

GULF WAREHOUSING COMPANY Q.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED
30 SEPTEMBER 2016

Gulf Warehousing Company Q.S.C.

**Condensed consolidated interim financial statements
For the nine-month period ended 30 September 2016**

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

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Gulf Warehousing Company Q.S.C. (the "Company") as at 30 September 2016, the condensed consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, changes in equity and cash flows for the nine-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 September 2016 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

20 October 2016
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 September 2016**

In Qatari Riyals

	Note	30 September 2016 (Reviewed)	31 December 2015 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,409,382,921	1,306,367,021
Projects in progress	7	1,050,871,483	250,725,012
Investment property	8	36,758,071	186,252,270
Intangible assets		<u>124,116,321</u>	<u>128,669,413</u>
		<u>2,621,128,796</u>	<u>1,872,013,716</u>
Current assets			
Inventories		8,671,290	8,724,153
Trade and other receivables	9	477,719,730	513,347,064
Cash and cash equivalents	10	<u>503,587,558</u>	<u>586,450,755</u>
		<u>989,978,578</u>	<u>1,108,521,972</u>
Total assets		<u>3,611,107,374</u>	<u>2,980,535,688</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	586,031,480	475,609,750
Shares subscribed but not yet issued	12	-	429,361,153
Legal reserve		552,506,803	237,804,875
Retained earnings		<u>330,295,196</u>	<u>268,087,040</u>
Equity attributable to the owners of the Company		1,468,833,479	1,410,862,818
Non-controlling interest		<u>(3,681,223)</u>	<u>(3,681,223)</u>
Total equity		<u>1,465,152,256</u>	<u>1,407,181,595</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	14	1,669,446,613	1,231,538,748
Provision for employees' end of service benefits		<u>26,567,629</u>	<u>22,807,254</u>
		<u>1,696,014,242</u>	<u>1,254,346,002</u>
Current liabilities			
Trade and other payables		284,680,096	177,371,832
Loans and borrowings	14	<u>165,260,780</u>	<u>141,636,259</u>
		<u>449,940,876</u>	<u>319,008,091</u>
Total liabilities		<u>2,145,955,118</u>	<u>1,573,354,093</u>
Total equity and liabilities		<u>3,611,107,374</u>	<u>2,980,535,688</u>

The condensed consolidated interim financial statements were approved by the Company's Board of Directors on 20 October 2016 and were 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 15 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 nine month periods ended 30 September 2016**

In Qatari Riyals

	Note	For the three-month period ended		For the nine-month period ended	
		30 September 2016 (Reviewed)	30 September 2015 (Reviewed)	30 September 2016 (Reviewed)	30 September 2015 (Reviewed)
Revenue	16	191,231,641	198,374,341	621,378,675	596,284,729
Direct costs		<u>(118,849,152)</u>	<u>(124,065,478)</u>	<u>(394,446,949)</u>	<u>(379,485,289)</u>
Gross profit		72,382,489	74,308,863	226,931,726	216,799,440
Other income		4,379,775	3,875,092	13,053,110	11,745,100
Administrative and other expenses		<u>(21,526,558)</u>	<u>(24,317,741)</u>	<u>(69,468,018)</u>	<u>(66,669,649)</u>
Operating profit		55,235,706	53,866,214	170,516,818	161,874,891
Finance income		3,041,216	56,653	7,619,240	191,443
Finance costs		<u>(9,481,267)</u>	<u>(6,587,436)</u>	<u>(28,023,195)</u>	<u>(26,983,110)</u>
Net finance costs		(6,440,051)	(6,530,783)	(20,403,955)	(26,791,667)
Profit for the period		48,795,655	47,335,431	150,112,863	135,083,224
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		48,795,655	47,335,431	150,112,863	135,083,224
Profit and total comprehensive income attributable to:					
Owners of the Company		<u>48,795,655</u>	<u>47,335,431</u>	<u>150,112,863</u>	<u>135,083,224</u>
Basic and diluted earnings per share	18	0.84	0.91	2.59	2.61

The notes on pages 6 to 15 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 nine-month period ended 30 September 2016**

In Qatari Riyals

	Share capital	Shares subscribed but not yet issued	Legal reserve (1)	Retained earnings	Equity attributable to the owners of the Company	Non- controlling interests	Total equity
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:</i>							
Profit for the period	-	-	-	135,083,224	135,083,224	-	135,083,224
<i>Transaction with owners of the Company:</i>							
Dividends (Note 13)	-	-	-	(71,341,463)	(71,341,463)	-	(71,341,463)
Balance at 30 September 2015 (Reviewed)	475,609,750	-	237,804,875	222,642,046	936,056,671	(3,681,223)	932,375,448
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:</i>							
Profit for the period	-	-	-	150,112,863	150,112,863	-	150,112,863
<i>Transaction with owners of the Company:</i>							
Dividends (Note 13)	-	-	-	(87,904,707)	(87,904,707)	-	(87,904,707)
<i>Other movements:</i>							
Issue of ordinary shares – Rights issue (Note 12)	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 September 2016 (Reviewed)	586,031,480	-	552,506,803	330,295,196	1,468,833,479	(3,681,223)	1,465,152,256

(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. The share premium collected from the issuance of new shares is also transferred to the legal reserve in accordance with Article 154 of the above mentioned Law. The legal reserve is not available for distribution except in circumstances specified in the above mentioned Law.

The notes on pages 6 to 15 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 nine-month period ended 30 September 2016

In Qatari Riyals

		For the nine-month period ended	
	Note	30 September 2016 (Reviewed)	30 September 2015 (Reviewed)
Cash flows from operating activities			
Profit for the period		150,112,863	135,083,224
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	17	74,923,754	65,372,890
Amortisation of intangible assets	17	4,553,092	4,553,092
Provision for impairment of trade receivables (net)	17	976,333	3,200,000
(Profit) / loss on sale of property, plant and equipment	6	(1,059,018)	39,226
Provision for employees' end of service benefits	17	4,222,026	4,866,334
Finance income		(7,619,240)	(191,443)
Finance costs		28,023,195	26,983,110
		<u>254,133,005</u>	<u>239,906,433</u>
<i>Change in:</i>			
- Inventories		52,863	(584,506)
- Trade and other receivables		34,651,001	(120,321,006)
- Trade and other payables		112,047,118	(6,773,239)
Cash generated from operating activities		<u>400,883,987</u>	<u>112,227,682</u>
Employees' end of service benefits paid		(461,651)	(1,058,976)
Net cash from operating activities		<u>400,422,336</u>	<u>111,168,706</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(30,917,016)	(53,041,374)
Proceeds from sale of property, plant and equipment	6	3,530,579	1,419,450
Additions to projects in progress	7	(800,146,471)	(130,789,617)
Finance income received		7,619,240	191,443
Net cash used in investing activities		<u>(819,913,668)</u>	<u>(182,220,098)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings	14	577,496,787	112,639,687
Repayment of loans and borrowings	14	(115,964,401)	(43,681,557)
Finance costs paid		(32,762,049)	(15,259,654)
Refund of share application money		(4,237,495)	-
Dividends paid to the Company's shareholders	13	(87,904,707)	(71,341,463)
Net cash from / (used in) financing activities		<u>336,628,135</u>	<u>(17,642,987)</u>
Net decrease in cash and cash equivalents		(82,863,197)	(88,694,379)
Cash and cash equivalents at 1 January		<u>586,450,755</u>	<u>160,228,239</u>
Cash and cash equivalents at 30 September	10	<u>503,587,558</u>	<u>71,533,860</u>

The notes on pages 6 to 15 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 nine-month period ended 30 September 2016

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. 11 of 2015 as a Qatari 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 of the Company 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 September 2016	31 December 2015
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 September 2016	31 December 2015
GWC Chemicals 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 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%

Gulf Warehousing Company Q.S.C.
Notes to the condensed consolidated interim financial statements
For the nine-month period ended 30 September 2016

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 Company’s last annual consolidated financial statements as at and for the year ended 31 December 2015 (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 October 2016.

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 consolidated financial statements as at and for the year ended 31 December 2015.

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 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 asset 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 Company’s consolidated financial statements as at and for the year ended 31 December 2015.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies

During the nine-month period ended 30 September 2016, the Group adopted the below amendments and improvements to the International Financial Reporting Standards that are effective for annual periods beginning on 1 January 2016:

- Amendments to IAS 1 on Disclosure Initiative
- Amendments to IAS 16 and IAS 38 on clarification of acceptable methods of depreciation and amortization
- Amendments to IAS 16 and IAS 41 on Agriculture: Bearer plants
- Amendments to IAS 27 on equity method in Separate Financial Statements
- Amendments to IFRS 11 on accounting for acquisitions of interests in Joint Ventures
- Amendments to IFRS 10, IFRS 12 and IAS 28 on investment entities applying the consolidation exception
- IFRS 14 "Regulatory Deferral Accounts"
- Annual improvements to IFRSs 2012-2014 cycle

The adoption of the above amendments and improvements had no significant impact on the Company's condensed consolidated interim financial statements.

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 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 and Courier services.

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.

The following table presents revenue and profit information regarding the Group's operating segments:

Operating segments	For the nine-month period ended 30 September 2016 (Reviewed)		For the nine-month period ended 30 September 2015 (Reviewed)	
	Segment revenue	Segment profit	Segment revenue	Segment profit
Logistic operations	423,256,261	119,667,367	396,113,355	112,463,998
Freight forwarding	198,122,414	11,219,286	200,171,374	10,798,451
Unallocated	-	19,226,210	-	11,820,775
	621,378,675	150,112,863	596,284,729	135,083,224

5. SEGMENT INFORMATION (CONTINUED)

The following table presents segment assets of the Group's operating segments:

	At 30 September 2016	At 31 December 2015
Operating segments	(Reviewed)	(Audited)
Logistic operations	2,850,815,558	2,157,693,238
Freight forwarding	163,849,110	163,418,805
Others	8,824,883	8,810,224
Unallocated	587,617,823	650,613,421
	<u>3,611,107,374</u>	<u>2,980,535,688</u>

6. ROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the nine-month period ended 30 September 2016, the Group acquired assets with a cost of QR 30,917,016 (nine-month period ended 30 September 2015: QR 53,041,374). The decline in acquisition amounting to QR 22,124,358 is mainly because higher number of vehicles and mechanical equipment were bought in the comparative period.

Transfers from investment property

On 1 January 2016, land with a carrying value of QR 120,443,145 and buildings with a carrying value of QR 29,051,054 were transferred from investment property (Note 8). The carrying amounts of the assets represented their fair values as at the date of transfer because they were accounted for using the fair value model of investment property. During the nine-month period ended 30 September 2016, these assets were depreciated by QR 4,484,826 (nine-month period 30 September 2015, these assets were not depreciated as they were accounted at fair value).

Disposals

During the nine-month period ended 30 September 2016, the Group disposed motor vehicles with a cost of QR 22,422,356 for QR 3,530,579 with carrying value of QR 2,471,561 (nine-month period ended 30 September 2015: the Group disposed assets with a cost of QR 6,380,379 for QR 1,419,450 with carrying value of QR 1,458,676).

Mortgages

As at 30 September 2016, buildings with a carrying value of QR 856,239,293 million were mortgaged against term loans (2015: QR 856,374,272 million) (Note 14).

7. PROJECTS IN PROGRESS

Additions

During the nine-month period ended 30 September 2016, the Group continued with the construction of the Logistics Village Qatar (LVQ) Phase V, the Bu-sulba and the Raslaffan projects. The cost of capitalised expenditure on these projects during the period was QR 800,146,471 (nine-month period ended 30 September 2015: QR 130,789,618). Upon completion, these assets will be used for providing logistics services and will be reclassified accordingly.

The amount of borrowing costs capitalized during the nine-month period ended 30 September 2016 was QR 11,384,065 (30 September 2015: QR 2,479,036). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization during the period was 3.50% per annum (nine-month period ended 30 September 2016: 3.50%), which is the effective interest rate of the specific borrowing.

7. PROJECTS IN PROGRESS (CONTINUED)

Capital commitments

During the nine-month period ended 30 September 2016, the Group entered into a contract to construct projects of QR 324,926,766 (nine-month period ended 30 September 2015: QR 979,113,522). The completion of these projects under construction is expected in year 2017.

Mortgages

As at 30 September 2016 assets of QR 966,850,047 under project in progress are secured against term loans (2015: QR 173,225,591 (Note 14)).

8. INVESTMENT PROPERTY

As at 30 September 2016, the Group's investment property reduced from QR 186,252,270 as at 1 January 2016 to QR 36,758,071 as a result of a transfer of QR 149,494,199 to property, plant and equipment (Note 6).

On 1 January 2016 the Group occupied significant additional portions of land at Project "MIC", Project "Street 2" and Project "Street 43" that were previously substantially leased to third parties under finance lease agreements. The owner-occupation of these 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, which necessitated the reclassification of the whole carrying value of land and buildings of these Projects from investment property to property, plant and equipment (Note 6).

9. TRADE AND OTHER RECEIVABLES

	30 September 2016 (Reviewed)	31 December 2015 (Audited)
Trade receivables	299,511,845	227,241,602
Less: Provision for impairment of trade receivables	<u>(21,856,970)</u>	<u>(20,880,637)</u>
Trade receivables, net	277,654,875	206,360,965
Advances to suppliers	105,182,973	195,355,614
Accrued revenue	12,869,747	39,977,064
Prepayments	68,162,344	62,771,108
Other receivables	<u>13,849,791</u>	<u>8,882,313</u>
	<u>477,719,730</u>	<u>513,347,064</u>

10. CASH AND CASH EQUIVALENTS

	30 September 2016 (Reviewed)	31 December 2015 (Audited)
Cash in hand	1,239,905	1,153,207
Bank balance – current account	91,851,391	113,053,016
Bank balance – deposit account (1)	400,000,000	35,000,000
Bank balance – restricted deposit accounts (2)	<u>10,496,262</u>	<u>437,244,532</u>
	<u>503,587,558</u>	<u>586,450,755</u>

10. CASH AND CASH EQUIVALENTS (CONTINUED)

- (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. The substantial increase during the nine-month period ended 30 September 2016 relates mainly to the transfer from restricted deposit accounts (see sub-note 2 below).
- (2) The restricted deposit accounts represent largely the funds received from the rights issue (Note 12). These funds were restricted until the approval by the Qatar regulatory authorities of the Company's new shares resulting from the rights issue which was received on 27 January 2016.

11. SHARE CAPITAL

	30 September 2016 (Reviewed)	31 December 2015 (Audited)
In issue as at 1 January	475,609,750	475,609,750
Issue of ordinary shares – right issued	<u>110,421,730</u>	<u>-</u>
In issue as at 31 December – fully paid	<u>586,031,480</u>	<u>475,609,750</u>
Authorised – par value QR 10	<u>58,603,148</u>	<u>47,560,975</u>

All shares are fully paid and bear equal rights.

12. SHARES SUBSCRIBED BUT NOT YET ISSUED

At the Company's Extra Ordinary General Meeting held on 13 September 2015 the shareholders decided to increase the Company's share capital via a rights issue by offering new shares for subscription at the ratio of one share for every four shares held by eligible shareholders.

The Company's eligible shareholders were those listed on the shareholders' register held by the Qatar Stock Exchange at the end of the working day of 12 October 2015. These shareholders were entitled to new shares at the price of QR 38.5 (QR 10 Nominal Value + QR 28.5 Premium) per share. The subscription period was between 8 November 2015 and 25 November 2015.

The new shares were approved by the regulatory authorities of the State of Qatar on 27 January 2016 and consequently, have been shown as part of the Company's share capital.

13. DIVIDENDS

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.

A dividend of QR 71,341,463 (QR 1.5 per share) was proposed by the Board of Directors in respect of the Group profit for the year ended 31 December 2014, which was approved by the Company's shareholders at the Company's Annual General Meeting held on 16 February 2015.

14. LOANS AND BORROWINGS

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Balance at 1 January 2016					1,373,175,007
New issues					
LVQ term loans	QAR	3.20% - 3.50%	2020-2025	118,388,095	118,388,095
Bu-sulba term loans	QAR	3.25% - 3.50%	2025	456,042,391	456,042,391
Other project loans	QAR	3.20% - 3.25%	2025	3,066,301	3,066,301
					<u>577,496,787</u>
Repayments					
LVQ term loans	QAR	3.20% - 3.50%	-	(62,794,083)	(62,794,083)
Other project loans	QAR	3.20% - 3.25%	-	(559,787)	(559,787)
Other term loans	QAR	4% - 5.1%	-	(52,610,531)	(52,610,531)
					<u>(115,964,401)</u>
Balance at 30 September 2016					<u>1,834,707,393</u>

As at 30 September 2016 the above loans are mortgaged against buildings with a carrying value of QR 856 million (Note 6) and work in progress QR 966 million (Note 7).

15. 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 nine month period ended	
		30 September 2016 (Reviewed)	30 September 2015 (Reviewed)
Agility network	Revenue	<u>11,392,121</u>	<u>5,325,609</u>
Agility network	Purchase of services	<u>16,637,122</u>	<u>25,972,282</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 September 2016 (Reviewed)	31 December 2015 (Audited)
Receivable from Agility network	<u>4,443,495</u>	<u>886,885</u>
Payable to Agility network	<u>2,631,718</u>	<u>4,357,415</u>

15. RELATED PARTIES (CONTINUED)**Compensation of key management personnel**

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

	For the nine-month period ended	
	30 September 2016	30 September 2015
	(Reviewed)	(Reviewed)
Short-term benefits	1,530,000	1,080,000
Provision for employees' end of service benefits	63,058	43,979

16. REVENUE

	For the three-month period ended		For the nine-month period ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Logistic operations	135,016,948	136,927,251	423,256,261	396,113,355
Freight forwarding	56,214,693	61,447,090	198,122,414	200,171,374
	191,231,641	198,374,341	621,378,675	596,284,729

17. EXPENSES BY NATURE

	For the three-month period ended		For the nine-month period ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Logistic costs	9,411,682	10,240,195	34,127,683	31,561,617
Freight forwarding charges	35,755,229	43,049,139	134,583,689	138,799,887
Staff cost (1)	43,831,305	44,057,883	131,853,930	128,232,142
Depreciation of property, plant and equipment	24,908,507	22,582,314	74,923,754	65,372,890
Board of Directors' remuneration (2)	1,800,000	-	5,400,000	-
Manpower subcontract charges	435,183	886,687	4,099,545	2,606,114
Amortization of intangible assets	1,517,696	1,517,696	4,553,092	4,553,092
Provision for impairment on trade receivables	300,000	2,700,000	976,333	3,200,000
Repairs and maintenance	8,631,756	8,454,200	25,862,204	23,707,829
Legal and professional fees	596,388	395,831	1,908,299	1,919,192
Rent	736,315	1,012,622	2,453,140	2,190,944
Fuel	2,354,414	3,628,374	8,042,920	13,662,594
Water and electricity	4,876,825	3,977,892	14,183,113	8,678,957
Insurance	1,160,796	1,143,685	3,415,385	3,296,689
Communication and postage	498,627	501,242	1,285,800	1,607,250
Advertisement	146,589	202,763	527,737	672,304
Travelling expenses	92,661	151,514	849,419	678,437
License and registration fees	479,062	536,023	2,700,686	1,437,069
Other expenses	2,842,675	3,345,159	12,168,238	13,977,931
	140,375,710	148,383,219	463,914,967	446,154,938

17. EXPENSES BY NATURE (CONTINUED)

- (1) Staff cost includes a provision of QR 4,222,026 (2015: QR 4,866,334) in respect of employees' end of service benefits.
- (2) Management has provided for the first time in its interim financial statements for Board of Directors' remuneration, which is proposed and approved at the Annual General Meeting following the financial year end, based on precedence of such payments made.

18. 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 nine month period ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Net profit for the period attributable to owners of the Company	48,795,655	47,335,431	150,112,863	135,083,224
Weighted average number of shares	57,950,492	51,750,265	57,950,492	51,750,265
Basic and diluted earnings per share	0.84	0.91	2.59	2.61

(1) Weighted average number of shares

	30 September 2016	30 September 2015
	(Reviewed)	(Reviewed)
Qualifying shares on 1 January	47,560,975	47,560,975
Bonus element on right issue	4,189,290	4,189,290
Issue of ordinary shares- right issue	6,200,227	-
	57,950,492	51,750,265

19. CONTINGENCIES

	30 September 2016	31 December 2015
	(Reviewed)	(Audited)
Letters of guarantee (1)	29,361,991	23,812,992
Performance bonds (2)	145,390,355	136,753,562
	174,752,346	160,566,554

- (1) Letters of guarantee are issued by the Company to its vendors and General Directorate of Customs in case there is a delay in payments by the Company.
- (2) Performance bonds are provided to customers of the Company 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.

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