

Gulf Warehousing Company Q.P.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2020**

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF GULF WAREHOUSING COMPANY (Q.P.S.C.)

Introduction

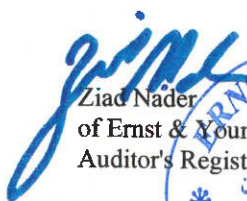
We have reviewed the accompanying interim condensed consolidated financial statements of Gulf Warehousing Company Q.P.S.C. (the "Company") and its subsidiaries (together referred to as the "Group"), as at 30 June 2020, which comprises of the interim consolidated statement of financial position as at 30 June 2020 and the related interim consolidated statements of profit or loss and other comprehensive income for the three and six month periods then ended, the interim consolidated statements of changes in equity and cash flows for the six month period then ended, and the related explanatory notes. The Board of Directors of the Company is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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


Ziad Nader
of Ernst & Young
Auditor's Registration No: 258
Doha
Date: 21 July 2020
Doha


The stamp is circular with "ERNST & YOUNG" at the top and "Doha" in the center. It contains the text "محاسبون قانونيون" (Chartered Accountants) and "البوابة 22-1" (Gate 22-1). The signature "Ziad Nader" is written over the stamp.

Gulf Warehousing Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

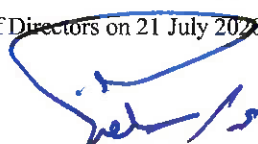
As at 30 June 2020

		30 June 2020 QR (Reviewed)	31 December 2019 QR (Audited)
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,411,898,082	2,451,035,402
Capital work-in-progress	7	209,380,672	126,668,784
Right -of-use of assets	8	230,792,934	315,273,403
Investment property	9	40,634,854	40,634,854
Intangible assets and goodwill		120,528,952	123,852,556
Refundable deposits		18,251,000	18,251,000
		<u>3,031,486,494</u>	<u>3,075,715,999</u>
Current assets			
Inventories		11,884,356	11,068,193
Trade and other receivables	10	546,422,943	470,050,687
Cash and cash equivalents	11	225,410,823	301,780,843
		<u>783,718,122</u>	<u>782,899,723</u>
TOTAL ASSETS		<u>3,815,204,616</u>	<u>3,858,615,722</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	586,031,480	586,031,480
Legal reserve	13	552,506,803	552,506,803
Retained earnings		649,296,733	656,844,078
Foreign currency translation reserve		(560,656)	(401,116)
		<u>1,787,274,360</u>	<u>1,794,981,245</u>
Equity attributable to owners of the parent		<u>1,787,274,360</u>	<u>1,794,981,245</u>
Non-controlling interests		(2,926,021)	(2,926,021)
		<u>1,784,348,339</u>	<u>1,792,055,224</u>
Liabilities			
Non-current liabilities			
Interest bearing loans	15	1,217,152,570	1,225,259,193
Lease liabilities	8	195,611,211	269,144,386
Employees' end of service benefits		48,673,685	45,593,697
		<u>1,461,437,466</u>	<u>1,539,997,276</u>
Current liabilities			
Interest bearing loans	15	293,062,939	282,728,490
Trade and other payables		260,803,713	221,350,256
Lease liabilities	8	15,552,159	22,484,476
		<u>569,418,811</u>	<u>526,563,222</u>
Total liabilities		<u>2,030,856,277</u>	<u>2,066,560,498</u>
TOTAL EQUITY AND LIABILITIES		<u>3,815,204,616</u>	<u>3,858,615,722</u>

These interim condensed consolidated financial statements were approved by the Board of Directors on 21 July 2020 and were signed on its behalf by:



Abdulla Fahad J J Al Thani
Chairman



Fahad Hamad J J Al Thani
Vice Chairman

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Gulf Warehousing Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six month periods ended 30 June 2020

	Notes	For the three month period ended 30 June		For the six month period ended 30 June	
		2020	2019	2020	2019
		QR (Reviewed)	QR (Reviewed)	QR (Reviewed)	QR (Reviewed)
Revenue	17	302,349,498	295,897,957	598,597,939	599,585,175
Cost of sales	18	(199,548,206)	(183,480,089)	(397,028,317)	(378,170,838)
Gross profit		102,801,292	112,417,868	201,569,622	221,414,337
Other income		44,430	1,089,601	183,781	1,215,740
General and administrative expenses	18	(27,338,900)	(28,741,278)	(58,996,807)	(57,027,658)
Operating profit		75,506,822	84,766,191	142,756,596	165,602,419
Finance costs, net	19	(16,296,730)	(21,778,875)	(33,097,645)	(43,068,024)
Profit for the period		59,210,092	62,987,316	109,658,951	122,534,395
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations		15,289	(4,838)	(159,540)	(383,964)
Total comprehensive income		59,225,381	62,982,478	109,499,411	122,150,431
Profit and total comprehensive income attributable to:					
Equity holders of the parent		59,225,381	62,982,478	109,499,411	122,150,431
Earnings per share:					
Basic and diluted earnings per share (Qatari Riyals)	20	0.10	0.11	0.19	0.21

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Gulf Warehousing Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2020

	Attributable to owners of the Company					
	Share capital QR	Legal reserve QR	Retained earnings QR	Foreign currency translation reserve QR	Non-controlling interests QR	Total equity QR
As at 1 January 2020 (Audited)	586,031,480	552,506,803	656,844,078	(401,116)	1,794,981,245	1,792,055,224
Profit for the period	-	-	109,658,951	-	109,658,951	109,658,951
Other comprehensive income	-	-	-	(159,540)	-	(159,540)
Total comprehensive income for the period	-	-	109,658,951	(159,540)	109,499,411	109,499,411
Dividends (Note 14)	-	-	(117,206,296)	-	(117,206,296)	(117,206,296)
Balance at 30 June 2020 (Reviewed)	586,031,480	552,506,803	649,296,733	(560,656)	1,787,274,360	1,784,348,339
As at 1 January 2019 (Audited)	586,031,480	552,506,803	593,663,204	-	1,732,201,487	1,729,275,466
Adjustment on initial application of IFRS 16	-	-	(68,746,525)	-	(68,746,525)	(68,746,525)
Restated balances as at 1 January 2019 (1)	586,031,480	552,506,803	524,916,679	-	1,663,454,962	1,660,528,941
Profit for the period	-	-	122,534,395	-	122,534,395	122,534,395
Other comprehensive income	-	-	-	(383,964)	-	(383,964)
Total comprehensive income for the period	-	-	122,534,395	(383,964)	122,150,431	122,150,431
Dividends (Note 14)	-	-	(111,345,981)	-	(111,345,981)	(111,345,981)
Balance at 30 June 2019 (Reviewed)	586,031,480	552,506,803	536,105,093	(383,964)	1,674,259,412	1,671,333,391

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

Gulf Warehousing Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2020

		<i>For the six month period ended 30 June</i>	
		<i>2020</i>	<i>2019</i>
		<i>QR</i>	<i>QR</i>
	<i>Notes</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
OPERATING ACTIVITIES			
Profit for the period		109,658,951	122,534,395
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	18	66,476,238	66,997,897
Depreciation of right-of-use-assets	18	9,143,519	12,310,630
Amortisation of intangible assets	18	3,323,604	3,833,522
Provision for expected credit losses	10	3,675,000	450,000
Loss/ (Profit) on sale of property, plant and equipment	6	74,757	(296,808)
Provision for employees' end of service benefits	18	4,542,792	5,697,424
Lease concessions related to Covid-19	8	(3,339,172)	-
Interest expense	19	30,724,528	40,187,860
Interest on lease liabilities	19	4,438,075	6,276,005
Interest income	19	(2,064,958)	(3,395,841)
Operating profit before working capital changes		226,653,334	254,595,084
<i>Working capital adjustments:</i>			
Inventories		(816,163)	23,463
Trade and other receivables		(83,848,466)	(23,403,178)
Trade and other payables		30,072,827	(28,156,793)
Cash flows from operating activities		172,061,532	203,058,576
Employees' end of service benefits paid		(1,462,804)	(725,223)
Net cash flows from operating activities		170,598,728	202,333,353
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(25,287,881)	(66,458,718)
Proceeds from disposal of property, plant and equipment	6	57,000	309,000
Payment towards capital work in progress		(82,681,584)	(15,731,284)
Interest received		5,746,417	5,873,667
Net movement in term deposits with original maturity over 90 days		100,000,000	-
Net cash flows used in investing activities		(2,166,048)	(76,007,335)
FINANCING ACTIVITIES			
Proceeds from interest bearing loans		97,012,083	7,500,000
Repayments of interest bearing loans		(94,784,257)	(86,489,744)
Payments of lease liability		(1,789,370)	(8,735,420)
Interest paid		(28,045,669)	(51,462,708)
Dividends paid	14	(117,206,296)	(111,345,981)
Net cash flows used in financing activities		(144,813,509)	(250,533,853)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		23,619,171	(124,207,835)
Net foreign exchange difference		10,809	1,266
Cash and cash equivalents at beginning of period		201,780,843	426,840,672
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	225,410,823	302,634,103

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020

1 CORPORATE INFORMATION

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

The interim condensed consolidated financial statements comprise the Company and its subsidiaries (collectively referred as the “Group” and individually as the “Group entities”).

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

Details of the Company’s operational subsidiaries are as follows:

<i>Name of entities</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Ultimate ownership interest</i>	
			<i>30 June 2020</i>	<i>31 December 2019</i>
Agility W.L.L.	State of Qatar	Logistics and transportation	100%	100%
GWC Logistics Holding L.L.C.	State of Qatar	Logistics and freight forwarding	100%	100%
GWC Marine Services W.L.L.	State of Qatar	Marine services	100%	100%
ION Shipping Services W.L.L.	State of Qatar	Shipping agent	100%	100%
ION Sea Freight W.L.L. (Formally known as GWC Sea Freight W.L.L.)	State of Qatar	Shipping Services	100%	100%
LEDD Technologies W.L.L.	State of Qatar	Information technology services	100%	100%
Prime Shipping Services W.L.L.	State of Qatar	Shipping agent	100%	100%
Qontrac Shipping Services W.L.L.	State of Qatar	Shipping agent	100%	100%
GWC Shipping Services W.L.L.	State of Qatar	Shipping agent	100%	100%
GWC Logistic S.P.C.	Kingdom of Bahrain	Operation and management of general warehouse	100%	100%
Qontrac Global Logistics B.V.	Netherlands	Logistics and freight forwarding	100%	100%
GWC Global Cargo & Transport L.L.C.	United Arab Emirates	Warehousing and transportation	100%	100%

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020

1 CORPORATE INFORMATION (CONTINUED)

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

Name of entities	Country of incorporation	Principal activity	Ultimate ownership interest	
			30 June 2020	31 December 2019
LEDD Technologies India Pvt. Ltd.	India	Information technology services	100%	100%
GWC Saudi Arabia –Branches in Riyadh, Dammam & Jeddah	Kingdom of Saudi Arabia	Preparation, development and management of warehouses	100%	100%
Gulf Warehousing Company Limited	Republic of Nigeria	Warehousing and transportation	100%	100%
GWC Chemicals W.L.L.	State of Qatar	Chemical trading and transportation	100%	100%
GWC Food Services W.L.L.	State of Qatar	Trading food	100%	100%
GWC Express W.L.L.	State of Qatar	Courier services	100%	100%
Prime Container Services W.L.L.	State of Qatar	Shipping services	100%	100%
GWC Investments W.L.L.	State of Qatar	Investment in shares, bonds and fund for owner of the registration	100%	-
Imdad Sourcing & Logistic Group W.L.L.	State of Qatar	Trading food and other consumables	51%	51%

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting” (“IAS 34”).

The interim condensed consolidated financial statements have been presented in Qatari Riyals (“QR”), which is the functional and presentation currency of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2019. In addition, the results for the six months ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 21 July 2020.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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

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

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

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

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

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, accordingly it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred from April 2020 to June 2020.

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

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

4 USE OF JUDGEMENTS AND ESTIMATES

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual consolidated financial statements.

Measurement of fair values

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

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

5 SEGMENTAL INFORMATION

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

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

Reportable segments

Logistics operations
Freight forwarding
Rentals
Others

Operations

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

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020

5 SEGMENTAL INFORMATION (CONTINUED)

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

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

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

Revenue / profit

	For the six month period ended 30 June 2020 (Reviewed)		
	Segment revenue		Segment profit QR
	External QR	Inter- segment QR	
Logistics operations	376,868,035	35,469,600	90,525,307
Freight forwarding	217,541,016	17,636,162	12,785,376
Rentals	4,188,888	-	4,099,529
Others	-	-	2,248,739
	<u>598,597,939</u>	<u>53,105,762</u>	<u>109,658,951</u>

Revenue / profit

	For the six month period ended 30 June 2019 (Reviewed)		
	Segment revenue		Segment profit QR
	External QR	Inter- segment QR	
Logistics operations	389,693,010	29,180,173	104,444,684
Freight forwarding	205,703,277	11,882,235	10,252,419
Rentals	4,188,888	-	4,057,488
Others	-	-	3,779,804
	<u>599,585,175</u>	<u>41,062,408</u>	<u>122,534,395</u>

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

Assets / liabilities

	30 June 2020 (Reviewed)		31 December 2019 (Audited)	
	Segment assets QR	Segment liabilities QR	Segment assets QR	Segment liabilities QR
Logistics operations	3,504,647,584	1,844,392,461	3,450,349,215	1,888,924,119
Freight forwarding	237,498,467	104,491,769	196,481,473	91,445,959
Rentals	40,634,854	-	40,634,854	-
Others	32,423,711	81,972,047	171,150,180	86,190,420
	<u>3,815,204,616</u>	<u>2,030,856,277</u>	<u>3,858,615,722</u>	<u>2,066,560,498</u>

6 PROPERTY, PLANT AND EQUIPMENT**Acquisitions**

During the six-month period ended 30 June 2020, the Group acquired assets with a cost of QR 25,287,881 (six-month period ended 30 June 2019: QR 66,458,718) to meet increased operational requirements of the Group.

Transfers

During the six-month period ended 30 June 2020, buildings and equipment with a cost of QR 2,182,794 (six-month period ended 30 June 2019: QR 10,396,414) were transferred to Property, plant and equipment from Capital work-in-progress (Note 7).

Disposals

During the six-month period ended 30 June 2020, the Group disposed assets with a cost of QR 208,197 having a carrying value of QR 131,757 resulting to a loss on disposal of QR 74,757 (six-month period ended 30 June 2019: the Group disposed assets with a cost of QR 3,574,021 having carrying value of QR 12,192 resulting to a profit on disposal of QR 296,808).

7 CAPITAL WORK-IN-PROGRESS

Capital work-in-progress represents the cost of assets under construction that are not available for use as at the reporting date. Capital work-in-progress comprises mainly the construction work in relation to Ras Laffan, Bufontas and Al Wukair projects. Upon completion, these assets are transferred to property, plant and equipment (Note 6).

The amount of borrowing costs capitalized during the six month period ended 30 June 2020 was QR 2,213,098 (six month period ended 30 June 2019: QR 54,689). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 4.5% per annum, which was the effective interest rate of the specific borrowing.

8 LEASES**Group as a lessee**

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

Set out below, are the carrying amounts of the Group's right-of-use assets and liabilities and the movements during the period:

<i>Right-of-use assets</i>	<i>Land QR</i>	<i>Building QR</i>	<i>Total QR</i>
As at 1 January 2019 (Audited)	316,153,215	23,022,507	339,175,722
Additions	-	818,814	818,814
Depreciation expense for the year	(14,316,672)	(10,404,461)	(24,721,133)
As at 31 December 2019 (Audited)	301,836,543	13,436,860	315,273,403
Impact from modification of leases (i)	(75,336,950)	-	(75,336,950)
Depreciation expense for the period (Note 18)	(5,309,208)	(3,834,311)	(9,143,519)
As at 30 June 2020 (Reviewed)	221,190,385	9,602,549	230,792,934

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020

8 LEASES (CONTINUED)

Group as a lessee (continued)

Lease liabilities

	<i>30 June 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
As at 1 January	291,628,862	296,635,452
Impact from modification of leases (i)	(75,336,950)	-
Lease concessions related to Covid-19 (ii)	(3,339,172)	-
Additions	-	818,814
Interest expense for the period/year (Note 19)	4,438,075	12,563,325
Payments	(6,227,445)	(18,388,729)
Balance as at end of the period/year	<u>211,163,370</u>	<u>291,628,862</u>
Current portion	<u>15,552,159</u>	<u>22,484,476</u>
Non-current portion	<u>195,611,211</u>	<u>269,144,386</u>

Note i:

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

Note ii:

As a consequence of the COVID -19 pandemic, the Group received lease concessions from the two landlords related to the lands located in the Ras Laffan area and Messaieed Industrial City for six months until September 2020. There are no other changes to the terms and conditions of the lease agreements. The Group decided to apply practical expedient as per IFRS 16 and elected not to assess whether a COVID-19 related lease concession from the landlord is a lease modification. Accordingly, the forgiven lease payments amounted to QR 3,339,172 for the three months ended 30 June 2020 was recognised as a negative variable lease expense in the profit or loss.

9 INVESTMENT PROPERTY

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

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

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10 TRADE AND OTHER RECEIVABLES

	30 June 2020 QR (Reviewed)	31 December 2019 QR (Audited)
Trade receivables	384,467,190	301,308,466
Contract assets	52,832,470	92,668,236
Less: Provision for expected credit losses	(27,575,276)	(43,219,615)
Trade receivables, net	409,724,384	350,757,087
Advances to suppliers	61,399,334	17,810,462
Prepayments	56,039,544	76,565,688
Other receivables	19,259,681	24,917,450
	<u>546,422,943</u>	<u>470,050,687</u>

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

	30 June 2020 QR (Reviewed)	31 December 2019 QR (Audited)
At 1 January (Audited)	43,219,615	51,619,615
Amount written off against provision	(19,319,339)	-
Provision for expected credit losses made (reversed) for the period / year (Note 18)	<u>3,675,000</u>	<u>(8,400,000)</u>
Balance as at end of the period/year	<u>27,575,276</u>	<u>43,219,615</u>

11 CASH AND CASH EQUIVALENTS

	30 June 2020 QR (Reviewed)	31 December 2019 QR (Audited)
Cash in hand	2,215,295	1,638,208
Cash at bank – current accounts (i)	201,490,873	126,443,032
Cash at bank – short-term deposit accounts (ii)	-	155,000,000
Cash at bank – restricted short-term deposit accounts (iii)	<u>21,704,655</u>	<u>18,699,603</u>
Bank balance and cash	225,410,823	301,780,843
Less: Term deposits with original maturity over 90 days	<u>-</u>	<u>(100,000,000)</u>
	<u>225,410,823</u>	<u>201,780,843</u>

- (i) Current account earns no interest.
- (ii) Deposits with an original maturity of less than 90 days are made for varying periods depending on the immediate cash requirements of the Group at commercial market rates.
- (iii) The restricted short-term deposit accounts include dividends declared but not yet claimed by the Company's shareholders.

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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12 SHARE CAPITAL

	30 June 2020 (Reviewed)		31 December 2019 (Audited)	
	No. of Shares	Value QR	No. of Shares	Value QR
<i>Authorized, issued and fully paid:</i>				
Ordinary shares of QR 1 each	<u>586,031,480</u>	<u>586,031,480</u>	<u>586,031,480</u>	<u>586,031,480</u>

13 LEGAL RESERVE

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

14 DIVIDENDS

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

A dividend of QR 111,345,981 (QR 1.9 per share) was proposed by the Board of Directors in respect of the Group profit for the year ended 31 December 2018, which was approved by the Company's shareholders at the Company's Annual General Meeting held on 4 February 2019.

15 INTEREST BEARING LOANS

	30 June 2020 QR (Reviewed)	31 December 2019 QR (Audited)
LVQ term loans	648,022,249	697,789,052
Bu Sulba term loans	673,304,639	714,693,922
Ras Laffan project loans	86,630,036	72,254,709
Al Wukair project loans	58,143,525	-
Ras Bufontas project term loan	44,115,060	23,250,000
	<u>1,510,215,509</u>	<u>1,507,987,683</u>

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

	30 June 2020 QR (Reviewed)	31 December 2019 QR (Audited)
Current portion	293,062,939	282,728,490
Non-current portion	<u>1,217,152,570</u>	<u>1,225,259,193</u>
	<u>1,510,215,509</u>	<u>1,507,987,683</u>

Gulf Warehousing Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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16 RELATED PARTY DISCLOSURES

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Outstanding balances at the period-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Transactions with related parties included in the interim consolidated statement of profit or loss and other comprehensive income are as follows:

	<i>Nature of relationship</i>	<i>For the six month period ended 30 June 2020 (Reviewed)</i>		<i>For the six month period ended 30 June 2019 (Reviewed)</i>	
		<i>Revenue QR</i>	<i>Purchase of services QR</i>	<i>Revenue QR</i>	<i>Purchase of services QR</i>
Agility network	Affiliate	3,619,984	17,356,531	3,750,613	15,034,116
Others	Affiliate	-	3,206,854	-	3,871,385

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

	<i>Nature of relationship</i>	<i>30 June 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
Receivable from Agility network	Affiliate	882,880	1,269,507
Payable to Agility network	Affiliate	5,834,864	6,047,953
Payable to others	Affiliate	319,251	312,196

Compensation of key management personnel

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

	<i>For the six month period ended 30 June</i>	
	<i>2020 QR (Reviewed)</i>	<i>2019 QR (Reviewed)</i>
<i>Short-term benefits</i>		
Key management remuneration	1,000,000	1,258,642
Board of Directors' remuneration	3,150,000	4,800,000
Employees' end of service benefits	75,000	75,000

Gulf Warehousing Company Q.P.S.C.

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17 REVENUE

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Revenue from contracts with customers	300,255,054	293,803,513	594,409,051	595,396,287
Rental income from investment property	2,094,444	2,094,444	4,188,888	4,188,888
	<u>302,349,498</u>	<u>295,897,957</u>	<u>598,597,939</u>	<u>599,585,175</u>

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major revenue streams. This is consistent with the revenue information that is disclosed for each reportable segment (See Note 5).

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition.

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
<i>Revenue from contracts with customers</i>				
Logistics operations	194,117,727	193,572,990	376,868,035	389,693,010
Freight forwarding	106,137,327	100,230,523	217,541,016	205,703,277
	<u>300,255,054</u>	<u>293,803,513</u>	<u>594,409,051</u>	<u>595,396,287</u>

Primary geographical markets

	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Local operations	280,042,842	275,129,924	558,597,591	559,287,580
Foreign operations	20,212,212	18,673,589	35,811,460	36,108,707
	<u>300,255,054</u>	<u>293,803,513</u>	<u>594,409,051</u>	<u>595,396,287</u>

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
<i>Major products and service lines</i>				
Warehouse management services	157,490,632	160,631,669	312,571,701	324,403,668
Freight forwarding services	97,885,098	92,285,833	201,772,271	189,473,054
Records management systems	13,659,270	13,537,539	28,445,775	29,954,091
International move and relocation services	14,019,312	9,604,287	19,892,587	20,102,983
Transport services	8,948,513	9,799,495	15,957,972	15,232,268
Courier services	8,252,229	7,944,690	15,768,745	16,230,223
	<u>300,255,054</u>	<u>293,803,513</u>	<u>594,409,051</u>	<u>595,396,287</u>

Timing of revenue recognition

	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Products and services transferred over time	194,117,727	193,572,990	376,868,035	389,693,010
Products transferred at a point in time	106,137,327	100,230,523	217,541,016	205,703,277
	<u>300,255,054</u>	<u>293,803,513</u>	<u>594,409,051</u>	<u>595,396,287</u>

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17 REVENUE (CONTINUED)

Disaggregation of revenue from contracts with customers (continued)

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

	<i>For the three month period ended 30 June 2020 (Reviewed)</i>		<i>For the three month period ended 30 June 2019 (Reviewed)</i>	
	<i>Logistics operations QR</i>	<i>Freight forwarding QR</i>	<i>Logistics operations QR</i>	<i>Freight forwarding QR</i>
Revenue				
External customer	194,117,727	106,137,327	193,572,990	100,230,523
Inter-segment	18,739,333	6,408,246	13,817,414	5,716,086
	<u>212,857,060</u>	<u>112,545,573</u>	<u>207,390,404</u>	<u>105,946,609</u>
Adjustments and eliminations	<u>(18,739,333)</u>	<u>(6,408,246)</u>	<u>(13,817,414)</u>	<u>(5,716,086)</u>
	<u>194,117,727</u>	<u>106,137,327</u>	<u>193,572,990</u>	<u>100,230,523</u>
	<i>For the six month period ended 30 June 2020 (Reviewed)</i>		<i>For the six month period ended 30 June 2019 (Reviewed)</i>	
	<i>Logistics operations QR</i>	<i>Freight forwarding QR</i>	<i>Logistics operations QR</i>	<i>Freight forwarding QR</i>
Revenue				
External customer	376,868,035	217,541,016	389,693,010	205,703,277
Inter-segment	35,469,600	17,636,162	29,180,173	11,882,235
	<u>412,337,635</u>	<u>235,177,178</u>	<u>418,873,183</u>	<u>217,585,512</u>
Adjustments and eliminations	<u>(35,469,600)</u>	<u>(17,636,162)</u>	<u>(29,180,173)</u>	<u>(11,882,235)</u>
	<u>376,868,035</u>	<u>217,541,016</u>	<u>389,693,010</u>	<u>205,703,277</u>

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18 EXPENSES BY NATURE

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Freight forwarding charges	70,745,466	63,225,358	146,373,266	133,298,026
Staff cost (i)	61,842,409	63,747,070	128,854,745	123,044,640
Depreciation of property, plant and equipment	33,316,620	30,522,626	66,476,238	66,997,897
Logistic costs	29,791,204	12,891,008	40,001,538	27,964,144
Repairs and maintenance	8,659,889	9,485,282	18,186,929	19,290,985
Depreciation of right-of-use-assets (Note 8)	4,339,455	6,185,442	9,143,519	12,310,630
Water and electricity	819,111	7,707,457	8,671,423	15,347,264
Insurance cost	3,720,662	1,972,665	6,807,922	4,091,601
Fuel cost	2,312,632	3,944,445	5,889,863	7,374,210
Provision for expected credit losses (Note 10)	2,975,000	225,000	3,675,000	450,000
Amortization of intangible assets	1,602,166	1,918,154	3,323,604	3,833,522
Board of Directors' remuneration (Note 16)	1,575,000	2,400,000	3,150,000	4,800,000
Legal and professional fees	1,243,005	1,440,158	3,034,739	2,621,103
Communication and postage	742,549	627,011	1,510,701	1,260,763
Manpower subcontract charges	534,469	764,226	1,117,727	1,333,776
Rent expense	561,450	181,120	892,500	200,620
Advertisement expenses	93,857	107,972	358,473	416,527
Lease concessions related to Covid-19 (Note 8)	(3,339,172)	-	(3,339,172)	-
Miscellaneous expenses	5,351,334	4,876,373	11,896,109	10,562,788
	<u>226,887,106</u>	<u>212,221,367</u>	<u>456,025,124</u>	<u>435,198,496</u>

(i) Staff cost includes a provision for employees' end of service benefits for the three month period ended 30 June 2020 QR 2,190,934 and for the six month period ended 30 June 2020 QR 4,542,792 (For the three month period ended 2019: QR 1,889,103 and for the six month period ended 2019: QR 5,697,424)

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

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Cost of sales	199,548,206	183,480,089	397,028,317	378,170,838
General and administrative expenses	27,338,900	28,741,278	58,996,807	57,027,658
	<u>226,887,106</u>	<u>212,221,367</u>	<u>456,025,124</u>	<u>435,198,496</u>

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19 FINANCE COSTS, NET

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Interest income on bank deposits	(894,253)	(1,513,526)	(2,064,958)	(3,395,841)
Interest expense on bank loans	14,972,310	20,149,215	30,724,528	40,187,860
Interest expense on lease liabilities	2,218,673	3,143,186	4,438,075	6,276,005
	<u>16,296,730</u>	<u>21,778,875</u>	<u>33,097,645</u>	<u>43,068,024</u>

20 EARNINGS PER SHARE

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

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period attributable to equity holders of the parent	<u>59,210,092</u>	<u>62,987,316</u>	<u>109,658,951</u>	<u>122,534,395</u>
Weighted average number of shares outstanding during the period	<u>586,031,480</u>	<u>586,031,480</u>	<u>586,031,480</u>	<u>586,031,480</u>
Basic and diluted earnings per share (expressed in QR per share)	<u>0.10</u>	<u>0.11</u>	<u>0.19</u>	<u>0.21</u>

Diluted earnings per share

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

21 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 June 2020 QR (Reviewed)</i>	<i>31 December 2019 QR (Audited)</i>
<i>(a) Commitments:</i>		
Capital commitments	<u>442,228,786</u>	<u>68,833,677</u>
<i>(b) Contingent liabilities:</i>		
Bank guarantees, corporate guarantees and documentary credits	<u>160,207,966</u>	<u>166,280,586</u>

22 EFFECT OF COVID 19

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

Further, the Group logistic operations are concentrated in economies that relatively depend on the oil and gas income. The outbreak of COVID-19 has had an impact on demand for oil and petroleum products. Recent global developments have caused further volatility in commodity markets.

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

The inputs and assumptions used for the expected credit loss calculation ("ECL") as at 30 June 2020 were updated by the Group to reflect the economic uncertainties resulted due to the COVID-19 and volatility in oil prices. The Group has adjusted the forward-looking macro-economic factors and probability weights assigned to economic scenarios for ECL determination to reflect the economic uncertainties. Given the level of uncertainty and the sensitivity of judgments and estimates, the assumptions will be reassessed if adverse conditions continue.

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

During the six month ended 30 June 2020, the Group has received rent concessions from two landlords. As discussed in Note 3, the Group has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfy the criteria. The application of the practical expedient has resulted in the reduction of total lease liabilities of QR 3,339,172 for the period ended 30 June 2020. The effect of this reduction has been recorded in profit or loss in the period in which the event or condition that triggers those payments occurs.

The Group has considered the potential impact on the presented non-financial assets due to the current economic volatility. The Group engages in essential services and significant logistics operations concentrated in the State of Qatar with long term customers. These are considered to represent management's best estimate based on the available or observable information. As the crisis evolves and the market conditions are unpredictable, the recorded amounts remain sensitive to market fluctuations.