

GULF WAREHOUSING COMPANY Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED
30 SEPTEMBER 2018

Gulf Warehousing Company Q.P.S.C.

**Condensed consolidated interim financial statements
For the nine-month period ended 30 September 2018**

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	6-20

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") and its subsidiaries (together with the Company, the "Group") as at 30 September 2018, the condensed consolidated statements of profit or loss and other comprehensive income for the three month and nine month periods 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 2018 are not prepared, in all material respects, in accordance with IAS 34.

22 October 2018
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 2018

In Qatari Riyals

	Note	30 September 2018 (Reviewed)	31 December 2017 ⁽¹⁾ (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,622,333,406	1,960,097,114
Capital work-in-progress	7	45,408,085	769,326,117
Investment property		37,397,470	37,397,470
Intangible assets and goodwill	8	133,354,304	118,906,733
		2,838,493,265	2,885,727,434
Current assets			
Inventories		10,572,779	10,829,337
Trade and other receivables	9	396,885,383	525,147,090
Cash and cash equivalents	10	374,405,981	351,816,004
		781,864,143	887,792,431
Total assets		3,620,357,408	3,773,519,865
EQUITY AND LIABILITIES			
Equity			
Share capital		586,031,480	586,031,480
Legal reserve		552,506,803	552,506,803
Retained earnings		537,218,137	497,017,101
Equity attributable to the owners of the Company		1,675,756,420	1,635,555,384
Non-controlling interest		(2,926,021)	(3,681,223)
Total equity		1,672,830,399	1,631,874,161
Liabilities			
Non-current liabilities			
Loans and borrowings	12	1,527,359,027	1,525,481,830
Provision for employees' end of service benefits		35,143,091	30,895,993
		1,562,502,118	1,556,377,823
Current liabilities			
Loans and borrowings	12	184,793,882	261,436,825
Trade and other payables		200,231,009	323,831,056
		385,024,891	585,267,881
Total liabilities		1,947,527,009	2,141,645,704
Total equity and liabilities		3,620,357,408	3,773,519,865

This condensed consolidated interim financial statements was approved by the Company's Board of Directors and were signed on its behalf on 22 October 2018 by:

Abdulla Fahad J J Al Thani
Chairman

Fahad Hamad J J Al Thani
Vice Chairman

(1) The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 4.

The notes on pages 6 to 20 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 periods ended 30 September 2018

In Qatari Riyals

	Note	For the three-month period ended		For the nine-month period ended	
		30 September 2018 (Reviewed)	30 September 2017 ⁽¹⁾ (Reviewed)	30 September 2018 (Reviewed)	30 September 2017 ⁽¹⁾ (Reviewed)
Revenue	15	298,773,325	240,141,632	920,831,445	695,125,641
Direct costs	16	<u>(197,822,237)</u>	<u>(152,303,203)</u>	<u>(617,195,176)</u>	<u>(442,461,527)</u>
Gross profit		100,951,088	87,838,429	303,636,269	252,664,114
Other income		2,372,470	3,820,677	10,631,305	11,266,914
Administrative and other expenses	16	<u>(25,440,341)</u>	<u>(26,380,353)</u>	<u>(82,058,900)</u>	<u>(76,328,822)</u>
Operating profit		<u>77,883,217</u>	<u>65,278,753</u>	<u>232,208,674</u>	<u>187,602,206</u>
Finance costs, net	17	<u>(19,633,224)</u>	<u>(13,289,396)</u>	<u>(58,296,427)</u>	<u>(30,343,729)</u>
Profit for the period		58,249,993	51,989,357	173,912,247	157,258,477
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		<u>58,249,993</u>	<u>51,989,357</u>	<u>173,912,247</u>	<u>157,258,477</u>
Profit and total comprehensive income attributable to:					
Owners of the Company		57,494,791	51,989,357	173,157,045	157,258,477
Non-controlling interest		<u>755,202</u>	<u>-</u>	<u>755,202</u>	<u>-</u>
		<u>58,249,993</u>	<u>51,989,357</u>	<u>173,912,247</u>	<u>157,258,477</u>
Basic and diluted earnings per share	18	<u>0.98</u>	<u>0.89</u>	<u>2.95</u>	<u>2.68</u>

(1) The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 4.

The notes on pages 6 to 20 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 2018**

In Qatari Riyals

	Share capital	Legal reserve (1)	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the Company					
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 11)	-	-	(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
Balance at 1 January 2018 (Audited) (2)	586,031,480	552,506,803	497,017,101	1,635,555,384	(3,681,223)	1,631,874,161
Adjustments on initial application of IFRS 9 (Note 4 (i))	-	-	(33,330,657)	(33,330,657)	-	(33,330,657)
Adjusted balance at 1 January 2018 (Audited)	586,031,480	552,506,803	463,686,444	1,602,224,727	(3,681,223)	1,598,543,504
<i>Total comprehensive income for the period:</i>						
Profit for the period	-	-	173,157,045	173,157,045	755,202	173,912,247
<i>Transaction with owners of the Company:</i>						
Dividends (Note 11)	-	-	(99,625,352)	(99,625,352)	-	(99,625,352)
Balance at 30 September 2018 (Reviewed)	586,031,480	552,506,803	537,218,137	1,675,756,420	(2,926,021)	1,672,830,399

(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. The legal reserve is not available for distribution, except in circumstances specified in the above mentioned Law.

(2) The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 4.

The notes on pages 6 to 20 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 2018

In Qatari Riyals

		For the nine-month period ended	
	Note	30 September 2018 (Reviewed)	30 September 2017⁽¹⁾ (Reviewed)
Cash flows from operating activities			
Profit for the period		173,912,247	157,258,477
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	16	118,673,491	88,151,642
Amortisation of intangible assets	16	5,509,691	5,509,686
Provision/(reversal) for impairment of trade receivables	16	(923,894)	(1,078,000)
Gain on sale of property, plant and equipment	6	(440,884)	(329,769)
Provision for employees' end of service benefits	16(i)	6,858,177	6,028,429
Finance income	17	(5,752,441)	(7,892,753)
Finance cost	17	64,048,868	38,236,482
		<u>361,885,255</u>	<u>285,884,194</u>
<i>Change in:</i>			
- Inventories		256,558	(2,458,204)
- Trade and other receivables		99,126,577	63,029,518
- Trade and other payables		(140,644,677)	(2,843,915)
Cash generated from operating activities		<u>320,623,713</u>	<u>343,611,593</u>
Employees' end of service benefits paid		(2,611,079)	(2,985,151)
Net cash from operating activities		<u>318,012,634</u>	<u>340,626,442</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(37,069,677)	(34,609,350)
Acquisition of a subsidiary, net of cash acquired		(10,132,832)	-
Proceeds from sale of property, plant and equipment	6	466,000	558,250
Payments towards capital work-in-progress		(19,718,840)	(209,807,998)
Finance income received		9,553,351	11,332,209
Net cash used in investing activities		<u>(56,901,998)</u>	<u>(232,526,889)</u>
Cash flows from financing activities			
Proceeds from borrowings	12	60,949,282	113,192,467
Repayment of borrowings	12	(135,715,028)	(146,061,218)
Finance cost paid		(64,129,561)	(69,846,201)
Dividends paid to the Company's shareholders	11	(99,625,352)	(93,765,037)
Net cash used in financing activities		<u>(238,520,659)</u>	<u>(196,479,989)</u>
Net increase/(decrease) in cash and cash equivalents		22,589,977	(88,380,436)
Cash and cash equivalents at 1 January		<u>351,816,004</u>	<u>488,636,917</u>
Cash and cash equivalents at 30 September	10	<u>374,405,981</u>	<u>400,256,481</u>

(1) The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 4.

The notes on pages 6 to 20 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 2018

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's name has changed from Gulf Warehousing Company Q.S.C. to Gulf Warehousing Company Q.P.S.C. during the year ended 31 December 2016 so as to comply with the Article 16 of the Qatar Commercial Companies Law No.11 of 2015. 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 2018	31 December 2017
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	Support services of Logistics and freight forwarding	100%	100%
LEDD Technologies W.L.L.	State of Qatar	Technology services and solutions provider	100%	-
Qontrac Global Logistics B.V, Group	Netherlands	Logistics and freight forwarding	100%	-
Qontrac Shipping Services W.L.L.*	State of Qatar	Logistics and Shipping Services	100%	-
Prime Shipping Services W.L.L.*	State of Qatar	Logistics and Shipping Services	100%	-
GWC Marine Services W.L.L.*	State of Qatar	Logistics and Shipping Services	100%	-

During the period, the Group has signed a master joint venture agreement with Silver for Shipping Investment Limited (BVI) (the "Joint Venture"), on 27 August 2018. The Group has a 51% interest in the Joint Venture with the remaining 49% held by Silver for Shipping Investment Limited (BVI), incorporated in British Virgin Islands.

*The Group is in the process of changing the legal form of these subsidiaries as joint venture entities under master agreement signed with Silver for Shipping Investment Limited (BVI) on 27 August 2018.

2. BASIS OF ACCOUNTING

Statement of compliance

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 2017 (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

This is the first set of the Group's financial statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are described in Note 4.

These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on 21 October 2018.

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 applied to the last annual consolidated financial statements, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 4.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. The Group's Chief Financial Officer (CFO) has overall responsibility for overseeing all significant fair value measurements, and reports significant valuation issues directly to the Group's Internal Audit Committee. The CFO regularly reviews valuation adjustments. If third party information is used to measure fair values, then the CFO assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS.

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

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2018

4. CHANGES IN 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 consolidated financial statements. The changes in accounting policies are also expected to be reflected in the last annual consolidated financial statements.

Changes in accounting policies

During the current period, there were a number of new International Financial Reporting Standards (“IFRS” or “standards”) and amendments interpretations to standards that became effective for the first time for financial periods beginning on 1 January 2018, but only the IFRS 15 “Revenue from Contracts with Customers” and the IFRS 9 “Financial Instruments” had a material effect on the Group’s condensed consolidated interim financial statements as explained below.

IFRS 15 “Revenue from contracts with customers”

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 “Revenue” and related interpretations.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

Based on an assessment performed by the Company’s management, the potential impact on the Group’s condensed consolidated statement of financial position as at 30 September 2018 and its condensed consolidated statement of profit or loss and other comprehensive income for the nine month-period then ended is insignificant. Consequently, there were no adjustments as at 1 January 2018.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in respect of the Group’s significant revenue generating activities are set out below:

Type of services	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy.
Warehouse management service	Revenue is recognised over the period of contract based on the stored area.	No significant impact.
Records Management Systems (RMS)	Revenue is recognised based on the number of boxes of documents that need to be stored and scanned (if needed it), revenue is recognized over the period of contract.	No significant impact.
Rent out of Property	Revenue is recognised on a monthly basis based on the period of contract and the space occupied.	No significant impact.
Transport services	Revenue is recognised based on truck used for delivering goods and the location. Billing starts upon delivering goods.	No significant impact.
Freight Forwarding services	Revenue is recognised upon delivering of the shipment to the customer.	No significant impact.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Changes in accounting policies (continued)*****IFRS 15 “Revenue from contracts with customers” (continued)***

Type of services	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy.
International Move and Relocation Services (IMRS)	Revenue is recognised based on delivery to customers	No significant impact.
Courier Service	Revenue is recognised based on the weight and destination of the shipment, revenue is recognised upon delivery	No significant impact.

IFRS 9 “Financial instruments”

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces IAS 39 “Financial Instruments: Recognition and Measurement”.

The following table summarises the impact of transition to IFRS 9 on the opening balance of retained earnings (for a description of the transition method, see Note 4 (i) below).

Line item impacted in the financial statements	As reported at 31 December 2017	Estimated adjustments due to adoption of IFRS 9	Estimated adjusted opening balances as at 1 January 2018
Provision for impairment of trade receivables (Note 9)	24,493,445	33,330,657	57,824,102
Retained earnings	497,017,101	(33,330,657)	463,686,444

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available-for-sale financial assets.

The adoption of IFRS 9 has not had a significant effect on the Group’s accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

On initial recognition a financial asset is classified as:

- Amortised cost;
- Fair Value Through Other Comprehensive Income (FVOCI) debt investment;
- FVOCI equity investment; or
- Fair Value Through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Group only has financial assets measured at amortised cost which are amortized using the effective interest method. The amortised cost is reduced by any impairment losses (see below 4 (ii)).

The effect of adopting IFRS 9 on the carrying amounts of the Company’s financial assets at 1 January 2018 relates solely to the new impairment requirements, as described further below.

Trade and other receivables which were previously classified as loans and receivables under IAS 39 have been classified at amortised cost as per IFRS 9. An increase of QR 33,330,657 in the provision for impairment of these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies (continued)

IFRS 9 "Financial instruments" (continued)

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost comprise of trade receivables and cash at bank under IFRS 9 and loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure loss allowances its financial assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 to 45 days past due. The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 30 to 45 days past due.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses the financial assets carried at amortised cost A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables are presented under general and administrative expenses in the condensed consolidated statement of profit or loss.

For trade and other receivables in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance of QR 33,330,657.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Changes in accounting policies (continued)****IFRS 9 “Financial instruments” (continued)***(ii) Impairment of financial assets (continued)**Impact of the new impairment model*

The table below provides information about exposure to credit risk and ECL for trade and other receivables as at 1 January 2018.

Particular	Weighted average loss rate	Gross carrying amount*	Loss allowance	Credit impaired
0-90 days	2.83%	92,431,007	2,612,922	-
90-180 days past due	11.15%	27,262,789	3,039,536	-
180-270 days past due	26.36%	9,418,427	2,482,620	-
271-360 days past due	42.07%	7,398,546	3,112,907	-
More than 360 days	100%	46,576,115	-	46,576,117
Total		183,086,884	11,247,985	46,576,117

* The gross carrying value of trade receivables excludes receivables from government entities as the Group considers those receivable balances are fully recoverable.

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using the cumulative effect method. The Group has taken an exemption not to restate comparative information of prior periods.

Differences in the carrying amounts of the financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 but those of IAS 39.

The assessment has been made on the basis of the facts and circumstances that existed at the date of initial application.

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

Standards, amendments and interpretations issued but not yet effective

IFRS 16 Leases (Effective 1 January 2019) is not effective and the Group is currently evaluating the impact of this new standard. The Group will adopt this new standard on the respective effective date.

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.

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2018

In Qatari Riyal

5. OPERATING SEGMENTS (CONTINUED)

The following table presents revenue and profit information regarding the Group's operating segments for the nine month period ended 30 September 2018:

Revenue / profit	For the nine month period ended 30 September 2018		For the nine month period ended 30 September 2017	
	(Reviewed)		(Reviewed)	
	Segment revenue	Segment profit	Segment revenue	Segment profit
Logistics operations				
Warehouse management service	529,829,335	132,738,211	424,825,014	117,871,834
Transport services	23,141,677	6,211,374	34,744,557	3,566,298
Freight forwarding				
Freight Forwarding services	347,171,032	18,293,290	219,592,429	15,954,310
International Move and Relocation Services (IMRS)	20,689,401	1,627,389	15,963,641	1,167,680
Others				
Others	-	15,041,983	-	18,698,355
	<u>920,831,445</u>	<u>173,912,247</u>	<u>695,125,641</u>	<u>157,258,477</u>

	30 September 2018		31 December 2017	
	(Reviewed)		(Audited)	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Logistics operations	3,163,813,447	1,793,950,387	3,239,852,247	1,974,203,622
Freight forwarding	176,405,811	79,232,900	176,496,476	76,586,795
Others	280,138,150	74,343,722	357,171,142	90,855,287
	<u>3,620,357,408</u>	<u>1,947,527,009</u>	<u>3,773,519,865</u>	<u>2,141,645,704</u>

6. PROPERTY, PLANT AND EQUIPMENT**Acquisitions**

During the nine month-period ended 30 September 2018, the Group acquired assets with a cost of QR 37,069,677 (nine month-period ended 30 September 2017: QR 34,609,350) to meet increased operational requirements of the Group.

Transfers

Buildings and equipment amounting to QR 743,636,872 (nine month period ended 30 September 2017: 576,455,042) in relation to the Logistics Village Qatar (LVQ) Phase V and the Bu-sulba Project were transferred to Property, plant and equipment from Capital work-in-progress (Note 7).

Disposals

During the nine-month period ended 30 September 2018, the Group disposed assets with a cost of QR 6,449,985 having a carrying value of QR 25,116 resulting to a profit on disposal of QR 440,884 (nine month period ended 30 September 2017: the Group disposed assets with a cost of QR 3,084,392 having carrying value of QR 228,481 resulting to a profit on disposal of QR 329,769)

7. CAPITAL WORK-IN-PROGRESS

Capital work-in-progress represents the cost of assets under construction that are not available for use as at the reporting date. These assets comprised mainly the construction of the LVQ Phase V and Bu-sulba Project. Upon completion, these assets were transferred to Property, plant and equipment (Note 6) and are currently used for providing logistics services.

The amount of borrowing costs capitalized during the nine-month period ended 30 September 2018 was QR 1,416,181 (nine month-period ended 30 September 2017: QR 25,571,182). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 4.70% per annum (nine months period ended 30 September 2017: 4.50%), which is the effective finance cost rate of the specific borrowing.

8. INTANGIBLE ASSETS AND GOODWILL

	30 September 2018 (Reviewed)	31 December 2017 (Audited)
Net book value at beginning of the period/year	118,906,733	126,252,975
Goodwill arisen from acquisition of a subsidiary (Note 14)	19,957,262	-
Amortisation for the period/year	<u>(5,509,691)</u>	<u>(7,346,242)</u>
Net book value at the end of the period/year	<u>133,354,304</u>	<u>118,906,733</u>

Intangible assets and goodwill includes goodwill arisen from acquisition of a subsidiary company in Netherlands. Refer Note 14.

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2018

In Qatari Riyal

9. TRADE AND OTHER RECEIVABLES

	30 September 2018 (Reviewed)	31 December 2017 (Audited)
Trade receivables	360,598,993	328,002,466
Less: Provision for impairment of trade receivables (1)	<u>(56,900,208)</u>	<u>(24,493,445)</u>
Trade receivables, net	303,698,785	303,509,021
Advances made to suppliers	12,630,349	27,417,260
Accrued revenue	22,517,264	75,914,231
Prepayments	41,391,180	99,534,353
Other receivables	<u>16,647,805</u>	<u>18,772,225</u>
	<u>396,885,383</u>	<u>525,147,090</u>

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

	30 September 2018 (Reviewed)	31 December 2017 (Audited)
At 30 September 2018/ 31 December 2017 (Audited)	24,493,445	22,156,970
Adjustments on initial application of IFRS 9 (Note 4)	<u>33,330,657</u>	<u>-</u>
Adjusted balance at 1 January	57,824,102	22,156,970
Net provision/(reversal) for impairment of trade receivables	<u>(923,894)</u>	<u>2,336,475</u>
At 30 September / 31 December	<u>56,900,208</u>	<u>24,493,445</u>

10. CASH AND CASH EQUIVALENTS

	30 September 2018 (Reviewed)	31 December 2017 (Audited)
Cash in hand	1,208,960	1,193,460
Cash at bank - current accounts (1)	120,895,319	48,391,443
Cash at bank - deposit account (2)	235,000,000	290,000,000
Cash at bank – restricted deposit accounts (3)	<u>17,301,702</u>	<u>12,231,101</u>
	<u>374,405,981</u>	<u>351,816,004</u>

(1) Current accounts earn no interest.

(2) 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.

(3) The restricted deposit accounts include dividends declared but not yet claimed by the Company's shareholders.

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2018

In Qatari Riyal

11. DIVIDENDS

A dividend of QR 99,625,352 (QR 1.7 per share) was proposed by the Board of Directors in respect of the Group profit for the year ended 31 December 2017, which was approved by the Company's shareholders at the Company's Annual General Meeting held on 5 February 2018.

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.

12. LOANS AND BORROWINGS

	Currency	Nominal finance cost rate	Year of maturity	Face value	Carrying amount
Balance at 1 January 2018 (Audited)					<u>1,786,918,655</u>
New issues					
LVQ term loans	QAR	5.25%	2027	13,334,417	13,334,417
Bu-sulba term loans	QAR	5.25%	2027	47,614,864	47,614,865
					<u>60,949,282</u>
Repayments					
LVQ term loans	QAR	3.50% - 5.25%	-	(91,057,853)	(91,057,852)
Bu-sulba term loans	QAR	4.50% - 5.25%	-	(29,938,557)	(29,938,557)
Other project loans	QAR	4.50% - 5.25%	-	(2,577,469)	(2,577,469)
Other term loans	QAR	5.10%	-	(12,141,150)	(12,141,150)
					<u>(135,715,028)</u>
Balance at 30 September 2018 (Reviewed)					<u>1,712,152,909</u>

As at 30 September 2018 the above loans are mortgaged against buildings with a carrying value of QR 1,979,297,073 (Note 6) and Projects in progress of QR 35,354,860 (Note 7) (As at 30 September 2017 647,605,632).

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

	30 September 2018 (Reviewed)	31 December 2017 (Audited)
Current portion	184,793,882	261,436,825
Non-current portion	<u>1,527,359,027</u>	<u>1,525,481,830</u>
	<u>1,712,152,909</u>	<u>1,786,918,655</u>

13. 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 2018 (Reviewed)	30 September 2017 (Reviewed)
Agility network	Revenue	<u>7,682,864</u>	<u>17,390,801</u>
Agility network	Purchase of services	<u>17,201,094</u>	<u>17,923,176</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 2018 (Reviewed)	31 December 2017 (Audited)
Receivable from Agility network	<u>940,502</u>	<u>3,142,364</u>
Payable to Agility network	<u>1,850,722</u>	<u>5,750,632</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 2018 (Reviewed)	30 September 2017 (Reviewed)
Short-term benefits	<u>1,800,000</u>	<u>1,530,000</u>
Employees' end of service benefits	<u>167,827</u>	<u>63,058</u>

14. BUSINESS COMBINATION

On 25 April 2018, the Group signed a Sale Purchase Agreement ("SPA") with effect from 1 January 2018 to acquire 100% of the issued share capital and voting rights of a company based in the Netherlands that operates within the service segment. The objective of the acquisition is to further increase the Group's market share in providing logistic services.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	30 September 2018 (Reviewed)
Total Consideration (1)	21,316,630
Less: Provisional fair value of identifiable net assets acquired (2)	<u>(1,359,368)</u>
Goodwill arising on acquisition (Note 8)	<u>19,957,262</u>

14. BUSINESS COMBINATION (CONTINUED)

- (1) Total consideration is the total amount to be paid on acquisition of shares of the subsidiary company as per the SPA agreement dated 25 April 2018. QR 19,184,967 (90%) of total consideration is paid by cash and QR 2,131,663 (10%) is payable as at 30 September 2018.
- (2) The assets and liabilities acquired are required to be measured at their acquisition-date fair values. The fair values of the identifiable assets and liabilities have been recognised on a provisional basis, as the Group is in the process of finalising the Purchase Price Allocation (PPA) exercise.

15. REVENUE

	For the three-month period ended		For the nine-month period ended	
	30 September 2018 (Reviewed)	30 September 2017 (Reviewed)	30 September 2018 (Reviewed)	30 September 2017 (Reviewed)
Warehouse management service	177,574,380	150,736,192	529,829,335	424,825,014
Transport services	7,242,374	11,984,718	23,141,677	34,744,557
Freight Forwarding services	110,286,321	67,589,778	347,171,032	219,592,429
International Move and Relocation Services (IMRS)	3,670,250	9,830,944	20,689,401	15,963,641
	298,773,325	240,141,632	920,831,445	695,125,641

16. EXPENSES BY NATURE

	For the three-month period ended		For the nine-month period ended	
	30 September 2018 (Reviewed)	30 September 2017 (Reviewed)	30 September 2018 (Reviewed)	30 September 2017 (Reviewed)
Logistic costs	9,401,965	14,640,011	37,482,577	36,654,970
Freight forwarding charges	82,105,344	46,556,712	264,711,860	151,374,980
Staff cost (1)	56,372,825	48,038,284	167,365,269	141,546,357
Depreciation of property, plant and equipment	39,716,308	32,287,014	118,673,491	88,151,642
Board of Directors' remuneration	2,325,000	2,100,000	6,975,000	6,300,000
Manpower subcontract charges	779,209	1,636,436	2,973,120	4,023,939
Amortization of intangible assets	1,836,568	1,836,562	5,509,691	5,509,686
(Reversal of provision) / Provision made for impairment on trade receivables (Note 9)	(1,223,894)	300,000	(923,894)	(1,078,000)
Repairs and maintenance	9,957,818	8,955,482	28,071,612	25,375,688
Legal and professional fees	618,008	427,741	3,345,742	1,932,226
Rent expense	685,875	735,375	2,107,125	2,222,625
Fuel cost	4,085,405	3,548,540	11,576,551	12,190,415
Water and electricity	8,663,823	9,097,977	25,861,941	19,637,055
Insurance cost	1,574,196	1,773,300	4,864,910	4,831,172
Communication and postage	611,304	549,004	1,797,035	1,667,415
Advertisement expenses	136,875	330,311	613,701	1,193,202
Travelling expenses	427,720	213,128	1,425,114	711,331
License and registration fees	869,662	704,024	2,239,315	1,993,197
Other expenses	4,318,567	4,953,655	14,583,916	14,552,449
	223,262,578	178,683,556	699,254,076	518,790,349

(1) Staff cost includes a provision of QR 6,858,177 (2017: QR 6,028,429) 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 2018 (Reviewed)	30 September 2017 (Reviewed)	30 September 2018 (Reviewed)	30 September 2017 (Reviewed)
Direct costs	197,822,237	152,303,203	617,195,176	442,461,527
Administrative and other expenses	25,440,341	26,380,353	82,058,900	76,328,822
	223,262,578	178,683,556	699,254,076	518,790,349

17. FINANCE COSTS, NET

	For the three-month period ended		For the nine-month period ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Finance income on bank deposits	(2,032,474)	(2,561,891)	(5,752,441)	(7,892,753)
Finance cost on loans and borrowings	21,665,698	15,851,287	64,048,868	38,236,482
	19,633,224	13,289,396	58,296,427	30,343,729

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 2018	30 September 2017	30 September 2018	30 September 2017
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Net profit for the period attributable to owners of the Company	57,494,791	51,989,357	173,157,045	157,258,477
Weighted average number of shares	58,603,148	58,603,148	58,603,148	58,603,148
Basic and diluted earnings per share	0.98	0.89	2.95	2.68

19. CONTINGENCIES AND COMMITMENTS

	30 September 2018	31 December 2017
	(Reviewed)	(Audited)
Letters of guarantee	46,880,855	29,651,800
Performance bonds	88,050,810	149,452,494
	134,931,665	179,104,294

The Group has entered into capital commitments relating to certain construction contracts amounting to QR 80,630,166 (31 December 2017: QR 67,500,000).

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

	30 September 2018	31 December 2017
	(Reviewed)	(Audited)
Less than one year	11,035,669	10,288,804
Between one and five years	47,377,774	40,370,932
More than five years	108,958,662	93,651,669
	167,372,105	144,311,405

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified where necessary in order to conform to the current period presentation in the condensed consolidated interim financial statements. Such reclassification does not affect the previously reported profit or gross assets of the Group for the comparative period.

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