

**Qatar Navigation Q.P.S.C.**

**UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2018**

Qatar Navigation Q.P.S.C.  
**INTERIM CONSOLIDATED INCOME STATEMENT**  
For the three months ended 31 March 2018

	Notes	<i>For the three months ended 31</i>	
		<i>March</i>	
		<i>2018</i>	<i>2017</i>
		<i>(Unaudited)</i>	
		<i>QR'000</i>	<i>QR'000</i>
Operating revenues	3	<b>697,759</b>	647,962
Salaries, wages and other benefits		<b>(137,173)</b>	(128,923)
Operating supplies and expenses		<b>(226,063)</b>	(206,421)
Rent expenses		<b>(4,610)</b>	(4,323)
Depreciation and amortisation		<b>(80,289)</b>	(87,690)
Other operating expenses		<b>(46,787)</b>	(35,637)
<b>OPERATING PROFIT</b>		<b>202,837</b>	184,968
Finance costs		<b>(41,603)</b>	(49,597)
Finance income		<b>19,596</b>	43,431
Gain (loss) on disposal of property, vessels and equipment		<b>1,332</b>	(6)
Share of results of associates		<b>67,496</b>	60,194
Share of results of joint arrangements		<b>46,866</b>	23,909
Net gain (loss) on foreign exchange		<b>2,800</b>	(700)
Impairment of vessels and capital work in progress		<b>(40,582)</b>	(21,897)
Impairment of investments		-	(20,936)
Miscellaneous income	4	<b>1,025</b>	20,101
<b>PROFIT FOR THE PERIOD</b>		<b>259,767</b>	239,467
<i>Attributable to:</i>			
Equity holders of the parent		<b>259,782</b>	236,208
Non-controlling interest		<b>(15)</b>	3,259
		<b>259,767</b>	239,467
<b>BASIC AND DILUTED EARNINGS PER SHARE</b> (attributable to equity holders of the parent ) (expressed in QR per share)	5	<b>2.29</b>	2.08

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.P.S.C.  
 INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
 For the three months ended 31 March 2018

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		<i>For the three months ended 31</i>	
		<i>March</i>	
		<i>2018</i>	<i>2017</i>
		<i>(Unaudited)</i>	
	<i>Note</i>	<i>QR'000</i>	<i>QR'000</i>
Profit for the period		<u>259,767</u>	<u>239,467</u>
<b>Other comprehensive income:</b>			
Net movement in hedging reserve	6	<u>125,959</u>	5,111
Net gain (loss) on non-current financial investments	6	<u>21,521</u>	<u>(54,603)</u>
Other comprehensive income (loss) for the period		<u>147,480</u>	<u>(49,492)</u>
<b>Total comprehensive income for the period</b>		<u><b>407,247</b></u>	<u><b>189,975</b></u>
<i>Attributable to:</i>			
Equity holders of the parent		<u>407,262</u>	186,774
Non-controlling interest		<u>(15)</u>	<u>3,201</u>
		<u><b>407,247</b></u>	<u><b>189,975</b></u>

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

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Qatar Navigation Q.P.S.C.  
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
At 31 March 2018

	<i>Notes</i>	<b>31 March 2018 (Unaudited) QR'000</b>	<b>31 December 2017 (Audited) QR'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, vessels and equipment	7	4,234,201	4,196,429
Investment property	8	1,284,171	1,277,575
Intangible assets		165,714	168,315
Investment in joint ventures		930,562	883,124
Investment in associates		5,060,061	5,041,236
Non-current financial investments		3,442,292	3,423,915
Loans granted to LNG companies		184,911	183,604
Other assets		27,052	28,706
		<u>15,328,964</u>	<u>15,202,904</u>
<b>Current assets</b>			
Inventories		119,121	106,777
Trade and other receivables		801,179	917,845
Financial assets at fair value through profit or loss		438,135	523,208
Investment in term deposits	9	1,010,249	1,680,694
Cash and cash equivalents		1,351,897	373,943
		<u>3,720,581</u>	<u>3,602,467</u>
<b>Total Assets</b>		<u>19,049,545</u>	<u>18,805,371</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Attributable to equity holders of the parent</b>			
Share capital		1,145,252	1,145,252
Treasury shares		(73,516)	(73,516)
Legal reserve		4,693,986	4,693,986
General reserve		623,542	623,542
Fair value reserve		3,153,568	3,190,158
Hedging reserve		173,391	47,432
Retained earnings		3,807,590	3,915,860
<b>Equity attributable to equity holders of the parent</b>		<u>13,523,813</u>	<u>13,542,714</u>
Non-controlling interest		61,997	69,100
<b>Total equity</b>		<u>13,585,810</u>	<u>13,611,814</u>

*The consolidated statement of financial position continues on the next page.*

Qatar Navigation Q.P.S.C.  
 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)  
 At 31 March 2018

	<i>31 March 2018 (Unaudited) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	2,104,205	3,039,548
Advance from a customer	120,958	123,672
Provision for employees' end of service benefits	<u>102,461</u>	<u>101,104</u>
	<u>2,327,624</u>	<u>3,264,324</u>
<b>Current liabilities</b>		
Trade and other payables	884,249	558,210
Loans and borrowings	<u>2,251,862</u>	<u>1,371,023</u>
	<u>3,136,111</u>	<u>1,929,233</u>
<b>Total liabilities</b>	<u>5,463,735</u>	<u>5,193,557</u>
<b>Total Equity And Liabilities</b>	<u>19,049,545</u>	<u>18,805,371</u>

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 Jassim bin Hamad bin Jassim Al Thani  
 Chairman

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 Abdulrahman Essa A.E. Al-Mannai  
 President and Chief Executive Officer

**Qatar Navigation Q.P.S.C.**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the three months ended 31 March 2018

	<i>For the three months ended 31</i>	
	<i>March</i>	
	<i>2018</i>	<i>2017</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	259,767	239,467
Adjustment for:		
Depreciation and amortisation	80,289	87,690
Finance costs	41,603	49,597
(Gain) loss on disposal of property, vessels and equipment	(1,332)	6
Share of results of associates	(67,496)	(60,194)
Share of results of joint arrangements	(46,866)	(23,909)
Provision for employees' end of service benefits	5,366	3,090
Finance income	(19,596)	(43,431)
Dividend income	(164,918)	(124,754)
Impairment of investments	-	20,936
Impairment of vessels and capital work in progress	40,582	21,897
Net fair value (gain) loss on financial assets at fair value through profit or loss	(403)	11,806
Gain on disposal of investments	(3,620)	(2,936)
Operating profit before working capital changes:	123,376	179,265
Inventories	(12,344)	(17,873)
Trade and other receivables	157,716	(71,265)
Trade and other payables	(74,543)	(1,359)
Cash flows from operating activities	194,205	88,768
Employees' end of service benefits paid	(2,625)	(2,030)
Net cash flows from operating activities	191,580	86,738
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, vessels and equipment	(148,912)	(8,759)
Dividend income	164,918	124,754
Finance income	19,596	43,431
Proceeds from disposal of property, vessels and equipment	1,454	1
Purchases of investment properties	(13,837)	(63,019)
Addition to intangibles	(10)	(102)
Net movement in loans granted to LNG companies	(1,307)	4,117
Purchase of investment securities	(3,063)	(17,901)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	7,301
Proceeds from disposal of financial assets at fair value through profit or loss	93,305	16,775
Additional investment in an associate	(1,020)	-
Dividends received from associates	168,000	168,000
Net cash flows from investing activities	279,124	274,598

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.P.S.C.  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
For the three months ended 31 March 2018

		<i>For the three months ended 31</i>	
		<i>March</i>	
		<i>2018</i>	<i>2017</i>
		<i>(Unaudited)</i>	
<i>Notes</i>		<i>QR'000</i>	<i>QR'000</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	Dividends paid	-	(397,658)
11	Dividends paid to non-controlling interests	(7,088)	-
	Net movement in loans and borrowings	(54,504)	(252,493)
	Finance costs paid	(41,603)	(49,597)
	Net movement in term deposits maturing after 90 days	<u>670,445</u>	<u>(215,487)</u>
	Net cash flows from (used in) financing activities	<u>567,250</u>	<u>(915,235)</u>
	<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,037,954</b>	<b>(553,899)</b>
	Cash and cash equivalents at 1 January	<u>313,943</u>	<u>1,102,860</u>
	<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b><u>1,351,897</u></b>	<b><u>548,961</u></b>
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The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

**Qatar Navigation Q.P.S.C.**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the three months ended 31 March 2018

	<i>Attributable to the equity holders of the Parent</i>							<i>Non-controlling interest</i>	<i>Total</i>	
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Fair value reserve</i>	<i>Hedging reserve</i>	<i>Retained earnings</i>			<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Balance at 31 December 2017 (Audited)	1,145,252	(73,516)	4,693,986	623,542	3,190,158	47,432	3,915,860	13,542,714	69,100	13,611,814
Adjustment on initial application of IFRS 9 (Note 2 (2.2))					(57,312)		28,807	(28,505)	-	(28,505)
Restated balance at 1 January 2018	<u>1,145,252</u>	<u>(73,516)</u>	<u>4,693,986</u>	<u>623,542</u>	<u>3,132,846</u>	<u>47,432</u>	<u>3,944,667</u>	<u>13,514,209</u>	<u>69,100</u>	<u>13,583,309</u>
Profit for the period	-	-	-	-	-	-	259,782	259,782	(15)	259,767
Other comprehensive income	-	-	-	-	21,521	125,959	-	147,480	-	147,480
Total comprehensive (loss) income	-	-	-	-	21,521	125,959	259,782	407,262	(15)	407,247
Dividends paid (Note 11)	-	-	-	-	-	-	(397,658)	(397,658)	(7,088)	(404,746)
Transfer of reserves on disposal of non-current financial investments	-	-	-	-	(799)	-	799	-	-	-
<b>Balance at 31 March 2018 (Unaudited)</b>	<b><u>1,145,252</u></b>	<b><u>(73,516)</u></b>	<b><u>4,693,986</u></b>	<b><u>623,542</u></b>	<b><u>3,153,568</u></b>	<b><u>173,391</u></b>	<b><u>3,807,590</u></b>	<b><u>13,523,813</u></b>	<b><u>61,997</u></b>	<b><u>13,585,810</u></b>
	<i>Attributable to the equity holders of the Parent</i>									
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Legal Reserve</i>	<i>General reserve</i>	<i>Fair value reserve</i>	<i>Hedging reserve</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Non-controlling interest</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Balance at 1 January 2017 (Audited)	1,145,252	(73,516)	4,693,986	623,542	4,064,661	(122,720)	3,855,436	14,186,641	55,322	14,241,963
Profit for the period	-	-	-	-	-	-	236,208	236,208	3,259	239,467
Other comprehensive (loss) income	-	-	-	-	(54,545)	5,111	-	(49,434)	(58)	(49,492)
Total comprehensive (loss) income	-	-	-	-	(54,545)	5,111	236,208	186,774	3,201	189,975
Dividends paid (Note 11)	-	-	-	-	-	-	(397,658)	(397,658)	-	(397,658)
Balance at 31 March 2017 (Unaudited)	<u>1,145,252</u>	<u>(73,516)</u>	<u>4,693,986</u>	<u>623,542</u>	<u>4,010,116</u>	<u>(117,609)</u>	<u>3,693,986</u>	<u>13,975,757</u>	<u>58,523</u>	<u>14,034,280</u>

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.



**Qatar Navigation Q.P.S.C.**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
As at and for the period ended 31 March 2018

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**1 REPORTING ENTITY**

Qatar Navigation Q.P.S.C. (the “Company”) or (the “Parent”) was incorporated on 5 July 1957 as a Qatari Shareholding Company, with the Commercial Registration number 1 issued by the Ministry of Economy and Commerce. The registered office of the Company is located in Doha, State of Qatar. The shares of the Company are publicly traded at the Qatar Exchange since 26 May 1997.

The principal activities of the Group, which remain unchanged from the previous year, include the provision of marine transport, acting as agent to foreign shipping lines, offshore services, sale of heavy vehicles, ship repair, fabrication and installation of offshore structures, land transport, chartering of vessels, real estate, investments in listed and unlisted securities, trading of aggregates, building materials and the operation of a travel agency.

The interim condensed consolidated financial statements of the Group were authorized for issue by the Board of Directors on 29 April 2018.

The interim condensed consolidated financial statements include the financial statements of the Company and of its subsidiaries (the “Group”) for the three months ended 31 March 2018.

The Company has the following subsidiaries as at the current and the comparative reporting dates:

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Group effective shareholding</i>	
			<i>31 March 2018</i>	<i>31 December 2017</i>
Qatar Shipping Company W.L.L.	Qatar	Chartering of vessels and maritime services	<b>100%</b>	100%
Halul Offshore Services W.L.L.	Qatar	Chartering of vessels offshore services	<b>100%</b>	100%
Qatar Quarries and Building Materials Company Q.P.S.C. (i)	Qatar	Trading in building materials	<b>50%</b>	50%
Gulf Shipping Investment Company W.L.L.	Qatar	Cargo handling	<b>100%</b>	100%
Qatar Shipping Company (India) Private Limited	India	Own, Hire, Purchase, Sale, Operate and manage all types of ships	<b>100%</b>	100%
Ocean Marine Services W.L.L.	Qatar	Cargo handling, offshore support services	<b>100%</b>	100%
Halul United Business Services L.L.C.	Saudi	Offshore services	<b>100%</b>	100%
Milaha Trading Company W.L.L.	Qatar	Trading in industrial materials	<b>100%</b>	100%
Navigation Travel & Tourism W.L.L.	Qatar	Travel agency	<b>100%</b>	100%
Navigation Trading Agencies W.L.L.	Qatar	Trading in heavy equipment	<b>100%</b>	100%

**Qatar Navigation Q.P.S.C.**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
As at and for the period ended 31 March 2018

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**1 REPORTING ENTITY (CONTINUED)**

The Company had the following active subsidiaries as at the current and the comparative reporting dates:  
(continued):

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Group effective shareholding</i>	
			<i>31 March 2018</i>	<i>31 December 2017</i>
Navigation Marine Service Center W.L.L	Qatar	Marine services	100%	100%
Milaha Capital W.L.L.	Qatar	Investments	100%	100%
Milaha Real Estate Services W.L.L	Qatar	Real estate maintenance	100%	100%
Milaha Maritime and Logistics Integrated W.L.L.	Qatar	Maritime and logistic services	100%	100%
Milaha Ras Laffan Verwaltungs GMBH	Germany	Managing the business activities of KG companies	100%	100%
Milaha Qatar Verwaltungs GMBH	Germany	Managing the business activities of KG companies	100%	100%
Milaha Real Estate Investment W.L.L	Qatar	Real estate services	100%	100%
Milaha for Petroleum and Chemical Product W.L.L.	Qatar	Shipping services	100%	100%
Milaha Ras Laffan Gmbh & Co. KG (KG1)	Germany	LNG transportation	100%	100%
Milaha Qatar Gmbh & Co. KG (KG2)	Germany	LNG transportation	100%	100%
Qatar Shipping Company (France)	France	Investments	100%	100%
Milaha Offshore Holding Co. PTE LTD	Singapore	Offshore support services	100%	100%
Milaha Explorer PTE LTD	Singapore	Offshore support services	100%	100%
Milaha Offshore Services Co PTE LTD	Singapore	Offshore support services	100%	100%
Milaha (FZC) L.L.C.	Oman	Logistic services	100%	100%

- (i) The Group controls Qatar Quarries Building Materials Company Q.P.S.C. through its power to control that company's Board of Directors.

**Qatar Navigation Q.P.S.C.**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
As at and for the period ended 31 March 2018

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**1 REPORTING ENTITY (CONTINUED)**

The Company's shareholding in the above subsidiaries are the same as the Group effective shareholding except for the following material subsidiaries:

<i>Name of subsidiary</i>	<i>Company's ownership percentage</i>	
	<i>31 March 2018</i>	<i>31 December 2017</i>
Halul Offshore Services Company W.L.L.	<b>50%</b>	50%
Qatar Quarries and Building Materials Company Q.P.S.C.	<b>25%</b>	25%
Milaha Trading Company W.L.L.	<b>99.5%</b>	99.5%
Milaha Capital W.L.L.	<b>99.5%</b>	99.5%
Milaha Maritime and Logistics Integrated W.L.L.	<b>99.5%</b>	99.5%

The Company also had the following inactive subsidiaries as at the current and the comparative reporting dates:

<i>Name of subsidiary</i>	<i>Company's ownership percentage</i>	
	<i>31 March 2018</i>	<i>31 December 2017</i>
Milaha Technical & Logistics Services W.L.L	<b>100%</b>	100%
Milaha Offshore Support Services Company W.L.L	<b>99.5%</b>	99.5%
Milaha for Petroleum and Chemical Product W.L.L	<b>99.5%</b>	99.5%
Milaha Warehousing W.L.L	<b>100%</b>	100%
Milaha Capital Real Estate Complex W.L.L	<b>100%</b>	100%
Milaha for Ships and Boats W.L.L	<b>100%</b>	100%
Milaha Ship Management & Operation Company W.L.L	<b>100%</b>	100%
Halul Ship Management & Operation W.L.L	<b>100%</b>	100%
Halul 49 L.L.C.	<b>100%</b>	100%
Halul 68 L.L.C.	<b>100%</b>	100%
Halul 69 L.L.C.	<b>100%</b>	100%
Halul 70 L.L.C.	<b>100%</b>	100%
Halul 71 L.L.C.	<b>100%</b>	100%
Halul 80 L.L.C.	<b>100%</b>	100%
Halul 81 L.L.C.	<b>100%</b>	100%
Halul 82 L.L.C.	<b>100%</b>	100%
Halul 83 L.L.C.	<b>100%</b>	100%
Halul 90 L.L.C.	<b>100%</b>	100%
Halul 100 L.L.C.	<b>100%</b>	100%
Halul 101 L.L.C.	<b>100%</b>	100%

All subsidiaries undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent do not differ from the proportion of the ordinary shares held.

The Company also had the following registered branch in Dubai as at the current and the comparative reporting dates:

<b>Name of branch</b>	<b>Principal activity</b>
Qatar Navigation (Dubai Branch)	Marine services

The results and the assets and liabilities of the above branch have been combined in the consolidated financial statements of the Group.

## 2 BASIS OF PREPARATION

### 2.1 Basis of preparation

The interim condensed consolidated financial statements are prepared in Qatari Riyals (“QR”), which is the Group’s functional and presentation currency and all values are rounded to the nearest thousands (QR’000) except otherwise indicated.

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 2017.

### 2.2 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 financial statements for the year ended 31 December 2017, except for the adoption of the new standards and interpretations effective as of 1 January 2018. The Group has not early adopted any of the standards issued, which are yet to be effective.

The group applies, for the first time IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*. The nature and effect of these changes are disclosed 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 replaces IAS 18 Revenue and related interpretations and IAS 11 Construction Contracts.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group’s various services are set out below.

Type of services	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy.
Chartering of vessels	Revenue from chartering of vessels, equipment and others are recognised on an accrual basis in accordance with the terms of the contract entered into with customers.	IFRS 15 did not have a significant impact on the Group’s accounting policies
Sales of goods and services:	Revenue from sales of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Revenue from rendering of services are recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date.	IFRS 15 did not have a significant impact on the Group’s accounting policies.  Services contract, revenues are now recognised based on milestones delivered and not on a completion basis.
Cargo transport and container barge income:	The value of all work invoiced during the year as adjusted for uncompleted trips. Attributable profit on uncompleted trips is accounted for on a percentage of completion basis after making due allowance for future estimated losses.	IFRS 15 did not have a significant impact on the Group’s accounting policies
Shipping agency income:	Shipping agency income is recognised on the completion of all supply requirements for vessels.	IFRS 15 did not have a significant impact on the Group’s accounting policies
Loading, clearance and land transport income:	Loading, clearance and land transport income is recognised only after completion of these services.	IFRS 15 did not have a significant impact on the Group’s accounting policies

#### 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 (i) below).

**2 BASIS OF PREPARATION (CONTINUED)**

**2.2 New standards, interpretations and amendments adopted by the Group (Continued)**

Line item impacted in the financial statements	As reported at 31 December 2017 <i>QR'000</i>	Adjustment due to adoption of IFRS 9 <i>QR'000</i>	Adjusted opening balances as at 1 January 2018 <i>QR'000</i>
Trade and other receivables	441,966	(25,742)	416,224
Fair value reserve	3,190,158	(57,312)	3,132,846
Available-for-sale investments	3,423,915	(2,763)	3,421,152
Retained earnings	3,915,860	28,807	3,944,667

(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.

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.

Under IFRS 9, 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 following accounting policies apply to the subsequent measurement of financial assets.

The Group has financial assets at amortised cost which are amortized using the effective interest method. The amortised costs is reduced by the impairment lossess (see below 2 (ii)).

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

Unquoted equity securities that were classified as available for sale financial assets under IAS 39 are now classified at FVOCI – equity instrument as per IFRS 9. These equity securities represent investments that the Group intends to hold for the long term strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss. Consequently, an amount of QR 55 million which had been reclassified to the income statement in prior years were reversed from fair value reserve to the opening retained earnings at 1 January 2018 on transition to IFRS 9.

(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.

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 including forward-looking information.

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost as per IFRS 9. An increase of QR 25,742 million in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

**2 BASIS OF PREPARATION (CONTINUED)**

**2.2 New standards, interpretations and amendments adopted by the Group (Continued)**

*Impairment of financial assets (continued)*

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full.

**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 other operating expenses in the condensed consolidated statement of profit or loss.

**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 25,742 million.

The Following table 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 QR'000	Loss allowance QR'000	Credit impaired QR'000
Current (not past due)	3.06%	186,452	5,713	-
90 days past due	8.35%	64,875	5,415	-
90 - 180 days past due	27.57%	21,104	5,818	-
180-270 days past due	40.83%	6,241	2,548	-
270-360 days past due	69.55%	4,224	2,938	-
More than 360 days	100%	37,188	-	37,188

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using the cumulative effect method. The Group has adopted the 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.

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**3 OPERATING REVENUES**

The operating revenues consist of the activities of the following Pillars:

	<i>Three months ended 31 March</i>	
	<i>2018</i>	<i>2017</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Milaha Capital	241,149	204,090
Milaha Maritime and Logistics	225,692	160,113
Milaha Offshore	127,028	134,733
Milaha Trading	28,892	48,554
Milaha Gas and Petrochem	74,998	100,472
	<b>697,759</b>	<b>647,962</b>

**4 MISCELLANEOUS INCOME**

This represents compensation for the early termination of four vessels related to the Gas and petrochemical segment for the period ended 31 March 2017.

**5 BASIC AND DILUTED EARNINGS PER SHARE**

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

	<i>Three months ended 31 March</i>	
	<i>2018</i>	<i>2017</i>
	<i>(Unaudited)</i>	
Net profit for the period attributable to equity holders of the parent (QR'000)	<b>259,782</b>	236,208
Weighted average number of shares (000's)	<b>113,616</b>	113,616
<b>Basic and diluted earnings per share (QR)</b>	<b>2.29</b>	2.08

The weighted average numbers of shares have been calculated as follows:

	<i>Three months ended 31 March</i>	
	<i>2018</i>	<i>2017</i>
	<i>(Unaudited)</i>	
Total number of shares outstanding (000's)	114,525	114,525
Adjustment for weighted average shares with respect to treasury shares purchased during the year 2013 (000's) (Note)	(909)	(909)
Weighted average numbers of shares during the period (000's)	<b>113,616</b>	113,616

*Note:*

This represents the investment of 908,725 shares in the Parent Company, Qatar Navigation Q.P.S.C., by one of the subsidiaries during the year ended 31 December 2013.

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**6 COMPONENTS OF OTHER COMPREHENSIVE INCOME**

	<i>Three months ended 31 March</i>	
	<i>2018</i>	<i>2017</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
<b>Movements of other comprehensive income</b>		
<b>Cash flow hedges</b>		
Movement during the period	10,264	1,804
Group share of net movement in associates	115,695	3,307
<b>Total effect on other comprehensive income resulting from cashflow hedges</b>	<b>125,959</b>	<b>5,111</b>
<b>Non-current financial investments</b>		
Net movement during the period	18,908	(52,304)
Group share of net movement in associates	2,613	(2,299)
<b>Total effect on other comprehensive income resulting from non-current financial investments</b>	<b>21,521</b>	<b>(54,603)</b>

**7 PROPERTY, VESSELS AND EQUIPMENT**

	<i>31 March</i>	<i>31 December</i>
	<i>2018</i>	<i>2017</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Net book value, beginning balance	4,196,429	4,861,611
Additions	148,912	205,256
Disposals and write off	(122)	(302,585)
Transfers and reclassifications	(4,553)	(496)
Impairment of vessels and capital work-in-progress	(40,582)	(283,339)
Depreciation charge for the period/ year	(65,883)	(284,018)
Net book value, ending balance	<b>4,234,201</b>	<b>4,196,429</b>

**8 INVESTMENT PROPERTY**

	<i>31 March</i>	<i>31 December</i>
	<i>2018</i>	<i>2017</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Net book value, beginning balance	1,277,575	1,140,646
Additions	13,837	164,642
Depreciation charge for the period/ year	(11,794)	(27,783)
Transfers and reclassifications	4,553	70
Net book value, ending balance	<b>1,284,171</b>	<b>1,277,575</b>



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**9 INVESTMENTS IN TERM DEPOSITS**

	<i>31 March 2018 (Unaudited) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Term deposits with banks	1,451,499	1,680,694
<i>Less:</i> Term deposits maturing before 90 days	<u>(441,250)</u>	<u>-</u>
Term deposits maturing after 90 days (i)	<u><u>1,010,249</u></u>	<u><u>1,680,694</u></u>

*Notes:*

- (i) Short-term deposits earn interests at market rates and these are with an original maturity of over 90 days.  
(ii) Short term deposits have been predominantly financed using loans and borrowings.

**10 CASH AND CASH EQUIVALENTS**

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<u><i>Three months ended 31 March</i></u>	
	<i>2018</i>	<i>2017</i>
	<i>(Unaudited)</i>	
	<u><i>QR'000</i></u>	<u><i>QR'000</i></u>
Cash in hand	4,013	3,214
Cash at bank – term deposits (i)	441,250	250,473
Cash at bank – current accounts	<u>906,634</u>	<u>295,274</u>
	<u><u>1,351,897</u></u>	<u><u>548,961</u></u>

- (i) Represents deposits with an original maturity of less than 90 days with commercial market rates.

**11 DIVIDENDS**

**Dividend proposed and paid for the year 2017**

The Board of Directors had proposed a 35% cash dividend of QR 3.5 per share totaling QR 398 million for the year 2017 which was approved by the equity holders at the Annual General Assembly held on 18 March 2018.

**Dividend declared and paid:**

	<i>2018 QR'000</i>	<i>2017 QR'000</i>
Final Dividend (i)	<u>397,658</u>	<u>397,658</u>
(i) Dividends for the year 2017 were paid subsequent to the reporting date.		

**12 CONTINGENT LIABILITIES**

At 31 March 2018 and 31 December 2017, the Group had letters of guarantees and letters of credit from which it anticipates that no material liabilities will arise amounted to:

	<i>31 March 2018 (Unaudited) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Letters of guarantees	796,893	877,990
Letters of credits	<u>17,953</u>	<u>37,234</u>
	<u><u>814,846</u></u>	<u><u>915,224</u></u>

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**13 FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Financial instruments comprise of financial assets, financial liabilities and derivative financial instruments.

Financial assets consist of bank balances, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, financial assets at amortized cost, loans granted to LNG companies and certain other receivables. Financial liabilities consist of bank overdrafts, loans and borrowings and certain other payables. Derivative financial instruments consist of interest rate swaps. As at the reporting date the carrying values of the financial assets and financial liabilities were not materially different to the fair values.

**14 RELATED PARTY DISCLOSURES**

The following table provides the total amount of transactions that have been entered into with related parties during the three months ended 31 March 2018 and 2017, as well as balances with related parties as at 31 March 2018 and 31 December 2017:

**Related party transactions**

	<i>Three months ended 31 March</i>			
	<i>2018</i>		<i>2017</i>	
	<i>Sales</i>	<i>Purchases</i>	<i>Sales</i>	<i>Purchases</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Associate companies	<b>811</b>	-	872	26

**Related party balances**

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

	<i>31 March 2018</i>		<i>31 December 2017</i>	
	<i>Trade</i>	<i>Trade</i>	<i>Trade</i>	<i>Trade</i>
	<i>receivables</i>	<i>payables</i>	<i>receivables</i>	<i>payables</i>
	<i>(Unaudited)</i>		<i>(Audited)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Joint ventures	<b>62,803</b>	-	135,657	-
Associate companies	<b>685</b>	-	9,969	-
Directors	<b>1,796</b>	<b>45</b>	821	71
	<b>65,284</b>	<b>45</b>	146,447	71

**Compensation of directors and other key management personnel**

The accrued remuneration of directors and the paid salaries and allowances to members of key management during the period was as follows:

	<i>Three months ended 31</i>	
	<i>March</i>	
	<i>2018</i>	<i>2017</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Salaries and allowances	<b>3,403</b>	3,373
Provision for employees' end of service benefits	<b>294</b>	221
Board of directors remuneration	<b>3,488</b>	3,488
	<b>7,185</b>	7,082

## **15 COMPARATIVE INFORMATION**

The comparative figures for the previous period have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassification do not affect the previously reported net profits, net assets or equity.

## **16 SEGMENT INFORMATION**

Group is organised into six pillars as follows, which constitute five reportable segments (strategic divisions):

- Milaha Capital - provides corporate finance advisory services to Parent and its subsidiaries, in addition to managing its proprietary portfolio of financial and real estate investments and holding the investment of Qatar Quarries and Building Material Company Q.P.S.C
- Milaha Maritime & Logistics - delivers a comprehensive range of services to major importers, exporters and shipping companies in the region, including oil & gas majors. The activities include logistics services, container feeder shipping, NVOCC operations, bulk shipping, shipping agencies, port management and operations, shipyard and steel fabrication.
- Milaha Offshore - provides comprehensive offshore support services to the oil and gas industry across the region. The Company currently operates a fleet of offshore service vessels, which include safety standby vessels, anchor handling tugs, crew boats, workboats and dynamic positioning (DP) vessels. It provides a complete range of diving services including saturation diving.
- Milaha Trading – engaged in trading trucks, heavy equipment, machinery and lubrication brands in Qatar. The segment markets its products and provides critical after sales service. Milaha Trading also owns and operates an IATA-approved travel agency, one of the oldest in the State of Qatar.
- Milaha Gas and Petrochem – owns, manages and operates a fleet of LPG and LNG carriers and provides ocean transportation services to international energy and industrial companies. It further owns and manages a fleet of product tankers and crude carrier. The segment also operates a number of product tankers in partnership with international trading and shipping companies.
- Milaha Corporate provides necessary services to all the pillars to run their respective business. These services are costs of management, corporate development and communications, internal audit, legal affairs, shared services, information technology, procurement, human resources and administration and finance. The costs are subsequently allocated. Adjustments with respect to Milaha Corporate represent costs captured and subsequently allocated to various business pillars by way of a laid down methodology.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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16 SEGMENT INFORMATION (CONTINUED)

Three months period ended 31 March 2018 (Unaudited)

	Milaha Capital QR'000	Milaha Maritime and Logistics QR'000	Milaha Offshore QR'000	Milaha Trading QR'000	Milaha Gas and Petrochem QR'000	Adjustments relating to Milaha Corporate QR'000	Total segments QR'000	Adjustments and eliminations QR'000	Consolidated QR'000
Operating revenues	254,830	255,569	105,940	78,858	96,086	-	791,283	(93,524) (i)	697,759
Salaries, wages and other benefits	(2,226)	(33,435)	(38,987)	(4,338)	(26,003)	(32,184)	(137,173)	-	(137,173)
Operating supplies and expenses	(38,659)	(155,983)	(27,034)	(70,502)	(12,513)	(947)	(305,638)	79,575 (i)	(226,063)
Rent expenses	(1,671)	(11,573)	(2,015)	(501)	(272)	(2,380)	(18,412)	13,802 (i)	(4,610)
Depreciation and amortisation	(14,379)	(7,275)	(26,989)	(227)	(30,581)	(838)	(80,289)	-	(80,289)
Other operating expenses	(1,687)	(10,509)	(18,136)	(1,569)	(6,617)	(8,416)	(46,934)	147 (i)	(46,787)
Allocations relating to fleet and technical services	-	(8,496)	-	-	8,496	-	-	-	-
Allocations relating to Milaha Corporate	(4,183)	(20,300)	(7,871)	(3,821)	(8,600)	44,775	-	-	-
<b>OPERATING PROFIT</b>	<b>192,025</b>	<b>7,998</b>	<b>(15,092)</b>	<b>(2,100)</b>	<b>19,996</b>	<b>10</b>	<b>202,837</b>	<b>-</b>	<b>202,837</b>
Finance costs	(10,373)	(7,563)	(14,082)	-	(12,490)	-	(44,508)	2,905 (i)	(41,603)
Finance income	15,161	1	3,664	269	3,406	-	22,501	(2,905) (i)	19,596
Gain on disposal of property, vessels and equipment	-	250	27	87	968	-	1,332	-	1,332
Share of results of associates	165	587	-	-	66,744	-	67,496	-	67,496
Share of results of joint arrangements	-	52,373	-	-	(5,507)	-	46,866	-	46,866
Net gain (loss) on foreign exchange	3,072	(122)	(111)	72	(101)	(10)	2,800	-	2,800
Impairment of contract work in progress	-	-	-	-	(40,582)	-	(40,582)	-	(40,582)
Miscellaneous income	359	1	-	-	665	-	1,025	-	1,025
<b>PROFIT FOR THE PERIOD</b>	<b>200,409</b>	<b>53,525</b>	<b>(25,594)</b>	<b>(1,672)</b>	<b>33,099</b>	<b>-</b>	<b>259,767</b>	<b>-</b>	<b>259,767</b>

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16 SEGMENT INFORMATION (CONTINUED)

Three months period ended 31 March 2017 (Unaudited)

	<i>Milaha Capital QR'000</i>	<i>Milaha Maritime and Logistics QR'000</i>	<i>Milaha Offshore QR'000</i>	<i>Milaha Trading QR'000</i>	<i>Milaha Gas and Petrochem QR'000</i>	<i>Adjustments relating to Milaha Corporate QR'000</i>	<i>Total segments QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Consolidated QR'000</i>
Operating revenues	209,931	190,914	134,917	67,135	100,687	-	703,584	(55,622) (i)	647,962
Salaries, wages and other benefits	(1,711)	(29,833)	(42,374)	(3,805)	(23,722)	(27,478)	(128,923)	-	(128,923)
Operating supplies and expenses	(43,507)	(115,095)	(24,510)	(57,046)	(14,582)	(1,064)	(255,804)	49,383 (i)	(206,421)
Rent expenses	(910)	(2,073)	(2,500)	(569)	(981)	(3,265)	(10,298)	5,975 (i)	(4,323)
Depreciation and amortisation	(8,860)	(15,618)	(28,384)	(226)	(33,752)	(850)	(87,690)	-	(87,690)
Other operating expenses	(2,807)	(4,286)	(12,919)	(808)	(8,335)	(6,746)	(35,901)	264 (i)	(35,637)
Allocations relating to fleet and technical services	-	(9,638)	-	-	9,638	-	-	-	-
Allocations relating to Milaha Corporate	(3,600)	(17,262)	(7,694)	(3,748)	(7,103)	39,407	-	-	-
<b>OPERATING PROFIT</b>	<b>148,536</b>	<b>(2,891)</b>	<b>16,536</b>	<b>933</b>	<b>21,850</b>	<b>4</b>	<b>184,968</b>	<b>-</b>	<b>184,968</b>
Finance costs	(27,572)	(2,780)	(7,537)	-	(12,739)	(1)	(50,629)	1,032 (i)	(49,597)
Finance income	39,069	1	14	758	4,623	(2)	44,463	(1,032) (i)	43,431
Loss on disposal of property, vessels and equipment	-	-	-	(6)	-	-	(6)	-	(6)
Share of results of associates	(214)	31	-	-	60,377	-	60,194	-	60,194
Share of results of joint arrangements	-	30,376	-	-	(6,467)	-	23,909	-	23,909
Net (loss) gain on foreign exchange	(148)	(171)	(105)	68	(343)	(1)	(700)	-	(700)
Impairment of contract work in progress	-	-	(21,897)	-	-	-	(21,897)	-	(21,897)
Impairment of investments	(20,936)	-	-	-	-	-	(20,936)	-	(20,936)
Miscellaneous income	174	1	-	-	19,926	-	20,101	-	20,101
<b>PROFIT FOR THE PERIOD</b>	<b>138,909</b>	<b>24,567</b>	<b>(12,989)</b>	<b>1,753</b>	<b>87,227</b>	<b>-</b>	<b>239,467</b>	<b>-</b>	<b>239,467</b>

Note:

(i) Inter-segment revenues are eliminated on consolidation.