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

Annual Report 2010

Seamless Supply Chain Solutions

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

His Highness
Sheikh Tamim Bin Hamad Al-Thani
Heir Apparent

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Gulf Warehousing Company
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Seamless Supply Chain Solutions

Gulf Warehousing Company QSC (GWC) owns and operates the leading third party logistics business in the country of Qatar. It is a provider of essential transport and storage services and facilities upon which the growth and development of a modern community depends. These include Hazmat Warehouse Solutions, Transportation Management Solutions, Freight Forwarding Management, Container & Open Yard Solutions, International Moving and Relocation Solutions, Records Management Solutions, Asset Management Solutions and Events and Exhibitions Solutions.

We strive to increase the cash flow generated by our businesses by actively managing our assets and addressing customers' needs. Together with the potential capital appreciation resulting from ongoing active management and large investments in new infrastructure represents an attractive total return opportunity.

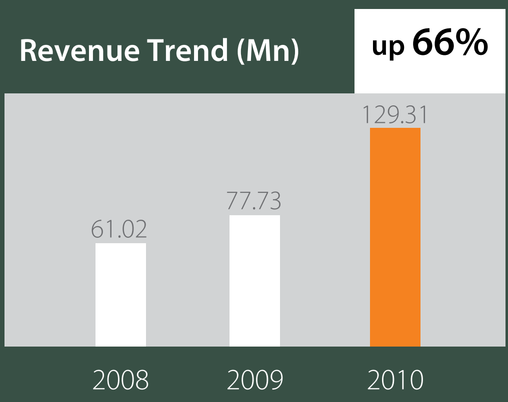
Today, GWC enjoys a preferred position in its respective markets. As an infrastructure based business,it is in a position to produce strong, stable cash flows that can support above average risk-adjusted distributions to investors.

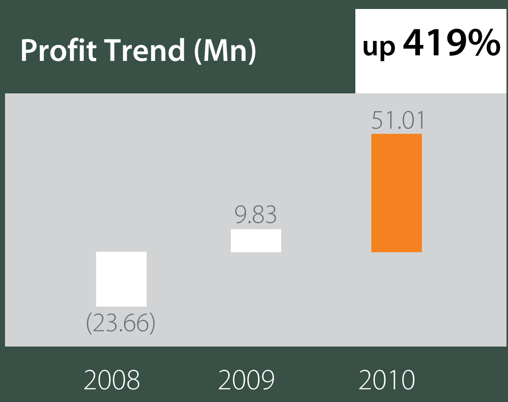

SAFETY FIRST
SAFETY FIRST

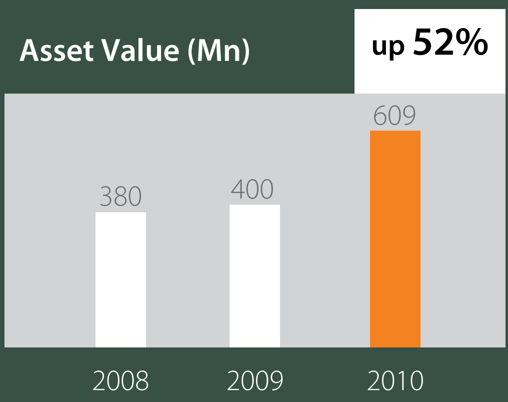
Financial Highlights

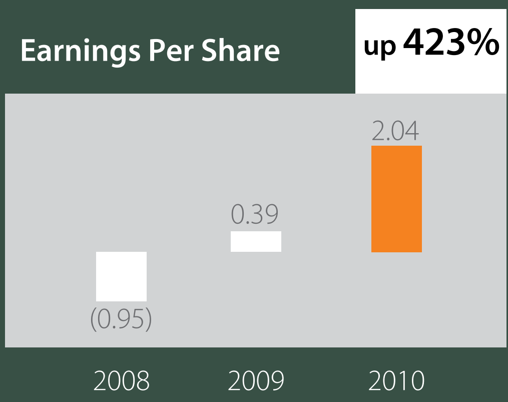
Key Figures	2008	2009	2010
Operating Revenue	56,805,498	74,395,121	87,563,612
Other Income	4,211,509	3,337,570	41,744,366
Profit	(23,663,407)	9,826,555	51,007,573
Shares	25,000,000	25,000,000	25,000,000
Earnings Per Share (EPS)	(0.947)	0.393	2.040

All figures in the table and charts are in QAR









Chairman's Statement

"As more Qataris have access to the goods, services and ideas the world has to offer, the more we gain the power to aspire and grow as a nation."

Dear Shareholders,

I am delighted to inform you that Gulf Warehousing Company QSC (GWC) achieved another year of record revenues and earnings in fiscal year 2010 through highly effective execution of our business strategy. But a single year's results cannot completely capture the positive impact we see from people's ever-expanding access to goods, services and information around the globe. In its simplest form, better access makes it easier for people to get the things they need to improve their lives, their businesses and their communities. As more Qataris have access to the goods, services and ideas the world has to offer, the more we gain the power to aspire and grow as a nation. GWC is at the heart of making this possible.

The central motive behind all our actions is our desire to enhance and maximise long-term shareholder value. With this in-grained priority always on top of our mind I laid out five expectations for 2010 a year ago:

- Be focused and preserve the consistency in revenue and earnings growth that we have established over the previous years
- Grow market share in Qatar's warehousing, transportation and freight forwarding needs in line with the country's own GDP growth
- Increase our operating profit in each of our business areas — domestic and international
- Maintain a rigorous risk assessment, market analysis, technological and sustainable approach to running our business
- Expand our asset base to allow the Company to serve all industry verticals

I'm proud to say we achieved all of that and more. We grew revenue and diluted earnings per share by 66 percent and 423 percent, respectively. We grew operating profit in each of our businesses, ending 2010 with total profit of QAR 51 million — a 419 percent increase over the previous year's results. We generated free cash flow of QAR 71.6 million. Our financial basis is strong and our core business is solid and performing. This strength is enabling us to reinvest in the business to enhance our operations, improve service, add new products, and expand our geographic presence. It has also enabled us to increase shareowner value and distribute our first ever dividend since our inception year. I am pleased to inform you that the Board has recommended a dividend of QAR 1 per share for FY2010.

Mohamed Ismail Al Emadi
Chairman

"We've become part of the country's infrastructure for trade — a blending of physical and intellectual assets that both support and drive commerce, whether it's around the block or around the world."

Recognition

Not surprisingly, our customers are increasingly relying on GWC and our synchronised solutions to help them achieve their critical business objectives. As a result, GWC is deeply ingrained in the fabric of Qatar's domestic and global commerce and supply chains. We've become part of the country's infrastructure for trade - a blending of physical and intellectual assets that both support and drive commerce, whether it's around the block or around the world. I am pleased to tell you during the year, your Company was awarded the "Best Logistics Company of the year 2010" by ITP Executive Publishing. Your Company also saw a significant surge in new contracts, renewals and extensions and was awarded several quality standard accreditations.

Growing Our Business

We are also aiming to achieve growth through an organization that is as committed as ever to the role of responsible corporate citizenship. We know that as the leading logistics solution provider to the nation, the progress of both the country and our Company is intertwined. We believe that prevailing global and domestic economic conditions provide a framework for continued growth in the need for supply chain operations. With the country's GDP anticipated to grow by 14% to cross US$130 billion by 2011 and with total population exceeding 1.5 million people in the same period, Qatar's economy and its people are certainly on the move. The better we are in fulfilling our function, the more smoothly can Qatar function in its economic trade and commerce. With this responsibility in mind, we are carefully gauging and recalibrating our asset base to the growing needs of the country. One the key expansion plans for enabling growth is our 1 million square metres Logistics Village Qatar (LVQ). I'm pleased to inform you that the first phase will be put to service in the first quarter of 2011 itself. Phase II is also expected to come on stream within a year. The sheer scale, scope and size of this mega asset will keep GWC well set for growth in the coming years.

"Increasingly, our customers are relying on GWC and our synchronized solutions to help them achieve their critical business objectives."

"We are an undisputed market leader in Qatar and aspire to set new parameters in the all areas of our operations. With more than 1 million square metres of new capacity under construction and with Phase I imminently ready, we are serious about investing in infrastructure to cater to a country and broaden our service offerings."

On the inorganic front, we entered into contracts to acquire Agility's assets and business operations in Qatar. This acquisition strategy has three principal objectives. The first is to strengthen the competitive position as an integrated supply chain service provider with a global footprint to leverage on our national strength. The second objective is to expand the universe of GWC's infrastructure businesses into new sectors. The third objective is to provide GWC even better economies of scale in costs and access to enhance our capabilities to serve our customers. We believe that this acquisition is a sound business with good management in place. As and when opportunities present themselves, we may seek to acquire additional players that possess the key characteristics that we look for, including assured cash flows and scalability.

Going Forward

We are an undisputed market leader in Qatar in the business of integrated logistics services and aspire to set new parameters in the all areas of our operations. In order to sustain an ongoing competitive advantage on the back of considerable physical asset expansion, we are committed to continually invest in infrastructure and state-of-the-art technology and broaden our service offerings. Above all, we will endeavor for all round development of our people that play a key role in the growth of our organization. We have a formidable team and it takes everyone working together to achieve great results. We are

fine-tuning our customer satisfaction measurement systems to be sure we take into account everything customers feel is important in creating an exceptional relationship with GWC. That is the clear purpose shared by all our members: to make every client experience outstanding.

More specifically, here's what we expect to accomplish in the near future:

- Bring our new assets in LVQ and Mesaieed to smooth and flawless functioning
- Grow operating profit in all our business segments
- Generate a healthy cash flow once again
- Increase earnings for 2011 by a healthy level
- Operate a sustainable enterprise that balances the economic, social and environmental consequences of our business practices

Expressions of Gratitude

I would like to express sincere appreciation to all of our shareholders, customers, employees, suppliers and bankers for their support and encouragement they have given to Gulf Warehousing Company QSC. Your Company is in the hands of a capable board that believes in nothing but the best corporate governance practices and principles. I would like to thank each board member for their invaluable contribution. Since our establishment in 2004, GWC has grown into one of the best third party logistics services providers in the State of Qatar. We plan to move ahead confidently with continued focus on liquidity, risk management and to generate returns well in excess of our cost of capital. We aim to continue providing our customers with complete solutions that are competitively priced. As GWC continues to grow, so does our commitment to our stakeholders. Over the next few years, we will continue to focus on expanding the solutions we offer our customers, enhancing the strategic value we provide to our customers and generating solid returns for our shareholders.

Mohamed Ismail Al Emadi
Chairman

CEO's statement

Ranjeev Menon
Chief Executive Officer

"We have a strong track record and a confident business model for growth."

"It is my mission to ensure that GWC represents nothing less than world-class, client-centred, supply chain solutions."

Dear Shareholders,

Ask any executive what the most important business trend is today, and you'll likely get the response — the dramatic increase in global trade. The coordinated, efficient and expedited movement of goods, information and funds across borders is shrinking the world and creating exciting, new business models and economic opportunities. The Logistics Industry of Qatar is critical to its domestic and international trade and, based on all economic indicators, is expected to display promising growth for the foreseeable future. Our business both supports and benefits from this increased economic activity. With existing and new assets of LVQ and Mesaieed added to our already existing vast armory of multi located facilities, our position in this industry is rock solid and we are confident of delivering sustained growth for years to come. As the world's communities move closer together economically, we believe GWC is well positioned to participate in Qatar's expanding economy and global commerce.

Consistent Financial Performance

Within a short period of the Company's history, GWC has established a track record of sound financial performance. Our strategy of actively managing our businesses has produced substantial, sustainable gains in each of our business verticals. As a result, our business generates positive cash flow that comfortably supports reinvestment in the business through new technologies, infrastructure enhancements, new services and acquisitions. In 2010, GWC generated QAR 71.6 million in free cash flow. This financial strength underscores a commitment to shareowner value. In the same corresponding period, we also raised QAR 149.19 million in investible funds. From 2010 onwards, we have started a tradition of paying dividends and hope to continue this incessantly year after year. Our management philosophy is based on producing long-term investment decision-making, with a focus on appropriate investment returns. I speak for all GWCers when I say we're excited about our prospects in the third party logistics industry.

We are Future Ready

It is my mission to ensure that the GWC Brand represents nothing less than world-class, client-centred, supply chain solutions. With 130,000+ pallet storing capacity, 789 prime movers, trailers and specialised vehicles, and more than 400 employees serving over 200 customers, we have one of the largest warehousing, transportation and logistics services asset-base in country. However, there is ample evidence showing the need for both organic and inorganic expansion of assets.

On the organic front, I'm pleased to inform you that 2010 was a landmark year for expanding our foundation. About a year ago, we started the construction of the one million square metres Logistics Village Qatar (LVQ). We expect Phase 1 of this village will start operations by the first quarter of 2011 and when once completed, LVQ will allow us to serve the country's fast growing logistics requirements with greater ease. For serving the growing needs of the petrochemical industry, we are also investing to establish a 60,000 square metres warehouse and open yard in Mesaieed.

On the inorganic front, with the acquisition of Agility's freight forwarding business now completed effective 1st January 2011, our freight management operations is significantly strengthened from a global network that this brings to us. This bodes well for the Company's ability to serve much more in-bound and outbound international transactions and provide well integrated solutions for project logistics, an area expected to grow even faster after Qatar won the right to host The FIFA World Cup in 2022.

With a presence across most sectors of the Qatar economy, GWC's customer base includes the country's major, manufacturers and retailers. Today, it is the market leading provider of complex supply chain services and third party logistics. This is in most part because of our extensive cutting-edge physical, IT and people infrastructure. These capabilities serve as the fundamental platform that gives us a clear advantage for delivering the best Integrated Supply Chain Services in the business. Not surprisingly, this has also been the backbone for our success in the contract logistics business in which we have played an important role in several government and leading petrochemical operations. This kind of business brings us long term revenues that are impervious to external volatility.

Niche Capabilities

We are also enhancing our niche logistics capabilities that bring us higher value based revenues. Our proposed bonded warehouse services and the hazardous material 'hazmat' storage and handling capabilities further differentiate our Company where fewer players compete. Expanding our niche based business will continue to be strategic to bolstering our EBITDAs and bottom lines.

Customers are at the Heart of our Business

The Company has already built an enviable reputation for innovation, operational excellence, value and partnership. By working proactively with its customers, and by analysing and interpreting long-term market trends, GWC has created a portfolio of activities of increasing diversity, breadth and scale. We take pride in our tradition of excellence, personalized attention to our customers and providing customised solutions and service at the highest level. At GWC, this pride epitomizes the value we bring to our clients, and that's what differentiates us within the industry. Today, we are seen by our clients as a modern, innovative and reliable partner that is highly capable.

> "We take pride in our tradition of excellence, personalized attention to our customers and providing customised solutions and service at the highest level."

For serving the growing needs of the petrochemical industry, we are also investing to establish a 60,000 square metres warehouse and open yard.

We completed 2010 with tremendous momentum and a keen focus on helping our customers succeed in a complex global and domestic environment. Our vision is to bring Qatar's businesses together through synchronized commerce. We are doing this by coordinating their distribution systems, supply chains and order management cycles, helping them to compete better in an expanding economy. Customers are telling us that they need to reach new markets, differentiate themselves from competitors, enhance relationships with their own customers, improve cash flow and focus on what they do best. Listening to them, we have been focusing our efforts toward meeting our customers' increasingly diversified needs by providing customer oriented solutions and differentiated services. As a result, our products and services are deeply embedded in the fabric of our customers' businesses.

Our People Capital

Our corporate culture cultivates passionate, talented problem-solvers who deliver customised solutions and services with industry-leading teamwork and responsiveness. A fundamental priority of the top management is ensuring that employees continuously remember that our customers are the key to further growth for the Company and towards ensuring that all employees always understand, think and act for their benefit. Our client's challenges are treated with urgency and respect and our people are expected to work relentlessly to meet or exceed their expectations. We have implemented extensive internal training and development programmes that equip our employees with up-to-date industry knowledge. Central to this endeavour is our adherence to well defined SOPs (Standard Operational Practices) and our quality control standards and monitoring. We have also placed heavy emphasis to environmental, health and safety aspects of our business, ensuring that our people are well trained and practiced in handling sensitive hazmat and petrochemical materials.

We have just begun

Over the years, GWC has been successful in its operation plans and services offered. Many milestones have been achieved during this landmark journey of transformation: from a warehousing company to an integrated end-to-end supply chain service provider offering a wide range of services and solutions to various industry verticals. To keep the future radiantly bright for us, we will continue to focus on 5 key areas:

- expand our asset base to be able to meet the growing demands of a vibrant economy
- further develop and expand our strong existing customer partnerships
- continue to grow our share of existing markets
- broaden the scope of our current value-added offering by identifying new opportunities for service enhancement
- and continue to identify growth potential in new sectors and industry verticals

With solid momentum already in place, we look forward to creating even more value for our shareholders.

Our Commitment

Going forward, we mean to continue our proactive management of our assets by maintaining high customer retention rates, maintain high occupancy & transaction levels and optimise operational costs at all levels. We remain committed to continuous improvement in the operations and financial structure of our businesses and to the growth of the cash flows from them. I believe that given our established market position, strong leadership and undivided commitment, GWC is well positioned to continue to deliver attractive returns in 2011 and beyond.

On behalf of the Board, Management and all our employees, thank you for supporting your Company.

Ranjeev Menon
Chief Executive Officer

Qatar at a Glance

While oil and gas will probably remain the backbone of Qatar's economy for some time to come, the country seeks to stimulate the private sector and develop a "knowledge economy". As Qatar matures into a diversified modern economy, it will need the best logistics services for efficient and smooth functioning.

According to economywatch.com, Qatar has experienced rapid growth of the economy over the last several years on the back of high oil and gas pricing, posting its ninth consecutive budget surplus in 2009. The Country's economic policy is focused on developing Qatar's nonassociated natural gas national reserves and increasing private and Foreign Direct Investment (FDI) in non-energy sectors. However, hydrocarbons still account for more than 50 per cent of Gross Domestic Product (GDP), approximately 85 per cent of export revenues and 70 per cent of government earnings. Hydrocarbons have made Qatar the second highest per-capita income nation, following Liechtenstein, and amongst the world's fastest expanding economies. Proven oil and gas national reserves of 15 billion barrels should enable perpetuated output at current levels for the next 37 years. Qatar's proved national reserves of natural gas are nearly 26 trillion cubic meters, approximately 14 per cent of the world total and third largest internationally.

While oil and gas will probably remain the backbone of Qatar's economy for some time to come, the country seeks to stimulate the private sector and develop a "knowledge economy". In 2004, it established the Qatar Science & Technology Park to attract and serve technology-based companies and entrepreneurs, from overseas and within Qatar. Qatar also established Education City, which consists of international colleges. For the 15th Asian Games in Doha, it established Doha Sports City, consisting of Khalifa stadium, the Aspire Sports Academy, aquatic centres, exhibition centres and many other sports related buildings and centres.

Recently, the country won the bid to host the World FIFA Cup in 2022 and this is expected to put Qatar even more on the map. Construction in Qatar has been booming in the past decade and this event will only help it continue. Further, the ability to host such an event will only help boost investors' confidence in the country, be they local or foreign. The FIFA World Cup will have a huge impact on the region in the years preceding it and the decades following it. As a result, Qatar will no doubt receive more attention from around the world as a business destination. Qatar aims to become a role model for economic and social transformation in the region. Large scale investment in all social and economic sectors will also lead to the development of a strong financial market.

The Qatar Financial Centre (QFC) provides financial institutions with world class services in investment, margin and no-interest loans, and capital support. These platforms are situated in an economy founded on the development of its hydrocarbons resources, specifically its exportation of petroleum. It has been created with a long term perspective to support the development of Qatar and the wider region, develop local and regional markets, and strengthen the links between the energy based economies and global financial markets.

Apart from Qatar itself, which needs to raise capital to finance projects of more than $130 billion, the QFC also provides a conduit for financial institutions to access nearly $1.0 trillion of investments which stretch across the GCC (Cooperation Council for the Arab States of the Gulf) as a whole over the next decade.

Infrastructure and Trade Summary

Exports Commodities:
liquefied natural gas (LNG), petroleum products, fertilizers, steel, chemicals

$20.87 billion
Imports (2009 est.)

$37.43 billion
Exports (2009 est.)

>1.5 million
Population

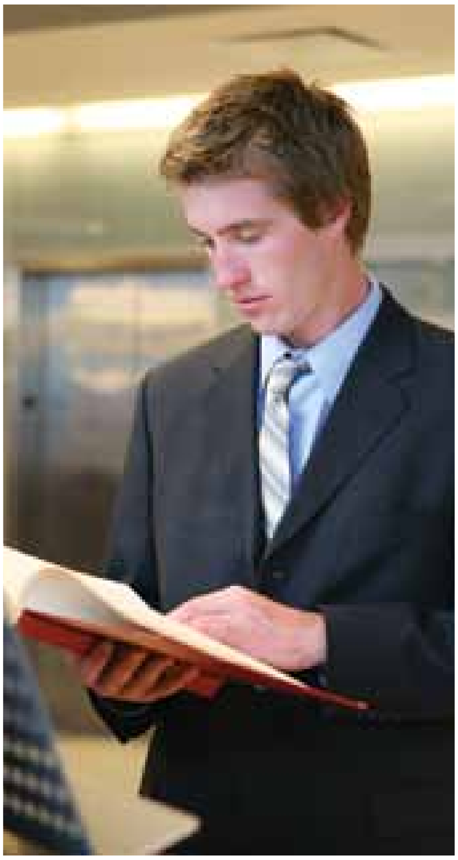
7,790 km
Roadways (2006)

Economic Indicators For Qatar	2010 (Estimated)	2011 (Forecast)
GDP Growth (Constant Prices, National Currency)	18.535 %	14.337 %
GDP (Current Prices, National Currency)	QAR 403.473 Billion	QAR 479.807 Billion
GDP (Current Prices, US Dollars)	US$ 110.844 Billion	US$ 131.815 Billion
Population	1.352 Million	1.501 Million
Current Account Balance (US Dollars)	US$ 27.834 Billion	US$ 51.874 Billion
Current Account Balance (% GDP)	25.111 %	39.353 %

Source: economywatch.com

GWC at a Glance

Established in 2004, Gulf Warehousing Company QSC, is the largest one-stop-shop logistics and supply chain service provider in Qatar offering warehousing, freight forwarding, transportation, international moving and relocation, records management, asset management and supply chain consulting solutions to various industry verticals. Gulf Warehousing Company QSC services are backed up by a team of committed and innovative experts in each field of operations, and supported by state-of-the-art IT systems, which provides complete visibility to our clients' right through the supply chain. With access to our global network, today we are able to offer supply chain solutions from over 130 countries.



GWC Facts

Listed	2004
Employees	400+
Customers	200+ Globally
Industry Segments Served	Automotive, Chemical, Electronics, Food and Beverage, Healthcare, High Value Commodities, Industrial Products, Ministries, Retail, Oil, Gas, Chemicals, Steel and Automotive
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	>789 Trucks, Trailers and Specialised Vehicles
Positioning	Leading 3PL and 4PL Service Provider in Qatar
Services	3PL, Contract Warehousing, Freight Forwarding and Transportation, Ambient and Frozen/Temperature controlled storage, Bonded storage, Hazmat Chemical Storage, Records Management and Customs Clearance.
Information Technology	State-of-the-art Warehouse Management System
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	>12,000

Understanding GWC

What do we Stand for?

We stand for

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

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

Going that extra mile
We will deliver beyond your expectations. 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.

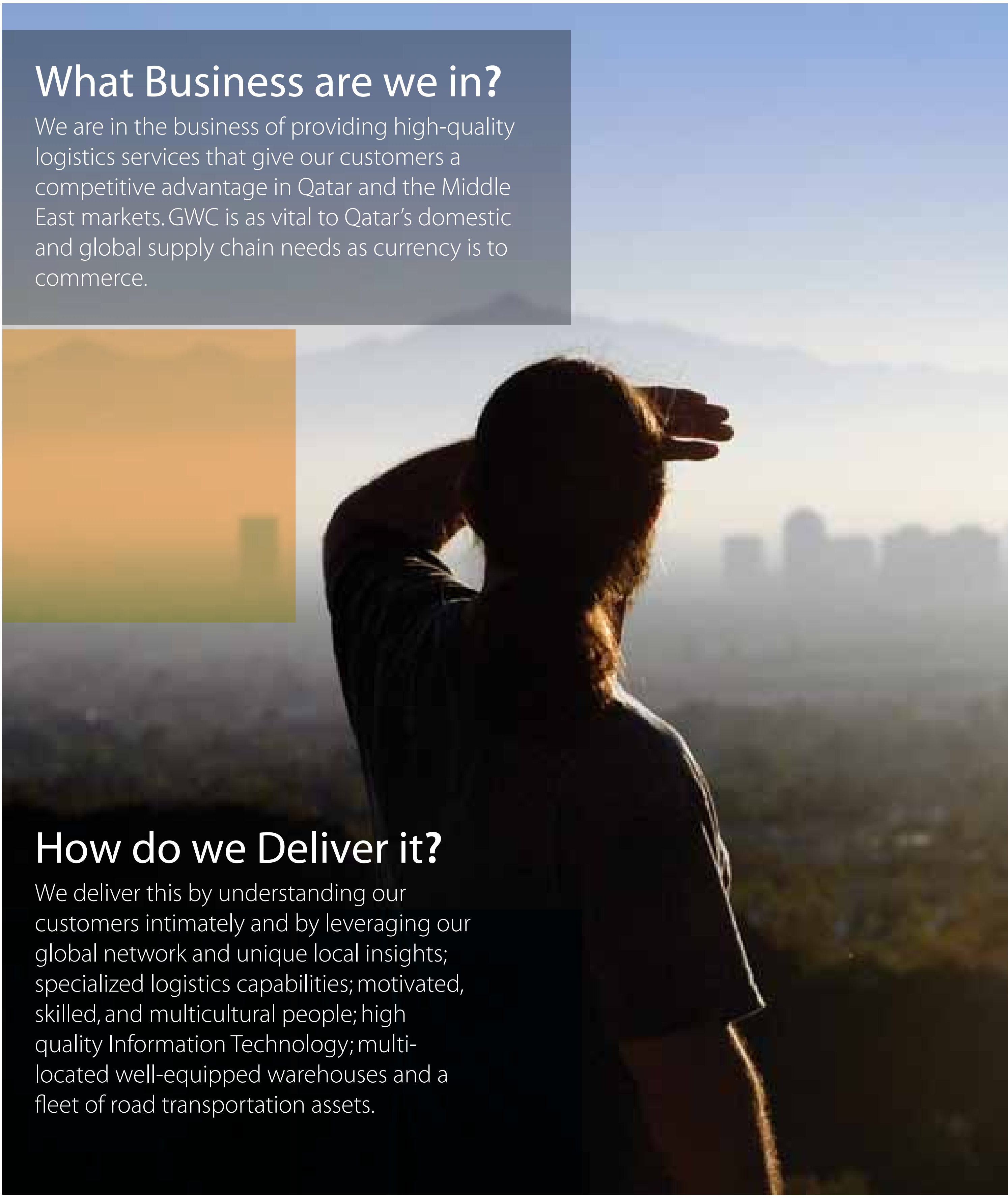
What is our Vision?

GWC is a rapidly growing preferred logistics company that aims to be regarded and respected as the number one integrated supply chain service provider of choice and the most sought after Third Party Logistics Services Provider in its selected regions – namely in Qatar and the GCC area.

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 leader in Qatar with respect to quality, cost and customer service through the integration of people, technology and business systems.

Our Strategy



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. All with the information our customers need. 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.

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

Chief Executive Officer

Mr. Ranjeev Menon

Principal Bankers

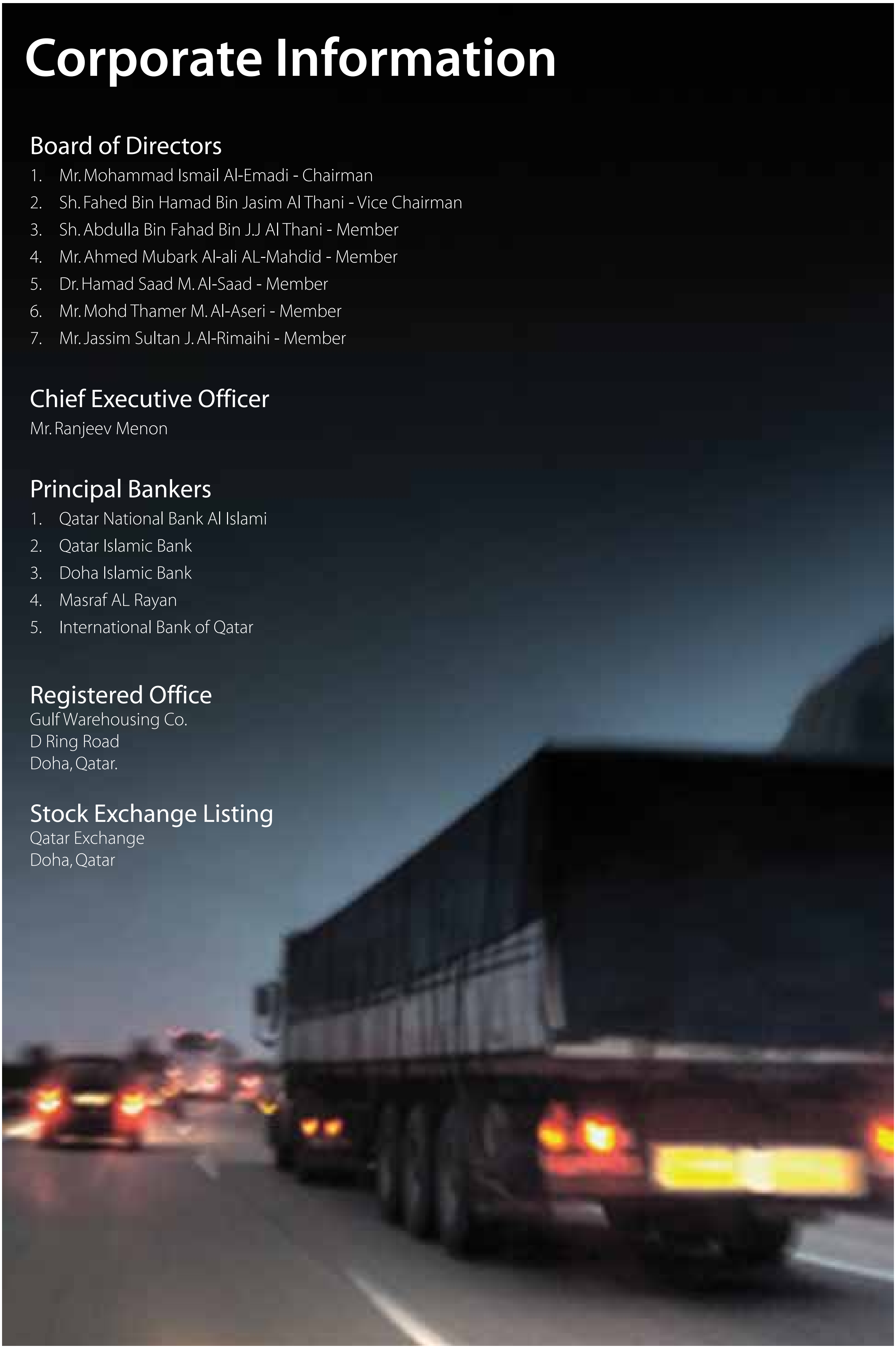
1. Qatar National Bank Al Islami
2. Qatar Islamic Bank
3. Doha Islamic Bank
4. Masraf AL Rayan
5. International Bank of Qatar

Registered Office

Gulf Warehousing Co.
D Ring Road
Doha, Qatar.

Stock Exchange Listing

Qatar Exchange
Doha, Qatar



Board of Directors

Mr. Mohammad Ismail Al-Emadi
Chairman

Sh. Fahed Bin Hamad Bin Jasim Al Thani
Vice Chairman

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

Mr. Ahmed Mubark Al-ali AL-Mahdid
Member

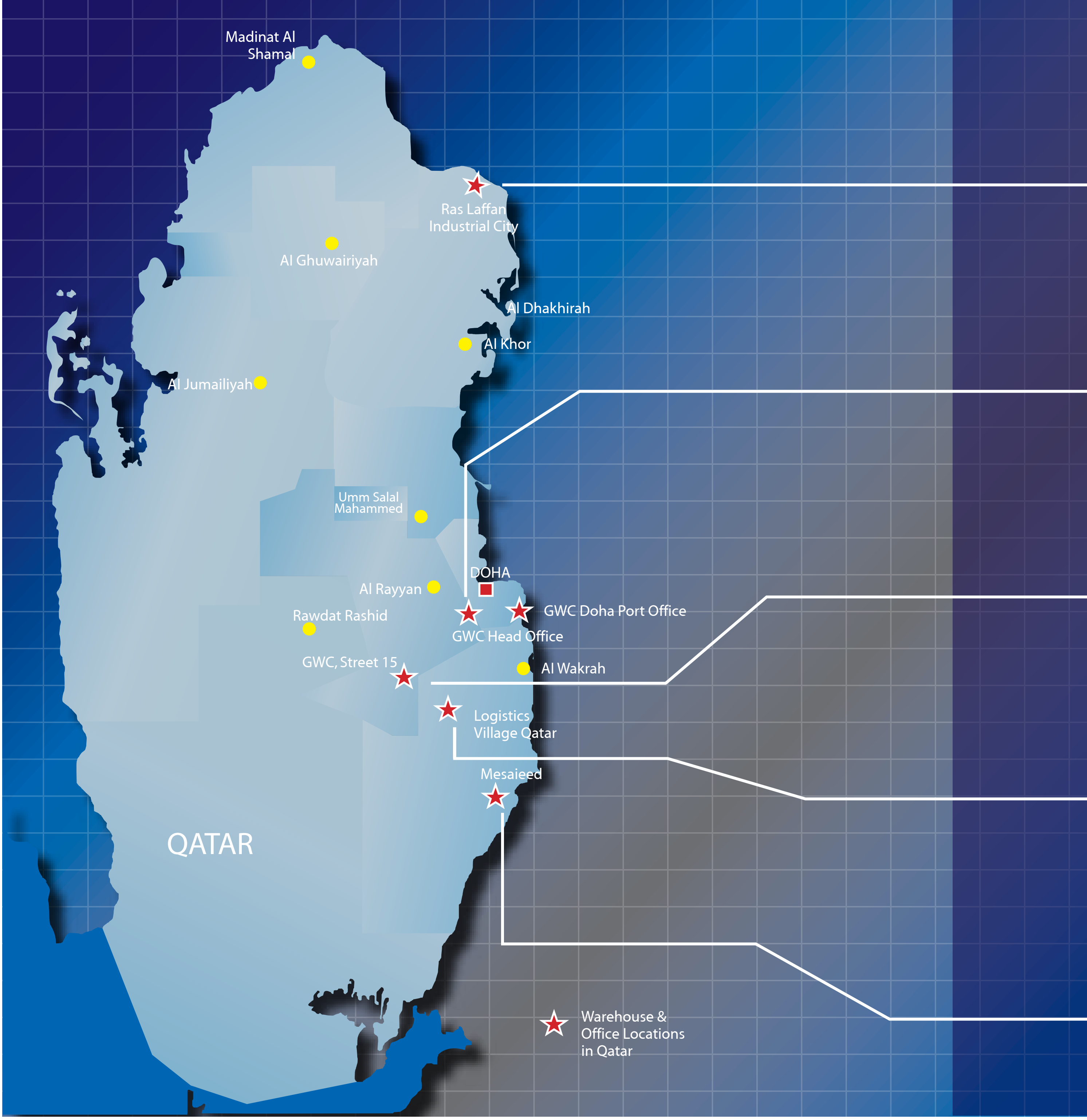
Dr. Hamad Saad M. Al-Saad
Member

Mr. Jassim Sultan J. Al- Rimaihi
Member

Mr. Mohd Thamer M. Al- Aseri
Member

Our Physical Assets

Spanning the length and breadth of Qatar, and strategically located near to the key industrial and transportation hubs, GWC is capable of serving all classes of industries and their logistics needs.



GWC's presence spans the diverse regions of Qatar to deliver world-class logistics solutions to all our clients. Our high-value warehouse management solutions ensure that product flow is optimized and all aspects of the supply chain are managed efficiently. Through a variety of warehouse and yard assets, GWC handles a large variety of products and can cater to many industries, including petrochemical, electronics, food and beverage, healthcare, high value commodities, industrial products, ministries, retail, oil, gas, chemicals, steel and automotive. With more than 100,000 square metres of warehousing space and backed up by strong IT infrastructure and committed professionals, GWC ensures efficient processes that bring products to markets and end users quickly and efficiently. GWC is in the advanced stages of completing the construction of the Logistics Village Qatar, of which the first phase will be ready in the first quarter of 2011. This will increase the Company's capacity manifold across all its service capabilities.

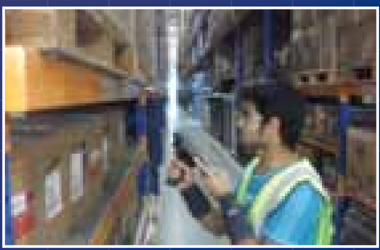
Facilities Profile

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.

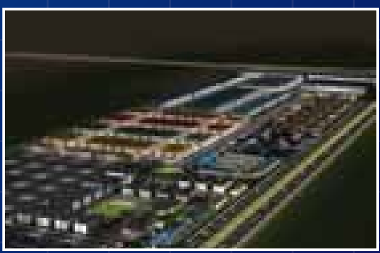


Flagship Warehouse: Street 15

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

Warehouse: Mesaieed

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



Logistics Village Qatar (LVQ)

Located 20kms away from all the key transportation hubs and business and industrial centres, LVQ will occupy more that 1 million square metres and feature a gamut of facilities and capabilities that will make GWC by far the largest logistics operators in Qatar. The first phase of the LVQ will become operational by the 1st quarter of 2011.

Our Expansion Plans

We've always been able to see what makes tomorrow work. We're prepared to serve a nation that's clearly present and visible on the global stage of commerce and trade. With the LVQ facility, we are creating a paradigm shift in GWC's capabilities and market position.

Logistics Village Qatar (LVQ)

Just 20 kilometres away from the city centre of Doha, Qatar's largest and most modern Logistics Village will shortly open in the new industrial area by the first quarter of 2011. Designed to be an integrated and self-contained full-service logistics centre for its customers, the LVQ features everything that they need as a logistics solution.

In The Heart of Heavy Material Flows

LVQ's strength lies in its good connections. It is located in a vicinity central to all other key transportation hubs and consumption centres, making it highly accessible and efficiently located. It is within the heart of the prime industrial belt and less than 20kms distance from Doha's main airport and seaport as well as regional petrochemical industry centres.

Multi-functional and Soon to be Ready

On a site of about 1 million square metres, GWC's Logistics Village will be built in two phases. In the first phase, the LVQ will feature 85,000 square metres of warehouse; 200,000 square metres of truck maintenance workshop and parking; 65,000 square metres of container yard and 3,000 square metres of staff accommodations. The LVQ will also feature Dedicated Warehouses, Multi-purpose Warehouses, Car Storage & PDI Area and a Repair Depot. The first phase will constitute around 40% of the total project in which proportionate infrastructure including networks, road and soft landscaping will be completed. With internal fit-outs taking shape at vigorous speed, the first phase is scheduled to complete by the first quarter of 2011. In Phase II, GWC plans to add another

GWC MESAIEED WAREHOUSE

New capacity for the Petrochemical Industry in Mesaieed

For the petrochemical industry, GWC is establishing a centre at Mesaieed Industrial City, 1 km to Mesaieed Industrial City and 4 kms to Mesaieed Port. Its main purpose is to serve the growing needs of the petrochemical, steel and chemical industries. For this purpose, GWC has some 60,800 square metres of which 50,000 will be used for open storage. The facility will also feature a dedicated warehouse with 5,000 square metres. This first phase is slated to be completed by February 2011. The second phase of construction will add an additional 11,000 square metres of open storage facility.

Logistics (LVQ) will propel GWC to Pole Position in Qatar

100,000 square metres of warehousing capacity, which will augment the existing capacities of the Company to meet the needs of the country. These operational frontlines will be supported by cutting-edge IT infrastructure, international best practices and globally accepted quality management standards. Administrative buildings as well as residential and recreational facilities are also part of the masterplan designed to serve the needs of all stakeholders in logistics, including service providers, clients and their personnel. The modular spaces at the LVQ can be tailored to meet each customer's complete logistics needs. The versatile logistics centre will enable practical and flexible bespoke service packages. Service concepts will be implemented through efficient operational activities and innovative information management. The centre will also provide customers with comprehensive logistics solutions, such as cargo handling, warehousing, 3PL and forwarding services.

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.

Asset Portfolio

PRIME MOVERS	TRAILERS	LOW BED TRAILERS
175	559	4

AT GWC, we have the option to choose from a wide variety of dry and reefer trucks and trailers, and specialised vehicles as shown below. With our expertise in road transportation analysis, optimization, implementation and management, we can deliver cost-effective solutions that meet our clients' transport needs. Maintaining our own fleet of road transportation vehicles ensures that GWC can guarantee the necessary number of trucks when the customer needs them. Our diverse array of special and heavy transport equipment adapts to the individual needs of the customer and GWC drivers are experienced professionals in their fields. As a result, customers receive all their logistics services from just one entity with all links in the logistics chain in the capable hands of GWC.

CAR CARRIERS	SIDE CURTAINED	40' REEFER BOXES	RIGID BOX TRUCKS REEFER AND DRY
4	7	7	33

With our expertise in road transportation analysis, optimization, implementation and management, we can deliver cost-effective solutions that meet our clients' transport needs.

Integrated Services at a glance

We are more than just trucks and warehouses. We are the leading supply chain and logistics solution provider to the growing economy of Qatar.

Container & Open Yard Solutions

Equipped with container stackers with telescopic spreader for handling 20ft and 40ft containers, GWC operates an Empty Container Yard (ECY) for storing and managing empty containers. Its open yard storage capacity from the new LVQ will further enhance GWC's capabilities to serve its customers from multiple industries with their varied needs.

Transportation Management Solutions

GWC operates the largest transport fleet in Qatar with options to choose from dry & reefer vans and trailers, flatbeds and car carriers and low bed. With our expertise in Road Transportation Analysis, optimization, implementation and management, we can deliver cost-effective solutions that meet our clients' transport requirements and customized transportation solutions for various industries.

Freight Forwarding Management

We address our clients' local needs on a global basis. We offer a wide array of highly configurable shipping options, including frequent consolidations at major gateways. Freight Management services include air, sea and road solutions. As an added service to increase the convenience and peace of mind for our customers, we also handle the complete Customs Clearance process.

Hazmat Warehouse Solutions

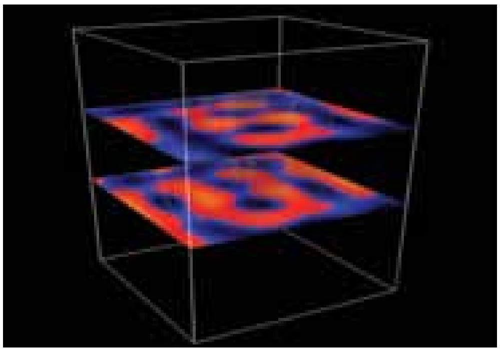
GWC's Ras Laffan facility offers safe and secured storage of chemicals used in Oil, Gas & Petrochemical Industries, including Flammable and Non-flammable Gas; Toxic Gas; Flammable Liquids and Solids; Spontaneously Combustible; Dangerous when Wet; Oxidizer; Organic Peroxide; Toxic and Corrosive Substances and miscellaneous substances.

Third Party Logistics (3PL) and Warehousing

GWC is Qatar's leading one stop shop service to its customers of outsourced logistics services for part, or all of their supply chain management functions. This includes integrated operations involving warehousing, distribution, cross-docking, inventory management, packaging, that can be scaled and customized to customer's needs based on market conditions and the demands and delivery service requirements for their products and materials. GWC is also Qatar's largest standalone warehousing provider with three fully operational closed and open warehouse facilities strategically located throughout the country. The new facilities at LVQ and Mesaieed, coming on-stream in the 1st quarter of 2011, will continue to position GWC in its pole position as a 3PL provider. GWC's Contract Logistics services assembles the resources, capabilities and technology of its own organization and its clients' organizations to design, build and run comprehensive supply chain solutions, including Common Services; Implementation; IT System and Back Office operations.

International Moving and Relocation Solutions

Our integrated Household Relocation Service include Local and International Shipment Planning; Export Packing; Air, Sea or Land; Destinations Services: Delivery, Unpacking and Set-up. As an added service to increase the convenience and peace of mind for our customers, we also handle the complete Customs Clearance process.



Records Management Solutions

Considering transaction-intensive business processes and massive volumes of data and reports, every business faces numerous records-management challenges. To help organizations successfully respond to these challenges, GWC offers a comprehensive array of services including Imaging and Scanning solutions; Document Storage; Indexing/Cataloguing; Retrieval; Pickup and delivery; Destruction and Media Storage.

Asset Management Solutions

GWC offers "Visual Asset Manager" (VAM) state-of-the art application to effectively manage its clients' fixed assets. These services include creating and maintaining Asset Register; Managing and controlling Asset Transfers; Conducting regular Asset Audits; Asset value calculation; Asset relationship and responsibilities and Asset Consolidation.

Events and Exhibitions

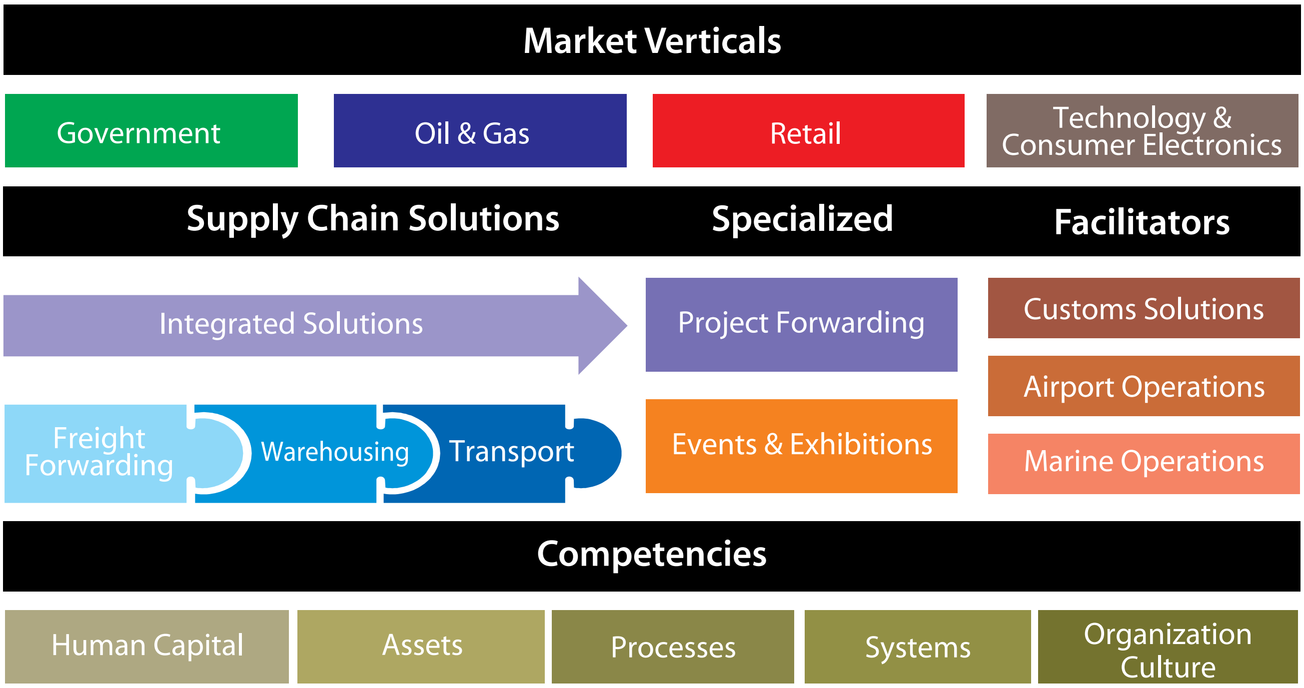
GWC provides premium logistics services for the various events held in Doha, such as the IAAF World Indoor Championship Games in 2010 and the Asian Cup in January 2011. This has put GWC in a platform as one of the country's leading logistics company for sporting events and large scale events.

Focus Growth Driver:

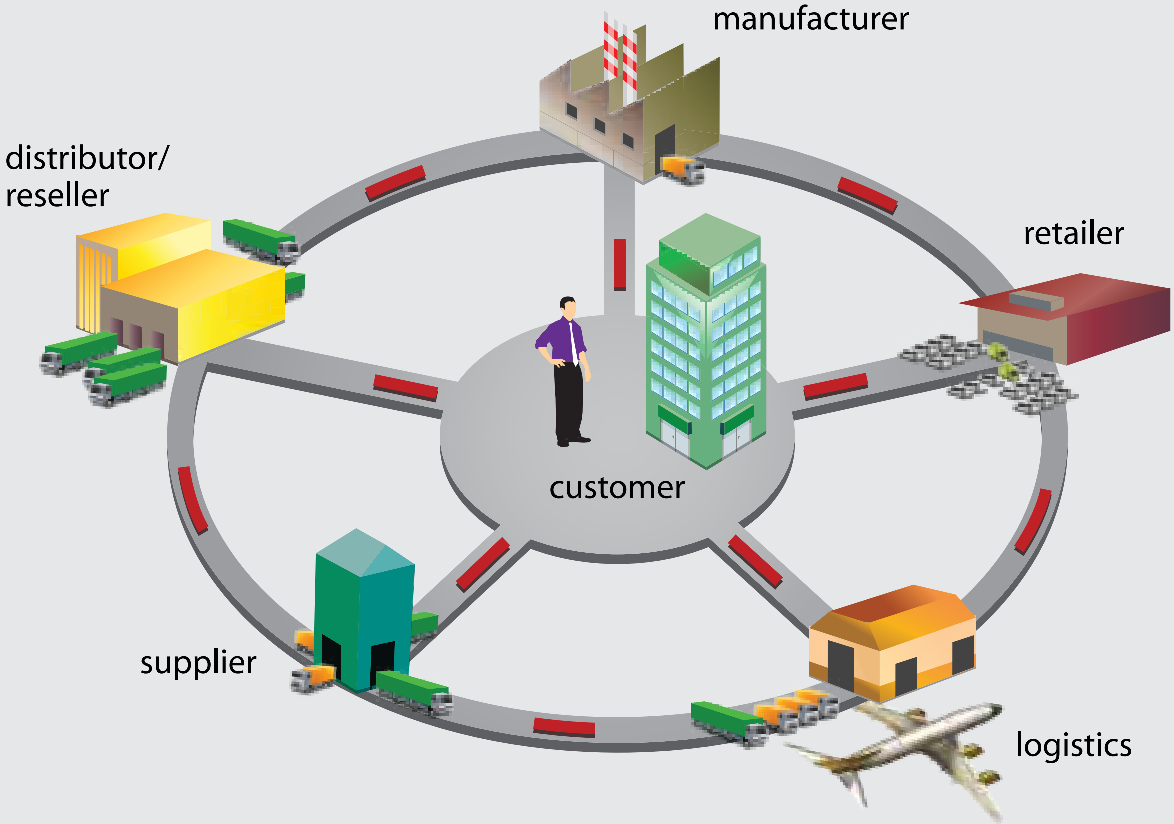
Supply Chain Management

GWC sees great promise as supply chain management continues to take a more prominent role in the strategic decisions of its customers. GWC's expanding supply chain capabilities will continue to enhance long-term relationships with customers and drive additional transactions into the Company's network.

Innovative Supply Chain Solutions from GWC



Improving our Clients' Competitive Position



GWC's supply chain management capabilities have helped customers to be more successful by providing them with innovative and effective services. Effective supply chain management is becoming increasingly critical to virtually all businesses, large and small. It helps these businesses expand their markets, improve cash flow, deliver better customer service, differentiate products and improve productivity. GWC has extended its value proposition to customers by helping them synchronize the flows of goods, information and funds through its supply chain offerings. The Company's expanding supply chain portfolio leverages its pan Qatar presence, infrastructure, extensive customer base and network management expertise.

When combined with transportation and delivery services, supply chain management capabilities help GWC to deepen and extend customer relationships. Its infrastructure includes facilities that handle such diverse tasks as overseeing global freight shipments, filling orders and managing customs brokerage.

All of these capabilities help GWC to design unique solutions for customer needs. GWC has targeted several industries where it sees substantial supply chain management growth opportunities, including the Electronics, Food and Beverage, Healthcare, High Value Commodities, Industrial Products, Ministries, Retail, Oil, Gas, Chemicals, Steel and Automotive industries.

Our Passion for Service

Customer loyalty has to be won not desired! At GWC, we remember that no matter what, customers always have a choice. We encourage every employee to be passionate about customer service and be empowered to respond meaningfully at the moment of truth. The ability to come through with winning solutions for our clients comes from our in-depth understanding of their business, their customers and their competition.

In doing so, we're able to become a diligent partner to help them with their key business needs. It doesn't matter whether our client is a Fortune 500, a fast growing mid-market player, or a small upstart firm. With GWC, they get a tailored logistics solution that increases their competitiveness, reduces their fixed costs and differentiates their products.

Value through Technology

GWC deploys nothing but the best-breed IT systems to power every service solution the Company offers and every operation it performs.

At the centre of our business is a state-of-the-art warehouse management system which enables full visibility to customer receipt forms through the dispatch of consignments. Gearing towards a paperless system, the system offers control over the internet and real time stock visibility for customers. It can be integrated with a wide range of platforms including SAP and Oracle systems by our in-house IT Team. We are keen to develop long-term strategic partnerships with our customers to provide them with a competitive advantage. Much of GWC's technology helps customers solve business process problems, which, in turn, allows them to manage their businesses better.

Technology is also the foundation for process improvements within GWC that enhance productivity, improve efficiency and reduce costs. Our Warehouse Management System also enables the monitoring of inventory accuracy and the complete traceability of items received and despatched.

This includes solutions that:

- Enable businesses to manage multiple locations through one logistics service provider,
- Provide full visibility of a customer's goods in the supply chain, including inbound shipments,
- Support complete connectivity between GWC customers and their customers and vendors,
- Streamlines billing, supports customer inquiry and improves cost allocation processes.

During 2010, GWC implemented the following IT investments:

System	Business Application
Symphony CCTV Enterprise Management System	Control, view, backup, and manage the overall CCTV cameras at Street 15
ISIS WEB	To give online access to GWC customers through ISIS to view their warehouse stocks
VAM	Asset Management Platform
Microsoft Forefront	Antivirus, Anti-spam, Anti-malware and Computer Health check
Microsoft System Center Operation Manager (SCOM)	For monitoring the servers and reporting in case of any hardware or software failure
Microsoft System Center Configuration Manager (SCCM)	For remote software installation, scheduling automatic updates for all PCs and servers

Investment in technology allows GWC to raise the standard for customer service and reliability. In addition, innovative technology solutions differentiate GWC in the marketplace in terms of both service offerings and operational efficiency.

Value Through Quality and HSE

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.

GWC's Quality Policy

1. Customer Satisfaction: Delivering total customer satisfaction through service reliability and innovative solutions
2. Compliance: Comply with legal and other requirements and all relevant environmental, health and safety legislation
3. Pollution and Accident Prevention: We implement safe work practices, and appropriate operating and administrative controls to prevent:
   - Pollution and harmful emissions
   - Over consumption of physical resources and energy
   - Waste through minimization and recycling
   - Work related injuries and health and safety incidents
4. Training and Competency: Dedicated training and education ensures our employees are knowledgeable and compliant with our Quality, Environmental, Health and Safety requirements
5. Communications: Our policy is communicated to all our employees, customers, suppliers and contractors
6. Continual Improvement: We ensure continual improvement of our QEHS management system through periodic review of our policy, objectives and targets for relevance, changing conditions and new information.

At GWC, we do things in a certain way not just part of the time, but all of the time.

Quality Approvals and Standards:

- Achieved the ISO 22000 : 2005 certification in October 2007.
- Achieved the OHSAS 18001: 2007 Certification in July 2009.

As part of our commitment to improving the logistics status of our company, GWC provides quality services at all levels of the supply chain. The philosophy of quality must be a way that GWC does business not part of the time, but all of the time. As a result sayings such as "Do it right the first time" and "Q=P" (quality = productivity) are important parts of the GWC culture. To ensure compliance to the attained standard, a comprehensive audit program is put in place to ensure no deviation from the prescribed processes.

To cater to the safety standards required to meet the needs of all industries, GWC is committed towards ensuring a safe and healthy working environment. A Health Safety & Environment (HSE) strategy is being observed to promote safe working ethics and employee awareness in order to minimize the number of accidents. This strategy is initiated through several HSE awareness presentations to employees at all levels of the site operations.

Being prepared for any emergency eventualities in which there may be any oil spillage, GWC provides ongoing training on Fire, First Aid and Spillage Management to equip our employees to handle any levels of emergency. As per CFR 49 (US standards), we also provide training on the method and knowledge of handling dangerous chemicals. We carry out frequent drills to ensure that each employee is completely aware of his respective role and what is required of him.

Arabian Business Achievement Award Qatar 2010, for the Best Logistics Company of the Year, was conferred by ITP.

Our People are the Catalyst for Growth

Today, the HR function has become a critical catalyst for continuous transformation during a phase of rapid growth and transition; shaping not only processes, people and mindsets, but creating a culture that typifies GWC and unleashes innovation at every level within the organisation.

GWC's philosophy behind its HR initiatives:

- To be identified as a preferred employer and an employer of choice by prospective candidates.
- To develop a culture based on open communication, trust, fairness and one that promotes equity.
- To be an equal opportunity employer, promoting diversity across national, cultural and linguistic backgrounds
- To foster and promote a culture which recognizes and promotes merit/ performance based compensation and rewards.
- Building the organization from within, by growing, developing and promoting our people to a large extent and resorting to external hires only to complement the existing skill/competency base or fill positions for which suitable internal resources are not available.

Our people are the key to success

At the very heart of GWC and our phenomenal growth story is our biggest asset - Our People. We are proud of their passion and commitment to the Company and the alignment of their aspirations and dreams to our shared vision. Our growth and successes are met equally by even greater steps to ensure that we not only comply but lead in areas of processes and human relations to unleash and harness innovation at every level within the organisation. It is the behavior of our leadership team and our people, their shared wisdom, which has gone into creating the business democracy that is GWC - a Company where entrepreneurship and innovation thrive. As a closely knit team of over 400 employees, we have outperformed the Industry over the last couple of years. It is against this backdrop that the Human Resources function assumes a strategic and critical role.

GWC wants to be the best problem solvers

The agenda now is to enhance mindsets that enable our people to consistently think global and act local. Structured, well designed induction programs aimed at mentoring new employees for their effective settling-in and assimilation of our corporate values are in place. These programs ensure that every employee is not only clear about their role and expected contribution but also aligned to the overall corporate growth objectives. The task of the employees of GWC is to solve customers' logistics problems, both big and small ones. Ability to understand the problems of the customers is critical to our business, and it requires skills and commitment. GWC's problem solvers are essential to the development of services and activities, and therefore we want their voice to be heard loud and clear.

Internal Control and Risk Mitigation

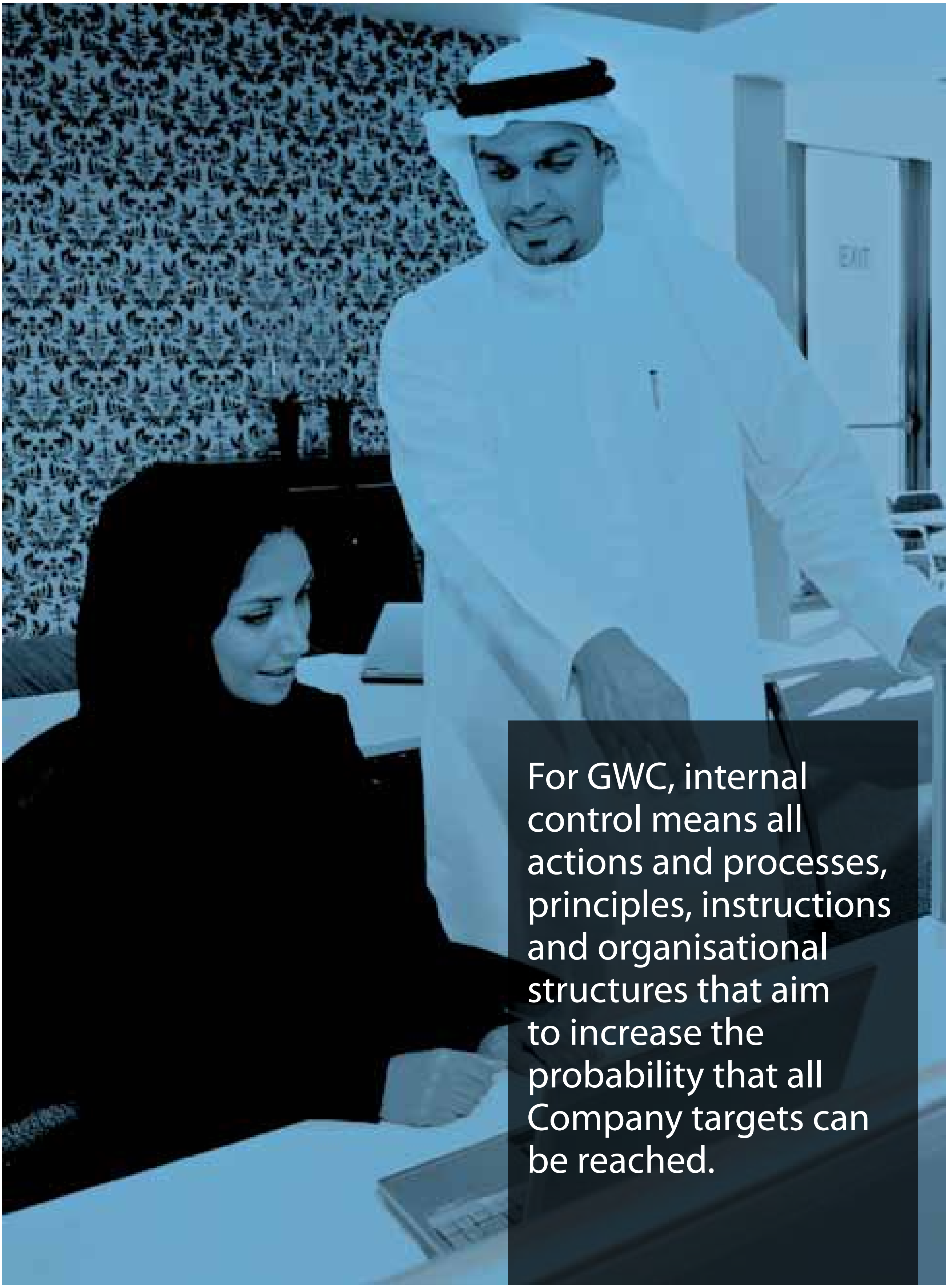
Our deep risk-management focus and solid liquidity profile will provide a stable platform for profitable growth.

The wide variety of GWC businesses coupled with it continuing expansion drive required us to identify, measure, aggregate and manage our risks effectively, and to allocate our resources within our businesses appropriately. In August 2010, GWC commenced its dedicated Risk Management function with the assistance of leading consultants and the procurement and implementation of a leading risk management software that assists in identifying, evaluating, assessing and communicating risk. Today, GWC manages risk through a framework of risk principles, organizational structures and risk measurement and monitoring processes that are closely aligned to support and enhance the activities of the Company. It engages in continuous risk evaluation of its operative business and aims to protect itself from known risk factors. The goal of GWC's risk management is to secure the performance of the Company and to ensure the un-disturbed continuation of its business. The Board's Audit Committee evaluates the sufficiency and the appropriateness of the risk control and the processes related to it. The Audit Committee reports to the Board of Directors.

AT GWC, the Board of Directors is ultimately responsible for organising and functionality of internal control as per the QFMA code of corporate governance articles 17 & 18. The following key principles underpin the current approach to risk management:

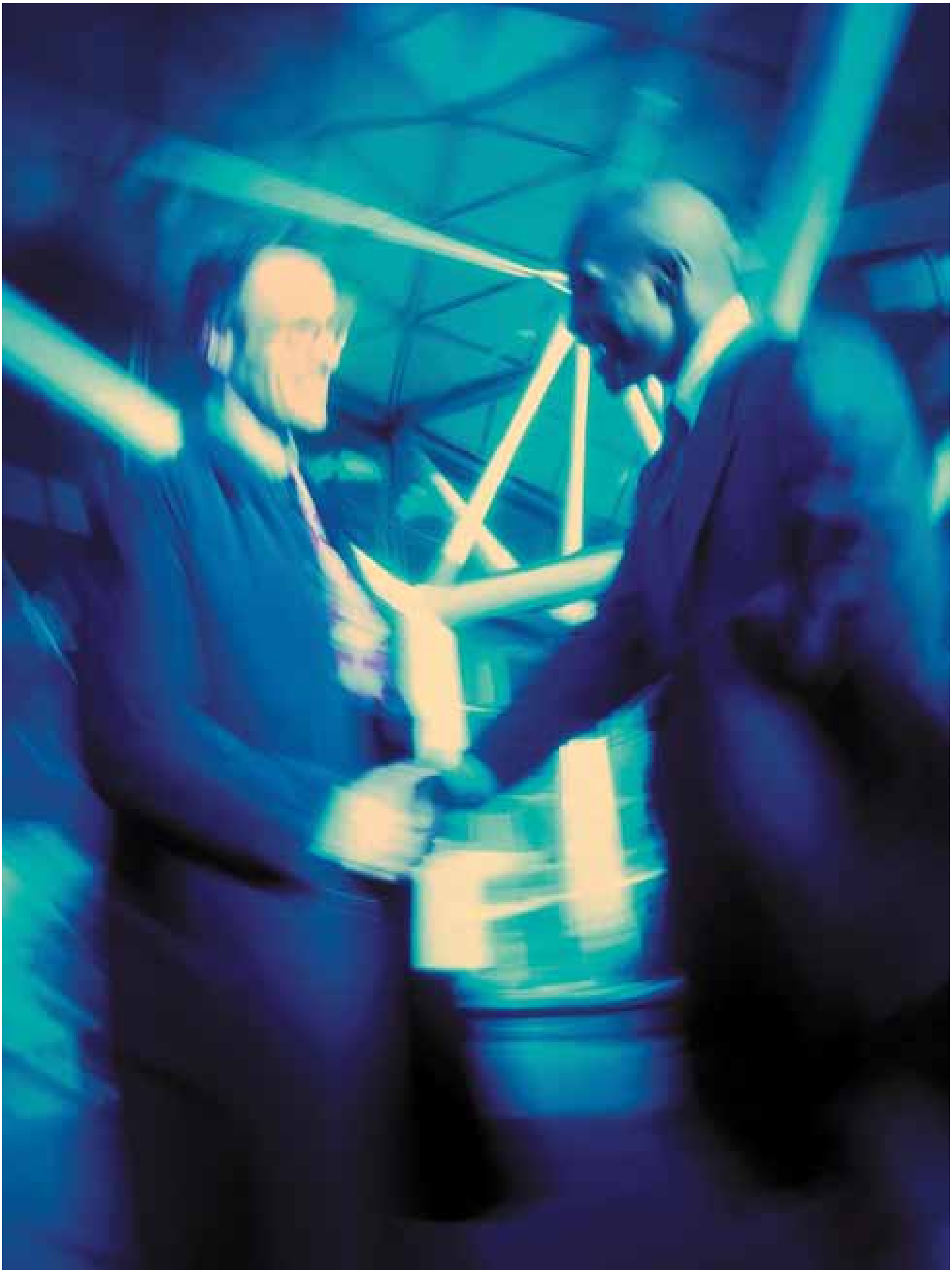
1. Our Board of Directors (through the Audit Committee) provides overall risk management supervision for the company as a whole. The Audit Committee Board regularly monitors the Company's risk profile.
2. GWC manages Strategic, Compliance & Regulatory, Operational and Business risks in a coordinated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

For GWC, internal control means all actions and processes, principles, instructions and organisational structures that aim to increase the probability that all Company targets can be reached. The purpose of internal control is to ensure the profitability of operations, observance of legislation and contracts, proper administration of assets and validity of financial reporting. GWC applies its internal control in accordance with established international models and is organized by the CEO and the Audit Committee. Together they will annually decide the focus, resourcing and actions of the internal audit. In 2010, an Internal Audit was also carried out for company-wide risk identification. The goal of the internal audit is to evaluate and develop the risk management, control and administration processes. The varieties of identified risk were classified into 4 categories - Strategic Risks, Operation & Infrastructural Risks, Business Process and Compliance Risks. These also include financial/leveraging risks; operational and credit risks; information security risks and liquidity risks. The Company is in the process of implementing the recommendations of the audit.



For GWC, internal control means all actions and processes, principles, instructions and organisational structures that aim to increase the probability that all Company targets can be reached.

Corporate Governance Report



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

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

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

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

A. Directors

1. The Board

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

Established committees include the followings:

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

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

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

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

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

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

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

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

The Board currently comprises the following members:

Table1.1; Board Committee Membership:

#	Board Membership	Nomination Committee	Remuneration Committee	Audit Committee
1.	Mohammad Al Emadi - Chairman			
2.	Shk. Fahed Bin Hamad Bin Jasim Al Thani – Vice Chairman			
3.	Ahmed Mubark Al-ali Al-Mahdid - Member	Committee-Member		
4.	Shk. Abdulla Bin Fahad Bin 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 (2009 & 2010):

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

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

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

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

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

3. Non-Executive Directors

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

Compliance requirement of CG codes: article- 10

4. Nomination of Directors

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

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

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

Compliance requirement of CG codes: article- 15

5. Board Meetings and Access of Information

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

6. Directors' Securities Transactions

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

Table 1.3

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

7. Director's Transaction with the Company

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

8. Board Secretary

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

B. Directors' Remuneration

1. Board Remuneration Committee ("BRC")

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

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

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

C. Accountability and Audit

1. Board Audit Committee ("BAC")

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

The Board Audit Committee comprise of three directors majority of who are independent. The chair of the Audit Committee is proficient in financial issues. The Audit committee has met 4 times during the year. Compliance requirement of CG codes: article- 17

2. Financial Reporting

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

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

3. Internal Controls and Risk Management

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

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

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

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

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

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

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

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

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

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

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

Risk Assessment and Management

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

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

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

Risk Management Principles

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

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

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

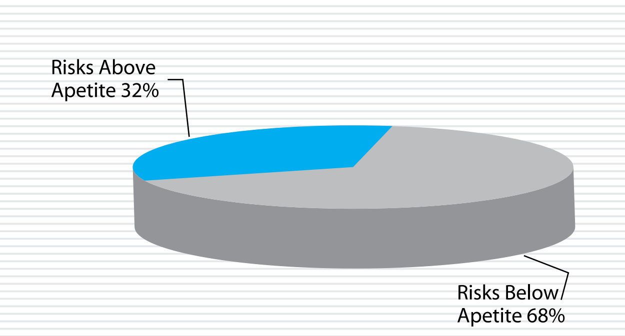
Risk Analysis

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

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

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

% of Risk Below/Above Acceptable Limits



4. External Audit

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

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

5. Compliance

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

D. Investor Relations

1. Communication with Investors

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

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

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

2. Annual General Meeting ("AGM")

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

3. External and Internal Auditor

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

4. Shares Ownership records and details

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

5. Antifraud Mechanisms

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

6. Capital Structure and Protection of Minority Interest

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

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

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

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

8. Disclosures

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

E. General Conclusion

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

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

Report on the financial statements
We have audited the accompanying financial statements of Gulf Warehousing Company (Q.S.C.) ("the Company") which comprise the statement of financial position as of 31st December 2010, and the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects the financial position of the Company as of 31 December 2010, 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 Company, an inventory count has been conducted in accordance with established principles, and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Company or on its financial position. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Company.

Akram Mekhael
of Ernst & Young
Auditor's Registration No. 59

Date: 26th January 2011
Doha

Income Statement

Year ended 31st December 2010

	Notes	2010 QR	2009 QR
Revenue	3	**87,563,612**	74,395,121
Direct costs	4	**(54,737,773)**	(46,445,508)
GROSS PROFIT		**32,825,839**	27,949,613
Other income	5	**5,905,735**	3,337,570
Valuation gains from investment property	9	**35,838,631**	-
Staff costs		**(8,243,223)**	(7,211,681)
Net impairment loss on trade receivables	11	**(866,010)**	(637,854)
General and administrative expenses	6	**(10,341,614)**	(7,600,857)
Finance costs		**(4,111,785)**	(6,010,236)
PROFIT FOR THE YEAR		**51,007,573**	9,826,555
Basic and diluted earnings per share	7	**2.040**	0.393

Statement of Comprehensive Income

Year ended 31st December 2010

	2010 QR	2009 QR
PROFIT FOR THE YEAR	**51,007,573**	9,826,555
Gain (loss) on revaluation of available for sale investments	**395,677**	(647,643)
Other comprehensive income for the year	**395,677**	(647,643)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**51,403,250**	9,178,912

Statement of Financial Position
At 31st December 2010

	Notes	2010 QR	2009 QR
ASSETS			
Non-current assets			
Property, plant and equipment	8	**418,842,008**	257,461,740
Investment property	9	**41,741,015**	-
Available-for-sale investments	10	**2,569,984**	27,586,785
		463,153,007	285,048,525
Current assets			
Inventories		**1,200,223**	541,891
Trade and other receivables	11	**47,577,533**	58,350,428
Bank balances and cash	12	**96,877,607**	55,725,076
		145,655,363	114,617,395
TOTAL ASSETS		**608,808,370**	399,665,920
EQUITY AND LIABILITIES			
Equity			
Issued capital	13	**250,000,000**	250,000,000
Legal reserve	14	**67,696,321**	62,595,564
Cumulative changes in fair value		**(251,966)**	(647,643)
Retained earnings (accumulated losses)		**31,471,109**	(12,914,853)
Total equity		**348,915,464**	299,033,068
Non-current liabilities			
Loans and borrowings	16	**189,278,196**	69,251,858
Employees' end of service benefits	17	**1,595,469**	1,275,595
		190,873,665	70,527,453
Current liabilities			
Trade payables and accruals	18	**21,997,271**	7,738,970
Loans and borrowings	16	**29,956,082**	22,053,416
Retention payable		**17,065,888**	313,013
		69,019,241	30,105,399
Total liabilities		**259,892,906**	100,632,852
Total Equity and Liabilities		**608,808,370**	399,665,920

Mohamed Ismail Al Emadi
Chairman

Ranjeev Menon
Chief Executive Officer

Statement of Cash Flows

Year ended 31st December 2010

	Notes	2010 QR	2009 QR
OPERATING ACTIVITIES			
Profit for the year		**51,007,573**	9,826,555
Non-cash adjustments:			
Depreciation	8	**19,070,397**	21,662,696
Valuation gains from investment property	9	**(35,838,631)**	-
Profit on disposal of available for sale investments		**(1,927,346)**	-
Impairment of trade receivable (net)	11	**866,010**	637,854
Gain (loss) on disposal of property, plant and equipment		**(621,701)**	91,126
Provision for employees' end of service benefits	17	**443,804**	679,639
Finance costs		**4,111,785**	6,010,236
Interest income		**(2,438,164)**	(2,794,240)
Operating cash flows before changes in working capital		**34,673,727**	36,113,866
Working capital adjustments:			
Inventories		**(658,332)**	(541,891)
Trade and other receivables		**9,906,885**	(37,476,288)
Trade payable and accruals		**12,983,112**	1,957,590
Retention payable		**16,752,875**	(3,897,016)
Cash from (used in) operating activities		**73,658,267**	(3,843,739)
Finance costs paid		**(4,111,785)**	(6,010,236)
Employee end of service benefits paid	17	**(123,930)**	(363,374)
Contribution to social and sports development fund		**(245,665)**	-
Interest income received	5	**2,438,164**	2,794,240
Net cash from (used in) operating activities		**71,615,051**	(7,423,109)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	**(189,388,471)**	(9,730,826)
Proceeds from disposal of property, plant and equipment		**3,657,124**	1,355,259
Proceeds from disposal of available-for-sale investments		**27,339,823**	-
Net cash used in investing activities		**(158,391,524)**	(8,375,567)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		**149,188,145**	33,713,757
Repayment of loans and borrowings		**(21,259,141)**	(21,735,730)
Net cash from financing activities		**127,929,004**	11,978,027
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**41,152,531**	(3,820,649)
Cash and cash equivalents at 1st January		**55,725,076**	59,545,725
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	12	**96,877,607**	55,725,076

Statement of Changes in Equity

Year ended 31st December 2010

	Issued capital QR	Legal reserve QR	Cumulative changes in fair values QR	Accumulated losses QR	Total QR
Balance at 1st January 2009	250,000,000	**61,612,909**	-	(21,758,753)	289,854,156
Total comprehensive income for the year	-	**-**	(647,643)	9,826,555	9,178,912
Transfer to legal reserve	-	**982,655**	-	(982,655)	-
Balance at 31st December 2009	250,000,000	**62,595,564**	(647,643)	(12,914,853)	299,033,068
Total comprehensive income for the year	-	**-**	395,677	51,007,573	51,403,250
Contribution to Social and Sports Fund (Note 18a)	-	**-**	-	(1,520,854)	(1,520,854)
Transfer to legal reserve	-	**5,100,757**	-	(5,100,757)	-
Balance at 31st December 2010	**250,000,000**	**67,696,321**	**(251,966)**	**31,471,109**	**348,915,464**

Notes to the Financial Statements

At 31st December 2010

1 ACTIVITIES

Gulf Warehousing Company (Q.S.C.) (the "Company") is a public shareholding company incorporated in the State of Qatar in March 2004 under commercial registration number 27386. The Company specializes in providing set-up, establishment, and management of all types of warehouses for storage, freight forwarding and other ancillary services. The shares of the Company are publicly traded at Qatar Exchange.

The registered office of the Company is located at P.O. Box 24434, Doha in State of Qatar.

The financial statements of the Company for the year ended 31st December 2010 were authorised for issue by the Board of Directors on 26th January 2011.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

Statement of compliance

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

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amendments and interpretations became effective in 2010, but were not relevant to the Company's operations:

Standard/Interpretation	Content
IFRS 2	Share-pased Payment (Revised)
IFRS 3	Business Combinations (Revised)
IFRIC 17	Distributions of Non-cash Assets to Owners
IAS 19	Employee Benefits
IAS 27	Consolidated and Separate Financial Statements (Amended)
IAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items

Improvements to IFRS's

In May 2008 and April 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of those amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

Standards, amendments and interpretations issued but not adopted

The following standard, amendments and interpretations have been issued but are mandatory for accounting periods beginning on or after 1st January 2011 or later periods and are not expected to be relevant to the Company:

Notes to the Financial Statements (Contd.)

At 31st December 2010

Standard/ Interpretation	Content	Effective date
IFRIC 14	Prepayments of a minimum funding requirement (Amendment)	1st January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1st January 2011
IAS 24	Related Party Disclosures (Revised)	1st January 2011
IAS 32	Financial Instruments: Presentation – Classification of Rights Issues (Amendment)	1st January 2011
IFRS 9	Financial instruments part 1: Classification and measurement	1st January 2013

The Company did not early adopt any new or amended standards in 2010.

Revenue

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

Warehouse storage and handling

Revenue from rendering of warehouse storage and handling is recognized when the outcome of the transaction can be estimated reliably.

Outsourcing

Outsourcing income comprises the management of the customers' warehouse by the company and accounted for on a straight line basis over the tenor of the warehouse management agreement.

General cargo transportation and truck leasing

General cargo transportation and truck leasing income 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. Revenues from transportation services are recognised by reference to the stage of completion. Stage of completion is measured by reference to the total transportation days completed to date as a percentage of total transportation days for each contract. Other logistics services are recognised upon completion of the services.

Freight forwarding

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

Interest income

Interest income is recognised 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 Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in the income statement as incurred. Land is not depreciated.

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

- Infrastructure development 25 years
- Buildings 25 years
- Office equipment 3 to 5 years
- Furniture and fixtures 4 years

Notes to the Financial Statements (Contd.)

At 31st December 2010

- 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 income statement 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 property, plant and equipment upon commencement of commercial activities of the relevant asset.

Investment property

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

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. The initial cost of a property interest held under a lease and classified as an investment property is recognised at the lower of the fair value of the property and the present value of minimum lease payments. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gain or loss arising from changes in the fair values of investment property is included in the income statement 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 income statement 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 Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Impairment of non-financial assets

The Company 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 Company 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

Notes to the Financial Statements (Contd.)

At 31st December 2010

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 income statement 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.

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 Company 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 income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

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 income statement 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 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 Company 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 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 income statement. Impairment is determined as follows:

Notes to the Financial Statements (Contd.)

At 31st December 2010

(a) For assets carried at fair value, impairment is the difference between cost and fair value; less any impairment loss previously recognised in the income statement;

(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 recognized in the income statement over the period of borrowings. Installments due within one year at amortized 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 Company 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 Company 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 Company 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 Company'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 Company 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 Company provides end of service benefits to its expatriate employees in accordance with employment contracts and Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Also the Company 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 statement of income. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized 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.

Notes to the Financial Statements (Contd.)

At 31st December 2010

Provisions

Provisions are recognized when the Company 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.

Company as a lessee

Leases which do not transfer to the Company 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 income statement 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 income statement.

Fair values

The fair value of financial investments that are actively traded in organized 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 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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

3 REVENUE

	2010 QR	2009 QR
Warehouse storage and handling charges	**61,258,149**	52,651,173
General cargo transportation, container haulage and truck leasing	**15,304,066**	16,962,308
Outsourcing contractors income	**6,171,782**	3,500,100
Freight forwarding income	**4,829,615**	1,281,540
	87,563,612	74,395,121

Notes to the Financial Statements (Contd.)

At 31st December 2010

4 DIRECT COSTS

	2010 QR	2009 QR
Depreciation (Note 8)	**17,546,485**	20,051,673
Staff costs	**8,847,794**	9,776,660
Repairs and maintenance	**4,355,248**	3,630,408
Manpower subcontract charges	**8,960,710**	3,880,870
Insurance	**2,415,965**	2,675,508
Water and electricity	**1,221,498**	1,198,298
Fuel	**1,287,093**	1,258,328
Freight forwarding charges	**4,619,583**	857,400
Others	**5,483,397**	3,116,363
	54,737,773	46,445,508

5 OTHER INCOME

	2010 QR	2009 QR
Interest income	**2,438,164**	2,794,240
Profit from disposal of available-for-sale investments	**1,927,346**	-
Profit on disposal of property, plant and equipment	**621,701**	-
Other income	**918,524**	543,330
	5,905,735	3,337,570

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2010 QR	2009 QR
Rent	**2,737,132**	2,202,457
Board of Directors remuneration	**2,400,000**	-
Depreciation (Note 8)	**1,523,912**	1,611,023
Legal and professional fees	**814,349**	950,828
Repairs and maintenance	**502,722**	288,165
License and registration fees	**376,318**	272,051
Advertisement	**356,023**	480,933
Water and electricity	**305,374**	299,575
Government fees and expenses	**247,355**	345,016
End of service benefits	**182,966**	195,614
Communication and postage	**151,307**	285,567
Printing and stationery	**107,648**	91,995
Travelling expenses	**9,197**	4,037
Loss on disposal of property, plant and equipment	**-**	91,126
Other expenses	**627,311**	482,470
	10,341,614	7,600,857

Notes to the Financial Statements (Contd.)

At 31st December 2010

7 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:

	2010 QR	2009 QR
Profit for the year	**51,007,573**	9,826,555
Weighted average number of shares	**25,000,000**	25,000,000
Basic and diluted earnings per share	**2.040**	0.393

Notes to the Financial Statements (Contd.)

At 31st December 2010

8 PROPERTY, PLANT AND EQUIPMENT

	Land	Infrastructure development	Buildings	Office equipment	Furniture & fixtures	Warehouse equipment	Motor vehicles	Tools & equipment	Capital work in progress	Total
	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR
Cost:										
At 1st January 2010	8,167,353	6,856,502	120,386,923	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 31st December 2010	8,167,353	-	120,627,228	6,707,730	3,951,530	20,946,193	106,105,989	133,244	235,651,519	502,290,786
Depreciation:										
At 1st 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 31st 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 31st December 2010	**8,167,353**	**-**	**102,163,330**	**1,010,881**	**2,529,600**	**9,768,242**	**59,429,103**	**121,980**	**235,651,519**	**418,842,008**

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

	2010	2009
	QR	QR
Direct costs	**17,546,485**	20,051,673
General and administration expenses	**1,523,912**	1,611,023
	19,070,397	**21,662,696**

Notes to the Financial Statements (Contd.)

At 31st December 2010

8 PROPERTY, PLANT AND EQUIPMENT (Contd.)

	Land	Infrastructure development	Buildings	Office equipment	Furniture & fixtures	Warehouse equipment	Motor vehicles	Capital work in progress	Total
	QR	QR	QR	QR	QR	QR	QR	QR	QR
Cost:									
At 1st January 2009	8,167,353	6,821,502	117,012,003	5,836,327	1,125,683	19,317,070	110,102,912	47,491,436	315,874,286
Additions	-	35,000	3,374,920	287,311	81,907	1,852,309	963,883	3,135,496	9,730,826
Disposals	-	-	-	-	-	(657,184)	(1,134,311)	-	(1,791,495)
At 31st December 2009	8,167,353	6,856,502	120,386,923	6,123,638	1,207,590	20,512,195	109,932,484	50,626,932	323,813,617
Depreciation:									
At 1st January 2009	-	406,999	7,432,745	2,862,436	600,304	4,824,506	28,907,300	-	45,034,290
Charge for the year	-	272,860	5,963,763	1,611,962	284,499	3,831,794	9,697,818	-	21,662,696
Disposals	-	-	-	-	-	(75,068)	(270,041)	-	(345,109)
At 31st December 2009	-	679,859	13,396,508	4,474,398	884,803	8,581,232	38,335,077	-	66,351,877
Net carrying amounts:									
At 31st December 2009	8,167,353	6,176,643	106,990,415	1,649,240	322,787	11,930,963	71,597,407	50,626,932	257,461,740

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 16).

(iii) During the year, the Company changed its accounting estimate for depreciating buildings and 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 3.3 Million (2009: Nil).

Notes to the Financial Statements (Contd.)

At 31st December 2010

9 INVESTMENT PROPERTY

	2010 QR	2009 QR
At 1st January	-	-
Transfer from property, plant and equipment	5,902,384	-
Net gain from fair value adjustment	35,838,631	-
At 31st December	41,741,015	-

Investment property is 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 property is located in the State of Qatar.

10 AVAILABLE- FOR- SALE INVESTMENTS

	2010 QR	2009 QR
Quoted equity investments	2,569,984	3,697,936
Unquoted equity investments	-	23,888,849
	2,569,984	27,586,785

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.

11 TRADE AND OTHER RECEIVABLES

	2010 QR	2009 QR
Trade receivables	15,900,162	21,146,501
Advances to suppliers	22,135,479	34,431,222
Accrued revenue	7,208,227	823,540
Prepayments	1,127,742	1,331,998
Other receivables	1,205,923	617,167
	47,577,533	58,350,428

At 31st December, financial assets at nominal value of QR 1,190,667 (2009: QR 325,645) were impaired.

	2010 QR	2009 QR
At 1st January	325,645	4,396,552
Charge for the year	866,010	1,164,629
Recoveries	-	(526,775)
Written off	(988)	(4,708,761)
At 31st December	1,190,667	325,645

Notes to the Financial Statements (Contd.)

At 31st December 2010

11 TRADE AND OTHER RECEIVABLES (Contd.)

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

			Past due but not impaired			
	Total	Neither past due nor impaired	0-30 days	31-60 days	61-90 days	>90 days
	QR	QR	QR	QR	QR	QR
2010	**15,900,162**	**9,145,944**	**5,309,198**	**696,610**	**90,584**	**657,826**
2009	21,146,501	8.494,398	4,931,026	3,693,753	1,981,723	2,045,601

12 CASH AND CASH EQUIVALENTS

	2010 QR	2009 QR
Bank balances and cash	**6,063,030**	4,275,803
Term deposits with an original maturity of less than 90 days	**90,814,577**	51,449,273
	96,877,607	55,725,076

13 ISSUED CAPITAL

	2010 QR	2009 QR
Authorized, issued and fully paid up share capital 25,000,000 ordinary shares of QR 10 each	**250,000,000**	250,000,000

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

15 PROPOSED DIVIDENDS

The Board of Directors has proposed a dividend of QR 1 per share amounting to QR 25 Million for the year ended 31st December 2010, which is subject to approval at the General Assembly (2009 – Nil).

16 LOANS AND BORROWINGS

	2010 QR	2009 QR
LVQ term loans (i)	**168,366,513**	33,713,755
Vehicle loans (ii)	**28,486,760**	46,476,000
Other term loans (iii)	**22,381,005**	11,115,519
	219,234,278	91,305,274

Notes to the Financial Statements (Contd.)

At 31st December 2010

16 LOANS AND BORROWINGS (Contd.)

	2010 QR	2009 QR
Classified in the statement of financial position as follows:		
Current portion	**29,956,082**	22,053,416
Non-current portion	**189,278,196**	69,251,858
	219,234,278	91,305,274

Notes:

(i) A term loan facility of QR 251 million was obtained from a local bank to finance the construction and development of Logistic Village located in Street # 52 of Industrial Area. The repayment on this facility begins in December 2011. The term loan facility carries financing charges at commercial rates.

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

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

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

17 EMPLOYEES' END OF SERVICE BENEFITS

	2010 QR	2009 QR
Movements in the provision are as follows:		
Provision at 1st January	**1,275,595**	959,330
Provided during the year	**443,804**	679,639
End of service benefits paid	**(123,930)**	(363,374)
Provision at 31st December	**1,595,469**	1,275,595

18 TRADE PAYABLES AND ACCRUALS

	2010 QR	2009 QR
Trade payables	**4,829,012**	3,541,839
Accrued expenses	**9,308,927**	3,134,743
Other payables	**6,584,143**	1,062,388
Provision for contribution to Social and Sports Development Fund (a)	**1,275,189**	-
	21,997,271	7,738,970

Notes to the Financial Statements (Contd.)

At 31st December 2010

Note: (a)

Pursuant to Law No. 13 of 2008 and further clarification of the law issued in 2010, the Company made an appropriation of QR 1.5 million to the Social and Sports Development Fund of Qatar. This amount represents 2.5% of the net profit for the years ended 31st December 2010 and 2009. The amount shown above represents the accrual made in respect of 2010 net profits and the balance representing the share for 2009 profits has been remitted to the Directorate of Public Revenue and Taxes during the year.

19 RELATED PARTY DISCLOSURES

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

Related party transactions

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

	2010 QR	2009 QR
Revenue	**12,232,583**	7,774,575
Purchase of services	**13,547,398**	2,005,780

Related party balances

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

	2010 QR	2009 QR
Trade receivables	**3,507,867**	2,005,594
Trade payables	**3,134,558**	1,320,760

Compensation of key management personnel

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

	2010 QR	2009 QR
Short-term benefits	**3,992,300**	788,142
Employees' end of service benefits	**100,380**	41,066
	4,092,680	829,208

20 COMMITMENTS AND CONTINGENT LIABILITIES

	2010 QR	2009 QR
Contingent liabilities		
Letters of guarantee	**7,649,224**	6,784,898
Performance bonds	**600,500**	660,000
	8,249,724	7,444,898

Notes to the Financial Statements (Contd.)

At 31st December 2010

The Company has entered into capital commitments relating to certain land levelling and related construction contracts amounting to QR 230 million as at 31st December 2010 (2009: QR 217 million).Future minimum rentals payable under non-cancellable operating leases at 31 December are as follows;

	2010 QR	2009 QR
Within one year	**1,877,999**	1,877,999
After one year but not more than five years	**5,000,000**	5,000,000
More than five years	**17,000,000**	18,000,000
	23,877,999	24,877,999

21 SEGMENT INFORMATION

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

- Warehouse storage which includes storage and handling;
- Transportation includes general cargo transportation and truck leasing;
- Outsourcing includes management of third party warehouses;

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 Company's operating segments for the years ended 31st December 2010 and 2009.

Year ended 31st December 2010	Warehouse storage	Transportation	Outsourcing	Unallocated	Total
	QR	QR	QR	QR	QR
Segment revenue	**66,087,764**	**15,304,066**	**6,171,782**	**-**	**87,563,612**
Depreciation	**10,292,235**	**8,484,524**	**293,628**	**-**	**19,070,387**
Segment profit (loss)	**59,005,027**	**(14,712,585)**	**1,431,096**	**5,284,035**	**51,007,573**

Year ended 31st December 2009	Warehouse storage	Transportation	Outsourcing	Unallocated	Total
	QR	QR	QR	QR	QR
Segment revenue	53,932,713	16,962,308	3,500,100	-	74,395,121
Depreciation	12,421,247	8,918,346	323,103	-	21,662,696
Segment profit (loss)	16,688,848	(12,156,084)	1,849,737	3,444,054	9,826,555

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

	Warehouse storage	Transportation	Outsourcing	Unallocated	Total
	QR	QR	QR	QR	QR
Segment assets					
At 31st December 2010	**518,932,127**	**87,200,018**	**-**	**2,676,225**	**608,808,370**
At 31 December 2009	300,481,728	71,597,407	-	27,586,785	399,665,920

Notes to the Financial Statements (Contd.)

At 31st December 2010

22 FINANCIAL RISK MANAGEMENT

Objective and policies

The Company'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 Company's operations. The Company 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 Company'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 Company'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.

Profit rate risk

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

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

The following table demonstrates the sensitivity of the income statement to reasonably possible changes in interest/profit rates by 25 basis points, with all other variables held constant. The sensitivity of the income statement 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
2010		
Floating rate instruments	**+25 b.p**	**(622,217)**
2009		
Floating rate instruments	+25 b.p	(145,529)

Equity price risk

The following table demonstrates the sensitivity of the effect of cumulative changes in fair value of the Company 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	Effect on profit QR
2010			
Available-for-sale investments – Quoted	**+10%**	**267,622**	**-**
2009			
Available-for-sale investments –Quoted	+10%	369,794	-

Notes to the Financial Statements (Contd.)

At 31st December 2010

The unquoted equity price risk exposure arises from the Company's investment portfolio. The Company manages this through constant monitoring of the fair values of the investments and managing the exposures accordingly.

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 Company'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 Company, 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:

	2010 QR	2009 QR
Bank balances	**96,769,788**	51,449,274
Trade receivables	**15,900,162**	21,146,501
Other receivables	**8,414,150**	1,440,707
	121,084,100	74,036,482

The Company continues to render services to more than 153 customers with its largest 5 customers accounting for 44% of trade receivables. (2009: 38%). This significant concentration risk has been managed through enhanced monitoring and periodic tracking. The Company has a rigorous policy of credit screening prior to providing services on credit.

The Company 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 Company will not be able to meet financial obligations as they fall due. The Company'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 Company's reputation and is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

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

Notes to the Financial Statements (Contd.)

At 31st December 2010

	1 to 12 months QR	1 to 5 years QR	Total QR
At 31st 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**
At 31st December 2009			
Loans and borrowings	26,137,455	79,963,071	106,100,526
Trade payables	3,541,839	-	3,541,839
Accrued expenses	3,134,743	-	3,134,743
Other payables	4,197,131	-	4,197,131
Retention payable	313,013	-	313,013
	37,324,181	79,963,071	117,287,252

Capital management

The Company 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 Company defines as the share capital, on a continuous basis.

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

The Company 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 Company 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 2010 and 31 December 2009. Capital comprises share capital of QR 250 Million (2008: 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 160 Million worth of customer goods has been covered through insurance coverage. Also the Company limits its liability towards any losses by way of contractual agreements entered with respective customers.

23 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 and cash. 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.

Notes to the Financial Statements (Contd.)

At 31st December 2010

24 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 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 Company'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. During the year the change in accounting estimate has been accounted for prospectively. The effect of this change to current year income statement was a reduction in depreciation charge by QR 2.8 million.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company 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 Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Fair value of investment property

The fair value of investment properties in the statement of financial position represents an estimate by independent professional valuer of the open market value of those properties as at 31 December 2010.

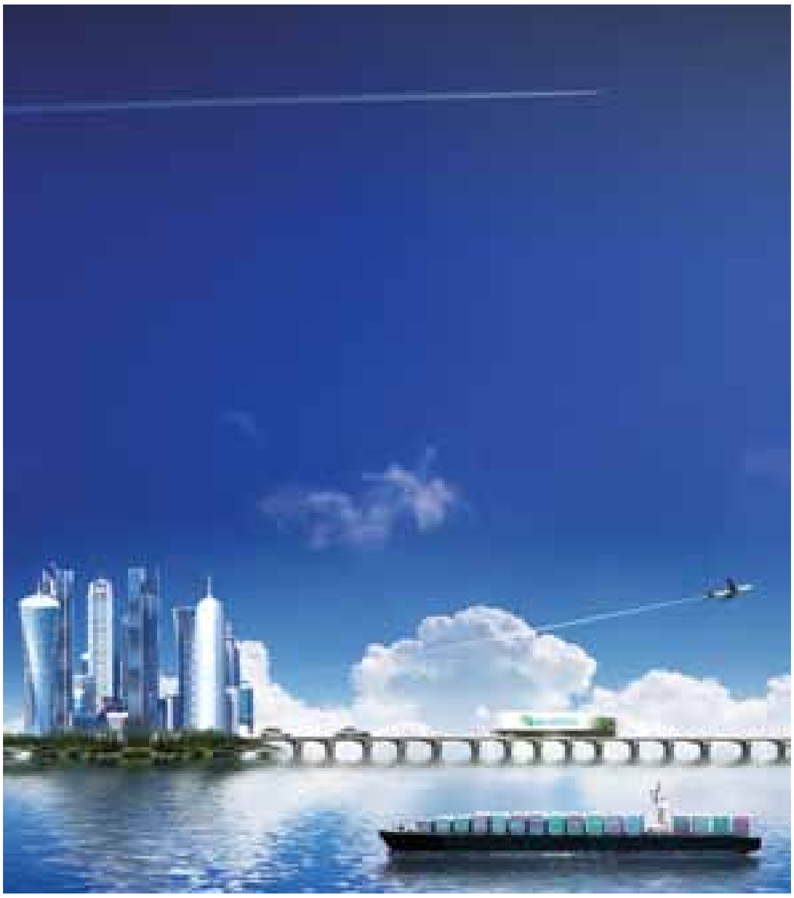
In assessing the open market value of investment properties, the professional valuers will consider lettings, tenant's profiles, future revenue streams, capital values of both fixtures and fittings, any environmental matters and the overall repair and condition of the property in the context of the local 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 31st December 2010, 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.

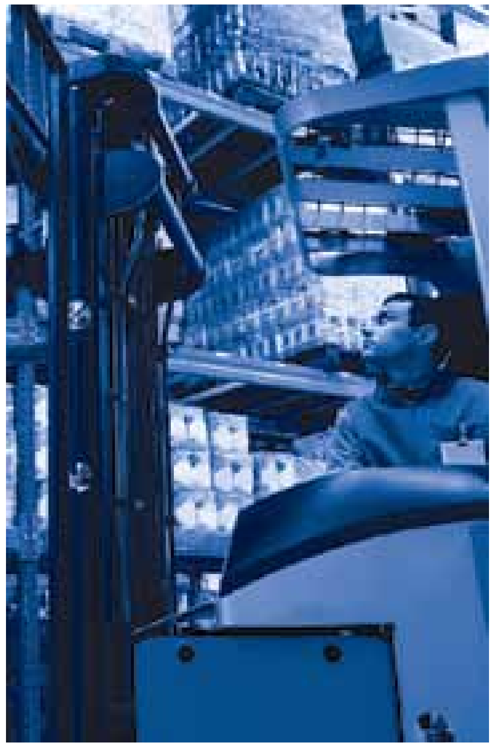
The lack of liquidity in capital markets also means that, if it was intended to dispose of the property, it may be difficult to achieve a successful sale of the investment property in the short term.

25 EVENTS AFTER THE REPORTING PERIOD

The shareholders of the Company have approved the acquisition of Agility WLL with effect from 1st January 2011 for a total consideration of QR 300 Million, by way issuing 14,634,146 fully paid up ordinary shares at a price of QR 20.50 per share.





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