GULF WAREHOUSING COMPANY Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2018

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

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Gulf Warehousing Company Q.P.S.C. (the "Company") and its subsidiaries (together with the Company, the "Group") as at 30 June 2018, the condensed consolidated statements of profit or loss and other comprehensive income for the three months and six months periods ended, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial statements (the "condensed consolidated interim financial statements"). The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2018 are not prepared, in all material respects, in accordance with IAS 34 .

19 July 2018
Doha
State of Qatar

Yacoub Hobeika
Qatar Auditors Registry Number 289
KPMG
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Gulf Warehousing Company Q.P.S.C.

Condensed consolidated statement of financial position
As at 30 June 2018 In Qatari Riyals

	Note	30 June 2018 (Reviewed)	31 December 2017 (1) (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,654,187,452	1,960,097,114
Capital work-in-progress	7	44,232,400	769,326,117
Investment property		37,397,470	37,397,470
Intangible assets and goodwill	8	135,190,872	118,906,733
		2,871,008,194	2,885,727,434
Current assets			
Inventories		10,332,426	10,829,337
Trade and other receivables	9	387,629,309	525,147,090
Cash and cash equivalents	10	344,518,986	351,816,004
		742,480,721	887,792,431
Total assets		**3,613,488,915**	3,773,519,865
EQUITY AND LIABILITIES			
Equity			
Share capital		586,031,480	586,031,480
Legal reserve		552,506,803	552,506,803
Retained earnings		479,723,346	497,017,101
Equity attributable to the owners of the Company		1,618,261,629	1,635,555,384
Non-controlling interest		(3,681,223)	(3,681,223)
Total equity		**1,614,580,406**	1,631,874,161
Liabilities			
Non-current liabilities			
Loans and borrowings	12	1,597,600,513	1,525,481,830
Provision for employees' end of service benefits		33,806,369	30,895,993
		1,631,406,882	1,556,377,823
Current liabilities			
Loans and borrowings	12	145,322,296	261,436,825
Trade and other payables		222,179,331	323,831,056
		367,501,627	585,267,881
Total liabilities		**1,998,908,509**	2,141,645,704
Total equity and liabilities		**3,613,488,915**	3,773,519,865

This condensed consolidated interim financial statements was approved by the Company's Board of Directors and were signed on its behalf on 19 July 2018 by:

Abdulla Fahad J J Al Thani
Chairman

Fahad Hamad J J Al Thani
Vice Chairman

(1) The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 4.

The notes on pages 6 to 20 form an integral part of these condensed consolidated interim financial statements.

Gulf Warehousing Company Q.P.S.C.

Condensed consolidated statement of profit or loss and other comprehensive income
For the three and six month periods ended 30 June 2018 In Qatari Riyals

		For the three-month period ended		For the six-month period Ended	
	Note	**30 June 2018 (Reviewed)**	30 June 2017 (1) (Reviewed)	**30 June 2018 (Reviewed)**	30 June 2017 (1) (Reviewed)
Revenue	15	310,413,901	232,208,408	622,058,120	454,984,009
Direct costs	16	(207,405,295)	(146,691,979)	(419,372,939)	(290,158,324)
Gross profit		103,008,606	85,516,429	202,685,181	164,825,685
Other income		4,193,709	3,669,364	8,258,835	7,446,237
Administrative and other expenses	16	(27,704,530)	(25,151,708)	(56,618,559)	(49,948,469)
Operating profit		**79,497,785**	64,034,085	**154,325,457**	122,323,453
Finance costs, net	17	**(20,541,687)**	(9,287,376)	**(38,663,203)**	(17,054,333)
Profit for the period		58,956,098	54,746,709	115,662,254	105,269,120
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		**58,956,098**	54,746,709	**115,662,254**	105,269,120
Profit and total comprehensive income attributable to:					
Owners of the Company		58,956,098	54,746,709	115,662,254	105,269,120
Basic and diluted earnings per share	18	**1.01**	0.93	**1.97**	1.80

(1) The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 4.

The notes on pages 6 to 20 form an integral part of these condensed consolidated interim financial statements.

Gulf Warehousing Company Q.P.S.C.

Condensed consolidated statement of changes in equity
For the six-month period ended 30 June 2018

In Qatari Riyals

	Share capital	Legal reserve [1]	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the Company					
Balance at 1 January 2017 (Audited)	586,031,480	552,506,803	380,706,676	1,519,244,959	(3,681,223)	1,515,563,736
Total comprehensive income for the period:						
Profit for the period	-	-	105,269,120	105,269,120	-	105,269,120
Transaction with owners of the Company:						
Dividends (Note 11)	-	-	(93,765,037)	(93,765,037)	-	(93,765,037)
Balance at 30 June 2017 (Reviewed)	586,031,480	552,506,803	392,210,759	1,530,749,042	(3,681,223)	1,527,067,819
Balance at 1 January 2018 (Audited) [2]	586,031,480	552,506,803	497,017,101	1,635,555,384	(3,681,223)	1,631,874,161
Adjustments on initial application of IFRS 9 (Note 4 (i))	-	-	(33,330,657)	(33,330,657)	-	(33,330,657)
Adjusted balance at 1 January 2018 (Audited)	586,031,480	552,506,803	463,686,444	1,602,224,727	(3,681,223)	1,598,543,504
Total comprehensive income for the period:						
Profit for the period	-	-	115,662,254	115,662,254	-	115,662,254
Transaction with owners of the Company:						
Dividends (Note 11)	-	-	(99,625,352)	(99,625,352)	-	(99,625,352)
Balance at 30 June 2018 (Reviewed)	**586,031,480**	**552,506,803**	**479,723,346**	**1,618,261,629**	**(3,681,223)**	**1,614,580,406**

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

(2) The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 4.

The notes on pages 6 to 20 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows
For the six-month period ended 30 June 2018 In Qatari Riyals

	Note	For the six-month period ended 30 June 2018 (Reviewed)	30 June 2017(1) (Reviewed)
Cash flows from operating activities			
Profit for the period		115,662,254	105,269,120
Adjustments for:			
Depreciation of property, plant and equipment	16	78,957,182	55,864,628
Amortisation of intangible assets	16	3,673,123	3,673,124
Provision/(reversal) for impairment of trade receivables	16	300,000	(1,378,000)
Gain on sale of property, plant and equipment	6	(439,884)	(242,012)
Provision for employees' end of service benefits	16	4,558,007	4,439,196
Interest income	17	(3,719,967)	(5,330,862)
Interest expense	17	42,383,170	22,385,195
		241,373,885	184,680,389
Change in:			
- Inventories		496,911	(1,133,967)
- Trade and other receivables		106,079,228	78,504,832
- Trade and other payables		(120,812,451)	(24,145,497)
Cash generated from operating activites		227,137,573	237,905,757
Employees' end of service benefits paid		(1,647,631)	(1,669,387)
Net cash from operating activities		**225,489,942**	236,236,370
Cash flows from investing activites			
Acquisition of property, plant and equipment	6	(29,207,416)	(16,378,277)
Acquisition of a subsidiary, net of cash acquired		(8,001,169)	-
Proceeds from sale of property, plant and equipment	6	465,000	438,250
Payments towards capital work-in-progress		(18,543,154)	(182,137,211)
Interest received		8,600,406	10,412,135
Net cash used in investing activities		**(46,686,333)**	(187,665,103)
Cash flows from financing activites			
Proceeds from borrowings	12	60,949,282	113,192,467
Repayment of borrowings	12	(104,945,128)	(90,566,194)
Interest paid		(42,479,429)	(48,179,272)
Dividends paid to the Company's shareholders	11	(99,625,352)	(93,765,037)
Net cash used in financing activities		**(186,100,627)**	(119,318,036)
Net decrease in cash and cash equivalents		**(7,297,018)**	(70,746,769)
Cash and cash equivalents at 1 January		351,816,004	488,636,917
Cash and cash equivalents at 30 June	10	**344,518,986**	417,890,148

(1) The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 4.

The notes on pages 6 to 20 form an integral part of these condensed consolidated interim financial statements.

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

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

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

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

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

Name of subsidiary	**Country of incorporation**	**Nature of business**	**Group effective shareholding %**	
			30 June 2018	31 December 2017
Agility W.L.L.	State of Qatar	Logistics and transportation	100%	100%
GWC Global Cargo & Transport L.L.C.	United Arab Emirates	Warehousing and transportation	100%	100%
GWC Logistic S.P.C.	Kingdom of Bahrain	Operation and management of general warehouse support services of	100%	100%
GWC Logistics Holding L.L.C.	State of Qatar	Logistics and freight forwarding	100%	100%
LEDD Technologies W.L.L.	State of Qatar	technology services and solutions provider	100%	-
Qontrac Global Logistics B.V, Group	Netherlands	Logistics and freight forwarding	100%	-

2. BASIS OF ACCOUNTING

Statement of compliance

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

This is the first set of the Group's financial statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are described in Note 4.

These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on 19 July 2018.

3. USE OF JUDGEMENTS AND ESTIMATES

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

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

Measurement of fair values

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

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

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the last annual consolidated financial statements.

The changes in accounting policies are also expected to be reflected in the last annual consolidated financial statements.

Changes in accounting policies

During the current period, there were a number of new International Financial Reporting Standards ("IFRS" or "standards") and amendments interpretations to standards that became effective for the first time for financial periods beginning on 1 January 2018, but only the IFRS 15 "Revenue from Contracts with Customers" and the IFRS 9 "Financial Instruments" had a material effect on the Group's condensed consolidated interim financial statements as explained below.

IFRS 15 "Revenue from contracts with customers"

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

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

Based on an assessment performed by the Company's management, the potential impact on the Group's condensed consolidated statement of financial position as at 30 June 2018 and its condensed consolidated statement of profit or loss and other comprehensive income for the six month-period then ended is insignificant. Consequently, there were no adjustments as at 1 January 2018.

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

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

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies (continued)

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

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

IFRS 9 "Financial instruments"

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

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

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

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

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

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

On initial recognition a financial asset is classified as:

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

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

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

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

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies (continued)

IFRS 9 "Financial instruments" (continued)

(ii) Impairment of financial assets

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

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

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

Presentation of impairment

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

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

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies (continued)

IFRS 9 "Financial instruments" (continued)

(ii) Impairment of financial assets (continued)

Impact of the new impairment model

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

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

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

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

(iii) Transition

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

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

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

The adoption of the above amendments to standards had no significant impact on the condensed consolidated interim financial statements.

5. OPERATING SEGMENTS

The Group has three strategic divisions, which are reportable segments. These divisions offer different services, and are managed by the Company's management separately for the purpose of making decisions about resource allocation and performance assessment.

The following segment describes the operations of each reportable segment:

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

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

There are varying levels of integration between Logistics and Freight forwarding segments. Inter-segment pricing is determined on an arm's length basis.

5. OPERATING SEGMENTS (CONTINUED)

The following table presents revenue and profit information regarding the Group's operating segments for the six month period ended 30 June 2018:

Revenue / profit	**For the six month period ended 30 June 2018 (Reviewed)**		For the six month period ended 30 June 2017 (Reviewed)	
	Segment revenue	Segment profit	Segment revenue	Segment profit
Logistics operations				
Warehouse management service	352,254,955	87,346,687	274,088,822	79,676,974
Transport services	15,899,303	5,542,102	22,759,839	1,976,702
Freight forwarding				
Freight Forwarding services	236,884,711	10,872,495	152,002,651	10,835,463
International Move and Relocation Services (IMRS)	17,019,151	1,579,646	6,132,697	258,551
Others				
Others	-	10,321,324	-	12,521,430
	622,058,120	**115,662,254**	454,984,009	105,269,120

The following table presents the assets and liabilities of the Group's operating segments as at 30 June 2018:

	30 June 2018 (Reviewed)		31 December 2017 (Audited)	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Logistics operations	3,179,656,256	1,833,133,129	3,239,852,247	1,974,203,622
Freight forwarding	177,563,259	76,737,673	176,496,476	76,586,795
Others	256,269,400	89,037,707	357,171,142	90,855,287
	3,613,488,915	**1,998,908,509**	3,773,519,865	2,141,645,704

6. PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the six month-period ended 30 June 2018, the Group acquired assets with a cost of QR 29,207,416 (six month-period ended 30 June 2017: QR 16,378,277) to meet increased operational requirements of the Group.

Transfers

Builldings and equipment amounting to QR 743,636,871 in relation to the Logistics Village Qatar (LVQ) Phase V and the Bu-sulba Project were trasnferred to Property, plant and equipment from Capital work-in-progress (Note 7).

Disposals

During the six-month period ended 30 June 2018, the Group disposed assets with a cost of QR 6,446,485 having a carrying value of QR 25,116 resulting to a profit on disposal of QR 439,884 (six month period ended 30 June 2017: the Group disposed assets with a cost of QR 2,205,533 having carrying value of QR 196,238 resulting to a profit on disposal of QR 242,012)

7. CAPITAL WORK-IN-PROGRESS

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

The amount of borrowing costs capitalized during the six-month period ended 30 June 2018 was QR 1,416,181 (six month-period ended 30 June 2017: QR 19,356,690). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 4.70% per annum (six months period ended 30 June 2017: 4.25%), which is the effective interest rate of the specific borrowing.

8. INTANGIBLE ASSETS AND GOODWILL

	30 June 2018 (Reviewed)	**31 December 2017** (Audited)
Net book value at beginning of the period/year	118,906,733	126,252,975
Goodwill arisen from acquisition of a subsidiary (Note 14)	19,957,262	-
Amortisation for the period/year	(3,673,123)	(7,346,242)
Net book value at the end of the period/year	**135,190,872**	118,906,733

Intangible assets and goodwill includes goodwill arisen from acquisition of a subsidiary company in Netherlands. Refer Note 14.

9. TRADE AND OTHER RECEIVABLES

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Trade receivables	357,607,971	328,002,466
Less: Provision for impairment of trade receivables (1)	(58,124,102)	(24,493,445)
Trade receivables, net	299,483,869	303,509,021
Advances made to suppliers	11,040,123	27,417,260
Accrued revenue	14,995,134	75,914,231
Prepayments	49,745,511	99,534,353
Other receivables	12,364,672	18,772,225
	387,629,309	525,147,090

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

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
At 31 December 2017/ 31 December 2016 (Audited)	24,493,445	22,156,970
Adjustments on intial application of IFRS 9 (Note 4)	33,330,657	-
Adjusted balance at 1 January	57,824,102	22,156,970
Provision made	300,000	2,336,475
At 30 June / 31 December	**58,124,102**	24,493,445

10. CASH AND CASH EQUIVALENTS

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Cash in hand	1,153,816	1,193,460
Cash at bank - current accounts (1)	115,495,858	48,391,443
Cash at bank - deposit account (2)	210,000,000	290,000,000
Cash at bank – restricted deposit accounts (3)	17,869,312	12,231,101
	344,518,986	351,816,004

(1) Current accounts earn no interest.

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

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

11. DIVIDENDS

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

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

12. LOANS AND BORROWINGS

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Balance at 1 January 2018 (Audited)					1,786,918,655
New issues					
LVQ term loans	QAR	5.25%	2027	13,334,417	13,334,417
Bu-sulba term loans	QAR	5.25%	2027	47,614,864	47,614,865
					60,949,282
Repayments					
LVQ term loans	QAR	3.50% - 5.25%	-	(64,677,926)	(64,677,926)
Bu-sulba term loans	QAR	4% - 5.25%	-	(29,938,557)	(29,938,557)
Other project loans	QAR	4.50% - 5.25%	-	(2,286,460)	(2,286,460)
Other term loans	QAR	5.10%	-	(8,042,185)	(8,042,185)
					(104,945,128)
Balance at 30 June 2018 (Reviewed)					**1,742,922,809**

As at 30 June 2018 the above loans are mortgaged against buildings with a carrying value of QR 2,004,572,782 (Note 6) and Projects in progress of QR 34,592,710 (Note 7).

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

	30 June 2018	31 December 2017
	(Reviewed)	(Audited)
Current portion	145,322,296	261,436,825
Non-current portion	1,597,600,513	1,525,481,830
	1,742,922,809	1,786,918,655

13. RELATED PARTIES

Related party transactions

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

		For the six month period ended	
		30 June 2018	30 June 2017
Name of related party	**Nature of transactions**	**(Reviewed)**	(Reviewed)
Agility network	Revenue	**5,813,154**	14,850,836
Agility network	Purchase of services	**12,382,271**	10,552,995

Related party balances

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

	30 June 2018	31 December 2017
	(Reviewed)	(Audited)
Receivable from Agility network	**618,381**	3,142,364
Payable to Agility network	**3,527,587**	5,750,632

Compensation of key management personnel

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

	For the six-month period ended	
	30 June 2018	30 June 2017
	(Reviewed)	(Reviewed)
Short-term benefits	**1,200,000**	1,020,000
Employees' end of service benefits	**141,362**	41,885

14. BUSINESS COMBINATION

On 25 April 2018, the Group signed a Sale Purchase Agreement ("SPA") with effect from 1 January 2018 to acquire 100% of the issued share capital and voting rights of a company based in the Netherlands that operates within the service segment. The objective of the acquisition is to further increase the Group's market share in providing logistic services.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	30 June 2018
	(Reviewed)
Total Consideration (1)	21,316,630
Less: Provisional fair value of identifiable net assets acquired (2)	(1,359,368)
Goodwill arising on acquisition	**19,957,262**

14. BUSINESS COMBINATION (CONTINUED)

(1) Total consideration is the total amount to be paid on acquistion of shares of the subsidiary company as per the SPA agreement dated 25 April 2018. QR 17,053,304 (80%) of total consideration is paid by cash and QR 4,263,326 (20%) is payable as at 30 June 2018.

(2) The assets and liabilities acquired are required to be measured at their acquisition-date fair values. The fair values of the identifiable assets and liabilities have been recognised on a provisional basis, as the Group is in the process of finalising the Purchase Price Allocation (PPA) exercise.

15. REVENUE

	For the three-month period ended		**For the six-month period ended**	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017
	(Reviewed)	(Reviewed)	**(Reviewed)**	(Reviewed)
Warehouse management service	174,282,706	141,985,357	352,254,955	274,088,822
Transport services	8,481,236	11,889,014	15,899,303	22,759,839
Freight Forwarding services	122,887,399	75,228,369	236,884,711	152,002,651
International Move and Relocation Services (IMRS)	4,762,560	3,105,668	17,019,151	6,132,697
	310,413,901	232,208,408	**622,058,120**	454,984,009

16. EXPENSES BY NATURE

	For the three-month period ended		For the six-month period ended	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017
	(Reviewed)	(Reviewed)	**(Reviewed)**	(Reviewed)
Logistic costs	7,392,351	11,055,824	28,080,612	22,014,959
Freight forwarding charges	93,821,505	50,839,315	182,606,516	104,818,268
Staff cost (1)	55,794,562	46,715,458	110,992,444	93,508,073
Depreciation of property, plant and equipment	39,654,638	30,126,945	78,957,182	55,864,628
Board of Directors' remuneration	2,325,000	2,100,000	4,650,000	4,200,000
Manpower subcontract charges	1,716,153	2,065,249	2,193,912	2,387,503
Amortization of intangible assets	1,836,561	1,836,562	3,673,123	3,673,124
(Reversal of provision) / Provision made for impairment on trade receivables (Note 9)	300,000	300,000	300,000	(1,378,000)
Repairs and maintenance	9,277,831	8,082,958	18,113,794	16,420,206
Legal and professional fees	1,116,935	851,028	2,727,734	1,504,485
Rent expense	685,875	735,375	1,421,250	1,487,250
Fuel cost	3,990,758	4,083,195	7,491,146	8,641,875
Water and electricity	8,462,067	6,137,992	17,198,118	10,539,078
Insurance cost	1,583,687	1,539,410	3,290,714	3,057,872
Communication and postage	594,936	578,947	1,185,731	1,118,411
Advertisement expenses	257,137	285,332	476,826	862,891
Travelling expenses	718,355	354,764	997,394	498,203
License and registration fees	786,076	625,134	1,369,653	1,289,173
Other expenses	4,795,398	3,530,199	10,265,349	9,598,794
	235,109,825	171,843,687	**475,991,498**	340,106,793

(1) Staff cost includes a provision of QR 4,558,007 (2017: QR 4,439,196) in respect of employees' end of service benefits.

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

	For the three-month period ended		For the six-month period ended	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017
	(Reviewed)	(Reviewed)	**(Reviewed)**	(Reviewed)
Direct costs	207,405,295	146,691,979	419,372,939	290,158,324
Administrative and other expenses	27,704,530	25,151,708	56,618,559	49,948,469
	235,109,825	171,843,687	**475,991,498**	340,106,793

17. FINANCE COSTS, NET

	For the three-month period ended		For the six-month period ended	
	30 June 2018 (Reviewed)	30 June 2017 (Reviewed)	**30 June 2018 (Reviewed)**	30 June 2017 (Reviewed)
Interest income on bank deposits	(1,629,937)	(2,852694)	(3,719,967)	(5,330,862)
Interest expense on loans and borrowings	22,171,624	12,140,070	42,383,170	22,385,195
	20,541,687	9,287,376	**38,663,203**	17,054,333

18. EARNINGS PER SHARE

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

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

	For the three-month period ended		For the six-month period ended	
	30 June 2018 (Reviewed)	30 June 2017 (Reviewed)	**30 June 2018 (Reviewed)**	30 June 2017 (Reviewed)
Net profit for the period attributable to owners of the Company	58,956,098	54,746,709	115,662,254	105,269,120
Weighted average number of shares	58,603,148	58,603,148	58,603,148	58,603,148
Basic and diluted earnings per share	**1.01**	0.93	**1.97**	1.80

19. CONTINGENCIES AND COMMITMENTS

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Letters of guarantee	29,761,856	29,651,800
Performance bonds	84,248,778	149,452,494
	114,010,634	179,104,294

The Group has entered into capital commitments relating to certain construction contracts amounting to QR 77,050,000 (31 December 2017: QR 67,500,000).

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

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Less than one year	11,035,669	10,288,804
Between one and five years	47,377,774	40,370,932

More than five years	109,958,662	93,651,669
	168,372,105	144,311,405

20. COMPARATIVE FIGURES

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

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