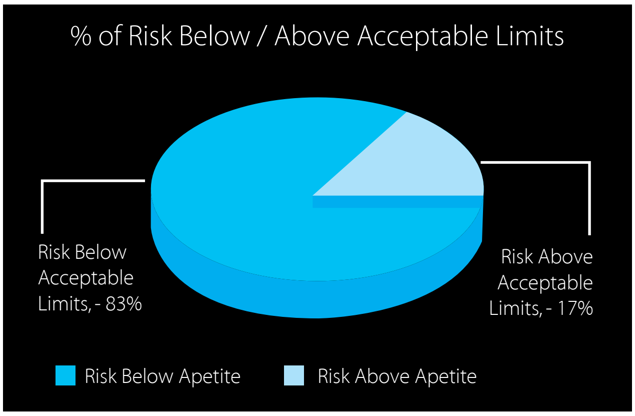
The structure of risk management function is closely aligned with the structure of the Company units. The risk management function is independent of our units or subsidiaries.

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 208 risks have been identified and assessed, evaluated and also communicated to the risk owners. The 208 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. There is no material non-compliance with any regulatory authority during 2012. Any violations that occurred during the year have been successfully resolved.

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 and are also available on the company's website. 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: info@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. The shareholders right to call for a general assembly and place items on the agenda and discuss matters listed on agenda and address questions and received answers thereupon as well as the right to make informed decisions are all guaranteed in the company's article of association. 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 2013 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 in liaison with the Qatar Exchange. The company also maintains an up to date website. 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 through the Internal Audit Department 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 during the 2013 AGM 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. 396,341,460/- while the legal reserve is Qr. 221,354,858. The total number of Shares issued is 39,634,146 shares. The shares are all of same class. The share capital structure for the company has been completely disclosed in the company's financial report under notes 2 "Basis of consolidation". 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 by laws ensures shareholders make the ultimate approval on who becomes a Director through vote casting; the company also has provisions that allow shareholders recommendation for Directorship. All shareholders have rights to cast their votes for board member's election by cumulative voting. The company has also adopted a dividend policy. 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 has finished compiling its Governance Manual. The manual documents all issues concerning the corporate governance ethics, standards and procedures as well as policies.

Independent Auditors' Report
to the Shareholders Of Gulf Warehousing Company (Q.S.C.)

Report on the financial statements
We have audited the accompanying consolidated financial statements of Gulf Warehousing Company (Q.S.C.) ("the Company") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements
The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as board of directors' determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by board of directors', as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of the Group as of 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Independent Auditors' Report (Contd.)
to the Shareholders Of Gulf Warehousing Company (Q.S.C.)

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of account have been kept by the Group, an inventory count has been conducted in accordance with established principles, and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We further confirm that the financial information included in the Annual Report of the Board of the Directors is in agreement with the books and records of the Group. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Group or on its financial position.

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

Date: 15 January 2013
Doha

Consolidated Statement of Income

For the year ended 31 December 2012

The attached notes 1 to 28 form part of there Consolidated Statements

	Notes	2012 QR	2011 QR
Revenue	4	**479,726,841**	419,574,107
Direct costs	5	**(323,137,394)**	(305,351,556)
GROSS PROFIT		**156,589,447**	114,222,551
Other income		**84,430**	115,034
Valuation gains from investment properties	10	**4,051,200**	4,080,905
General and administrative expenses	6	**(33,585,380)**	(29,877,336)
Staff costs		**(30,235,243)**	(21,711,913)
Net impairment loss on trade receivables	14	**(2,881,401)**	(600,000)
OPERATING PROFIT		**94,023,053**	66,229,241
Finance income		**258,459**	1,417,308
Finance costs		**(12,383,137)**	(5,912,470)
Loss on disposal of available for sale investments		**(1,014,124)**	—
PROFIT FOR THE YEAR		**80,884,251**	61,734,079
Attributable to:			
Owners of the parent		**84,922,341**	61,733,037
Non-controlling interest		**(4,038,090)**	1,042
		80,884,251	61,734,079
BASIC AND DILUTED EARNINGS PER SHARE	7	**2.14**	1.56
(Attributable to owners of the parent)			
(Expressed in QR per share)			

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	2012 QR	2011 QR
PROFIT FOR THE YEAR	**80,884,251**	61,734,079
Other comprehensive income		
Transferred to income statement on disposal of available for sale investments	**958,798**	—
Net unrealized gain on revaluation of available for sale investments	**—**	(706,832)
Other comprehensive income for the year	**958,798**	(706,832)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**81,843,049**	61,027,247
Attributable to:		
Owners of the parent	**85,881,139**	61,026,205
Non controlling interests	**(4,038,090)**	1,042
	81,843,049	61,027,247

Consolidated Statement
of Financial Position At 31 December 2012

The attached notes 1 to 28 form part of there Consolidated Statements

	Notes	**2012 QR**	2011 QR
ASSETS			
Non-current assets			
Property, plant and equipment	8	**677,591,232**	336,144,603
Projects in progress	9	**299,141,226**	330,298,753
Investment properties	10	**99,427,795**	95,376,595
Intangible assets	11	**148,033,833**	154,680,648
Available-for-sale investments	13	**—**	1,863,152
		1,224,194,086	918,363,751
Current assets			
Inventories		**10,048,235**	10,321,977
Trade and other receivables	14	**228,421,911**	239,582,609
Bank balances and cash	15	**116,969,115**	80,653,809
		355,439,261	330,558,395
TOTAL ASSETS		**1,579,633,347**	1,248,922,146
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**396,341,460**	396,341,460
Legal reserve	17	**221,354,861**	221,354,861
Cumulative changes in fair value		**—**	(958,798)
Retained earnings		**90,109,816**	66,660,794
Equity attributable to the equity holders of the parent		**707,806,137**	683,398,317
Non-controlling interests		**(607,048)**	3,431,042
Total equity		**707,199,089**	686,829,359
Non-current liabilities			
Loans and borrowings	19	**667,252,034**	346,194,671
Employees end of service benefits	20	**11,379,504**	7,939,438
		678,631,538	354,134,109
Current liabilities			
Trade payables and accruals	21	**79,183,279**	107,991,248
Loans and borrowings	19	**89,452,819**	75,298,520
Retention payable		**25,166,622**	24,668,910
		193,802,720	207,958,678
Total liabilities		**872,434,258**	562,092,787
TOTAL EQUITY AND LIABILITIES		**1,579,633,347**	1,248,922,146

Mohamed Ismail Al Emadi
Chairman

Sheikh Fahed Bin Hamad Bin Jasim Al Thani
Vice Chairman

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

The attached notes 1 to 28 form part of there Consolidated Statements

	Notes	2012 QR	2011 QR
OPERATING ACTIVITIES			
Profit for the year		**80,884,251**	61,734,079
Adjustments for :			
Depreciation	8	**38,853,649**	32,870,747
Amortisation of intangible assets	11	**6,646,815**	6,646,815
Valuation gains from investment properties	10	**(4,051,200)**	(4,080,905)
Loss on disposal of available for sale investments		**1,014,124**	—
Impairment of trade receivable (net)	14	**2,881,401**	600,000
Gain on disposal of property, plant and equipment		**(84,430)**	(21,159)
Provision for employees' end of service benefits	20	**4,383,515**	2,420,338
Finance costs		**12,383,137**	5,912,470
Interest income		**(258,459)**	(1,417,308)
Operating cash flows before changes in working capital		**142,652,803**	104,665,077
Working capital adjustments:			
Inventories		**273,742**	(8,869,380)
Trade and other receivables		**8,279,297**	(76,596,144)
Trade payable and accruals		**(29,286,723)**	64,096,102
Retention payable		**497,712**	7,603,022
Cash from operating activities		**122,416,831**	90,898,677
Finance costs paid		**(12,383,137)**	(5,912,470)
Employee end of service benefits paid	20	**(943,449)**	(720,442)
Contribution to social and sports development fund		**(1,543,352)**	(1,275,189)
Interest income received		**258,459**	1,417,308
Net cash from operating activities		**107,805,352**	84,407,884
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	**(49,244,878)**	(16,462,660)
Additions to project in progress	9	**(299,997,437)**	(191,581,821)
Net proceeds from disposal of available for sale investments		**1,807,826**	—
Acquisition of subsidiary net of cash acquired		**—**	(26,665,879)
Proceeds from disposal of property, plant and equipment		**183,994**	184,065
Net cash used in investing activities		**(347,250,495)**	(234,526,295)
FINANCING ACTIVITIES			
Net movement in loans and borrowings		**335,211,662**	155,464,613
Contribution from non-controlling interest		**—**	3,430,000
Dividends paid	18	**(59,451,213)**	(25,000,000)
Net cash from financing activities		**275,760,449**	133,894,613
INCREASE IN (DECREASE) CASH AND CASH EQUIVALENTS		**36,315,306**	(16,223,798)
Cash and cash equivalents at 1 January		**80,653,809**	96,877,607
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	**116,969,115**	80,653,809

Consolidated Statement

of Changes In Equity For the year ended 31 December 2012

The attached notes 1 to 28 form part of there Consolidated Statements

	Attributable to owners of the parent						
	Share capital	Legal reserve	Cumulative changes in fair values	Retained earnings	Total	Non-controlling interests	Total equity
	QR	QR	QR	QR	QR	QR	QR
Balance at 1 January 2011	250,000,000	67,696,321	(251,966)	31,471,109	348,915,464	—	348,915,464
Profit for the year	—	—	—	61,733,037	61,733,037	1,042	61,734,079
Other comprehensive loss	—	—	(706,832)	—	(706,832)	—	(706,832)
Total comprehensive income for the year	—	—	(706,832)	61,733,037	61,026,205	1,042	61,027,247
Issue of share capital (Notes 16 and 17)	146,341,460	153,658,540	—	—	300,000,000	—	300,000,000
Dividends paid (Note 18)	—	—	—	(25,000,000)	(25,000,000)	—	(25,000,000)
Contribution to Social and Sports Fund (Note 21a)	—	—	—	(1,543,352)	(1,543,352)	—	(1,543,352)
Contribution from non-controlling interests	—	—	—	—	—	3,430,000	3,430,000
Balance at 31st December 2011	396,341,460	221,354,861	(958,798)	66,660,794	683,398,317	3,431,042	686,829,359
Profit for the year	—	—	—	84,922,341	84,922,341	(4,038,090)	80,884,251
Other comprehensive income	—	—	958,798	—	958,798	—	958,798
Total comprehensive income for the year	—	—	958,798	84,922,341	85,881,139	(4,038,090)	81,843,049
Dividends paid (Note 18)	—	—	—	(59,451,213)	(59,451,213)	—	(59,451,213)
Contribution to Social and Sports Fund (Note 21a)	—	—	—	(2,022,106)	(2,022,106)	—	(2,022,106)
Balance at 31 December 2012	**396,341,460**	**221,354,861**	**—**	**90,109,816**	**707,806,137**	**(607,048)**	**707,199,089**

Notes to the Consolidated
Financial Statements At 31 December 2012

1 ACTIVITIES

Gulf Warehousing Company (Q.S.C.) (the "Company") is a public shareholding company incorporated in the State of Qatar under commercial registration number 27386. The address of the registered office of the Company is at PO Box 24434, 'D' Ring road, Doha, State of Qatar. The Company together with its subsidiaries (the "Group") specializes in providing set-up, establishment, and management of all types of warehouses for storage, freight forwarding and other ancillary services. The Company is listed at Qatar Exchange.

The consolidated financial statements of the Company for the year ended 31 December 2012 were authorized for issue in accordance with a resolution of the Board of Directors on 15 January 2013.

2 BASIS OF CONSOLIDATION

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

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. All inter-group balances and transactions, and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

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

Name of subsidiary/branch	**Country of incorporation**	**Principal activities**	**Group effective shareholding %**	
			2012	2011
Agility WLL	Qatar	Logistics and transportation	100%	100%
GWC Chemical WLL	Qatar	Chemical trading & transport	100%	100%
GWC Project Co WLL	Qatar	Investing in special projects	100%	100%
GWC Global Transport LLC	UAE	Warehousing and transportation	100%	—
Imdad Sourcing & Logistic Group WLL	Qatar	Trading in food stuff and other consumables	51%	51%
GWC Saudi Arabia – Branches in Riyadh, Dammam & Jeddah	KSA	Preparation, Development and Management of warehouses	100%	100%
Gulf Warehousing Company Limited	Republic of Nigeria	Warehousing and transportation	100%	—

Non controlling interests

Non controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Acquisitions of non controlling interests are accounted for using the parent entity extension method, whereby, the difference

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between the consideration and the fair value of the share of the net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. a discount on acquisition) is recognized directly in the consolidated statement of income in the year of acquisition.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and the applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012, which did not have any impact to the Group:

- IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets
- IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment)
- IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

Standards issued but not yet effective

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

Standard	Title
IAS 1	Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 (Effective for annual periods beginning on or after 1 July 2012)
IAS 19	Employee Benefits (Revised) (Effective 1 January 2013)
IAS 28	Investments in Associates and Joint Ventures (Effective 1 January 2013)
IAS 32	Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32 (Effective 1 January 2014)
IFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7 (Effective 1 January 2013)
IFRS 9	Financial Instruments: Classification and Measurement (Effective 1 January 2015)
IFRS 10	Consolidated Financial Statements, IAS 27 Separate Financial Statements (Effective 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities (Effective 1 January 2013)
IFRS 13	Fair Value Measurement (Effective 1 January 2013)

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3 Basis of Preparation and Significant Accounting Polices (Contd.)

Summary of significant accounting policies

Revenue

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

Logistic operations

Logistic operations revenue primarily comprises inventory management, order fulfilment and transportation services. Logistics revenue is measured at the fair value of consideration received or receivable for goods and services and recognised upon completion of the services.

Freight forwarding

The Group generates freight forwarding revenues by purchasing transportation capacity from independent air, ocean and overland transportation providers and reselling that capacity to customers. Revenues are recognised upon completion of services.

Other revenue

Other revenue represents income generated by the Group that arises from activities outside of the provision for logistic operations and freight forwarding, which are recognised upon completion of the services.

Interest income

Interest income is recognised using the effective interest rate method.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in the consolidated statement of income as incurred. Land is not depreciated.

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

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on

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3 Basis of Preparation and Significant Accounting Polices (Contd.)

derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the consolidated statement of income when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Projects in progress

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

Borrowing costs

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

Investment properties

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

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

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

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

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount

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3 Basis of Preparation and Significant Accounting Polices (Contd.)

of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Intangible assets

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

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as

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3 Basis of Preparation and Significant Accounting Polices (Contd.)

appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

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

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

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

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Basis of Preparation and Significant Accounting Polices (Contd.)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

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

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

Available for sale investments

All available-for-sale investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment.

After initial recognition, available for sale investments which have a quoted market price and whose fair value can be reliably measured, are remeasured at fair value. The unrealised gains and losses on remeasurement to fair value are reported as a separate component of equity until the investment is sold, collected or otherwise disposed, or the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the consolidated statement of income.

Inventories

Materials and supplies inventories are stated at weighted average cost with appropriate adjustments for provisions against surplus inventory, deterioration, obsolescence or other loss in value. Inventories comprise trading stock, spares and consumables as at the reporting date.

Trade and other receivables

Trade receivables are carried at original invoiced amount less impairment for non-collectability of these receivables. An allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

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3 Basis of Preparation and Significant Accounting Polices (Contd.)

Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of cash flows comprise bank balances and cash and short-term deposits with an original maturity of three months or less.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(a) The rights to receive cash flows from the asset have expired
(b) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  (i) the Group has transferred substantially all the risks and rewards of the asset, or
  (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

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

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

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the income statement. Loans together

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Basis of Preparation and Significant Accounting Polices (Contd.)

with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

Loans and borrowings

Loans and borrowings are recognized initially at fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, Loans and borrowings are measured at amortized cost, using the effective profit method, with any differences between the cost and final settlement values being recognised in the consolidated statement of income over the period of borrowings. Installments due within one year at amortised cost are shown as a current liability.

Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with employment contracts and Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Also the Group provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the retirement law, and the resulting charge is included within the staff cost in the consolidated statement of income. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised when they are due.

Trade payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

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

Provisions

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

Leasing

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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Basis of Preparation and Significant Accounting Polices (Contd.)

Group as a lessee
Leases which do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight line basis over the lease term.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting date. All differences are taken to the consolidated statement of income.

Fair values

The fair value of financial investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets at the close of business on the reporting date.

For financial instruments where there is no active market, the fair value is determined by using discounted cash flow analysis or reference to broker or dealer price quotations. For discounted cash flow analysis, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

4 REVENUE

	2012 **QR**	2011 QR
Logistic operations	**297,476,141**	223,891,652
Freight forwarding income	**148,711,489**	152,920,667
Others	**33,539,211**	42,761,788
	479,726,841	419,574,107

5 DIRECT COSTS

	2012 **QR**	2011 QR
Freight forwarding charges	**100,474,639**	115,634,507
Staff costs	**68,516,761**	59,976,909
Logistic costs	**44,274,007**	21,858,217
Depreciation (Note 8)	**36,309,360**	30,578,711
Material purchases	**32,724,672**	38,393,894
Repairs and maintenance	**17,035,641**	14,538,486
Fuel	**9,386,167**	6,642,624
Water and electricity	**4,921,989**	3,454,406
Manpower subcontract charges	**2,704,681**	1,390,228
Insurance	**1,849,520**	2,865,428
Others	**4,939,957**	10,018,146
	323,137,394	305,351,556

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6 GENERAL AND ADMINISTRATIVE EXPENSES

	2012 QR	2011 QR
Amortisation of intangible assets (Note 11)	**6,646,815**	6,646,815
Board of Directors remuneration and attendance fees	**4,360,279**	3,252,505
Rent	**3,608,770**	4,261,643
Communication and postage	**2,865,025**	3,594,046
Depreciation (Note 8)	**2,544,289**	2,292,036
Legal and professional fees	**1,554,191**	1,598,393
License and registration fees	**1,391,798**	1,144,469
Employee benefits	**1,343,108**	768,446
Travelling expenses	**1,333,294**	383,378
Repairs and maintenance	**1,329,750**	1,247,479
Advertisement	**1,305,107**	1,459,682
Water and electricity	**531,741**	458,624
Printing and stationery	**321,235**	430,108
Government fees and expenses	**102,146**	121,859
Other expenses	**4,347,832**	2,217,853
	33,585,380	**29,877,336**

7 EARNINGS PER SHARE

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

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

	2012	2011
Net profit for the year attributable to owners of the parent (QR)	**84,922,341**	61,733,037
Weighted average number of shares	**39,634,146**	39,634,146
Basic and diluted earnings per share (QR)	**2.14**	1.56

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

	2012	2011
Qualifying shares at 1 January	**39,634,146**	25,000,000
Issue of new ordinary shares	**—**	14,634,146
Balance at 31 December	**39,634,146**	39,634,146

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8 PROPERTY, PLANT AND EQUIPMENT

	Buildings QR	Office equipment QR	Furniture & fixtures QR	Warehouse equipment QR	Motor vehicles QR	Tools & equipment QR	Total QR
Cost:							
At 1 January 2012	249,459,876	11,941,465	7,021,470	46,217,461	136,590,139	1,000,180	452,230,591
Additions	24,970,294	9,099,509	3,330,317	8,313,133	3,336,390	195,235	49,244,878
Disposals/transfers	324,895,462	4,432,369	1,701,157	125,976	(188,500)	—	330,966,464
At 31 December 2012	599,325,632	25,473,343	12,052,944	54,656,570	139,738,029	1,195,415	832,441,933
Depreciation:							
At 1 January 2012	28,782,912	7,678,339	4,234,936	18,719,275	56,576,655	93,871	116,085,988
Charge for the year	14,835,095	3,547,557	1,819,870	4,179,974	14,176,097	295,056	38,853,649
Disposals/transfers	—	—	—	—	(88,936)	—	(88,936)
At 31 December 2012	43,618,007	11,225,896	6,054,806	22,899,249	70,663,816	388,927	154,850,701
Net carrying amounts:							
At 31 December 2012	**555,707,625**	**14,247,447**	**5,998,138**	**31,757,321**	**69,074,213**	**806,488**	**677,591,232**

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

	2012 QR	2011 QR
Direct costs	**36,309,360**	30,578,711
General and administration expenses	**2,544,289**	2,292,036
	38,853,649	32,870,747

Notes to the Consolidated
Financial Statements At 31 December 2012

8 PROPERTY, PLANT AND EQUIPMENT (Contd.)

	Buildings QR	Office equipment QR	Furniture & fixtures QR	Warehouse equipment QR	Motor vehicles QR	Tools & equipment QR	Total QR
Cost:							
At 1 January 2011	128,794,581	6,707,730	3,951,530	20,946,193	106,105,989	133,244	266,936,267
Acquisition of subsidiary	31,523,736	2,014,586	1,722,820	15,399,447	35,785,195	1,545	86,447,329
Additions	5,069,295	2,962,779	896,743	5,834,952	833,500	865,391	16,462,660
Disposals/transfers	84,072,264	256,370	450,377	4,036,869	(6,134,545)	—	82,681,335
At 31 December 2011	249,459,876	11,941,465	7,021,470	46,217,461	136,590,139	1,000,180	452,230,591
Depreciation:							
At 1 January 2011	18,463,898	5,696,849	1,421,930	11,177,951	46,676,886	11,264	83,448,778
Charge for the year	10,141,884	1,857,235	1,981,306	4,573,436	14,234,279	82,607	32,870,747
Disposals/transfers	177,130	124,255	831,700	2,967,888	(4,334,510)	—	(233,537)
At 31 December 2011	28,782,912	7,678,339	4,234,936	18,719,275	56,576,655	93,871	116,085,988
Net carrying amounts:							
At 31 December 2011	220,676,964	4,263,126	2,786,534	27,498,186	80,013,484	906,309	336,144,603

Note:
Motor vehicles and warehouse equipments have been pledged against certain loans and borrowings (Note 19).

Notes to the Consolidated
Financial Statements At 31 December 2012

9 PROJECTS IN PROGRESS

	2012 QR	2011 QR
At 1 January	**330,298,753**	235,651,519
Additions	**299,997,437**	191,581,821
Net transfer to property, plant and equipment	**(331,154,964)**	(83,077,778)
Transfer to investment properties (Note 10)	**—**	(13,856,809)
	299,141,226	330,298,753

Projects in progress comprise the cost of assets acquired and under construction that are not available for use as at the end of the reporting period. These assets comprise mainly of constructions in Logistic Village Qatar Phase 3, Kharaama substation work and construction of warehouse at Mesaeed, upon completion, these will be used for providing logistics services and will be reclassified accordingly.

Additions include borrowing costs capitalised amounting to QR 14.2 Million (2011: QR 6.7 Million)

10 INVESTMENT PROPERTIES

	2012 QR	2011 QR
At 1 January	**95,376,595**	41,741,015
Acquisition of subsidiary	**—**	35,697,866
Transfer from property, plant and equipment	**—**	13,856,809
Net gain from fair value adjustment	**4,051,200**	4,080,905
At 31 December	**99,427,795**	95,376,595

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

11 INTANGIBLE ASSETS

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

Note:
Customer contracts and the related customer relationships and brand names represent intangible assets acquired through business combination in 2011. The brand name is assessed to have 10 years of useful life. As at 31 December 2012, these assets were tested for impairment, no impairments were required.

Notes to the Consolidated
Financial Statements At 31 December 2012

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

12 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIFE

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

- Logistics
- Freight Forwarding operations

The Group has also determined that the above constitute the cash-generating units for testing the impairment of goodwill and intangible asset with indefinite life.

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

Carrying amount of the goodwill

	2012 QR	2011 QR
Cash generating units:		
Logistics	**53,090,350**	53,090,350
Freight Forwarding operations	**45,225,113**	45,225,113
Total	**98,315,463**	98,315,463

The recoverable amounts of the cash generating units have been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the management for 2013 to 2017 and assuming an average annual growth rate of 23% for the four year period, which is in the range of the current short term growth rate for the logistics industry. The discount rate applied to cash flow projections is 16%.

As a result of this exercise, At 31 December 2012, no impairments were noted. (2011: Nil).

Key assumptions used in value in use calculations

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

- Revenue;
- Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA");
- Discount rates; and
- Growth rate used to extrapolate cash flows beyond the budget period.

Notes to the Consolidated
Financial Statements At 31 December 2012

Sensitivity to changes in assumptions

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

13 AVAILABLE- FOR- SALE INVESTMENTS

	2012 QR	2011 QR
Quoted equity investments	—	1,863,152

14 TRADE AND OTHER RECEIVABLES

	2012 QR	2011 QR
Trade receivables	**138,768,890**	113,198,495
Advances to suppliers	**40,288,880**	51,939,351
Accrued revenue	**24,055,905**	38,640,591
Prepayments	**21,114,188**	27,176,772
Other receivables	**4,194,048**	8,627,400
	228,421,911	239,582,609

At 31 December, financial assets at nominal value of QR 6,904,675 (2011: QR 4,023,274) were impaired.

	2012 QR	2011 QR
At 1 January	**4,023,274**	1,190,667
Acquisition of a subsidiary	—	2,501,748
Charge for the year	**2,881,401**	600,000
Written off	—	(269,141)
At 31 December	**6,904,675**	4,023,274

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

			Past due but not impaired			
	Total QR	**Neither past due nor impaired QR**	**0-30 days QR**	**31-60 Days QR**	**61-90 Days QR**	**>90 days QR**
2012	**138,768,890**	**61,655,658**	**17,908,892**	**9,302,138**	**7,173,491**	**42,728,711**
2011	113,198,495	44,600,825	25,286,567	14,530,009	9,398,364	19,382,730

15 CASH AND CASH EQUIVALENTS

	2012 QR	2011 QR
Bank balances and cash	**116,969,115**	24,653,809
Term deposits with an original maturity of less than 90 days	—	56,000,000
	116,969,115	80,653,809

Notes to the Consolidated
Financial Statements At 31 December 2012

16 SHARE CAPITAL

	2012 QR	2011 QR
Authorised, issued and paid up capital		
At 1 January	**396,341,460**	250,000,000
Issue of share capital	—	146,341,460
At 31 December	**396,341,460**	396,341,460

	2012 QR	2011 QR
Authorised, issued and paid up capital	Number of shares	
At 1 January	**39,634,146**	25,000,000
Issue of shares	—	14,634,146
At 31 December	**39,634,146**	39,634,146

17 LEGAL RESERVE

In accordance with the Qatar Commercial Companies Law No. 5 of 2002, 10% of the profit for the year is required to be transferred to a legal reserve, until such reserve equals 50% of the issued capital. As at the end of the reporting period, the legal reserve is above 50% of the issued capital, therefore the Company has resolved to discontinue any further transfers to the legal reserve.

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

18 DIVIDENDS PAID

During the year, the Company paid a dividend of QR 1.5 per share totaling QR 59.4 million for the year ended 31 December 2011(QR 1 per share totaling QR 25 million for the year ended 31 December 2010).

19 LOANS AND BORROWINGS

	2012 QR	2011 QR
LVQ term loans (i)	**650,550,913**	329,577,279
Vehicle loans (ii)	—	13,457,712
Other project loans (iii)	**11,122,880**	55,017,923
Other term loans (iv)	**95,031,060**	23,440,277
	756,704,853	421,493,191

Notes to the Consolidated
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	2012 QR	2011 QR
Allocated in the consolidated statement of financial position as:		
Current portion	**89,452,819**	75,298,520
Non-current portion	**667,252,034**	346,194,671
	756,704,853	421,493,191

Notes:

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

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

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

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

(iv) Term Loans amounting to QR 73 Million have been obtained from local financial institutions to finance other capital projects of the Company. The repayment on this facility begins in November 2013. These loans carry financing costs at commercial rates and are secured against Company's revenue. Balance amounting to QR 22 Million represents loans obtained by Imdad from a local financial institution to finance working capital and these loans carry financing cost at commercial rates. These facilities have been secured based on corporate guarantee of the Company and assignment of revenue proceeds to the account with the lender.

20 EMPLOYEES END OF SERVICE BENEFITS

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

	2012 QR	2011 QR
Provision at 1 January	**7,939,438**	1,595,469
Acquisition of subsidiary	—	4,644,073
Provided during the year	**4,383,515**	2,420,338
End of service benefits paid	**(943,449)**	(720,442)
Provision at 31 December	**11,379,504**	7,939,438

Notes to the Consolidated
Financial Statements At 31 December 2012

21 TRADE PAYABLES AND ACCRUALS

	2012 QR	2011 QR
Trade payables	**11,950,224**	31,608,335
Accrued expenses	**39,044,780**	38,101,393
Provision for contribution to Social and Sports Development Fund (a)	**2,022,106**	1,543,352
Other payables	**26,166,169**	36,738,168
	79,183,279	107,991,248

Note: (a)
Pursuant to Law No. 13 of 2008, the Group made an appropriation of QR 2 Million (2011: QR 1.5 Million) to the Social and Sports Development Fund of Qatar. This amount represents 2.5% of the net profit for the years ended 31 December 2012 and 2011. The amount shown above represents the accrual made in respect of 2012 net profits and the share for 2011 profits has been remitted to the Directorate of Public Revenue and Taxes during the year.

22 RELATED PARTY DISCLOSURES

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

Related party transactions

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

	2012 QR	2011 QR
Revenue	**10,240,022**	14,153,152
Purchase of services	**39,834,147**	64,292,875

Related party balances

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

	2012 QR	2011 QR
Trade receivables	**855,686**	2,861,753
Trade payables	**5,643,694**	11,476,359

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2012, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2011: QR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to the Consolidated
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Compensation of key management personnel

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

	2012 QR	2011 QR
Short-term benefits	**10,372,386**	6,819,820
Employees' end of service benefits	**129,416**	131,125

23 COMMITMENTS AND CONTINGENT LIABILITIES

	2012 QR	2011 QR
Contingent liabilities		
Letters of guarantee	11,920,551	17,114,568
Performance bonds	24,592,620	17,319,519
	36,513,171	34,434,087

The Group has provided a corporate guarantee of QR 45 Million to Imdad Sourcing and Logistic Group W.L.L, a subsidiary for the loan obtained from local bank during the year.

The Group has entered into capital commitments relating to certain related construction contracts and purchase of vehicles amounting to QR 154 Million as at 31 December 2012 (2011: QR 220 Million).Future minimum rentals payable under non-cancellable operating leases at 31 December were as follows;

	2012 QR	2011 QR
Within one year	**2,244,162**	2,507,795
After one year but not more than five years	**7,760,608**	8,411,162
More than five years	**17,908,426**	19,543,102
	27,913,196	30,462,059

24 SEGMENT INFORMATION

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

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

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Notes to the Consolidated
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The following table presents revenue and profit information regarding the Group's operating segment for the year ended 31 December 2012 and 2011, respectively.

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

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

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

	Logistic operations QR	Freight forwarding QR	Others QR	Unallocated QR	Total QR
Segment Assets					
At 31 December 2012	**1,337,585,428**	**116,078,044**	**26,542,080**	**99,427,795**	**1,579,633,347**
At 31 December 2011	926,934,548	112,450,573	44,549,579	164,987,446	1,248,922,146

25 FINANCIAL RISK MANAGEMENT

Objective and policies

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and bank balances which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks which are summarized below.

Market risk

Market risk is the risk that changes in market prices, such as interest and profit rates will affect the Group's profit, or value of its holding of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing return.

Profit rate risk

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

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

Notes to the Consolidated
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The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest and profit rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest and profit rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December. The effect of decreases in interest and profit rates is expected to be equal and opposite to the effect of the increases shown. However, the Group is not exposed to this risk as financial assets or liabilities at 31 December 2012 carry fixed profit rate.

	Changes in basis points	**Effect on profit QR**
2012		
Floating rate instruments	**+25 b.p**	—
2011		
Floating rate instruments	**+25 b.p**	(1,710,265)

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:

	2012 QR	2011 QR
Bank balances	**116,969,115**	80,653,809
Trade receivables	**138,768,890**	113,198,495
Other receivables	**4,194,048**	8,627,400
	259,932,053	202,479,704

The Group continues to render services to more than 955 (2011: 763) customers with its largest 5 customers accounting for 34% (2011: 27%) of trade receivables. This significant concentration risk has been managed through enhanced monitoring and periodic tracking. The Group has a rigorous policy of credit screening prior to providing services on credit.

The Group reduces the exposure of credit risk arising from other financial assets by maintaining bank accounts with reputed banks and providing services only to the creditworthy counter parties.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation and is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

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

	1 to 12 months QR	1 to 5 years QR	Over 5 years QR	Total QR
At 31 December 2012				
Loans and borrowings	**113,702,597**	**688,522,689**	**160,588,707**	**962,813,993**
Trade payables	**11,950,224**	—	—	**11,950,224**
Accrued expenses	**39,044,780**	—	—	**39,044,780**
Other payables	**26,166,169**	—	—	**26,166,169**
Retention payable	**18,760,171**	**6,406,451**	—	**25,166,622**
	209,623,941	**694,929,140**	**160,588,707**	**1,065,141,788**
At 31 December 2011				
Loans and borrowings	93,587,342	412,145,146	5,187,230	510,919,718
Trade payables	31,608,335	—	—	31,608,335
Accrued expenses	38,101,393	—	—	38,101,393
Other payables	36,738,168	—	—	36,738,168
Retention payable	22,406,273	2,262,637	—	24,668,910
	222,441,511	414,407,783	5,187,230	642,036,524

Capital management
The Group policy is to maintain a strong capital base so as to maintain investor, creditor and to sustain future development of the business. The management monitors the capital base, which the Group defines as the share capital, on a continuous basis.

The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions and shareholders' expectation. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year end 31 December 2012 and 31 December 2011. Capital comprises share capital of QR 396 Million (2011: QR 396 Million).

Operational risk
As a precaution in managing exposure to business continuity risk arising from potential losses or damages to customer goods; an amount of QR 393 Million (2011: QR 386 Million) worth of customer goods has been covered through insurance coverage. Also the Group limits its liability towards any losses by way of contractual agreements entered with respective customers.

26 FAIR VALUES OF FINANCIAL INSTRUMENTS
Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of accounts receivable and bank balances. Financial liabilities consist of loans and borrowings, accounts payable and certain other payables.

The fair values of financial instruments are not materially different from their carrying values.

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27 SIGNIFICANT ESTIMATES AND JUDGEMENTS

Use of estimates

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future.

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

Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Fair value of investment properties

The fair value of investment properties in the consolidated statement of financial position represents an estimate by independent professional valuer of the open market value of those properties as at the end of the reporting period.

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

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Fair value of investment properties

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

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

Goodwill

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

- Logistics
- Freight Forwarding operations

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

The recoverable amount of the cash generating units have been determined based on a value in use calculation using cash flow projections approved by the management from 2012 to 2017, which is in the range of the current short term growth rate for the logistics industry. The discount applied to cash flow projection is 16% and cash flows beyond five year period are extrapolated using 3% growth rate using conservative basis.

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

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

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

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

28 COMPARATIVE FIGURES

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






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