

Gulf Warehousing Company Q.S.C.
Condensed consolidated interim financial information
30 June 2015

Gulf Warehousing Company Q.S.C.

Condensed consolidated interim financial information
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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 interim financial information of Gulf Warehousing Company Q.S.C. (the "Company") and its subsidiaries (together the "Group") for the six month period ended 30 June 2015, which comprises:

- the condensed consolidated statement of financial position as at 30 June 2015;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three and six month periods ended 30 June 2015;
- the condensed consolidated statement of changes in equity for the six month period ended 30 June 2015;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2015; and
- notes to 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 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34 "*Interim Financial Reporting*".

15 July 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 30 June 2015

In Qatari Riyals

	Note	30 June 2015 (Reviewed)	31 December 2014 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		1,207,405,179	1,126,137,981
Projects in progress	6	232,740,038	250,842,979
Investment properties		172,968,860	172,968,860
Intangible assets		131,704,809	134,740,203
		<u>1,744,818,886</u>	<u>1,684,690,023</u>
Current assets			
Inventories		8,015,355	7,526,517
Trade and other receivables		336,386,693	249,549,979
Cash and cash equivalents	7	60,386,394	160,228,239
		<u>404,788,442</u>	<u>417,304,735</u>
TOTAL ASSETS		<u>2,149,607,328</u>	<u>2,101,994,758</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	475,609,750	475,609,750
Legal reserve		237,804,875	237,804,875
Retained earnings		175,306,615	158,900,285
Equity attributable to the owners of the Company		<u>888,721,240</u>	<u>872,314,910</u>
Non-controlling interest		(3,681,223)	(3,681,223)
Total equity		<u>885,040,017</u>	<u>868,633,687</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	10	998,726,176	978,979,628
Provision for employees' end of service benefits		20,612,525	17,899,003
		<u>1,019,338,701</u>	<u>996,878,631</u>
Current liabilities			
Trade and other payables		172,158,166	168,487,527
Loans and borrowings	10	73,070,444	67,994,913
		<u>245,228,610</u>	<u>236,482,440</u>
Total liabilities		<u>1,264,567,311</u>	<u>1,233,361,071</u>
TOTAL EQUITY AND LIABILITIES		<u>2,149,607,328</u>	<u>2,101,994,758</u>

This condensed consolidated interim financial information was approved by the Board of Directors on 15 July 2015 and was signed on its behalf 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 these 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 and six month periods ended 30 June 2015

In Qatari Riyals

	Note	For the three month period ended		For the six month period ended	
		30 June 2015 (Reviewed)	30 June 2014 (Reviewed)	30 June 2015 (Reviewed)	30 June 2014 (Reviewed)
Revenue	12	209,391,098	181,721,055	405,663,276	334,621,014
Direct costs	13	(130,794,236)	(117,490,612)	(255,419,811)	(216,417,983)
Gross profit		78,596,862	64,230,443	150,243,465	118,203,031
Other income		56,388	131,802	117,120	177,253
General and administrative expenses	14	(9,954,744)	(6,585,872)	(18,711,938)	(14,102,128)
Staff costs		(11,106,659)	(9,824,018)	(23,139,970)	(18,643,678)
Net impairment loss on trade receivables		(200,000)	(460,000)	(500,000)	(760,000)
Operating profit		57,391,847	47,492,355	108,008,677	84,874,478
Finance income		3,922	51,935	134,790	153,910
Finance costs		(10,068,814)	(8,785,085)	(20,395,674)	(17,365,730)
Profit		47,326,955	38,759,205	87,747,793	67,662,658
Other comprehensive income		-	-	-	-
Total comprehensive income		47,326,955	38,759,205	87,747,793	67,662,658
Profit and total comprehensive income attributable to:					
Owners of the Company		47,326,955	38,759,205	87,747,793	67,662,658
Non-controlling interests		-	-	-	-
		47,326,955	38,759,205	87,747,793	67,662,658
Basic and diluted earnings per share	15	0.99	0.81	1.84	1.42

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

Gulf Warehousing Company Q.S.C.

Condensed consolidated statement of changes in equity For the six month period ended 30 June 2015

In Qatari Riyals

	Share capital	Legal reserve	Retained earnings	Equity attributable to the 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	-	-	67,662,658	67,662,658	-	67,662,658
<i>Transaction with the owners of the Company:</i>						
Dividends (Note 9)	-	-	(71,341,463)	(71,341,463)	-	(71,341,463)
Balance at 30 June 2014 (Reviewed)	<u>475,609,750</u>	<u>231,517,414</u>	<u>96,085,058</u>	<u>803,212,222</u>	<u>(3,681,223)</u>	<u>799,530,999</u>
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	-	-	87,747,793	87,747,793	-	87,747,793
<i>Transaction with the owners of the Company:</i>						
Dividends (Note 9)	-	-	(71,341,463)	(71,341,463)	-	(71,341,463)
Balance at 30 June 2015 (Reviewed)	<u>475,609,750</u>	<u>237,804,875</u>	<u>175,306,615</u>	<u>888,721,240</u>	<u>(3,681,223)</u>	<u>885,040,017</u>

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

Gulf Warehousing Company Q.S.C.

Condensed consolidated statement of cash flows For the six month period ended 30 June 2015

In Qatari Riyals

	Note	For the six month period ended	
		30 June 2015 (Reviewed)	30 June 2014 (Reviewed)
Cash flows from operating activities			
Profit		87,747,793	67,662,658
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		42,790,578	34,393,872
Amortisation of intangible assets		3,035,394	3,323,407
Provision for impairment of trade receivables (net)		500,000	760,000
Profit on sale of property, plant and equipment		(117,120)	(225,660)
Provision for employees' end of service benefits		3,402,361	3,460,160
Finance income		(134,790)	(153,910)
Finance costs		20,395,674	17,365,730
		<u>157,619,890</u>	<u>126,586,257</u>
<i>Change in:</i>			
- Inventories		(488,838)	641,252
- Trade and other receivables		(87,336,714)	4,171,421
- Trade payables and accruals		3,670,639	22,161,702
Cash generated from operating activities		<u>73,464,977</u>	<u>153,560,632</u>
Employees' end of service benefits paid		(688,839)	(615,891)
Net cash from operating activities		<u>72,776,138</u>	<u>152,944,741</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(31,381,417)	(21,687,808)
Proceeds from sale of property, plant and equipment		533,550	1,694,500
Additions to projects in progress		(74,989,848)	(215,507,269)
Finance income received		134,790	153,910
Net cash used in investing activities		<u>(105,702,925)</u>	<u>(235,346,667)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings		68,465,925	158,649,750
Repayment of loans and borrowings		(43,643,846)	(32,894,630)
Finance costs paid		(20,395,674)	(17,365,730)
Dividends paid	9	(71,341,463)	(71,341,463)
Net cash (used in) / from financing activities		<u>(66,915,058)</u>	<u>37,047,927</u>
Net decrease in cash and cash equivalents		(99,841,845)	(45,353,999)
Cash and cash equivalents at 1 January		<u>160,228,239</u>	<u>174,804,478</u>
Cash and cash equivalents at 30 June	7	<u>60,386,394</u>	<u>129,450,479</u>

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

Gulf Warehousing Company Q.S.C.

Notes to the condensed consolidated interim financial statements

For the six month period ended 30 June 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, freight forwarding services and postal services.

The structure of the Group is as follows:

Name of subsidiary	Country of incorporation	Principal activities	Group effective shareholding	
			30 June 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

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting". It does 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.

This condensed consolidated interim financial information was authorised for issue by the Company's Board of Directors on 15 July 2015.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial information, 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 were 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 this condensed consolidated interim financial information are the same as those applied in the Company's consolidated financial statements as at and for the year ended 31 December 2014.

Changes in accounting policies

On 1 January 2015, the Group adopted the amendments and improvements to standards set at below which became effective for annual periods beginning or after 1 July 2014. The adoption of these amendments and improvements had no significant impact on the condensed consolidated interim financial information.

- *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 six month period ended 30 June 2015

In Qatari Riyals

5. SEGMENT INFORMATION (CONTINUED)

The following segment 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 and Courier services.

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

There are varying levels of integration between 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 six month period ended 30 June 2015 and 30 June 2014, respectively:

	For the six month period ended 30 June 2015 (Reviewed)		For the six month period ended 30 June 2014 (Reviewed)	
	Segment revenue	Segment profit	Segment revenue	Segment profit
Operating segments				
Logistic operations	266,938,992	79,462,507	235,744,039	63,157,876
Freight forwarding	138,724,284	8,150,496	98,876,975	4,350,872
Unallocated	-	134,790	-	153,910
	405,663,276	87,747,793	334,621,014	67,662,658

The following table presents segment assets of the Group's operating segments as at 30 June 2015 and 31 December 2014:

	At 30 June 2015 (Reviewed)	At 31 December 2014 (Audited)
Operating segments		
Logistic operations	1,794,766,720	1,718,931,793
Freight forwarding	168,798,105	157,870,529
Others	8,073,643	12,223,576
Unallocated	177,968,860	212,968,860
	2,149,607,328	2,101,994,758

6. PROJECTS IN PROGRESS

Projects in progress comprises the cost of properties that are currently under construction but are not available for use as at the end of the reporting period. These properties comprise mainly the construction of the Logistics Village Qatar (LVQ) Phase V infrastructure facility. Upon completion, these properties will be used for providing logistics services and will be reclassified accordingly.

The amount of borrowing costs capitalized within projects in progress during the six month period ended 30 June 2015 is QR 1.88 million (30 June 2014: QR 18.2 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.

Gulf Warehousing Company Q.S.C.

Notes to the condensed consolidated interim financial statements For the six month period ended 30 June 2015

In Qatari Riyals

7. CASH AND CASH EQUIVALENTS

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
Cash in hand	730,017	1,254,113
Bank balance - current account	54,656,377	118,974,126
Bank balance - deposit account	5,000,000	40,000,000
	<u>60,386,394</u>	<u>160,228,239</u>

8. SHARE CAPITAL

Authorised, issued and fully paid up capital:

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

All shares bear equal rights.

9. DIVIDENDS

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

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

10. LOANS AND BORROWINGS

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
LVQ term loans	976,173,891	981,609,435
Other project loans	44,865,733	7,716,477
Other term loans	50,756,996	57,648,629
	<u>1,071,796,620</u>	<u>1,046,974,541</u>

Presented in the condensed consolidated statement of financial position as:

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
Current portion	73,070,444	67,994,913
Non-current portion	998,726,176	978,979,628
	<u>1,071,796,620</u>	<u>1,046,974,541</u>

Gulf Warehousing Company Q.S.C.

Notes to the condensed consolidated interim financial statements
For the six month period ended 30 June 2015

In Qatari Riyals

11. RELATED PARTIES

Related party transactions

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

	Nature of transactions	For the six month period ended	
		30 June 2015 (Reviewed)	30 June 2014 (Reviewed)
Agility network	Revenue	<u>3,017,192</u>	<u>4,459,481</u>
Agility network	Purchase of services	<u>20,592,047</u>	<u>28,424,547</u>

Related party balances

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

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
Due from Agility network	<u>917,893</u>	<u>906,279</u>
Due to Agility network	<u>7,119,738</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 six month period ended	
	30 June 2015 (Reviewed)	30 June 2014 (Reviewed)
Short-term benefits	<u>720,000</u>	<u>720,000</u>
Employees' end of service benefits	<u>29,158</u>	<u>29,158</u>

12. REVENUE

	For the three month period ended		For the six month period ended	
	30 June 2015 (Reviewed)	30 June 2014 (Reviewed)	30 June 2015 (Reviewed)	30 June 2014 (Reviewed)
Logistic operations	137,498,303	130,981,121	266,938,992	235,744,039
Freight forwarding	71,892,795	50,739,934	138,724,284	98,876,975
	<u>209,391,098</u>	<u>181,721,055</u>	<u>405,663,276</u>	<u>334,621,014</u>

Gulf Warehousing Company Q.S.C.

Notes to the condensed consolidated interim financial statements
For the six month period ended 30 June 2015

In Qatari Riyals

13. DIRECT COSTS

	For the three month period ended		For the six month period ended	
	30 June 2015 (Reviewed)	30 June 2014 (Reviewed)	30 June 2015 (Reviewed)	30 June 2014 (Reviewed)
Freight forwarding charges	48,820,418	35,875,002	95,750,748	71,432,181
Staff costs	31,269,407	25,498,030	62,090,418	50,659,928
Depreciation of property, plant and equipment	18,766,088	16,721,897	38,708,295	32,474,757
Logistic costs	11,953,466	22,819,944	21,321,422	32,174,309
Repairs and maintenance	7,344,794	6,970,971	14,097,054	12,398,307
Fuel	5,314,530	3,975,333	10,034,220	7,333,127
Water and electricity	2,630,231	1,988,889	4,677,702	2,744,485
Insurance	1,105,984	633,740	2,153,004	1,208,215
Manpower subcontract charges	1,080,492	671,475	1,719,427	1,294,438
Others	2,508,826	2,335,331	4,867,521	4,698,236
	130,794,236	117,490,612	255,419,811	216,417,983

14. GENERAL AND ADMINISTRATION EXPENSES

	For the three month period ended		For the six month period ended	
	30 June 2015 (Reviewed)	30 June 2014 (Reviewed)	30 June 2015 (Reviewed)	30 June 2014 (Reviewed)
Amortization of intangible assets	1,517,496	1,661,704	3,035,394	3,323,407
Rent	694,261	312,261	1,178,322	624,522
Depreciation of property, plant and equipment	2,925,553	1,042,447	4,082,283	1,919,115
Communication and postage	539,835	510,534	1,106,008	975,895
Repairs and maintenance	654,743	84,210	1,156,575	1,194,603
Legal and professional fees	813,515	868,468	1,523,361	1,315,095
Advertisement cost	237,340	315,249	469,541	555,657
Travelling expenses	341,601	299,307	526,923	544,666
License and registration fees	465,066	276,092	901,046	775,197
Printing and stationary	50,876	44,689	118,439	138,541
Government fees and expenses	348,020	10,946	417,988	32,924
Water and electricity	14,290	11,697	23,363	17,414
Other expenses	1,352,148	1,148,268	4,172,695	2,685,092
	9,954,744	6,585,872	18,711,938	14,102,128

Gulf Warehousing Company Q.S.C.

Notes to the condensed consolidated interim financial statements

For the six month period ended 30 June 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		For the six month period ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Net profit for the period attributable to owners of the Company	47,326,955	38,759,205	87,747,793	67,662,658
Weighted average number of shares	47,560,975	47,560,975	47,560,975	47,560,975
Basic and diluted earnings per share	0.99	0.81	1.84	1.42

16. CONTINGENCIES AND COMMITMENTS

	30 June 2015	31 December 2014
	(Reviewed)	(Audited)
Letters of guarantee	23,488,683	20,966,956
Performance bonds	130,179,551	57,886,143
	153,668,234	78,853,099

The Group has entered into capital commitments relating to certain construction contracts amounting to QR 223.8 million (31 December 2014: QR 117.5 million).

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

	30 June 2015	31 December 2014
	(Reviewed)	(Audited)
Within one year	2,725,672	3,665,824
After one year but not more than five years	13,892,238	14,716,115
More than five years	43,473,020	44,708,837
	60,090,930	63,090,776

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