

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the nine-month period ended 30 September 2017

CONTENTS	Page(s)
Condensed consolidated interim financial statements:	
Condensed consolidated income statement	1
Condensed consolidated statement of comprehensive income	2
Condensed consolidated statement of financial position	3 - 4
Condensed consolidated statement of cash flows	5 - 6
Condensed consolidated statement of changes in equity	7
Notes to the condensed consolidated interim financial statements	8 - 21

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INCOME STATEMENT
For the nine-month period ended 30 September 2017

	Notes	<i>For the nine-month period ended</i>	
		<i>30 September</i>	
		<i>2017</i>	<i>2016</i>
		<i>(Unaudited)</i>	
		<i>QR'000</i>	<i>QR'000</i>
Operating revenues	5	1,655,768	1,989,968
Salaries, wages and other benefits		(401,270)	(486,956)
Operating supplies and expenses		(672,929)	(615,733)
Rent expenses		(10,291)	(11,717)
Depreciation and amortization		(262,053)	(244,985)
Other operating expenses		(109,065)	(118,000)
OPERATING PROFIT		200,160	512,577
Finance costs		(153,732)	(131,238)
Finance income		121,630	125,814
Loss on disposal of property, vessels and equipment		(6,766)	(3,602)
Share of results of associates		192,429	235,649
Share of results of joint arrangements		82,958	18,822
Net (loss) gain on foreign exchange		(2,230)	1,067
Impairment of available-for-sale financial assets		(20,898)	-
Impairment of vessels and contract work-in-progress	8	(60,162)	-
Miscellaneous income	6	20,472	2,316
PROFIT FOR THE PERIOD		373,861	761,405
<i>Attributable to:</i>			
Equity holders of the parent		362,754	758,726
Non-controlling interest		11,107	2,679
		373,861	761,405
BASIC AND DILUTED EARNINGS PER SHARE			
<i>(attributable to equity holders of the parent)</i>			
<i>(expressed in QR per share)</i>	16	3.19	6.68

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine-month period ended 30 September 2017

		<i>For the nine-month period ended</i>	
		<i>30 September</i>	
		<i>2017</i>	<i>2016</i>
		<i>(Unaudited)</i>	
<i>Note</i>		<i>QR'000</i>	<i>QR'000</i>
	Profit for the period	<u>373,861</u>	<u>761,405</u>
	Other comprehensive income		
	<i>Items that may be reclassified subsequently to profit or loss</i>		
	Net movement in hedging reserve	7 <u>39,674</u>	(230,504)
	Net (loss) gain on available-for-sale financial assets	7 <u>(700,563)</u>	<u>118,985</u>
	Other comprehensive loss for the period	<u>(660,889)</u>	<u>(111,519)</u>
	Total comprehensive (loss) income for the period	<u>(287,028)</u>	<u>649,886</u>
	<i>Attributable to:</i>		
	Equity holders of the Parent	<u>(297,843)</u>	647,281
	Non-controlling interest	<u>10,815</u>	<u>2,605</u>
		<u>(287,028)</u>	<u>649,886</u>

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2017

		<i>30 September 2017 (Unaudited) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
ASSETS			
Non-current assets			
Property, vessels and equipment	8	4,327,062	4,861,611
Investment properties	9	1,281,599	1,140,646
Intangible assets		564,341	594,548
Investments in joint ventures		420,169	299,350
Investments in associates		4,867,428	4,814,755
Available-for-sale financial assets		3,357,241	4,065,641
Loans granted to LNG companies		195,778	214,747
Other assets		26,349	32,461
		15,039,967	16,023,759
Current assets			
Inventories		112,814	125,579
Trade and other receivables		982,178	742,102
Financial assets at fair value through profit or loss		507,872	484,556
Investments in term deposits		1,856,655	3,578,722
Cash and cash equivalents		994,656	1,102,860
		4,454,175	6,033,819
TOTAL ASSETS		19,494,142	22,057,578
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		3,364,390	4,064,661
Hedging reserve		(83,046)	(122,720)
Retained earnings		3,820,532	3,855,436
		13,491,140	14,186,641
Equity attributable to equity holders of the Parent		13,491,140	14,186,641
Non-controlling interest		66,137	55,322
		13,557,277	14,241,963
Total equity		13,557,277	14,241,963

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

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2017

EQUITY AND LIABILITIES (CONTINUED)	<i>Note</i>	30 September 2017 (Unaudited) QR'000	31 December 2016 (Audited) QR'000
Liabilities			
Non-current liabilities			
Loans and borrowings	13	3,244,074	2,789,820
Advance from a customer		125,587	152,634
Provision for employees' end of service benefits		103,064	99,840
		<u>3,472,725</u>	<u>3,042,294</u>
Current liabilities			
Trade and other payables		1,020,666	948,120
Loans and borrowings	13	1,443,474	3,825,201
		<u>2,464,140</u>	<u>4,773,321</u>
Total liabilities		<u>5,936,865</u>	<u>7,815,615</u>
TOTAL EQUITY AND LIABILITIES		<u>19,494,142</u>	<u>22,057,578</u>

The Group's condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on 25 October 2017 and signed on its behalf by the following:

.....
Ali bin Jassim bin Mohammad Al-Thani
Chairman

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

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine-month period ended 30 September 2017

	<i>For the nine-month period ended 30 September</i>	
	<i>2017</i>	<i>2016</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	373,861	761,405
Adjustment for:		
Depreciation of property, vessels and equipment	212,140	215,106
Depreciation of investment properties	19,424	18,580
Amortisation of intangible assets	30,489	11,299
Loss on disposal of property, vessels and equipment	6,766	3,602
Share of results of associates	(192,429)	(235,649)
Share of results of joint arrangements	(82,958)	(18,822)
Provision for employees' end of service benefits	9,157	16,771
Dividend income	(135,255)	(129,838)
Net fair value loss (gain) on financial assets at fair value through profit or loss	94,198	(3,446)
Impairment of available-for-sale financial assets	20,898	-
Impairment of vessels and capital work in progress	60,162	-
(Profit) loss on disposal of investment securities	(3,311)	164
Finance costs	153,732	131,238
Finance income	(121,630)	(125,814)
Operating profit before working capital changes:	445,244	644,596
<i>Changes in:</i>		
Inventories	12,765	51,485
Trade and other receivables	(154,212)	23,127
Trade and other payables	11,955	(42,161)
Cash flows from operating activities	315,752	677,047
Finance costs paid	(153,732)	(131,238)
Employees' end of service benefits paid	(5,933)	(7,395)
Net cash from operating activities	156,087	538,414
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, vessels and equipment	(40,705)	(268,652)
Dividend income	135,255	129,838
Finance income	121,630	125,814
Amounts received on settlement of arbitration	196,924	-
Proceeds from disposal of property, vessels and equipment	19,394	7,845
Purchases of investment properties	(160,377)	(193,355)
Addition to intangible assets	(167)	(124)
Net movement in loans granted to LNG companies	18,969	7,657
Purchase of investment securities	(152,886)	(41,035)
Proceeds from disposal of available-for-sale financial assets	7,301	-
Proceeds from disposal of financial assets at fair value through profit or loss	27,323	14,042
Distribution received from joint arrangements	-	15,648
Net movement in investments in term deposits	1,722,067	1,282,036
Investment in joint venture	(4,900)	-
Dividends received from associates	171,012	212,008
Net cash flows from investing activities	2,060,840	1,291,722

The condensed consolidated statement of cashflows continues on the next page.

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the nine-month period ended 30 September 2017

		<i>For the nine-month period ended</i>	
		<i>30 September</i>	
		<i>2017</i>	<i>2016</i>
		<i>(Unaudited)</i>	
	<i>Note</i>	<i>QR'000</i>	<i>QR'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to Company's shareholders	12	(397,658)	(568,082)
Dividends paid to non controlling interests		-	(9,000)
Net movement in loans and borrowings		<u>(2,027,473)</u>	<u>(851,565)</u>
Net cash flows used in financing activities		<u>(2,425,131)</u>	<u>(1,428,647)</u>
Net (decrease) increase in cash and cash equivalents		(208,204)	401,489
Cash and cash equivalents at beginning of period		<u>1,102,860</u>	<u>852,736</u>
Cash and cash equivalents at end of period	11	<u>894,656</u>	<u>1,254,225</u>

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

Qatar Navigation Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2017

	<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>	
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
<i>Total comprehensive income:</i>										
Profit for the period	-	-	-	-	-	-	362,754	362,754	11,107	373,861
Other comprehensive (loss) income	-	-	-	-	(700,271)	39,674	-	(660,597)	(292)	(660,889)
Total comprehensive (loss) income	-	-	-	-	(700,271)	39,674	362,754	(297,843)	10,815	(287,028)
<i>Transactions with owners of the Group:</i>										
Dividends paid (Note 12)	-	-	-	-	-	-	(397,658)	(397,658)	-	(397,658)
At 30 September 2017 (Unaudited)	1,145,252	(73,516)	4,693,986	623,542	3,364,390	(83,046)	3,820,532	13,491,140	66,137	13,557,277
	<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>	
At 1 January 2016 (Audited)	1,145,252	(73,516)	4,693,986	623,542	3,859,321	(299,335)	3,729,844	13,679,094	72,191	13,751,285
<i>Total comprehensive income:</i>										
Profit for the period	-	-	-	-	-	-	758,726	758,726	2,679	761,405
Other comprehensive income (loss)	-	-	-	-	119,059	(230,504)	-	(111,445)	(74)	(111,519)
Total comprehensive income (loss)	-	-	-	-	119,059	(230,504)	758,726	647,281	2,605	649,886
<i>Transactions with owners of the Group:</i>										
Dividends paid	-	-	-	-	-	-	(568,082)	(568,082)	(9,000)	(577,082)
At 30 September 2016 (Unaudited)	1,145,252	(73,516)	4,693,986	623,542	3,978,380	(529,839)	3,920,488	13,758,293	65,796	13,824,089

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the nine-month period ended 30 September 2017

1. REPORTING ENTITY

Qatar Navigation Q.P.S.C. (the “Company”) or (the “Parent”) was incorporated on 5 July 1957 as a Qatari Public 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 East Industrial Street, Zone 56, Doha, State of Qatar. The shares of the Company are publicly traded at the Qatar Exchange since 26 May 1997.

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

The principal activities of the Group, which remain unchanged from the previous period, 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 Group had the following active 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>30 September 2017</i>	<i>31 December 2016</i>
Qatar Shipping Company W.L.L.	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. (i)	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 (ii)	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 W.L.L.	Qatar	Travel agency	100%	100%
Navigation Trading Agencies W.L.L.	Qatar	Trading in heavy equipment	100%	100%

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the nine-month period ended 30 September 2017

1 REPORTING ENTITY (CONTINUED)

The Group 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>30 September 2017</i>	<i>31 December 2016</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 Integrated Maritime and Logistics W.L.L.	Qatar	Maritime and logistic services	100%	100%
Milaha Ras Laffan Verwaltungs GMBH (ii)	Germany	Managing the business activities of KG companies	100%	100%
Milaha Qatar Verwaltungs GMBH (ii)	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. (ii)	Qatar	Shipping services	100%	100%
Milaha Ras Laffan Gmbh & Co. KG (KG1) (ii)	Germany	LNG transportation	100%	100%
Milaha Qatar Gmbh & Co. KG (KG2) (ii)	Germany	LNG transportation	100%	100%
Qatar Shipping Company (France) (ii)	France	Investments	100%	100%
Milaha Offshore Holding Co. PTE LTD (ii)	Singapore	Offshore support services	100%	100%
Milaha Explorer PTE LTD (ii)	Singapore	Offshore support services	100%	100%
Milaha Offshore Services Co PTE LTD (ii)	Singapore	Offshore support services	100%	100%

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the nine-month period ended 30 September 2017

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>30 September 2017</i>	<i>31 December 2016</i>
Halul Offshore Services Company W.L.L.	50%	50%
Qatar Quarries and Building Materials Company Q.P.S.C.	25%	25%
Milaha Trading Company W.L.L.	99.5%	99.5%
Milaha Capital W.L.L.	99.5%	99.5%
Milaha Integrated Maritime and Logistics W.L.L.	99.5%	99.5%

The Group 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>30 September 2017</i>	<i>31 December 2016</i>
Milaha Technical & Logistics Services W.L.L.	100%	100%
Milaha Offshore Support Services Company L.L.C.	99.5%	99.5%
Milaha for Petroleum and Chemical Product W.L.L.	99.5%	99.5%
Milaha Warehousing W.L.L.	100%	100%
Milaha Capital Real Estate Complex W.L.L.	100%	100%
Milaha for Ships and Boats W.L.L.	100%	100%
Milaha Ship Management & Operation Company W.L.L.	100%	100%
Halul Ship Management & Operation W.L.L.	100%	100%

All subsidiaries 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 Group has the following investments in joint ventures:

	<i>Country of incorporation</i>	<i>Group effective ownership</i>	
		<i>30 September 2017</i>	<i>31 December 2016</i>
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.	Qatar	50%	50%
Aliago W.L.L. (ii)	Qatar	50%	50%
QTerminals W.L.L. (ii) (iii)	Qatar	49%	49%

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the nine-month period ended 30 September 2017

1 REPORTING ENTITY (CONTINUED)

The Group has the following investments in associates:

	Country of incorporation	Ownership %		Profit Sharing %	
		30 September 2017	31 December 2016	30 September 2017	31 December 2016
Cargotec Qatar W.L.L. (ii)	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. (ii)	Qatar	40.0%	40.0%	40.0%	40.0%
Qatar Gas Transport Company Limited (NAKILAT) (Q.P.S.C.)	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%
Man Diesel & Turbo Qatar Navigation W.L.L. (ii)	Qatar	51.0%	51.0%	35.0%	35.0%

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

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

(iii) *QTerminals W.L.L.*

QTerminals W.L.L. was legally incorporated on 10 May 2017 with the Commercial Registration number 98511. The shareholding structure of QTerminals is 51% owned by Qatar Ports Management Company ("Mwani Qatar") and 49% owned by Milaha. The purpose of the company is to operate ports, including the new Hamad Port based on an agreement signed between Milaha and Mwani Qatar during December 2016.

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

Name of branch	Principal activity
Qatar Navigation (Dubai Branch)	Marine services

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

2 BASIS OF ACCOUNTING

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2016 ("latest annual financial statements"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated interim financial statements of the Group were authorised for issue by the Board of Directors on 25 October 2017.

3. USE OF JUDGMENTS AND ESTIMATES

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the latest annual financial statements as at and for the year ended 31 December 2016.

Measurement of fair values

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted market price (unadjusted) in active markets for an identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4. SIGNIFICANT ACCOUNTING POLICIES

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

Changes in accounting policies

During the current period, the below amended International Financial Reporting Standards ("IFRS" or "standards") became effective for the first time for financial periods beginning on 1 January 2017:

- Amendments to IAS 7 "Disclosure Initiative"
- Amendments to IAS 12 on recognition of deferred tax assets for unrealised losses
- Amendments to IFRS 12 as part of the "Annual improvements to IFRSs 2014-2016 cycle-various standards".

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

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the nine-month period ended 30 September 2017

5. OPERATING REVENUES

The Group revenues (excluding inter-company transactions) consist of activities under the following operating segments:

	<i>Nine-month period ended 30</i>	
	<i>September</i>	
	<i>2017</i>	<i>2016</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Milaha Capital	323,003	331,753
Milaha Maritime and Logistics	564,205	666,875
Milaha Offshore	349,730	437,627
Milaha Trading	134,025	203,980
Milaha Gas and Petrochem	284,805	349,733
	<u>1,655,768</u>	<u>1,989,968</u>

6. MISCELLANEOUS INCOME

This represents compensation for the early termination of four vessels based on the contractual terms. The compensation was related to the Gas and Petrochemical segment.

7. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<i>Nine-month period ended 30</i>	
	<i>September</i>	
	<i>2017</i>	<i>2016</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Movements of other comprehensive income		
Cash flow hedges		
Movement during the period	(583)	(33,450)
Group share of gain (loss) in associates	40,257	(197,054)
Total effect on other comprehensive income (loss) resulting from cashflow hedges	<u>39,674</u>	<u>(230,504)</u>
Available-for-sale financial assets		
(Loss) gain arising during the period on revaluation	(709,564)	119,966
Group share of gain (loss) in associates	9,001	(981)
Total effect on other comprehensive (loss) income resulting from available-for-sale financial assets	<u>(700,563)</u>	<u>118,985</u>

8. PROPERTY, VESSELS AND EQUIPMENT

	<i>30 September</i>	<i>31 December</i>
	<i>2017</i>	<i>2016</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Opening balance	4,861,611	5,038,783
Additions	40,705	285,451
Disposals and write off	(26,160)	(14,980)
Transfer to trade and other receivables (i)	(276,676)	-
Other transfers and reclassifications	(116)	796
Impairment of vessels and capital work-in-progress	(60,162)	(160,662)
Depreciation charge for the period/ year	(212,140)	(287,777)
Closing balance	<u>4,327,062</u>	<u>4,861,611</u>

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the nine-month period ended 30 September 2017

8. PROPERTY, VESSELS AND EQUIPMENT (CONTINUED)

- (i) During the period, contract work-in-progress amounting to QR 277 million in relation to the construction of new vessels was reclassified from “Property, vessels and equipment” to “Trade and other receivables”. This was as a result of an arbitration agreement reached between the Group and the shipbuilder for a cash settlement. The amount of the cash settlement was equivalent to costs less accumulated impairment for the related vessels. The amounts receivable outstanding after partial settlement from the shipbuilder as at 30 September 2017 was QR 80Mn (Note 10).

9. INVESTMENT PROPERTIES

	<i>30 September 2017 (Unaudited) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Opening balance	1,140,646	877,986
Additions	160,377	288,068
Depreciation charge for the period/ year	<u>(19,424)</u>	<u>(25,408)</u>
Closing balance	<u><u>1,281,599</u></u>	<u><u>1,140,646</u></u>

10. TRADE AND OTHER RECEIVABLES

Trade and other receivables include an amount of QR 80 Mn related to the outstanding receivable from the shipbuilder relating to the settlement of the arbitration (Note 8).

11. CASH AND CASH EQUIVALENTS

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

	<i>30 September 2017 (Unaudited) QR'000</i>	<i>30 September 2016 (Unaudited) QR'000</i>
Cash in hand	13,490	7,605
Bank balance – term deposits (i)	500,407	783,787
Bank balance – current accounts	<u>480,759</u>	<u>462,833</u>
Bank overdraft (Note 13)	<u>994,656</u> <u>(100,000)</u>	<u>1,254,225</u> <u>-</u>
Cash and cash equivalents in the condensed consolidated statement of cash flows	<u><u>894,656</u></u>	<u><u>1,254,225</u></u>

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

12. DIVIDENDS

Dividend proposed and paid for the year 2016

The Board of Directors proposed a 35% cash dividend of QR 3.5 per share totaling to QR 398 million for the year 2016 which was approved by the equity holders at the Annual General Assembly held on 15 March 2017.

Dividend declared and paid:

	<i>2017 QR'000</i>	<i>2016 QR'000</i>
Final dividend	<u><u>397,658</u></u>	<u><u>568,082</u></u>

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As at and for the nine-month period ended 30 September 2017

13. LOANS AND BORROWINGS

The following transactions occurred during the period ended 30 September 2017 relating to loans and borrowings:

Parent Company:

- During the month of May, the Company fully settled a dollar denominated short term facility of 80 million which carried an interest of 0.5% + LIBOR.
- The dollar denominated loan which was obtained for the construction of Qatar Navigation Tower has been fully settled during the month of February 2017.
- During the period, the Company entered into a new dollar denominated Islamic facility of USD 300 million. The company has utilized part of this facility in two separate tranches.
 - One tranche of USD 40 million which carries a profit rate of 1.6% + 3 months LIBOR and is payable in November 2018 as a bullet payment.
 - The second tranche of QAR 510 million which carries profit of 4% per annum and is payable in February 2019.
- During the period, the company was granted a credit facility of QR 100 million in the form of a bank overdraft which carries an interest of 4% per annum.
- The group settled USD 350 million during the period towards a loan facility from a local bank. The settlement was made in four tranches during the nine month period. Further the group renewed a 100 million USD facility from the same bank.

14. CONTINGENT LIABILITIES

At 30 September 2017 and 31 December 2016, the Group had letters of guarantees and letters of credit from which it anticipates that no material liabilities will arise as follows:

	<i>30 September 2017 (Unaudited) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Letters of guarantees	764,165	752,580
Letters of credits	29,633	29,633
	<u>793,798</u>	<u>782,213</u>

15. 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 2017 and 2016, as well as balances with related parties as at 30 September 2017 and 31 December 2016:

Related party transactions

	<i>Nine-month period ended 30 September</i>			
	<i>2017</i>		<i>2016</i>	
	<i>Sales (Unaudited) QR'000</i>	<i>Purchases (Unaudited) QR'000</i>	<i>Sales (Unaudited) QR'000</i>	<i>Purchases (Unaudited) QR'000</i>
Associates	<u>1,291</u>	<u>43</u>	<u>562</u>	<u>10</u>

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As at and for the nine-month period ended 30 September 2017

15. RELATED PARTY DISCLOSURES (CONTINUED)

Related party balances

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

	<i>30 September 2017</i>		<i>31 December 2016</i>	
	<i>Trade receivables</i>	<i>Trade payables</i>	<i>Trade receivables</i>	<i>Trade payables</i>
	<i>(Unaudited)</i>		<i>(Audited)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Associates	786	17	93	17
Directors	1,239	97	897	68
Other related parties	-	-	-	57
	<u>2,025</u>	<u>114</u>	<u>990</u>	<u>142</u>

Compensation of directors and other key management personnel

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

	<i>Nine-month period ended 30 September</i>	
	<i>2017</i>	<i>2016</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Salaries and allowances	10,169	10,324
Provision for employees' end of service benefits	598	865
Board of directors remuneration – cash	10,462	10,462
	<u>21,229</u>	<u>21,651</u>

16. 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.

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

	<i>Nine months ended 30 September</i>	
	<i>2017</i>	<i>2016</i>
	<i>(Unaudited)</i>	
Net profit for the period attributable to equity holders of the Parent (QR'000)	<u>362,754</u>	<u>758,726</u>
Weighted average number of shares (000's)	<u>113,616</u>	<u>113,616</u>
Basic and diluted earnings per share (QR)	<u>3.19</u>	<u>6.68</u>

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the nine-month period ended 30 September 2017

16. BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)

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

	<i>Nine months ended 30 September</i>	
	<i>2017</i>	<i>2016</i>
	<i>(Unaudited)</i>	
	<hr/>	<hr/>
Total number of shares outstanding (000's)	114,525	114,525
Adjustment for weighted average shares with respect to treasury shares purchased during year 2013 (000's) (i)	(909)	(909)
	<hr/>	<hr/>
Weighted average numbers of shares during the period (000's)	113,616	113,616
	<hr/>	<hr/>

- (i) This represents an investment of 908,725 shares in the Company by one of its subsidiaries, during the year ended 31 December 2013.

17. SEGMENT INFORMATION

The Group is organised into six pillars as set out below, which constitute five reportable segments (strategic divisions):

- Milaha Capital - provides corporate finance advisory services to the Parent and its subsidiaries, manages its proprietary portfolio of financial and real estate investments and holds an investment in 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. It 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 of trucks, heavy equipment, machinery and lubrication brands in Qatar. It markets its products and provides critical after sales service. It 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. It also operates a number of product tankers in partnership with international trading and shipping companies.

Adjustments with respect to Milaha Corporate represent costs captured, which are subsequently allocated to various business pillars by way of a laid down methodology. 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 are subsequently allocated.

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 annual 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.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the nine-month period ended 30 September 2017

17. SEGMENT INFORMATION (CONTINUED)

Nine-month period ended 30 September 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	340,393	656,857	349,730	220,607	284,737	-	1,852,324	(196,556)	(i)	1,655,768
Salaries, wages and other benefits	(6,164)	(95,240)	(119,455)	(12,231)	(74,503)	(93,677)	(401,270)	-		(401,270)
Operating supplies and expenses	(144,811)	(390,827)	(79,547)	(187,169)	(44,656)	(4,257)	(851,267)	178,338	(i)	(672,929)
Rent expenses	(2,728)	(6,812)	(6,670)	(1,624)	(586)	(9,669)	(28,089)	17,798	(i)	(10,291)
Depreciation and amortisation	(27,164)	(45,208)	(85,211)	(695)	(100,930)	(2,845)	(262,053)	-		(262,053)
Other operating expenses	(7,838)	(23,145)	(36,566)	(3,524)	(24,930)	(13,482)	(109,485)	420	(i)	(109,065)
Allocations relating to fleet and technical services	-	(30,218)	-	-	30,218	-	-	-		-
Allocations relating to Milaha Corporate	(10,818)	(55,633)	(23,741)	(11,774)	(21,954)	123,920	-	-		-
OPERATING PROFIT	140,870	9,774	(1,460)	3,590	47,396	(10)	200,160			200,160
Finance costs	(81,736)	(8,900)	(27,825)	-	(41,132)	-	(159,593)	5,861	(i)	(153,732)
Finance income	106,210	1	4,192	2,285	14,803	-	127,491	(5,861)	(i)	121,630
Loss on disposal of property, vessels and equipment	-	(3,473)	(3,287)	(6)	-	-	(6,766)	-		(6,766)
Share of results of associates	454	1,491	-	-	190,484	-	192,429	-		192,429
Share of results of joint arrangements	-	104,139	-	-	(21,181)	-	82,958	-		82,958
Net (loss) gain on foreign exchange	(447)	(258)	(363)	(44)	(1,128)	10	(2,230)	-		(2,230)
Impairment of available-for-sale financial assets	(20,898)	-	-	-	-	-	(20,898)	-		(20,898)
Impairment of vessels and contract work-in-progress	-	(3,053)	(57,109)	-	-	-	(60,162)	-		(60,162)
Miscellaneous income	102	1	-	-	20,369	-	20,472	-		20,472
PROFIT FOR THE PERIOD	144,555	99,722	(85,852)	5,825	209,611	-	373,861	-		373,861

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the nine-month period ended 30 September 2017

17. SEGMENT INFORMATION (CONTINUED)

Nine-month period ended 30 September 2016 (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	346,416	761,388	437,627	243,995	349,733	-	2,139,159	(149,191)	(i)	1,989,968
Salaries, wages and other benefits	(5,732)	(155,908)	(139,267)	(14,578)	(78,305)	(93,543)	(487,333)	377	(i)	(486,956)
Operating supplies and expenses	(79,084)	(328,600)	(83,125)	(205,251)	(50,091)	(6,612)	(752,763)	137,030	(i)	(615,733)
Rent expenses	(3,131)	(5,899)	(4,553)	(1,659)	(2,797)	(7,983)	(26,022)	14,305	(i)	(11,717)
Depreciation and amortisation	(27,088)	(30,646)	(86,174)	(684)	(96,990)	(3,403)	(244,985)	-		(244,985)
Other operating expenses	(7,704)	(22,541)	(41,916)	(2,247)	(28,240)	(12,831)	(115,479)	(2,521)	(i)	(118,000)
Allocations relating to fleet and technical services	-	(40,314)	-	-	40,314	-	-	-		-
Allocations relating to Milaha Corporate	(12,379)	(53,937)	(24,699)	(11,814)	(21,505)	124,334	-	-		-
OPERATING PROFIT	211,298	123,543	57,893	7,762	112,119	(38)	512,577	-		512,577
Finance costs	(60,786)	(7,220)	(17,883)	-	(45,349)	-	(131,238)	-		(131,238)
Finance income	101,546	1	441	3,062	20,764	-	125,814	-		125,814
(Loss) Profit on disposal of property, vessels and equipment	-	(3,407)	(204)	-	-	9	(3,602)	-		(3,602)
Share of results of associates	381	763	-	-	234,505	-	235,649	-		235,649
Share of results of joint arrangements	-	-	-	-	18,822	-	18,822	-		18,822
Net (loss) gain on foreign exchange	(1,129)	(574)	(290)	(231)	3,262	29	1,067	-		1,067
Miscellaneous income	-	1	-	-	2,315	-	2,316	-		2,316
PROFIT FOR THE PERIOD	251,310	113,107	39,957	10,593	346,438	-	761,405	-		761,405

Note : Inter-segment revenues are eliminated on consolidation.

18. COMPARATIVE FIGURES

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