

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE NINE-MONTH PERIOD ENDED  
30 SEPTEMBER 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 30 September 2020, which comprises of the interim consolidated statement of financial position as at 30 September 2020 and the related interim consolidated statements of profit or loss and other comprehensive income for the three and nine month periods then ended, the interim consolidated statements of changes in equity and cash flows for the nine 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 information 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 Nader  
of Ernst & Young  
Auditor's Registration No: 258

Date: 20 October 2020  
Doha



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


## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		30 September 2020 QR (Reviewed)	31 December 2019 QR (Audited)
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	2,518,545,012	2,451,035,402
Capital work-in-progress	7	166,121,084	126,668,784
Right -of-use of assets	8	233,251,547	315,273,403
Investment property	9	40,634,854	40,634,854
Intangible assets and goodwill		118,914,101	123,852,556
Refundable deposits		18,251,000	18,251,000
		<u>3,095,717,598</u>	<u>3,075,715,999</u>
<b>Current assets</b>			
Inventories		12,262,069	11,068,193
Trade and other receivables	10	513,178,847	470,050,687
Bank balances and cash	11	280,563,307	301,780,843
		<u>806,004,223</u>	<u>782,899,723</u>
<b>TOTAL ASSETS</b>		<u>3,901,721,821</u>	<u>3,858,615,722</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	586,031,480	586,031,480
Legal reserve	13	552,506,803	552,506,803
Retained earnings		710,697,668	656,844,078
Foreign currency translation reserve		(552,573)	(401,116)
<b>Equity attributable to owners of the Company</b>		<u>1,848,683,378</u>	<u>1,794,981,245</u>
Non-controlling interests		<u>(2,926,021)</u>	<u>(2,926,021)</u>
<b>Total equity</b>		<u>1,845,757,357</u>	<u>1,792,055,224</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Islamic financing	15	1,242,945,223	1,225,259,193
Lease liabilities	8	202,496,178	269,144,386
Employees' end of service benefits		47,047,549	45,593,697
		<u>1,492,488,950</u>	<u>1,539,997,276</u>
<b>Current liabilities</b>			
Islamic financing	15	283,336,259	282,728,490
Trade and other payables		264,863,054	221,350,256
Lease liabilities	8	15,276,201	22,484,476
		<u>563,475,514</u>	<u>526,563,222</u>
<b>Total liabilities</b>		<u>2,055,964,464</u>	<u>2,066,560,498</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,901,721,821</u>	<u>3,858,615,722</u>

These interim condensed consolidated financial statements were approved by the Parent Company's Board of Directors on 20 October 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 23 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 and nine month periods ended 30 September 2020

		<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
		<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>Notes</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
		<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Revenue	17	327,362,069	315,600,462	925,960,008	915,185,637
Cost of sales	18	(225,522,561)	(203,615,335)	(622,550,878)	(581,786,173)
<b>Gross profit</b>		<b>101,839,508</b>	<b>111,985,127</b>	<b>303,409,130</b>	<b>333,399,464</b>
Other income		91,358	96,539	275,139	1,312,279
General and administrative expenses	18	(25,879,295)	(31,478,645)	(84,350,183)	(88,506,303)
<b>Operating profit</b>		<b>76,051,571</b>	<b>80,603,021</b>	<b>219,334,086</b>	<b>246,205,440</b>
Finance costs, net	19	(13,908,178)	(21,209,731)	(47,005,823)	(64,277,755)
<b>Profit before tax</b>		<b>62,143,393</b>	<b>59,393,290</b>	<b>172,328,263</b>	<b>181,927,685</b>
Income tax expense	20	(742,458)	-	(1,268,377)	-
<b>Profit for the period</b>		<b>61,400,935</b>	<b>59,393,290</b>	<b>171,059,886</b>	<b>181,927,685</b>
<i>Other comprehensive income:</i>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations		8,083	(64,219)	(151,457)	(448,183)
<b>Total profit and other comprehensive income</b>		<b>61,409,018</b>	<b>59,329,071</b>	<b>170,908,429</b>	<b>181,479,502</b>
<b>Profit and total comprehensive income attributable to:</b>					
Equity holders of the parent		61,409,018	59,329,071	170,908,429	181,479,502
Non-controlling interest		-	-	-	-
		<b>61,409,018</b>	<b>59,329,071</b>	<b>170,908,429</b>	<b>181,479,502</b>
<b>Earnings per share:</b>					
Basic and diluted earnings per share (Qatari Riyal)	21	<b>0.10</b>	<b>0.10</b>	<b>0.29</b>	<b>0.31</b>

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 nine month period ended 30 September 2020

	Attributable to equity holders of the Company					Total equity QR
	Share capital QR	Legal reserve QR	Retained earnings QR	Foreign currency translation reserve 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	1,792,055,224
Profit for the period	-	-	171,059,886	-	171,059,886	171,059,886
Other comprehensive income	-	-	-	(151,457)	-	(151,457)
Total comprehensive income for the period	-	-	171,059,886	(151,457)	170,908,429	170,908,429
Dividends (Note 14)	-	-	(117,206,296)	-	(117,206,296)	(117,206,296)
As at 30 September 2020 (Reviewed)	<u>586,031,480</u>	<u>552,506,803</u>	<u>710,697,668</u>	<u>(552,573)</u>	<u>1,848,683,378</u>	<u>1,845,757,357</u>
As at 1 January 2019 (Audited)	586,031,480	552,506,803	593,663,204	-	1,732,201,487	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	1,660,528,941
Profit for the period	-	-	181,927,685	-	181,927,685	181,927,685
Other comprehensive income	-	-	-	(448,183)	-	(448,183)
Total comprehensive income for the period	-	-	181,927,685	(448,183)	181,479,502	181,479,502
Dividends (Note 14)	-	-	(111,345,981)	-	(111,345,981)	(111,345,981)
As at 30 September 2019 (Reviewed)	<u>586,031,480</u>	<u>552,506,803</u>	<u>595,498,383</u>	<u>(448,183)</u>	<u>1,733,588,483</u>	<u>1,730,662,462</u>

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



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

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine month period ended 30 September 2020

		<i>For the nine month period ended 30 September</i>	
		<i>2020</i>	<i>2019</i>
	<i>Notes</i>	<i>QR (Reviewed)</i>	<i>QR (Reviewed)</i>
<b>OPERATING ACTIVITIES</b>			
Profit before tax		172,328,263	181,927,685
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	18	100,998,030	101,056,960
Depreciation of right-of-use-assets	18	13,482,973	18,496,072
Amortisation of intangible assets	18	4,938,455	5,738,126
Provision for expected credit losses	10	3,900,000	675,000
Loss (profit) on sale of property, plant and equipment	6	99,690	(357,809)
Provision for employees' end of service benefits	18	6,671,715	7,845,593
Lease concessions related to Covid-19	8	(5,160,763)	-
Profit charge on islamic financing	19	43,528,301	59,952,274
Interest on lease liabilities	19	6,655,292	9,413,251
Profit on islamic bank accounts	19	(3,177,770)	(5,087,770)
Operating profit before working capital changes		344,264,186	379,659,382
<i>Working capital adjustments:</i>			
Inventories		(1,193,876)	301,300
Trade and other receivables		(50,972,704)	(71,793,888)
Trade and other payables		24,568,971	(27,366,906)
Cash flows from operating activities		316,666,577	280,799,888
Employees' end of service benefits paid		(5,217,863)	(940,629)
Income tax paid		(573,162)	-
Net cash flows from operating activities		310,875,552	279,859,259
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	6	(51,714,465)	(78,577,704)
Proceeds from disposal of property, plant and equipment	6	64,049	370,000
Payment towards capital work in progress		(152,592,043)	(38,099,785)
Profit received on islamic bank accounts		6,843,569	6,547,885
Net movement in term deposits with original maturity over 90 days		100,000,000	-
Net cash flows used in investing activities		(97,398,890)	(109,759,604)
<b>FINANCING ACTIVITIES</b>			
Proceeds from Islamic financing		138,847,775	15,511,500
Repayments on Islamic financing		(120,553,976)	(153,879,253)
Payments of lease liability		(156,837)	(6,598,174)
Profit paid on islamic financing		(35,840,090)	(74,857,125)
Dividends paid	14	(117,206,296)	(111,345,981)
Net cash flows used in financing activities		(134,909,424)	(331,169,033)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		78,567,238	(161,069,378)
Net foreign exchange difference		215,226	(101,719)
Cash and cash equivalents at beginning of period		201,780,843	426,840,672
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	11	<b>280,563,307</b>	<b>265,669,575</b>

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 30 September 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>30 September 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%
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 30 September 2020

### 1 CORPORATE INFORMATION (CONTINUED)

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

<i>Name of entities</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Ultimate ownership interest</i>	
			<i>30 September 2020</i>	<i>31 December 2019</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%
GWC Express 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%	-
Imdad Sourcing & Logistic Group W.L.L.	State of Qatar	Trading food and other consumables	51%	51%

### 2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine months ended 30 September 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 Riyal ("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 nine months ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 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.

Effective from 1 June 2020, the Group adopted IFRS 16: COVID-19 Related Rent Concessions. As required by IAS 34, the nature and effect of these changes are disclosed below.

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 30 September 2020

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

##### **Amendments to IFRS 16: COVID-19-Related Rent Concessions**

IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, accordingly it has been applied to all rent concessions that satisfy the criteria.

The effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The effect of applying the practical expedient is disclosed in Note 8.

#### 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 resource allocation and performance assessment.

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

##### **Reportable segments**

Logistics operations  
Freight forwarding  
Rentals  
Others

##### **Operations**

Storage, handling, packing and transportation  
Freight services through land, air and sea  
Rental income  
Fixed deposit income and other

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2020

### 5 SEGMENTAL INFORMATION (CONTINUED)

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

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

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

<i>Revenue / profit</i>	<i>For the nine month period ended 30 September 2020 (Reviewed)</i>		
	<i>Segment revenue</i>		
	<i>External QR</i>	<i>Inter- segment QR</i>	<i>Segment profit QR</i>
Logistics operations	574,479,971	88,767,798	130,836,059
Freight forwarding	333,667,288	26,315,852	20,556,908
Other	11,229,417	2,492,679	13,207,266
Rentals	6,583,332	-	6,459,653
	<u>925,960,008</u>	<u>117,576,329</u>	<u>171,059,886</u>

<i>Revenue / profit</i>	<i>For the nine month period ended 30 September 2019 (Reviewed)</i>		
	<i>Segment revenue</i>		
	<i>External QR</i>	<i>Inter- segment QR</i>	<i>Segment profit QR</i>
Logistics operations	585,561,836	43,510,524	152,843,483
Freight forwarding	318,827,266	18,074,686	17,584,330
Other	4,513,203	-	5,419,060
Rentals	6,283,332	-	6,080,812
	<u>915,185,637</u>	<u>61,585,210</u>	<u>181,927,685</u>

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

<i>Assets / liabilities</i>	<i>30 September 2020 (Reviewed)</i>		<i>31 December 2019 (Audited)</i>	
	<i>Segment assets QR</i>	<i>Segment liabilities QR</i>	<i>Segment assets QR</i>	<i>Segment liabilities QR</i>
Logistics operations	3,465,971,907	1,864,300,860	3,450,349,215	1,888,924,119
Freight forwarding	234,797,856	106,246,521	196,481,473	91,445,959
Rentals	40,634,854	-	40,634,854	-
Other	160,317,204	85,417,083	171,150,180	86,190,420
	<u>3,901,721,821</u>	<u>2,055,964,464</u>	<u>3,858,615,722</u>	<u>2,066,560,498</u>

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2020

#### 6 PROPERTY, PLANT AND EQUIPMENT

##### Acquisitions

During the nine-month period ended 30 September 2020, the Group acquired assets with a cost of QR 51,714,465 (nine-month period ended 30 September 2019: QR 78,577,704) to meet increased operational requirements of the Group.

##### Transfers

During the nine-month period ended 30 September 2020, buildings and equipment with a cost of QR 116,956,914 (nine-month period ended 30 September 2019: QR 10,396,413) were transferred to property, plant and equipment from Capital work-in-progress (Note 7).

##### Disposals

During the nine-month period ended 30 September 2020, the Group disposed assets with a cost of QR 317,494 having a carrying value of QR 163,739 resulting to a loss on disposal of QR 99,690 (nine-month period ended 30 September 2019: the Group disposed assets with a cost of QR 5,581,256 having carrying value of QR 12,191 resulting to a profit on disposal of QR 357,809).

#### 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 nine-month period ended 30 September 2020 was QR 3,817,171 (nine-month period ended 30 September 2019: QR 348,161). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 4% per annum, which was the effective profit rate of the specific borrowing.

#### 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	(14,316,672)	(10,404,461)	(24,721,133)
As at 31 December 2019 (Audited)	301,836,543	13,436,860	315,273,403
Impact from modification of leases (Note i)	(68,538,883)	-	(68,538,883)
Depreciation expense for the period (Note 18)	(7,963,812)	(5,519,161)	(13,482,973)
As at 30 September 2020 (Reviewed)	<u>225,333,848</u>	<u>7,917,699</u>	<u>233,251,547</u>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2020

### 8 LEASES (CONTINUED)

#### Group as a lessee (continued)

##### *Lease liabilities*

	<i>30 September 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
<b>As at 1 January</b>	<b>291,628,862</b>	296,635,452
Impact from modification of leases (Note i)	<b>(68,538,883)</b>	-
Lease concessions related to Covid-19 (Note ii)	<b>(5,160,763)</b>	-
Additions	-	818,814
Interest expense for the period/year (Note 19)	<b>6,655,292</b>	12,563,325
Payments	<b>(6,812,129)</b>	<b>(18,388,729)</b>
<b>Balance as at end of the period/year</b>	<b><u>217,772,379</u></b>	<b><u>291,628,862</u></b>
Current portion	<b><u>15,276,201</u></b>	<b><u>22,484,476</u></b>
Non-current portion	<b><u>202,496,178</u></b>	<b><u>269,144,386</u></b>

##### *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 142,059,673) and the lease liability immediately before the modification (QR 210,598,556) of QR 68,538,883 as an adjustment to the Right-of-use assets.

##### *Note ii:*

As a consequence of the COVID -19 pandemic, the Group received lease concessions from two landlords related to the lands located in the Ras Laffan area and Messaieed Industrial City for six months until September 2020. 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 5,160,763 for the nine months ended 30 September 2020 was recognised as a negative variable lease expense in the interim consolidated statement of profit or loss.

### 9 INVESTMENT PROPERTY

	<i>30 September 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
At 1 January	<b>40,634,854</b>	37,522,065
Fair value gain	<b>-</b>	3,112,789
<b>At end of the period/year</b>	<b><u>40,634,854</u></b>	<b><u>40,634,854</u></b>

The investment property comprises buildings. The management is of the view that the fair value as at 30 September 2020 is not materially different from the fair value determined as of 31 December 2019.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2020

### 10 TRADE AND OTHER RECEIVABLES

	30 September 2020 QR (Reviewed)	31 December 2019 QR (Audited)
Trade receivables	386,773,932	301,308,466
Contract assets	30,481,740	92,668,236
Less: Provision for expected credit losses	(27,800,276)	(43,219,615)
Trade receivables, net	389,455,396	350,757,087
Advances to suppliers	52,650,677	17,810,462
Prepayments	38,101,822	76,565,688
Other receivables	32,970,952	24,917,450
	<u>513,178,847</u>	<u>470,050,687</u>

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

	30 September 2020 QR (Reviewed)	31 December 2019 QR (Audited)
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>3,900,000</u>	<u>(8,400,000)</u>
At end of the period/year	<u>27,800,276</u>	<u>43,219,615</u>

### 11 BANK BALANCES AND CASH

	30 September 2020 QR (Reviewed)	31 December 2019 QR (Audited)
Cash in hand	2,024,388	1,638,208
Cash at bank – current accounts (i)	257,321,487	126,443,032
Cash at bank – short-term deposit accounts (ii)	-	155,000,000
Cash at bank – restricted short-term deposit accounts (iii)	<u>21,217,432</u>	<u>18,699,603</u>
Bank balance and cash	280,563,307	301,780,843
Less: Term deposits with original maturity over 90 days	<u>-</u>	<u>(100,000,000)</u>
Cash and cash equivalents	<u>280,563,307</u>	<u>201,780,843</u>

- (i) Current account earns no profits.
- (ii) 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.
- (iii) The restricted short-term deposit accounts include dividends declared but not yet claimed by the Company's shareholders.



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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2020

### 12 SHARE CAPITAL

	<i>30 September 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
<i>Authorized, issued and fully paid:</i>		
Ordinary shares of QR 1 each	<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 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 after the share split) 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 before the share split) 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.

### 15 ISLAMIC FINANCING

	<i>30 September 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
LVQ project financing	641,314,888	697,789,052
Bu Sulba project financing	656,107,664	714,693,922
Ras Laffan project financing	89,225,464	72,254,709
Al Wukair project financing	83,615,794	-
Bufontas project financing	56,017,672	23,250,000
	<u>1,526,281,482</u>	<u>1,507,987,683</u>

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

	<i>30 September 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
Current portion	283,336,259	282,728,490
Non-current portion	<u>1,242,945,223</u>	<u>1,225,259,193</u>
	<u>1,526,281,482</u>	<u>1,507,987,683</u>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2020

### 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 nine month period ended 30 September 2020 (Reviewed)</i>		<i>For the nine month period ended 30 September 2019 (Reviewed)</i>	
		<i>Revenue QR</i>	<i>Purchase of services QR</i>	<i>Revenue QR</i>	<i>Purchase of services QR</i>
Agility network	Affiliate	6,658,356	26,195,023	6,292,134	21,290,533
Others	Affiliate	-	4,044,652	-	5,882,136

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

	<i>Nature of relationship</i>	<i>30 September 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
Receivable from Agility network	Affiliate	798,625	1,269,507
Payable to Agility network	Affiliate	4,501,195	6,047,953
Payable to others	Affiliate	304	312,196

### 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 nine month period ended 30 September</i>	
	<i>2020 QR (Reviewed)</i>	<i>2019 QR (Reviewed)</i>
<i>Short-term benefits</i>		
Key management remuneration	1,600,000	2,063,468
Board of Directors' remuneration	4,725,000	7,200,000
Employees' end of service benefits	112,500	112,500

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2020

### 17 REVENUE

	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Revenue from contracts with customer	324,967,625	313,506,018	919,376,676	908,902,305
Rental income from investment property	2,394,444	2,094,444	6,583,332	6,283,332
Revenue	327,362,069	315,600,462	925,960,008	915,185,637

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).

#### *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 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
<i>Revenue from contracts with customer</i>				
Logistics operations	199,269,865	198,490,175	574,479,971	585,561,836
Freight forwarding	116,126,272	113,123,989	333,667,288	318,827,266
Other	9,571,488	1,891,854	11,229,417	4,513,203
	324,967,625	313,506,018	919,376,676	908,902,305
<i>Primary geographical markets</i>				
Local operations	301,234,385	281,746,540	859,831,976	841,034,120
Foreign operations	23,733,240	31,759,478	59,544,700	67,868,185
	324,967,625	313,506,018	919,376,676	908,902,305
	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
<i>Major products and service lines</i>				
Warehouse management services	162,995,774	165,697,940	473,909,546	487,480,259
Freight forwarding services	107,844,166	104,854,081	309,616,437	294,327,135
Records management systems	14,673,412	16,251,037	43,119,187	46,205,128
Transport services	11,167,531	9,524,750	27,125,503	24,757,018
International move and relocation services	10,433,148	7,016,448	30,325,735	27,119,431
Courier services	8,282,106	8,269,908	24,050,851	24,500,131
Other	9,571,488	1,891,854	11,229,417	4,513,203
	324,967,625	313,506,018	919,376,676	908,902,305
<i>Timing of revenue recognition</i>				
Products and services transferred over time	208,841,353	200,382,029	585,709,388	590,075,039
Products transferred at a point in time	116,126,272	113,123,989	333,667,288	318,827,266
	324,967,625	313,506,018	919,376,676	908,902,305

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020

17 REVENUE (CONTINUED)

*Disaggregation of revenue from contracts with customers (continued)*

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

	For the three month period ended 30 September 2020 (Reviewed)			For the three month period ended 30 September 2019 (Reviewed)		
	Logistics operations QR	Freight forwarding QR	Other revenue QR	Logistics operations QR	Freight forwarding QR	Other revenue QR
<b>Revenue</b>						
External customer	199,269,865	116,126,272	9,571,488	198,490,175	113,123,989	1,891,854
Inter-segment	53,298,198	8,679,690	2,492,679	14,330,351	6,192,451	-
	<u>252,568,063</u>	<u>124,805,962</u>	<u>12,064,167</u>	<u>212,820,526</u>	<u>119,316,440</u>	<u>1,891,854</u>
Adjustments and eliminations	<u>(53,298,198)</u>	<u>(8,679,690)</u>	<u>(2,492,679)</u>	<u>(14,330,351)</u>	<u>(6,192,451)</u>	<u>-</u>
	<u>199,269,865</u>	<u>116,126,272</u>	<u>9,571,488</u>	<u>198,490,175</u>	<u>113,123,989</u>	<u>1,891,854</u>
	For the nine month period ended 30 September 2020 (Reviewed)			For the nine month period ended 30 September 2019 (Reviewed)		
	Logistics operations QR	Freight forwarding QR	Others QR	Logistics operations QR	Freight forwarding QR	Others QR
<b>Revenue</b>						
External customer	574,479,971	333,667,288	11,229,417	585,561,836	318,827,266	4,513,203
Inter-segment	88,767,798	26,315,852	2,492,679	43,510,524	18,074,686	-
	<u>663,247,769</u>	<u>359,983,140</u>	<u>13,722,096</u>	<u>629,072,360</u>	<u>336,901,952</u>	<u>4,513,203</u>
Adjustments and eliminations	<u>(88,767,798)</u>	<u>(26,315,852)</u>	<u>(2,492,679)</u>	<u>(43,510,524)</u>	<u>(18,074,686)</u>	<u>-</u>
	<u>574,479,971</u>	<u>333,667,288</u>	<u>11,229,417</u>	<u>585,561,836</u>	<u>318,827,266</u>	<u>4,513,203</u>

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
At 30 September 2020

18 EXPENSES BY NATURE

	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Freight forwarding charges	74,230,710	79,897,114	220,603,976	213,195,140
Staff cost (i)	64,421,758	63,531,178	193,276,503	186,575,818
Depreciation of property, plant and equipment	34,521,792	34,059,063	100,998,030	101,056,960
Logistic costs	43,532,942	10,159,477	83,534,480	38,123,621
Repairs and maintenance	11,055,654	10,749,080	29,242,583	30,040,065
Depreciation of right-of-use-assets	4,339,454	6,185,442	13,482,973	18,496,072
Insurance cost	3,567,583	1,853,944	10,375,505	5,945,545
Water and electricity	2,203,956	8,420,893	10,875,379	23,768,157
Fuel cost	2,832,483	4,387,508	8,722,346	11,761,718
Amortization of intangible assets	1,614,851	1,904,604	4,938,455	5,738,126
Board of Directors' remuneration (Note 16)	1,575,000	2,400,000	4,725,000	7,200,000
Legal and professional fees	951,411	2,172,425	3,986,150	4,793,528
Provision for expected credit losses	225,000	225,000	3,900,000	675,000
Communication and postage	816,419	808,727	2,327,120	2,069,490
Manpower subcontract charges	794,795	1,365,652	1,912,522	2,699,428
Rent expense	725,460	206,120	1,617,960	406,740
Advertisement expenses	69,125	92,151	427,598	508,678
Lease concessions related to Covid-19 (Note 8)	(1,821,591)	-	(5,160,763)	-
Miscellaneous expenses	5,745,054	6,675,602	17,115,244	17,238,390
	<b>251,401,856</b>	<b>235,093,980</b>	<b>706,901,061</b>	<b>670,292,476</b>

- (i) Staff cost includes a provision for employees' end of service benefits for the three month period ended 30 September 2020 of QR 2,128,923 and for the nine month period ended 30 September 2020 of QR 6,671,715 (For the three month period ended 2019: QR 2,148,169 and for the nine month period ended 2019: QR 7,845,593)

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

	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Cost of sales	225,522,561	203,615,335	622,550,878	581,786,173
General and administrative expenses	25,879,295	31,478,645	84,350,183	88,506,303
	<b>251,401,856</b>	<b>235,093,980</b>	<b>706,901,061</b>	<b>670,292,476</b>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2020

### 19 FINANCE COSTS, NET

	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>30 September 2020 QR (Reviewed)</i>	<i>30 September 2019 QR (Reviewed)</i>	<i>30 September 2020 QR (Reviewed)</i>	<i>30 September 2019 QR (Reviewed)</i>
Profit on islamic bank accounts	(1,112,812)	(1,691,929)	(3,177,770)	(5,087,770)
Profit charge on islamic financing	12,803,773	19,764,414	43,528,301	59,952,274
Interest expense on lease liabilities	2,217,217	3,137,246	6,655,292	9,413,251
	<u>13,908,178</u>	<u>21,209,731</u>	<u>47,005,823</u>	<u>64,277,755</u>

### 20 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. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>30 September 2020 QR (Reviewed)</i>	<i>30 September 2019 QR (Reviewed)</i>	<i>30 September 2020 QR (Reviewed)</i>	<i>30 September 2019 QR (Reviewed)</i>
Current income tax expense	695,215	-	695,215	-
Adjustments in respect of current income tax of previous year (Note i)	47,243	-	573,162	-
	<u>742,458</u>	<u>-</u>	<u>1,268,377</u>	<u>-</u>

#### Note i:

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, if a listed entity holds shares in a non-listed entity, the share of profits in the non-listed entity attributable to the listed entity would be subject to tax to the extent of the profit share attributable to non-Qatari shareholders in the listed entity. The group has completed the tax review for the year ended 31 December 2019, and the tax impact amounting to QR 573,162 was recognized in the interim condensed consolidated statement of profit or loss.



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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2020

### 21 EARNINGS PER SHARE

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

	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period attributable to equity holder of the parent	<u>61,400,935</u>	<u>59,393,290</u>	<u>171,059,886</u>	<u>181,927,685</u>
Weighted average number of shares outstanding during the period	<u>586,031,480</u>	<u>586,031,480</u>	<u>586,031,480</u>	<u>586,031,480</u>
Basic and diluted earnings per share (expressed in QR per share)	<u>0.10</u>	<u>0.10</u>	<u>0.29</u>	<u>0.31</u>

#### Diluted earnings per share

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

### 22 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 September 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
<i>(a) Commitments:</i>		
Capital commitments	<u>395,003,359</u>	<u>68,833,677</u>
<i>(b) Contingent liabilities:</i>		
Bank guarantees, corporate guarantees and documentary credits	<u>159,032,277</u>	<u>166,280,586</u>

### 23 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 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.

The inputs and assumptions used for the expected credit loss calculation ("ECL") as at 30 September 2020 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.

**23 EFFECT OF COVID 19 (CONTINUED)**

During March 2020, certain concessions were announced by the Group for a short period to the existing customers considering the current economic conditions, and this will result in a negative impact on the Group revenue.

During the nine months ended 30 September 2020, the Group has received rent concessions from two landlords. As discussed in Note 3, 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 of QR 5,160,763 for the period ended 30 September 2020. 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.