

Gulf Warehousing Company Q.S.C.

**Condensed consolidated interim financial information
for the three month period ended**

31 March 2015

Gulf Warehousing Company Q.S.C.

Condensed consolidated interim financial information
31 March 2015

Contents	Page(s)
Independent auditors' report on review of condensed consolidated interim financial information	1
Condensed consolidated interim financial information	
Condensed consolidated statement of financial position	2
Condensed consolidated statement of profit or loss and other comprehensive income	3
Condensed consolidated statement of changes in equity	4
Condensed consolidated statement of cash flows	5
Notes to the condensed consolidated interim financial statements	6-12

Independent auditors' report on review of condensed consolidated interim financial information

To the Board of Directors of Gulf Warehousing Company Q.S.C.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Gulf Warehousing Company Q.S.C. (the "Company") as at 31 March 2015, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended, and notes to the interim financial information (the "condensed consolidated interim financial information"). The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 "*Interim Financial Reporting*". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 31 March 2015 is not prepared, in all material respects, in accordance with IAS 34 "*Interim Financial Reporting*".

23 April 2015
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Auditor's Registration No.251

Gulf Warehousing Company Q.S.C.

Condensed consolidated statement of financial position

As at 31 March 2015

In Qatari Riyals

	Note	31 March 2015 (Reviewed)	31 December 2014 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		1,208,809,942	1,126,137,981
Projects in progress	6	175,648,137	250,842,979
Investment property		172,968,860	172,968,860
Intangible assets		133,222,506	134,740,203
		1,690,649,445	1,684,690,023
Current assets			
Inventories		8,002,905	7,526,517
Trade and other receivables		282,002,941	249,549,979
Cash and cash equivalents	7	75,903,339	160,228,239
		365,909,185	417,304,735
TOTAL ASSETS		2,056,558,630	2,101,994,758
EQUITY AND LIABILITIES			
Equity			
Share capital	8	475,609,750	475,609,750
Legal reserve		237,804,875	237,804,875
Retained earnings		127,979,660	158,900,285
Equity attributable to owners of the Company		841,394,285	872,314,910
Non-controlling interests		(3,681,223)	(3,681,223)
Total equity		837,713,062	868,633,687
Liabilities			
Non-current liabilities			
Loans and borrowings	10	963,917,212	978,979,628
Provision for employees' end of service benefits		19,517,596	17,899,003
		983,434,808	996,878,631
Current liabilities			
Trade and other payables		157,922,814	168,487,527
Loans and borrowings	10	77,487,946	67,994,913
		235,410,760	236,482,440
Total liabilities		1,218,845,568	1,233,361,071
TOTAL EQUITY AND LIABILITIES		2,056,558,630	2,101,994,758

This condensed consolidated interim financial information was approved by the Board of Directors and was signed on its behalf on 23 April 2015 by:

Abdulla Fahad J J Al Thani
Chairman

Fahad Hamad J J Al Thani
Vice Chairman

The notes on pages 6 to 12 form an integral part of this condensed consolidated interim financial statements.

Gulf Warehousing Company Q.S.C.

Condensed consolidated statement of profit or loss and other comprehensive income

For the three month period ended 31 March 2015

In Qatari Riyals

	Note	For the three month period ended	
		31 March 2015 (Reviewed)	31 March 2014 (Reviewed)
Revenue	12	196,272,178	152,899,959
Direct costs	13	<u>(124,625,575)</u>	<u>(98,927,371)</u>
Gross profit		71,646,603	53,972,588
Other income		60,732	45,451
General and administrative expenses	14	(8,757,194)	(6,884,464)
Staff costs		(12,033,311)	(9,451,452)
Net impairment loss on trade receivables		<u>(300,000)</u>	<u>(300,000)</u>
Operating profit		50,616,830	37,382,123
Finance income		130,868	101,975
Finance costs		<u>(10,326,860)</u>	<u>(8,580,645)</u>
Profit for the period		40,420,838	28,903,453
Other comprehensive income		-	-
Total comprehensive income for the period		40,420,838	28,903,453
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		40,420,838	28,903,453
Non-controlling interests		-	-
		40,420,838	28,903,453
Basic and diluted earnings per share	15	0.85	0.61

The notes on pages 6 to 12 form an integral part of this condensed consolidated interim financial statements.

Gulf Warehousing Company Q.S.C.

Condensed consolidated statement of changes in equity For the three month period ended 31 March 2015

In Qatari Riyals

	Share capital	Legal reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2014 (Audited)	475,609,750	231,517,414	99,763,863	806,891,027	(3,681,223)	803,209,804
<i>Total comprehensive income for the period:</i>						
Profit for the period	-	-	28,903,453	28,903,453	-	28,903,453
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	28,903,453	28,903,453	-	28,903,453
<i>Transaction with owners of the Company:</i>						
Dividend (Note 9)	-	-	(71,341,463)	(71,341,463)	-	(71,341,463)
Balance at 31 March 2014 (Reviewed)	475,609,750	231,517,414	57,325,853	764,453,017	(3,681,223)	760,771,794
Balance at 1 January 2015 (Audited)	475,609,750	237,804,875	158,900,285	872,314,910	(3,681,223)	868,633,687
<i>Total comprehensive income for the period:</i>						
Profit for the period	-	-	40,420,838	40,420,838	-	40,420,838
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	40,420,838	40,420,838	-	40,420,838
<i>Transaction with owners of the Company:</i>						
Dividends (Note 9)	-	-	(71,341,463)	(71,341,463)	-	(71,341,463)
Balance at 31 March 2015 (Reviewed)	475,609,750	237,804,875	127,979,660	841,394,285	(3,681,223)	837,713,062

The notes on pages 6 to 12 form an integral part of this condensed consolidated interim financial statements.

Gulf Warehousing Company Q.S.C.

Condensed consolidated statement of cash flows For the three month period ended 31 March 2015

In Qatari Riyals

	Note	For the three month period ended	
		31 March 2015 (Reviewed)	31 March 2014 (Reviewed)
Cash flows from operating activities			
Profit for the period		40,420,838	28,903,453
<i>Adjustments for:</i>			
Depreciation		21,099,137	16,629,527
Amortisation of intangible assets	14	1,517,698	1,661,704
Provision for impairment of trade receivables (net)		300,000	300,000
Loss on sale of property, plant and equipment		(60,732)	(42,410)
Provision for employees' end of service benefits		1,852,747	2,377,545
Finance income		(130,868)	(101,975)
Finance costs		10,326,860	8,580,645
		<u>75,325,680</u>	<u>58,308,489</u>
<i>Change in:</i>			
-Inventories		(476,388)	(907,568)
-Trade and other receivables		(32,752,962)	(5,184,008)
-Trade and other payables		(8,680,956)	33,173,104
-Retention payable		(6,076,488)	7,478,774
Cash generated from operating activities		27,338,886	92,868,791
Employees' end of service benefits paid		(234,154)	(446,519)
Net cash from operating activities		<u>27,104,732</u>	<u>92,422,272</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(13,813,079)	(10,161,897)
Proceeds from sale of property, plant and equipment		234,500	964,600
Additions to projects in progress		(14,936,947)	(124,187,149)
Finance income received		130,868	101,975
Net cash used in investing activities		<u>(28,384,658)</u>	<u>(133,282,471)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings		9,045,988	102,119,037
Repayment of loans and borrowings		(14,615,370)	(28,031,088)
Finance costs paid		(6,134,129)	(8,580,645)
Dividends paid	9	(71,341,463)	(71,341,463)
Net cash used in financing activities		<u>(83,044,974)</u>	<u>(5,834,159)</u>
Net decrease in cash and cash equivalents		<u>(84,324,900)</u>	<u>(46,694,357)</u>
Cash and cash equivalents at 1 January		160,228,239	174,804,478
Cash and cash equivalents at 31 March	7	<u>75,903,339</u>	<u>128,110,121</u>

The notes on pages 6 to 12 form an integral part of this condensed consolidated interim financial statements.

Gulf Warehousing Company Q.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2015

In Qatari Riyals

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Gulf Warehousing Company (Q.S.C.) (the "Company") is incorporated in accordance with the provisions of the Qatar Commercial Companies Law No. 5 of 2002 as a Qatari Shareholding Company, and was registered at the Ministry of Economy and Commerce of the State of Qatar with Commercial Registration number 27386 dated 21 March 2004. The Company's shares are listed on the Qatar Stock Exchange since 22 March 2004.

The Company's condensed consolidated interim financial information comprises the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group's principal activities, which remain unchanged since the previous period, are the provision of services in relation to set-up, establishment, and management of all types of warehouses for storage and freight forwarding services.

The structure of the Group is as follows:

Name of subsidiary	Country of incorporation	Principal activities	Group effective shareholding %	
			31 March 2015	31 December 2014
Agility W.L.L.	State of Qatar	Logistics and transportation	100%	100%
GWC Chemical W.L.L.	State of Qatar	Chemical trading and Transportation	100%	100%
GWC Food Services W.L.L. (Formerly GWC Projects)	State of Qatar	Trading in food stuffs	100%	100%
GWC Global Cargo & Transport L.L.C.	United Arab Emirates	Warehousing and Transportation	100%	100%
Imdad Sourcing & Logistic Group W.L.L.	State of Qatar	Trading in food stuff and other consumables	51%	51%
GWC Saudi Arabia –Branches in Riyadh, Dammam & Jeddah	Kingdom of Saudi Arabia	Preparation, Development and Management of warehouses	100%	100%
Gulf Warehousing Company Limited	Republic of Nigeria	Warehousing and transportation	100%	100%
Gulf Warehousing Marine Services	State of Qatar	Marine Services	100%	100%

2. BASIS OF ACCOUNTING

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2014.

These condensed consolidated interim financial statements were authorised for issue by the Company's Board of Directors on 23 April 2015.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

Measurement of fair values

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: Quoted market price (unadjusted) in active markets for an identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Management believes that as at the reporting date the fair values of the Group's financial assets and liabilities approximated their carrying amounts.

4. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2014.

Changes in accounting policies

The Group has adopted the following amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015. The adoption of these amendments had no significant impact on the condensed consolidated interim financial statements.

- *Amendments to IAS 19 "Defined benefit plans: Employee Contributions"*
- *Annual improvements to IFRSs 2010-2012 Cycle - various standards*
- *Annual improvements to IFRSs 2011-2013 Cycle - various standards*

5. SEGMENT INFORMATION

Basis of segmentation

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

Gulf Warehousing Company Q.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2015

In Qatari Riyals

5. SEGMENT INFORMATION (CONTINUED)

The following summary describes the operations of each reportable segment:

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

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

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

The following table presents revenue and profit information regarding the Group's operating segment for the three month period ended 31 March 2015:

	For the three month period ended 31 March 2015 (Reviewed)		For the three month period ended 31 March 2014 (Not reviewed)	
	Segment revenue	Segment profit	Segment revenue	Segment profit / (loss)
Operating segments				
Logistic operations	129,440,689	37,783,854	104,762,918	27,227,263
Freight forwarding	66,831,489	2,506,116	48,137,041	1,574,214
Unallocated	-	130,868	-	101,976
	196,272,178	40,420,838	152,899,959	28,903,453

The following table presents segment assets of the Group's operating segments as at 31 March 2015:

	At 31 March 2015 (Reviewed)	At 31 December 2014 (Audited)
Operating segments		
Logistic operations	1,715,288,358	1,718,931,793
Freight forwarding	164,623,753	157,870,529
Others	3,677,656	12,223,576
Unallocated	172,968,862	212,968,860
	2,056,558,630	2,101,994,758

Gulf Warehousing Company Q.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2015

In Qatari Riyals

6. PROJECT IN PROGRESS

Project in progress represents the cost of assets under construction that are not available for use as at the reporting date. These assets comprise mainly the construction of the Logistics Village Qatar (LVQ) Phase V infrastructure facility. Upon completion, these assets will be used for providing logistics services and will be reclassified accordingly.

The amount of borrowing costs capitalized during the three month period ended 31 March 2015 was QR 1.8 million (31 March 2014: QR 10.6 million). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 3.50% per annum, which is the effective interest rate of the specific borrowing.

Some of the assets under project in progress are secured against term loans. Refer to Note 10 for details.

7. CASH AND CASH EQUIVALENTS

	31 March 2015	31 December 2014
	(Reviewed)	(Audited)
Cash in hand	1,196,841	1,254,113
Bank balance - current accounts	74,706,498	118,974,126
Bank balance - deposit account	-	40,000,000
	<u>75,903,339</u>	<u>160,228,239</u>

8. SHARE CAPITAL

Authorised, issued and fully paid up capital:

	31 March 2015	31 December 2014
	(Reviewed)	(Audited)
47,560,975 shares with nominal value of QR 10 each	<u>475,609,750</u>	<u>475,609,750</u>

9. DIVIDENDS

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

A cash dividend amounting to QR 71.34 million has been declared in respect of financial year 2014 at QR 1.5 per share by the Board of Directors and approved by shareholders at the Annual General Meeting held on 16 February 2015.

10. LOANS AND BORROWINGS

	31 March 2015	31 December 2014
	(Reviewed)	(Audited)
LVQ term loans	970,415,127	981,609,435
Other project loans	16,762,446	7,716,477
Other term loans	54,227,584	57,648,629
	<u>1,041,405,157</u>	<u>1,046,974,541</u>

Gulf Warehousing Company Q.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2015

In Qatari Riyals

10. LOANS AND BORROWINGS (CONTINUED)

Presented in the condensed consolidated statement of financial position as:

	31 March 2015	31 December 2014
	(Reviewed)	(Audited)
Current portion	77,487,946	67,994,913
Non-current portion	963,917,212	978,979,628
	<u>1,041,405,158</u>	<u>1,046,974,541</u>

11. RELATED PARTIES

The details of transactions and the balances with related parties were as follows:

Related party transactions

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

		For the three month period ended	
Nature of transactions		31 March 2015	31 March 2014
		(Reviewed)	(Reviewed)
Agility network	Revenue	<u>1,542,463</u>	<u>2,115,743</u>
Agility network	Purchase of services	<u>8,357,727</u>	<u>12,483,319</u>

Related party balances

Balances with related parties included in the condensed consolidated statement of financial position under trade and other receivables and trade and other payables are as follows:

	31 March 2015	31 December 2014
	(Reviewed)	(Audited)
Due from Agility network	<u>739,139</u>	<u>906,279</u>
Due to Agility network	<u>6,107,290</u>	<u>5,727,975</u>

Compensation of key management personnel

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

	For the three month period ended	
	31 March 2015	31 March 2014
	(Reviewed)	(Reviewed)
Short-term benefits	<u>360,000</u>	<u>360,000</u>
Employees' end of service benefits	<u>14,499</u>	<u>14,499</u>

Gulf Warehousing Company Q.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2015

In Qatari Riyals

12. REVENUE

	For the three month period ended	
	31 March 2015	31 March 2014
	(Reviewed)	(Reviewed)
Logistic operations	129,440,689	104,762,918
Freight forwarding	66,831,489	48,137,041
	<u>196,272,178</u>	<u>152,899,959</u>

13. DIRECT COSTS

	For the three month period ended	
	31 March 2015	31 March 2014
	(Reviewed)	(Reviewed)
Freight forwarding charges	46,930,330	35,557,179
Staff costs	30,821,011	25,161,898
Depreciation	19,942,207	15,752,860
Logistic costs	9,367,956	9,354,365
Repairs and maintenance	6,752,260	5,427,336
Fuel	4,719,690	3,357,794
Water and electricity	2,047,471	755,596
Insurance	1,047,020	574,475
Manpower subcontract charges	638,935	622,963
Others	2,358,695	2,362,905
	<u>124,625,575</u>	<u>98,927,371</u>

14. GENERAL AND ADMINISTRATION EXPENSES

	For the three month period ended	
	31 March 2015	31 March 2014
	(Reviewed)	(Reviewed)
Amortization of intangible assets	1,517,698	1,661,704
Remuneration of the Board of Directors	-	110,104
Rent	484,061	312,261
Depreciation	1,156,930	876,667
Communication and postage	566,173	444,802
Repairs and maintenance	501,832	680,252
Legal and professional fees	709,846	446,627
Advertisement	232,201	240,408
Travelling expenses	185,322	245,358
License and registration fees	435,980	499,105
Printing and stationary	67,563	93,852
Government fees and expenses	69,968	21,978
Water and electricity	9,073	5,717
Other expenses	2,820,547	1,245,629
	<u>8,757,194</u>	<u>6,884,464</u>

Gulf Warehousing Company Q.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2015

In Qatari Riyals

15. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the parent by the weighted average number of shares outstanding during the period.

There were no potentially dilutive shares outstanding at any time during the period and, therefore, the dilutive earnings per share are equal to the basic earnings per share.

	For the three month period ended	
	31 March 2015	31 March 2014
	(Reviewed)	(Reviewed)
Net profit for the period attributable to owners of the Company	<u>40,420,838</u>	<u>28,903,453</u>
Weighted average number of shares	<u>47,560,975</u>	<u>47,560,975</u>
Basic and diluted earnings per share	<u>0.85</u>	<u>0.61</u>

16. CONTINGENCIES AND COMMITMENTS

	31 March 2015	31 December 2014
	(Reviewed)	(Audited)
Letters of guarantee	20,966,956	20,966,956
Performance bonds	<u>116,329,300</u>	<u>57,886,143</u>
	<u>137,296,256</u>	<u>78,853,099</u>

The Group has entered into capital commitments relating to certain construction contracts amounting to QR 120.6 million (31 December 2014: QR 117.5 million).

Future minimum rentals payable under non-cancellable operating leases were as follows:

	31 March 2015	31 December 2014
	(Reviewed)	(Audited)
Within one year	3,427,999	3,665,824
After one year but not more than five years	13,892,237	14,716,115
More than five years	<u>43,473,020</u>	<u>44,708,837</u>
	<u>60,793,256</u>	<u>63,090,776</u>

Independent auditors report on review of condensed consolidated interim financial information on page 1.