

Qatar Navigation Q.P.S.C.

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

31 MARCH 2019

Qatar Navigation Q.P.S.C.
INTERIM CONSOLIDATED INCOME STATEMENT
For the three months ended 31 March 2019

	Notes	<i>For the three months ended 31</i>	
		<i>March</i>	
		<i>2019</i>	<i>2018</i>
		<i>(Unaudited)</i>	
		<i>QR'000</i>	<i>QR'000</i>
Operating revenues	3	708,183	697,759
Salaries, wages and other benefits		(149,017)	(137,173)
Operating supplies and expenses		(218,173)	(226,063)
Rent expenses		(2,596)	(4,610)
Depreciation and amortisation		(92,520)	(80,289)
Recoveries (provision) for impairment of trade receivables		786	(13,684)
Other operating expenses		(32,275)	(33,103)
OPERATING PROFIT		214,388	202,837
Finance costs		(29,378)	(41,603)
Finance income		10,041	19,596
Gain on disposal of property, vessels and equipment		96	1,332
Share of results of associates		84,469	67,496
Share of results of joint arrangements		38,831	46,866
Net (loss) gain on foreign exchange		(216)	2,800
Impairment of vessels		(41,835)	(40,582)
Miscellaneous income		1,909	1,025
PROFIT FOR THE PERIOD		278,305	259,767
<i>Attributable to:</i>			
Equity holders of the parent		278,486	259,782
Non-controlling interest		(181)	(15)
		278,305	259,767
BASIC AND DILUTED EARNINGS PER SHARE <i>(attributable to equity holders of the parent)</i> <i>(expressed in QR per share)</i>	4	2.45	2.29

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.P.S.C.
 INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
 For the three months ended 31 March 2019

	<i>For the three months ended 31</i>	
	<i>March</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Profit for the period	<u>278,305</u>	<u>259,767</u>
Other comprehensive income (OCI):		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net (loss) gain on equity investments at Fair Value Through OCI	(214,699)	18,908
Equity-accounted investees – share of OCI	(3,909)	2,613
	<u>(218,608)</u>	21,521
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net (loss) gain resulting from cash flow hedges	(14,721)	10,264
Cash flow hedge movement for equity-accounted investees	(91,242)	115,695
	<u>(105,963)</u>	125,959
Total other comprehensive (loss) income	<u>(324,571)</u>	<u>147,480</u>
Total comprehensive (loss) income	<u>(46,266)</u>	<u>407,247</u>
<i>Attributable to:</i>		
Equity holders of the Parent	(46,119)	407,262
Non-controlling interest	(147)	(15)
	<u>(46,266)</u>	<u>407,247</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.P.S.C.
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2019

	<i>Notes</i>	31 March 2019 (Unaudited) QR'000	31 December 2018 (Audited) QR'000
ASSETS			
Non-current assets			
Property, vessels and equipment	5	3,954,290	4,031,488
Investment properties	6	1,303,823	1,299,473
Intangible assets		156,937	159,503
Right-of-use assets	7	67,746	-
Investments in joint ventures		890,455	949,910
Investments in associates		5,764,581	5,365,434
Financial assets at fair value through other comprehensive income		3,895,338	4,100,684
Loans granted to LNG companies		150,799	149,575
Other assets		25,194	25,765
		<u>16,209,163</u>	<u>16,081,832</u>
Current assets			
Inventories		107,446	121,553
Trade and other receivables		740,453	760,370
Financial assets at fair value through profit or loss		90,868	138,846
Investments in term deposits	8	132,273	577,544
Cash and cash equivalents		125,306	127,394
		<u>1,196,346</u>	<u>1,725,707</u>
Total Assets		<u>17,405,509</u>	<u>17,807,539</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the Parent			
Share capital	10	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		3,667,617	3,886,259
Hedging reserve		189,773	295,736
Retained earnings		3,943,857	4,010,829
Equity attributable to equity holders of the Parent		<u>14,190,511</u>	<u>14,582,088</u>
Non-controlling interest		55,570	55,717
Total equity		<u>14,246,081</u>	<u>14,637,805</u>

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

Qatar Navigation Q.P.S.C.
 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
 At 31 March 2019

	<i>31 March 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>
EQUITY AND LIABILITIES (CONTINUED)		
Liabilities		
Non-current liabilities		
Loans and borrowings	2,071,877	2,149,133
Advance from a customer	113,022	114,918
Lease liabilities	7 50,963	-
Provision for employees' end of service benefits	<u>121,347</u>	<u>120,612</u>
	<u>2,357,209</u>	<u>2,384,663</u>
Current liabilities		
Trade and other payables	502,432	510,870
Loans and borrowings	277,926	274,201
Lease liabilities	7 <u>21,861</u>	<u>-</u>
	<u>802,219</u>	<u>785,071</u>
Total liabilities	<u>3,159,428</u>	<u>3,169,734</u>
Total equity and liabilities	<u>17,405,509</u>	<u>17,807,539</u>

.....
 Jassim bin Hamad bin Jassim Jaber Al Thani
 Chairman

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

Qatar Navigation Q.P.S.C.
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2019

	<i>For the three months ended 31</i>	
	<i>March</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	278,305	259,767
Adjustment for:		
Depreciation and amortisation	92,520	80,289
Finance costs	29,378	41,603
Gain on disposal of property, vessels and equipment	(96)	(1,332)
Share of results of associates	(84,469)	(67,496)
Share of results of joint arrangements	(38,831)	(46,866)
Provision for employees' end of service benefits	5,729	5,366
Finance income	(10,041)	(19,596)
Dividend income	(148,608)	(164,918)
Impairment of vessels	41,835	40,582
(Recoveries) provision for impairment of trade receivables	(786)	13,684
Net fair value (gain) loss on financial assets at fair value through profit or loss	2,216	(403)
Gain on disposal of investments	(5,301)	(3,620)
Operating profit before working capital changes:	161,851	137,060
Inventories	14,107	(12,344)
Trade and other receivables	5,587	144,032
Trade and other payables	(19,984)	(74,543)
Cash flows from operating activities	161,561	194,205
Employees' end of service benefits paid	(6,464)	(2,625)
Net cash flows from operating activities	155,097	191,580
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, vessels and equipment	(35,460)	(148,912)
Dividend income	148,608	164,918
Finance income	10,041	19,596
Proceeds from disposal of property, vessels and equipment	100	1,454
Purchases of investment properties	(17,781)	(13,837)
Addition to intangible assets	(14)	(10)
Net movement in loans granted to LNG companies	(1,224)	(1,307)
Purchase of investment securities	-	(3,063)
Proceeds from disposal of financial assets at fair value through profit or loss	54,080	93,305
Additional investment in an associate	(610,639)	(1,020)
Dividends received from joint arrangements	98,000	
Dividends received from associates	200,811	168,000
Net cash flows (used in) from investing activities	(153,478)	279,124

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.P.S.C.
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the three months ended 31 March 2019

	<i>Notes</i>	<i>For the three months ended 31</i>	
		<i>March</i>	
		<i>2019</i>	<i>2018</i>
		<i>(Unaudited)</i>	
		<i>QR'000</i>	<i>QR'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	11	(340,849)	-
Dividends paid to non-controlling interests		-	(7,088)
Net movement in loans and borrowings		(73,531)	(54,504)
Finance costs paid		(29,378)	(41,603)
Payment towards lease liability	7	(5,220)	-
Net movement in term deposits maturing after 90 days		445,271	670,445
Net cash flows from (used in) financing activities		(3,707)	567,250
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(2,088)	1,037,954
Cash and cash equivalents at 1 January		127,394	313,943
CASH AND CASH EQUIVALENTS AT 31 MARCH	9	125,306	1,351,897

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.P.S.C.
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2019

	<i>Attributable to the equity holders of the Parent</i>							<i>Non-controlling interest</i>	<i>Total</i>	
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Fair value reserve</i>	<i>Hedging reserve</i>	<i>Retained earnings</i>			<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Balance at 31 December 2018 (Audited)	1,145,252	(73,516)	4,693,986	623,542	3,886,259	295,736	4,010,829	14,582,088	55,717	14,637,805
Adjustment on initial application of IFRS 16 (Note 2 (2.2))	-	-	-	-	-	-	(4,609)	(4,609)	-	(4,609)
Restated balance at 1 January 2019	<u>1,145,252</u>	<u>(73,516)</u>	<u>4,693,986</u>	<u>623,542</u>	<u>3,886,259</u>	<u>295,736</u>	<u>4,006,220</u>	<u>14,577,479</u>	<u>55,717</u>	<u>14,633,196</u>
Profit for the period	-	-	-	-	-	-	278,486	278,486	(181)	278,305
Other comprehensive loss	-	-	-	-	(218,642)	(105,963)	-	(324,605)	34	(324,571)
Total comprehensive (loss) income	-	-	-	-	(218,642)	(105,963)	278,486	(46,119)	(147)	(46,266)
Dividends paid (Note 11)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
Balance at 31 March 2019 (Unaudited)	<u>1,145,252</u>	<u>(73,516)</u>	<u>4,693,986</u>	<u>623,542</u>	<u>3,667,617</u>	<u>189,773</u>	<u>3,943,857</u>	<u>14,190,511</u>	<u>55,570</u>	<u>14,246,081</u>
	<i>Attributable to the equity holders of the Parent</i>									
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Legal Reserve</i>	<i>General reserve</i>	<i>Fair value reserve</i>	<i>Hedging reserve</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Non-controlling interest</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Balance at 1 January 2018 (Audited)	1,145,252	(73,516)	4,693,986	623,542	3,190,158	47,432	3,915,860	13,542,714	69,100	13,611,814
Adjustment for initial application of IFRS 9	-	-	-	-	(57,312)	-	28,807	(28,505)	-	(28,505)
Restated balance at 1 January 2018	<u>1,145,252</u>	<u>(73,516)</u>	<u>4,693,986</u>	<u>623,542</u>	<u>3,132,846</u>	<u>47,432</u>	<u>3,944,667</u>	<u>13,514,209</u>	<u>69,100</u>	<u>13,583,309</u>
Profit for the period	-	-	-	-	-	-	259,782	259,782	(15)	259,767
Other comprehensive income (loss)	-	-	-	-	21,521	125,959	-	147,480	-	147,480
Total comprehensive income (loss)	-	-	-	-	21,521	125,959	259,782	407,262	(15)	407,247
Dividends paid (Note 11)	-	-	-	-	-	-	(397,658)	(397,658)	(7,088)	(404,746)
Transfer of reserve of investments	-	-	-	-	(799)	-	799	-	-	-
Balance at 31 March 2018 (Unaudited)	<u>1,145,252</u>	<u>(73,516)</u>	<u>4,693,986</u>	<u>623,542</u>	<u>3,153,568</u>	<u>173,391</u>	<u>3,807,590</u>	<u>13,523,813</u>	<u>61,997</u>	<u>13,585,810</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.P.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at and for the period ended 31 March 2019

1 REPORTING ENTITY

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

These consolidated 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, travel agency, warehousing, and supply chain management.

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on the 28th of April 2019.

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

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Group effective shareholding</i>	
			<i>31 March 2019</i>	<i>31 December 2018</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	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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at and for the period ended 31 March 2019

1 REPORTING ENTITY (CONTINUED)

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

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Group effective shareholding</i>	
			<i>31 March 2019</i>	<i>31 December 2018</i>
Navigation Marine Service Center W.L.L	Qatar	Marine services	100%	100%
Milaha Capital W.L.L.	Qatar	Investments	100%	100%
Milaha Real Estate Services W.L.L	Qatar	Real estate maintenance	100%	100%
Milaha Maritime and Logistics Integrated W.L.L.	Qatar	Maritime and logistic services	100%	100%
Milaha Ras Laffan Verwaltungs GMBH	Germany	Managing the business activities of KG companies	100%	100%
Milaha Qatar Verwaltungs GMBH	Germany	Managing the business activities of KG companies	100%	100%
Milaha Real Estate Investment W.L.L	Qatar	Real estate services	100%	100%
Milaha for Petroleum and Chemical Product W.L.L.	Qatar	Shipping services	100%	100%
Milaha Ras Laffan Gmbh & Co. KG (KG1)	Germany	LNG transportation	100%	100%
Milaha Qatar Gmbh & Co. KG (KG2)	Germany	LNG transportation	100%	100%
Qatar Shipping Company (France)	France	Investments	100%	100%
Milaha Offshore Holding Co. PTE LTD	Singapore	Offshore support services	100%	100%
Milaha Explorer PTE LTD	Singapore	Offshore support services	100%	100%
Milaha Offshore Services Co PTE LTD	Singapore	Offshore support services	100%	100%
Milaha (FZC) L.L.C.	Oman	Logistic services	100%	100%

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

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Qatar Navigation Q.P.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at and for the period ended 31 March 2019

1 REPORTING ENTITY (CONTINUED)

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

<i>Name of subsidiary</i>	<i>Company's ownership percentage</i>	
	<i>31 March 2019</i>	<i>31 December 2018</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 Maritime and Logistics Integrated W.L.L.	99.5%	99.5%

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

<i>Name of subsidiary</i>	<i>Company's ownership percentage</i>	
	<i>31 March 2019</i>	<i>31 December 2018</i>
Milaha Technical & Logistics Services W.L.L	100%	100%
Milaha Offshore Support Services Company W.L.L	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%
Halul 49 L.L.C.	100%	100%
Halul 68 L.L.C.	100%	100%
Halul 69 L.L.C.	100%	100%
Halul 70 L.L.C.	100%	100%
Halul 71 L.L.C.	100%	100%
Halul 80 L.L.C.	100%	100%
Halul 81 L.L.C.	100%	100%
Halul 82 L.L.C.	100%	100%
Halul 83 L.L.C.	100%	100%
Halul 90 L.L.C.	100%	100%
Halul 100 L.L.C.	100%	100%
Halul 101 L.L.C.	100%	100%
Aliago W.L.L	100%	100%

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

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

Name of branch	Principal activity
Qatar Navigation (Dubai Branch)	Marine, Maritime and Logistics services

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

2 BASIS OF PREPARATION

2.1 Basis of preparation

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2018.

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 2018, except for the adoption of the new standards and interpretations effective as of 1 January 2019. The Group has not early adopted any of the standards issued, which are yet to be effective.

The group applies, for the first time IFRS 16 Leases. The nature and effect of these changes are disclosed below.

IFRS 16 “Leases”

IFRS 16 “Leases” (hereafter “IFRS 16”) provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC 15 “Operating Leases – Incentives”, and SIC 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17; i.e. lessors continue to classify leases as finance or operating leases.

Impact on Lessee Accounting

IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The group has applied the standard from its mandatory adoption date of 1 January 2019. The group has applied a modified retrospective approach. Therefore, the group will not restate the comparative information, instead recognizes the cumulative effect of initially applying the standard as an adjustment to the Retained Earnings at the date of initial application.

On initial application of IFRS 16 at 1 January 2019, the group has:

- Recognised right of use assets and lease liabilities in the consolidated statement of financial position.
- Recognised depreciation of right of use assets and interest on lease liabilities in the consolidated statement of profit or loss
- Separate the total amount of cash paid into a principal portion and interest (presented within financing activities) in the consolidated statement of cash flows.

The following table summarises the impact of transition to IFRS 16 on the opening balance of retained earnings

Line item impacted in the consolidated financial statements	As reported at 31 December 2018	Adjustments due to adoption of IFRS 16	Adjusted opening balances as at 1 January 2019
Right-of-use assets	-	73,435	73,435
Lease liabilities	-	78,044	78,044
Retained earnings	4,010,829	(4,609)	4,006,220

Qatar Navigation Q.P.S.C.
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 As at and for the period ended 31 March 2019

2 BASIS OF PREPARATION (CONTINUED)

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

IFRS 16 “Leases” (Continued)

Impact on Lessor Accounting

The Group acts as a lessor though sub-leasing vessels to third parties. Based on information currently available, management does not expect any significant impact on the relevant amounts recognised in the Group’s consolidated financial statements.

3 OPERATING REVENUES

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

	<i>Three months ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	
	<i>QR’000</i>	<i>QR’000</i>
Milaha Capital	220,293	241,149
Milaha Maritime and Logistics	203,609	225,692
Milaha Offshore	188,126	127,028
Milaha Trading	17,869	28,892
Milaha Gas and Petrochem	78,286	74,998
	708,183	697,759

4 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	
Net profit for the period attributable to equity holders of the parent (QR’000)	278,486	259,782
Weighted average number of shares (000’s)	113,616	113,616
Basic and diluted earnings per share (QR)	2.45	2.29

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

	<i>Three months ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	
Total number of shares outstanding (000’s)	114,525	114,525
Adjustment for weighted average shares with respect to treasury shares purchased during the year 2013 (000’s)	(909)	(909)
Weighted average numbers of shares during the period (000’s)	113,616	113,616

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5 PROPERTY, VESSELS AND EQUIPMENT

	<i>31 March 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>
Net book value, beginning balance	4,031,488	4,196,429
Additions	35,460	371,476
Disposals and write off	(2)	(7,835)
Transfers and reclassifications	-	(11,266)
Impairment of vessels	(41,835)	(243,428)
Depreciation charge for the period/ year	<u>(70,821)</u>	<u>(273,888)</u>
Net book value, ending balance	<u><u>3,954,290</u></u>	<u><u>4,031,488</u></u>

6 INVESTMENT PROPERTY

	<i>31 March 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>
Net book value, beginning balance	1,299,473	1,277,575
Additions	17,781	62,061
Depreciation charge for the period/ year	(13,431)	(50,057)
Disposal and write offs	-	(64)
Transfers and reclassifications	-	9,958
Net book value, ending balance	<u><u>1,303,823</u></u>	<u><u>1,299,473</u></u>

7 LEASES

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition provisions, allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts for which the underlying asset is of low value ('low-value assets').

Impact on the consolidated statement of financial position are as follows:

	<i>31 March 2019 (Unaudited) QR'000</i>
Right-of-use assets	
At 1 January	73,435
Depreciation of right-of-use assets	<u>(5,689)</u>
Net book value, ending balance	<u><u>67,746</u></u>
Lease liability	
At 1 January	78,044
Payment of lease liability	<u>(5,220)</u>
Ending balance	<u><u>72,824</u></u>

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7 LEASES (CONTINUED)

	<i>31 March 2019 (Unaudited) QR'000</i>
Lease liability	
Non-current portion	50,963
Current portion	<u>21,861</u>
	<u>72,824</u>

8 INVESTMENTS IN TERM DEPOSITS

	<i>31 March 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>
Term deposits with banks	139,573	616,393
<i>Less:</i> Term deposits maturing before 90 days	<u>(7,300)</u>	<u>(38,849)</u>
Term deposits maturing after 90 days (i)	<u>132,273</u>	<u>577,544</u>

Notes:

(i) Short-term deposits earn interest at market rates and these are with an original maturity of over 90 days.

9 CASH AND CASH EQUIVALENTS

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

	<i>Three months ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Cash in hand	1,696	4,013
Cash at bank – term deposits (i)	7,300	441,250
Cash at bank – current accounts	<u>116,310</u>	<u>906,634</u>
	<u>125,306</u>	<u>1,351,897</u>

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

10 SHARE CAPITAL

	<i>Number of shares (‘000’)</i>	<i>QR'000</i>
Authorised, issued and fully paid shares		
At 31 March 2019 and 31 December 2018 :		
shares with nominal value of QR 10 each	<u>114,525</u>	<u>1,145,252</u>

On 18 March 2019, the Extraordinary General Meeting of the group approved the par value of an ordinary share to be QAR 1 instead of QAR 10, as per the instructions of Qatar Financial Markets Authority, and amendment of the related Articles of Association. The share split has not yet been implemented at the end of the reporting period, pending completion of certain legal formalities.

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11 DIVIDENDS

Dividend proposed and paid for the year 2018

The Board of Directors had proposed and paid a 30% cash dividend of QR 3.0 per share totaling QR 341 million for the year 2018 which was approved by the equity holders at the Annual General Assembly held on 18 March 2019.

Dividend declared and paid:

	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
Final Dividend (i)	<u>340,849</u>	<u>397,658</u>

12 CONTINGENT LIABILITIES

At 31 March 2019 and 31 December 2018, the Group had letters of guarantees and letters of credit from which it anticipates that no material liabilities will arise amounted to:

	<i>31 March</i> <i>2019</i> <i>(Unaudited)</i> <i>QR'000</i>	<i>31 December</i> <i>2018</i> <i>(Audited)</i> <i>QR'000</i>
Letters of guarantees	804,279	822,698
Letters of credits	<u>4,107</u>	<u>4,488</u>
	<u><u>808,386</u></u>	<u><u>827,186</u></u>

13 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

14 RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties during the three months ended 31 March 2019 and 2018, as well as balances with related parties as at 31 March 2019 and 31 December 2018:

Related party transactions

	<i>Three months ended 31 March</i>			
	<i>2019</i>		<i>2018</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>1,662</u>	<u>180</u>	<u>811</u>	<u>-</u>

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14 RELATED PARTY DISCLOSURES (CONTINUED)

Related party balances

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

	<i>31 March 2019</i>		<i>31 December 2018</i>	
	<i>Trade receivables (Unaudited)</i>	<i>Trade payables (Unaudited)</i>	<i>Trade receivables (Audited)</i>	<i>Trade payables (Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Joint ventures	10,777	6,322	31,850	9,806
Associate companies	2,150	115	1,057	1
Directors	1,864	103	850	72
	14,791	6,540	33,757	9,879

Compensation of directors and other key management personnel

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

	<i>Three months ended 31 March</i>	
	<i>2019 (Unaudited)</i>	<i>2018 (Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Salaries and allowances	2,946	3,403
Provision for employees' end of service benefits	498	294
Board of directors remuneration	3,488	3,488
	6,932	7,185

Additional acquisition in an associate

During the month of February, the group acquired additional 5.9% in Qatar Gas Transport Company Limited (NAKILAT) Q.P.S.C, resulting in an increase in the shareholding from 30.3% to 36.2%. This acquisition resulted in a cash outflow of QAR 611 Mn.

15 COMPARATIVE INFORMATION

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

16 SEGMENT INFORMATION

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

- Milaha Capital provides corporate finance advisory services to the 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, non-vessel operating common carriers (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 group currently operates a fleet of 47 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 is 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 one crude carrier. The segment also operates a number of product tankers in partnership with international trading and shipping companies.
- Milaha Corporate provides necessary services to all the pillars to run their respective business. These services are costs of management, corporate development and communications, internal audit, legal affairs, shared services, information technology, procurement, human resources and administration and finance. The costs are subsequently allocated. Adjustments with respect to Milaha Corporate represent costs captured and subsequently allocated to various business pillars by way of a laid down methodology.

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

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

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15 SEGMENT INFORMATION (CONTINUED)

Three months period ended 31 March 2019 (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	232,338	231,383	188,126	56,968	78,286	-	787,101	(78,918) (i)	708,183
Salaries, wages and other benefits	(1,183)	(87,941)	(16,041)	(4,000)	(6,489)	(33,363)	(149,017)	-	(149,017)
Operating supplies and expenses	(36,417)	(157,652)	(33,911)	(51,188)	(3,629)	(2,000)	(284,797)	66,624 (i)	(218,173)
Rent expenses	(370)	(10,928)	(834)	(517)	(92)	(2,026)	(14,767)	12,171 (i)	(2,596)
Depreciation and amortisation	(16,315)	(7,835)	(45,647)	(244)	(21,925)	(554)	(92,520)	-	(92,520)
Recoveries (provision) of impairment of trade receivables	208	2,338	(899)	(893)	-	32	786	-	786
Other operating expenses	(2,238)	(14,241)	(7,234)	(5)	(4,519)	(4,161)	(32,398)	123 (i)	(32,275)
Allocations relating to fleet and technical services	-	72,264	(58,433)	-	(13,831)	-	-	-	-
Allocations relating to Milaha Corporate	(3,654)	(27,387)	(4,338)	(3,317)	(3,377)	42,073	-	-	-
OPERATING PROFIT	172,369	1	20,789	(3,196)	24,424	1	214,388	-	214,388
Finance costs	(303)	(4,551)	(16,628)	-	(8,937)	-	(30,419)	1,041 (i)	(29,378)
Finance income	3,996	-	2,999	56	4,028	3	11,082	(1,041) (i)	10,041
Gain on disposal of property, vessels and equipment	-	96	-	-	-	-	96	-	96
Share of results of associates	39	1,945	-	-	82,485	-	84,469	-	84,469
Share of results of joint arrangements	-	47,753	-	-	(8,922)	-	38,831	-	38,831
Net gain (loss) on foreign exchange	-	11	(126)	(5)	(92)	(4)	(216)	-	(216)
Impairment of vessels	-	(4,344)	(24,374)	-	(13,117)	-	(41,835)	-	(41,835)
Miscellaneous income	689	-	-	-	1,220	-	1,909	-	1,909
PROFIT FOR THE PERIOD	176,790	40,911	(17,340)	(3,145)	81,089	-	278,305	-	278,305

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15 SEGMENT INFORMATION (CONTINUED)

Three months period ended 31 March 2018 (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	254,830	255,576	127,028	78,858	74,991	-	791,283	(93,524) (i)	697,759
Salaries, wages and other benefits	(2,226)	(76,642)	(15,351)	(4,338)	(6,432)	(32,184)	(137,173)	-	(137,173)
Operating supplies and expenses	(38,658)	(172,506)	(17,119)	(70,502)	(5,906)	(947)	(305,638)	79,575 (i)	(226,063)
Rent expenses	(1,671)	(12,608)	(1,238)	(501)	(14)	(2,380)	(18,412)	13,802 (i)	(4,610)
Depreciation and amortisation	(14,379)	(7,368)	(33,309)	(227)	(24,168)	(838)	(80,289)	-	(80,289)
Provision of impairment of trade receivables	463	(4,599)	(8,968)	(799)	-	219	(13,684)	-	(13,684)
Other operating expenses	(2,151)	(12,066)	(5,787)	(770)	(3,841)	(8,635)	(33,250)	147 (i)	(33,103)
Allocations relating to fleet and technical services	-	65,435	(51,533)	-	(13,902)	-	-	-	-
Allocations relating to Milaha Corporate	(4,183)	(27,444)	(4,770)	(3,821)	(4,557)	44,775	-	-	-
OPERATING PROFIT	192,025	7,778	(11,047)	(2,100)	16,171	10	202,837	-	202,837
Finance costs	(10,373)	(7,563)	(16,846)	-	(9,726)	-	(44,508)	2,905 (i)	(41,603)
Finance income	15,161	1	3,664	269	3,406	-	22,501	(2,905) (i)	19,596
Gain on disposal of property, vessels and equipment	-	250	995	87	-	-	1,332	-	1,332
Share of results of associates	165	587	-	-	66,744	-	67,496	-	67,496
Share of results of joint arrangements	-	52,373	-	-	(5,507)	-	46,866	-	46,866
Net gain (loss) on foreign exchange	3,072	(169)	(111)	72	(54)	(10)	2,800	-	2,800
Impairment of vessels	-	-	-	-	(40,582)	-	(40,582)	-	(40,582)
Miscellaneous income	359	1	-	-	665	-	1,025	-	1,025
PROFIT FOR THE PERIOD	200,409	53,258	(23,345)	(1,672)	31,117	-	259,767	-	259,767

Note:

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