شركـــة الخليـــج للمخـــــــازن
Gulf Warehousing Company
(ش.م.ق) (Q.S.C)

a regional 3PL powerhouse in the making

annual report 2011

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

His Highness
Sheikh Tamim Bin Hamad Al-Thani
Heir Apparent

GWC at a Glance

Today, GWC is preparing to enter new pastures by becoming a strong competitor in established markets of the GCC area.

Warehouse
>130,000 pallets

Bulk Storage
20,000 square metres

Open Yard Storage
60,000 square metres

Transportation Assets
>1,111 Trucks, Trailers and Specialised Vehicles

Logistics Village Qatar
1,000,000 square metres

Listed	2004
Employees	1,150+
Customers	500+ Globally
Industry Segments Served	Automotive, Chemical, Electronics, Food and Beverage, Healthcare, High Value Commodities, Industrial Product, Government, Retail, Oil, Gas
Storage Capacity	>130,000 pallets in state-of-the-art Warehouse; 20,000 square metres bulk storage and 60,000 square metres open yard storage
Transportation Assets	>1,111 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 Services
Information Technology	State-of-the-art Warehouse Transport, Freight systems
Organic Expansion	Logistics Village Qatar with more than 1 million square metres (Phase I – Ready in the first quarter of 2011)
Inorganic	Acquisition of Agility (Qatar) completed on Jan 1, 2011
Head Quarters	D Ring Road, Doha, Qatar
Company Type	Qatari Shareholding Company
Listing	Qatar Exchange (Previously Doha Securities Market)
Stock Code	GWCS
Number of Shareholders	>10,000

With our eyes wide open and with a hunger for sustainable growth, GWC is on a steady path towards becoming a major 3PL powerhouse in the GCC area.

Employees
1,150+

Number of Shareholders
>10,000

Contents

A Regional 3PL Powerhouse in the Making

GWC's strategy for regional expansion is more than just a plan. Already a clear leader in Qatar, expanding into neighboring markets is a natural evolutionary step for extending the benefits of the Company's core competencies to clients beyond its boundaries. Today, GWC is preparing to face the challenges of entering new markets by becoming a strong competitor in established markets of the GCC area. This state of readiness will involve creative solutions based on intimate sector knowledge and clear insights into how value is created and maintained within business. It will also entail working collaboratively; building long and lasting capabilities through local employees and finally, managing transformational change through solid due diligence and market research. Ultimately, in order for us to steer our clients into the GWC fold, we must first know where our clients stand, determine where they want to go and finally, chalk out how we can help them reach higher goals. With our eyes wide open and a hunger for sustainable growth, GWC is on a steady path towards becoming a major 3PL powerhouse in the GCC area.

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 Mission, Vision Values and success of our Company, its current and future teams and its customers at all times.

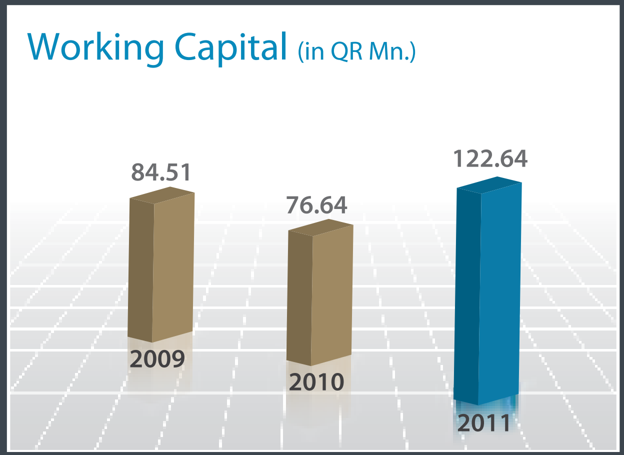
Going that extra mile

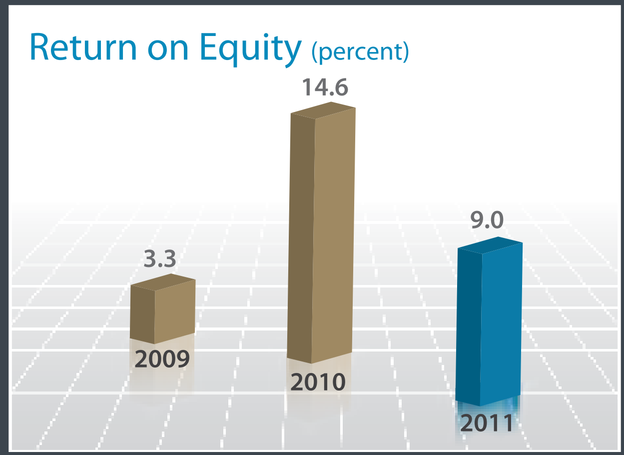
We deliver beyond your expectation. This means we will give you more than what we have promised by going the extra mile.

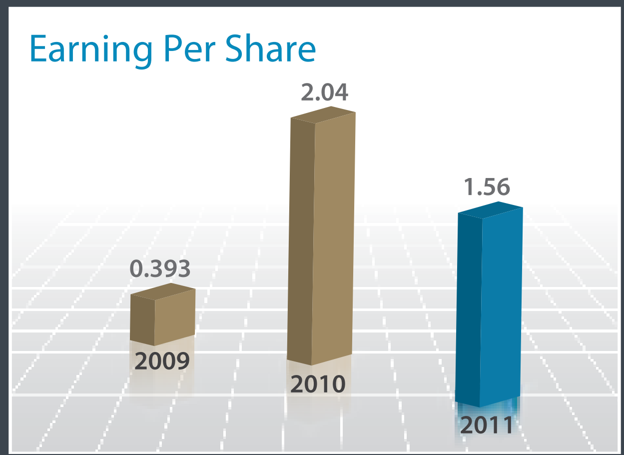
Excellence

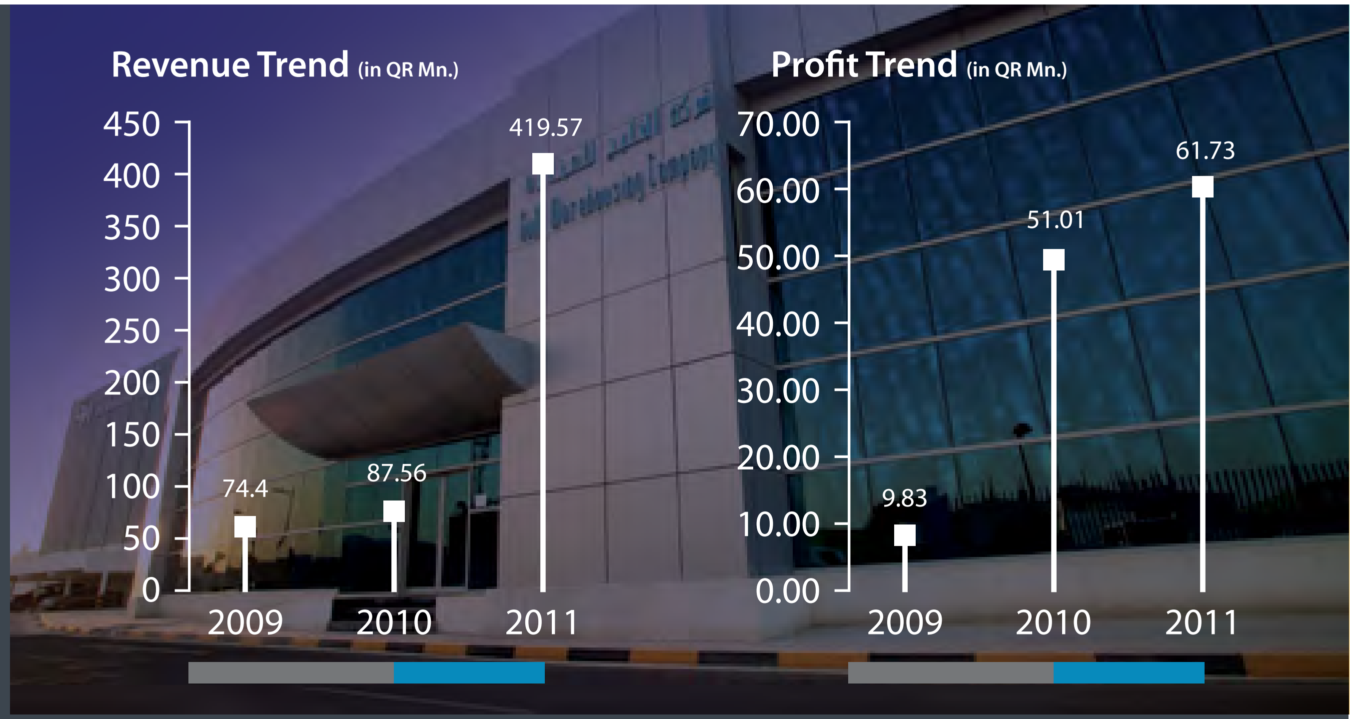
'Good' isn't enough for us. We always deliver solutions of exceptional quality that add value to all involved. We look for ways to do more and stay on a path of constant and never ending improvement and innovation.

Financial Highlights









Key Figures	2008	2009	2010	2011
Operating Revenue	56,805,498	74,395,121	87,563,612	419,574,107
Other Income	4,211,509	3,337,570	41,744,366	5,613,247
Profit	(23,663,407)	9,826,555	51,007,573	61,733,037
Shares	25,000,000	25,000,000	25,000,000	39,634,146
Earnings Per Share (EPS)	-0.947	0.393	2.040	1.560

All figures in the table and charts are in QR

Corporate Information

Board of Directors

1. Mr. Mohammad Ismail Al-Emadi - Chairman
2. Sh. Fahed Bin Hamad Bin Jasim Al Thani - Vice Chairman
3. Sh. Abdulla Bin Fahad Bin J.J Al Thani - Member
4. Mr. Ahmed Mubark Al-ali Al-Mahdid - Member
5. Dr. Hamad Saad M. Al-Saad - Member
6. Mr. Mohd Thamer M. Al-Aseri - Member
7. Mr. Jassim Sultan J. Al-Rimaihi - Member
8. Mr. Basem Chbaklo - Member
9. Ms. Henadi Al-Saleh - Member

Chief Executive Officer

Mr. Ranjeev Menon

Principal Bankers

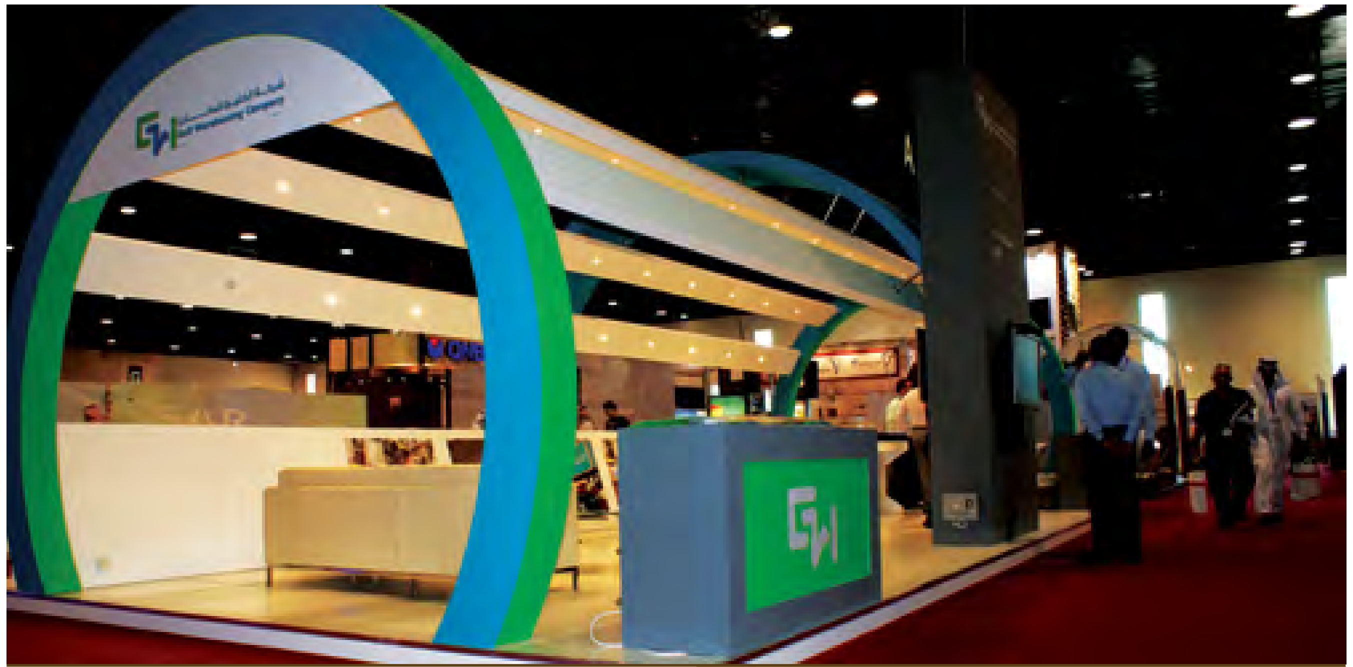
1. Qatar Islamic Bank
2. Masraf AL Rayan
3. Doha Islamic Bank
4. International Bank of Qatar
5. Qatar National Bank Al-Islami

Registered Office

Gulf Warehousing Co.,
D Ring Road,
Doha, Qatar.

Stock Exchange Listing

Qatar Exchange
Doha, Qatar



Chairman's Letter

Mohammed Ismail Al Emadi
Chairman

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.

Dear Shareholders,

Through the visionary leadership of our Emir - Sheikh Hamad bin Khalifa Al Thani, the year 2011 witnessed the best economic growth in our history, despite much ongoing turbulence in the global economy. To a great extent, growing at the rate of over 13 percent annually, we have been able to insulate ourselves from much of the problems witnessed across the Americas and Europe and are the second fastest growing economy in the world.

Not surprisingly, GWC's business has also thrived in the context of such strong Qatari economic positives. More importantly, in the context of Qatar's growing regional importance, GWC is executing on its vision to consolidate its position as the leader within the logistics marketplace of Qatar. It is also expanding its wings to emerge as a leading 3PL player within the GCC area by enlarging its scope for providing logistical services across the region. I am pleased to inform you that we have already established a branch in Saudi Arabia and will shortly open another branch in the UAE.

Logistics Industry

The revival of the world economy from the 2009 global meltdown continued to take shape through 2011, although at a very slow pace. Logistics providers with solid infrastructure, efficient organization and processes benefited from the improving business climate and were less at risk in challenging times. New growth opportunities presented themselves, particularly in regional, customer and product specific niches. On the other hand, the pressure on profit margins persisted as a result of unchanged fierce competition. The global logistics industry is still subject to a significant consolidation and 2011 witnessed several cross border merger activities.

The key strategic move impacting GWC's positioning within the industry has been its entry into the logistics infrastructure business with its Logistics Village Qatar (LVQ), making it a participant in both the retail and the wholesale end of the logistics business. Through this strategy, the Company has ensured the rapid capture of the industry market share, while organically growing its 3PL business by leveraging its assets and intellectual resources carefully. Over the last two years, the GWC brand has evolved substantially in the eyes of its customers, making it the 'go for' brand within the logistics industry of Qatar. I am pleased to inform you that based on this year's earnings, the Board has recommended a dividend to QR 1.50 per share.

Future Economic Outlook

Globally, we live at a time when there are multiple challenges across both sides of the Atlantic. Europe is facing a severe test resulting from a looming sovereign debt crisis in the making. USA continues to produce sluggish economic numbers, with the worry of an impending double dip recession on the horizon. While no country can be insulated completely from such major upheavals, we have seen from the 2009 experience that Qatar is less impacted by such global contagion primarily due to its reduced exposure to the financial markets of these continents and because of the hydrocarbon based economy that it still is today. The boost in Qatar's North Field LNG production through the development of two major LNG projects, with a production capacity of 3.75 BCF (Billion Cubic Feet) per day will continue to stimulate growth for our hydrocarbon based verticals. The government's commitment to diversify the economy by building related industries around the full LNG value-chain and linking upstream, midstream and downstream components means that our hydrocarbon based services will continue to be in strong demand. However, our government is placing special emphasis on developing the non-oil and gas sectors of the economy in an effort to diversify sources of income away from the exclusive dependence on hydrocarbons. As a result, Qatar is gradually getting less dependent on its oil and gas industry in terms of GDP contribution. Supported by the 5-year QR 100 billion (USD 27.5 billion) government stimulus plan, there have been high levels of capital spending on education, health and transport. Looking forward, activities related to World Cup 2022 in

Qatar is less impacted by the current global contagion, primarily due to its reduced exposure to the financial markets of troubled continents and because of the predominantly hydrocarbon based economy that it still is today.

His Excellency Sheikh Abdurrahman Bin Khalifa Bin Aziz Al -Thani (Minister of Municipal Affairs & Urban Planning) visiting the GWC Booth at the Trans4 Exhibition held In October 2011.

Qatar should further help in augmenting contributions of other sectors such as services and construction in the GDP, helping the country's economic diversification.

For the FY2011, non-hydrocarbon real GDP recorded double digit growth on the back of increased activity in the real estate, insurance, financial services, manufacturing and construction sectors. The growth of our various verticals at GWC supporting the logistic needs of these industries is a function of this general trend.

Sustainable Profitability Growth

The principle reasons attributing to GWC's growth and success is the strong leadership exhibited by its management team in terms of speed of action and decision making; the desire to work closely with its clients and investors; its ability to react quickly to market demands through its investments into LVQ and Ras Laffan; and finally the Company's ability to manage its talent pool well.

Looking at the future, we continue to affirm our client centricity strategy to drive growth and lead us to our goal for a stronger financial position and sustainable operating margin improvements.

The positive contribution of each of our various verticals in terms of top and bottom line ensured that we have a healthy balance between volume and niche businesses, through which we are necessarily service orientated and are able to serve a variety of customer needs. In fact, our dependence on a variety of businesses has served us well to hedge against a slowdown in any given industry from time to time.

Looking at the future, we continue to affirm our client centricity strategy to drive growth and lead us to our goal for a stronger financial position and sustainable operating margin improvements. We also look towards the added capacity and competitive edge that the phase II of the LVQ will bring to the table.

The ultimate objective of the Company is to make our customers' lives easier. In this endeavour, we continue to get better and better at developing integrated solutions for regions, industries and customer groups.

There are many examples cited in this annual report of technical initiatives taken in this endeavour. A further core aim of the strategy is to strengthen sales, customer orientation and extend the industry-specific know-how to even better market GWC's sophisticated logistics services. We want to become the provider of choice for customers, the investment of choice for investors and as an employer our ambition is to attract and retain an exceptional number of highly qualified employees.

Our airfreight volumes have continued to outperform the market. Our 3PL and 4PL logistics and distribution business has done well. We also plan to get ocean freight volume growth above the market. Our pricing strategies, procurement initiatives, and freight consolidation activities continue to support our yields. Our various initiatives for operating efficiency and superior service capability are key elements of our strategy for achieving long-term growth and sustainable margin improvement.

We want to become the provider of choice for customers, the investment of choice for investors and as an employer, our ambition is to attract and retain an exceptional number of highly qualified employees.

Corporate Governance

During the last decade, policy makers, regulators, and market participants around the world have increasingly come to emphasize the need to develop good corporate governance policies and practices. Amongst the foremost corporates of Qatar, GWC is also leading from the front in this regard.

At GWC, we ardently believe that good corporate governance contributes to competitiveness, improves access to lowest cost capital, and thus spur economic growth. As a result, we continuously look to ways and means by which the Company is directed and controlled in the best interest of its stakeholders. I am pleased to inform you that our corporate governance is well positioned to fulfill our economic, environmental, and social responsibilities and contribute to sustainable growth.

Conclusion

Overall, your Company achieved all the financial targets we had set for financial year 2011. With 1st Phase of LVQ fully operational and with our GCC presence expanding, the future also looks bright. I want to thank again all stakeholders with whom we continue to work closely in these efforts. I also would like to thank our employees who have delivered improved operating results while staying ever focused on client centricity. Finally, thanks go out to our shareholders, who have remained supportive and exceptional partners as we continue to evolve GWC into a regional logistics powerhouse.

Mohammad Ismail Al Emadi
Chairman

CEO's Letter

Ranjeev Menon
Chief Executive Officer

In FY2011, the GWC Group's solid performance once again secured its leading position in terms of growth and profitability within its industry.

Dear Stakeholders,

I am delighted to inform you that your Company met its ambitious targets and recorded the best result in its history. During the year, our consolidated revenue more than trebled by 379 percent to QR 420 million. This has placed GWC in an excellent position to maximise business opportunities for the economic upswing the country expects for the next 10 years. With substantial net liquidity, we find ourselves in a very stable financial position. This is especially reassuring as we are still in the middle of a high investment cycle for constructing the country's largest logistics village - the LVQ, absorbing initial start-up costs and new asset depreciation charges. While the first phase of LVQ became operational during the year at near full capacity - a remarkable achievement in itself, the full positive impact of this ambitious large-scale logistics infrastructure expansion initiative will start playing out in FY2012.

Maintaining above market average growth

In FY2011, GWC's solid performance once again secured its leading position in terms of growth and profitability within its industry. It also remains by far the largest player in its market and significantly ahead of competition. Running a tight ship with proactive customer service ensured that made clear progress in all our business verticals, garnering secular contribution from growth in all verticals of the business. We have reached our objectives for the year and are striving for more success beyond. We grew revenue by 379.2 percent and ended 2011 with total operating profit of QR 61.7 million — a 21 percent increase over the previous year's results. Once again we generated free cash flows of QR 84.4 million, 17.9 percent above last year.

Financial position

Total assets and liabilities of GWC increased by QR 640 million to QR 1248.9 million compared to FY2010. The changes are mainly due to the Company's acquisitions; greenfield asset additions in the LVQ project and operating contribution. Cash and cash equivalents is QR 80.7 million irrespective of 25 million dividend payment of 2010. The equity of the Group has increased by QR 337.9 million to QR 686.8 million; this represents a debt-equity ratio of 61 percent (2010: 63 percent). Developments of other key figures on capital structure are shown in the following table:

	Ratios	2009	2010	2011
1	Equity ratio (in percent)	74.8	57.3	55.0
2	Return on equity (in percent)	3.3	14.6	9.0
3	Short-term ratio of indebtedness (in percent)	7.5	11.3	16.6
4	Intensity of long-term indebtedness (in percent)	17.6	31.4	28.4
5	Fixed assets coverage ratio (in percent)	129.6	116.5	113.4
6	Working capital (in QR million)	84.51	76.64	122.64
7	Intensity of capital expenditure (in percent)	71.3	76.1	73.5

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.

Operations

Our sea and airfreight businesses were the most successful in terms of operational results due to productivity improvements and strong volume increases. We aim to double this part of our business in 2013, increasing the number of containers moved by sea and managed in our yards from 10,700 in 2011 to more than 50,000 in 2013. In airfreight we intend to increase the cargo volume to more than 20 million tons by the same time. Following

a higher demand for complex services as well as for warehousing and distribution activities, a number of new contracts were concluded and old ones extended. In overland transport, GWC maintained its competitive superiority and continued to invest in transportation assets, network density and in product development. Increased productivity, together with the rise in volume in all business units, has contributed to excellent results. Our productivity enhancements were based on internal efficiency increases, technology adoption and newly designed integrated processes combined with extended IT support. This increased efficiency, documented by the improved ratio between gross profit and EBIT, indicates the internal strengths of the Company. Undoubtedly, the introduction of the LVQ infrastructure has had a big impact to both GWC and the industry at large. During the year, it contributed 9 percent of our total revenue, on path to exceeding 16 percent by the year 2012. The success of the LVQ is testimony to our ability in defining a compelling long-term vision and backing it up with substantial capital; in our business model innovation; in our rigorous project management and finally in our marketing skills.

Running a tight ship with proactive customer service ensured that we made clear progress in all our business verticals, garnering secular contribution from growth in all verticals of the business.

Strategy

GWC faces many challenges in aspiring to expand regional market access, deepen existing customer relationships, enhance their market share, enrich their value added portfolio and enter new growth areas. In part GWC has addressed these challenges by focusing on its ability to scale up to effectively address domestic and international markets; by observing market needs to deliver on them; by its strong desire to work with the customer for USP driven solutions and by running a variety of niche businesses such as fine arts logistics, sports logistics, chemical warehousing, records management solutions and asset management. The introduction of the LVQ has also meant that we have further improved our operational excellence and cost management, giving customers a one-stop-shop solution for all their logistics needs.

The introduction of the LVQ has also meant that we have further improved our operational excellence and cost management, giving customers a one-stop-shop solution for all their logistics needs.

For GWC, serving our customers, employees and investors is central to our strategy. Our singular focus in this regard has continued to spell success for us in FY2011. Our achievement is also a reflection of our vision, that crystallized as early as in 2008, for consistently implementing a strategy of optimizing costs, expanding capacity through strategic acquisitions and greenfield projects, while at the same time increasing our market share, profitability and higher margins in all divisions. Important success factors were the Company's ability to offer customers higher value through intelligent integrated logistics solutions, its improved operational efficiency and most importantly - the launch and operationalizing of the LVQ facility – the largest logistics infrastructure in Qatar.

In Closing

The must mention highlights of the year were the recognitions received by GWC for being the "Best 3PL Company of the Year" awarded at the SCATA 2011 event held in July, and for being the "Best Logistics Company in Qatar" at the Arabian Business Achievement Award held in September 2011. These awards continue to underline our on-going passion for excellence in everything we do. Most importantly, I am pleased to inform our stakeholders that GWC was also accredited with the ISO 9001 : 2008 certification in July 2011.

I wish to thank all the board members, vendors, shareholders and all GWCers for their full support and commitment towards fulfilling our 2011 goals - and all our customers, lenders and investors for placing their trust and faith in our capabilities.

Ranjeev Menon
Chief Executive Officer

What is our Business Model?

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**.

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**.

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; specialized 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 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.

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.

Board of Directors

Mr. Mohammad Ismail Al-Emadi
Chairman

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

Sh. Fahed Bin Hamad Bin Jasim Al Thani
Vice Chairman

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

Mr. Ahmed Mubark Al-ali AL-Mahdid
Member

Dr. Hamad Saad M. Al-Saad
Member

Mr. Jassim Sultan J. Al- Rimaihi
Member

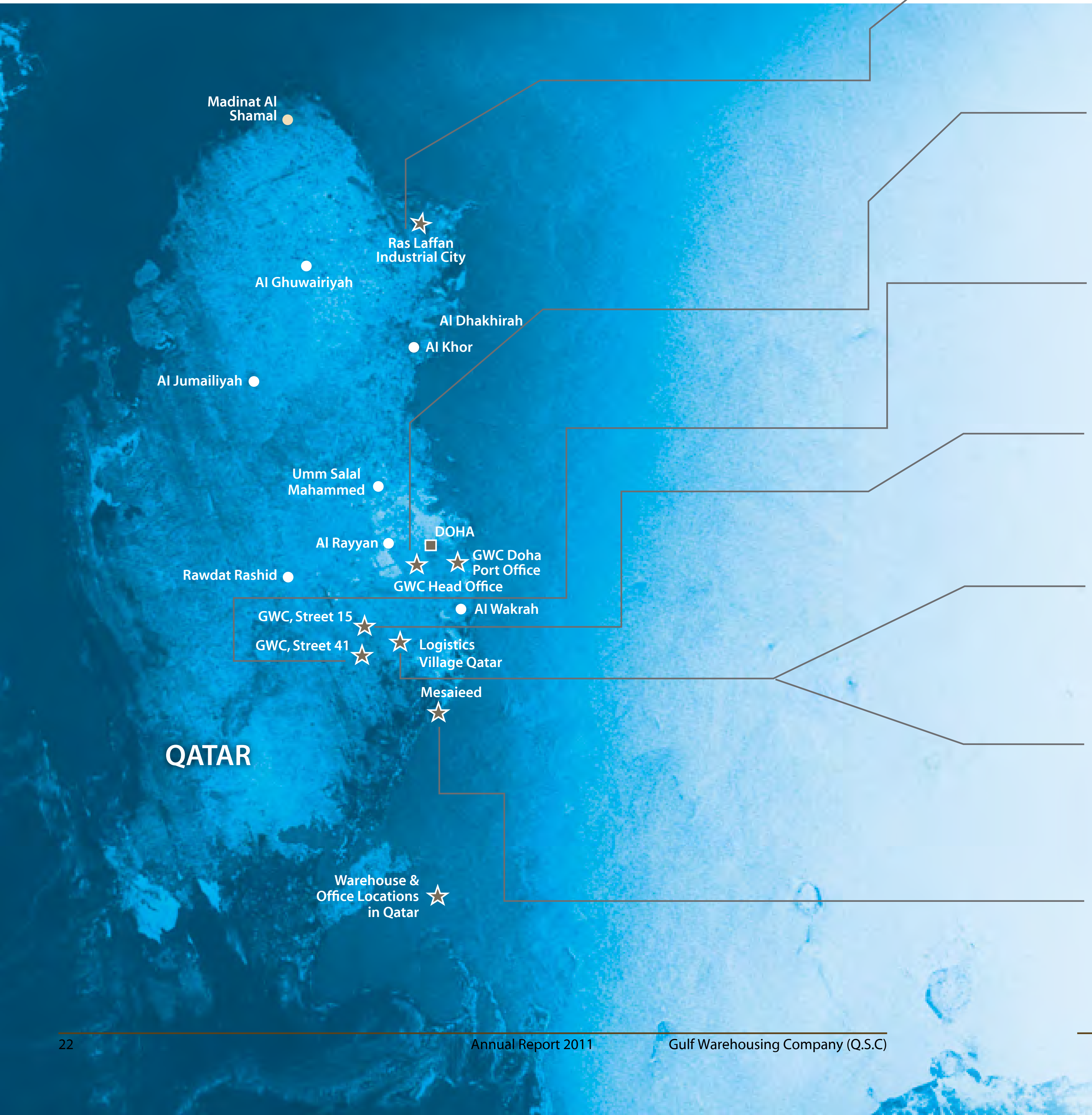
Mr. Mohd Thamer M. Al- Aseri
Member

Mr. Basem Chbaklo
Member

Ms. Henadi Al-Saleh
Member

Our Pan Qatar Presence

As the largest logistics player in the country, backed by large scale assets, technology and capable people, GWC is the logistics artery that permeates and serves all corners of human activity across Qatar.

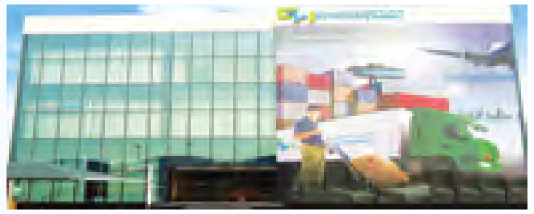


Warehouse: Ras Laffan

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.

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.

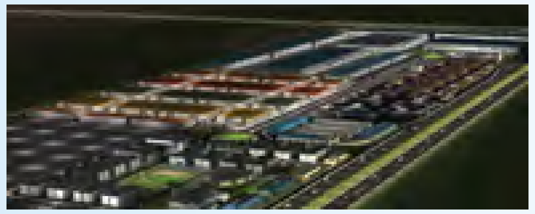


Warehouse : Street 41

Street 41 is a specialized 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 with a capacity of 187,342 boxes.

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.



Logistics Village Qatar (LVQ)

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

The 33K Warehouse at LVQ

The "33K" is GWC's largest third-party warehousing facility of 33,000 square meters, 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 meters, modern VNA man-up machines, dock level controls, super-flat flooring and the latest WMS.

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 Transportation Assets

We operate one of the largest transport fleet in Qatar and are able to provide our customers with an entire logistics value chain incorporated with customized transportation solutions for various industries.

Logistics Village Qatar

Engineered to Deliver Value - at the Flick of a Switch

2011 Q2 was witness to the launch of the first Phase of LVQ, Qatar's most modern and well-conceived logistics village.

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. As a result, the LVQ was master-planned to be highly configurable to suit the needs of clients from a variety of industries. From the very beginning, the LVQ was designed to be an integrated and self-contained full-service "logistics hub" for its customers. It features everything that they would want in an integrated logistics solution. With warehouses built with elevated floors, dedicated office spaces and 14 metres high ceilings, these modern storage facilities have 3 to 4 times the capacity of conventional warehouses, allowing users to adjust their presence on a scalable basis and grow within the same premises – a luxury they never had before. Designed as a 24X7 high-security and fire-protected gated community, which is self-contained with accommodation and recreational facilities, our clients' employees can feel at home with access to basic day-to-day necessities, such as a pharmacy, a hypermarket and working offices at a stone's throw away.

Salient Features

- 1 million square metres Master-Planned Logistics Village
- 200,000 square metres of Distribution Centre Space in 3 Phases
- 83,000 square metres of Multi Purpose and Customizable Warehouses
- Truck Parking and Maintenance Workshop
- 65,000 square metres of Container Depot
- 100,000 square metres of Car Storage and PDI Area
- 250,000 square metres of Laydown Area and Auction Yard
- Globally Accepted Quality Management Standards
- 3,000 square metres of Residential and Recreational Facilities
- Plug-and-Play Administrative Facilities
- State-of-the-Art IT infrastructure
- International Best Practices
- Flexible and Bespoke Service Packages

The LVQ makes 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 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 mid-sized 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. During the year, GWC commenced with the construction of Phase II, which constitutes more than 120,000 square metres of additional area over and above Phase I.

	* Phase I	+ Phase II	+ Phase III
Warehouse	82,200 sqm	60,560 sqm	105,000 sqm
Container/Laydown Yard	100,000 sqm	50,000 sqm	100,000 sqm
Truck Maintenance	100,000 sqm	-	-
Administration	-	-	4,600 sqm
Accommodation	23,000 sqm	-	16,400 sqm

* Completed + Under Development

During the year, the projects team worked fervently towards the completion of Phase II and III of the LVQ, comprising of multipurpose and dedicated warehouses, a central kitchen, an administration block, a hypermarket – along with the associated infrastructure and utilities. From the very instance of breaking the ground for Phase II, the Company started to receive several confirmed reservations and it expects the occupancy level to surpass more than 70 percent by its completion in Q1 2012.

Mission Critical Computing, Storage and Communication Systems that serve as the Brain of our Clients' Businesses

In this day and age, no successful business can exist without state-of-the-art data management and communications. With fibre-optic based networks already connected and functional, the LVQ 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 facility also boasts a well-supported on-site data centre that offers data back-up services to ensure maximum operational uptime for its clients. The data centre offers users variant racking spaces to securely accommodate their dedicated IT servers, deploying MPLS technology to physically separate the requirements of each client for enhanced data security. Backed by qualified support engineers to serve LVQ clients around the clock, the centre uses fully redundant and high speed Data Storage Area Networks (SAN) and is protected by FM-200 fire suppression system and 24/7 CCTV Surveillance System. Some key features of the LVQ data Centre include:

- Dual-powering of all IT & Cooling equipment
- Concurrently maintainable site infrastructure
- Modular, Scalable and High-Efficiency Power Protection
- Fully redundant network and storage infrastructure
- 24/7 Network Operation Center (NOC)
- Digital controls to facilitate the fastest possible power management
- Dual bus compatibility and redundant power supply cards
- N+1 High availability architecture
- Fully Redundant Close Control Air Conditioning
- JVC 360 Degree Surveillance cameras operating 24/7
- Fingerprint, Smart Card, and Password access methods
- FM-200 Chemetron Fire Suppression system
- Multi-Tier Fully Redundant Network Architecture
- Internal MPLS Technology to protect tenants' privacy

Capacity Expansion

During FY2011, GWC additionally acquired 10,300 square metres of open yard spaces in Ras Laffan for the future expansion for storing of hazardous materials. The Company is currently developing this facility and expects to complete it by the end of FY2012.

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. With strong project management and monitoring skills, the team alleviated any delays to deliver these projects on time. Because of the general slow down in few of the GCC countries, there were no shortages of quality resources in terms of skilled manpower and materials, ensuring uninterrupted progress of each project.

Ras Laffan

Located inside Ras Laffan Industrial City, these facilities cater to the specialist needs of Qatar's local companies. It occupies an area of 16,000 square metres, comprising of some 19,000 pallets positions and 10,000 square metres of open yard for the storage of heavy equipment and pipes. During the year, GWC acquired 10,300 square metres of open yard spaces for the future storage of hazardous materials. The Company is currently developing this facility and expects to complete it by the end of 2012.

Mesaieed

The construction work on our greenfield project in Mesaieed, featuring some 60,800 square metres of open yards and 5,000 square metres of warehouses and offices, started in 2010 and was completed on schedule in February 2011 to become fully operational.

Contract Logistics

For insightful and precision-driven corporates, GWC is by far the most preferred Contract Logistics service provider in Qatar. 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. We focus primarily on Healthcare, Consumer & Retail, Food & Cold Chains, Oil and Gas, Petrochemical, Government and Energy sector. A focused approach has delivered some solid business wins in most of these sectors in 2011, maintaining GWC's pre-eminent leadership position in this market.

Today, GWC is one of the GCC region's leading supply chain companies and offers customers a complete offering across Contract Logistics and Freight Management, alone or in combination.

For insightful and precision-driven corporates, GWC is by far the most preferred Contract Logistics service provider in Qatar.

Our contract logistics services primarily relate to value-added warehousing and the subsequent distribution of goods and materials in order to meet clients' inventory needs and production or distribution schedules.
Our services include receiving, deconsolidation and decontainerization, sorting, consolidation, assembly, cargo loading and unloading, kitting, price tagging, assembly of freight and protective packaging, storage and distribution. We also provide a range of distribution and other supply chain management services, such as domestic ground transportation, warehousing services, consulting, order management, planning and optimization services, outsourced management services, developing specialized client-specific supply chain solutions, and customized distribution and inventory management services.

Aviation

GWC serves the leading national air-carrier, which is one of the fastest growing airlines in the world, flying to over 100 leisure and business destinations across six different continents. For the past 5 years, GWC has been fulfilling the airline's entire logistics requirements, including catering; uniforms; ground services; in-flight meals; lost & found baggage; outstations and technical equipment. Special Services include Garment-On-Hanger Storage and Handling for Uniforms, over 100,000 pieces; Meal Storage & Thawing Service and delivery for ready-to-eat meals in flight; Business Class Amenity Kits assembly and quality check and rush tag operations for outstation supply.

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. At GWC, the integrated services span the entire supply chain: Contract Logistics services include inbound logistics, manufacturing support, outbound/distribution and aftermarket logistics. As of 31st December 2011, GWC's integrated network comprised approximately 6 locations, approximately 90,000 square meters of warehousing space (excluding LVQ) and more than 400 employees in Qatar. GWC has developed its market position by understanding its target industry sectors and employing best practice methodologies to design and implement customized logistics solutions that address industry specific supply chain requirements. 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.

Retail

GWC serves a leading retailer in Qatar, comprising the largest premier stores for luxury and prestige brands. For nearly eight decades, this retailer has offered the world's most coveted names in luxury watches and jewelry, fashion and fine apparel, cosmetics, fragrances and electronics. GWC provides the retail giant with contract logistics services, involving Storage & Handling; Distribution and Value Added Services. GWC delivered several million pieces during 2011, with a near perfect fill rate. It delivered directly to hypermarkets, supermarkets, smaller outlets and homes, fulfilling more than 100 orders a day. The Company also provided value added services shrink-wrapping, promotional co-packing, barcode tagging and price tagging.

Manufacturing

GWC serves one of the largest aluminium plants in Qatar. It has been servicing the supply chain needs of the project since its inception in 2009. When the first raw materials arrived in Qatar, GWC made on-time deliveries during the construction phase and currently now delivers raw materials and spare parts for the production phase since the site went live in 2010. This included HAZMAT storage and handling of over 50,000 tonnes of chemical raw materials. GWC also handled multiple break bulk shipments direct from port, including 15,000 tons of raw Alumina and over 750 superstructures. The Company also held over 25,000 line items of spares and machinery parts in stock for its client.

Contract Logistics (Cont...)

Leveraging its vast expertise and experience, GWC is also the natural choice for logistics advisory and management services.

GWC also functions as an independent, singularly accountable, non-asset based integrator of a client's logistics, transportation, supply and demand chains. As a management service provider, GWC is free to use 2PLs and/or 3PLs to supply service to its customers. As a logistics advisor, GWC takes a wide 360 degree view, ensuring that it does not only focus on its own ability to implement the recommendations it gives, but also on all the options available in the market. GWC takes total responsibility and takes away the headache to man, set-up and manage its client's logistics operations. This business vertical brings long-term contracts with strong cash-flows into the Company and at the same time contributes to society at large.

Government Warehouses

As part of the country's food security program, a Government unit is mandated to manage the purchasing and distribution of food items and animal feeds with subsidized prices for the citizens of Qatar, including commodities such as rice, cooking oil, condensed milk, sugar, wheat bran and barley. Under a 25 years contract logistics assignment with this Government unit that started in 2008, GWC is responsible for managing and operating the day to day operations of receiving, storing, dispatching, security and inventory management of all these commodities. Within this 200,000 square meters logistics complex lie 11 large warehouses, with a mixture of ambient and temperature-controlled storage. With approximately 1.5 million items in stock holding and a transaction throughput of more than 45,000 items per day, GWC has a track record of maintaining 100 percent accurate inventory.

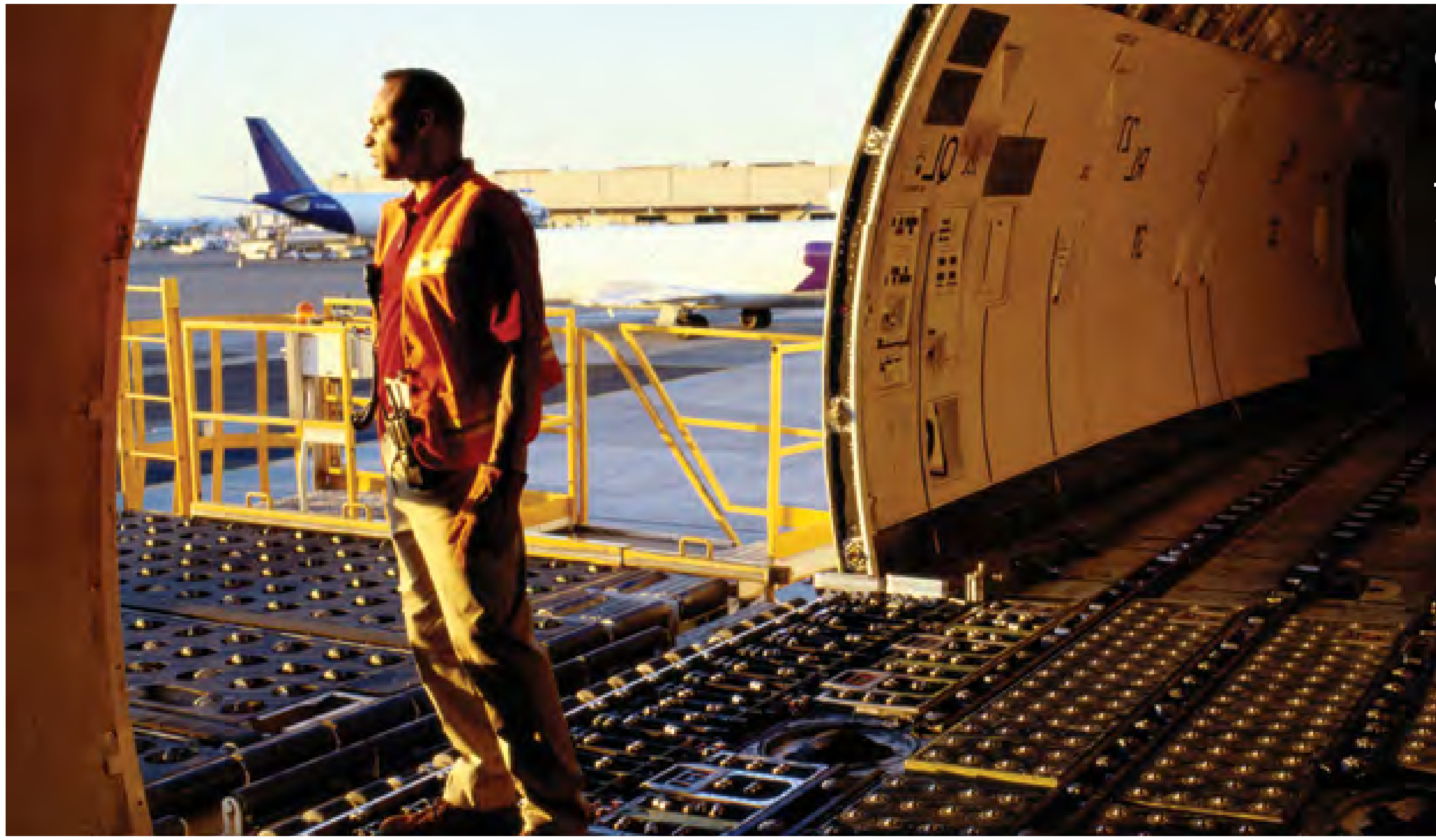
Oil & Gas Industry

A leading energy services company is involved in the production and processing of natural gas from Qatar's North Field and the transportation of the refined gas by subsea pipeline across joint UAE-Qatari waters to the UAE. As an advisory and management provider to this gas major, GWC's scope covers the provision of experienced warehouse manpower and materials handling equipment to operate and manage warehouse services at RLIC and transferring materials between the plant logistics base to Ras Laffan Jetty, DELWA and the main warehouse.

A dedicated 25 man team under GWC focuses on areas such as Receiving, Inspection, Stocking and Binning, Reservations, Issuance, Maintaining Inventories and stock auditing, Use of SAP through CMMS Module and Reporting. The Company provides several equipment to facilitate these functions, such as High Reach Electric Forklifts, Diesel driven Forklifts, Pallet Trucks, Hi-Lux Double cabin pickups, Steel Rolling Platform Ladders, Platform Weigh Scale and 40 FT Flat Top Semi-trailers.

Freight Forwarding Management

GWC is continually strengthening its business process that maximizes our Freight Forwarding offerings and allows us to better deliver a competitive advantage to our clients.



Going forward, we expect our growth momentum in Freight Forwarding to improve further as several planned infrastructure projects take off over the next decade.

GWC is a regional, asset-based Freight Forwarding solutions company that provides services through a network of offices and contract logistics centres. Contributing significantly to the Company's total revenues and growing steadily on the back of a strongly performing economy, the Freight Forwarding business is an important segment of GWC. Although this business runs as a separate profit centre from the Company's Contract Logistics and Distribution business, the two verticals have several joint synergies that allow the Company to offer its clients seamless and advantageous Logistics solutions. Through our supply chain planning and optimization 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.

In terms of its market position within Qatar, GWC is by far the biggest player in the freight forwarding business. Currently, we operate a global network of freight forwarding in a total of 125 countries throughout the world. Our business is managed from our offices located in Doha and associated offices worldwide. Our primary services include air, ocean and truck freight forwarding.

As a vertically integrated player with its own trucking and warehousing assets, GWC is able to compete more effectively against non-asset based players that face the vagaries of scarce resources in a growing marketplace. As a result, GWC enjoys a certain degree of operational freedom to commit high service-levels to its customers.

During the year 2011, our globally oriented freight forwarding and logistics activities were favorably influenced, in particular, by notable gains seen in capital spending, industrial production as well as global trade. This in turn led to a significant expansion of our business activities. We grew faster than the market in areas that are relevant for our business. Comprising more than 65 percent of our Freight Forwarding business, our continuing contracts in the oil and gas sector will provide further long-term stability to our business. As we get closer to the build up of the FIFA world cup, we expect to play a big part in serving the logistical needs of this milestone event.

A great differentiator compared to competition is the fact that GWC is an asset-based freight forwarder, with complete control over its truck transportation services and physical storage spaces within its company-owned warehouses.

Through our relationships with several partners globally that are local to their markets, we already enjoy access to more than 600 offices in around 125 countries. Our activities in the freight forwarding and logistics segments are especially influenced by competitive markets, highly dynamic consolidation processes within the logistics sector and further increase in customer demands. In the freight forwarding and logistics segment, we expect to see strong rates of growth in the ocean, air and road freight areas, especially for our business activities in the GCC region. We are responding to these challenges by further expanding our network across the GCC area in order to strengthen our market standing from a position of competitive strength based on specialized knowledge for serving specific lucrative industrial sectors.

Records Management

- Corporate Assets
- Digital Content
- Data Tapes Storage
- Retrieval Services
- Destruction Services

Addressing our clients' pain-points since 2005 and growing by more than 40 percent on a year-on-year basis between 2010 and 2011, GWC is today by far the most prolific and advanced provider of corporate storage and records management services in Qatar.

In today's transaction driven and data intensive world, it doesn't take much time for corporates to get inundated with masses of records, disparate assets and dispersed furniture and fixtures - which eventually become unwieldy and unmanageable. We satisfy the most stringent records and asset management requirements of banks, hotels, health care organizations, law firms, insurance companies, government agencies and oil and gas companies. We also offer digital records management, data tapes management, data destruction, public and dedicated physical warehouse space, dedicated warehouse space, asset management, inventory management, document shredding services and scanning services.

More than 10 out of 14 major banks and 9 oil and gas companies in Qatar depend on GWC for their physical records storage requirements. Some 275 million documents are managed in a facility safeguarded by with a four-tier security system and with an FM200 gas-based automated fire-protection system. Surpassing the industry-standard 45 minutes response time to query, GWC maintains an enviable 15 minutes response time to requests. The Company has also scanned and digitized more than 550 million documents conversion using EMP documentation software and supported with strong metadata used for quick retrieval and search through servers on the cloud. 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 IP 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.

GWC's records management business growth is driven by a "never say no" attitude and its willingness to invest in and absorb the latest technologies to manage its customers' records, data and assets.

International Moving & Relocation

Moving homes is never easy. At GWC, we make moving homes a stress-free experience for the working population of Qatar.

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.

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. By taking care of every aspect of moving – from packing precious personal belongings to taking care of insurance and providing a thorough area orientation, we offer an end-to-end service that makes moving a truly pleasurable experience for our clients. 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.

Going forward, GWC aims to grow this business further through reciprocity enquiries from strategic global alliances with large network of agents.

Fine Arts Logistics

At GWC, our experts know how to handle all kinds of fine and modern art. We appreciate the value they represent to our clients and handle the transportation and installation of these priceless pieces with deft expertise and care.

Art and artifacts come in all shapes and sizes. Handling them is not everyone cup of tea. We understand the subtle nuances of fine and modern art, iconic precious jewelry, timeless sculptures, delicate antiques & artifacts and imposing granite structures.

Not surprisingly, 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.

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. We also serve several travelling and private exhibitions during the year for their logistical needs. Going forward, we expect to expand our portfolio for installation services in collaboration with French specialists that have decades of experience. This will entail an end-to-end service in which we will also take care of lighting, placement and audiovisual systems, making GWC a truly one-stop-shop for art owners and exhibition institutions.

Information Technology

We believe that with advanced information and communication technologies, backed up by our solid infrastructure and team of experts, we can differentiate ourselves from the rest of the players in the marketplace.

In this highly competitive and constantly changing environment, our customers require continuously improving solutions and services, allowing them to maintain their market positions. We understand the challenges this presents and offer rapid and dynamic supply chain solutions to get their products to market. Furthermore, as supply chain management becomes more sophisticated, we believe 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, technology, along with its people and processes, is the key to creating the best transportation and supply chain infrastructure, delivering exceptional value to our customers and suppliers. We believe the ability to develop and deliver innovative solutions to meet our clients' global supply chain needs is a critical factor in the ongoing success of the Company. We achieve this through the appropriate use of technology and by leveraging our highly qualified personnel with knowledge in the various segments of global logistics. Dynamic technology and proven business processes, that are automated to use less paper, connect us with customers, suppliers and contract carriers around the world. Our systems make it possible to communicate, monitor shipments and pricing, and provide the optimal results for customers, carriers and GWC.

When partnering with us, our customers can have complete confidence in enhancing their own competitive standing, resulting in enduring and fruitful relationships.

Key enhancements to GWC's IT capabilities made during the year 2011:

- Migrated the two separate WMS systems, ISIS & STP, running on 3 different servers to a central system running EXCEED, making each record accessible to all sites. The Company is able to integrate with its clients' SAP or Oracle platforms resulting in better service levels, direct data transfers and reduced paperwork.
- Added terminal software to its handheld RF guns so that data is seamlessly transferred to EXCEED through WIFI, minimizing errors and the use of paper.
- Replacing ISIS WEB, the Company now runs an EXCEED web portal for customers to see their records from anywhere, anytime.
- Added SPICEWORK to the VAM asset management system to enable the Company to detect all plugged in IT devices and running software, keeping track of compliance for software licenses.
- Implemented DLP (Data Leakage protection) for strengthening IT security in which a user is not permitted to send emails if he does not comply with specific rules.
- For the Oracle ERP system, the Company added HRMS – Human Resource Management System and OTL – Overtime Labor tracking, featuring self-service capabilities for employees wishing to apply for leave or see their information on-line.
- Awarded the installation of Microsoft's Sharepoint, an Intranet Portal for sharing process workflows, HR and IT policies, news announcements, meeting and discussion rooms and a media centre.
- Awarded the implementation of Mircosoft's Sharepoint Lync System, a communicator for helping people to interconnect with each other via chats, video and call conferencing.
- Implemented EMC's Documentum, a web-based application used for managing customers' documents on a chargeable basis. Used majorly by banks, the system allows one to scan, index and upload documents that can be archived and accessed easily.
- Installed software for freight operations that link to the central nervous system of our partner in Leeds, UK, allowing the Company to seamlessly book jobs for freight handling transactions via the Internet.
- Established an Email Backup System for disaster recovery hosted in the new LVQ data centre, a critical need for preserving communications relating to freight forwarding transactions.
- Established the highly robust LVQ data centre featuring high performance EMC storage, Cisco system based WIFI systems, enabling data centre space to be licensed out to GWC clients as a mini ISP.

Our People

We foster an open, inclusive and stimulating working environment for our employees. We believe that this results in a highly professional and committed workforce that drives business success through strong execution.

We believe that employee engagement begins with a culture in which employees are free to speak their minds. At GWC, we have always advocated and fostered an unprecedented level of openness that has changed our culture for the better. Employees have many opportunities and forums to discuss issues with each other and with management and are encouraged to do so. Through such interactions, the Company implemented a three-pronged approach during the year towards a higher level of integration of its multiple business operations:

- Clarity – the HR team satisfied queries from employees that wished to better understand the Company's diverse activities
- Competence – the team evaluated and implemented changes to effect the utilization of the existing competencies to further the objectives of the Company.
- Commitment – the team got assurances from all employees on their job objectives and set up processes to align the current and future needs of employees with the objectives of the Company.

Specifically, the HR team at GWC took special measures to ensure that the existing talent pool within the Company has the opportunity to grow within the fast growing operations of the Company. As a starting point, to improve familiarity between people of different departments and business verticals, the Company initiated an employee engagement programme called "You, Me & GWC" in which people were encouraged to get to know each other better. Subsequently, by recognizing and responding appropriately to the impact on each employee, the HR team was able to set the tone for long-term success of the Company. This involved selecting the right people in the right positions, maintaining and building morale and loyalty; and implementing employee handbook and implementing IT productivity platforms such as HRMS and a company intranet system based on MS Sharepoint.

In a country made up of people from all corners of the globe, we harness the collective wisdom of people from all walks of life to reflect the diversity of our customers.

GWC recognises that diversity is more than hiring people of various race, ethnicity, gender, age, physical abilities and personal philosophies. It is about creating an inclusive corporate culture – one that welcomes, acknowledges, respects, challenges and benefits from our differences. GWC tries to create an inclusive workplace by encouraging more awareness, openness and acceptance of differences. This understanding contributes to our performance culture, collective wisdom in business decision-making and ultimately helps us to better connect with our customers.

Enhancing productivity through knowledge.

Today, the GWC Team is now an organisation of more than 1,150 capable individuals. People are the Company's key assets and the HR department initiated a variety of training and monitoring activities with the aim of reaching the use of at least 1 percent of each person's time towards training. These programs are designed to empower them, increase productivity and make processes more efficient and productive towards ensuring ultimate customer satisfaction and improving the overall performance of the Company.

Maintaining a high "happiness" quotient of our ex-pat employees.

Knowing that a large number of our people are from distant countries, the Company goes to great lengths to create a "home away from home" feeling for them. With more than 800 employees living in our own cozy accommodations fully equipped with today's mod cons and access to familiar food, we are keen to keep our people happy with proper insurance and medical benefits. Operating an open door policy and handling their issues and concerns within 48 hours, the Company is highly hands-on in keeping its employees as comfortable as possible.

We are investing in nurturing local talent.

GWC has embraced the drive to enhance the participation of Qataris in the workforce and widen the opportunities that are available to them within the Company. During the year, GWC proactively hired local Qataris, imparting special management training to them for productive, enjoyable and gainful employment at GWC.

Quality, Safety & Recognition

To satisfy our customers is our first & foremost objective. One of the most important customer service skill at GWC is our ability to understand and effectively respond to the customer's needs and concerns.

At GWC, we make it our business to know his heart and mind and then offer the customer helpful solutions that are attractive to him because they are of value to him. In essence, we define quality with our customers' satisfaction in mind. In today's world of tough competition and demanding customers, we maintain a strict regime for maintaining the right specifications, the right time – every time and all the time.

Keeping the customer in mind at all times, we make the quality of our services our highest priority. From the quality-assurance efforts of each employee to the quality of our Company as a whole, we devote ourselves to creating processes and services that please our customers. As a result, customers want to work with GWC as we demonstrate a sincere desire to help them with their needs.

FY2011 marked the culmination of our effort to consolidate our various Quality Systems to an integrated quality system by getting accredited for the all-encompassing ISO 9001 : 2008 quality standards, embracing all aspects of quality – including environment and safety. Particularly, in terms of safety, our processes are now geared towards the reduction of accidents; being in complete compliance to applicable regulatory labor and environment laws; being completely in-sync with the stringent requirements of the Oil and Gas industry; and fully prepared for any unforeseen chemical spill emergencies and evacuations. As a result, we are able to ensure better consistency of our product and services quality and are able to correct unwanted deviations in a systematic way so that chances of repetition are reduced. Also, all our multi-site policies and procedures are now under the ambit of a single external audit, making the management of our processes much easier.

"The Best 3PL Company in GCC"

GWC was awarded "The Best 3PL Company" in GCC at the SCATA 2011 Supply Chain and Transport Award event held in July 2011.

"The Best Logistics Company in Qatar"

GWC was awarded "The Best Logistics Company" in Qatar at the Arabian Business Achievement Award, Qatar in September 2011.

Corporate Governance Report

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

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

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 2011.

A. Directors

1. The Board

The GWC's Board assumes responsibility for directing the Company and enhancing its value for shareholders in accordance with good corporate governance principles and has established relevant board committees to assist in discharging 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 Chief Executive Officer (CEO). 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. Two (2) members of the Board run as Executive Directors 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

The Board currently comprises the following members:

Table1.1; Board Committee Membership:

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

2. Chairman and Chief Executive Officer ("CEO")

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

The primary responsibility of the Chairman is to ensure effective functioning of the Board and to oversee Board policies. The Chairman is responsible for ensuring the proper functioning of the Board in 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 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 CEO are determined by the Board. - 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 2009. Board members have been elected to a term of maximum three (3) years in accordance with the Company's Bye-Laws. A new election into the Board is scheduled for 2012. The role of the Non-Executive Directors as listed in the Board charter is well in compliance with of the CG codes. Compliance requirement of CG codes: article- 10

4. Nomination of Directors

The Board is responsible for the selection and recommendation of candidates for directorship of the Company, The Nomination Committee 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.

As part of the Agility Qatar acquisition agreement; two (2) additional Directors have been added to the existing Seven (7) Board members. Compliance requirement of CG codes: article- 15

5. Board Meetings and Access of Information

During 2011, 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 2011. 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

Name	Department / or Position		Owned Shares @ 31-Dec-2010	Add: Shares Purchased within the Year	Minus: Shares Sold within the Year	Owned Share Balance@ 31-Dec'11
Mohammad Al Emadi	Chairman	Personal	546,040	139,627	0	685,667
		Ismail Bin Ali Group	21,666	0	0	21,666
Shk. Fahed Bin Hamad Bin Jasim Al Thani	Vice-Chairman	Personal	0	0	0	0
		Al Tameez Commercial Co.	1,240,000	0	0	1,240,000
Ahmed Mubark Al-ali Al-Mahdid	Director	Personal	691	0	0	691
		Al Bateel Commercial Co.	41,666	0	0	41,666
Shk. Abdulla Bin Fahad Bin J.J Al Thani	Director	Personal	0	0	0	0
		Al Masar Services Co.	1,240,000	0	0	1,240,000
Dr. Hamad Saad M. Al-Saad	Director	Personal	0	0	0	0
		El Shameel Group Ltd	41,666	0	0	41,666
Mohd Thamer M. Al- Aseri	Director	Personal	21,000	0	0	21,000
		Al Sanaam Commercial Co.	1,240,000	0	0	1,240,000
Jassim Sultan J. Al- Rimaihi	Director	Personal	0	0	0	0
		Al Eseham Commercial Co.	1,240,000	0	0	1,240,000
Basem Abdullah Chbaklo	MD-IR	Personal	79,274	0	0	79,274
		Eastern Trading Co.	1,240,000	0	0	1,240,000
Henadi Al-Saleh	Director	Personal	0	0	0	0
		Agility - Kuwait	7,170,732	0	0	7,170,732
Ranjeev Menon	CEO	Personal	63,516	0	0	63,516
		N/A	0	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 "Logistics Village Qatar". Several contractors have been awarded construction projects. One of this company include director's interest. This transaction is scheduled to be brought to the attention of shareholders general assembly for approval. The meeting is due in the first quarter of 2012. Compliance requirement of CG codes: article- 13.1, 13.2 & 13.3

8. Board Secretary

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

B. Directors' Remuneration

1. Board Remuneration Committee ("BRC")

The Board has established a Remuneration Committee comprising of three non-executive directors majority of who are independent. Upon its constitution, the remuneration committee had adopted a term of reference which is pending presentation to the shareholders general assembly meeting due in 2012.

According to the term of reference, the committee's main role includes setting the remuneration of Chairman, Board Members as well as Chief Executive Officer-CEO. 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 comprises of three directors majority of who are independent. The chair of the Audit Committee is proficient in financial issues. The Audit committee has met 4 times during the year. Compliance requirement of CG codes: article- 17

2. Financial Reporting

The QFMA Rules require listed companies to prepare annual financial statements which shall provide a true and fair view of the state of affairs of 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.

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 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 privilege and access control, Disaster Recovery and business continuity surety, Virus control etc. A control Self-Assessment report was raised in Q4-2011 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 28 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 2009. All issues and concerns raised in the management report have been implemented.

The Internal Audit work is guided by Audit Plan for period 2011 and 2012. 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 2012.

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 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 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.

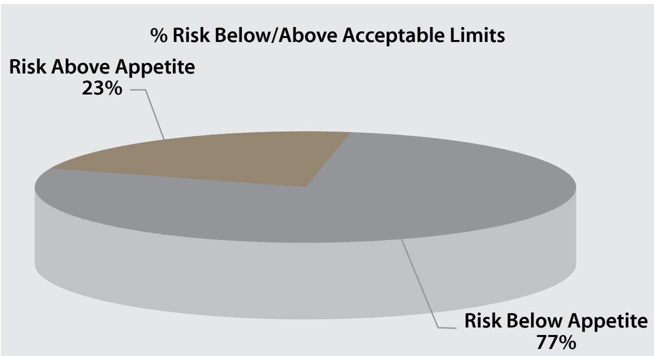
The structure of risk management function is closely aligned with the structure of the Company units. The risk management function is independent of our units or subsidiaries.

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 452 risks have been identified out of which 231 risks have been assessed, evaluated and is now been communicated to the risk owners. The 231 risk mainly relates to business process risks.



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 2011. 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. 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 2012 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 2012 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. Compliance requirement of CG codes: article- 25 & 28

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

The Company's article of association and bye laws ensures shareholders make the ultimate approval on who becomes a Director through vote casting; the Company also has provisions that allow shareholders recommendation for Directorship. The Company has also adopted a dividend policy and will present the same for General Assembly approval before during the AGM of 2012. 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.

Audit Committee

Introduction

The responsibility of Audit Committee as stated in the Audit Committee Charter serves as the corner stone of this report. The primary responsibility of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Gulf Warehousing Company (the "Company") is to assist the Board in fulfilling its oversight responsibilities with respect to:

(i) The Company's accounting, auditing, and financial reporting processes;
(ii) The integrity of the Company's financial statements;
(iii) The Company's system of internal controls and procedures designed to promote compliance with accounting standards and applicable laws and regulations;
(iv) Risk management processes and
(v) The appointment and evaluation of the qualifications and independence, of the Company's independent auditors (both Internal & External)

Composition of the Audit Committee

The Audit Committee consist of three Independent non-executive directors board members. The names of the Directors include:

1. Dr. Hamad Saad M. Al-Saad - Chair of Committee
2. Sh. Abdulla Bin Fahad Bin J.J Al Thani - Member
3. Mr. Jassim Sultan J. Al- Rimaihi - Member

The Committee's oversight function is partly delegated to the Corporate Internal Auditor (CIA) whose work and function is directed by the committee. The CIA attended all meetings of the Audit Committee by invitation. The Secretary of the Board serves as the secretary of the Committee by invitations.

Main Activities of the Audit Committee

The current Audit Committee members were elected as directors in April of 2009. The major tasks under-taken includes the following:

1. Over-sight Review of accuracy and validity of Financial Statements:

The Committee ensures critical oversight of the Company's financial reporting through the functions of both the Internal & External Auditors. The Committee requires the Corporate Internal Auditor to present quarterly reports on the accuracy and validity of financial statements, the Internal Auditor is also required to report on compliance with all IFRS standards. The External Auditors are required to issue half yearly and full year Audit reports.

The committee has carried out a review of all the issued reports of both the Internal and External Auditor. The Review of the accuracy and validity of the financial statements including the yearly, half-yearly and quarterly reports have been done with particularly focus on:

(i) Any changes to the accounting policies and practices;
(ii) Matters subject to the discretion of Senior Executive Management;
(iii) The major amendments resulting from the audit;
(iv) Continuation of the Company as a viable going concern;
(v) Compliance with the accounting standards designed by the Authority;
(vi) Compliance with the applicable listing Rules in the Market; and
(vii) Compliance with disclosure rules and any other requirements relating to the preparation of financial reports; Compliance with article 17.6c of CGL

2. Appointment of Corporate Internal Auditor:

The Audit committee was formed in April 2009 with a charge to define its oversight role and function as set out in various statutory regulations in Qatar. The Audit committee has appointed the Company's Internal Auditor with a clear function and responsibility. The committee also approved the Internal Audit Charter and manual. The appointment of the Company's internal Auditor was ratified by the Chairman of the Board of Directors. The Committee also assessed the functioning of the internal Auditor. Internal audit independently reviews the risks and control processes operated by management. It carries out independent audits in accordance with an internal audit plan which is agreed with the Audit Committee before the start of the financial year. The plan devotes significant effort to the review of the controls, risk management framework surrounding the major business risks.

Internal audit reports include recommendations to improve internal controls together with agreed management action plans to resolve the issues raised; Internal audit follows up the implementation of recommendations and reports progress to senior management and the Audit Committee. The Audit Committee receives reports from the Head of Internal Audit on the department's work and findings. The effectiveness of the internal audit function is reviewed and discussed on an annual basis with the Corporate Internal Auditor.

The Audit Committee carries out a review of the Internal Audit effectiveness on an annual basis and discusses such review with the chairman of the board Compliance with article 18.3 of CGL

3. Appointment and Re-Appointment of External Auditors

In fulfillment of its responsibility as dictated in the committee charter and corporate governance law of Qatar, the committee has in 2009 recommended; to the Board and shareholders, the selection of Ernst & Young Accounting Firm as the Company's external auditors. The recommendation was ratified by both the Chairman of the Board and the Share-holders meeting of April 2009.

The Committee also assessed the performance of the external auditor on yearly basis while also requesting them to present their proposed fees and scope for the forthcoming year's audit. The reviews of the external auditor have been used to confirm the appropriateness of their reappointment and included assessment of their independence, qualification, expertise and resources, and effectiveness of the audit process. The Committee recommended to the board and general assembly the reappointment of E&Y Public accounting firm as auditors for the year 2012. Compliance with article 19 of CGL

4. DELETED

5. Procurement of Oracle E-Business Suite

The Audit Committee liaised with management to procure the E-business suite to further enhance the controls over business processes and at the same time improve service deliveries and customer satisfaction. The Audit Committee is also working on consolidation of Warehouse Management Software – WMS and Transport Management Software –TMS. All projects relating to software upgrade and improvement will be completed by quarter-2 of 2012.

6. Risk Management Oversight

The Audit Committee carries out oversight function over the effectiveness and adequacy of the Company's risk management process. The committee mandates the internal audit to provide a quarterly report on the adequacy and effectiveness of the Company risk management process. The committee has ensured the procurement of Symbiant Risk Management suite to help manage the over 500 identified risks.

7. Assessment of Company's Tax compliances

The audit committee have received and validated tax audit of the Company for period until the end of the year 2010. In addition, the Committee received an Audit Report evaluation from the Corporate Internal Auditor on the group's taxation management processes and strategy appropriateness. The Company's External Auditor E & Y accounting firm handles all tax compliances.

8. Development of Audit Committee Charter:

In effort to develop its modus-operandi; the audit committee developed its charter in 2009. The charter defines the full responsibility of the Audit Committee and guides the actions of the committee. The charter was approved by the Chairman of the Board of Directors of the Company and is available for public view on the Company's website. Compliance with article 17.6 of CGL

9. Meetings of the Audit Committee:

The Audit Committee has met at-least every three months since 2009 and has kept its minutes of the meeting. Specifically; the table below indicates the number of committee meeting and the director's attendance. Compliance with article 17.4 of CGL

#	Audit Committee Members	Meeting Held		
		2009	2010	2011
1	Dr. Hamad Saad M. Al-Saad – Chair	4/4	4/4	4/4
2	Shk. Abdulla Bin Fahad Bin J.J Al Thani – Member	4/4	4/4	4/4
3	Jassim Sultan J. Al- Rimaihi – Member	4/4	4/4	4/4

10. Adoption of Company's Internal Control and Quarterly Review

The Audit Committee adopted the Company's Internal Controls in 2009. The committee has since then received reports on internal controls from both the internal and external auditors. The Internal Auditor is required to summit an updated quarterly report of the internal controls to the committee while the external Auditors submit a yearly assessment of the Company's system of internal control. All submitted reports of controls have been reviewed by the committee up-till mid-year 2011 and all necessary actions have been discussed with related parties concerned for effective and necessary actions. Compliance with article 17.6f & 18 of CGL

The Audit committee work in 2012 will focus on all the above gains and additional efforts that will add to shareholder's value.

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

Report on the financial statements

We have audited the accompanying consolidated financial statements of Gulf Warehousing Company (Q.S.C.) ("the Company") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of the Group as of 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Independent Auditors' Report (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: 11 January 2012
Doha

Consolidated Statement of Income
For the year ended 31 December 2011

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

Consolidated Statement of Comprehensive Income
For The Year Ended 31 December 2011

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

Consolidated Statement
of Financial Position At 31 December 2011

	Notes	2011 QR	2010 QR
ASSETS			
Non-current assets			
Property, plant and equipment	10	**666,443,356**	418,842,008
Investment properties	11	**95,376,595**	41,741,015
Intangible assets	12	**154,680,648**	-
Available-for-sale investments	13	**1,863,152**	2,569,984
		918,363,751	463,153,007
Current assets			
Inventories		**10,321,977**	1,200,223
Trade and other receivables	14	**239,582,609**	47,577,533
Bank balances and cash	15	**80,653,809**	96,877,607
		330,558,395	145,655,363
TOTAL ASSETS		**1,248,922,146**	608,808,370
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**396,341,460**	250,000,000
Legal reserve	17	**221,354,861**	67,696,321
Cumulative changes in fair value		**(958,798)**	(251,966)
Retained earnings		**66,660,794**	31,471,109
Attributable to owners of the parent		**683,398,317**	348,915,464
Non-controlling interests		**3,431,042**	-
Total equity		**686,829,359**	348,915,464
Non-current liabilities			
Loans and borrowings	19	**346,194,671**	189,278,196
Employee benefits	20	**7,977,610**	1,595,469
		354,172,281	190,873,665
Current liabilities			
Trade payables and accruals	21	**107,953,076**	21,997,271
Loans and borrowings	19	**75,298,520**	29,956,082
Retention payable		**24,668,910**	17,065,888
		207,920,506	69,019,241
Total liabilities		**562,092,787**	259,892,906
TOTAL EQUITY AND LIABILITIES		**1,248,922,146**	608,808,370

Mohammed 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 2011

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

Consolidated Statementof Changes In Equity
For the year ended 31 December 2011

	Attributable to owners of the parent						
	Share capital QR	Legal reserve QR	Cumulative changes in fair values QR	Retained earnings QR	Total QR	Non-controlling interests QR	Total equity QR
Balance at 1 January 2010	250,000,000	62,595,564	(647,643)	(12,914,853)	299,033,068	-	299,033,068
Profit for the year	-	-	-	51,007,573	51,007,573	-	51,007,573
Other comprehensive income	-	-	395,677	-	395,677	-	395,677
Total comprehensive income for the year	-	-	395,677	51,007,573	51,403,250		51,403,250
Contribution to Social and Sports Fund (Note 21a)	-	-	-	(1,520,854)	(1,520,854)	-	(1,520,854)
Transfer to legal reserve	-	5,100,757	-	(5,100,757)	-	-	-
Balance at 31 December 2010	250,000,000	67,696,321	(251,966)	31,471,109	348,915,464	-	348,915,464
Profit for the year	-	-	-	61,733,037	61,733,037	1,042	61,734,079
Other comprehensive loss	-	-	(706,832)	-	(706,832)	-	(706,832)
Total comprehensive income for the year	-	-	(706,832)	61,733,037	61,026,205	1,042	61,027,247
Issue of share capital (Notes 16 and 17)	146,341,460	153,658,540	-	-	300,000,000	-	300,000,000
Dividends paid for 2010 (Note 18)	-	-	-	(25,000,000)	(25,000,000)	-	(25,000,000)
Contribution to Social and Sports Fund (Note 21a)	-	-	-	(1,543,352)	(1,543,352)	-	(1,543,352)
Contribution from non-controlling interests	-	-	-	-	-	3,430,000	3,430,000
Balance at 31 December 2011	**396,341,460**	**221,354,861**	**(958,798)**	**66,660,794**	**683,398,317**	**3,431,042**	**686,829,359**

1 ACTIVITIES

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

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

2 BASIS OF CONSOLIDATION

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

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

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

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

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

Transactions eliminated on consolidation

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

Non controlling interests

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

Non controlling interests (Continued..)

controlling interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the fair value of the share of the net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. a discount on acquisition) is recognized directly in the consolidated statement of income in the year of acquisition.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

Statement of compliance

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

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2011:

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

The adoption of the standards or interpretations is described below:

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

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

Improvements to IFRSs
'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual

Improvements to IFRSs (Continued..)
IFRS standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2011, with earlier application permitted. No material changes to accounting policies are expected as a result of these amendments.

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

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

Standards issued but not yet effective

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

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

Summary of significant accounting policies

Revenue

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

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

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

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

Interest income
Interest income is recognised as the interest accrues.

Property, plant and equipment

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

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

Buildings	25 years
Office equipment	3 to 5 years
Furniture and fixtures	4 years
Warehouse equipment	5 to 20 years
Motor vehicles	5 to 12 years
Tools and equipment	4 years

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the consolidated statement of income when the asset is derecognised.

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

Capital work in progress
Capital work in progress comprises costs incurred in the development of and construction of warehouse management facilities, and other plant and equipment. These costs are transferred to investment properties, property, plant and equipment upon commencement of commercial activities of the relevant asset.

Investment properties

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

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. The initial cost of a property

Investment properties (Continued..)

interest held under a lease and classified as an investment property is recognised at the lower of the fair value of the property and the present value of minimum lease payments. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gain or loss arising from changes in the fair values of investment property is included in the consolidated statement of income in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer.

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

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

Business combinations and goodwill

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

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

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

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

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

Intangible assets

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

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

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

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

	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 straigsht line basis over the periods of availability.
Internally generated or Acquired :	Acquired	Acquired

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the consolidated statement of income in those expense categories consistent with the function of the impaired asset, except for property, plant and equipment previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

Impairment of non-financial assets(Continued..)

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

The following assets have specific characteristics for impairment testing:

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

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

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

Available for sale investments

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

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

Inventories

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

Trade and other receivables

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

Cash and cash equivalents

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

Impairment of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, an impairment loss is recognised in the consolidated statement of income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value; less any impairment loss previously recognised in the consolidated statement of income;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Loans and borrowings

Loans and borrowings are recognized initially at fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, Loans and borrowings are measured at amortized cost, using the effective profit method, with any differences between the cost and final settlement values being recognised in the consolidated statement of income over the period of borrowings. Installments due within one year at amortised cost are shown as a current liability. Borrowing costs attributable to the construction of the warehouse facilities (capital work in progress) are capitalised as part of the warehouse facilities costs. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the facilities for their intended use are completed. A capitalisation rate is used up to the date of completion of substantially all the activities necessary to prepare the asset for their intended use as the entire loans are specifically used for the purposes of obtaining qualifying assets.

Derecognition of financial assets and liabilities

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

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with employment contracts and Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service,

Employees' end of service benefits(Continued..)

subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Also the Group provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the retirement law, and the resulting charge is included within the staff cost in the consolidated statement of income. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised when they are due.

Accounts payable and accruals

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

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Leasing

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

Group as a lessee

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

Foreign currency translation

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

Fair values

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

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

Use of estimates

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

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

Notes to the Consolidated
Financial Statements At 31 December 2011

4 BUSINESS COMBINATION

Acquisition of Agility W.L.L.

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

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

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

Notes:

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

(b) Cost of business combination:

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

Investment in Imdad Sourcing & Logistic Group WLL

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

5 REVENUE

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

6 DIRECT COSTS

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

7 OTHER INCOME

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

8 GENERAL AND ADMINISTRATIVE EXPENSES

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

9 EARNINGS PER SHARE

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

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

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

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

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

10 PROPERTY, PLANT AND EQUIPMENT

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

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

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

10 PROPERTY, PLANT AND EQUIPMENT (Contd.)

	Infrastructure development QR	Buildings QR	Office equipment QR	Furniture & fixtures QR	Warehouse equipment QR	Motor vehicles QR	Tools & equipment QR	Capital work in progress QR	Total QR
Cost:									
At 1 January 2010	6,856,502	128,554,276	6,123,638	1,207,590	20,512,195	109,932,484	-	50,626,932	323,813,617
Additions	-	240,305	584,092	2,743,940	433,998	228,305	133,244	185,024,587	189,388,471
Disposals/transfers	(6,856,502)	-	-	-	-	(4,054,800)	-	-	(10,911,302)
At 31 December 2010	-	128,794,581	6,707,730	3,951,530	20,946,193	106,105,989	133,244	235,651,519	502,290,786
Depreciation:									
At 1 January 2010	679,859	13,396,508	4,474,398	884,803	8,581,232	38,335,077	-	-	66,351,877
Charge for the year	274,260	5,067,390	1,222,451	537,127	2,596,719	9,361,186	11,264	-	19,070,397
Disposals/transfers	(954,119)	-	-	-	-	(1,019,377)	-	-	(1,973,496)
At 31 December 2010	-	18,463,898	5,696,849	1,421,930	11,177,951	46,676,886	11,264	-	83,448,778
Net carrying amounts:									
At 31 December 2010	-	110,330,683	1,010,881	2,529,600	9,768,242	59,429,103	121,980	235,651,519	418,842,008

Notes:

(i) The capital work in progress represents amounts incurred for project work relating to the construction of Logistic Village Qatar.

(ii) Motor vehicles, warehouse equipments and project related lands are pledged against certain loans and borrowings (Note 19).

(iii) During the year, the Group changed its accounting estimate for depreciating buildings and certain warehouse equipments from its original useful lives of 20 years to 25 years and 5 years to 20 years respectively. The Board of Directors are of the view that the change in useful lives provides more reliable and relevant information considering the average usage of these building and warehouse equipments.

(iv) Capital work in progress includes borrowing costs capitalized amounting to QR 6.7 Million (2010: QR 3.3 Million).

11 INVESTMENT PROPERTIES

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

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

12 INTANGIBLE ASSETS

	Goodwill QR	Customer contracts and related customer relationships QR	Brand names 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 and impairment:				
At 1 January 2011	-	-	-	-
Amortisation during the year	-	1,368,765	5,278,050	6,646,815
At 31 December 2011	-	1,368,765	5,278,050	6,646,815
Net book value:				
At 31 December 2011	**98,315,463**	**8,862,735**	**47,502,450**	**154,680,648**

Acquisition during the year

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

13 AVAILABLE- FOR- SALE INVESTMENTS

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

Note:

Available for sale investments have been valued using Level 1 measurement techniques as per IFRS 7. Level 1 refers to valuation of investments based on quoted (unadjusted) prices in active markets for identical assets.

14 TRADE AND OTHER RECEIVABLES

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

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

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

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

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

15 CASH AND CASH EQUIVALENTS

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

16 SHARE CAPITAL

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

17 LEGAL RESERVE

In accordance with the Qatar Commercial Companies Law No. 5 of 2002, 10% of the profit for the year is required to be transferred to a legal reserve, until such reserve equals 50% of the issued capital.

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

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

18 DIVIDENDS PAID AND PROPOSED

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

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

19 LOANS AND BORROWINGS

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

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

Notes:

(i) A term loan facility of QR 500 Million was obtained from a local bank to finance the construction and development of Logistic Village ("LVQ") located in Street # 52 of Industrial Area. The repayment on this facility begins in April 2012. The term loan facility carries financing charges at commercial rates.
The above loan is guaranteed by the Group's land and building under construction, and assignment of all revenues from the project to the loan account with the lender.

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

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

20 EMPLOYEES END OF SERVICE BENEFITS

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

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

21 TRADE PAYABLES AND ACCRUALS

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

Note: (a)
Pursuant to Law No. 13 of 2008 and further clarification of the law issued in 2010, the Group made an appropriation of QR1.5 Million (2010: QR 1.2 Million) to the Social and Sports Development Fund of Qatar. This amount represents 2.5% of the net profit for the years ended 31 December 2011 and 2010. The amount shown above represents the accrual made in respect of 2011 net profits and the share for 2010 profits has been remitted to the Directorate of Public Revenue and Taxes during the year.

22 RELATED PARTY DISCLOSURES

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

Related party transactions

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

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

Related party transactions (Continued..)

Related party balances

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

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

Compensation of key management personnel

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

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

23 COMMITMENTS AND CONTINGENT LIABILITIES

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

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

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

24 SEGMENT INFORMATION

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

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

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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.

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

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

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

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

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

25 FINANCIAL RISK MANAGEMENT

Objective and policies

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

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

Market risk

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

25 FINANCIAL RISK MANAGEMENT(Continued..)

Profit rate risk

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

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

The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest/profit rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest/profit rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December. The effect of decreases in interest/profit rates is expected to be equal and opposite to the effect of the increases shown.

	Changes in basis points	Effect on profit QR
2011		
Floating rate instruments	**+25 b.p**	(1,710,265)
2010		
Floating rate instruments	+25 b.p	(622,217)

Equity price risk

The following table demonstrates the sensitivity of the effect of cumulative changes in fair value of the Group to reasonably possible changes in quoted equity share prices, with all other variables held constant. The effect of decrease in equity prices is expected to be equal and opposite to the effect of the increase shown.

	Changes in equity prices	Effect on equity QR	Effect on profit QR
2011			
Available-for-sale investments – Quoted	**+10%**	186,315	-
2010			
Available-for-sale investments –Quoted	**+10%**	257,622	-

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of accounts receivable and bank balances.

With respect to credit risk arising from the financial assets of the Group, the exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as follows:

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

25 FINANCIAL RISK MANAGEMENT(Continued..)

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

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

Liquidity risk

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

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

	1 to 12 months QR	1 to 5 years QR	Over 5 years QR	Total QR
At 31 December 2011				
Loans and borrowings	**93,587,342**	**412,145,146**	**5,187,230**	**510,919,718**
Trade payables	**31,608,335**	**-**	**-**	**31,608,335**
Accrued expenses	**38,101,393**	**-**	**-**	**38,101,393**
Other payables	**36,699,996**	**-**	**-**	**36,699,996**
Retention payable	**22,406,273**	**2,262,637**	**-**	**24,668,910**
	222,403,339	**414,407,783**	**5,187,230**	**641,998,352**
At 31 December 2010				
Loans and borrowings	34,004,469	230,836,580	-	264,841,049
Trade payables	4,829,012	-	-	4,829,012
Accrued expenses	9,308,927	-	-	9,308,927
Other payables	6,584,143	-	-	6,584,143
Retention payable	-	17,065,888	-	17,065,888
	54,726,551	247,902,468	-	302,629,019

Capital management

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

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

Capital management (Continued..)

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions and shareholders' expectation. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year end 31 December 2011 and 31 December 2010. Capital comprises share capital of QR 396 Million (2010: QR 250 Million).

Operational risk

As a precaution in managing exposure to business continuity risk arising from potential losses or damages to customer goods; an amount of QR 386 Million (2010: QR 160 Million) worth of customer goods has been covered through insurance coverage. Also the Group limits its liability towards any losses by way of contractual agreements entered with respective customers.

26 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of available-for-sale investments, accounts receivable and bank balances. Financial liabilities consist of loans and borrowings, accounts payable and certain other payables.

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

27 SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for similar instruments.

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

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

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

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

The current volatility in the global financial system has created a significant degree of turbulence in commercial real estate markets across the world. There has been a significant reduction in transaction volumes with activity below the levels of recent years. Therefore, in arriving at their estimates of open market values as at 31 December 2011, the valuers have increasingly used their market knowledge and professional judgement and not only relied on historic transactional comparables. In these circumstances, there is a greater degree of uncertainty than that which exists in a more active market in estimating the open market values of investment property.

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

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

- Logistics
- Freight Forwarding operations

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

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

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

Key assumptions used in value in use calculation;

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

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

Sensitivity change of assumptions

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

Notes

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