

Qatar Navigation Q.S.C.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2015

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF QATAR NAVIGATION Q.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Qatar Navigation Q.S.C. (the "Company") and its subsidiaries (the "Group") comprising of the interim consolidated statement of financial position as at 30 September 2015 and the related interim consolidated income statement, interim consolidated statement of other comprehensive income, interim consolidated statement of cash flows and the interim consolidated statement of changes in equity for the nine-months period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review


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

Conclusion

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

Other Matters

The Group has prepared internal interim consolidated financial statements in the past for submission for regulatory purposes only. Therefore, the comparative information for the nine months ended 30 September 2014 included in the accompanying interim consolidated statements of income, comprehensive income, cash flows and changes in equity and related notes are presented for information purpose only and have neither been reviewed nor audited.



Firas Qoussous
Of Ernst & Young
Auditor's Registration No. 236

Date: 24 October 2015
Doha



Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2015

	Notes	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
		<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
		<i>(Unaudited)</i>		<i>(Unaudited)</i>	
		<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Operating revenues	4	797,484	728,960	2,308,134	1,972,971
Salaries, wages and other benefits		(164,635)	(170,601)	(506,343)	(479,212)
Operating supplies and expenses		(260,501)	(235,761)	(727,075)	(622,460)
Rent expenses		(4,395)	(16,519)	(12,554)	(45,343)
Depreciation and amortisation		(79,800)	(71,682)	(224,128)	(193,369)
Impairment of a vessel		-	-	(37,892)	-
Other operating expenses		(35,053)	(31,765)	(101,463)	(92,576)
OPERATING PROFIT		253,100	202,632	698,679	540,011
Finance costs		(34,972)	(10,864)	(70,774)	(27,487)
Finance income		31,891	10,813	79,712	40,418
(Loss) gain on disposal of property, vessels and equipment		(552)	28	1,620	2,280
Share of results of associates		80,427	79,042	242,801	221,992
Share of results of joint ventures		12,033	19,860	32,021	41,209
Loss on cash flow hedges recycled to income statement on deemed disposals of associates	3.4	(14,409)	-	(14,409)	-
Loss on deemed disposal of investment in associates	3.2	(10,464)	-	(10,464)	-
Net (loss) gain on foreign exchange		(331)	127	1,017	1,800
Miscellaneous income		-	992	8,718	2,662
PROFIT FOR THE PERIOD		316,723	302,630	968,921	822,885
<i>Attributable to:</i>					
Equity holders of the parent		307,716	302,542	958,603	820,828
Non-controlling interest		9,007	88	10,318	2,057
		316,723	302,630	968,921	822,885
BASIC AND DILUTED EARNINGS PER SHARE					
<i>(attributable to equity holders of the parent)</i>					
<i>(expressed in QR per share)</i>	5	2.71	2.66	8.44	7.22

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2015

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
<i>Note</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Profit for the period	316,723	302,630	968,921	822,885
Items to be reclassified to profit or loss in subsequent periods				
Net movement in hedging reserve	6 (168,505)	11,179	(78,905)	(144,522)
Net movement in available-for-sale investments	6 (175,252)	591,798	(184,051)	706,860
Other comprehensive (loss) income for the period	(343,757)	602,977	(262,956)	562,338
Total comprehensive (loss) income for the period	(27,034)	905,607	705,965	1,385,223
<i>Attributable to:</i>				
Equity holders of the parent	(35,926)	905,293	696,180	1,382,918
Non-controlling interest	8,892	314	9,785	2,305
	(27,034)	905,607	705,965	1,385,223

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	<i>Notes</i>	30 September 2015 (Unaudited) QR'000	31 December 2014 (Audited) QR'000
ASSETS			
Non-current assets			
Property, vessels and equipment	7	5,137,387	3,896,996
Investment properties	8	848,020	791,062
Intangible assets		156,179	87,073
Investment in joint ventures		237,269	205,248
Investment in associates		4,322,615	4,396,173
Available-for-sale investments		4,022,904	4,197,562
Loans to LNG and LPG companies		254,515	425,317
Other non-current assets		53,608	17,562
		<u>15,032,497</u>	<u>14,016,993</u>
Current assets			
Inventories		216,164	205,401
Accounts receivable and prepayments		872,764	710,852
Financial assets at fair value through profit or loss		538,452	624,081
Bank balances and cash		5,394,864	3,129,219
		<u>7,022,244</u>	<u>4,669,553</u>
TOTAL ASSETS		<u>22,054,741</u>	<u>18,686,546</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
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		4,047,342	4,230,860
Hedging reserve		(502,074)	(423,169)
Retained earnings		3,621,277	3,287,565
		<u>13,555,809</u>	<u>13,484,520</u>
Equity attributable to equity holders of the parent		<u>13,555,809</u>	<u>13,484,520</u>
Non-controlling interest		67,760	57,975
		<u>13,623,569</u>	<u>13,542,495</u>
Total equity		<u>13,623,569</u>	<u>13,542,495</u>

Continued

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2015

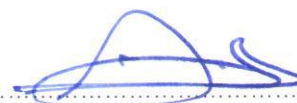
		<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
	<i>Note</i>		
Non-current liabilities			
Interest bearing loans and borrowings	11	2,534,939	3,027,527
Advance from a customer		163,722	177,128
Employees' end of service benefits		91,367	87,647
		<u>2,790,028</u>	<u>3,292,302</u>
Current liabilities			
Accounts payable and accruals		582,701	414,566
Interest bearing loans and borrowings	11	5,058,443	1,437,168
Bank overdrafts		-	15
		<u>5,641,144</u>	<u>1,851,749</u>
Total liabilities		<u>8,431,172</u>	<u>5,144,051</u>
TOTAL EQUITY AND LIABILITIES		<u>22,054,741</u>	<u>18,686,546</u>



Ali bin Jassim bin Mohammad Al-Thani
Chairman



Khaled bin Khalifa Al-Thani
Vice Chairman



Aldulrahman Essa Al-Mannai
President and Chief Executive officer

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2015

		<i>For the nine months ended</i>	
		<i>30 September</i>	
		<i>2015</i>	<i>2014</i>
		<i>(Unaudited)</i>	
<i>Notes</i>		<i>QR'000</i>	<i>QR'000</i>
OPERATING ACTIVITIES			
	Profit for the period	968,921	822,885
	Adjustment for:		
	Depreciation and amortisation	224,128	193,369
	Finance costs	70,774	27,487
	Gain on disposal of property, vessels and equipment	(1,620)	(2,280)
	Share of results of associates	(242,801)	(221,992)
	Share of results of joint ventures	(32,021)	(41,209)
	Provision for employees' end of service benefits	9,721	14,965
	Finance income	(79,712)	(40,418)
	Dividend income	(167,818)	(165,617)
	Net fair value loss (gain) on financial assets at fair value through profit or loss	18,450	(122,812)
	Profit on disposal of investments	(4,881)	(18,328)
	Loss on deemed disposal of investment in associate	10,464	-
	Loss on cashflow hedges recycled to income statement	14,409	-
	Impairment of a vessel	37,892	-
	Operating profit before working capital changes:	825,906	446,050
	Working capital changes:		
	Inventories	(10,763)	(49,797)
	Accounts receivables and prepayments	(167,612)	(93,429)
	Accounts payables and accruals	109,424	28,572
	Cash flows from operating activities	756,955	331,396
	Finance costs paid	(70,774)	(27,487)
	Employees' end of service benefits paid	(6,001)	(10,009)
	Net cash flows from operating activities	680,180	293,900
INVESTING ACTIVITIES			
	Purchase of property, vessels and equipment	(329,664)	(702,814)
	Dividend income	167,818	165,617
	Finance income	79,712	40,418
	Proceeds from disposal of property, vessels and equipment and intangibles	41,691	6,677
	Purchases of investment properties	(93,767)	(33,187)
	Additions to dry docking costs	(22,021)	(45,131)
	Net movement in loans to LNG and LPG companies	83,813	64,895
	Purchase of investment securities	(5,035)	(40,309)
	Proceeds from disposal of available-for-sale investments	1,449	1,820
	Proceeds from disposal of financial assets at fair value through profit or loss	62,111	160,067
	Dividends received from associates and joint ventures	203,103	198,439
	Net cash outflow on acquisition of subsidiary	(86,541)	-
	Net cash flows from (used in) investing activities	102,669	(183,508)

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the nine months ended 30 September 2015

	<i>Notes</i>	<i>For the nine months ended</i>	
		<i>30 September</i>	
		<i>2015</i>	<i>2014</i>
		<i>(Unaudited)</i>	
		<i>QR'000</i>	<i>QR'000</i>
FINANCING ACTIVITIES			
Dividends paid	10	(624,891)	(568,082)
Net movement in interest bearing loans and borrowings		2,107,702	2,192,260
Obligation under finance lease		-	(291)
Net movement in term deposits maturing after 90 days		(1,743,852)	(1,521,903)
Net cash flows (used in) from financing activities		(261,041)	101,984
NET INCREASE IN CASH AND CASH EQUIVALENTS		521,808	212,376
Cash and cash equivalents at 1 January		748,756	672,930
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	9	1,270,564	885,306

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2015

	<i>Attributable to the equity holders of the Parent</i>							<i>Total</i> <i>QR'000</i>	<i>Non-</i> <i>controlling</i> <i>interest</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
	<i>Share capital</i> <i>QR'000</i>	<i>Treasury shares</i> <i>QR'000</i>	<i>Legal reserve</i> <i>QR'000</i>	<i>General reserve</i> <i>QR'000</i>	<i>Fair value reserve</i> <i>QR'000</i>	<i>Hedging reserve</i> <i>QR'000</i>	<i>Retained earnings</i> <i>QR'000</i>			
Balance at 1 January 2015 (Audited)	1,145,252	(73,516)	4,693,986	623,542	4,230,860	(423,169)	3,287,565	13,484,520	57,975	13,542,495
Profit for the period	-	-	-	-	-	-	958,603	958,603	10,318	968,921
Other comprehensive (loss) income for the period	-	-	-	-	(183,518)	(78,905)	-	(262,423)	(533)	(262,956)
Total comprehensive (loss) income for the period	-	-	-	-	(183,518)	(78,905)	958,603	696,180	9,785	705,965
Dividends paid (Note 10)	-	-	-	-	-	-	(624,891)	(624,891)	-	(624,891)
Balance at 30 September 2015 (Unaudited)	1,145,252	(73,516)	4,693,986	623,542	4,047,342	(502,074)	3,621,277	13,555,809	67,760	13,623,569
	<i>Attributable to the equity holders of the Parent</i>								<i>Non-</i> <i>controlling</i> <i>interest</i>	<i>Total</i>
	<i>Share capital</i> <i>QR'000</i>	<i>Treasury shares</i> <i>QR'000</i>	<i>Legal reserve</i> <i>QR'000</i>	<i>General reserve</i> <i>QR'000</i>	<i>Fair value reserve</i> <i>QR'000</i>	<i>Hedging reserve</i> <i>QR'000</i>	<i>Retained earnings</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Balance at 1 January 2014 (Audited)	1,145,252	(73,516)	4,693,986	623,542	3,575,036	(210,759)	2,832,684	12,586,225	55,974	12,642,199
Profit for the period	-	-	-	-	-	-	820,828	820,828	2,057	822,885
Other comprehensive income (loss) for the period	-	-	-	-	706,612	(144,522)	-	562,090	248	562,338
Total comprehensive income (loss) for the period	-	-	-	-	706,612	(144,522)	820,828	1,382,918	2,305	1,385,223
Dividends paid (Note 10)	-	-	-	-	-	-	(568,082)	(568,082)	-	(568,082)
Balance at 30 September 2014 (Unaudited)	1,145,252	(73,516)	4,693,986	623,542	4,281,648	(355,281)	3,085,430	13,401,061	58,279	13,459,340

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Qatar Navigation Q.S.C. (the “Company”) or (the “Parent”) was incorporated on 5 July 1957 as a Qatari Shareholding Company. The registered office of the Company is located in Doha, State of Qatar. The shares of the Company are publically traded at Qatar Exchange. The Parent company along with its subsidiaries is engaged primarily in 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 Company has a branch in Dubai, United Arab Emirates.

The interim condensed consolidated financial statements include the financial statements of the Company and of its subsidiaries (the “Group”) for the nine months ended 30 September 2015.

The Company has the following subsidiaries:

<i>Name of the subsidiaries</i>	<i>Country of Incorporation</i>	<i>Nature of business</i>	<i>Ownership percentage</i>	
			<i>30 September 2015</i>	<i>31 December 2014</i>
Qatar Shipping Company S.P.C.	Qatar	Chartering of vessels and maritime services	100%	100%
Halul Offshore Services W.L.L.	Qatar	Chartering of vessels offshore services	100%	100%
Qatar Quarries and Building Materials Company Q.P.S.C.	Qatar	Trading in building materials	50%	50%
Gulf Shipping Investment Company W.L.L.	Qatar	Cargo handling	100%	100%
Qatar Shipping Company (India) Private Limited	India	Own, Hire, Purchase, Sale, Operate and manage all types of ships	100%	100%
Ocean Marine Services W.L.L.	Qatar	Cargo handling, offshore support services	100%	100%
Halul United Business Services L.L.C.	Saudi	Offshore services	100%	100%
Milaha Trading Company W.L.L.	Qatar	Trading in industrial materials	100%	100%
Navigation Travel & Tourism S.P.C.	Qatar	Travel agency	100%	100%
Navigation Trading Agencies S.P.C.	Qatar	Trading in heavy equipment	100%	100%
Navigation Marine Service Center S.P.C.	Qatar	Marine services	100%	100%
Milaha Capital W.L.L.	Qatar	Investments	100%	100%
Milaha Real Estate services S.P.C.	Qatar	Real estate maintenance	100%	100%
Milaha Maritime and Logistics Integrated W.L.L.	Qatar	Maritime and logistic services	100%	100%
Milaha Ras Laffan (QS) 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 Ras Laffan GmbH & Co. KG (KG1)	Germany	LNG Transport	100%	-
Milaha Qatar GmbH & Co. KG (KG2)	Germany	LNG Transport	100%	-
Milaha Real Estate Investment S.P.C.	Qatar	Real estate services	100%	100%
Milaha for Petroleum and Chemical Product W.L.L.	Qatar	Shipping services	100%	100%

Qatar Navigation Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES (CONTINUED)

Interest in joint ventures

The Group has the following investments in Joint Ventures:

	Country of incorporation	Group effective ownership	
		30 September 2015	31 December 2014
Qatar Engineering and Technology Company W.L.L. (ii)	Qatar	51%	51%
Qatar Ship Management Company W.L.L. (ii)	Qatar	51%	51%
Gulf LPG Transport Company W.L.L. (ii)	Qatar	50%	50%

Investment in associates

The Group has the following investment in associates:

	Country of incorporation	Ownership %		Profit Sharing %	
		30 September 2015	31 December 2014	30 September 2015	31 December 2014
Cargotec Qatar W.L.L.	Qatar	51.0%	51.0%	40.0%	40.0%
Iraq-Qatar Transport and Shipping Services Com. L.T.D	Iraq	51.0%	51.0%	51.0%	51.0%
United Arab Shipping Agency Company W.L.L.	Qatar	40.0%	40.0%	40.0%	40.0%
Qatar Gas Transport Company Limited (NAKILAT) Q.S.C. (ii)	Qatar	30.3%	30.3%	30.3%	30.3%
Camartina Shipping INC. (ii)	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 1 Ltd. (ii)	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 2 Ltd. (ii)	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 3 Ltd. (ii)	Liberia	29.4%	29.4%	29.4%	29.4%
Qatar LNG Transport Ltd. (ii)	Liberia	20.0%	20.0%	20.0%	20.0%
QIM Transport INC. (ii)	Panama	-	33.3%	-	33.3%
Man Diesel & Turbo Qatar Navigation W.L.L.	Qatar	51.0%	51.0%	35.0%	35.0%
KS Membrane 1	Denmark	-	40%	-	40%
KS Membrane 2	Denmark	-	40%	-	40%
Milaha Ras Laffan Gmbh Company (KG1) (i)	Germany	-	40%	-	40%
Milaha Qatar Gmbh & Company (KG 2) (i)	Germany	-	40%	-	40%

(i) During the year 2015, the controlling stake in KG 1 and KG 2 companies was acquired by the Group effective on 1 July 2015. (Please refer Note 3)

(ii) The consolidated financial statements have been prepared based on the management accounts of these entities as of the reporting date.

The interim condensed consolidated financial statements of the Group were authorised for issue by the Board of Directors on 24 October 2015.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES**2.1 Basis of preparation**

The interim condensed consolidated financial statements for the nine months ended 30 September 2015 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

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 2014.

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 2014, except for the adoption of the new standards and interpretations effective as of 1 January 2015 as noted below:

<i>Topics</i>	<i>Effective dates</i>
IAS 19 Defined Benefit Plans: Employee Contributions (Amendments)	1 July 2014
Annual improvements 2010 – 2012 cycle	1 July 2014
Annual improvements 2011 – 2013 cycle	1 July 2014

2.3 Standards issued but not yet effective

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

<i>Topics</i>	<i>Effective dates</i>
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IFRS 11- Accounting for Acquisition of Interests in Joint Operations	1 January 2016
Amendments to IAS 16 and IAS 41- Agriculture: Bearer Plants	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments (issued in 2014)	1 January 2018
Amendments to IAS 27- Equity Method in Separate Financial Statements	1 January 2016
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities : Applying the Consolidation Exception	1 January 2016
Amendments to IAS 1 – Disclosure Initiative	1 January 2016

The Group does not expect major changes to the Groups financial results and performance as a results of adopting the above standards.

3 BUSINESS COMBINATION

Step acquisition of Milaha Ras Laffan Gmbh & Company and Milaha Qatar Gmbh & Company

Effective from 1 July 2015, Qatar Shipping Company S.P.C., a fully owned subsidiary of the Group, acquired the residual 60% shareholding interest in its associates, Milaha Ras Laffan Gmbh Company ("KG 1") and Milaha Qatar Gmbh & Company ("KG 2"), based on the share purchase agreement concluded with the previous shareholders. Upon completion of legal formalities in respect of the acquisition, the Group obtained the legal ownership rights on 1 July 2015.

KG 1 and KG 2 are engaged in the operation of time charter of 138,130 m³ and 145,000 m³ Liquefied Natural Gas (LNG) vessels respectively.

The initial accounting for the acquisitions and recognition of goodwill is based on provisional values, as the values assigned to the acquiree's identifiable assets and liabilities are based on the management's best estimates. The Group will recognise any adjustments to those provisional values as a result of completing the Purchase Price Allocation (PPA) exercise within twelve months of the effective date of acquisition.

The total goodwill arising from the acquisition of KG 1 and KG 2, amounting to QR 55,638,000, is recognised in the interim consolidated statement of financial position as part of intangible assets.

The carrying amounts and the provisional values of the identifiable assets and liabilities are adjusted based on management's best estimates and are stated below:

3 BUSINESS COMBINATION (CONTINUED)**3.1 Milaha Ras Laffan Gmbh Company (KG 1)**

	<i>Provisional fair values QR'000</i>	<i>Carrying amounts QR'000</i>
Assets		
Property, vessels and equipment	550,000	610,361
Intangible assets	30,688	30,688
Other non-current assets	11,505	11,505
Accounts receivable and prepayments	4,030	4,030
Bank balances and cash	19,919	19,919
	<u>616,142</u>	<u>676,503</u>
Liabilities		
Interest bearing loans and borrowings	506,623	506,623
Accounts payable and accruals	22,629	22,629
	<u>529,252</u>	<u>529,252</u>
Provisional fair value of net assets acquired	86,890	<u>147,251</u>
Goodwill arising on acquisition	24,581	
Cost of business combination, net of adjustment	<u>111,471</u>	
Cost of business combination, net of adjustment is arrived as follows:		
Cash paid for business combination		61,676
Add: Acquisition date fair value of previously held equity interests in associate (<i>Note</i>)		49,795
		<u>111,471</u>
Net cash outflow on acquisition:		
Net cash acquired with the subsidiary		19,919
Cash paid		<u>(61,676)</u>
		<u>(41,757)</u>

From the date of acquisition, KG 1 contributed QR 22,426,906 and QR 3,283,081 to the operating revenue and profit of the Group, respectively.

Qatar Navigation Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

3 BUSINESS COMBINATION (CONTINUED)

3.2 Milaha Qatar Gmbh & Company (KG 2)

	<i>Provisional fair values QR'000</i>	<i>Carrying amounts QR'000</i>
Assets		
Property, vessels and equipment	586,768	632,873
Other non-current assets	11,739	11,739
Accounts receivable and prepayments	3,072	3,072
Bank balances and cash	36,697	36,697
	<u>638,276</u>	<u>684,381</u>
Liabilities		
Interest bearing loans and borrowings	514,362	514,362
Accounts payable and accruals	22,676	22,676
	<u>537,038</u>	<u>537,038</u>
Provisional fair value of net assets acquired	101,238	<u>147,343</u>
Goodwill arising on acquisition	<u>31,057</u>	
Cost of business combination, net of adjustment	<u>132,295</u>	
Cost of business combination, net of adjustment is arrived as follows:		
Cash paid for business combination		81,481
Add: Acquisition date fair value of previously held equity interests in associate (<i>Note</i>)		<u>50,814</u>
		<u>132,295</u>
Net cash outflow on acquisition:		
Net cash acquired with the subsidiary		36,697
Cash paid		<u>(81,481)</u>
		<u>(44,784)</u>

From the date of acquisition, KG 2 contributed QR 22,360,000 and QR 5,233,000 to the operating revenue and profit of the Group, respectively.

Note

Loss on deemed disposal of investment in associates has been arrived as follows:

	<i>KG 1 QR'000</i>	<i>KG 2 QR'000</i>	<i>Total QR'000</i>
Acquisition date fair value of previously held equity interests in associates	49,795	50,814	100,609
Less: Equity accounted carrying value of investment in associates	(54,877)	(56,196)	(111,073)
	<u>(5,082)</u>	<u>(5,382)</u>	<u>(10,464)</u>
Loss on deemed disposal of investment in associates	<u>(5,082)</u>	<u>(5,382)</u>	<u>(10,464)</u>

3 BUSINESS COMBINATION (CONTINUED)**3.3 Shareholders loan**

Equity accounted carrying value of investment in associates includes the shareholder loans, which has been accounted as part of loans to LNG and LPG companies previously amounting to QR 40,451,003 and QR 46,538,007 for KG1 and KG2 respectively. Following the business combination, these loans have been considered as an extension of investments in the subsidiaries as the Group does not expect loan repayments in the foreseeable future.

3.4 Share of hedge reserve of the acquired associates

Following the business combination, share of associates' hedge reserve, previously recorded as part of equity (Hedge reserve) amounting to QR 7,133,000 and QR 7,276,000 of KG1 and KG2 respectively, has been recycled to the interim consolidated income statement.

There were no acquisitions in the corresponding prior period.

4 OPERATING REVENUES

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Milaha Capital	87,489	193,736	421,786	527,977
Milaha Maritime and Logistics	255,673	188,212	733,269	573,800
Milaha Offshore	198,361	176,498	529,047	410,985
Milaha Trading	117,336	97,978	329,785	266,792
Milaha Gas and Petrochem	138,625	72,536	294,247	193,417
	797,484	728,960	2,308,134	1,972,971

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</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Net profit for the year attributable to equity holders of the parent (QR'000)	307,716	302,542	958,603	820,828
Weighted average number of shares (000's)	113,616	113,616	113,616	113,616
Basic and diluted earnings per share (QR)	2.71	2.66	8.44	7.22

Qatar Navigation Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

5 BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Total number of shares outstanding (<i>000's</i>)	114,525	114,525	114,525	114,525
Adjustment for weighted average shares with respect to treasury shares purchased during the year 2013 (<i>000's</i>) (<i>Note</i>)	(909)	(909)	(909)	(909)
Weighted average numbers of shares during the period (<i>000's</i>)	<u>113,616</u>	<u>113,616</u>	<u>113,616</u>	<u>113,616</u>

Note:

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

6 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Movements of other comprehensive income				
Cash flow hedges				
Movement during the period	(23,407)	2,316	(23,241)	2,059
Loss on cash flow hedges recycled to income statement on deemed disposal of investment in associates	14,409	-	14,409	-
Group share of net movement in associates	(159,507)	8,863	(70,073)	(146,581)
Total effect on other comprehensive income (loss) resulting from cashflow hedges	<u>(168,505)</u>	<u>11,179</u>	<u>(78,905)</u>	<u>(144,522)</u>
Available-for-sale investments				
(Loss) gain arising during the period on revaluation	(170,448)	592,471	(171,851)	704,011
Group share of net movement in associates	(4,804)	(673)	(12,200)	2,849
Total effect on other comprehensive (loss) income resulting from available-for-sale investments	<u>(175,252)</u>	<u>591,798</u>	<u>(184,051)</u>	<u>706,860</u>

7 PROPERTY, VESSELS AND EQUIPMENT

	<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Net book value, beginning balance	3,896,996	3,281,643
Additions	329,664	769,102
Acquisition of subsidiaries (Note 3)	1,136,768	-
Disposals and write off	(36,550)	(12,353)
Transfers and reclassifications	(1,880)	88,921
Impairment	(37,892)	(36,214)
Depreciation charge for the period/ year	<u>(149,719)</u>	<u>(194,103)</u>
Net book value, ending balance	<u><u>5,137,387</u></u>	<u><u>3,896,996</u></u>

8 INVESTMENT PROPERTIES

	<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Net book value, beginning balance	791,062	765,372
Additions	93,767	157,804
Transfers and reclassifications	-	(107,344)
Depreciation charge for the period/ year	<u>(36,809)</u>	<u>(24,770)</u>
Net book value, ending balance	<u><u>848,020</u></u>	<u><u>791,062</u></u>

9 CASH AND CASH EQUIVALENTS

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

	<i>Nine months ended 30 September</i>	
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Bank balances and cash	5,394,864	3,101,304
Less: Term deposits maturing after 90 days from the date of original investment	(4,124,300)	(2,215,983)
Less: Bank overdrafts	-	(15)
	<u><u>1,270,564</u></u>	<u><u>885,306</u></u>

10 DIVIDENDS

During the current period, following the approval at the Annual General Assembly held on 18 March 2015, the Company paid a cash dividend of QR 5.5 per share totalling QR 625 million (2014: QR 5 per share, totalling QR 568 million) relating to the year 2014.

11 INTEREST BEARING LOANS AND BORROWINGS

The following transactions have occurred during the period ended 30 September 2015:

Parent Company:

QATAR NAVIGATION Q.S.C.

- The Company has renewed the short term facility amounting to USD 500 million for general corporate purposes with the maturity date of 28 March 2016. This facility carries interest at LIBOR plus a margin of 1.15%. As of the reporting date full facility has been utilised.
- One of the existing short term loan facilities amounting to USD 210 million was further utilised by a short term loan amounting to USD 44 million. This has increased the total amount utilised to USD 204 million. This short term facility carries fixed interest at 1.45%.
- USD 200 million loan facility was obtained for working capital requirements and to finance the vessel acquisition. The loan is repayable within twelve months from each draw down dates and carries interest at fixed rate of 1.25%. As of the reporting date full facility has been utilised.
- The Company has obtained an 18 months loan facility by extending its existing loan facility by USD 100 million to construct vessels and other working capital requirements. The loan carries interest at LIBOR plus a margin of 1%. As of the reporting date full facility has been utilised.

Subsidiaries:

HALUL OFFSHORE SERVICES COMPANY W.L.L.

- USD 135 million loan facility was obtained for financing the acquisition of vessels and refinancing the mortgaged vessels. This loan carries interest at LIBOR + 1.40% per annum and is repayable in 35 equal quarterly instalments of QR 9.8 million and a final balloon payment of QR 147 million. The loan is secured against the mortgage of the vessels. As of the reporting date full facility has been utilised.
- Draw down against available facility amounting USD 135 million was obtained for the purpose of financing the acquisition of vessels or refinancing the mortgaged vessels. This loan bears interest at LIBOR + 1.40% per annum and is repayable in 35 equal quarterly instalments of QR 5.8 million and a final balloon payment of QR 90 million. The loan is secured against the mortgage of the vessels. The total draw down as of the reporting date was USD 83 million (QR 301 million)

MILAHA RAS LAFFAN Gmbh & CO. KG (KG 1) and MILAHA QATAR Gmbh & CO. KG (KG 2)

During the current reporting period, the Group has acquired the control of its previously owned two associates Milaha Ras Laffan Gmbh & Co.KG (KG 1) and Milaha Qatar Gmbh & Co. KG (KG 2) as fully owned subsidiaries under step-up acquisition basis (Note 3) and the resulted loans of such subsidiary companies are shown below:

- USD 147 million and USD 150 million loans were obtained in December 2013 to refinance the existing debts by KG 1 and KG 2 companies respectively. These loans are repayable in 40 quarterly instalments over the period of ten years and a final balloon payment of approximately 50% of the principal borrowed. These loans carries interest at LIBOR plus a margin of 1.7% and is secured by the primary mortgage over the vessels and priority pledge of all the issued interest of the entity and issued shares of the General Partner, who manage the vessel operations .

12 COMMITMENTS

	<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Property, vessels and equipment		
Estimated capital expenditure approved but not contracted for as of the reporting date	<u>954,977</u>	<u>1,868,747</u>
Operating lease:		
	<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Within one year	<u>10,033</u>	7,029
After one year but not more than five years	<u>10,238</u>	<u>8,439</u>
Total operating lease expenditure contracted for at the reporting date	<u><u>20,271</u></u>	<u><u>15,468</u></u>

13 CONTINGENT LIABILITIES

At 30 September 2015 and 31 December 2014, the Group had letters of guarantees and letters of credit from which it anticipates that no material liabilities will arise amounted to:

	<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Letters of guarantees	<u>765,465</u>	799,067
Letters of credits	<u>439,023</u>	<u>195,469</u>
	<u><u>1,204,488</u></u>	<u><u>994,536</u></u>

14 HEDGING ACTIVITIES AND DERIVATIVE FINANCIAL INSTRUMENTS**Cash flow hedges:***Halul Offshore Services W.L.L.:*

At 30 September 2015, Halul Offshore Services W.L.L. had an interest rate swap agreement in place with a notional amount of USD 29,108,976 (QR 105,956,673) (31 December 2014: USD 39,690,000 (QR 144,471,600)), whereby it receives a variable rate of USD 3 months LIBOR and pays a fixed rate of interest of 1.30% on the notional amount. The swap is being used to hedge the exposure to interest rate fluctuations on its loans. The loan facility and the interest rate swap have the same critical terms. This cash flow hedge is assessed to be highly effective. The fair value of the interest rate swaps are calculated by reference to the market valuation of the swap agreements.

The Group has recognised the negative fair value of the interest rate swaps amounting to QR 920,809 as at 30 September 2015 (31 December 2014: QR 1,084,000) in accounts payable and accruals with a corresponding entry to hedging reserve.

14 HEDGING ACTIVITIES AND DERIVATIVE FINANCIAL INSTRUMENTS**Cash flow hedges: (continued)**

Milaha Ras Laffan GmbH & Co. KG ("KG 1") and Milaha Qatar GmbH & Co. KG ("KG 2"):

As a result of the acquisition of KG 1 and KG 2 entities (Note 3), the interest rate swap agreements entered by these two entities are absorbed by the Group. KG 1 and KG 2 had an interest rate swap agreement in place with a notional amount of USD 136,016,892 (QR 495,101,487) and USD 138,740,231 (QR 505,014,440), respectively, whereby it receives a variable rate of USD 3 months LIBOR and pays a fixed rate of interest of 2.685% on the notional amount. The swap is being used to hedge the exposure to interest rate fluctuations on its loans. The loan facility and the interest rate swap have the same critical terms. This cash flow hedge is assessed to be highly effective. The fair value of the interest rate swaps are calculated by reference to the market valuation of the swap agreements.

KG 1 and KG 2 has recognised the negative fair value movement of the interest rate swaps amounting to USD 3,182,846 (QR 11,586,000) and USD 3,246,572 (QR 11,818,000) during the period 30 September 2015 to hedging reserve. The negative carrying values of the interest rate swaps for KG 1 and KG 2 amounts to USD 8,082,156 (QR29,419,000) and USD 8,243,977 (QR 30,008,000).

15 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

Financial assets consist of bank balances and cash, available-for-sale investments, financial assets at fair value through profit or loss, loans to LNG and LPG companies and certain other receivables. Financial liabilities consist of bank overdrafts, interest bearing loans and borrowings and certain other payables. Derivative financial instruments consist of interest rate swaps.

Available-for-sale investments

The Group assesses at each reporting date whether there is an objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. See below for fair value disclosures.

Fair values

A comparison by class of the carrying value and fair value of the Group's financial instruments that are carried in the consolidated financial statements of financial position are set out below:

	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>	<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Financial assets at fair value through profit or loss				
Financial investments at fair value through profit or loss	538,452	624,081	538,452	624,081
Financial assets (liabilities) at fair value through other comprehensive income				
Available-for-sale investments	4,022,904	4,197,562	4,022,904	4,197,562
Interest rate swaps (cash flow hedge)	(60,348)	(1,084)	(60,348)	(1,084)
	3,962,556	4,196,478	3,962,556	4,196,478

Fair value of financial assets and liabilities other than those disclosed above approximates their carrying amounts at reporting date.

15 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**Fair values (continued)**

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, trade accounts receivables, trade accounts payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of available-for-sale investments and financial assets at fair value through profit or loss is derived from quoted market prices in active markets.
- Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques.
- Loans to LNG and LPG companies are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. As the reporting period, the carrying amounts of such receivables are not materially different from their calculated fair values.
- The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives are valued based on market valuation provided by the respective financial institution.

The Group held the following financial instruments measured at fair value at the reporting period:

	<i>30 September</i> 2015 QR'000	<i>Level 1</i> QR'000	<i>Level 2</i> QR'000	<i>Level 3</i> QR'000
Assets measured at fair value				
Financial investments at fair value through profit or loss	538,452	538,452	-	-
Available-for-sale investments:				
Quoted investments	3,630,706	3,630,706	-	-
Unquoted investments	1,688	-	-	1,688
Investments in bonds	22,493	-	-	22,493
Liability measured at fair value				
Interest rate swaps	60,348	-	60,348	-
	<i>31 December</i> 2014 QR'000	<i>Level 1</i> QR'000	<i>Level 2</i> QR'000	<i>Level 3</i> QR'000
Assets measured at fair value				
Financial investments at fair value through profit or loss	624,081	624,081	-	-
Available-for-sale investments:				
Quoted investments	3,799,033	3,799,033	-	-
Unquoted investments	3,100	-	-	3,100
Investments in bonds	26,626	-	-	26,626
Liability measured at fair value				
Interest rate swaps	1,084	-	1,084	-

15 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**Fair values (continued)**

Unquoted available-for-sale investments include investments amounting to QR 368,017,000 (2014: QR 368,803,000), carried at cost, as their fair values cannot be reliably estimated, due to the uncertain nature of cash flows.

During the nine months period ended 30 September 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The Group does not hold credit enhancement or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

The tables above illustrate the classification of the Group's financial instruments based on the fair value hierarchy as required for complete sets of financial statements. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments.

Fair value hierarchy

All financial instruments are carried at fair value and are categorised in three levels, defined as follows:

Level 1 – Quoted market prices

Level 2 – Valuation techniques (market observable)

Level 3 – Valuation techniques (non-market observable)

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

16 RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties during the nine months ended 30 September 2015 and 30 September 2014, as well as balances with related parties as at 30 September 2015 and 31 December 2014:

Related party transactions

	<i>Nine months ended 30 September</i>			
	<i>2015</i>		<i>2014</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	<u>406</u>	<u>6</u>	<u>791</u>	<u>41</u>

Related party balances

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

	<i>30 September 2015</i>		<i>31 December 2014</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>
Associate companies	<u>220,610</u>	<u>429</u>	<u>390,323</u>	<u>70</u>

16 RELATED PARTY DISCLOSURES (CONTINUED)**Compensation of directors and other key management personnel**

The remuneration of directors and other members of key management during the period was as follows:

	<i>Nine months ended 30</i>	
	<i>September</i>	
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Salaries and allowances	10,463	10,655
Employees' end of service benefits	639	665
Board of directors remuneration – cash	9,478	8,813
	<u>20,580</u>	<u>20,133</u>

17 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 W.L.L.
- 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 young 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. These costs and income are subsequently allocated.

Adjustments with respect to Milaha corporate represent costs captured and interest income earned, which are 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.

Qatar Navigation Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

17 SEGMENT INFORMATION (CONTINUED)

Nine months period ended 30 September 2015 (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	436,669	878,377	529,047	330,246	294,252	-	2,468,591	(160,457) (i)	2,308,134
Salaries, wages and other benefits	(7,892)	(150,896)	(174,339)	(14,289)	(63,068)	(96,296)	(506,780)	437 (i)	(506,343)
Operating supplies and expenses	(129,731)	(324,772)	(97,893)	(278,115)	(37,628)	(4,646)	(872,785)	145,710 (i)	(727,075)
Rent expenses	(4,477)	(7,241)	(4,983)	(1,686)	(2,992)	(5,654)	(27,033)	14,479 (i)	(12,554)
Depreciation and amortisation	(26,583)	(39,665)	(83,286)	(682)	(70,932)	(2,980)	(224,128)	-	(224,128)
Impairment of a vessel	-	(37,892)	-	-	-	-	(37,892)	-	(37,892)
Other operating expenses	(8,382)	(19,826)	(35,046)	(2,002)	(28,200)	(7,838)	(101,294)	(169) (i)	(101,463)
Allocations relating to fleet and technical services	-	(46,280)	-	-	46,280	-	-	-	-
Allocations relating to Milaha Corporate	(13,068)	(50,058)	(22,925)	(12,576)	(19,301)	117,928	-	-	-
OPERATING PROFIT	246,536	201,747	110,575	20,896	118,411	514	698,679	-	698,679
Finance costs	(2,143)	(5,989)	(9,239)	-	(20,278)	(33,125)	(70,774)	-	(70,774)
Finance income	2,632	1	57	1,914	18,474	56,634	79,712	-	79,712
Treasury Interest Income	2,927	10,314	4,436	2,429	3,947	(24,053)	-	-	-
(Loss) gain on disposal of property, vessels and equipment	(4)	(2,504)	4,129	-	(4)	3	1,620	-	1,620
Share of results of associates	491	1,537	-	-	240,773	-	242,801	-	242,801
Share of results of joint ventures	-	-	-	-	32,021	-	32,021	-	32,021
Loss on cashflow hedges recycled to income statement on deemed disposal of associates	-	-	-	-	(14,409)	-	(14,409)	-	(14,409)
Loss on deemed disposal of investment in associate	-	-	-	-	(10,464)	-	(10,464)	-	(10,464)
Net (loss) gain on foreign exchange	(524)	418	396	131	570	26	1,017	-	1,017
Miscellaneous income	183	1	-	-	8,533	1	8,718	-	8,718
PROFIT FOR THE PERIOD	250,098	205,525	110,354	25,370	377,574	-	968,921	-	968,921

Qatar Navigation Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

17 SEGMENT INFORMATION (CONTINUED)

Nine months period ended 30 September 2014 (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	543,051	676,516	410,985	295,202	193,417	-	2,119,171	(146,200) (i)	1,972,971
Salaries, wages and other benefits	(7,337)	(147,030)	(144,574)	(13,050)	(64,599)	(108,977)	(485,567)	6,355 (i)	(479,212)
Operating supplies and expenses	(93,899)	(275,180)	(85,366)	(249,375)	(36,493)	(4,458)	(744,771)	122,311 (i)	(622,460)
Rent expenses	(38,136)	(5,094)	(5,884)	(1,533)	(1,559)	(8,371)	(60,577)	15,234 (i)	(45,343)
Depreciation and amortisation	(23,707)	(44,693)	(69,851)	(895)	(50,470)	(3,753)	(193,369)	-	(193,369)
Other operating expenses	(8,491)	(19,506)	(28,946)	(1,833)	(23,344)	(12,756)	(94,876)	2,300 (i)	(92,576)
Allocations relating to fleet and technical services	-	(42,718)	-	-	42,718	-	-	-	-
Allocations relating to Milaha Corporate	(18,335)	(59,175)	(22,877)	(17,282)	(20,889)	138,558	-	-	-
OPERATING PROFIT	353,146	83,120	53,487	11,234	38,781	243	540,011	-	540,011
Finance costs	(2,584)	(6,476)	(5,560)	-	(4,217)	(8,650)	(27,487)	-	(27,487)
Finance income	3,137	-	67	436	18,379	18,399	40,418	-	40,418
Treasury Interest Income	1,186	4,180	1,798	985	1,600	(9,749)	-	-	-
Gain on disposal of property, vessels and equipment	1,537	711	32	-	-	-	2,280	-	2,280
Share of results of associates	1,012	226	-	-	220,754	-	221,992	-	221,992
Share of results of joint ventures	-	-	-	-	41,209	-	41,209	-	41,209
Net gain (loss) on foreign exchange	-	61	422	34	1,526	(243)	1,800	-	1,800
Miscellaneous income	91	-	-	-	2,571	-	2,662	-	2,662
PROFIT FOR THE PERIOD	357,525	81,822	50,246	12,689	320,603	-	822,885	-	822,885

Note:

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