Gulf Warehousing Company Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2019

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GULF WAREHOUSING COMPANY Q.P.S.C.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Gulf Warehousing Company Q.P.S.C. (the "Company"), and its subsidiaries (together referred as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addresses the key audit matters
Adoption of IFRS 16 effective from 1 January 2019	
The Group adopted IFRS 16 effective 1 January 2019. IFRS 16 replaced the previous standard IAS 17 and specifies how an IFRS adopter will recognize, measure, present and disclose leases. The Group decided to apply the full retrospective approach for the transition accounting and restated the comparatives. The application of the new standard gave rise to a right of use asset of QR 361 million, a decrease in property, plant and equipment and prepayments of QR 115 million, a corresponding increase in lease liabilities of QR 304 million and a decrease in retained earnings QR 58 million as of 1 January 2018, which represents the beginning of the earliest prior period presented.	Our audit procedures in this area included the following; • Obtained an understanding and evaluated the Group's implementation process, including the review of the updated accounting policy and policy elections in accordance with IFRS 16. • We evaluated management assumptions, specifically the assumptions used to determine the discount rates, lease terms and measurement principals with the assistance of our internal expert.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GULF WAREHOUSING COMPANY Q.P.S.C. (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Key Audit Matters (continued)

Key audit matters	How our audit addresses the key audit matters
Adoption of IFRS 16 effective from 1 January 2019 (continued)	
The assessment of the impact of the new standard is significant to our audit, as the balances recorded are material, the update of the accounting policy requires policy elections and the implementation process to identify and process all relevant data associated with the leases is complex. The measurement of the right-of-use asset and lease liability is based on assumptions such as discount rates and the lease terms, including termination and renewal options. Hence, this is considered a key audit matter. The lease related disclosures included in the Notes to the consolidated financial statements are as follows; • The transitional impact of IFRS 16 has been disclosed in Note 2.4 • The lease related information, the Group as lessee and lessor, has been disclosed in Note 6	• Tested the factual inputs and calculation of the right-of-use asset and lease liability calculated by the management for each material lease contract. • Obtained an understanding and evaluated the key controls associated with the relevant process for leases and performed substantive procedures on the consolidated statement of profit or loss and consolidated statement of financial position balances that were subject to the effect of IFRS 16. • Assessed the retrospective application and adequacy of the Group's disclosures of the impact of the new standard in the consolidated financial statements.
Impairment of Goodwill	
The Group had goodwill of QR 115 million on its consolidated financial statements as at 31 December 2019, contained within three cash generating units ('CGUs'). Logistic services QR 53 million (2018: QR 53 million), Freight forwarding services QR 45 million (2018: QR 45 million) and Qontrac Logistics Freight QR 17 million (2018: QR 17 million). As required by the International accounting standard ("IAS") 36 "Impairment of assets", an impairment review is performed on goodwill at least annually and when there is an indicator of impairment. In carrying out the impairment assessment of goodwill, management determined the recoverable amount of goodwill through the "value in use" guidance in IAS 36. The management adopted the income approach and prepared a discounted cash flow forecast to determine the recoverable amount of CGUs.	Our audit procedures in this area included the following; • Obtained an understanding and evaluated the Group's impairment assessment process and evaluated the appropriateness of management's identification of the Group's CGUs. • Assessed the competence and capabilities of the management team who performed the impairment evaluation of the goodwill. • Evaluated the key assumptions used in the impairment model for goodwill, including the operating cash flow projections, discount rates, and long-term growth rates and compared them to external industry outlook reports and economic growth forecasts with the assistance of our internal experts. We assessed the reliability of cash flow forecasts through a review of actual past performance, comparison to previous forecasts and checked the mathematical accuracy.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GULF WAREHOUSING COMPANY Q.P.S.C. (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Key Audit Matters (continued)

Key audit matters	How our audit addresses the key audit matters
Impairment of Goodwill (continued)	
We focused on this area because of the significance of the balance and the significant judgments and assumptions involved in determining the recoverable amount of the CGU to which the goodwill is associated. Hence, this is considered a key audit matter. Information regarding the goodwill is included in Note 8 to the consolidated financial statements.	• We assessed the appropriateness and completeness of the related disclosures in the consolidated financial statements.

Other Matter
The consolidated financial statements of the Group as at and for the year ended 31 December 2018 were audited, by another auditor, whose audit report dated 16 January 2019 expressed an unmodified audit opinion thereon.

Other Information Included in the Group's 2019 Annual Report
Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements
Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GULF WAREHOUSING COMPANY Q.P.S.C. (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GULF WAREHOUSING COMPANY Q.P.S.C. (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
From the matters communicated with Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Legal and Other Regulatory Requirements
Furthermore, in our opinion, proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material adverse effect on the Group's financial position or performance.

Ziad Nader
of Ernst and Young
Auditor's Registration No. 258

Date: 14 January 2020
Doha

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	*31 December 2019 QR*	*31 December 2018 QR (Restated)*	*1 January 2018 QR (Restated)*
ASSETS				
Non-current assets				
Property, plant and equipment	4	**2,451,035,402**	2,483,994,863	1,849,289,422
Capital work-in-progress	5	**126,668,784**	57,453,637	769,326,117
Right-of-use of assets	6	**315,273,403**	339,175,722	361,027,257
Investment properties	7	**40,634,854**	37,522,065	37,397,470
Intangible assets and goodwill	8	**123,852,556**	131,191,476	118,906,733
Refundable deposits		**18,251,000**	18,251,000	-
		3,075,715,999	3,067,588,763	3,135,946,999
Current assets				
Inventories		**11,068,193**	11,001,248	10,829,337
Trade and other receivables	9	**470,050,687**	414,920,455	520,395,090
Bank balances and cash	10	**301,780,843**	426,840,672	351,816,004
		782,899,723	852,762,375	883,040,431
TOTAL ASSETS		**3,858,615,722**	3,920,351,138	4,018,987,430
EQUITY AND LIABILITIES				
Equity				
Share capital	11	**586,031,480**	586,031,480	586,031,480
Legal reserve	12	**552,506,803**	552,506,803	552,506,803
Retained earnings		**656,844,078**	524,916,679	438,211,740
Foreign currency translation reserve		**(401,116)**	-	-
Equity attributable to shareholders of the Company		**1,794,981,245**	1,663,454,962	1,576,750,023
Non-controlling interests		**(2,926,021)**	(2,926,021)	(3,681,223)
Total equity		**1,792,055,224**	1,660,528,941	1,573,068,800
Liabilities				
Non-current liabilities				
Interest bearing loans	14	**1,225,259,193**	1,462,338,906	1,525,481,830
Lease liabilities	6	**269,144,386**	280,818,797	290,196,585
Employees' end of service benefits	15	**45,593,697**	36,986,130	30,895,993
		1,539,997,276	1,780,143,833	1,846,574,408
Current liabilities				
Interest bearing loans	14	**282,728,490**	221,587,069	261,436,825
Trade and other payables	16	**221,350,256**	242,274,640	323,831,056
Lease liabilities	6	**22,484,476**	15,816,655	14,076,341
		526,563,222	479,678,364	599,344,222
Total liabilities		**2,066,560,498**	2,259,822,197	2,445,918,630
TOTAL EQUITY AND LIABILITIES		**3,858,615,722**	3,920,351,138	4,018,987,430

These consolidated financial statements for the year ended 31 December 2019 were approved by Parent Company's Board of Directors on 14 January 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 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For year ended 31 December 2019

	Notes	*31 December 2019 QR*	*31 December 2018 QR (Restated)*
Revenue	18	**1,221,836,497**	1,232,203,810
Direct costs	20	**(797,919,697)**	(811,184,598)
Gross profit		**423,916,800**	421,019,212
Other income	19	**18,191,771**	2,904,603
General and administrative expenses	20	**(109,197,848)**	(107,079,219)
Operating profit		**332,910,723**	316,844,596
Finance cost (net)	21	**(83,399,564)**	(89,160,714)
Profit before tax		**249,511,159**	227,683,882
Income tax expense	22	**-**	(110,460)
Profit for the year		**249,511,159**	227,573,422
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(401,116)**	-
Total profit and other comprehensive income		**249,110,043**	227,573,422
Profit attributable to:			
Equity holders of the parent		**249,511,159**	226,818,220
Non-controlling interest		**-**	755,202
		249,511,159	227,573,422
Total comprehensive income attributable to:			
Equity holders of the parent		**249,110,043**	226,818,220
Non-controlling interest		**-**	755,202
		249,110,043	227,573,422
Earnings per share:			
Basic and diluted earnings per share	23	**0.43**	0.39

The attached notes 1 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Attributable to the owners of the Company						
	Share capital QR	*Legal reserve QR*	*Retained earnings QR*	*Foreign currency translation reserve QR*	*Total QR*	*Non-controlling interests QR*	*Total equity QR*
Balance at 1 January 2018 (Audited)	586,031,480	552,506,803	497,017,101	-	1,635,555,384	(3,681,223)	1,631,874,161
Adjustment on initial application of IFRS 16 (Note 2.4)	-	-	(58,805,361)	-	(58,805,361)	-	(58,805,361)
Restated balances as at 1 January 2018 (Note ii)	586,031,480	552,506,803	438,211,740	-	1,576,750,023	(3,681,223)	1,573,068,800
Adjustment on initial application of IFRS 9 and 15 (Note i)	-	-	(34,550,064)	-	(34,550,064)	-	(34,550,064)
Restated balances as at 1 January 2018 (Note i and ii)	586,031,480	552,506,803	403,661,676	-	1,542,199,959	(3,681,223)	1,538,518,736
Profit for the year as reported in the 31 December 2018 consolidated financial statements	-	-	236,759,384	-	236,759,384	755,202	237,514,586
Adjustment on initial application of IFRS 16 (Note 2.4)	-	-	(9,941,164)	-	(9,941,164)	-	(9,941,164)
Other comprehensive income for the year	-	-	-	-	-	-	-
Restated total comprehensive income for the year	-	-	226,818,220	-	226,818,220	755,202	227,573,422
Dividends (Note 13)	-	-	(99,625,352)	-	(99,625,352)	-	(99,625,352)
Transfer to social and sports development fund (Note 16)	-	-	(5,937,865)	-	(5,937,865)	-	(5,937,865)
Restated balance at 31 December 2018	586,031,480	552,506,803	524,916,679	-	1,663,454,962	(2,926,021)	1,660,528,941
Profit for the year	-	-	249,511,159	-	249,511,159	-	249,511,159
Other comprehensive income for the year	-	-	-	(401,116)	(401,116)	-	(401,116)
Total comprehensive income for the year	-	-	249,511,159	(401,116)	249,110,043	-	249,110,043
Dividends (Note 13)	-	-	(111,345,981)	-	(111,345,981)	-	(111,345,981)
Transfer to social and sports development fund (Note 16)	-	-	(6,237,779)	-	(6,237,779)	-	(6,237,779)
Balance at 31 December 2019	**586,031,480**	**552,506,803**	**656,844,078**	**(401,116)**	**1,794,981,245**	**(2,926,021)**	**1,792,055,224**

(i) The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018 and adjusted the retained earnings. Under the transition method, comparative information has not been restated for the adoption of IFRS 9 and 15.

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

The attached notes 1 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	*31 December 2019 QR*	*31 December 2018 QR (Restated)*
OPERATING ACTIVITIES			
Profit before tax for the year		**249,511,159**	227,683,882
Adjustments for:			
Depreciation of property, plant and equipment	4	**138,903,840**	153,064,831
Fair value gain on investment properties	7	**(3,112,789)**	(124,595)
Depreciation of right-of-use of assets	6	**24,721,133**	21,851,535
Amortisation of intangible assets	8	**7,338,920**	7,672,516
Reversal for expected credit losses	9	**(8,400,000)**	(5,900,000)
Profit on sale of property, plant and equipment	19	**(544,642)**	(440,884)
Provision for employees' end of service benefits	15	**10,119,175**	9,056,023
Interest expense	21	**77,640,163**	84,199,374
Interest on lease liabilities	21	**12,563,325**	12,995,512
Interest income	21	**(6,803,924)**	(8,034,172)
Operating profit before working capital changes		**501,936,360**	502,024,022
Working capital adjustments:			
Inventories		**(66,945)**	(171,911)
Trade and other receivables		**(47,378,266)**	63,302,291
Trade and other payables		**(22,972,959)**	(103,527,921)
Cash flow from operating activities		**431,518,190**	461,626,481
Income tax paid		**-**	(110,460)
Employees' end of service benefits paid	15	**(1,511,608)**	(2,965,886)
Net cash flows from operating activities		**430,006,582**	458,550,135
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	**(95,230,660)**	(43,930,166)
Acquisition of a subsidiary, net of cash acquired		**-**	(10,132,832)
Proceeds from disposal of property, plant and equipment		**554,000**	466,000
Payment towards capital work in progress	5	**(79,362,970)**	(31,764,392)
Interest received		**7,259,464**	10,377,604
Net movement in term deposits with original maturity over 90 days		**-**	100,000,000
Net cash flows (used in)/from investing activities		**(166,780,166)**	25,016,214
FINANCING ACTIVITIES			
Proceeds from interest bearing loans	14	**46,074,541**	60,949,282
Repayments of interest-bearing loans	14	**(222,012,833)**	(163,941,962)
Payment of lease liabilities		**(5,825,404)**	(7,637,474)
Interest paid		**(94,967,946)**	(98,286,175)
Dividends paid	13	**(111,345,981)**	(99,625,352)
Net cash flows used in financing activities		**(388,077,623)**	(308,541,681)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(124,851,207)**	175,024,668
Net foreign exchange difference		**(208,622)**	-
Cash and cash equivalents at the beginning of year		**326,840,672**	151,816,004
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	**201,780,843**	326,840,672

The attached notes 1 to 27 form an integral part of these consolidated financial statements.

1 CORPORATE INFORMATION

Gulf Warehousing Company Q.P.S.C. (the "Company") is incorporated in accordance with the provisions of the Qatar Commercial Companies Law No.11 of 2015 as Qatari Public Shareholding Company and was registered at the Ministry 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 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 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 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 Company's operational subsidiaries are as follows:

Name of the Company	*Country of incorporation*	*Principal activities*	*Ultimate ownership interest*	
			2019	*2018*
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 Logistics S.P.C	Kingdom of Bahrain	Operations and management of general warehouse	**100%**	100%
GWC Logistics Holding L.L.C	State of Qatar	Logistics and freight forwarding	**100%**	100%
Qontrac Global Logistics B.V.	Netherlands	Logistics and freight forwarding	**100%**	100%
GWC Marine Services W.L.L.	State of Qatar	Shipping agent	**100%**	100%
LEDD Technologies W.L.L.	State of Qatar	Information technology services	**100%**	100%
Prime Shipping Services W.L.L.	State of Qatar	Shipping agent	**100%**	100%
Qontrac Shipping Services W.L.L.	State of Qatar	Shipping agent	**100%**	100%
GWC Shipping Services W.L.L.	State of Qatar	Shipping agent	**100%**	-

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

Name of the Company	*Country of incorporation*	*Principal activities*	*Ultimate ownership interest*	
			2019	*2018*
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%
Imad Sourcing & Logistics 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%
Gulf Warehousing Express UPS W.L.L.	State of Qatar	Courier services	**100%**	100%
GWC Sea Freight W.L.L.	State of Qatar	Freight forwarding	**100%**	-
Prime Container Services W.L.L.	State of Qatar	Shipping services	**100%**	-
LEDD Technologies India Pvt. Ltd.	India	Information technology services	**100%**	-

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of Gulf Warehousing Company Q.P.S.C and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No.11 of 2015.

The consolidated financial statements are prepared under the historical cost convention except for investment properties that have been measured at fair value. The consolidated financial statements are presented in Qatari Riyals ("QR"), which is the Group's presentation currency.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2018 is presented in these consolidated financial statements due to the retrospective application of accounting policies as a result of the adoption of IFRS 16 Leases. See Note 2.4.

These consolidated financial statements were authorised for issue by the Parent Company's Board of Directors on 14 January 2020.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Gulf Warehousing Company Q.P.S.C. and its subsidiaries (together referred to as the "Group") as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Summary of significant accounting policies

a) Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Property, plant and equipment
Items of property, plant and equipment are recognised at cost of acquisition and measured thereafter at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of an asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

b) Property, plant and equipment (continued)
Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss.

The estimated useful lives for the current year and the comparative year are as follows:

Buildings	25 to 30 years
Office equipment	3 to 5 years
Furniture & fixtures	4 years
Warehouse equipment	5 to 25 years
Motor vehicles	5 to 15 years
Tools and equipment	4 years

Depreciation methods, residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposals of items of property, plant and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts, and are recognised net within profit or loss.

c) Capital work-in-progress
Capital work-in-progress comprises projects of the Group under construction and is carried at cost less impairment, if any. Capital work in progress is not depreciated. Once the construction of assets within capital work-in-progress is completed, they are reclassified to either the property, plant and equipment or the investment property, depending on their use, and are depreciated as from the moment they are put into use.

d) Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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

Land and Buildings	2 to 25 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

d) Leases (continued)

Group as a lessee (continued)

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term lease of machinery and equipment (i.e., those lease that have lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to lease of office equipment that are considered of low value (i.e., below QR 20,000 (€ 5000)). Lease payment on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

e) Investment properties
An investment property is recognised initially at cost of acquisition including any transaction costs and is subsequently measured at fair value, representing open market value determined annually by external valuers. Any change in fair value is recognised in statement of profit or loss.

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected from its use. Profits or losses on disposals of items of investment property are determined by comparing the proceeds from their disposals with their respective carrying amounts, and are recognised net within statement of profit or loss. Investment property represents buildings that are occupied substantially for use by third parties and are held by the Group to earn rentals.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

f) Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite life are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de- recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The estimated useful lives of the intangible assets with the definite useful lives as follows:

Customer contracts and related customer relationships	4-10 Years
Brand name	10 Years
Computer software	3 Years

Goodwill
Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets
Other intangible assets, which comprise "Customer contracts and related customer relationships" and the "Brand name" of Agility, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Computer software
Computer software that is not an integral part of computer hardware and can be separately identified and that will probably generate economic benefits exceeding costs beyond one year, is measured at cost less accumulated amortisation and impairment losses.

g) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

h) Inventories
Inventories are stated at the lower of cost or net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition. Inventory is valued at purchase cost on a weighted average basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

i) Financial instruments

Financial assets

Recognition and initial measurement
Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset unless it is a trade receivable without a significant financing component or financial liability is initially measured at fair value plus, for an item not a FVTPL, transaction costs are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets
On initial recognition, a financial asset is classified at:

i) Amortised cost – if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

ii) Fair Value through Other Comprehensive Income (FVOCI) – if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective achieved by both collecting collect contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

iii) Fair Value Through Profit or Loss (FVTPL) – All financial assets not classified as measured at amortised cost or FVOCI as described above.

On initial recognition, the Group may irrecoverable designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group has classified on initial recognition its trade and other receivables and its bank balances and cash at amortised cost. The Group does not hold any other financial assets.

Financial assets- Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual cash flows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

i) Financial instruments (continued)

Financial assets (continued)

Financial assets- Business model assessment (continued)

- How managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets- Assessment whether contractual cash flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets- Subsequent measurement and gains and losses

- Financial assets at amortised cost – These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- Financial assets at Fair Value Through Profit or Loss (FVTPL) – These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. The Group does not hold such assets.
- Debt instruments at Fair value through Other Comprehensive Income (FVOCI) – These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. The Group does not hold such assets.
- Equity investments at Fair Value through Other Comprehensive Income (FVOCI) – These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never derecognised to profit or loss. The group does not hold such assets.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

i) Financial instruments (continued)

Financial assets (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset haveexpired Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment
Non-derivative financial assets
The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs.

The Group considers a financial asset to be in default when:

- Customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- The financial asset is more than 360 days past due.

The group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's Rating Agency.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are 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).

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

i) Financial instruments (continued)

Financial assets (continued)

Impairment (continued)

Credit-impaired financial assets
At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the customer or issuer;
- A breach of contract such as a default or being more than 360 days past due; or
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the customer will enter bankruptcy or other financial reorganization.
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for recovery of amounts due.

Financial liabilities

Initial recognition and measurement
Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

The Group does not hold any financial liabilities at fair value through profit or loss

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

i) Financial instruments (continued)

Financial liabilities (continued)

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

j) Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired (Property, plant and equipment, Capital work-in-progress and investment property, but not inventories). If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had not impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

k) Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of financial position comprise of cash at bank and cash in hand and short-term deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of any outstanding bank overdrafts.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

l) Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

m) Employees' end of service benefits
In accordance with Qatar Labour Law No. 14 of 2004 or any other countries whereby the Group redundant, it provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to the Qatari nationals, the Group makes contributions to Qatar Retirement and Pension Authority as a percentage of the employees' salaries in accordance with the requirements of respective local laws pertaining to retirement and pensions. The Group's share of contributions to these schemes are charged to profit or loss in the year to which they relate.

n) Revenue recognition
The Group is in the business of providing 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. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. A performance obligation can be satisfied over time or at a point in time.

Revenue from Logistics services
Logistics services provided by the Group comprises primarily inventory management and storage, order fulfilment, records management and transportation services. Revenue is recognised over the time, as the customers simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Revenue from freight forwarding services
Freight forwarding represents purchasing of transportation of capacity from independent air, ocean and overland transportation providers and reselling that capacity to customers. Revenue from such services is recognised in the period such services are rendered, by reference to a suitable method that depicts the transfer of the control of such goods or service to the customer.

Rental income
Rental income arising from operating leases is recognised on a straight-line basis over the lease term.

Interest income
Interest income is recognised using the effective interest rate method

o) Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

o) Foreign currencies (continued)

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into Qatari Riyals at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in consolidated statement of profit or loss.

p) Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises convertible notes and share options granted to employees, if any.

q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by management (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

r) Current versus non-current classification

The Group presents assets and liabilities based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations
The Group applied, for the first time, IFRS 16 Leases that requires restatement of previous financial statements. The nature and effect of these changes are discussed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases
IFRS 16 supersedes IAS 17 Leases, IFRIC 14 Determining whether an Arrangement contains a Lease, SIC-15 Operating Lease-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

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

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

a) Nature of the effect of adoption of IFRS 16

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

	31 December 2019 QR	*31 December 2018 QR*	*1 January 2018 QR*
Assets			
Right-of-use of assets	**315,273,403**	339,175,722	361,027,257
Property, plant and equipment	**(105,989,966)**	(105,989,966)	(110,807,692)
Prepayments	**(133,594)**	(5,296,829)	(4,752,000)
Total assets	**209,149,843**	227,888,927	245,467,565
Liabilities			
Lease liabilities	**291,628,862**	296,635,452	304,272,926
Total liabilities	**291,628,862**	296,635,452	304,272,926
Total adjustment on equity			
Retained earnings	**(82,479,019)**	(68,746,525)	(58,805,361)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in accounting policies and disclosures (continued)

IFRS 16 Leases (continued)

a) Nature of the effect of adoption of IFRS 16 (continued)

Impact on the statement of profit or loss and other comprehensive income (increase/(decrease)) for the year ended 31 December:

	2019 ***QR***	*2018* *QR*
Depreciation expense (included in Cost of sales)	**(24,721,133)**	(17,022,724)
Rent expense (included in Cost of sales)	**23,551,964**	20,077,072
Operating profit	**(1,169,169)**	3,054,348
Finance costs	**(12,563,325)**	(12,995,512)
Profit for the year	**(13,732,494)**	(9,941,164)
Attributable to		
Equity holders of the parent	**(13,732,494)**	(9,941,164)

Impact on the statement of cash-flows (increase/(decrease)) for the year ended 31 December:

	31 December 2019 ***QR***	*31 December 2018* *QR* *(Restated)*
Net cash flows from operating activities	**18,388,729**	20,632,594
Net cash flows used in financing activities	**(18,388,729)**	(20,632,594)

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

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

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

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in accounting policies and disclosures (continued)

IFRS 16 Leases (continued)

a) Nature of the effect of adoption of IFRS 16 (continued)

As at 1 January 2018:

- Right-of-use assets of QR 361,027,257 were recognised and presented separately in the statement of financial position. Lease assets recognised previously under finance leases of QR 110,807,692 and included under Property, plant and equipment were adjusted.
- Additional lease liabilities of QR 304,272,926 were recognised and presented separately in the statement of financial position.
- Prepayments of QR 4,752,000 related to previous operating leases were derecognised.
- The net effect of these adjustments amounting to QR 58,805,361 had been adjusted to Retained earnings.

As at 31 December 2018:

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

For the year ended 31 December 2018:

- Depreciation expense increased by QR 17,022,724 relating to the depreciation of additional assets recognised (i.e., increase in right-of-use assets, net of decrease in Property, plant and equipment).
- Rent expense decreased by QR 20,077,072 relating to previous operating leases.
- Finance costs increased by QR 12,995,512 relating to the interest expense on additional lease liabilities recognised.
- Cash outflows from operating activities decreased by QR 20,632,594 and cash outflows used in financing activities increased by the same amount, representing the payments for the principal portion of recognised lease liabilities.

For the year ended 31 December 2019:

- Depreciation expense increased by QR 24,721,133 relating to the depreciation of additional assets recognised (i.e., increase in right-of-use assets, net of decrease in Property, plant and equipment).
- Rent expense decreased by QR 23,551,964 relating to previous operating leases.
- Finance costs increased by QR 12,563,325 relating to the interest expense on additional lease liabilities recognised.
- Cash outflows from operating activities decreased by QR 18,388,729 and cash outflows used in financing activities increased by the same amount, representing the payments for the principal portion of recognised lease liabilities.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Standards and Interpretations	***Effective date***
IFRS 17: Insurance contracts	1 January 2021
Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associates or joint Venture	Deferred indefinitely

The Group did not early adopt any standards, interpretations or amendments that have been issued but are not yet effective

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Significant judgements in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgements in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create and economic incentive for it to exercise the renewal. After commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and effects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Going concern
The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Classification of transfers between property, plant and equipment, and investment property
Judgement is needed to determine whether a property qualifies as investment property. Based on an assessment made by management, some properties of the Group comprising buildings were classified into investment property on the grounds that the buildings are not occupied substantially for use by or in the operations of the Group nor are for sale in the ordinary course of business, but are held primarily to earn rental income. This classification required judgement because the relevant buildings have dual purposes whereby part of the building is used for own-use activities that would result in the property being considered to be property, plant and equipment and part of the property is used as an investment property. Management has concluded that the properties with duel uses are separable and accordingly, accounted separately.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Estimates and assumptions

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Fair valuation of investment property
The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio on yearly basis.

Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Impairment of inventories
When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. The necessity and setting up of a provision for slow moving and obsolete inventories requires considerable degree of judgment.

Impairment of non-financial assets (other than inventories and Goodwill)
The carrying amounts of the Group's non-financial assets other than goodwill (property, plant and equipment, and capital work-in-progress) are reviewed at each reporting date to determine whether there is any indication of impairment. The determination of what can be considered impaired requires judgement. As at the reporting date, management did not identify any evidence from internal reporting indicating impairment of an asset or class of assets. Goodwill is tested annually for impairment. The determination of the recoverable amount of goodwill requires management to make significant judgments, estimations and assumptions. These are disclosed in Note 8.

Impairment of receivables
The Group uses a provision matrix to calculate ECLs for trade receivables (Non-Government) and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Estimates and assumptions (continued)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (refer to the accounting policy "Financial instruments" in Note 2). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

Depreciation of property, plant and equipment

Items of property, plant and equipment are depreciated over their estimated individual useful lives. The determination of useful lives is based on the expected usage of the asset, physical wear and tear, technological or commercial obsolescence and impacts the annual depreciation charge recognized in the consolidated financial statements. Management reviews annually the residual values and useful lives of these assets. Future depreciation charge could be materially adjusted where management believes the useful lives differ from previous estimates.

During the year, the Group has reviewed the residual values and the useful lives of property, plant and equipment. Accordingly, the residual value of Motor vehicles and warehouse equipment pertaining to the Qatar operations was increased to 15% -20% as a percentage of the cost. Further, useful lives of buildings were revised from 25 years to a range of 25 to 30 years.

The effect of changes relating to the useful lives and the residual values has been recognised prospectively. If the Group had continued with the useful lives and the residual values as estimated during the previous years, the depreciation charged to the statement of profit or loss would have been increased by QR 15,551,561 for the year ended 31 December 2019, and the carrying value of such fixed assets would have been decreased by the same amount. It is not practicable to quantify the effects on future period.

4 PROPERTY, PLANT AND EQUIPMENT

	Buildings (Note ii) QR	*Leasehold land rights QR*	*Office equipment QR*	*Furniture and fixtures QR*	*Warehouse equipment QR*	*Motor vehicles QR*	*Tools and equipments QR*	*Total QR*
Cost								
At 1 January 2018	2,010,358,956	120,443,144	57,339,642	57,948,552	126,324,209	137,510,713	2,811,580	2,512,736,796
Reclassified to Right-of-use of assets (Note i)	-	(120,443,144)	-	-	-	-	-	(120,443,144)
As at 1 January 2018 (as restated)	2,010,358,956	-	57,339,642	57,948,552	126,324,209	137,510,713	2,811,580	2,392,293,652
Acquisition through business combinations	-	-	66,958	-	-	161,392	-	228,350
Additions	7,995,907	-	4,600,018	3,874,698	10,666,008	16,589,324	204,211	43,930,166
Disposals	-	-	(3,500)	-	-	(6,446,485)	-	(6,449,985)
Transfer from capital work-in-progress (Note 5)	743,636,872	-	-	-	-	-	-	743,636,872
At 31 December 2018 (as restated)	2,761,991,735	-	62,003,118	61,823,250	136,990,217	147,814,944	3,015,791	3,173,639,055
Additions	52,445,345	-	11,146,590	5,305,253	13,484,306	10,927,716	1,921,450	95,230,660
Disposals	-	-	-	-	-	(8,195,206)	-	(8,195,206)
Transfer from capital work-in-progress (Note 5)	-	-	8,090,400	2,632,677	-	-	-	10,723,077
At 31 December 2019	2,814,437,080	-	81,240,108	69,761,180	150,474,523	150,547,454	4,937,241	3,271,397,586

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings (Note ii) QR	*Leasehold land rights QR*	*Office equipment QR*	*Furniture and fixtures QR*	*Warehouse equipment QR*	*Motor vehicles QR*	*Tools and equipments QR*	*Total QR*
Accumulated depreciation								
At 1 January 2018	298,871,836	9,635,452	43,113,796	41,978,443	58,267,832	98,931,484	1,840,839	552,639,682
Reclassified to Right-of-use of assets (Note i)	-	(9,635,452)	-	-	-	-	-	(9,635,452)
As at 1 January 2018 (as restated)	298,871,836	-	43,113,796	41,978,443	58,267,832	98,931,484	1,840,839	543,004,230
Depreciation (Note 20)	114,175,052	-	6,375,802	11,172,962	11,513,892	9,572,309	254,814	153,064,831
Disposals	-	-	(3,500)	-	-	(6,421,369)	-	(6,424,869)
At 31 December 2018 (as restated)	413,046,888	-	49,486,098	53,151,405	69,781,724	102,082,424	2,095,653	689,644,192
Depreciation (Note 20)	106,301,233	-	10,658,555	6,574,733	9,043,368	6,019,236	306,715	138,903,840
Disposals	-	-	-	-	-	(8,185,848)	-	(8,185,848)
At 31 December 2019	519,348,121	-	60,144,653	59,726,138	78,825,092	99,915,812	2,402,368	820,362,184
Net carrying amounts								
At 31 December 2019	**2,295,088,959**	-	**21,095,455**	**10,035,042**	**71,649,431**	**50,631,642**	**2,534,873**	**2,451,035,402**
At 31 December 2018 (as restated)	2,348,944,847	-	12,517,020	8,671,845	67,208,493	45,732,520	920,138	2,483,994,863

Notes:

(i) The Group has initially applied IFRS 16 at 1 January 2019, and accordingly, net leasehold land rights amounting to QR 110,807,692 were reclassified to Right-of-use of assets (Note 2.4).

(ii) Buildings are constructed on land leased from the State of Qatar. As at 31 December 2019, buildings with a carrying amount of QR 1,972,175,939 (2018: QR 1,954,023,604) were mortgaged against Ras Laffan Industrial City, Logistics Village Qatar (LVQ) and Bu Sulba term loans (Note 14 (i), (ii) and (iv)).

5 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 Bufontas Project.

	2019 *QR*	*2018* *QR*
At 1 January	**57,453,637**	769,326,117
Additions	**79,938,224**	31,764,392
Transfer to property, plant and equipment (Note 4)	**(10,723,077)**	(743,636,872)
At 31 December	**126,668,784**	57,453,637

The amount of borrowing costs capitalised during the year ended 31 December 2019 was QR 575,254, (2018: 1,416,181). The weighted average rate used to determine the amount of borrowing cost eligible for capitalisation was 4.5% per annum (2018: 4.7% per annum), which is the effective interest rate of the specific borrowings.

6 LEASES

a) 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 25 and 22 years, while buildings generally have lease terms between 2 and 5 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:

Right-of-use assets	***Land*** ***QR***	***Building*** ***QR***	***Total*** ***QR***
As at 1 January 2018	330,480,971	30,546,286	361,027,257
Depreciation expense	(14,327,756)	(7,523,779)	(21,851,535)
As at 31 December 2018	316,153,215	23,022,507	339,175,722
Additions	-	818,814	818,814
Depreciation expense	(14,316,672)	(10,404,461)	(24,721,133)
As at 31 December 2019	**301,836,543**	**13,436,860**	**315,273,403**

Lease Liabilities	*2019* *QR*	*2018* *QR*
As at 1 January	**296,635,452**	304,272,926
Additions	**818,814**	-
Interest expense	**12,563,325**	12,995,512
Payments	**(18,388,729)**	(20,632,986)
As at 31 December	**291,628,862**	296,635,452
Current portion	**22,484,476**	15,816,655
Non-current portion	**269,144,386**	280,818,797

The Group recognised rent expense from short-term leases of QR 676,829 for the year ended 31 December 2019 (2018: QR 3,200,880).

6 LEASES (CONTINUED)

b) Group as a lessor

The Group has entered into operating leases on its investment properties. These leases have remaining terms of 2 years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2019	*2018*
	QR	*QR*
Less than one year	**7,087,776**	2,400,000
Between one and five years	**6,887,776**	4,600,000
	13,975,552	7,000,000

7 INVESTMENT PROPERTIES

a) Reconciliation of carrying value

The Group's investment properties consist of commercial buildings which are constructed on the lands obtained under operating lease from the State of Qatar.

	2019	*2018*
	QR	*QR*
At 1 January	**37,522,065**	37,397,470
Fair value gain	**3,112,789**	124,595
At 31 December	**40,634,854**	37,522,065

b) Measurement of fair values

Fair value hierarchy

The fair valuations of investment properties were performed by Al Haque Rental & Real Estate office, an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in valuing similar properties at similar locations. The independent valuers provide the fair value of the Group's investment property portfolio on a yearly basis.

The fair value measurement for all of the investment properties has been categorised as level 3 fair value based on the inputs to the valuation technique used.

7 INVESTMENT PROPERTY (CONTINUED)

Valuation technique and significant unobservable inputs
The following table shows the valuation technique used in measuring fair value of investment property, as well as the significant unobservable inputs used.

Valuation Technique	***Significant unobservable inputs***
Market comparable approach Under the market comparable approach, a property's fair value is estimated based on the comparable transactions. The market comparable approach is based upon the principle of substitution, under which a potential buyer will not pay more for a property than the amount to buy a comparable substitute property. Management assumes that the operating lease agreements relating to acquisition of the land on which the buildings of those properties were constructed from the State of Qatar, which have expiration dates, will be renewed in perpetuity. Consequently, it is not expected that the fair values of these properties will decline as these lease agreements approach their expiry dates. The unit of comparison applied by the valuer is depreciated value for the building per square meter and the market price per square foot for the land.	The comparable method of valuation comprises; - The identification of the transacted evidence for the same or similar type of property within the nearby vicinity: - Comparative analysis of the listed properties in the market; - Discussions with the active real estate agents within the locality.

The following amounts in relation to the investment property have been recognised in profit or loss:

	2019 *QR*	*2018* *QR*
Rental income (Note 18)	**8,377,776**	11,289,786
Direct operating expenses that did not generate rental income	**262,580**	255,600

8 INTANGIBLE ASSETS AND GOODWILL

	Goodwill (I) *QR*	*Customer contracts and related customer relationships (II)* *QR*	*Brand name (II)* *QR*	*Computer software* *QR*	*Total* *QR*
Cost					
At 1 January 2018	98,315,463	10,231,500	52,780,500	3,826,370	165,153,833
Acquisition through business combination	17,347,069	2,610,190	-	-	19,957,259
At 1 January 2019/31 December 2019	115,662,532	12,841,690	52,780,500	3,826,370	185,111,092
Accumulated amortisation/ Impairment					
At 1 January 2018	-	7,853,280	36,946,350	1,447,470	46,247,100
Charge for the year	-	1,119,014	5,278,050	1,275,452	7,672,516
At 1 January 2019	-	8,972,294	42,224,400	2,722,922	53,919,616
Charge for the year		1,104,279	5,278,052	956,589	7,338,920
At 31 December 2019	-	10,076,573	47,502,452	3,679,511	61,258,536
Net carrying amounts					
At 31 December 2019	**115,662,532**	**2,765,117**	**5,278,048**	**146,859**	**123,852,556**
At 31 December 2018	115,662,532	3,869,396	10,556,100	1,103,448	131,191,476

I Goodwill

Goodwill was recognised on the acquisition on the Agility W.L.L in November 2010 and the entity acquired through Qontrac Global Logistics B.V. in April 2018.

The goodwill tested for impairment is allocated to the below Cash-Generating Units (CGUs) and represents the premium paid on their acquisition (i.e. the amount paid in excess of the aggregate of the individual fair values of the net assets acquired).

	Carrying amount of goodwill	
	2019 ***QR***	*2018* *QR*
Logistics	**53,090,350**	53,090,350
Freight forwarding services	**45,225,113**	45,225,113
Qontrac Logistics Freight	**17,347,069**	17,347,069
Total	**115,662,532**	115,662,532

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (the higher of their fair values less cost of disposals and their "value in use") to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

8 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Value-in-use calculations are determined using the cash-flow projections from financial budgets approved by management covering a five-year period. The key assumptions used in the value-in-use calculations are set out in the table below:

	Logistics		*Freight forwarding services*		*Qontrac logistics freight*	
	2019	*2018*	*2019*	*2018*	*2019*	*2018*
Compound annual volume growth (i)	**2.45%**	7.56%	**2.5%**	11%	**11.51%**	9.6%
Terminal growth rate (ii)	**3%**	3%	**3%**	3%	**3%**	2%
Discount rate (iii)	**8.5%**	8.7%	**11.4%**	11.4%	**8%**	8%

(i) Management determined the compound annual volume growth rate for each CGU over five-year forecast to be a key assumption. The volume growth in each period is the main driver for revenue and costs. The compound annual volume growth rate is based on the past performance and management's expectations of market developments.

(ii) The terminal growth rate does not exceed the long-term average growth rate for the business in which the CGUs operate. The long-term growth rates used are consistent with the forecast included in the industry reports.

(iii) Discount rate represents the current market assessment of the risk specific to each CGU. The discount rate calculation is based on the specific circumstances of the Group and its operating segments. Raise in the discount rate to 14.8% in the logistics, 17.65% in the freight forwarding and 12.3% in the Qontrac Logistics Freight will result impairment.

Based on the above impairment test management concluded that there is no impairment of goodwill (2018: no impairment was identified).

II Customer contracts and related customer relationship and brand name

These intangibles represent assets acquired through the acquisition of Agility W.L.L in November 2010 and the other entity acquired through Qontrac Global Logistics B.V. in April 2018. At the time of acquisitions, management determined these intangible assets to have 10 years of useful lives each.

Management concluded that as at 31 December 2019 there was no impairment of these assets (2018: No impairment was identified)

9 TRADE AND OTHER RECEIVABLES

	2019 QR	*2018 QR (Restated)*
Trade receivables	**301,308,466**	278,511,715
Contract assets	**92,668,236**	87,368,354
Less: Provision for expected credit losses	**(43,219,615)**	(51,619,615)
Trade receivables, net	**350,757,087**	314,260,454
Advances to suppliers	**17,810,462**	12,462,913
Prepayments	**76,565,688**	67,269,571
Other receivables	**24,917,450**	20,927,517
	470,050,687	414,920,455

9 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2019 *QR*	*2018* *QR*
At 1 January	**51,619,615**	24,493,445
Adjustment on initial application of IFRS 9	**-**	34,550,064
At 1 January under IFRS 9	**51,619,615**	59,043,509
Amount collected against allowance	**-**	(1,523,894)
Provision for expected credit losses reversed for the year (Note 20)	**(8,400,000)**	(5,900,000)
At 31 December	**43,219,615**	51,619,615

10 BANK BALANCES AND CASH

	2019 *QR*	*2018* *QR*
Cash in hand	**1,638,208**	1,984,460
Cash at bank – current accounts (i)	**126,443,032**	127,860,204
Cash at bank – short-term deposit accounts (ii)	**155,000,000**	280,000,000
Cash at bank – restricted short-term deposit accounts (iii)	**18,699,603**	16,996,008
Bank balance and cash	**301,780,843**	426,840,672
Less: Term deposits with original maturity over 90 days (iv)	**(100,000,000)**	(100,000,000)
Cash and cash equivalents	**201,780,843**	326,840,672

Notes:

(i) Current account earns no interest.

(ii) Short-term deposits are made for varying terms depending on the immediate cash requirements of the Group and earn interest at market rates.

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

(iv) Terms deposits made by the Group with original maturity over 90 days and earn interest at market rates.

11 SHARE CAPITAL

	2019 *QR*	*2018* *QR*
Authorised, issued and fully paid:		
586,031,480 Ordinary shares of QR 1 each (2018:58,603,148 Ordinary shares of QR 10 each)	**586,031,480**	586,031,480

(i) Stock split

On 4 February 2019, the Extraordinary General Meeting of the Group approved the reduction of the par value of the ordinary share from QR 10 to QR 1, as per the instruction of Qatar Financial Markets Authority. On 4 July 2019, the Qatar Stock Exchange announced that the share split of the Company has been executed and the listing of the new shares in Stock Exchange was effective from 7 July 2019. Accordingly, the total number of shares of the Company has increased from 58,603,148 to 586,031,480.

12 LEGAL RESERVE

In accordance with Qatar Commercial Companies Law No. 11 of 2015, an amount equal to 10% of the net profit for the year of every company incorporated in the State of Qatar is required to be transferred to a legal reserve account until such time the balance of the legal reserve account of such a company reaches 50% of its paid up share capital. Share premium collected from the issuance of new shares is also transferred to the legal reserve. The legal reserve is not available for distribution, except in circumstances specified in the above mentioned Law.

13 DIVIDENDS

At the Board Meeting on 14 January 2020, a dividend in respect of the profit for the year ended 31 December 2019 of QR 0.20 per share amounting to a total dividend of QR 117,206,296 is to be proposed. These consolidated financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2020.

At the Board Meeting on 16 January 2019, A dividend of QR 111,345,981 (QR 1.9 per share) was proposed by the Board of Directors in respect of the Group profit for the year ended 31 December 2018, which was approved by the Company's shareholders at the Company's Annual General Meeting held on 4 February 2019.The dividend was paid in 2019. The dividend declared in respect of the profit for the year ended 31 December 2017 were QR 99,625,352 (QR 1.7 per share) and paid in 2018.

14 INTEREST BEARING LOANS

The movement of bank loans were as follows:

	2019 *QR*	*2018* *QR*
At 1 January	**1,683,925,975**	1,786,918,655
Additions	**46,074,541**	60,949,282
Repayments	**(222,012,833)**	(163,941,962)
At 31 December	**1,507,987,683**	1,683,925,975

	Years of maturity	*2019* *QR*	*2018* *QR*
LVQ project term loans (i)	**2022-2027**	**697,789,052**	851,681,049
Bu-Sulba project term loans (ii)	**2027**	**714,693,922**	777,659,639
Ras Bufontas project term loan (iii)	**2028**	**23,250,000**	-
Ras Laffan project loans (iv)	**2026-2028**	**72,254,709**	54,585,287
		1,507,987,683	1,683,925,975

The loans are secured against the buildings and other tangible assets capitalised under property, plant and equipment.

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

	2019 *QR*	*2018* *QR*
Current portion	**282,728,490**	221,587,069
Non-current portion	**1,225,259,193**	1,462,338,906
	1,507,987,683	1,683,925,975

14 INTEREST BEARING LOANS (CONTINUED)

Notes:

(i) The Company has entered in to loan facilities with four local banks to finance the construction and development of Logistics Village Qatar ("LVQ") located in street # 52 in Doha Industrial Area. Interest is charged at a rate of 3.5%, 4.5% and 4.75% per annum. The loan is payable in 22-38 quarterly installments.

(ii) The Company has entered in to loan facilities with two local banks to finance the construction and development of Bu-Sulba project. Interest is charged at a rate of 4.5% and 4.75% per annum. The loan is payable in 22-25 quarterly installments.

(iii) A loan facility of QR 23 million was obtained from local banks to finance the construction and development in Ras Bufontas located on Wosail street. The loan facility bears interest at 4.5% per annum. The loan is payable in 35 quarterly instalments over the period of 9 years commencing from May 2019.

(iv) A loan facility of QR 73 million was obtained from a local bank to finance Ras Laffan warehousing facilities extension. The loan is payable in 30 instalments over the period of 7.5 years commenced from August 2017. Interest is charged at a rate of 4.5% per annum.

During the year, the Company obtained a new facility from a local bank amounting to 23 million for the construction office and infrastructure at Ras Laffan and repayment will commence in 2020 and that is repayable in 28 quarterly instalments. The loan facility is secured against the Group's building under construction at Ras Laffan. Interest is charged at a rate of 4.5% per annum.

The face values of the Group's bank loans approximates their carrying amounts. The carrying amounts are denominated in Qatari Riyals.

15 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

The movements in the provision for employees' end of service benefits were as follows:

	2019 *QR*	*2018* *QR*
At 1 January	**36,986,130**	30,895,993
Provision made during the year	**10,119,175**	9,056,023
Paid during the year	**(1,511,608)**	(2,965,886)
At 31 December	**45,593,697**	36,986,130

The provision made for the year is included within staff cost in profit or loss (Note 20)

Management has classified the obligation within non-current liabilities in the consolidated statement of financial position as it does not expect that there will be significant payments towards its employees' end of service benefit obligation within 12 months from the reporting date. The provision is not discounted to present value as the effect of the time value of money is not expected to be significant.

16 TRADE AND OTHER PAYABLES

	2019 *QR*	*2018* *QR*
Trade payables	**38,179,769**	37,026,053
Accrued expenses	**101,097,828**	113,052,960
Other payables	**65,966,553**	75,627,038
Retention payable to contractors of projects	**9,868,327**	10,630,724
Provision for contribution for social and sports fund	**6,237,779**	5,937,865
	221,350,256	242,274,640

The Group made an appropriation of QR 6,237,779 (2018: QR 5,937,865) to the Social and Sports Development Fund of the State of Qatar pursuant to the Qatar Law No.13 of 2008.

17 RELATED PARTY DISCLOSURES

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

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

		31 December 2019		*31 December 2018*	
	Nature of relationship	***Revenue QR***	***Purchase of services QR***	*Revenue QR*	*Purchase of services QR*
Agility network	Affiliate	**8,726,463**	**27,251,017**	11,828,495	37,158,351
Others	Affiliate	-	**7,373,826**	-	10,083,479

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

		31 December 2019		*31 December 2018*	
	Nature of relationship	***Receivables QR***	***Payables QR***	*Receivables QR*	*Payables QR*
Agility network	Affiliate	**1,269,507**	**6,047,953**	2,104,614	7,911,523
Others	Affiliate	-	**312,196**	-	324,510

Compensation of key management personal

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

	2019 *QR*	*2018* *QR*
Short-term benefits		
Key management remuneration	**7,163,468**	6,910,894
Board of Directors' remuneration	**6,305,000**	9,660,000
Employees' end of service benefits	**150,000**	105,000

18 REVENUE

The Group derives its revenue from the transfer of goods and services in the following major revenue streams. This is consistent with the revenue information that is disclosed for each reportable segment (See Note 25).

	2019 QR	2018 QR
Logistics operations	**776,457,407**	767,314,688
Freight forwarding	**437,001,314**	453,599,336
Rental income from investment properties (Note 7)	**8,377,776**	11,289,786
	1,221,836,497	1,232,203,810

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.

	2019 QR	2018 QR
Revenue from contracts with customers		
Logistics operations	**776,457,407**	767,314,688
Freight forwarding	**437,001,314**	453,599,336
	1,213,458,721	1,220,914,024

	2019 QR	2018 QR
Primary geographical markets		
Local operations	**1,136,185,880**	1,150,305,111
Foreign operations	**77,272,841**	70,608,913
	1,213,458,721	1,220,914,024

	2019 QR	2018 QR
Major products and service lines		
Warehouse management services	**638,523,573**	648,017,771
Records management systems	**62,453,782**	58,264,589
Transport services	**36,374,703**	33,560,646
Freight forwarding services	**404,359,782**	425,751,464
International move and relocation services	**39,105,349**	27,471,682
Courier services	**32,641,532**	27,847,872
	1,213,458,721	1,220,914,024

	2019 QR	2018 QR
Timing of revenue recognition		
Products and services transferred over time	**776,457,407**	767,314,688
Products transferred at a point in time	**437,001,314**	453,599,336
	1,213,458,721	1,220,914,024

18 REVENUE (CONTINUED)

Disaggregation of revenue from contracts with customers (continued)

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

	31 December 2019		*31 December 2018*	
	Logistics operations QR	***Freight forwarding QR***	*Logistics operations QR*	*Freight forwarding QR*
Revenue				
External customer	**776,457,407**	**437,001,314**	767,314,688	453,599,336
Inter-segment	**58,850,892**	**22,904,135**	41,104,644	15,229,591
	835,308,299	**459,905,449**	808,419,332	468,828,927
Adjustments and eliminations	**(58,850,892)**	**(22,904,135)**	(41,104,644)	(15,229,591)
	776,457,407	**437,001,314**	767,314,688	453,599,336

19 OTHER INCOME

	2019 QR	*2018 QR*
Non-operating Income*	**13,161,281**	-
Fair value gains on investment property (Note 7)	**3,112,789**	124,595
Gain on sale of property, plant and equipment	**544,642**	440,884
Miscellaneous income	**1,373,059**	2,339,124
	18,191,771	2,904,603

* Non-operating income represents the amount received relating to the Logistic line of business

20 EXPENSE BY NATURE

	2019 QR	*2018 QR (Restated)*
Freight forwarding charges (ii)	**295,408,519**	338,269,003
Staff cost (i)	**255,464,876**	227,232,143
Depreciation of property, plant and equipment (Note 4)	**138,903,840**	153,064,831
Logistic costs (ii)	**49,199,070**	32,805,386
Repairs and maintenance	**40,652,440**	37,773,655
Water and electricity	**34,154,982**	34,273,657
Depreciation of right-of-use-assets (Note 6)	**24,721,133**	21,851,535
Fuel cost	**16,699,456**	15,717,035
Board of Directors' remuneration	**6,305,000**	9,660,000
Insurance cost	**9,182,098**	6,777,803
Amortization of intangible assets (Note 8)	**7,338,920**	7,672,516
Legal and professional fees	**7,246,653**	7,804,277
Communication and postage	**2,872,467**	2,434,915
Manpower subcontract charges	**3,527,331**	3,825,341
Travelling expenses	**1,330,511**	2,089,523
Advertisement expenses	**668,527**	766,201
Rent expense	**676,829**	3,200,880
Reversal of provision for impairment of trade receivables (Note 9)	**(8,400,000)**	(5,900,000)
Miscellaneous expenses	**21,164,893**	18,945,116
	907,117,545	918,263,817

20 EXPENSE BY NATURE (CONTINUED)

(i) Staff cost includes a provision for employees' end of service benefits of QR 10,119,175 (2018: QR 9,056,023)

(ii) Logistics costs and Freight forwarding charges include cost of inventories amounting to QR 4,433,577 (2018: QR 3,829,703).

The above expenses are presented in the consolidated statement of profit or loss as follows:

	2019 *QR*	*2018* *QR* *(Restated)*
Directs costs	**797,919,697**	811,184,598
General and administrative expenses	**109,197,848**	107,079,219
	907,117,545	918,263,817

21 FINANCE COST, NET

	2019 *QR*	*2018* *QR* *(Restated)*
Interest income bank deposits	**(6,803,924)**	(8,034,172)
Interest expense on bank loans	**77,640,163**	84,199,374
Interest expense on lease liabilities	**12,563,325**	12,995,512
	83,399,564	89,160,714

22 TAX EXPENSES

	2019 *QR*	*2018* *QR*
Tax expense	**-**	110,460
Tax rate	**20%**	20%

Income taxes represent the tax expenses related to Qontrac Global Logistics B.V., a subsidiary of the Company. The tax liability for the year ended 31 December 2018 was fully paid during 2019.

23 EARNINGS PER SHARE

The calculation of basic earnings per share (EPS) is arrived by dividing the profit attributable to shareholders of the Parent Company for the year by the weighted average number of ordinary shares outstanding at the year end.

	2019 *QR*	*2018* *QR* *(Restated)*
Profit attributable to equity holders of the Company	**249,511,159**	226,818,220
Weighted average number of shares outstanding during the year	**586,031,480**	586,031,480
Basic and diluted earnings per share	**0.43**	0.39

23 EARNINGS PER SHARE (CONTINUED)

(i) For purpose of calculating earnings per share, weighted average number of shares outstanding have been adjusted consequent to the share split disclosed in Note 11.

Diluted earnings per share
As the parent has no potential dilutive shares, the diluted EPS equals to basic EPS.

24 COMMITMENTS AND CONTINGENCIES

	2019 *QR*	*2018* *QR*
(a) Commitments		
Capital commitments	**68,833,677**	72,814,244
(b) Contingent liabilities		
Bank guarantees, corporate guarantees and documentary credits	**166,280,586**	135,317,518

25 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	***Operations***
Logistics operations	Storage, handling, packaging and transportation
Freight forwarding	Freight services through land, air and sea
Rentals	Rental income
Others	Fixed deposit income and other

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

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

25 SEGMENTAL INFORMATION (CONTINUED)

The following table represents the revenue and profit information regarding the Group's operating segments for the year:

31 December 2019	*Logistics QR*	*Freight forwarding QR*	*Rental QR*	*Other QR*	*Total QR*
External revenue	**776,457,407**	**437,001,314**	**8,377,776**	-	**1,221,836,497**
Inter-segment revenue	**58,850,892**	**22,904,135**	-	-	**81,755,027**
Segment revenue	**835,308,299**	**459,905,449**	**8,377,776**	-	**1,303,591,524**
Segment profit for the year	**190,923,906**	**25,476,362**	**8,115,196**	**24,995,695**	**249,511,159**
Interest income	-	-	-	**6,803,924**	**6,803,924**
Interest expense on borrowings	**(77,640,163)**	-	-	-	**(77,640,163)**
Interest expense on lease liabilities	**(10,948,536)**	**(1,614,789)**	-	-	**(12,563,325)**
Depreciation and amortization	**(133,330,758)**	**(12,912,002)**	-	-	**(146,242,760)**
Depreciation of right-of-use-assets	**(22,441,419)**	**(2,279,714)**	-	-	**(24,721,133)**
Reversal of impairment losses	**5,040,000**	**3,360,000**	-	-	**8,400,000**

31 December 2018	*Logistics QR*	*Freight forwarding QR*	*Rental QR*	*Other QR*	*Total QR*
External revenue	767,314,688	453,599,336	11,289,786	-	1,232,203,810
Inter-segment revenue	41,104,644	15,229,591	-	-	56,334,235
Segment revenue	808,419,332	468,828,927	11,289,786	-	1,288,538,045
Segment profit for the year (Restated)	178,773,767	26,826,694	11,034,186	10,938,775	227,573,422
Interest income	-	-	-	8,034,172	8,034,172
Interest expense on borrowings	(84,199,374)	-	-	-	(84,199,374)
Interest expense on lease liabilities	(11,325,234)	(1,670,278)	-	-	(12,995,512)
Depreciation and amortization	(149,762,224)	(10,975,123)	-	-	(160,737,347)
Depreciation of right-of-use-assets	(19,826,385)	(2,025,150)	-	-	(21,851,535)
Reversal of impairment losses	3,540,000	2,360,000	-	-	5,900,000

25 SEGMENTAL INFORMATION (CONTINUED)

The following table represents the assets and liabilities information regarding the Group's operating segments for the year:

Assets and liabilities	*31 December 2019*		*31 December2018 (Restated)*	
	Segment assets QR	*Segment liabilities QR*	*Segment assets QR*	*Segment liabilities QR*
Logistics operations	**3,450,349,215**	**1,888,924,119**	3,410,570,600	2,101,197,984
Freight forwarding	**196,481,473**	**91,445,959**	177,081,533	75,725,282
Rentals	**40,634,854**	**-**	37,522,065	-
Others	**171,150,180**	**86,190,420**	295,176,940	82,898,931
	3,858,615,722	**2,066,560,498**	3,920,351,138	2,259,822,197

26 FINANCIAL RISK MANAGEMENT

Objectives and policies

The Group's principal financial liabilities comprise of interest-bearing loans and trade and other payables. The main purpose of these financial liabilities is to manage Group's working capital requirements. The Group has various financial assets such as contract assets, trade receivables, refundable deposits, cash at bank and other receivables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are Credit risk, Liquidity risk, and Market risk. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group and to monitor risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty.

The Group's maximum exposure to credit risk as at the reporting date is the carrying amount of its financial assets, which are the following:

	2019 QR	*2018 QR*
Trade receivables	**259,073,852**	227,820,767
Contract assets	**91,683,235**	86,439,687
Other receivables	**24,917,450**	20,927,517
Refundable deposits	**18,251,000**	18,251,000
Cash at bank	**300,142,635**	424,856,212
	694,068,172	778,295,183

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Trade receivables

The Group renders services to around two thousand customers with its largest 5 customers accounting for 26% (2018: 17%) of its trade receivables. This significant concentration risk has been managed through enhanced monitoring and periodic tracking. The Group has a rigorous policy of credit screening prior to providing services on credit. Management evaluates the creditworthiness of each client prior to entering into contracts. Management also periodically reviews the collectability of its trade receivables and has a policy to provide any amounts whose collection is no longer probable and to write-off as bad debts any amounts whose recovery is unlikely. As a result, management believes that there is no significant credit risk on its trade receivables as presented on the consolidated statement of financial position.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively.

More than 67% of the Group's customers have been transacting with the Group since or prior to 2016, and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a Government or non-government entity, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

96% (2018: 96%) of the trade receivables are due from customers based locally. At 31 December 2019, the carrying amount of the Group's twenty most significant customers amounted to QR 160,320,112 (2018: QR 145,779,819).

At 31 December, the exposure to credit risk for trade receivables by type of counter party was as follows:

	2019	*2018*
	QR	*QR*
Government entities	**205,931,545**	141,690,466
Non-government entities	**95,376,921**	136,821,249
	301,308,466	278,511,715
Contract assets	**92,668,236**	87,368,354

The trade and other receivables are unrated except for Government customers.

The movements in the provision for impairment of trade receivables is disclosed in Note 9.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss rates are calculated separately for non- government receivables using a 'net flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Trade receivables (continued)
Loss rates are based on actual credit loss experience over the past three and half years. These rates are multiplied by forward looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Forward looking factors are based on actual and forecast macro-economic factors (primarily GDP) and is considered to be positive.

Past due are those amounts for which either the contractual or the "normal" payment date has passed.

The Group measure the expected credit losses on government customers (Trade receivables and contract assets) considering the Government credit rating.

Management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behavior and extensive analysis of customer credit base.

On that basis, the expected credit loss allowance as at 31 December was determined as follows for the trade receivables and contract assets:

31 December 2019	***Weighted average loss rate***	***Gross carrying amount QR***	***Loss allowance QR***
Non-government customers			
0-90 days	**1.53%**	**123,406,636**	**1,883,859**
90-180 days past due	**6.21%**	**31,354,411**	**1,947,983**
180- 270 days past due	**16.13%**	**6,657,124**	**1,073,920**
271- 360 days past due	**26.01%**	**3,850,087**	**1,001,552**
Above 360	**89.18%**	**40,663,287**	**36,263,119**
Government customers *	**0.07%**	**95,376,921**	**64,181**
Contract assets	**1.06%**	**92,668,236**	**985,001**
At 31 December		**393,976,702**	**43,219,615**

31 December 2018	*Weighted average loss rate*	*Gross carrying amount QR*	*Loss allowance QR*
Non-government customers			
0-90 days	0.81%	63,252,065	510,793
90-180 days past due	6.44%	21,943,568	1,413,807
180- 270 days past due	26.73%	5,239,213	1,400,696
271- 360 days past due	54.99%	8,642,351	4,752,383
Above 360	100%	42,613,269	42,613,269
Government customers*	-	136,821,249	-
Contract assets	1.06%	87,368,354	928,667
At 31 December		365,880,069	51,619,615

*As at 31 December 2019, The Group recognized provision for expected credit losses on its government customers amounting to QR 64,181 (2018: The expected credit loss on the government customers were immaterial)

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Trade receivables (continued)
Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Further, trade receivables do not bear interest.

The Group does not require collateral as security in respect of its trade receivables.

Cash at bank
The Group's cash at bank is held with banks that are independently rated by credit rating agencies as follows:

Credit ratings (by Moody's)	*2019* *QR*	*2018* *QR*
A1	**113,572,851**	128,590,013
A2	**186,361,021**	296,100,939
A3	**208,763**	165,260
At 31 December	**300,142,635**	424,856,212

Therefore, the Group's bank deposits are held with credit worthy and reputable banks with high credit ratings. As a result, management believes that credit risk in respect of these balances is minimal.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarizes the contractual undiscounted maturities of the Group's financial liabilities at the reporting date. The Group's financial liabilities include contractual interest payments.

31 December 2019

			Contractual cash flows		
Non-derivative financial liabilities	***Carrying amount***	***Total***	***1-12 months***	***1-5 years***	***More than 5 years***
Trade and other payables (i)	**114,014,649**	**(114,014,649)**	**(114,014,649)**	-	-
Bank loans (ii)	**1,507,987,683**	**(1,710,265,884)**	**(346,462,210)**	**(1,297,494,459)**	**(66,309,215)**
	1,622,002,332	**(1,824,280,533)**	**(460,476,859)**	**(1,297,494,459)**	**(66,309,215)**

31 December 2018

			Contractual cash flows		
Non-derivative financial liabilities	*Carrying amount*	*Total*	*1-12 months*	*1-5 years*	*More than 5 years*
Trade and other payables (i)	123,283,815	(123,283,815)	(123,283,815)	-	-
Bank loans (ii)	1,683,925,975	(1,978,488,258)	(301,815,576)	(1,418,730,808)	(257,941,874)
	1,807,209,790	(2,101,772,073)	(425,099,391)	(1,418,730,808)	(257,941,874)

(i) Excluding accruals and provisions
(ii) The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency. The Group is not exposed to significant foreign exchange risk as it primarily transacts in Qatari Riyal, which is the Group's presentation currency. Also, some transactions of the Group in the US Dollar, Bahrain Dinars, and UAE Dirhams bear no foreign currency risk as these currencies are pegged with the Qatari Riyal. Further, net balances in EURO are not considered to represent a significant currency risk. Management believes that the Group's exposure to currency risk is minimal.

Interest rate risk

Interest rate risk arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises mainly from interest bearing bank loans and bank deposits issued at variable rates, which expose it cash flow interest rate risk.

At 31 December 2019, if interest rates on Qatari Riyal-denominated interest-bearing assets and borrowings had been 1% (2018: 1%) higher/lower with all other variables held constant, post-tax profit for the year would have been QR 15,744,300 (2018: QR 16,839,260) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings. Therefore, management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base in order to support its business and to sustain future development of the business. Management monitors its capital structure and makes adjustments to it in light of economic conditions.

The Group monitors capital using a gearing ratio, which is calculated as net debt divided by total capital. The debt is calculated as total borrowings (non-current and current borrowings and bank overdrafts as shown on the statement of financial position) less cash and cash equivalents (excluding bank overdrafts). The total capital is calculated as "equity" as shown on the consolidated statement of financial position plus net debt.

	2019 *QR*	*2018* *QR*
Bank loans (Note 14)	**1,507,987,683**	1,683,925,975
Less: Cash and cash equivalents (Note 10)	**(201,780,843)**	(326,840,672)
Net debt	**1,306,206,840**	1,357,085,303
Total equity	**1,792,055,224**	1,660,528,941
Total capital	**3,098,262,064**	3,017,614,244
Gearing ratio	**42.16%**	44.97%

The Group's capital management policy remained unchanged since the previous year as well as the gearing ratio. The Group is not subject to any externally imposed capital requirements.

27 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets consist of contracts assets, trade receivables, refundable deposits, cash at bank and other receivables. Financial liabilities consist of interest-bearing and trade and other payables.

The Group has not disclosed the fair values as the fair values of financial instruments are not materially different from their carrying values.