

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

**UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**30 SEPTEMBER 2013**

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2013

	Note	<i>For the nine months ended</i>	
		<i>30 September</i>	
		<i>2013</i>	<i>2012</i>
		<i>(Unaudited)</i>	
		<i>QR'000</i>	<i>QR'000</i>
			<i>(Restated)</i>
Operating revenues	2	1,692,357	1,695,858
Salaries, wages and other benefits	2	(431,257)	(398,214)
Operating supplies and expenses	2	(421,933)	(548,137)
Rent expenses		(42,016)	(41,900)
Depreciation and amortisation		(168,736)	(190,507)
Other operating expenses	2	(59,451)	(80,634)
<b>OPERATING PROFIT</b>		<b>568,964</b>	436,466
Finance costs		(36,608)	(36,041)
Finance income	2	49,348	46,455
Gain on disposal of property, vessels and equipment		11,238	4,583
Share of results of associates		177,010	171,638
Share of results of joint ventures	2	4,509	8,575
Miscellaneous income		1,707	11,599
Impairment of available-for-sale investments		(600)	(4,802)
<b>PROFIT FOR THE PERIOD</b>		<b>775,568</b>	638,473
<i>Attributable to:</i>			
Shareholders of the parent		778,007	637,435
Non-controlling interest		(2,439)	1,038
		<b>775,568</b>	638,473
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>			
<i>(attributable to shareholders of the parent</i>			
<i>expressed in QR per share)</i>		<b>6.81</b>	5.57

The attached notes 1 to 5 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	<i>Notes</i>	<b>30 September 2013 (Unaudited) QR'000</b>	<b>31 December 2012 (Audited) QR'000 (Restated)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, vessels and equipment	2	3,106,682	3,093,906
Investment properties		713,681	647,382
Intangible assets		60,096	42,941
Investment in joint ventures	2	148,114	135,123
Investment in associates		4,282,408	3,752,395
Available-for-sale investments		3,318,112	2,782,940
Loans to LNG and LPG companies	2	522,533	844,798
Notes receivable		2,367	1,914
		<u>12,153,993</u>	<u>11,301,399</u>
<b>Current assets</b>			
Inventories		179,241	162,092
Accounts receivable and prepayments	2	743,357	576,165
Financial investments at fair value through profit or loss		612,868	489,290
Bank balances and cash	2	1,483,507	1,551,713
		<u>3,018,973</u>	<u>2,779,260</u>
<b>TOTAL ASSETS</b>		<u>15,172,966</u>	<u>14,080,659</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	3	(55,165)	-
Legal reserve		4,693,986	4,693,986
General reserve		623,542	623,542
Fair value reserve		3,355,929	2,859,694
Hedging reserve		(417,077)	(935,224)
Retained earnings		2,684,643	2,336,105
		<u>12,031,110</u>	<u>10,723,355</u>
Equity attributable to equity holders of the parent		<u>12,031,110</u>	<u>10,723,355</u>
Non-controlling interest		55,124	57,468
<b>Total equity</b>		<u>12,086,234</u>	<u>10,780,823</u>

*Continued*

The attached notes 1 to 5 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2013

	<i>30 September 2013 (Unaudited) QR'000</i>	<i>31 December 2012 (Audited) QR'000 (Restated)</i>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings	1,402,530	1,770,398
Advance from a customer	187,497	187,497
Employees' end of service benefits	82,720	69,943
Obligation under finance leases	-	300
	<u>1,672,747</u>	<u>2,028,138</u>
<b>Current liabilities</b>		
Accounts payable and accruals	2 445,961	468,259
Interest bearing loans and borrowings	967,360	800,322
Obligation under finance leases	664	3,080
Bank overdrafts	-	37
	<u>1,413,985</u>	<u>1,271,698</u>
<b>Total liabilities</b>	<u>3,086,732</u>	<u>3,299,836</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>15,172,966</u>	<u>14,080,659</u>

.....  
H.E. Sheikh Ali bin Jassim bin Mohammed Al-Thani  
Chairman and Managing Director

.....  
Mr. Khalifa bin Ali Al-Hetmi  
Chief Executive Officer

**1 BASIS OF PREPARATION**

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2012.

The consolidated financial statements include the financial statements of the Company and that of its subsidiaries as defined in the annual financial statements for the year ended 31 December 2012 and is referred to as the "Group".

The interim condensed consolidated financial statements have been published as per the instructions of the Qatar Exchange and have not been reviewed by the external auditors.

**2 SHARE OF INVESTMENTS IN JOINT VENTURES****Interest in joint ventures (transition to IFRS 11)**

The Group has the following investments in Joint Ventures:

	<i>Country of Incorporation</i>	<i>Group effective ownership</i>	
		<i>30 September 2013</i>	<i>31 December 2012</i>
QM Tanker Company L.L.C.	Cayman Islands	50%	50%
Qatar Engineering and Technology Company W.L.L.	Qatar	51%	51%
Qatar Ship Management Company W.L.L.	Qatar	51%	51%
Gulf LPG Transport Company W.L.L.	Qatar	50%	50%

Under IAS 31 Investment in Joint Ventures (prior to the transition to IFRS 11), the Group's interest in the joint ventures was classified as jointly controlled entity and the Group's share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in the consolidated financial statements. Upon adoption of IFRS 11, the Group has determined its interest to be a joint venture, accounted for using the equity method. The effect of applying IFRS 11 is as follows:

<b>Impact on the income statement</b>	<i>For the nine months ended 30 September 2012 (Unaudited) QR'000</i>
Decrease in reported operating revenues	(51,968)
<i>Decrease in:</i>	
Salaries, wages and other benefits	12,194
Operating supplies and expenses	23,634
Other operating expenses	628
<b>Decrease in Operating Profit</b>	<b>(15,512)</b>
<i>Increase in:</i>	
Finance income	6,937
<i>Increase in:</i>	
Share of results of joint ventures	8,575
<b>Net impact on profit</b>	<b>-</b>

**2 SHARE OF INVESTMENTS IN JOINT VENTURES (continued)**

<b>Impact on the statement of financial position</b>	<i>As at 31 December 2012 (Unaudited) QR'000</i>
Increase in net investment in joint venture (non-current )	135,123
Increase in loans to LNG and LPG companies (non-current)	486,442
Decrease in property, vessels and equipment (non-current)	(594,660)
Decrease in accounts receivable and prepayments (current)	(21,707)
Decrease in bank balances and cash (current)	(6,296)
Decrease in trade payables (current)	<u>1,098</u>
<b>Net impact on equity</b>	<u>-</u>

**3 TREASURY SHARES**

During the period ended 30 September 2013, one of the subsidiaries, Milaha Capital W.L.L. has invested in 697,368 shares in the Parent company, Qatar Navigation Q.S.C. These treasury shares are recognised at cost and deducted from the equity.

Qatar Navigation Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

4 SEGMENT INFORMATION

Nine months ended 30 September 2013

	<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	505,068	634,263	456,650	199,564	125,672	-	1,921,217	(228,860) (i)	1,692,357
Salaries, wages and other benefits	(10,997)	(157,071)	(130,444)	(11,476)	(38,231)	(99,648)	(447,867)	16,610 (i)	(431,257)
Operating supplies and expenses	(87,415)	(220,157)	(113,410)	(161,400)	(17,188)	(4,111)	(603,681)	181,748 (i)	(421,933)
Rent expenses	(37,457)	(4,233)	(4,353)	(963)	(723)	(9,065)	(56,794)	14,778 (i)	(42,016)
Depreciation and amortisation	(23,615)	(47,245)	(55,993)	(958)	(39,197)	(1,728)	(168,736)	-	(168,736)
Other operating expenses	(7,863)	(55,176)	(1,250)	(988)	(5,221)	(4,677)	(75,175)	15,724 (i)	(59,451)
<b>OPERATING PROFIT</b>	<b>337,721</b>	<b>150,381</b>	<b>151,200</b>	<b>23,779</b>	<b>25,112</b>	<b>(119,229)</b>	<b>568,964</b>	<b>-</b>	<b>568,964</b>
Finance costs	(16,805)	(7,317)	(9,743)	-	(2,743)	-	(36,608)	-	(36,608)
Finance income	28,153	-	1,968	92	19,115	20	49,348	-	49,348
Gain (loss) on disposal of property, vessels and equipment	-	10,989	3,113	-	-	(2,864)	11,238	-	11,238
Share of results of associate	1,018	(17)	-	-	176,009	-	177,010	-	177,010
Share of losses in joint ventures	-	-	-	-	4,509	-	4,509	-	4,509
Miscellaneous income	230	-	590	-	887	-	1,707	-	1,707
Impairment of available-for-sale investments	(600)	-	-	-	-	-	(600)	-	(600)
Allocations relating to Milaha Corporate	(9,961)	(51,079)	(23,576)	(12,735)	(24,722)	122,073	-	-	-
<b>PROFIT FOR THE PERIOD</b>	<b>339,756</b>	<b>102,957</b>	<b>123,552</b>	<b>11,136</b>	<b>198,167</b>	<b>-</b>	<b>775,568</b>	<b>-</b>	<b>775,568</b>

Qatar Navigation Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

**4 SEGMENT INFORMATION (continued)**

Nine months ended 30 September 2012

	<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	469,702	620,599	405,961	311,080	124,158	-	1,931,500	(235,642) (i)	1,695,858
Salaries, wages and other benefits	(12,552)	(145,051)	(124,852)	(8,989)	(40,163)	(67,297)	(398,904)	690 (i)	(398,214)
Operating supplies and expenses	(125,549)	(227,823)	(103,414)	(279,309)	(30,085)	(2,414)	(768,594)	220,457 (i)	(548,137)
Rent expenses	(36,383)	(4,388)	(2,834)	(1,050)	(874)	(9,336)	(54,865)	12,965 (i)	(41,900)
Depreciation and amortisation	(25,919)	(49,966)	(53,680)	(791)	(58,189)	(1,962)	(190,507)	-	(190,507)
Other operating expenses	(10,793)	(57,939)	(20)	(2,702)	(3,899)	(6,811)	(82,164)	1,530 (i)	(80,634)
<b>OPERATING PROFIT</b>	<b>258,506</b>	<b>135,432</b>	<b>121,161</b>	<b>18,239</b>	<b>(9,052)</b>	<b>(87,820)</b>	<b>436,466</b>	<b>-</b>	<b>436,466</b>
Finance costs	(12,605)	(8,414)	(5,278)	(60)	(9,684)	-	(36,041)	-	(36,041)
Finance income	21,519	-	1,197	-	23,739	-	46,455	-	46,455
Gain on disposal of property, vessels and equipment	(7)	223	4,367	-	-	-	4,583	-	4,583
Share of results of associate	-	487	-	-	171,151	-	171,638	-	171,638
Share of losses in joint ventures	-	-	-	-	8,575	-	8,575	-	8,575
Miscellaneous income	3,240	2,085	685	3,913	1,676	-	11,599	-	11,599
Impairment of available-for-sale investments	(4,802)	-	-	-	-	-	(4,802)	-	(4,802)
Allocations relating to Milaha Corporate	(6,138)	(38,680)	(17,089)	(8,514)	(17,399)	87,820	-	-	-
<b>PROFIT FOR THE PERIOD</b>	<b>259,713</b>	<b>91,133</b>	<b>105,043</b>	<b>13,578</b>	<b>169,006</b>	<b>-</b>	<b>638,473</b>	<b>-</b>	<b>638,473</b>

Note:

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



**5 COMPARATIVE INFORMATION**

The comparative information has been restated as discussed in Note 2 to the interim condensed consolidated financial statements as IFRS 11 (“Joint arrangements”) replaces IAS 31 (“Interests in Joint Ventures”). The effect of the restatement also is discussed in Note 2 in more detail, which includes the quantification of the effect on the financial statements.

Further, certain reclassifications have been made for the comparative information relating to the interim consolidated income statement with the objective of improving the quality of information presented.