

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

Gulf Warehousing Company Q.P.S.C.

**Condensed consolidated interim financial statements
For the nine-month period ended 30 September 2017**

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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 September 2017, 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 2017 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

19 October 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 September 2017**

In Qatari Riyals

	Notes	30 September 2017 (Reviewed)	31 December 2016 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,985,595,217	1,462,910,948
Capital work-in-progress	7	729,789,537	1,096,436,581
Investment property	8	37,115,833	37,115,833
Intangible assets and goodwill		120,743,290	126,252,975
		<u>2,873,243,877</u>	<u>2,722,716,337</u>
Current assets			
Inventories		11,175,446	8,717,242
Trade and other receivables	9	455,929,706	521,320,680
Cash and cash equivalents	10	400,256,481	488,636,917
		<u>867,361,633</u>	<u>1,018,674,839</u>
Total assets		<u>3,740,605,510</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		444,200,116	380,706,676
Equity attributable to the owners of the Company		<u>1,582,738,399</u>	<u>1,519,244,959</u>
Non-controlling interest		<u>(3,681,223)</u>	<u>(3,681,223)</u>
Total equity		<u>1,579,057,176</u>	<u>1,515,563,736</u>
Liabilities			
Non-current liabilities			
Bank loans	13	1,595,997,156	1,681,967,270
Provision for employees' end of service benefits		29,550,752	26,507,473
		<u>1,625,547,908</u>	<u>1,708,474,743</u>
Current liabilities			
Bank loans	13	247,057,845	193,956,482
Trade and other payables		288,942,581	323,396,215
		<u>536,000,426</u>	<u>517,352,697</u>
Total liabilities		<u>2,161,548,334</u>	<u>2,225,827,440</u>
Total equity and liabilities		<u>3,740,605,510</u>	<u>3,741,391,176</u>

The condensed consolidated interim financial statements were approved by the Company's Board of Directors on 19 October 2017 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 17 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 nine-month period ended 30 September 2017

In Qatari Riyals

	Notes	For the three-month period ended		For the nine-month period ended	
		30 September 2017 (Reviewed)	30 September 2016 (Reviewed)	30 September 2017 (Reviewed)	30 September 2016 (Reviewed)
Revenue	15	240,141,632	191,231,641	695,125,641	621,378,675
Direct costs	16	(152,303,203)	(118,849,152)	(442,461,527)	(394,446,949)
Gross profit		87,838,429	72,382,489	252,664,114	226,931,726
Other income		3,820,677	4,379,775	11,266,914	13,053,110
Administrative and other expenses	16	(26,380,353)	(21,526,558)	(76,328,822)	(69,468,018)
Operating profit		65,278,753	55,235,706	187,602,206	170,516,818
Finance income		2,561,891	3,041,216	7,892,753	7,619,240
Finance costs		(15,851,287)	(9,481,267)	(38,236,482)	(28,023,195)
Net finance costs		(13,289,396)	(6,440,051)	(30,343,729)	(20,403,955)
Profit for the period		51,989,357	48,795,655	157,258,477	150,112,863
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		51,989,357	48,795,655	157,258,477	150,112,863
Profit and total comprehensive income attributable to:					
Owners of the Company		51,989,357	48,795,655	157,258,477	150,112,863
Basic and diluted earnings per share	17	0.89	0.84	2.68	2.59

The notes on pages 6 to 17 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 nine-month period ended 30 September 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:</i>							
Profit for the period	-	-	-	150,112,863	150,112,863	-	150,112,863
<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 September 2016 (Reviewed)	586,031,480	-	552,506,803	330,295,196	1,468,833,479	(3,681,223)	1,465,152,256
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	-	-	-	157,258,477	157,258,477	-	157,258,477
<i>Transaction with owners of the Company:</i>							
Dividends (Note 12)	-	-	-	(93,765,037)	(93,765,037)	-	(93,765,037)
Balance at 30 September 2017 (Reviewed)	586,031,480	-	552,506,803	444,200,116	1,582,738,399	(3,681,223)	1,579,057,176

(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 17 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 nine-month period ended 30 September 2017**

In Qatari Riyals

	Notes	For the nine-month period ended	
		30 September 2017 (Reviewed)	30 September 2016 (Reviewed)
Cash flows from operating activities			
Profit for the period		157,258,477	150,112,863
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	16	88,151,642	74,923,754
Amortisation of intangible assets	16	5,509,686	4,553,092
(Reversal of previous provision made) / provision made for impairment of trade receivables	16	(1,078,000)	976,333
Profit on sale of property, plant and equipment	6	(329,769)	(1,059,018)
Provision for employees' end of service benefits	16	6,028,429	4,222,026
Finance income		(7,892,753)	(7,619,240)
Finance costs		38,236,482	28,023,195
		<u>285,884,194</u>	<u>254,133,005</u>
<i>Change in:</i>			
- Inventories		(2,458,204)	52,863
- Trade and other receivables		63,029,518	34,651,001
- Trade and other payables		(2,843,915)	112,047,118
Cash generated from operating activities		<u>343,611,593</u>	<u>400,883,987</u>
Employees' end of service benefits paid		<u>(2,985,151)</u>	<u>(461,651)</u>
Net cash from operating activities		<u>340,626,442</u>	<u>400,422,336</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(34,609,350)	(30,917,016)
Proceeds from sale of property, plant and equipment	6	558,250	3,530,579
Additions to capital work-in-progress	7	(209,807,998)	(800,146,471)
Finance income received		11,332,209	7,619,240
Net cash used in investing activities		<u>(232,526,889)</u>	<u>(819,913,668)</u>
Cash flows from financing activities			
Proceeds from bank loans	13	113,192,467	577,496,787
Repayment of bank loans	13	(146,061,218)	(115,964,401)
Finance costs paid		(69,846,201)	(32,762,049)
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>(196,479,989)</u>	<u>336,628,135</u>
Net decrease in cash and cash equivalents		(88,380,436)	(82,863,197)
Cash and cash equivalents at 1 January		<u>488,636,917</u>	<u>586,450,755</u>
Cash and cash equivalents at 30 September	10	<u>400,256,481</u>	<u>503,587,558</u>

The notes on pages 6 to 17 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 nine-month period ended 30 September 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 at 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.

Details of the Company's operating subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Nature of business	Group effective shareholding %	
			30 September 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%
GWC Logistics Holding L.L.C.	State of Qatar	Logistics and freight forwarding	100%	-

The Company also has the following non-operational subsidiaries:

Name of subsidiary	Country of incorporation	Nature of business	Group effective shareholding %	
			30 September 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%

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 2016 (the “last annual 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 19 October 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

The Group has an established control framework with respect to the measurement of fair values. The chief financial officer has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports significant valuation issues directly to the Group Audit Committee.

The chief financial officer regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the chief financial officer assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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 last annual financial statements.

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.

New and amended standards and interpretations to standards not yet effective, but available for early adoption

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these condensed consolidated interim financial statements.

Adoption expected to impact the Group’s consolidated financial statements

- *IFRS 9 “Financial Instruments” (Effective on 1 January 2018)*
- *IFRS 15 “Revenue from Contracts with Customers” (Effective on 1 January 2018)*
- *IFRS 16 “Leases” (Effective on 1 January 2019)*

The Group does not have any updates to information provided in the last annual financial statements about the standards issued but not yet effective that may have a significant impact on the Group’s consolidated financial statements.

Adoption not expected to impact the Group’s consolidated financial statements

- *Amendments to IFRS 2 on classification and measurement of share based payment transactions (Effective on 1 January 2018)*
- *Amendments to IFRS 10 and IAS 28 on sale or contribution of assets between an investor and its associate or joint venture (Effective date to be determined)*

5. OPERATING SEGMENTS

The Group has three strategic divisions, which are treated as 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 table 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	Rental income, fixed deposit income and others

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

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2017

In Qatari Riyals

5. OPERATING SEGMENTS (CONTINUED)

Information about reportable segments

There were no acquisitions or disposals of operations during the nine-month period and, therefore, the composition of the reportable segments remains unchanged since the last annual financial statements.

	Logistic operations		Freight forwarding		Others		Total	
	For the nine-month period ended 30 September		For the nine-month period ended 30 September		For the nine-month period ended 30 September		For the nine-month period ended 30 September	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Segment revenue	<u>475,533,212</u>	<u>423,256,261</u>	<u>219,592,429</u>	<u>198,122,414</u>	-	-	<u>695,125,641</u>	<u>621,378,675</u>
Segment profit	<u>123,952,019</u>	<u>119,667,367</u>	<u>14,608,103</u>	<u>11,219,286</u>	<u>18,698,355</u>	<u>19,226,210</u>	<u>157,258,477</u>	<u>150,112,863</u>

	Logistic operations		Freight forwarding		Others		Total	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2017	2016	2017	2016	2017	2016	2017	2016
	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)
Segment assets	<u>3,187,897,816</u>	<u>3,115,927,732</u>	<u>172,131,334</u>	<u>175,690,462</u>	<u>380,576,360</u>	<u>449,772,982</u>	<u>3,740,605,510</u>	<u>3,741,391,176</u>
Segment liabilities	<u>1,993,700,414</u>	<u>2,064,371,970</u>	<u>80,287,850</u>	<u>75,667,034</u>	<u>87,560,070</u>	<u>85,788,436</u>	<u>2,161,548,334</u>	<u>2,225,827,440</u>

None of the Group's reportable segments is subject to seasonal fluctuations.

6. PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the nine-month period ended 30 September 2017, the Group acquired assets with a cost of QR 34,609,350 (nine-month period ended 30 September 2016: QR 30,917,016) to meet the increased business requirements of the Group.

Transfers from capital work-in-progress

During the nine-month period ended 30 September 2017, the Group transferred assets amounting to QR 576,455,042 from "Capital work-in-progress" (Note 7). No such transfers were done in the previous period.

Transfers from investment property

During the nine-month period ended 30 September 2016 the Company transferred assets of QR 149,494,198 from investment property to property, plant and equipment (Note 8). No such transfers were done in the current period.

Disposals

During the nine-month period ended 30 September 2017, the Group disposed motor vehicles with a cost of QR 3,084,392 for QR 558,250 with a total carrying value of QR 228,481 (nine-month period ended 30 September 2016: the Group disposed assets with a cost of QR 22,422,356 for QR 3,530,579 with a total carrying value of QR 2,471,561).

Mortgages

As at 30 September 2017, buildings with a carrying value of QR 1,428,453,570 were mortgaged against term loans (30 September 2016: QR 856,239,293) (Note 13).

7. CAPITAL WORK-IN-PROGRESS

Additions

During the nine-month period ended 30 September 2017, the Group continued with the construction of the Logistics Village Qatar (LVQ) Phase V and the Bu-sulba logistic project. The cost of capitalised expenditure on these projects during the period was QR 209,807,998 (nine-month period ended 30 September 2016: QR 800,146,471).

The amount of borrowing costs capitalized during the nine-month period ended 30 September 2017 was QR 25,571,182 (nine-month period ended 30 September 2016: QR 11,384,065). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization during the period was 4.50% (nine-month period ended 30 September 2016: 3.50%) per annum, which is the effective interest rate of the specific borrowing.

Transfers to property, plant and equipment

During the nine-month period ended 30 September 2017, the Group transferred assets amounting to QR 576,455,042 to property, plant and equipment (Note 6) upon the substantial completion of Bu-sulba logistic project.

Capital commitments

During the nine-month period ended 30 September 2017, the Group entered into a contract to construct projects of QR 31,551,588 (nine-month period ended 30 September 2016: QR 324,926,766). The completion of these projects under construction is expected in year 2018.

7. CAPITAL WORK-IN-PROGRESS (CONTINUED)**Mortgages**

As at 30 September 2017 assets with a carrying value of QR 647,605,632 under project in progress were mortgaged against term loans (30 September 2016: QR 966,850,047) (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
Transferred 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 September 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", 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 "Investment Property", 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).

The investment property as at the reporting date represents buildings of the Project "MIC", Project "Street 2" and Project "Street 43" that are substantially leased to third parties.

9. TRADE AND OTHER RECEIVABLES

	30 September 2017 (Reviewed)	31 December 2016 (Audited)
Trade receivables	339,887,117	310,471,651
Less: Provision for impairment of trade receivables (1)	<u>(21,078,970)</u>	<u>(22,156,970)</u>
Trade receivables, net	318,808,147	288,314,681
Advances made to suppliers	20,612,763	80,954,767
Accrued revenue	17,903,066	47,711,233
Prepayments	82,234,069	88,155,592
Other receivables	<u>16,371,661</u>	<u>16,184,407</u>
	<u>455,929,706</u>	<u>521,320,680</u>

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

	30 September 2017 (Reviewed)	31 December 2016 (Audited)
At 1 January	22,156,970	20,880,637
(Reversal of previous provision made) / provision made (Note 16)	<u>(1,078,000)</u>	<u>1,276,333</u>
At 30 September / 31 December	<u>21,078,970</u>	<u>22,156,970</u>

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2017

In Qatari Riyals

10. CASH AND CASH EQUIVALENTS

	30 September 2017	31 December 2016
	(Reviewed)	(Audited)
Cash in hand	1,191,020	1,220,897
Bank balance – current account	56,618,733	82,003,667
Bank balance – deposit account (1)	330,000,000	395,000,000
Bank balance – restricted deposit accounts (2)	12,446,728	10,412,353
	<u>400,256,481</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 Company's shareholders.

11. SHARE CAPITAL

	30 September 2017		31 December 2016	
	Number of shares	Value	Number of shares	Value
<i>Authorised and fully paid:</i>				
Ordinary shares of QR 10 each	<u>58,603,148</u>	<u>586,031,480</u>	<u>58,603,148</u>	<u>586,031,480</u>

The movements of the issued shares were as follows:

	Number of shares	Value
At 1 January 2016	47,560,975	475,609,750
Issue of shares – rights issue	<u>11,042,173</u>	<u>110,421,730</u>
At 31 December 2016 / 30 September 2017	<u>58,603,148</u>	<u>586,031,480</u>

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.

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2017

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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	-	103,502,825	103,502,825
Bu-sulba term loans	QR	-	27,170,715	27,170,715
Other project loans	QR	-	3,837,535	3,837,535
Other term loans	QR	-	11,550,142	11,550,143
				<u>146,061,218</u>
Balance at 30 September 2017				1,843,055,001

As at 30 September 2017 the above loans were secured against buildings with a carrying value of QR 1,428,453,570 (Note 6) and capital work-in-progress of QR 647,605,632 (Note 7).

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

	30 September 2017 (Reviewed)	31 December 2016 (Audited)
Current portion	247,057,845	193,956,482
Non-current portion	1,595,997,156	1,681,967,270
	<u>1,843,055,001</u>	<u>1,875,923,752</u>

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 nine-month period ended	
		30 September 2017 (Reviewed)	30 September 2016 (Reviewed)
Agility network	Revenue	<u>17,390,801</u>	<u>11,392,121</u>
Agility network	Purchase of services	<u>17,923,176</u>	<u>16,637,122</u>

14. RELATED PARTIES (CONTINUED)**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 2017 (Reviewed)	31 December 2016 (Audited)
Receivable from Agility network	<u>1,724,232</u>	<u>8,653,901</u>
Payable to Agility network	<u>5,259,290</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 nine-month period ended	
	30 September 2017 (Reviewed)	30 September 2016 (Reviewed)
Short-term benefits	<u>1,530,000</u>	<u>1,530,000</u>
Provision for employees' end of service benefits	<u>63,058</u>	<u>63,058</u>

15. REVENUE

	For the three-month period ended		For the nine-month period ended	
	30 September 2017 (Reviewed)	30 September 2016 (Reviewed)	30 September 2017 (Reviewed)	30 September 2016 (Reviewed)
Logistic operations	172,551,854	135,016,948	475,533,212	423,256,261
Freight forwarding	67,589,778	56,214,693	219,592,429	198,122,414
	<u>240,141,632</u>	<u>191,231,641</u>	<u>695,125,641</u>	<u>621,378,675</u>

Notes to the condensed consolidated interim financial statements
For the nine-month period ended 30 September 2017

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16. EXPENSES BY NATURE

	For the three-month period ended		For the nine-month period ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Logistic costs	14,640,011	9,411,682	36,654,970	34,127,683
Freight forwarding charges	46,556,712	35,755,229	151,374,980	134,583,689
Staff cost (1)	48,038,284	43,831,305	141,546,357	131,853,930
Depreciation of property, plant and equipment	32,287,014	24,908,507	88,151,642	74,923,754
Board of Directors' remuneration	2,100,000	1,800,000	6,300,000	5,400,000
Manpower subcontract charges	1,636,436	435,183	4,023,939	4,099,545
Amortization of intangible assets	1,836,562	1,517,696	5,509,686	4,553,092
Provision for impairment on trade receivables (Note 9)	300,000	300,000	(1,078,000)	976,333
Repairs and maintenance	8,955,482	8,631,756	25,375,688	25,862,204
Legal and professional fees	427,741	596,388	1,932,226	1,908,299
Rent expense	735,375	736,315	2,222,625	2,453,140
Fuel	3,548,540	2,354,414	12,190,415	8,042,920
Water and electricity	9,097,977	4,876,825	19,637,055	14,183,113
Insurance	1,773,300	1,160,796	4,831,172	3,415,385
Communication and postage	549,004	498,627	1,667,415	1,285,800
Advertisement expenses	330,311	146,589	1,193,202	527,737
Travelling expenses	213,128	92,661	711,331	849,419
License and registration fees	704,024	479,062	1,993,197	2,700,686
Other expenses	4,953,655	2,842,675	14,552,449	12,168,238
	178,683,556	140,375,710	518,790,349	463,914,967

(1) Staff cost includes a provision of QR 6,028,429 (2016: QR 4,222,026) 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 nine-month period ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Direct costs	152,303,203	118,849,152	442,461,527	394,446,949
Administrative and other expenses	26,380,353	21,526,558	76,328,822	69,468,018
	178,683,556	140,375,710	518,790,349	463,914,967

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 nine-month period ended	
	30 September 2017 (Reviewed)	30 September 2016 (Reviewed)	30 September 2017 (Reviewed)	30 September 2016 (Reviewed)
Net profit for the period attributable to owners of the Company	51,989,357	48,795,655	157,258,477	150,112,863
Weighted average number of shares	58,603,148	57,950,492	58,603,148	57,950,492
Basic and diluted earnings per share	0.89	0.84	2.68	2.59

(1) Weighted average number of shares

	30 September 2017 (Reviewed)	30 September 2016 (Reviewed)
Qualifying shares on 1 January	58,603,148	47,560,975
Bonus element on right issue	-	4,189,290
Issue of ordinary shares - right issue	-	6,200,227
	58,603,148	57,950,492

18. CONTINGENCIES AND COMMITMENTS

	30 September 2017 (Reviewed)	31 December 2016 (Audited)
Letters of guarantee (1)	29,475,799	29,715,022
Performance bonds (2)	153,130,260	143,703,876
	182,606,059	173,418,898

- (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.

18. CONTINGENCIES AND COMMITMENTS (CONTINUED)

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

	30 September 2017 (Reviewed)	31 December 2016 (Audited)
Less than one year	10,288,804	4,331,220
Between one and five years	39,630,241	17,294,614
More than five years	<u>96,435,246</u>	<u>47,813,522</u>
	<u>146,354,291</u>	<u>69,439,356</u>

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 significant events after the nine-month interim period that have not been reflected in these condensed consolidated interim financial statements.

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