

GULF WAREHOUSING COMPANY Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2017

Gulf Warehousing Company Q.P.S.C.

**Condensed consolidated interim financial statements
For the six-month period ended 30 June 2017**

CONTENTS	Page(s)
Independent auditor's report on review of condensed consolidated interim financial statements	1
Condensed consolidated interim financial statements:	
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	6-16

Independent auditor's report on review of condensed consolidated interim financial statements

To the Board of Directors of Gulf Warehousing Company Q.P.S.C.
Doha, State of Qatar

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Gulf Warehousing Company Q.P.S.C. (the "Company") as at 30 June 2017, the condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial statements (the "condensed consolidated interim financial statements"). The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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 statements 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 statements as at 30 June 2017 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

20 July 2017
Doha
State of Qatar

Gopal Balasubramaniam
Qatar Auditors Registry Number 251
KPMG
Licensed by QFMA: External Auditor's
License No. 120153

Gulf Warehousing Company Q.P.S.C.

Condensed consolidated statement of financial position

As at 30 June 2017

In Qatari Riyals

	Notes	30 June 2017 (Reviewed)	31 December 2016 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,988,499,563	1,462,910,948
Capital work-in-progress	7	713,302,588	1,096,436,581
Investment property	8	37,115,833	37,115,833
Intangible assets and goodwill		<u>122,579,851</u>	<u>126,252,975</u>
		<u>2,861,497,835</u>	<u>2,722,716,337</u>
Current assets			
Inventories		9,851,209	8,717,242
Trade and other receivables	9	439,112,575	521,320,680
Cash and cash equivalents	10	<u>417,890,148</u>	<u>488,636,917</u>
		<u>866,853,932</u>	<u>1,018,674,839</u>
Total assets		<u>3,728,351,767</u>	<u>3,741,391,176</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	586,031,480	586,031,480
Legal reserve		552,506,803	552,506,803
Retained earnings		<u>392,210,759</u>	<u>380,706,676</u>
Equity attributable to the owners of the Company		<u>1,530,749,042</u>	<u>1,519,244,959</u>
Non-controlling interest		<u>(3,681,223)</u>	<u>(3,681,223)</u>
Total equity		<u>1,527,067,819</u>	<u>1,515,563,736</u>
Liabilities			
Non-current liabilities			
Bank loans	13	1,660,135,112	1,681,967,270
Provision for employees' end of service benefits		<u>29,277,282</u>	<u>26,507,473</u>
		<u>1,689,412,394</u>	<u>1,708,474,743</u>
Current liabilities			
Bank loans	13	238,414,913	193,956,482
Trade and other payables		<u>273,456,641</u>	<u>323,396,215</u>
		<u>511,871,554</u>	<u>517,352,697</u>
Total liabilities		<u>2,201,283,948</u>	<u>2,225,827,440</u>
Total equity and liabilities		<u>3,728,351,767</u>	<u>3,741,391,176</u>

This condensed consolidated interim financial statements was approved by the Company's Board of Directors and were signed on its behalf on 20 July 2017 by:

Abdulla Fahad J J Al Thani
Chairman

Fahad Hamad J J Al Thani
Vice Chairman

The notes on pages 6 to 16 form an integral part of these condensed consolidated interim financial statements.

Gulf Warehousing Company Q.P.S.C.

Condensed consolidated statement of profit or loss and other comprehensive income
For the three and six month periods ended 30 June 2017

In Qatari Riyals

	Notes	For the three-month period ended		For the six-month period ended	
		30 June 2017 (Reviewed)	30 June 2016 (Reviewed)	30 June 2017 (Reviewed)	30 June 2016 (Reviewed)
Revenue	15	232,208,408	209,938,119	454,984,009	430,147,034
Direct costs	16	(146,691,979)	(131,153,620)	(290,158,324)	(275,597,797)
Gross profit		85,516,429	78,784,499	164,825,685	154,549,237
Other income		3,669,364	4,049,990	7,446,237	8,673,335
Administrative and other expenses	16	(25,151,708)	(21,742,257)	(49,948,469)	(47,941,460)
Operating profit		64,034,085	61,092,232	122,323,453	115,281,112
Finance income		2,852,694	2,860,674	5,330,862	4,578,024
Finance costs		(12,140,070)	(9,188,982)	(22,385,195)	(18,541,928)
Net finance costs		(9,287,376)	(6,328,308)	(17,054,333)	(13,963,904)
Profit for the period		54,746,709	54,763,924	105,269,120	101,317,208
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		54,746,709	54,763,924	105,269,120	101,317,208
Profit and total comprehensive income attributable to:					
Owners of the Company		54,746,709	54,763,924	105,269,120	101,317,208
Basic and diluted earnings per share	17	0.93	0.95	1.80	1.76

The notes on pages 6 to 16 form an integral part of these condensed consolidated interim financial statements.

Gulf Warehousing Company Q.P.S.C.

**Condensed consolidated statement of changes in equity
For the six-month period ended 30 June 2017**

In Qatari Riyals

	Share capital	Shares subscribed but not yet issued	Legal reserve (1)	Retained earnings	Total	Non- controlling interests	Total equity
	Attributable to owners of the Company						
Balance at 1 January 2016 (Audited)	475,609,750	429,361,153	237,804,875	268,087,040	1,410,862,818	(3,681,223)	1,407,181,595
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	-	101,317,208	101,317,208	-	101,317,208
<i>Transaction with owners of the Company:</i>							
Dividends (Note 12)	-	-	-	(87,904,707)	(87,904,707)	-	(87,904,707)
<i>Other movements:</i>							
Issue of ordinary shares – Right issue	110,421,730	(425,123,658)	314,701,928	-	-	-	-
Excess rights refunded to shareholders	-	(4,237,495)	-	-	(4,237,495)	-	(4,237,495)
Balance at 30 June 2016 (Reviewed)	586,031,480	-	552,506,803	281,499,541	1,420,037,824	(3,681,223)	1,416,356,601
Balance at 1 January 2017 (Audited)	586,031,480	-	552,506,803	380,706,676	1,519,244,959	(3,681,223)	1,515,563,736
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	-	105,269,120	105,269,120	-	105,269,120
<i>Transaction with owners of the Company:</i>							
Dividends (Note 12)	-	-	-	(93,765,037)	(93,765,037)	-	(93,765,037)
<i>Other movements:</i>							
Balance at 30 June 2017 (Reviewed)	586,031,480	-	552,506,803	392,210,759	1,530,749,042	(3,681,223)	1,527,067,819

(1) In accordance with Qatar Commercial Companies Law No. 11 of 2015, an amount equal to 10% of the net profit for the year of every company incorporated in the State of Qatar is required to be transferred to a legal reserve account until such time the balance of the legal reserve account of such a company reaches 50% of its paid up share capital. Share premium collected from the issuance of new shares is also transferred to the legal reserve in accordance with Article 154 of the above stated law. The legal reserve is not available for distribution except in circumstances specified in the above mentioned Law.

The notes on pages 6 to 16 form an integral part of these condensed consolidated interim financial statements.

Gulf Warehousing Company Q.P.S.C.
Condensed consolidated statement of cash flows
For the six-month period ended 30 June 2017

In Qatari Riyals

		For the six-month period ended	
	Notes	30 June 2017 (Reviewed)	30 June 2016 (Reviewed)
Cash flows from operating activities			
Profit for the period		105,269,120	101,317,208
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	16	55,864,628	50,015,247
Amortisation of intangible assets	16	3,673,124	3,035,396
(Reversal of previous provision made) / provision made for impairment of trade receivables (net)	16	(1,378,000)	676,333
Profit on sale of property, plant and equipment	6	(242,012)	(867,542)
Provision for employees' end of service benefits	16	4,439,196	2,952,783
Finance income		(5,330,862)	(4,578,024)
Finance costs		22,385,195	18,541,928
		<u>184,680,389</u>	<u>171,093,329</u>
<i>Change in:</i>			
- Inventories		(1,133,967)	(127,655)
- Trade and other receivables		78,504,832	2,515,833
- Trade and other payables		<u>(24,145,497)</u>	<u>64,292,013</u>
Cash generated from operating activities		237,905,757	237,773,520
Employees' end of service benefits paid		<u>(1,669,387)</u>	<u>(649,120)</u>
Net cash from operating activities		<u>236,236,370</u>	<u>237,124,400</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(16,378,277)	(12,779,164)
Proceeds from sale of property, plant and equipment	6	438,250	3,179,000
Additions to capital work-in-progress	7	(182,137,211)	(509,809,434)
Finance income received		10,412,135	4,578,024
Net cash used in investing activities		<u>(187,665,103)</u>	<u>(514,831,574)</u>
Cash flows from financing activities			
Proceeds from bank loans	13	113,192,467	304,520,228
Repayment of bank loans	13	(90,566,194)	(61,169,411)
Finance costs paid		(48,179,272)	(21,266,877)
Refund of share application money		-	(4,237,495)
Dividends paid to the Company's shareholders	12	(93,765,037)	(87,904,707)
Net cash (used in) / from financing activities		<u>(119,318,036)</u>	<u>129,941,738</u>
Net decrease in cash and cash equivalents		(70,746,769)	(147,765,436)
Cash and cash equivalents at 1 January		<u>488,636,917</u>	<u>586,450,755</u>
Cash and cash equivalents at 30 June	10	<u>417,890,148</u>	<u>438,685,319</u>

The notes on pages 6 to 16 form an integral part of these condensed consolidated interim financial statements

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements

For the six-month period ended 30 June 2017

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Gulf Warehousing Company Q.P.S.C. (the "Company") is incorporated in accordance with the provisions of the Qatar Commercial Companies Law No. 11 of 2015 as a Qatari Public Shareholding Company, and was registered with the Ministry of Economy and Commerce of the State of Qatar with the 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 is domiciled in the State of Qatar, where it also has its principal place of business. Its registered office is at D-Ring road, building number 92, Doha, State of Qatar.

The condensed consolidated interim financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

The principal activities of the Group which have not changed since the previous period are the provision of logistics (warehousing, inland transportation of goods for storage, international moving and relocation, express courier and records management) and freight forwarding (land, sea or air) services.

The details of Company's operating subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Nature of business	Group effective shareholding %	
			30 June 2017	31 December 2016
Agility W.L.L.	State of Qatar	Logistics and transportation	100%	100%
GWC Global Cargo & Transport L.L.C.	United Arab Emirates	Warehousing and transportation	100%	100%
GWC Logistic S.P.C.	Kingdom of Bahrain	Operation and management of general warehouse	100%	100%

The Company also has the following non-operational subsidiaries:

Name of subsidiary	Country of incorporation	Nature of business	Group effective shareholding %	
			30 June 2017	31 December 2016
GWC Chemicals W.L.L.	State of Qatar	Chemical trading and transportation	100%	100%
GWC Food Services W.L.L.	State of Qatar	Trading food	100%	100%
Imdad Sourcing & Logistic Group W.L.L.	State of Qatar	Trading food 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%
GWC Marine Services	State of Qatar	Marine services	100%	100%
GWC Express	State of Qatar	Courier services	100%	100%

Notes to the condensed consolidated interim financial statements

For the six-month period ended 30 June 2017

2. BASIS OF ACCOUNTING

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2016 (the "last annual consolidated financial statements"). 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 financial statements.

These condensed consolidated interim financial statements were authorised for issue by the Company's Board of Directors on 20 July 2017.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these 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 were applied to the last annual financial statements.

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 last annual financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies

During the current period, the below new amended International Financial Reporting Standards (“IFRS” or “standards”) and improvements to standards became effective for the first time for financial periods beginning on 1 January 2017:

- *Amendments to IAS 7 “Disclosure Initiative”*
- *Amendments to IAS 12 on recognition of deferred tax assets for unrealised losses*
- *Amendments to IFRS 12 as part of the “Annual improvements to IFRSs 2014-2016 cycle-various standards”.*

The adoption of the above amendments to standards had no significant impact on the condensed consolidated interim financial statements.

5. OPERATING SEGMENTS

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

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

The Company’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.

5. OPERATING SEGMENTS (CONTINUED)

The following table presents revenue and profit information regarding the Group's operating segments for the six-month period ended 30 June 2017:

Revenue / profit	Logistic operations		Freight forwarding		Others		Total	
	For the six month period ended 30 June		For the six month period ended 30 June		For the six month period ended 30 June		For the six month period ended 30 June	
	2017 (Reviewed)	2016 (Reviewed)	2017 (Reviewed)	2016 (Reviewed)	2017 (Reviewed)	2016 (Reviewed)	2017 (Reviewed)	2016 (Reviewed)
Segment revenue	<u>302,981,358</u>	288,239,313	<u>152,002,651</u>	141,907,721	-	-	<u>454,984,009</u>	430,147,034
Segment profit	<u>81,912,227</u>	82,197,939	<u>10,835,463</u>	8,616,157	<u>12,521,430</u>	10,503,112	<u>105,269,120</u>	101,317,208

The following table presents the assets and liabilities of the Group's operating segments as at 30 June 2017:

	Logistic operations		Freight forwarding		Others		Total	
	30 June 2017 (Reviewed)	31 December 2016 (Audited)	30 June 2017 (Reviewed)	31 December 2016 (Audited)	30 June 2017 (Reviewed)	31 December 2016 (Audited)	30 June 2017 (Reviewed)	31 December 2016 (Audited)
	Segment assets	<u>3,188,310,038</u>	3,115,927,732	<u>165,187,088</u>	175,690,462	<u>374,854,641</u>	449,772,982	<u>3,728,351,767</u>
Segment liabilities	<u>2,041,137,806</u>	2,064,371,970	<u>74,892,483</u>	75,667,034	<u>85,253,659</u>	85,788,437	<u>2,201,283,948</u>	2,225,827,440

6. PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the six-month period ended 30 June 2017, the Group acquired assets with a cost of QR 16,378,277 (six-month period ended 30 June 2016: QR 12,779,164) to meet the increased business requirements of the Group. In addition, assets amounting to QR 565,271,204 were transferred from "Capital work-in-progress" upon substantially completion of Bu-sulba logistic project.

Disposals

During the six-month period ended 30 June 2017 the Group disposed motor vehicles with a cost of QR 2,205,533 for QR 438,250 with carrying value of QR 196,238 (six-month period ended 30 June 2016: the Group disposed motor vehicles with a cost of QR 20,168,390 for QR 3,179,000 with carrying value of QR 2,311,458).

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Mortgages

As at 30 June 2017, buildings with a carrying amount of QR 1,444,604,917 were mortgaged against term loans (2016: QR 846,388,845) (Note 13).

7. CAPITAL WORK-IN-PROGRESS

Additions

During the six-month period ended 30 June 2017, the Group continued with the construction of the Logistics Village Qatar (LVQ) Phase V and Bu-sulba logistic project. The cost of capitalised expenditure on these projects during the period was QR 182,137,211 (six-month period ended 30 June 2016: QR 509,809,434). Upon completion, these assets will be used for providing logistics services and will be reclassified accordingly.

The amount of borrowing costs capitalized during the six-month period ended 30 June 2017 was QR 19,356,690 (30 June 2016: QR 5,785,193). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization during the period was 4.25% per annum (six-month period ended 30 June 2016: 3.50%), which is the effective interest rate of the specific borrowing.

Capital commitments

During the six-month period ended 30 June 2017, the Group entered into a contract to construct Projects of QR 49,417,894 (six-month period ended 30 June 2016: QR 494,259,230). The completion of these Projects under construction is expected in 2017.

Mortgages

As at 30 June 2017 assets of QR 639,894,321 under Projects in progress were secured against term loans (2016: QR 676,459,591) (Note 13).

8. INVESTMENT PROPERTY

	Land	Building	Total
At 1 January 2016	120,443,145	65,809,125	186,252,270
Fair value gains	-	357,761	357,761
Reclassified to property, plant and equipment (1)	<u>(120,443,145)</u>	<u>(29,051,053)</u>	<u>(149,494,198)</u>
At 31 December 2016 (Audited) / 30 June 2017 (Reviewed)	<u>-</u>	<u>37,115,833</u>	<u>37,115,833</u>

- (1) On 1 January 2016 the Group occupied significant additional portions of land at Project "MIC", "Street 2" and Project "Street 43" that were previously substantially leased to third parties under finance lease agreements for own use. The owner-occupation of the Projects increased to a level construed by the management of the Company as significant based on its interpretation of the provisions of the International Accounting Standard 40 resulting therefore to a change in the use of land which necessitated the reclassification of the whole carrying value of land and buildings of these Projects from investment property to property, plant and equipment.

9. TRADE AND OTHER RECEIVABLES

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Trade receivables	356,723,332	310,471,651
Less: Provision for impairment of trade receivables (1)	<u>(20,778,970)</u>	<u>(22,156,970)</u>
Trade receivables, net	335,944,362	288,314,681
Advances to suppliers	11,763,001	80,954,767
Accrued revenue	23,174,333	47,711,233
Prepayments	53,792,284	88,155,592
Other receivables	<u>14,438,595</u>	<u>16,184,407</u>
	<u>439,112,575</u>	<u>521,320,680</u>

(1) The movements in the provision for impairment of trade receivables were as follows:

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Balance at 1 January	22,156,970	20,880,637
(Reversal of previous provision made) / provision made (Note 16)	<u>(1,378,000)</u>	<u>1,276,333</u>
Balance as at 30 June / 31 December	<u>20,778,970</u>	<u>22,156,970</u>

10. CASH AND CASH EQUIVALENTS

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Cash in hand	1,287,753	1,220,897
Bank balance - current account	78,694,617	82,003,667
Bank balance - deposit account (1)	325,000,000	395,000,000
Bank balance – restricted deposit accounts (2)	<u>12,907,778</u>	<u>10,412,353</u>
	<u>417,890,148</u>	<u>488,636,917</u>

(1) Deposits with an original maturity of less than 90 days are made for varying periods depending on the immediate cash requirements of the Group at commercial market rates.

(2) The restricted deposit accounts represent the dividend declared but not yet claimed by the shareholders.

11. SHARE CAPITAL

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
In issue as at 1 January	586,031,480	475,609,750
Issue of ordinary shares – Rights issued	-	110,421,730
In issue as at 30 June / 31 December – fully paid	586,031,480	586,031,480
Authorised – par value QR 10	58,603,148	58,603,148

12. DIVIDENDS

A dividend of QR 93,765,037 (QR 1.6 per share) was proposed by the Board of Directors in respect of the Group profit for the year ended 31 December 2016, which was approved by the Company's shareholders at the Company's Annual General Meeting held on 30 January 2017.

A dividend of QR 87,904,707 (QR 1.5 per share) was proposed by the Board of Directors in respect of the Group profit for the year ended 31 December 2015, which was approved by the Company's shareholders at the Company's Annual General Meeting held on 14 February 2016.

13. BANK LOANS

	Currency	Year of maturity	Face value	Carrying amount
Balance at 1 January 2017				1,875,923,752
New issues				
LVQ term loans	QR	2020-2025	1,777,757	1,777,757
Bu-sulba term loans	QR	2025	111,414,710	111,414,710
				<u>113,192,467</u>
Repayments				
LVQ term loans	QR	-	65,862,322	65,862,322
Bu-sulba term loans	QR	-	15,141,985	15,141,985
Other project loans	QR	-	1,902,873	1,902,873
Other term loans	QR	-	7,659,014	7,659,014
				<u>(90,566,194)</u>
Balance at 30 June 2017				1,898,550,025

As at 30 June 2016 the above loans are mortgaged against buildings with a carrying value amounting to QR 1,444 million (refer note 6) and capital work-in-progress QR 640 million (refer note 7).

The bank loans are presented in the condensed consolidated statement of financial position as follows:

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Current portion	238,414,913	193,956,482
Non-current portion	1,660,135,112	1,681,967,270
	1,898,550,025	1,875,923,752

14. RELATED PARTIES

Related party transactions

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

Name of related party	Nature of transactions	For the six month period ended	
		30 June 2017 (Reviewed)	30 June 2016 (Reviewed)
Agility network	Revenue	<u>14,850,836</u>	<u>5,537,017</u>
Agility network	Purchase of services	<u>10,552,995</u>	<u>11,887,443</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 2017 (Reviewed)	31 December 2016 (Audited)
Receivable from Agility network	<u>3,799,981</u>	<u>8,653,901</u>
Payable to Agility network	<u>3,518,169</u>	<u>4,749,971</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 2017 (Reviewed)	30 June 2016 (Reviewed)
Short-term benefits	<u>1,020,000</u>	<u>1,020,000</u>
Employees' end of service benefits	<u>41,885</u>	<u>41,885</u>

15. REVENUE

	For the three-month period ended		For the six-month period ended	
	30 June 2017 (Reviewed)	30 June 2016 (Reviewed)	30 June 2017 (Reviewed)	30 June 2016 (Reviewed)
Logistic operations	156,980,039	141,291,982	302,981,358	288,239,313
Freight forwarding	75,228,369	68,646,137	152,002,651	141,907,721
	<u>232,208,408</u>	<u>209,938,119</u>	<u>454,984,009</u>	<u>430,147,034</u>

16. EXPENSES BY NATURE

	For the three-month period ended		For the six-month period ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Logistic costs	11,055,824	9,330,351	22,014,959	24,716,001
Freight forwarding charges	50,839,315	46,540,441	104,818,268	98,828,460
Staff cost (1)	46,715,458	43,049,433	93,508,073	88,022,625
Depreciation of property, plant and equipment	30,126,945	24,888,954	55,864,628	50,015,247
Board of Directors' remuneration	2,100,000	1,800,000	4,200,000	3,600,000
Manpower subcontract charges	2,065,249	1,343,714	2,387,503	3,664,362
Amortization of intangible assets	1,836,562	1,517,698	3,673,124	3,035,396
(Reversal of provision) / Provision made for impairment on trade receivables (Note 9)	300,000	300,000	(1,378,000)	676,333
Repairs and maintenance	8,082,958	8,535,097	16,420,206	17,230,448
Legal and professional fees	851,028	505,717	1,504,485	1,311,911
Rent expense	735,375	862,275	1,487,250	1,716,825
Fuel cost	4,083,195	2,721,896	8,641,875	5,688,506
Water and electricity	6,137,992	4,553,895	10,539,078	9,306,288
Insurance cost	1,539,410	1,151,324	3,057,872	2,254,589
Communication and postage	578,947	289,881	1,118,411	787,173
Advertisement expenses	285,332	188,315	862,891	381,148
Travelling expenses	354,764	285,393	498,203	756,758
License and registration fees	625,134	785,289	1,289,173	2,221,624
Other expenses	3,530,199	4,246,204	9,598,794	9,325,563
	171,843,687	152,895,877	340,106,793	323,539,257

- (1) Staff cost includes a provision of QR 4,439,196 (2016: QR 2,952,783) in respect of employees' end of service benefits.

The above expenses are presented in the condensed consolidated statement of profit or loss and other comprehensive income as follows:

	For the three-month period ended		For the six-month period ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Direct costs	146,691,979	131,153,620	290,158,324	275,597,797
Administrative and other expenses	25,151,708	21,742,257	49,948,469	47,941,460
	171,843,687	152,895,877	340,106,793	323,539,257

17. 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 2017	30 June 2016	30 June 2017	30 June 2016
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Net profit for the period attributable to owners of the Company	54,746,709	54,763,924	105,269,120	101,317,208
Weighted average number of shares	58,603,148	57,618,756	58,603,148	57,618,756
Basic and diluted earnings per share	0.93	0.95	1.80	1.76

(1) Weighted average number of shares

	30 June 2017	30 June 2016
	(Reviewed)	(Reviewed)
Qualifying shares on 1 January	58,603,148	47,560,975
Bonus element on rights issue	-	4,189,290
Issue of ordinary shares- rights issue	-	5,868,491
	58,603,148	57,618,756

18. CONTINGENCIES AND COMMITMENTS

	30 June 2017	31 December 2016
	(Reviewed)	(Audited)
Letters of guarantee (1)	29,475,799	29,715,022
Performance bonds (2)	140,293,943	143,703,876
	169,769,742	173,418,898

(1) Letters of guarantee are issued by the Group to its vendors and General Directorate of Customs in case there is a delay in payments by the Group.

(2) Performance bonds are provided to customers of the Group for execution of projects as per the terms and conditions of contracts. These remain valid for a period of 30 days following the completion of the project.

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

	30 June 2017	31 December 2016
	(Reviewed)	(Audited)
Less than one year	6,763,300	4,331,220
Between one and five years	22,158,773	17,294,614
More than five years	46,409,097	47,813,522
	75,331,170	69,439,356

19. FAIR VALUE MEASUREMENT

The Group has not disclosed the fair values of its trade receivables, other receivables, bank balances (including loans and borrowings), trade payables and other payables, because their carrying amounts are a reasonable approximation of their fair values.

20. COMPARATIVE FIGURES

The comparative figures for the previous period have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassifications do not affect the previously reported net profits, net assets or equity.

21. SUBSEQUENT EVENTS

There were no subsequent events after the reporting date, which have a bearing on the understanding on these condensed consolidated interim financial statements.

Independent auditor's report on review of condensed consolidated interim financial statements on page 1.