

Gulf Warehousing Company Q.P.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2019**

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF GULF WAREHOUSING COMPANY (Q.P.S.C.)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statement of Gulf Warehousing Company Q.P.S.C. (the "Company") and its subsidiaries (together referred to as the "Group"), as at 31 March 2019, which comprises of the interim consolidated statement of financial position as at 31 March 2019 and the related interim consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended, and the related explanatory notes. The Board of Directors of the Company is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other matter

The interim condensed consolidated financial statements as at and for the three months ended 31 March 2018 were reviewed, and the consolidated financial statements as at and for the year ended 31 December 2018 were audited, by another auditor, whose review and audit reports dated 16 April 2018 and 16 January 2019 respectively, expressed an unmodified review conclusion and audit opinion thereon.

Ziad Nader
of Ernst & Young
Auditor's Registration No: 258

Date:
Doha

Gulf Warehousing Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

		31 March 2019 QR (Reviewed)	31 December 2018 QR (Audited) (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,480,155,417	2,483,994,863
Capital work-in-progress	7	53,889,384	57,453,637
Right -of-use of assets	3	333,050,534	339,175,722
Investment property	8	37,522,065	37,522,065
Intangible assets and goodwill		129,276,108	131,191,476
Refundable deposits		18,251,000	18,251,000
		<u>3,052,144,508</u>	<u>3,067,588,763</u>
Current assets			
Inventories		11,126,801	11,001,248
Trade and other receivables	9	424,542,195	414,920,455
Cash and cash equivalents	10	315,603,727	426,840,672
		<u>751,272,723</u>	<u>852,762,375</u>
TOTAL ASSETS		<u>3,803,417,231</u>	<u>3,920,351,138</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	586,031,480	586,031,480
Legal reserve	12	552,506,803	552,506,803
Retained earnings		473,117,777	524,916,679
Foreign currency translation reserve		(379,126)	-
Equity attributable to owners of the Company		<u>1,611,276,934</u>	<u>1,663,454,962</u>
Non-controlling interests		<u>(2,926,021)</u>	<u>(2,926,021)</u>
Total equity		<u>1,608,350,913</u>	<u>1,660,528,941</u>
Liabilities			
Non-current liabilities			
Interest bearing loans	14	1,404,027,732	1,462,338,906
Lease liabilities	3	255,451,998	278,846,096
Employees' end of service benefits		38,590,331	36,986,130
		<u>1,698,070,061</u>	<u>1,778,171,132</u>
Current liabilities			
Interest bearing loans	14	260,369,295	221,587,069
Trade and other payables		201,522,410	242,274,640
Lease liabilities	3	35,104,552	17,789,356
		<u>496,996,257</u>	<u>481,651,065</u>
Total liabilities		<u>2,195,066,318</u>	<u>2,259,822,197</u>
TOTAL EQUITY AND LIABILITIES		<u>3,803,417,231</u>	<u>3,920,351,138</u>

These interim condensed consolidated financial statements were approved by the Board of Directors on 21 April 2019 and were signed on its behalf by:

Abdulla Fahad J J Al Thani
Chairman

Fahad Hamad J J Al Thani
Vice Chairman

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Gulf Warehousing Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the three month period ended 31 March 2019

	Notes	<i>For the three month period ended 31 March</i>	
		2019 QR (Reviewed)	2018 QR (Reviewed) (Restated)
Revenue	16	303,687,218	315,263,203
Cost of sales	17	(194,690,749)	(211,204,155)
Gross profit		108,996,469	104,059,048
Other income		126,139	446,142
General and administrative expenses	17	(28,286,380)	(28,914,029)
Operating profit		80,836,228	75,591,161
Finance costs, net	18	(21,289,149)	(21,370,394)
Profit for the period		59,547,079	54,220,767
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(379,126)	-
Total comprehensive income		59,167,953	54,220,767
Profit and total comprehensive income attributable to:			
Equity holders of the parent		59,167,953	54,220,767
Earnings per share:			
Basic and diluted earnings per share (Qatari Riyals)	19	1.02	0.93

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Gulf Warehousing Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2019

Attributable to owners of the Company

	<i>Share capital QR</i>	<i>Legal reserve QR</i>	<i>Retained earnings QR</i>	<i>Foreign currency translation reserve QR</i>	<i>Total QR</i>	<i>Non- controlling interests QR</i>	<i>Total equity QR</i>
As at 1 January 2019 (Audited)	586,031,480	552,506,803	593,663,204	-	1,732,201,487	(2,926,021)	1,729,275,466
Adjustment on initial application of IFRS 16 (Note 3)	-	-	(68,746,525)	-	(68,746,525)	-	(68,746,525)
Restated balances as at 1 January 2019 (2)	586,031,480	552,506,803	524,916,679	-	1,663,454,962	(2,926,021)	1,660,528,941
Profit for the period	-	-	59,547,079	-	59,547,079	-	59,547,079
Other comprehensive income	-	-	-	(379,126)	(379,126)	-	(379,126)
Total comprehensive income for the period	-	-	59,547,079	(379,126)	59,167,953	-	59,167,953
Dividends (Note 13)	-	-	(111,345,981)	-	(111,345,981)	-	(111,345,981)
Balance at 31 March 2019 (Reviewed)	586,031,480	552,506,803	473,117,777	(379,126)	1,611,276,934	(2,926,021)	1,608,350,913
As at 1 January 2018 (Audited)	586,031,480	552,506,803	497,017,101	-	1,635,555,384	(3,681,223)	1,631,874,161
Adjustment on initial application of IFRS 9 and 15 (1)	-	-	(33,330,657)	-	(33,330,657)	-	(33,330,657)
Adjustment on initial application of IFRS 16 (Note 3)	-	-	(58,805,361)	-	(58,805,361)	-	(58,805,361)
Restated balances as at 1 January 2018	586,031,480	552,506,803	404,881,083	-	1,543,419,366	(3,681,223)	1,539,738,143
Profit for the period	-	-	54,220,767	-	54,220,767	-	54,220,767
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	54,220,767	-	54,220,767	-	54,220,767
Dividends (Note 13)	-	-	(99,625,352)	-	(99,625,352)	-	(99,625,352)
Balance at 31 March 2018 (Reviewed)	586,031,480	552,506,803	359,476,498	-	1,498,014,781	(3,681,223)	1,494,333,558

(1) The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018 and adjusted the retained earnings. The final adjustment on initial application of IFRS 15 and 9 amounting to QR 34,550,064 was adjusted in the consolidated financial statements of the Group for the year ended 31 December 2018. Under the transition method, comparative information has not been restated.

(2) The Group has initially applied IFRS 16 at 1 January 2019. Under the transition method, comparative information has been restated.

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Gulf Warehousing Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2019

	Notes	<i>For the three month period ended 31 March</i>	
		<i>2019</i> <i>QR</i> <i>(Reviewed)</i>	<i>2018</i> <i>QR</i> <i>(Audited)</i> <i>(Restated)</i>
OPERATING ACTIVITIES			
Profit for the period		59,547,079	54,220,767
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	17	36,475,271	38,098,114
Depreciation of right-of-use-assets	17	6,125,188	5,460,112
Amortisation of intangible assets	17	1,915,368	1,836,561
Provision for expected credit losses	9	225,000	-
Profit on sale of property, plant and equipment	6	(169,808)	(111,210)
Provision for employees' end of service benefits	17	1,980,012	2,795,462
Interest expense	18	23,171,464	23,460,424
Interest income	18	(1,882,315)	(2,090,030)
		127,387,259	123,670,200
<i>Working capital adjustments:</i>			
Inventories		(125,553)	428,038
Trade and other receivables		(13,678,423)	98,861,043
Trade and other payables		(40,574,115)	(87,536,040)
Cash flows from operating activities		73,009,168	135,423,241
Employees' end of service benefits paid		(375,811)	(1,119,396)
Net cash flows from operating activities		72,633,357	134,303,845
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(22,251,604)	(22,037,561)
Proceeds from disposal of property, plant and equipment	6	182,000	132,500
Payment towards capital work in progress		(6,832,160)	(14,055,780)
Interest received		5,334,872	7,927,206
Net cash flows used in investing activities		(23,566,892)	(28,033,635)
FINANCING ACTIVITIES			
Proceeds from interest bearing loans		7,500,000	42,783,509
Repayments of interest bearing loans		(27,028,948)	(63,092,986)
Payments of lease liability		(6,078,902)	(14,870,040)
Interest paid		(23,349,579)	(24,616,159)
Dividends paid	13	(111,345,981)	(99,625,352)
Net cash flows used in financing activities		(160,303,410)	(159,421,028)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(111,236,945)	(53,150,818)
Cash and cash equivalents at beginning of period		426,840,672	351,816,004
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	315,603,727	298,665,186

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019

1 CORPORATE INFORMATION

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 Commerce and Industry 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 was 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. The Company’s registered office is at D Ring Road, Building number 92, Doha, State of Qatar.

The interim condensed consolidated financial statements comprise the Company and its subsidiaries (collectively referred as the “Group” and individually as the “Group entities”).

The principal activities of the Group, which have not changed since the previous year, 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 operational subsidiaries are as follows:

<i>Name of entities</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Ultimate ownership interest</i>	
			<i>31 March 2019</i>	<i>31 December 2018</i>
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%	100%
GWC Marine Services W.L.L.	State of Qatar	Marine services	100%	100%
Qontrac Global Logistics B.V.	Netherlands	Logistics and freight forwarding	100%	100%
LEDD Technologies W.L.L.	State of Qatar	Information technology services	100%	100%
Prime Shipping Services W.L.L.	State of Qatar	Shipping services	100%	100%
Qontrac Shipping Services W.L.L.	State of Qatar	Shipping services	100%	100%
GWC Shipping Services W.L.L.	State of Qatar	Shipping services	100%	-

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019

1 CORPORATE INFORMATION (CONTINUED)

Details of the Company's non-operational subsidiaries are as follows:

<i>Name of entities</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Ultimate ownership interest</i>	
			<i>31 March 2019</i>	<i>31 December 2018</i>
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 Express W.L.L.	State of Qatar	Courier services	100%	100%
GWC Sea Freight W.L.L.	State of Qatar	Shipping Services	100%	100%
Prime Container Services W.L.L.	State of Qatar	Shipping services	100%	-

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months ended 31 March 2019 have been prepared in accordance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting” (“IAS 34”).

The interim condensed consolidated financial statements have been presented in Qatar Riyals (“QR”), which is the functional and presentation currency of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2018. In addition, the results for the three months ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 21 April 2019.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applied, for the first time, IFRS 16 Leases that requires restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (CONTINUED)

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the full retrospective method of adoption with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

a) Nature of the effect of adoption on IFRS 16

Impact on the statement of financial position (increase/(decrease)):

	<i>31 December 2018 QR</i>	<i>1 January 2018 QR</i>
Assets		
Right-of-use assets	339,175,722	361,027,257
Property, plant and equipment	(105,989,966)	(110,807,692)
Prepayments	(5,296,829)	(4,752,000)
Total assets	227,888,927	245,467,565
Liabilities		
Lease liabilities	296,635,452	304,272,926
Total liabilities	296,635,452	304,272,926
Total adjustment on equity		
Retained Earnings	(68,746,525)	(58,805,361)

Impact on the statement of profit or loss (increase/(decrease)) for the three months ended 31 March 2018:

	<i>Amount QR</i>
Depreciation expense (included in Cost of sales)	(4,255,681)
Rent expense (included in Cost of sales and Administrative expenses)	5,019,170
Operating profit	763,489
Finance costs	(3,248,878)
Profit for the period	(2,485,389)
<i>Attributable to:</i>	
Equity holders of the parent	(2,485,389)

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (CONTINUED)**IFRS 16 Leases (continued)****a) Nature of the effect of adoption on IFRS 16 (continued)**

Impact on the statement of cash flows (increase/(decrease)) for the three months ended 31 March 2018:

	<i>Amount QR</i>
Net cash flows from operating activities	<u><u>18,118,918</u></u>
Net cash flows from financing activities	<u><u>(18,118,918)</u></u>

There is no impact on other comprehensive income and no material impact on the basic and diluted EPS.

The Group has lease contracts for various items of vehicles and properties. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the full retrospective method of adoption, the Group applied IFRS 16 at the date of initial application as if it had already been effective at the commencement date of existing lease contracts. Accordingly, the comparative information in this interim condensed consolidated financial statement has been restated.

As at 31 December 2018:

- Right-of-use assets of QR 339,175,722 were recognised and presented separately in the statement of financial position. Lease assets recognised previously under finance leases of QR 105,989,966 and included under Property, plant and equipment were adjusted.
- Additional lease liabilities of QR 296,635,452 were recognised and presented separately in the statement of financial position.
- Prepayments of QR 5,296,829 related to previous operating leases were derecognised.
- The net effect of these adjustments amounting to QR 68,746,525 had been adjusted to Retained earnings.

For the three months ended 31 March 2018:

- Depreciation expense increased by QR 4,255,681 relating to the depreciation of additional assets recognised (i.e., increase in right-of-use assets, net of decrease in Property, plant and equipment).
- Rent expense decreased by QR 5,019,170 relating to previous operating leases.
- Finance costs increased by QR 3,248,878 relating to the interest expense on additional lease liabilities recognised.
- Cash outflows from operating activities decreased by QR 18,118,918 and cash outflows from financing activities increased by the same amount, representing the payments for the principal portion of recognised lease liabilities.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (CONTINUED)**IFRS 16 Leases (continued)****b) Amounts recognised in the statement of financial position and statement of profit or loss and other comprehensive income**

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	<i>Right-of-use assets</i>		
	<i>Land QR</i>	<i>Building QR</i>	<i>Total QR</i>
As at 31 December 2018	316,153,215	23,022,507	339,175,722
Depreciation expense	<u>(3,579,168)</u>	<u>(2,546,020)</u>	<u>(6,125,188)</u>
As at 31 March 2019	<u>312,574,047</u>	<u>20,476,487</u>	<u>333,050,534</u>
			<i>Lease liabilities QR</i>
As at 31 December 2018			296,635,452
Interest expense			3,132,819
Payments			<u>(9,211,721)</u>
As at 31 March 2019			<u>290,556,550</u>
Current portion			<u><u>35,104,552</u></u>
Non-current portion			<u><u>255,451,998</u></u>

The Group recognised rent expense from short-term leases of QR 19,500, leases of low-value assets of QR Nil and variable lease payments of QR Nil for the three months ended 31 March 2019.

c) Summary of new accounting policies – IFRS 16

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (CONTINUED)

IFRS 16 Leases (continued)

c) Summary of new accounting policies – IFRS 16 (continued)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below QR 20,000 (€5,000)). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

4 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 judgements and key sources of estimation uncertainty related to the application of IFRS 16, which is described in Note 3.

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.

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5 SEGMENTAL INFORMATION

The Group has three strategic divisions, which are four reportable segments as mentioned below. These divisions offer different services and are managed by the Group separately for the purpose of making decisions about resource allocation and performance assessment.

The table below sets out the operations of each reporting segments.

<i>Reportable segments</i>	<i>Operations</i>
Logistics operations	Storage, handling, packing and transportation
Freight forwarding	Freight services through land, air and sea
Rentals	Rental income
Others	Fixed deposit income and other

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

There are varying level of integration between the Logistics and Freight forwarding segments.

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

<i>Revenue / profit</i>	<i>31 March 2019</i>			<i>31 March 2018</i>		
	<i>(Reviewed)</i>			<i>(Reviewed)</i>		
	<i>Segment revenue</i>		<i>Segment profit</i>	<i>Segment revenue</i>		<i>Segment profit</i>
	<i>External QR</i>	<i>Inter-segment QR</i>	<i>QR</i>	<i>External QR</i>	<i>Inter-segment QR</i>	<i>QR</i>
Logistics operations	196,120,020	15,362,759	49,664,926	197,646,907	13,042,503	42,562,916
Freight forwarding	105,472,754	6,166,149	5,971,094	113,997,312	7,912,748	6,012,737
Rentals	2,094,444	-	2,028,744	3,618,984	-	3,555,084
Others	-	-	1,882,315	-	-	2,090,030
	<u>303,687,218</u>	<u>21,528,908</u>	<u>59,547,079</u>	<u>315,263,203</u>	<u>20,955,251</u>	<u>54,220,767</u>

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

<i>Assets / liabilities</i>	<i>31 March 2019</i>		<i>31 December 2018</i>	
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>Segment assets QR</i>	<i>Segment liabilities QR</i>	<i>Segment assets QR</i>	<i>Segment liabilities QR</i>
Logistics operations	3,416,181,261	2,037,857,984	3,410,570,600	2,101,197,984
Freight forwarding	180,140,010	73,269,486	177,081,533	75,725,282
Rentals	37,522,065	-	37,522,065	-
Others	169,573,895	83,938,849	295,176,940	82,898,931
	<u>3,803,417,231</u>	<u>2,195,066,319</u>	<u>3,920,351,138</u>	<u>2,259,822,197</u>

6 PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the three month-period ended 31 March 2019, the Group acquired assets with a cost of QR 22,251,604 (three month-period ended 31 March 2018: QR 22,037,561) to meet increased operational requirements of the Group.

Transfers

During the three month-period ended 31 March 2019, buildings and equipment with a cost of QR 10,396,413 (three month-period ended 31 March 2018: QR 661,594,829) were transferred to Property, plant and equipment from Capital work-in-progress (Note7)

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**Disposals**

During the three-month period ended 31 March 2019, the Group disposed assets with a cost of QR 804,161 having a carrying value of QR 12,192 resulting to a profit on disposal of QR 169,808 (three month period ended 31 March 2018: the Group disposed assets with a cost of QR 1,508,842 having carrying value of QR 21,290 resulting to a profit on disposal of QR 111,210).

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. Capital work-in-progress comprises mainly the construction work in relation to Ras Laffan project and certain final completion work related to the Logistic Village Qatar Phase 5 and Bu-sulba projects. Upon completion, these assets are transferred to Property, plant and equipment (Note 6).

The amount of borrowing costs capitalized during the year ended 31 March 2019 was QR 54,688 (31 March 2018: QR 1,416,181). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 4.7% per annum, which was the effective interest rate of the specific borrowing.

8 INVESTMENT PROPERTY

	<i>31 March 2019 QR (Reviewed)</i>	<i>31 December 2018 QR (Audited)</i>
Balance as at 1 January	37,522,065	37,397,470
Fair value gain	-	124,595
	<u>37,522,065</u>	<u>37,522,065</u>

Investment property comprises buildings.

9 TRADE AND OTHER RECEIVABLES

	<i>31 March 2019 QR (Reviewed)</i>	<i>31 December 2018 QR (Audited) (Restated)</i>
Trade receivables	370,334,811	278,511,715
Less: Provision for expected credit losses	<u>(51,844,615)</u>	<u>(51,619,615)</u>
Trade receivables, net	318,490,196	226,892,100
Advances to suppliers	25,821,390	12,462,913
Accrued revenue	17,645,570	87,368,354
Prepayments	44,243,533	67,269,571
Other receivables	<u>18,341,506</u>	<u>20,927,517</u>
	<u>424,542,195</u>	<u>414,920,455</u>

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9 TRADE AND OTHER RECEIVABLES (CONTINUED)

Set out below is the movement in the provision for expected credit losses of trade receivables:

	<i>31 March 2019 QR (Reviewed)</i>	<i>31 December 2018 QR (Audited)</i>
At 1 January (Audited)	51,619,615	24,493,445
Adjustment on initial application of IFRS 9	-	34,550,064
At 1 January under IFRS 9	51,619,615	59,043,509
Amount collected against provision	-	(1,523,894)
Provision for expected credit losses made (reversed) for the period / year (Note 17)	225,000	(5,900,000)
Balance as at end of the period/year	51,844,615	51,619,615

10 CASH AND CASH EQUIVALENTS

	<i>31 March 2019 QR (Reviewed)</i>	<i>31 December 2018 QR (Audited)</i>
Cash in hand	1,367,213	1,984,460
Cash at bank - current accounts (1)	138,323,631	127,860,204
Cash at bank – short-term deposit accounts (2)	155,000,000	280,000,000
Cash at bank – restricted short-term deposit accounts (3)	20,912,883	16,996,008
	315,603,727	426,840,672

- (1) Current account earns 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 short-term deposit accounts include dividends declared but not yet claimed by the Company's shareholders.

11 SHARE CAPITAL

	<i>31 March 2019 (Reviewed)</i>		<i>31 December 2018 (Audited)</i>	
	<i>No. of Shares</i>	<i>Value QR</i>	<i>No. of Shares</i>	<i>Value QR</i>
<i>Authorized, issued and fully paid:</i>				
Ordinary shares of QR 10 each	58,603,148	586,031,480	58,603,148	586,031,480

Stock split

On 4 February 2019, the Extraordinary General Meeting of the Group approved the reduction of the par value of the ordinary share from QR 10 to QR 1, as per the instruction of Qatar Financial Markets Authority. On 9 April 2019, the Qatar Financial Markets Authority (QFMA) announced that the stock split shall be enforced during the period of 9 June 2019 to 7 July 2019. On 10 April 2019, the Qatar Stock Exchange announced the time table and accordingly the share split of the Company shall be enforced on 4 July 2019.

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12 LEGAL RESERVE

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.

13 DIVIDENDS

A dividend of QR 111,345,981 (QR 1.9 per share) was proposed by the Board of Directors in respect of the Group profit for the year ended 31 December 2018, which was approved by the Company's shareholders at the Company's Annual General Meeting held on 16 January 2019.

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.

14 INTEREST BEARING LOANS

	<i>31 March 2019 QR (Reviewed)</i>	<i>31 December 2018 QR (Audited)</i>
LVQ term loans	819,747,652	846,478,857
Bu-sulba term loans	777,659,639	777,659,639
Other project loans	66,989,736	59,787,479
	<u>1,664,397,027</u>	<u>1,683,925,975</u>

The interest-bearing loans are presented in the condensed consolidated statement of financial position as follows:

	<i>31 March 2019 QR (Reviewed)</i>	<i>31 December 2018 QR (Audited)</i>
Current portion	260,369,295	221,587,069
Non-current portion	1,404,027,732	1,462,338,906
	<u>1,664,397,027</u>	<u>1,683,925,975</u>

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15 RELATED PARTY DISCLOSURES

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the interim consolidated statement of profit or loss and other comprehensive income are as follows:

	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>For the three month period ended 31 March</i>	
			<i>2019</i> <i>QR</i> <i>(Reviewed)</i>	<i>2018</i> <i>QR</i> <i>(Reviewed)</i>
Agility network	Affiliate	Revenue	<u>2,386,664</u>	<u>3,392,588</u>
Agility network	Affiliate	Purchase of services	<u>8,370,515</u>	<u>7,306,425</u>

Balances with related parties included in the interim consolidated statement of financial position are as follows:

	<i>Nature of relationship</i>	<i>31 March 2019</i> <i>QR</i> <i>(Reviewed)</i>	<i>31 December 2018</i> <i>QR</i> <i>(Audited)</i>
Receivable from Agility network	Affiliate	<u>1,439,246</u>	<u>2,104,614</u>
Payable to Agility network	Affiliate	<u>5,454,003</u>	<u>7,911,523</u>
Payable to Prompt International W.L.L.	Affiliate	<u>273,296</u>	<u>13,200</u>
Payable to Al Bateel Travel	Affiliate	<u>51,080</u>	<u>311,310</u>

Compensation of key management personnel

The remuneration of the Board of Directors and members of key management during the period is as follows:

	<i>For the three month period ended 31 March</i>	
	<i>2019</i> <i>QR</i> <i>(Reviewed)</i>	<i>2018</i> <i>QR</i> <i>(Reviewed)</i>
Short-term benefits	<u>658,642</u>	<u>677,684</u>
Employees' end of service benefits	<u>37,500</u>	<u>37,500</u>

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16 REVENUE

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major revenue streams. This is consistent with the revenue information that is disclosed for each reportable segment (See Note 5).

	<i>For the three month period ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Revenue from contracts with customer	301,592,774	311,644,219
Rental income from investment property	2,094,444	3,618,984
Revenue	303,687,218	315,263,203

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition.

	<i>For the three month period ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
<i>Revenue from contracts with customer</i>		
Logistics operations	196,120,020	197,646,907
Freight forwarding	105,472,754	113,997,312
	301,592,774	311,644,219

Primary geographical markets

Local operations	284,157,656	305,217,648
Foreign operations	17,435,118	6,426,571
	301,592,774	311,644,219

	<i>For the three month period ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
<i>Major products and service lines</i>		
Warehouse management services	151,033,592	163,180,218
Records management systems	16,416,552	14,792,031
Transport services	18,171,180	7,418,067
Freight forwarding services	97,187,221	107,500,767
International move and relocation services	10,498,696	12,256,591
Courier services	8,285,533	6,496,545
	301,592,774	311,644,219

Timing of revenue recognition

Products and services transferred over time	196,120,020	210,570,023
Products transferred at a point in time	105,472,754	101,074,196
	301,592,774	311,644,219

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16 REVENUE (CONTINUED)

Disaggregation of revenue from contracts with customers (continued)

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	31 March 2019 (Reviewed)		31 March 2018 (Reviewed)	
	Logistics operations QR	Freight forwarding QR	Logistics operations QR	Freight forwarding QR
	Revenue			
External customer	196,120,020	105,472,754	197,646,907	113,997,312
Inter-segment	15,362,759	6,166,149	13,042,503	7,912,748
	211,482,779	111,638,903	210,689,410	121,910,060
Adjustments and eliminations	(15,362,759)	(6,166,149)	(13,042,503)	(7,912,748)
	196,120,020	105,472,754	197,646,907	113,997,312

17 EXPENSES BY NATURE

	For the three month period ended 31 March	
	2019 QR (Reviewed)	2018 QR (Reviewed) (Restated)
	Freight forwarding charges	70,072,668
Staff cost (1)	59,297,570	55,197,882
Depreciation of property, plant and equipment	36,475,271	38,098,114
Logistic costs	15,073,136	16,404,466
Repairs and maintenance	9,805,703	8,835,963
Water and electricity	7,639,807	8,736,051
Depreciation of right-of-use-assets	6,125,188	5,460,112
Fuel cost	3,429,765	3,500,388
Board of Directors' remuneration	2,400,000	2,325,000
Insurance cost	2,118,936	1,707,027
Amortization of intangible assets	1,915,368	1,836,561
Legal and professional fees	1,180,945	1,610,799
License and registration fees	985,982	583,577
Communication and postage	633,752	590,795
Manpower subcontract charges	569,550	477,759
Travelling expenses	383,348	279,039
Advertisement expenses	308,555	219,689
Provision made for impairment of trade receivables reversed (Note 9)	225,000	-
Rent expense	19,500	-
Miscellaneous expenses	4,317,085	5,469,951
	222,977,129	240,118,184

(1) Staff cost includes a provision for employees' end of service benefits of QR 1,980,012 (2018: QR 2,795,462)

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17 EXPENSES BY NATURE (CONTINUED)

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

	<i>31 March 2019 QR (Reviewed)</i>	<i>31 March 2018 QR (Reviewed) (Restated)</i>
Cost of sales	194,690,749	211,204,155
General and administrative expenses	28,286,380	28,914,029
	<u>222,977,129</u>	<u>240,118,184</u>

18 FINANCE COSTS, NET

	<i>31 March 2019 QR (Reviewed)</i>	<i>31 March 2018 QR (Reviewed) (Restated)</i>
Interest income on bank deposits	(1,882,315)	(2,090,030)
Interest expense on bank loans	20,038,645	20,211,546
Interest expense on lease liabilities	3,132,819	3,248,878
	<u>21,289,149</u>	<u>21,370,394</u>

19 EARNINGS PER SHARE

The calculation of basic earnings per share ('EPS') is arrived by dividing the profit attributable to the owners of the parent Company for the period by the weighted average number of ordinary shares outstanding during the period.

	<i>For the three month period ended 31 March</i>	
	<i>2019 QR (Reviewed)</i>	<i>2018 QR (Reviewed) (Restated)</i>
Profit for the period attributable to equity holder of the parent	<u>59,547,079</u>	<u>54,220,767</u>
Weighted average number of shares outstanding during the period	<u>58,603,148</u>	<u>58,603,148</u>
Basic and diluted earnings per share (expressed in QR per share)	<u>1.02</u>	<u>0.93</u>

Diluted earnings per share

As the parent has no potential dilutive shares, the diluted EPS equals to the basic EPS.

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20 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March 2019 QR (Reviewed)</i>	<i>31 December 2018 QR (Audited)</i>
<i>(a) Commitments:</i>		
Capital commitments	<u>105,656,100</u>	<u>72,814,244</u>
<i>(b) Contingent liabilities:</i>		
Bank guarantees, corporate guarantees and documentary credits	<u>132,554,855</u>	<u>135,317,518</u>