

Gulf Warehousing Company Q.P.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2021**

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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 2021, which comprises of the interim consolidated statement of financial position as at 31 March 2021 and the related interim consolidated statements of profit or loss and other comprehensive income, the interim consolidated statements of changes in equity and the interim consolidated statement of 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.


Ziad Lader
of Ernst & Young
Auditor's Registration No: 258
Date: 27 April 2021
Doha


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Gulf Warehousing Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

		31 March 2021 QR (Reviewed)	31 December 2020 QR (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,605,704,547	2,502,395,484
Capital work-in-progress	7	392,282,042	350,726,971
Right-of-use of assets	8	255,006,058	255,610,442
Investment properties	9	40,634,854	40,634,854
Intangible assets and goodwill		117,189,427	117,296,522
Refundable deposits		18,251,000	18,251,000
		<u>3,429,067,928</u>	<u>3,284,915,273</u>
Current assets			
Inventories		12,907,915	11,944,081
Trade and other receivables	10	520,681,585	483,534,174
Bank balances and cash	11	166,805,509	298,630,196
		<u>700,395,009</u>	<u>794,108,451</u>
TOTAL ASSETS		<u>4,129,462,937</u>	<u>4,079,023,724</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		765,487,194	769,724,748
Foreign currency translation reserve		(726,578)	(614,616)
Equity attributable to equity holders of the parent		<u>1,903,298,899</u>	<u>1,907,648,415</u>
Non-controlling interests		(2,926,021)	(2,926,021)
Total equity		<u>1,900,372,878</u>	<u>1,904,722,394</u>
Liabilities			
Non-current liabilities			
Islamic financing	15	1,308,054,109	1,298,949,804
Lease liabilities	8	237,080,758	234,264,206
Employees' end of service benefits		48,698,999	48,225,429
Retention payable to contractors		16,821,445	14,512,301
		<u>1,610,655,311</u>	<u>1,595,951,740</u>
Current liabilities			
Islamic financing	15	299,496,701	290,397,859
Trade and other payables		306,723,089	275,279,122
Lease liabilities	8	12,214,958	12,672,609
		<u>618,434,748</u>	<u>578,349,590</u>
Total liabilities		<u>2,229,090,059</u>	<u>2,174,301,330</u>
TOTAL EQUITY AND LIABILITIES		<u>4,129,462,937</u>	<u>4,079,023,724</u>

These interim condensed consolidated financial statements were approved by the Parent Company's Board of Directors on 27 April 2021 and were signed on its behalf by:

Abdulla Bin Fahad J J Al Thani
Chairman

Fahad Bin Hamad J J Al Thani
Vice Chairman

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.



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Doha - Qatar

27 APR 2021

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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 2021

	Notes	<i>For the three month period ended 31 March</i>	
		<i>2021 QR (Reviewed)</i>	<i>2020 QR (Reviewed)</i>
Revenue	17	298,873,958	296,248,441
Direct cost	18	(203,018,465)	(197,480,111)
Gross profit		95,855,493	98,768,330
Other income		70,033	139,351
General and administrative expenses	18	(25,799,768)	(31,657,907)
Operating profit		70,125,758	67,249,774
Finance costs, net	19	(15,065,456)	(16,800,915)
Profit before tax		55,060,302	50,448,859
Income tax expense	22	(694,708)	-
Profit for the period		54,365,594	50,448,859
Other comprehensive income:			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(111,962)	(174,829)
Total comprehensive income		54,253,632	50,274,030
Profit attributable to:			
Equity holders of the parent		54,365,594	50,448,859
Non-controlling interest		-	-
		54,365,594	50,448,859
Total comprehensive income attributable to:			
Equity holders of the parent		54,253,632	50,274,030
Non-controlling interest		-	-
		54,253,632	50,274,030
Earnings per share:			
Basic and diluted earnings per share	20	0.09	0.09

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The attached notes 1 to 23 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 2021

	<i>Attributable to equity holders of the parent</i>				<i>Total QR</i>	<i>Non- controlling interests QR</i>	<i>Total equity QR</i>
	<i>Share capital QR</i>	<i>Legal reserve QR</i>	<i>Retained earnings QR</i>	<i>Foreign currency translation reserve QR</i>			
As at 1 January 2021	586,031,480	552,506,803	769,724,748	(614,616)	1,907,648,415	(2,926,021)	1,904,722,394
Profit for the period	-	-	54,365,594	-	54,365,594	-	54,365,594
Other comprehensive income	-	-	-	(111,962)	(111,962)	-	(111,962)
Total comprehensive income for the period	-	-	54,365,594	(111,962)	54,253,632	-	54,253,632
Dividends (Note 14)	-	-	(58,603,148)	-	(58,603,148)	-	(58,603,148)
Balance at 31 March 2021 (Reviewed)	<u>586,031,480</u>	<u>552,506,803</u>	<u>765,487,194</u>	<u>(726,578)</u>	<u>1,903,298,899</u>	<u>(2,926,021)</u>	<u>1,900,372,878</u>
As at 1 January 2020	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)	<u>586,031,480</u>	<u>552,506,803</u>	<u>590,086,641</u>	<u>(575,945)</u>	<u>1,728,048,979</u>	<u>(2,926,021)</u>	<u>1,725,122,958</u>

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Gulf Warehousing Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2021

	Notes	<i>For the three month period ended 31 March</i>	
		2021	2020
		<i>QR</i> <i>(Reviewed)</i>	<i>QR</i> <i>(Reviewed)</i>
OPERATING ACTIVITIES			
Profit before tax for the period		55,060,302	50,448,859
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	18	36,664,047	33,159,618
Depreciation of right-of-use-assets	18	4,897,913	4,804,064
Amortisation of intangible assets	18	107,095	1,721,438
Provision for expected credit losses	10	224,417	700,000
Profit on sale of property, plant and equipment	6	-	(6,515)
Provision for employees' end of service benefits	18	2,597,142	2,351,858
Lease concessions related to Covid-19		(2,713,792)	-
Profit charge on Islamic financing	19	13,179,627	15,752,218
Interest on lease liabilities	19	2,380,953	2,219,402
Profit on Islamic bank accounts	19	(495,124)	(1,170,705)
Operating profit before working capital changes		111,902,580	109,980,237
<i>Working capital adjustments:</i>			
Inventories		(963,834)	(555,406)
Trade and other receivables		(37,300,932)	(20,965,963)
Trade and other payables		37,911,546	(14,530,920)
Cash flows from operating activities		111,549,360	73,927,948
Employees' end of service benefits paid		(2,123,572)	(713,795)
Net cash flows from operating activities		109,425,788	73,214,153
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(29,143,686)	(11,485,738)
Proceeds from disposal of property, plant and equipment		-	57,000
Payment towards capital work in progress		(149,721,907)	(37,260,900)
Profit received on Islamic bank accounts		369,675	4,836,503
Net movement in restricted short-term deposit accounts		(23,141,693)	(3,810,860)
Net movement in term deposits with original maturity over 90 days		100,000,000	100,000,000
Net cash flows (used in) from investing activities		(101,637,611)	52,336,005
FINANCING ACTIVITIES			
Proceeds from Islamic financing		88,162,412	65,877,293
Repayments on Islamic financing		(69,959,265)	(69,591,089)
Payment of principal portion of lease liabilities		(1,891,724)	(3,260,571)
Profit paid on Islamic financing		(20,398,221)	(18,958,505)
Dividends paid	14	(58,603,148)	(117,206,296)
Net cash flows used in financing activities		(62,689,946)	(143,139,168)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(54,901,769)	(17,589,010)
Net foreign exchange difference		(64,611)	(90,184)
Cash and cash equivalents at beginning of period		107,856,315	183,081,240
CASH AND CASH EQUIVALENTS AT END OF PERIOD		52,889,935	165,402,046

27 APR 2021

The attached notes 1 to 23 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 2021

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 activities</i>	<i>Ultimate ownership interest</i>	
			<i>31 March 2021</i>	<i>31 December 2020</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.	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%
Prime Container Services W.L.L.	State of Qatar	Shipping services	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 2021

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 activities</i>	<i>Ultimate ownership interest</i>	
			<i>31 March 2021</i>	<i>31 December 2020</i>
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%
Gulf Warehousing Express U.P.S.W.L.L.	State of Qatar	Courier services	100%	100%
GWC Investments W.L.L	State of Qatar	Investment in shares, bonds and fund for owner of the registration	100%	-
GWC Logistics QFZ Branch	State of Qatar	Logistics and courier services	100%	100%
Imdad Sourcing & Logistic Group W.L.L.	State of Qatar	Trading food and other consumables	51%	51%
Gulf Warehousing Bumi Projects W.L.L	State of Qatar	General construction contracts (general contracting)	51%	51%

In January 2021, the Company signed a Memorandum of Understandings to acquire 100% ownership of Aero Chem Logistics W.L.L and their Chemical Storage Facility in Ras Laffan Industrial City (RLIC).

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months ended 31 March 2021 have been prepared in accordance with *IAS 34 Interim Financial Reporting* (“IAS 34”). The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Board of Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

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 2020. In addition, the results for the three months ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In March 2021, the IASB issued another amendment to IFRS 16 Leases (Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)) which extended the practical expedient to lease payments which were originally due up to 30 June 2022. The transitional requirements of this amendment require retrospective application with the cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained earnings at the beginning of the annual reporting period in which the lessee first applies the amendment. The adoption of the amendment did not result in changes to previously reported net profit or equity of the Group.

Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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.

Reportable segments

Logistics operations
Freight forwarding
Rentals
Others

Operations

Storage, handling, packaging and transportation
Freight services through land, air and sea
Rental income
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.

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021

5 SEGMENTAL INFORMATION (CONTINUED)

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 2021</i>			<i>31 March 2020</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>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Logistics operations	198,163,539	54,746,152	41,088,011	181,893,579	16,122,118	41,860,277
Freight forwarding	91,285,285	8,148,479	4,535,722	111,403,689	11,227,916	5,032,168
Rentals	2,600,694	-	2,523,474	2,094,444	-	2,041,026
Others	6,824,440	894,396	6,913,095	856,729	608,149	1,515,388
	298,873,958	63,789,027	55,060,302	296,248,441	27,958,183	50,448,859

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

<i>Assets / liabilities</i>	<i>31 March 2021</i>		<i>31 December 2020</i>	
	<i>(Reviewed)</i>		<i>(Audited)</i>	
	<i>Segment</i>	<i>Segment</i>	<i>Segment</i>	<i>Segment</i>
	<i>assets</i>	<i>liabilities</i>	<i>assets</i>	<i>liabilities</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Logistics operations	3,633,885,030	2,008,673,071	3,637,884,108	1,982,124,826
Freight forwarding	244,724,748	111,751,897	236,386,554	104,675,161
Rentals	40,634,854	-	40,634,854	-
Others	210,218,305	108,665,091	164,118,208	87,501,343
	4,129,462,937	2,229,090,059	4,079,023,724	2,174,301,330

6 PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the three month period ended 31 March 2021, the Group acquired assets with a cost of QR 29,143,686 (three month-period ended 31 March 2020: QR 11,485,738) to meet increased operational requirements of the Group.

Transfers

During the three month period ended 31 March 2021, assets with a cost of QR 110,829,424 (three month period ended 31 March 2020: QR 340,445) were transferred to property, plant and equipment from Capital work-in-progress (Note 7).

Disposals

There were no disposals of property, plant and equipments during the three months ended 31 March 2021 (three-month period ended 31 March 2020: the Group disposed assets with a cost of QR 67,000 having carrying value of QR 50,485 resulting to a profit on disposal of QR 6,515).

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 Bu Sulba, Logistics Village Qatar 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 2021 was QR 2,190,186 (31 March 2020: QR 893,558). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 3.72% (31 March 2020 :4.5%) per annum, which was the effective profit charge rate of the specific borrowing.

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021

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 and 30 years, while buildings generally have lease terms between 2 and 4 years. Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

<i>Right-of-use assets</i>	<i>Land QR</i>	<i>Building QR</i>	<i>Total QR</i>
As at 1 January 2020	301,836,543	13,436,860	315,273,403
Impact from modification of leases	(68,538,883)	-	(68,538,883)
Additions	27,998,225	-	27,998,225
Depreciation expense	(11,207,369)	(6,934,885)	(18,142,254)
Depreciation capitalised (Note ii)	(980,049)	-	(980,049)
As at 31 December 2020	249,108,467	6,501,975	255,610,442
Additions	-	4,491,766	4,491,766
Depreciation expense for the period	(2,848,616)	(2,049,297)	(4,897,913)
Depreciation capitalised (Note ii)	(198,237)	-	(198,237)
As at 31 March 2021 (Reviewed)	246,061,614	8,944,444	255,006,058

Lease liabilities

	<i>31 March 2021 QR (Reviewed)</i>	<i>31 December 2020 QR (Audited)</i>
As at 1 January	246,936,815	291,628,862
Additions	4,491,766	27,998,225
Impact from modification of leases	-	(68,538,883)
Lease concessions related to Covid-19 (Note i)	(2,713,792)	(5,160,763)
Interest expense for the period/year (Note 19)	2,380,953	9,156,741
Interest capitalised during the period/year (Note ii)	274,165	1,259,920
Payments	(2,074,191)	(9,407,287)
Balance as at end of the period/year	249,295,716	246,936,815
Current portion	12,214,958	12,672,609
Non-current portion	237,080,758	234,264,206

Note i:

As a consequence of the COVID -19 pandemic, the Group received lease concessions from landlords related to the lands located in the Ras Laffan area, Bu Sulba and building located in Al Khor. There are no other changes to the terms and conditions of the lease agreements. The Group decided to apply practical expedient as per IFRS 16 and elected not to assess whether a COVID-19 related lease concession from the landlord is a lease modification. Accordingly, the forgiven lease payments amounting to QR 2,713,792 for the three months ended 31 March 2021 (three month period ended 31 March 2020: QR Nil) was recognised as a negative variable lease expense in the interim consolidated statement of profit or loss.

Note ii:

The amounts consist of capitalised interest expense and depreciation of right of use assets related to the capital work in progress of warehouse facility and office complex on lease lands.

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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9 INVESTMENT PROPERTIES

	<i>31 March 2021 QR (Reviewed)</i>	<i>31 December 2020 QR (Audited)</i>
Balance as at 1 January	<u>40,634,854</u>	<u>40,634,854</u>
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 2021 is not materially different from the fair value determined as at 31 December 2020.

10 TRADE AND OTHER RECEIVABLES

	<i>31 March 2021 QR (Reviewed)</i>	<i>31 December 2020 QR (Audited)</i>
Trade receivables	394,023,903	302,305,652
Contract assets	25,336,672	86,832,697
Less: Provision for expected credit losses	<u>(24,050,952)</u>	<u>(28,025,276)</u>
Trade receivables, net	395,309,623	361,113,073
Advances	26,943,311	15,641,713
Prepayments	60,023,385	69,487,916
Other receivables	<u>38,405,266</u>	<u>37,291,472</u>
	<u>520,681,585</u>	<u>483,534,174</u>

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

	<i>31 March 2021 QR (Reviewed)</i>	<i>31 December 2020 QR (Audited)</i>
At 1 January	28,025,276	43,219,615
Amount written off against provision	(4,198,741)	(19,319,339)
Provision for expected credit losses made for the period/year (Note 18)	<u>224,417</u>	<u>4,125,000</u>
Balance as at end of the period/year	<u>24,050,952</u>	<u>28,025,276</u>

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11 BANK BALANCE AND CASH

	<i>31 March 2021 QR (Reviewed)</i>	<i>31 December 2020 QR (Audited)</i>
Cash in hand	1,413,705	1,245,659
Cash at bank - current accounts (i)	51,476,230	106,610,656
Cash at bank – term deposits (ii)	70,000,000	170,000,000
Cash at bank – restricted term deposit accounts (iii)	43,915,574	20,773,881
	<hr/>	<hr/>
Bank balance and cash	166,805,509	298,630,196
Less: Term deposits with original maturity over 90 days	(70,000,000)	(170,000,000)
Less: Restricted term deposit accounts (iii)	(43,915,574)	(20,773,881)
	<hr/>	<hr/>
Cash and cash equivalents	52,889,935	107,856,315
	<hr/>	<hr/>

Notes:

- (i) Current account earns no profits.
- (ii) Short-term deposits are made for varying terms depending on the immediate cash requirements of the Group and earn profit 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 2021 (Reviewed)</i>		<i>31 December 2020 (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	586,031,480	586,031,480	586,031,480	586,031,480
	<hr/>	<hr/>	<hr/>	<hr/>

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 58,603,148 (QR 0.10 per share) was proposed by the Board of Directors in respect of the Group profit for the year ended 31 December 2020, which was approved by the Company's shareholders at the Company's Annual General Meeting held on 15 February 2021.

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.

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15 ISLAMIC FINANCING

	<i>31 March 2021 QR (Reviewed)</i>	<i>31 December 2020 QR (Audited)</i>
LVQ project financing	558,247,620	603,277,998
Bu-Sulba project financing	618,710,306	638,745,000
Al Wukair project financing	262,786,020	193,304,686
Ras Laffan project financing	90,553,518	87,341,012
Ras Bufontas project financing	77,253,346	66,678,967
	<u>1,607,550,810</u>	<u>1,589,347,663</u>

The Islamic financings are presented in the interim consolidated statement of financial position as follows:

	<i>31 March 2021 QR (Reviewed)</i>	<i>31 December 2020 QR (Audited)</i>
Current portion	299,496,701	290,397,859
Non-current portion	1,308,054,109	1,298,949,804
	<u>1,607,550,810</u>	<u>1,589,347,663</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>For the three month period ended 31 March (Reviewed)</i>			
		<i>2021</i>		<i>2020</i>	
		<i>Revenue QR</i>	<i>Purchase of services QR</i>	<i>Revenue QR</i>	<i>Purchase of services QR</i>
Agility network	Affiliate	714,121	7,095,703	888,869	8,732,690
Others	Affiliate	-	1,270,807	-	2,053,125

Balances with related parties included in the interim consolidated statement financial position under trade receivable and trade payable are as follows:

	<i>Nature of relationship</i>	<i>31 March 2021</i>		<i>31 December 2020</i>	
		<i>Receivables QR (Reviewed)</i>	<i>Payables QR (Reviewed)</i>	<i>Receivables QR (Audited)</i>	<i>Payables QR (Audited)</i>
Agility network	Affiliate	678,207	5,298,109	224,436	4,791,115
Others	Affiliate	-	444,363	-	175,974
		<u>678,207</u>	<u>5,742,472</u>	<u>224,436</u>	<u>4,967,089</u>

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>2021 QR (Reviewed)</i>	<i>2020 QR (Reviewed)</i>
<i>Short-term benefits</i>		
Key management remuneration	600,000	600,000
Board of Directors' remuneration	1,575,000	1,575,000
	2,175,000	2,175,000
Employees' end of service benefits	37,500	37,500

17 REVENUE

	<i>For the three month period ended 31 March</i>	
	<i>2021 QR (Reviewed)</i>	<i>2020 QR (Reviewed)</i>
Revenue from contracts with customer	296,273,264	294,153,997
Rental income from investment properties	2,600,694	2,094,444
Revenue	298,873,958	296,248,441

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 (Note 5).

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>2021 QR (Reviewed)</i>	<i>2020 QR (Reviewed)</i>
Revenue from contracts with customer		
Logistics operations	198,163,539	181,893,579
Freight forwarding	91,285,285	111,403,689
Other	6,824,440	856,729
	296,273,264	294,153,997
Primary geographical markets		
Local operations	276,763,122	278,554,749
Foreign operations	19,510,142	15,599,248
	296,273,264	294,153,997

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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>2021 QR (Reviewed)</i>	<i>2020 QR (Reviewed)</i>
<i>Major products and service lines</i>		
Warehouse management services	167,647,198	154,224,340
Freight forwarding services	82,531,081	103,887,173
Records management systems	15,089,519	14,786,505
Transport services	9,850,218	7,009,459
Courier services	8,754,204	7,516,516
International move and relocation services	5,576,604	5,873,275
Others	6,824,440	856,729
	296,273,264	294,153,997
<i>Timing of revenue recognition</i>		
Products and services transferred over time	204,987,979	182,750,308
Products transferred at a point in time	91,285,285	111,403,689
	296,273,264	294,153,997

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

	<i>For the three month period ended 31 March 2021 (Reviewed)</i>			<i>For the three month period ended 31 March 2020 (Reviewed)</i>		
	<i>Logistics operations QR</i>	<i>Freight forwarding QR</i>	<i>Other revenue QR</i>	<i>Logistics operations QR</i>	<i>Freight forwarding QR</i>	<i>Other revenue QR</i>
<i>Revenue</i>						
External customer	198,163,539	91,285,285	6,824,440	181,893,579	111,403,689	856,729
Inter-segment	54,746,152	8,148,479	894,396	16,122,118	11,227,916	608,149
	252,909,691	99,433,764	7,718,836	198,015,697	122,631,605	1,464,878
Adjustments and eliminations	(54,746,152)	(8,148,479)	(894,396)	(16,122,118)	(11,227,916)	(608,149)
	198,163,539	91,285,285	6,824,440	181,893,579	111,403,689	856,729

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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18 EXPENSES BY NATURE

	<i>For the three month period ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Freight forwarding charges	53,014,483	75,627,800
Staff cost (1)	66,626,215	67,012,336
Depreciation of property, plant and equipment	36,664,047	33,159,618
Logistic costs	30,053,755	10,210,334
Repairs and maintenance	12,452,593	9,527,040
Water and electricity	9,675,282	7,852,312
Depreciation of right-of-use-assets (Note 8)	4,897,913	4,804,064
Insurance cost	3,377,627	3,087,260
Fuel cost	2,967,941	3,577,231
Board of Directors' remuneration	1,575,000	1,575,000
Manpower subcontract charges	1,791,403	583,258
Legal and professional fees	938,405	1,791,734
Communication and postage	820,994	768,152
Rent expense	353,620	331,050
Advertisement expenses	302,437	264,616
Provision made for impairment of trade receivables (Note 10)	224,417	700,000
Amortization of intangible assets	107,095	1,721,438
Lease concession related to Covid-19	(2,713,792)	-
Miscellaneous expenses	5,688,798	6,544,775
	228,818,233	229,138,018

(1) Staff cost includes a provision for employees' end of service benefits of QR 2,597,142 (2020: QR 2,351,858)

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

	<i>For the three month period ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Direct cost	203,018,465	197,480,111
General and administrative expenses	25,799,768	31,657,907
	228,818,233	229,138,018

19 FINANCE COSTS, NET

	<i>For the three month period ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit on islamic bank accounts	(495,124)	(1,170,705)
Profit charge on islamic financing	13,179,627	15,752,218
Interest expense on lease liabilities	2,380,953	2,219,402
	15,065,456	16,800,915

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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>2021</i>	<i>2020</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period attributable to equity holder of the parent	<u>54,365,594</u>	<u>50,448,859</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>0.09</u>

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 2021</i>	<i>31 December 2020</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
<i>(a) Commitments:</i>		
Capital commitments	<u>127,691,176</u>	<u>257,418,476</u>
<i>(b) Contingent liabilities:</i>		
Bank guarantees, corporate guarantees and documentary credits	<u>154,485,292</u>	<u>159,420,566</u>

22 INCOME TAX EXPENSE

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. In December 2019, a new Executive Regulations for the tax was introduced in the State of Qatar, replacing the previous executive regulations. The tax exemption provided under Article 4 (paragraph 13) of the New Tax Law in relation to non-Qatari investors' share in profits in listed entities shall not be extended to subsidiaries/associates of listed entities. Accordingly, the group has completed the tax review for the year ended 31 December 2019 in September 2020 and the tax impact was recognized in the interim condensed consolidated statement of profit or loss for the nine months ended 30 September 2020.

23 EFFECT OF COVID 19

The outbreak of Novel Coronavirus (COVID-19) continues to progress and evolve. While COVID-19 is a health crisis, it has caused socioeconomic disruption on a global scale. More countries have imposed travel bans on millions of people, and more people in more locations are placed with quarantine measures. The restrictions were partially lifted in some jurisdictions at the end of the year 2020. However, due to second/third waves of COVID-19 pandemic and cases diagnosed with new variants of the virus, some jurisdictions reimposed lockdowns and movement restrictions since early 2021.

The Group is carefully monitoring the evolving situation around the spreading of the COVID-19 and its impact on the business.

23 EFFECT OF COVID 19 (CONTINUED)

The inputs and assumptions used for the expected credit loss calculation (“ECL”) as at 31 March 2021 were updated by the Group to reflect the economic uncertainties resulted due to the COVID-19 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.

During the three months ended 31 March 2021, the Group has received rent concessions from landlords. As discussed in Note 8, the Group has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfy the criteria. The application of the practical expedient has resulted in the reduction of total lease liabilities by QR 2,713,792 for the three months period ended 31 March 2021. The effect of this reduction has been recorded in interim consolidated profit or loss in the period in which the event or condition that triggers those payments occurs.

The Group has considered the potential impact on the presented non-financial assets due to the current economic volatility. The Group engages in essential services and significant logistics operations concentrated in the State of Qatar with long term customers. These are considered to represent management’s best estimate based on the available or observable information.

As the crisis evolves and the market conditions are unpredictable, the recorded amounts remain sensitive to market fluctuations.