

**GULF WAREHOUSING COMPANY Q.P.S.C.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED**

**31 MARCH 2018**

**Gulf Warehousing Company Q.P.S.C.**

**Condensed consolidated interim financial statements**  
**For the three month period ended 31 March 2018**

---

<b>CONTENTS</b>	<b>Page(s)</b>
<b>Independent auditor's report on review of condensed consolidated interim financial statements</b>	<b>1</b>
<b>Condensed consolidated interim financial statements:</b>	
Condensed consolidated statement of financial position	2
Condensed consolidated statement of profit or loss and other comprehensive income	3
Condensed consolidated statement of changes in equity	4
Condensed consolidated statement of cash flows	5
Notes to the condensed consolidated interim financial statements	6-17



KPMG  
25 C Ring Road  
PO Box 4473, Doha  
State of Qatar  
Telephone: +974 4457 6444  
Fax: +974 4442 5626  
Website: www.kpmg.com.qa

**Independent auditor's report on review of condensed consolidated interim financial statements**

To the Board of Directors of Gulf Warehousing Company Q.P.S.C.  
Doha, State of Qatar

**Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of Gulf Warehousing Company Q.P.S.C. (the "Company") and its subsidiaries (together with the Company, the "Group"), as at 31 March 2018, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the interim financial statements (the "condensed consolidated interim financial statements"). The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 31 March 2018 are not prepared, in all material respects, in accordance with IAS 34.

16 April 2018  
Doha  
State of Qatar

Gopal Balasubramaniam  
Auditor's Registration No.251  
KPMG  
Licensed by QFMA: External Auditor's  
License No. 120153

Gulf Warehousing Company Q.P.S.C.

Condensed consolidated statement of financial position

As at 31 March 2018

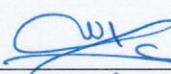
In Qatari Riyals

	Note	31 March 2018 (Reviewed)	31 December 2017 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	2,604,405,669	1,960,097,114
Capital work-in-progress	7	121,787,068	769,326,117
Investment property	8	37,397,470	37,397,470
Intangible assets and goodwill		117,070,171	118,906,733
		<b>2,880,660,378</b>	<b>2,885,727,434</b>
<b>Current assets</b>			
Inventories		10,401,299	10,829,337
Trade and other receivables	9	400,217,962	525,147,090
Cash and cash equivalents	10	298,665,186	351,816,004
		<b>709,284,447</b>	<b>887,792,431</b>
<b>Total assets</b>		<b>3,589,944,825</b>	<b>3,773,519,865</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	586,031,480	586,031,480
Legal reserve		552,506,803	552,506,803
Retained earnings		420,767,248	497,017,101
<b>Equity attributable to owners of the Company</b>		<b>1,559,305,531</b>	<b>1,635,555,384</b>
Non-controlling interests		(3,681,223)	(3,681,223)
<b>Total equity</b>		<b>1,555,624,308</b>	<b>1,631,874,161</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	13	1,503,976,962	1,525,481,830
Provision for employees' end of service benefits		32,572,059	30,895,993
		<b>1,536,549,021</b>	<b>1,556,377,823</b>
<b>Current liabilities</b>			
Loans and borrowings	13	262,632,215	261,436,825
Trade and other payables		235,139,281	323,831,056
		<b>497,771,496</b>	<b>585,267,881</b>
<b>Total liabilities</b>		<b>2,034,320,517</b>	<b>2,141,645,704</b>
<b>Total equity and liabilities</b>		<b>3,589,944,825</b>	<b>3,773,519,865</b>

These condensed consolidated interim financial statements was approved by the Company's Board of Directors and were signed on its behalf on 16 April 2018 by:

  
Abdulla Fahad J J Al Thani  
Chairman



  
Fahad Hamad J J Al Thani  
Vice Chairman

The notes on pages 6 to 17 form an integral part of this condensed consolidated interim financial statements.

Gulf Warehousing Company Q.P.S.C.

**Condensed consolidated statement of profit or loss and other comprehensive income**  
**For the three month period ended 31 March 2018**

In Qatari Riyals

		<b>For the three month period ended</b>	
		<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>Note</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>
Revenue	15	311,644,219	222,775,601
Direct costs	16	(211,967,644)	(143,466,345)
<b>Gross profit</b>		<b>99,676,575</b>	<b>79,309,256</b>
Other income		4,065,126	3,776,873
Administrative and other expenses	16	(28,914,029)	(24,796,761)
<b>Operating profit</b>		<b>74,827,672</b>	<b>58,289,368</b>
Finance costs, net	17	(18,121,516)	(7,766,957)
<b>Profit for the period</b>		<b>56,706,156</b>	<b>50,522,411</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>56,706,156</b>	<b>50,522,411</b>
<b>Profit and total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>56,706,156</b>	<b>50,522,411</b>
<b>Basic and diluted earnings per share</b>	18	<b>0.97</b>	<b>0.86</b>

The notes on pages 6 to 17 form an integral part of this condensed consolidated interim financial statements.

**Gulf Warehousing Company Q.P.S.C.**

**Condensed consolidated statement of changes in equity  
For the three month period ended 31 March 2018**

In Qatari Riyals

	Share capital	Legal reserve(1)	Retained earnings	Total	Non-controlling interests	Total equity
<b>Attributable to owners of the Company</b>						
<b>Balance at 1 January 2017 (Audited)</b>	586,031,480	552,506,803	380,706,676	1,519,244,959	(3,681,223)	1,515,563,736
<i>Total comprehensive income for the period:</i>						
Profit for the period	-	-	50,522,411	50,522,411	-	50,522,411
<i>Transaction with owners of the Company:</i>						
Dividends (Note 12)	-	-	(93,765,037)	(93,765,037)	-	(93,765,037)
<b>Balance at 31 March 2017 (Reviewed)</b>	586,031,480	552,506,803	337,464,050	1,476,002,333	(3,681,223)	1,472,321,110
<b>Balance at 31 December 2017 (Audited)</b>						
Adjustment on initial application of IFRS 9 (Note 4 (i))	-	-	497,017,101 (33,330,657)	1,635,555,384 (33,330,657)	(3,681,223) -	1,631,874,161 (33,330,657)
Adjusted balance at 1 January 2018 (Audited)	586,031,480	552,506,803	463,686,444	1,602,224,727	(3,681,223)	1,598,543,504
<i>Total comprehensive income for the period:</i>						
Profit for the period	-	-	56,706,156	56,706,156	-	56,706,156
<i>Transaction with owners of the Company:</i>						
Dividends (Note 12)	-	-	(99,625,352)	(99,625,352)	-	(99,625,352)
<b>Balance at 31 March 2018 (Reviewed)</b>	<b>586,031,480</b>	<b>552,506,803</b>	<b>420,767,248</b>	<b>1,559,305,531</b>	<b>(3,681,223)</b>	<b>1,555,624,308</b>

- (1) In accordance with Qatar Commercial Companies Law No. 11 of 2015, an amount equal to 10% of the net profit for the year of every company incorporated in the State of Qatar is required to be transferred to a legal reserve account until such time the balance of the legal reserve 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.

Gulf Warehousing Company Q.P.S.C.

Condensed consolidated statement of cash flows  
For the three month period ended 31 March 2018

In Qatari Riyals

	Note	For the three month period ended 31 March (Reviewed)	31 March 2018 (Reviewed)	31 March 2017 (Reviewed)
<b>Cash flows from operating activities</b>				
Profit for the period			56,706,156	50,522,411
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	16	39,302,545	25,737,683	
Amortisation of intangible assets	16	1,836,561	1,836,562	
Provision for impairment of trade receivables reversed		-	(1,678,000)	
Gain on sale of property, plant and equipment	6	(111,210)	(100,000)	
Provision for employees' end of service benefits	16	2,795,462	3,426,066	
Interest expense	17	20,211,546	10,245,125	
Interest income	17	(2,090,030)	(2,478,168)	
		118,651,030	87,511,679	
<i>Changes in:</i>				
-Inventories		428,038	(1,815,975)	
-Trade and other receivables		85,761,295	40,785,240	
-Trade and other payables		(87,536,040)	(37,121,698)	
Cash generated from operating activites		117,304,323	89,359,246	
Employees' end of service benefits paid		(1,119,396)	(755,606)	
<b>Net cash from operating activities</b>		<b>116,184,927</b>	<b>88,603,640</b>	
<b>Cash flows from investing activites</b>				
Acquisition of property, plant and equipment	6	(22,037,561)	(5,863,450)	
Proceeds from sale of property, plant and equipment	6	132,500	100,000	
Payment towards capital work in progress		(14,055,780)	(62,273,240)	
Interest received		7,927,206	4,736,392	
<b>Net cash used in investing activities</b>		<b>(28,033,635)</b>	<b>(63,300,298)</b>	
<b>Cash flows from financing activites</b>				
Proceeds from borrowings		42,783,509	65,896,658	
Repayments of borrowings		(63,092,986)	(30,443,372)	
Interest paid		(21,367,281)	(10,142,808)	
Dividends paid to the Company's shareholders	12	(99,625,352)	(93,765,037)	
<b>Net cash used in financing activities</b>		<b>(141,302,110)</b>	<b>(68,454,559)</b>	
<b>Net decrease in cash and cash equivalents</b>		<b>(53,150,818)</b>	<b>(43,151,217)</b>	
Cash and cash equivalents at 1 January		351,816,004	488,636,917	
<b>Cash and cash equivalents at 31 March</b>	10	<b>298,665,186</b>	<b>445,485,700</b>	

The notes on pages 6 to 17 form an integral part of this condensed consolidated interim financial statements.

**Gulf Warehousing Company Q.P.S.C.**

**Notes to the condensed consolidated interim financial statements  
For the three month period ended 31 March 2018**

**1. LEGAL STATUS AND PRINCIPAL ACTIVITIES**

Gulf Warehousing Company Q.P.S.C. (the "Company") is incorporated in accordance with the provisions of the Qatar Commercial Companies Law No. 11 of 2015 as a Qatari Public Shareholding Company, and was registered at the Ministry of Economy and Commerce of the State of Qatar with the Commercial Registration number 27386 dated 21 March 2004. The Company's shares are listed on the Qatar Stock Exchange since 22 March 2004. The Company's name has changed from Gulf Warehousing Company Q.S.C. to Gulf Warehousing Company Q.P.S.C. during the year ended 31 December 2016 so as to comply with the Article 16 of the Qatar Commercial Companies Law No.11 of 2015. The Company is domiciled in the State of Qatar, where it also has its principal place of business. Its registered office is at D ring road, building number 92, Doha, State of Qatar.

The condensed consolidated interim financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group").

The principal activities of the Group, which have not changed since the previous period, are the provision of logistics (warehousing, inland transportation of goods for storage, international moving and relocation, express courier and records management) and freight forwarding (land, sea or air) services.

The details of Group's operating subsidiaries are as follows:

<b>Name of subsidiary</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Group effective shareholding</b>	
			<b>31 March 2018</b>	<b>31 December 2017</b>
Agility W.L.L.	State of Qatar	Logistics and transportation	100%	100%
GWC Global Cargo & Transport L.L.C.	United Arab Emirates	Warehousing and transportation	100%	100%
GWC Logistic S.P.C.	Kingdom of Bahrain	Operation and management of general warehouse	100%	100%
GWC Logistics Holding L.L.C.	State of Qatar	support services of Logistics and freight forwarding	100%	100%

The Group also has the following non-operational subsidiaries:

<b>Name of subsidiary</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Group effective shareholding</b>	
			<b>31 March 2018</b>	<b>31 December 2017</b>
GWC Chemicals W.L.L.	State of Qatar	Chemical trading and transportation	100%	100%
GWC Food Services W.L.L.	State of Qatar	Trading food	100%	100%
Imdad Sourcing & Logistic Group W.L.L.	State of Qatar	Trading food and other consumables	51%	51%
GWC Saudi Arabia – Branches in Riyadh, Dammam & Jeddah	Kingdom of Saudi Arabia	Preparation, development and management of warehouses	100%	100%
Gulf Warehousing Company Limited	Republic of Nigeria	Warehousing and transportation	100%	100%
GWC Marine Services W.L.L.	State of Qatar	Marine services	100%	100%
GWC Express W.L.L.	State of Qatar	Courier services	100%	100%

## Gulf Warehousing Company Q.P.S.C.

### Notes to the condensed consolidated interim financial statements For the three month period ended 31 March 2018

---

#### 2. BASIS OF ACCOUNTING

##### **Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017 (the "last annual financial statements"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

This is the first set of the Group's condensed consolidated financial statements where IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applied. Changes to significant accounting policies are described in Note 4.

These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on 16 April 2018.

#### 3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual consolidated financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 4.

##### **Measurement of fair values**

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

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

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements  
For the three month period ended 31 March 2018

---

**4. SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements, as at and for the year ended 31 December 2017.

**Changes in accounting policies**

During the current period, the Group adopted the below new and amended International Financial Reporting Standards ("IFRS") and improvements to IFRS that are effective for annual periods beginning on 1 January 2018:

- IFRS 15 "Revenue from Contracts with Customers"
- IFRS 9 "Financial Instruments"
- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"
- Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"
- Amendments to IAS 40 "Transfers of Investment Property"
- Annual improvements to IFRSs 2014-2016 Cycle "Amendments to IFRS 1 and IAS 28"
- IFRIC 22 Foreign Currency Transactions and Advances consideration.

The adoption of the above new and amended IFRS and improvements to IFRS had no significant impact on the condensed consolidated interim financial statements, except for IFRS 9, which led to an increase in the provision for impairment of trade and other receivables (Note 4 (ii)).

**IFRS 15 "Revenue from contracts with customers"**

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

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

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

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements  
For the three month period ended 31 March 2018

In Qatari Riyals

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Changes in accounting policies (continued)**

**IFRS 15 "Revenue from contracts with customers" (continued)**

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

**IFRS 9 "Financial instruments"**

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

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

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

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

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

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

On initial recognition a financial asset is classified as:

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

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

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

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

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Changes in accounting policies (continued)

###### *IFRS 9 "Financial instruments" (continued)*

###### *(ii) Impairment of financial assets*

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

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

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

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

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

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

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

###### *Measurement of ECLs*

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

###### *Credit-impaired financial assets*

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

###### *Presentation of impairment*

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

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

## Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements  
For the three month period ended 31 March 2018

In Qatari Riyals

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Changes in accounting policies (continued)

##### *IFRS 9 "Financial instruments" (continued)*

###### *(ii) Impairment of financial assets (continued)*

###### *Impact of the new impairment model*

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

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

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

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

###### *(iii) Transition*

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

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

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

### 5. OPERATING SEGMENTS

The Group has three strategic divisions, which are reportable segments. 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 following summary describes the operations of each reportable segment:

Reportable segments	Operations
Logistics operations	Storage, handling, packing and transportation
Freight forwarding	Freight services through land, air and sea
Others	Trading

The 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. Inter-segment pricing is determined on an arm's length basis.

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2018

In Qatari Riyals

**5. OPERATING SEGMENTS (CONTINUED)**

The following table presents revenue and profit information regarding the Group's operating segments for the three month period ended 31 March 2018:

Revenue / profit	For the three month period ended 31 March 2018		For the three month period ended 31 March 2017	
	(Reviewed)		(Reviewed)	
	Segment revenue	Segment profit	Segment revenue	Segment profit
Logistics operations	197,646,907	45,048,305	146,001,319	40,399,479
Freight forwarding	113,997,312	6,012,737	76,774,282	4,049,449
Others	-	5,645,114	-	6,073,483
	<b><u>311,644,219</u></b>	<b><u>56,706,156</u></b>	<b><u>222,775,601</u></b>	<b><u>50,522,411</u></b>

The following table presents the assets and liabilities of the Group's operating segments as at 31 March 2018:

	31 March 2018		31 December 2017	
	(Reviewed)		(Audited)	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Logistics operations	3,221,610,902	1,884,973,139	3,239,852,247	1,974,203,622
Freight forwarding	144,721,847	54,782,028	176,496,476	76,586,795
Others	<u>223,612,076</u>	<u>94,565,350</u>	<u>357,171,142</u>	<u>90,855,287</u>
	<b><u>3,589,944,825</u></b>	<b><u>2,034,320,517</u></b>	<b><u>3,773,519,865</u></b>	<b><u>2,141,645,704</u></b>

**6. PROPERTY, PLANT AND EQUIPMENT**

**Acquisitions**

During the three month-period ended 31 March 2018, the Group acquired assets with a cost of QR 22,037,561 (three month-period ended 31 March 2017: QR 5,863,450) to meet increased operational requirements of the Group.

**Transfers**

Buildings and equipment amounting to QR 661,594,829 in relation to the Logistics Village Qatar (LVQ) Phase V and the Bu-sulba Project were transferred to Property, plant and equipment from Capital work-in-progress (Note 7).

**Disposals**

During the three-month period ended 31 March 2018, the Group disposed assets with a cost of QR 1,508,842 having a carrying value of QR 21,290 resulting to a profit on disposal of QR 111,210 (three month period ended 31 March 2017: the Group disposed assets with a cost of QR 1,262,786 having QR Nil carrying value resulting to a profit on disposal of QR 100,000).

**7. CAPITAL WORK-IN-PROGRESS**

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

The amount of borrowing costs capitalized during the three-month period ended 31 March 2018 was QR 1,416,181 (three month-period ended 31 March 2017: QR 9,351,965). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 4.70% per annum, which is the effective interest rate of the specific borrowing.

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements  
For the three month period ended 31 March 2018

In Qatari Riyals

**8. INVESTMENT PROPERTY**

	31 March 2018 (Reviewed)	31 December 2017 (Audited)
At 1 January	37,397,470	37,115,833
Fair value gain	-	281,637
At 31 March / 31 December	<u>37,397,470</u>	<u>37,397,470</u>

Investment property comprises buildings.

**9. TRADE AND OTHER RECEIVABLES**

	31 March 2018 (Reviewed)	31 December 2017 (Audited)
Trade receivables	366,311,717	328,002,466
Less: Provision for impairment of trade receivables (1)	<u>(57,824,102)</u>	<u>(24,493,445)</u>
Trade receivables, net	308,487,615	303,509,021
Advances made to suppliers	11,897,608	27,417,260
Accrued revenue	7,483,901	75,914,231
Prepayments	59,042,974	99,534,353
Other receivables	<u>13,305,864</u>	<u>18,772,225</u>
	<u>400,217,962</u>	<u>525,147,090</u>

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

	31 March 2018 (Reviewed)	31 December 2017 (Audited)
At 31 December 2017/ 31 December 2016 (Audited)	24,493,445	22,156,970
Adjustments on intial application of IFRS 9 (Note 4)	<u>33,330,657</u>	<u>-</u>
Adjusted balance at 1 January	57,824,102	22,156,970
Provision made	-	2,336,475
At 31 March / 31 December	<u>57,824,102</u>	<u>24,493,445</u>

**10. CASH AND CASH EQUIVALENTS**

	31 March 2018 (Reviewed)	31 December 2017 (Audited)
Cash in hand	1,182,005	1,193,460
Cash at bank - current accounts (1)	96,117,953	48,391,443
Cash at bank - deposit account (2)	180,000,000	290,000,000
Cash at bank – restricted deposit accounts (3)	<u>21,365,228</u>	<u>12,231,101</u>
	<u>298,665,186</u>	<u>351,816,004</u>

(1) Current accounts earn no interest.

(2) Deposits with an original maturity of less than 90 days are made for varying periods depending on the immediate cash requirements of the Group at commercial market rates.

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

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements  
For the three month period ended 31 March 2018

In Qatari Riyals

**11. SHARE CAPITAL**

	31 March 2018 (Reviewed)			31 December 2017 (Audited)
	No. of Shares	Value	No. of Shares	Value
<i>Authorized, issued and fully paid:</i>				
Ordinary shares of QR 10 each	<u>58,603,148</u>	<u>586,031,480</u>	<u>58,603,148</u>	<u>586,031,480</u>

**12. DIVIDENDS**

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

A dividend of QR 93,765,037 (QR 1.6 per share) was proposed by the Board of Directors in respect of the Group profit for the year ended 31 December 2016, which was approved by the Company's shareholders at the Company's Annual General Meeting held on 30 January 2017.

**13. LOANS AND BORROWINGS**

	31 March 2018 (Reviewed)	31 December 2017 (Audited)
LVQ term loans	915,981,726	954,334,799
Bu-sulba term loans	780,441,862	756,405,383
Other project loans	60,662,798	62,659,304
Other term loans	<u>9,522,791</u>	<u>13,519,169</u>
	<u>1,766,609,177</u>	<u>1,786,918,655</u>

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

	31 March 2018 (Reviewed)	31 December 2017 (Audited)
Current portion	262,632,215	261,436,825
Non-current portion	<u>1,503,976,962</u>	<u>1,525,481,830</u>
	<u>1,766,609,177</u>	<u>1,786,918,655</u>

**14. RELATED PARTIES**

The details of transactions and the balances with related parties were as follows:

**Related party transactions**

Transactions with related parties included in the income statement are as follows:

Nature of transactions	For the three month period ended	
	31 March 2018	31 March 2017
	(Reviewed)	(Reviewed)
Agility network	Revenue	<u>3,392,588</u>
Agility network	Purchase of services	<u>7,306,425</u>
		6,356,222
		<u>5,484,731</u>

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements  
For the three month period ended 31 March 2018

In Qatari Riyals

**14. RELATED PARTIES (CONTINUED)**

**Related party balances**

Balances with related parties included in the condensed consolidated statement of financial position under trade and other receivables and trade and other payables are as follows:

	31 March 2018	31 December 2017
	(Reviewed)	(Audited)
Receivable from Agility network	<u>1,672,079</u>	3,142,364
Payable to Agility network	<u>5,264,168</u>	5,750,632

**Compensation of key management personnel**

The remuneration of key management personnel during the period was as follows:

	For the three month period ended	
	31 March 2018	31 March 2017
	(Reviewed)	(Reviewed)
Short-term benefits	<u>600,000</u>	510,000
Employees' end of service benefits	<u>115,184</u>	20,942

**15. REVENUE**

	For the three month period ended	
	31 March 2018	31 March 2017
	(Reviewed)	(Reviewed)
Logistic operations	197,646,907	146,001,319
Freight forwarding	<u>113,997,312</u>	76,774,282
	<u>311,644,219</u>	222,775,601

**16. EXPENSES BY NATURE**

	For the three month period ended	
	31 March 2018	31 March 2017
	(Reviewed)	(Reviewed)
Logistic costs	20,688,261	10,959,135
Freight forwarding charges	88,785,011	53,978,953
Board of Directors' remuneration	2,325,000	2,100,000
Staff cost (1)	55,197,882	46,792,615
Manpower subcontract charges	477,759	322,254
Depreciation of property, plant and equipment	39,302,545	25,737,683
Amortization of intangible assets	1,836,561	1,836,562
Provision made for impairment of trade receivables reversed (Note 9)	-	(1,678,000)
Repairs and maintenance	8,835,963	8,337,248
Legal and professional fees	1,610,799	653,457
Rent expense	735,375	751,875

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements  
For the three month period ended 31 March 2018

In Qatari Riyals

**16. EXPENSES BY NATURE (CONTINUED)**

	31 March 2018 (Reviewed)	31 March 2017 (Reviewed)
Fuel cost	3,500,388	4,558,680
Water and electricity	8,736,051	4,401,086
Insurance cost	1,707,027	1,518,462
Communication and postage	590,795	539,464
Advertisement expenses	219,689	577,559
Travelling expenses	279,039	143,439
License and registration fees	583,577	664,039
Miscellaneous expenses	5,469,951	6,068,595
	<b>240,881,673</b>	<b>168,263,106</b>

(1) Staff cost includes a provision for employees' end of service benefits of QR 2,795,462 (2017: QR 3,426,066)

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

	31 March 2018 (Reviewed)	31 March 2017 (Reviewed)
Direct costs	211,967,644	143,466,345
Administrative and other expenses	28,914,029	24,796,761
	<b>240,881,673</b>	<b>168,,263,106</b>

**17. FINANCE COSTS, NET**

	31 March 2018 (Reviewed)	31 March 2017 (Reviewed)
Interest income on bank deposits	(2,090,030)	(2,478,168)
Interest expense on bank loans	20,211,546	10,245,125
	<b>18,121,516</b>	<b>7,766,957</b>

**18. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

There were no potentially dilutive shares outstanding at any time during the period and, therefore, the dilutive earnings per share are equal to the basic earnings per share.

	For the three month period ended	
	31 March 2018 (Reviewed)	31 March 2017 (Reviewed)
Net profit for the period attributable to owners of the Company	<b>56,706,156</b>	50,522,411
Weighted average number of shares (1)	<b>58,603,148</b>	<b>58,603,148</b>
Basic and diluted earnings per share	<b>0.97</b>	<b>0.86</b>

Gulf Warehousing Company Q.P.S.C.

**Notes to the condensed consolidated interim financial statements**

**For the three month period ended 31 March 2018**

**In Qatari Riyals**

**19. CONTINGENCIES AND COMMITMENTS**

	<b>31 March 2018</b>	31 December 2017
	(Reviewed)	(Audited)
Letters of guarantee	29,651,799	29,651,800
Performance bonds	78,480,240	149,452,494
	<b><u>108,132,039</u></b>	<b><u>179,104,294</u></b>

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

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

	<b>31 March 2018</b>	31 December 2017
	(Reviewed)	(Audited)
Less than one year	10,288,804	10,288,804
Between one and five years	37,504,707	40,370,932
More than five years	<u>93,134,294</u>	<u>93,651,669</u>
	<b><u>140,927,805</u></b>	<b><u>144,311,405</u></b>

**20. COMPARATIVE FIGURES**

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

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