

Gulf Warehousing Company Q.P.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2020**

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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 statements of Gulf Warehousing Company Q.P.S.C. (the "Company") and its subsidiaries (together referred to as the "Group"), as at 31 March 2020, which comprises of the interim consolidated statement of financial position as at 31 March 2020 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.

Emphasis of Matter

We draw attention to Note 22 of the interim condensed consolidated financial statements, which describes the potential effect of COVID 19 pandemic on the Group's operations, interim financial positions, interim financial performance and related uncertainties. Our conclusion is not modified in respect of this matter.


Liad Nader
of Ernst & Young
Auditor's Registration No. 238
Date: 28 April 2020
Doha



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Gulf Warehousing Company Q.P.S.C.

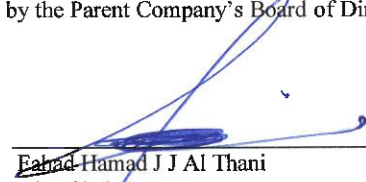
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	31 March 2020 QR (Reviewed)	31 December 2019 QR (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,429,651,482	2,451,035,402
Capital work-in-progress	7	164,482,797	126,668,784
Right-of-use of assets	8	235,132,389	315,273,403
Investment properties	9	40,634,854	40,634,854
Intangible assets and goodwill		122,131,118	123,852,556
Refundable deposits		18,251,000	18,251,000
		<u>3,010,283,640</u>	<u>3,075,715,999</u>
Current assets			
Inventories		11,623,599	11,068,193
Trade and other receivables	10	486,600,671	470,050,687
Cash and cash equivalents	11	187,912,509	301,780,843
		<u>686,136,779</u>	<u>782,899,723</u>
TOTAL ASSETS		<u>3,696,420,419</u>	<u>3,858,615,722</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	586,031,480	586,031,480
Legal reserve	13	552,506,803	552,506,803
Retained earnings		590,086,641	656,844,078
Foreign currency translation reserve		(575,945)	(401,116)
Equity attributable to owners of the Parent		<u>1,728,048,979</u>	<u>1,794,981,245</u>
Non-controlling interests		<u>(2,926,021)</u>	<u>(2,926,021)</u>
Total equity		<u>1,725,122,958</u>	<u>1,792,055,224</u>
Liabilities			
Non-current liabilities			
Interest bearing loans	15	1,217,825,569	1,225,259,193
Lease liabilities	8	197,479,182	269,144,386
Employees' end of service benefits		47,231,760	45,593,697
		<u>1,462,536,511</u>	<u>1,539,997,276</u>
Current liabilities			
Interest bearing loans	15	286,448,318	282,728,490
Trade and other payables		206,760,473	221,350,256
Lease liabilities	8	15,552,159	22,484,476
		<u>508,760,950</u>	<u>526,563,222</u>
Total liabilities		<u>1,971,297,461</u>	<u>2,066,560,498</u>
TOTAL EQUITY AND LIABILITIES		<u>3,696,420,419</u>	<u>3,858,615,722</u>

These interim condensed consolidated financial statements were approved by the Parent Company's Board of Directors on 28 April 2020 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 22 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 2020

	Notes	<i>For the three month period ended 31 March</i>	
		<i>2020</i>	<i>2019</i>
		<i>QR (Reviewed)</i>	<i>QR (Reviewed)</i>
Revenue	17	296,248,441	303,687,218
Cost of sales	18	<u>(197,480,111)</u>	<u>(194,690,749)</u>
Gross profit		98,768,330	108,996,469
Other income		139,351	126,139
General and administrative expenses	18	<u>(31,657,907)</u>	<u>(28,286,380)</u>
Operating profit		67,249,774	80,836,228
Finance costs, net	19	<u>(16,800,915)</u>	<u>(21,289,149)</u>
Profit for the period		50,448,859	59,547,079
<i>Other comprehensive income:</i>			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<u>(174,829)</u>	<u>(379,126)</u>
Total comprehensive income		<u>50,274,030</u>	<u>59,167,953</u>
Profit and total comprehensive income attributable to:			
Equity holders of the parent		<u>50,274,030</u>	<u>59,167,953</u>
Earnings per share:			
Basic and diluted earnings per share (Qatari Riyals)	20	<u>0.09</u>	<u>0.10</u>

The attached notes 1 to 22 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 2020

	Attributable to owners of the Company						Total equity QR
	Share capital QR	Legal reserve QR	Retained earnings QR	Foreign currency translation reserve QR	Total QR	Non- controlling interests QR	
As at 1 January 2020 (Audited)	586,031,480	552,506,803	656,844,078	(401,116)	1,794,981,245	(2,926,021)	1,792,055,224
Profit for the period	-	-	50,448,859	-	50,448,859	-	50,448,859
Other comprehensive income	-	-	-	(174,829)	(174,829)	-	(174,829)
Total comprehensive income for the period	-	-	50,448,859	(174,829)	50,274,030	-	50,274,030
Dividends (Note 14)	-	-	(117,206,296)	-	(117,206,296)	-	(117,206,296)
Balance at 31 March 2020 (Reviewed)	586,031,480	552,506,803	590,086,641	(575,945)	1,728,048,979	(2,926,021)	1,725,122,958
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	-	-	(68,746,525)	-	(68,746,525)	-	(68,746,525)
Restated balances as at 1 January 2019 (1)	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 14)	-	-	(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

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

Gulf Warehousing Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2020

	Notes	<i>For the three month period ended 31 March</i>	
		2020	2019
		<i>QR (Reviewed)</i>	<i>QR (Reviewed)</i>
OPERATING ACTIVITIES			
Profit for the period		50,448,859	59,547,079
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	18	33,159,618	36,475,271
Depreciation of right-of-use-assets	18	4,804,064	6,125,188
Amortisation of intangible assets	18	1,721,438	1,915,368
Provision for expected credit losses	10	700,000	225,000
Profit on sale of property, plant and equipment	6	(6,515)	(169,808)
Provision for employees' end of service benefits	18	2,351,858	1,980,012
Interest expense	19	15,752,218	20,038,645
Interest on lease liabilities	19	2,219,402	3,132,819
Interest income	19	(1,170,705)	(1,882,315)
Operating profit before working capital changes		109,980,237	127,387,259
<i>Working capital adjustments:</i>			
Inventories		(555,406)	(125,553)
Trade and other receivables		(20,965,963)	(13,678,423)
Trade and other payables		(14,530,920)	(40,526,626)
Cash flows from operating activities		73,927,948	73,056,657
Employees' end of service benefits paid		(713,795)	(375,811)
Net cash flows from operating activities		73,214,153	72,680,846
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(11,485,738)	(22,251,604)
Proceeds from disposal of property, plant and equipment	6	57,000	182,000
Payment towards capital work in progress		(37,260,900)	(6,832,160)
Interest received		4,836,503	5,334,872
Net movement in term deposits with original maturity over 90 days		100,000,000	-
Net cash flows from / (used in) investing activities		56,146,865	(23,566,892)
FINANCING ACTIVITIES			
Proceeds from interest bearing loans		65,877,293	7,500,000
Repayments of interest bearing loans		(69,591,089)	(27,028,948)
Payments of lease liability		(3,260,571)	(6,078,902)
Interest paid		(18,958,505)	(23,349,579)
Dividends paid	14	(117,206,296)	(111,345,981)
Net cash flows used in financing activities		(143,139,168)	(160,303,410)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(13,778,150)	(111,189,456)
Net foreign exchange difference		(90,184)	(47,489)
Cash and cash equivalents at beginning of period		201,780,843	426,840,672
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	187,912,509	315,603,727

The attached notes 1 to 22 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 2020

1 CORPORATE INFORMATION

Gulf Warehousing Company Q.P.S.C. (the “Company” or “Parent”) 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 2020</i>	<i>31 December 2019</i>
Agility W.L.L.	State of Qatar	Logistics and transportation	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%
ION Shipping Services W.L.L.	State of Qatar	Shipping agent	100%	100%
ION Sea Freight W.L.L. (Formally known as GWC Sea Freight W.L.L.)	State of Qatar	Shipping Services	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 agent	100%	100%
Qontrac Shipping Services W.L.L.	State of Qatar	Shipping agent	100%	100%
GWC Shipping Services W.L.L.	State of Qatar	Shipping agent	100%	100%
GWC Logistic S.P.C.	Kingdom of Bahrain	Operation and management of general warehouse	100%	100%
Qontrac Global Logistics B.V.	Netherlands	Logistics and freight forwarding	100%	100%
GWC Global Cargo & Transport L.L.C.	United Arab Emirates	Warehousing and transportation	100%	100%

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2020

1 CORPORATE INFORMATION (CONTINUED)

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

Name of entities	Country of incorporation	Principal activity	Ultimate ownership interest	
			31 March 2020	31 December 2019
LEDD Technologies India Pvt. Ltd.	India	Information technology services	100%	100%
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 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 Express W.L.L.	State of Qatar	Courier services	100%	100%
Prime Container Services W.L.L.	State of Qatar	Shipping services	100%	100%
GWC Investments W.L.L.	State of Qatar	Investment in shares, bonds and fund for owner of the registration	100%	-

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months ended 31 March 2020 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 2019. In addition, the results for the three months ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

These condensed consolidated interim financial statements were authorised for issue by the Parent Company's Board of Directors on 28 April 2020.

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 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, 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 2020

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.

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.

5 SEGMENTAL INFORMATION

The Group has the following four strategic divisions, which are its reportable segments. These divisions offer different services and are managed by the Group separately for the purpose of making decisions about allocation and performance management.

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

<u>Reportable segments</u>	<u>Operations</u>
Logistics operations	Storage, handling, packaging 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 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 2020</i>			<i>31 March 2019</i>		
	<i>(Reviewed)</i>			<i>(Reviewed)</i>		
	<i>Segment revenue</i>		<i>Segment</i>	<i>Segment revenue</i>		<i>Segment</i>
	<i>External</i>	<i>Inter-</i>	<i>profit</i>	<i>External</i>	<i>Inter-</i>	<i>profit</i>
	<i>QR</i>	<i>segment</i>	<i>QR</i>	<i>QR</i>	<i>segment</i>	<i>QR</i>
		<i>QR</i>			<i>QR</i>	
Logistics operations	182,750,308	16,730,267	42,065,606	196,120,020	15,362,759	49,664,926
Freight forwarding	111,403,689	11,227,916	5,032,168	105,472,754	6,166,149	5,971,094
Rentals	2,094,444	-	2,041,026	2,094,444	-	2,028,744
Others	-	-	1,310,059	-	-	1,882,315
	<u>296,248,441</u>	<u>27,958,183</u>	<u>50,448,859</u>	<u>303,687,218</u>	<u>21,528,908</u>	<u>59,547,079</u>

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2020

5 SEGMENTAL INFORMATION (CONTINUED)

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

<i>Assets / liabilities</i>	<i>31 March 2020</i>		<i>31 December 2019</i>	
	<i>(Reviewed)</i>		<i>(Audited)</i>	
	<i>Segment assets</i>	<i>Segment liabilities</i>	<i>Segment assets</i>	<i>Segment liabilities</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Logistics operations	3,436,980,696	1,813,853,535	3,450,349,215	1,888,924,119
Freight forwarding	199,563,481	85,667,419	196,481,473	91,445,959
Rentals	40,634,854	-	40,634,854	-
Others	19,241,388	71,776,507	171,150,180	86,190,420
	<u>3,696,420,419</u>	<u>1,971,297,461</u>	<u>3,858,615,722</u>	<u>2,066,560,498</u>

6 PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the three month period ended 31 March 2020, the Group acquired assets with a cost of QR 11,485,738 (three month-period ended 31 March 2019: QR 22,251,604) to meet increased operational requirements of the Group.

Transfers

During the three month period ended 31 March 2020, assets with a cost of QR 340,445 (three month period ended 31 March 2019: QR 10,396,413) were transferred to Property, plant and equipment from Capital work-in-progress (Note7).

Disposals

During the three-month period ended 31 March 2020, the Group disposed assets with a cost of QR 67,000 having a carrying value of QR 50,485 resulting to a profit on disposal of QR 6,515 (three month period ended 31 March 2019: the Group disposed assets with a cost of QR 804,161 having carrying value of QR 12,192 resulting to a profit on disposal of QR 169,808).

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, Bufontas and Al Wukair projects. Upon completion, these assets are transferred to property, plant and equipment (Note 6).

The amount of borrowing costs capitalized during the period ended 31 March 2020 was QR 893,558 (31 March 2019: QR 54,688). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 4.5% per annum, which was the effective interest rate of the specific borrowing.

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2020

8 LEASES

Group as a lessee

The Group has lease contracts for lands and buildings used in its operations. Leases of lands generally have lease terms between 22 years and 25 years, while buildings generally have lease terms between 2 years and 5 years.

Set out below, are the carrying amounts of the Group's right-of-use assets and 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 1 January 2019 (Audited)	316,153,215	23,022,507	339,175,722
Additions	-	818,814	818,814
Depreciation expense for the year	<u>(14,316,672)</u>	<u>(10,404,461)</u>	<u>(24,721,133)</u>
As at 31 December 2019 (Audited)	301,836,543	13,436,860	315,273,403
Impact from modification of leases (i)	(75,336,950)	-	(75,336,950)
Depreciation expense for the period	<u>(2,654,604)</u>	<u>(2,149,460)</u>	<u>(4,804,064)</u>
As at 31 March 2020 (Reviewed)	<u>223,844,989</u>	<u>11,287,400</u>	<u>235,132,389</u>
<i>Lease liabilities</i>		<i>31 March 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
As at 1 January		291,628,862	296,635,452
Impact from modification of leases (i)		(75,336,950)	-
Additions		-	818,814
Interest expense for the period/year (Note 19)		2,219,402	12,563,325
Payments		<u>(5,479,973)</u>	<u>(18,388,729)</u>
Balance as at end of the period/year		<u>213,031,341</u>	<u>291,628,862</u>
Current portion		<u>15,552,159</u>	<u>22,484,476</u>
Non-current portion		<u>197,479,182</u>	<u>269,144,386</u>

Note i:

Leases of lands consist of six lease agreements for lands in the Ras Laffan area. The Company and the lessor agreed to amend the lease consideration for the remaining years with effect from 1 January 2020, and other terms were not changed. At the effective date of the modification, the Company remeasured the lease liability based on the remaining lease term, reduced lease rates, and the Group incremental borrowing rate. On 1 January 2020, the Company recognised the difference between the carrying amount of the modified lease liability (QR 135,261,606) and the lease liability immediately before the modification (QR 210,598,556) of QR 75,336,950 as an adjustment to the Right-of-use assets.

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2020

9 INVESTMENT PROPERTIES

	<i>31 March 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
Balance as at 1 January	40,634,854	37,522,065
Fair value gain	-	3,112,789
Balance as at end of the period/year	<u>40,634,854</u>	<u>40,634,854</u>

The Investment properties comprises buildings. The management is of the view that the fair value as at 31 March 2020 is not materially different from the fair value determined as at 31 December 2019.

10 TRADE AND OTHER RECEIVABLES

	<i>31 March 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
Trade receivables	347,071,722	301,308,466
Contract assets	36,866,793	92,668,236
Less: Provision for expected credit losses	<u>(24,600,276)</u>	<u>(43,219,615)</u>
Trade receivables, net	359,338,239	350,757,087
Advances to suppliers	59,662,653	17,810,462
Prepayments	47,117,935	76,565,688
Other receivables	<u>20,481,844</u>	<u>24,917,450</u>
	<u>486,600,671</u>	<u>470,050,687</u>

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

	<i>31 March 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
At 1 January (Audited)	43,219,615	51,619,615
Amount written off against provision	(19,319,339)	-
Provision for expected credit losses made (reversed) for the period / year (Note 18)	<u>700,000</u>	<u>(8,400,000)</u>
Balance as at end of the period/year	<u>24,600,276</u>	<u>43,219,615</u>

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11 CASH AND CASH EQUIVALENTS

	<i>31 March 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
Cash in hand	2,157,156	1,638,208
Cash at bank - current accounts (i)	163,244,890	126,443,032
Cash at bank – short-term deposit accounts (ii)	-	155,000,000
Cash at bank – restricted short-term deposit accounts (iii)	<u>22,510,463</u>	<u>18,699,603</u>
Bank balance and cash	187,912,509	301,780,843
Less: Term deposits with original maturity over 90 days	<u>-</u>	<u>(100,000,000)</u>
Cash and cash equivalents	<u>187,912,509</u>	<u>201,780,843</u>

Notes:

- (i) Current account earns no interest.
- (ii) Short-term deposits were made for varying terms depending on the immediate cash requirements of the Group and earned interest at market rates.
- (iii) The restricted short-term deposit accounts include dividends declared but not yet claimed by the Company's shareholders.

12 SHARE CAPITAL

	<i>31 March 2020 (Reviewed)</i>		<i>31 December 2019 (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 1 each	<u>586,031,480</u>	<u>586,031,480</u>	<u>586,031,480</u>	<u>586,031,480</u>

13 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.

14 DIVIDENDS

A dividend of QR 117,206,296 (QR 0.20 per share) was proposed by the Board of Directors in respect of the Group profit for the year ended 31 December 2019, which was approved by the Company's shareholders at the Company's Annual General Meeting held on 3 February 2020.

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 4 February 2019.

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15 INTEREST BEARING LOANS

	<i>31 March 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
LVQ project term loans	654,531,237	697,789,052
Bu-Sulba project term loans	690,158,442	714,693,922
Ras Laffan project loans	78,461,384	72,254,709
Al Wukair project loans	44,919,575	-
Ras Bufontas project term loan	36,203,249	23,250,000
	<u>1,504,273,887</u>	<u>1,507,987,683</u>

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

	<i>31 March 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
Current portion	286,448,318	282,728,490
Non-current portion	1,217,825,569	1,225,259,193
	<u>1,504,273,887</u>	<u>1,507,987,683</u>

16 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. Outstanding balances at the period-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

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>31 March 2020</i>		<i>31 March 2019</i>	
		<i>Revenue QR</i>	<i>Purchase of services QR</i>	<i>Revenue QR</i>	<i>Purchase of services QR</i>
Agility network	Affiliate	888,869	8,732,690	2,386,664	8,370,515
Others	Affiliate	-	2,053,125	-	2,100,115

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

	<i>Nature of relationship</i>	<i>31 March 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
Receivable from Agility network	Affiliate	<u>234,905</u>	<u>1,269,507</u>
Payable to Agility network	Affiliate	<u>6,016,340</u>	<u>6,047,953</u>
Payable to others	Affiliate	<u>8,304</u>	<u>312,196</u>

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16 RELATED PARTY DISCLOSURES (CONTINUED)

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>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
<i>Short-term benefits</i>		
Key management remuneration	600,000	658,642
Board of Directors' remuneration	1,575,000	2,400,000
	<u>2,175,000</u>	<u>3,058,642</u>
Employees' end of service benefits	<u>37,500</u>	<u>37,500</u>

17 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>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Logistics operations	182,750,308	196,120,020
Freight forwarding	111,403,689	105,472,754
Rental income from investment properties	2,094,444	2,094,444
Revenue	<u>296,248,441</u>	<u>303,687,218</u>

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>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Revenue from contracts with customer		
Logistics operations	182,750,308	196,120,020
Freight forwarding	111,403,689	105,472,754
	<u>294,153,997</u>	<u>301,592,774</u>
Primary geographical markets		
Local operations	278,554,749	284,157,656
Foreign operations	15,599,248	17,435,118
	<u>294,153,997</u>	<u>301,592,774</u>

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17 REVENUE (CONTINUED)

Disaggregation of revenue from contracts with customers (continued)

	<i>For the three month period ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>QR</i> <i>(Reviewed)</i>	<i>QR</i> <i>(Reviewed)</i>
<i>Major products and service lines</i>		
Warehouse management services	155,081,069	163,771,999
Records management systems	14,786,505	16,416,552
Transport services	7,009,459	5,432,773
Freight forwarding services	103,887,173	97,187,221
International move and relocation services	5,873,275	10,498,696
Courier services	7,516,516	8,285,533
	294,153,997	301,592,774
<i>Timing of revenue recognition</i>		
Products and services transferred over time	182,750,308	196,120,020
Products transferred at a point in time	111,403,689	105,472,754
	294,153,997	301,592,774

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

	<i>31 March 2020</i> <i>(Reviewed)</i>		<i>31 March 2019</i> <i>(Reviewed)</i>	
	<i>Logistics operations</i>	<i>Freight forwarding</i>	<i>Logistics operations</i>	<i>Freight forwarding</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
<i>Revenue</i>				
External customer	182,750,308	111,403,689	196,120,020	105,472,754
Inter-segment	16,730,267	11,227,916	15,362,759	6,166,149
	199,480,575	122,631,605	211,482,779	111,638,903
Adjustments and eliminations	(16,730,267)	(11,227,916)	(15,362,759)	(6,166,149)
	182,750,308	111,403,689	196,120,020	105,472,754

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18 EXPENSES BY NATURE

	<i>For the three month period ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>QR</i> <i>(Reviewed)</i>	<i>QR</i> <i>(Reviewed)</i>
Freight forwarding charges	75,627,800	70,072,668
Staff cost (1)	67,012,336	59,297,570
Depreciation of property, plant and equipment	33,159,618	36,475,271
Logistic costs	10,210,334	15,073,136
Repairs and maintenance	9,527,040	9,805,703
Water and electricity	7,852,312	7,639,807
Depreciation of right-of-use-assets (Note 8)	4,804,064	6,125,188
Fuel cost	3,577,231	3,429,765
Insurance cost	3,087,260	2,118,936
Legal and professional fees	1,791,734	1,180,945
Amortization of intangible assets	1,721,438	1,915,368
Board of Directors' remuneration	1,575,000	2,400,000
Communication and postage	768,152	633,752
Provision made for impairment of trade receivables (Note 10)	700,000	225,000
Manpower subcontract charges	583,258	569,550
License and registration fees	489,947	985,982
Rent expense	331,050	19,500
Advertisement expenses	264,616	308,555
Travelling expenses	157,204	383,348
Miscellaneous expenses	5,897,624	4,317,085
	229,138,018	222,977,129

(1) Staff cost includes a provision for employees' end of service benefits of QR 2,351,858 (2019: QR 1,980,012)

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

	<i>31 March 2020</i>	<i>31 March 2019</i>
	<i>QR</i> <i>(Reviewed)</i>	<i>QR</i> <i>(Reviewed)</i>
	Cost of sales	197,480,111
General and administrative expenses	31,657,907	28,286,380
	229,138,018	222,977,129

19 FINANCE COSTS, NET

	<i>31 March 2020</i>	<i>31 March 2019</i>
	<i>QR</i> <i>(Reviewed)</i>	<i>QR</i> <i>(Reviewed)</i>
	Interest income on bank deposits	(1,170,705)
Interest expense on bank loans	15,752,218	20,038,645
Interest expense on lease liabilities	2,219,402	3,132,819
	16,800,915	21,289,149

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20 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 at the period end.

	<i>For the three month period ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed) (Restated)</i>
Profit for the period attributable to equity holder of the parent	<u>50,448,859</u>	<u>59,547,079</u>
Weighted average number of shares outstanding during the period	<u>586,031,480</u>	<u>586,031,480</u>
Basic and diluted earnings per share (expressed in QR per share)	<u>0.09</u>	<u>0.10</u>

For purpose of calculating earnings per share, weighted average number of shares outstanding have been adjusted consequent to the share split.

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 4 July 2019, the Qatar Stock Exchange announced that the share split of the Company has been executed and the listing of the new shares in Stock Exchange was effective from 7 July 2019. Accordingly, the total number of shares of the Company has increased from 58,603,148 to 586,031,480.

Diluted earnings per share

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

21 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March</i>	<i>31 December</i>
	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
<i>(a) Commitments:</i>		
Capital commitments	<u>448,355,698</u>	<u>68,833,677</u>
<i>(b) Contingent liabilities:</i>		
Bank guarantees, corporate guarantees and documentary credits	<u>168,472,368</u>	<u>166,280,586</u>

22 EFFECT OF COVID 19

The outbreak of Novel Coronavirus (COVID-19) continues to progress and evolve. More countries have imposed travel bans on millions of people, and more people in more locations are placed with quarantine measures. The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Businesses are dealing with lost revenue and disrupted supply chains. The Group engages in the logistics and freight forwarding business.

Further, the Group's logistic operations are concentrated in economies that relatively depend on the oil and gas income. The outbreak of COVID-19 has had an impact on demand for oil and petroleum products. Recent global developments have caused further volatility in commodity markets. The Group is carefully monitoring the evolving situation around the spreading of the COVID-19 and the volatility in the oil prices and its impact on the business.

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22 EFFECT OF COVID 19 (CONTINUED)

During March 2020, certain concessions were announced by the Group for a short period to the existing customers, and considering the current economic conditions, it is expected that these measures will result in an insignificant negative impact on the Group's revenue.

In addition, the Group has considered the potential impairment impact on its non-financial assets (including goodwill), due to the current economic volatility. The Group engages in essential services and significant logistics operations are concentrated in the State of Qatar, with long term customers. Impairment is a subjective assessment and depends on assumptions and judgements used by the management. Such assumptions and judgements are considered to represent management's best estimate based on the available or observable information as at the reporting date. As the crisis evolves and the market conditions become more unpredictable, the recorded amounts remain challenged and sensitive to market fluctuations.

Also, the inputs and assumptions used for the Expected Credit Loss calculation ("ECL") as at 31 March 2020 were updated by the Group to reflect the current economic uncertainties resulting from the COVID-19 pandemic and volatility in oil prices. The Group has adjusted the forward-looking macro-economic factors and probability weights assigned to economic scenarios for ECL determination to reflect the economic uncertainties. Given the level of uncertainty and the sensitivity of judgments and estimates, the assumptions will be reassessed if adverse conditions continue.

The management believes that the COVID-19 pandemic and volatility in oil prices have had no material adverse effects on the Group's reported financial results for the period ended 31 March 2020. The management will continuously monitor the ongoing situation and continue to provide conservatively for any downside risks.