MILAHA

Annual Report 2011

www.milaha.com

His Highness
Sheikh Hamad bin Khalifa Al Thani
Emir of the State of Qatar

His Highness
Sheikh Tamim bin Hamad Al Thani
Heir Apparent

The information contained in this Annual Report has been prepared in good faith, solely for the purpose of providing information to the shareholders and to other interested parties about Milaha. However, this Annual Report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond Milaha's control, may cause actual developments and results to differ materially from expectations contained in the Annual Report. No representation is made or guarantee given (either expressed or implied) as to the completeness or accuracy of the said forward-looking statements.

Contents

Chairman's Message

In the Name of Allah,
Most Gracious, Most Merciful

Dear Shareholders,

2011 was an exciting and challenging year for Milaha, one in which we maintained a clear focus on the day-to-day business to navigate the largest ever global downturn in our industry while at the same time undertaking the most transformative effort in the company's 54 year history. This was an extremely difficult balancing act made possible by the tremendous efforts of our leadership team and our colleagues.

Review of 2011 Performance
It was a difficult market environment for almost all shipping segments, and while the markets were not as depressed as in 2009 and 2010, we're still in the middle of the sharpest and most sustained downturn in shipping in many decades. A number of the largest and most well-known shipping companies filed for bankruptcy or sought to restructure their debts last year. The crisis is still not over and the difficult market conditions may force many others to exit the sector.

Despite the difficult markets, through our determined focus on our operations and our diversified portfolio, which we continue to view as a competitive advantage, we posted virtually flat net income results on a normalized basis in 2011 versus 2010.

While the Company's net profit dropped from QR 1,099 million in 2010 to QR 711 million in 2011, adjusting for non-recurring, non-cash items yielded similar profits in 2011 relative to 2010.

Operationally, each of our entities – Qatar Navigation, Qatar Shipping, and Halul Offshore Services – achieved significant wins in 2011, even though some units performed better than others.

Within Qatar Navigation, our Port Services unit signed an agreement with Qatar Ports Management Company (QPMC) to fully manage operations at Doha Port, where the company has been the exclusive stevedoring services provider for many years. In our new role, we've already driven significant efficiencies at the port, and are in the process of installing a new state-of-the-art Terminal Operating System (TOS) to enhance our operations further.

Our Container Feeder unit maintained a strong share in the UAE-Qatar sector, carrying 65% of all commercial import containers into Doha Port, and 67% of all export containers out of Qatar, despite strong downward pricing pressure and significant competition.

Our Logistics unit, in collaboration with international partners, won major freight forwarding and transportation contracts with some of the largest project owners in Qatar. This will help recovery in land transportation activities, which faced severe pricing pressure and market competition in 2011.

The Shipping Agencies unit more than held its own in the face of strong competition, acting as the agent for 60% of the vessels calling Qatar in 2011.

Financially, the Port Services and Container Feeder units posted higher profits, and helped offset weaker profits in our Logistics, Commercial, and Shipping Agency units. The non-maritime & logistics related units within Qatar Navigation, continued to serve as a firewall against the global shipping downturn, with the Real Estate unit showing increased profits, enhanced by the full year's rent for Navigation Tower in 2011.

Our Qatar Shipping unit faced a mixed year with further deterioration in the product tanker market offset by a relatively strong recovery in the LPG transport market, in which we participate through a joint venture with Nakilat. We however capitalized on attractive asset values to increase our stake in 2 LNG carriers. The ships are on long term charter for the next 19 years significantly benefitting the group over the long term.

Qatar Shipping's overall net profit fell QR 76 million from 2010 to 2011, largely accounted for by a QR 61 million drop in dividend income from 2010, when we received a large, infrequent dividend payment from an LNG shipping joint venture.

The Halul Offshore Services unit was awarded eight new offshore contracts in Qatar with Qatar Petroleum as well as two long term contracts with Saudi Aramco in KSA, and continued its careful fleet expansion by taking delivery of three new vessels and starting construction on two additional Anchor Handling Tug Supply Vessels (AHTS).

Halul Offshore Services overall net profit fell QR 6 million from 2010 to 2011, mainly due to a drop in non-operating income.

Beyond our wholly owned entities, our Associate Companies generated QR 47 million more in returns than in 2010. The majority of the increase was from our share in Qatar Gas Transport Company (Nakilat).

Transition to 2012 and Beyond

Going forward, we are seeking not only to outperform in difficult market conditions, but to create a stronger, more focused company for the long term. The markets will become favorable again and we want to be prepared to take full advantage of the opportunities.

We undertook a comprehensive effort to set an ambitious vision and define our long term strategic direction. We further began a transformative effort to build a solid foundation to achieve our vision. We restructured the company into a corporate entity and six strategic business pillars, each with clearly defined mandates and fully focused on their respective sectors. We re-aligned our activities and our organization structure to support these business pillars and began to make fundamental changes to our business and operating model to manage the group more strategically. We streamlined and strengthened our support services by creating a Shared Services unit that will be enabled by new processes and automated by state-of-the-art technology.

As part of our transformation and to unite all of our businesses under a common vision, in November, we re-branded the company to Milaha. As most of you know, Milaha is a name that is well-recognized and highly respected in Qatar and the region already, but one that now gives us increased flexibility to chart our course globally in line with our ambitions.

2012 promises to be equally exciting and challenging for Milaha, as we take the next steps in our journey to become a globally recognised player in the maritime and logistics sector. The core shipping businesses will continue to face weak market conditions. We're confident however that the changes we've made and are continuing to make internally will allow us to meet these challenges head on and, in some areas, to take advantage of the situation to expand our presence in some of our core sectors beyond our traditional regional boundaries.

Locally, we aim to play a larger role in the development of the Qatari economy and its infrastructure in the coming years, and are putting in place the building blocks to make us more competitive. We have begun to implement a more customer-oriented operating model that is focused on integrated solutions, which we believe will distinguish us from our peers and allow us to maintain healthy growth locally and beyond.

The changes that we're undertaking are not simple and require time to become embedded within the company. However, if we execute our plans well, and we are confident of doing so, we will achieve our ultimate goal of generating significant additional value in the coming years for you, our shareholders.

Ali bin Jassim bin Mohammad Al-Thani
Chairman and Managing Director

Board of Directors

Ali bin Jassim bin Mohammad Al-Thani
Chairman and Managing Director

Salem bin Butti Al-Naimi
Vice Chairman

Sheikh Jassim bin Hamad bin Jassim Al-Thani
Board Member

Ali Ahmad Al-Kuwari
Board Member

Saad Mohammad Al-Romaihi
Board Member

Hetmi Ali Al-Hetmi
Board Member

Hamad Mohammad Al- Mana
Board Member

Adil Ali Bin Ali
Board Member

Sulaiman Haidar Sulaiman
Board Member

Dr. Mazen Jassim Jaidah
Board Member

Ali Hussain Al-Sada
Board Member

Board of Directors' Report

Achievements in 2011

Shipping Agencies

Milaha's Shipping Agency unit acts as an agent for vessels calling Qatari ports. The unit represents shipping lines and caters not only for their vessels, but also monitors and follows up on the movement of their container units. In addition, the unit offers vessel survey and inspection services, as well as handling of P&I and other shipping related claims.

In spite of a difficult market, lower volumes and increased competition, the unit maintained a strong position acting as agents for approximately 60% of total vessels calling Qatar in 2011.

Port Services

The Port Services unit provides services at both Doha and Mesaieed Ports in Qatar.

Already a leading provider of stevedoring services and a partner of choice for port operators within Qatar, in February of 2011 Milaha was awarded the contract for the management and operation of Doha Port for a three year period, thereby significantly expanding its mandate. The unit, which is looking to drive operational efficiencies and generate significant cost savings at the port, is already in the process of implementing a new Terminal Operating System (TOS) that will further streamline services for the entire port community. The system is expected to be fully operational by the end of the first quarter in 2012. While overall TEU volumes at Doha Port decreased by approximately 5% from 2010, the Port Services unit was able to generate additional revenue through additional handling services, manpower supply and storage fees, enabling an increase in total revenues for 2011.

The Port Services unit also began to manage and operate the new Container Terminal 7 at Mesaieed Port, which opened in May 2011, on behalf of Qatar Petroleum. Milaha has a contract to manage this 500,000 TEU capacity terminal until October 2014, and oversees project, break bulk, and bulk cargos.

Overall, Port Services generated QR 191.3 million in total revenues, an increase of 18% year-on-year.

Marine Transport

The Marine Transport unit owns a fleet of 15 vessels including fully cellular container vessels, flat top barges and towing tugs totalling an intake capacity of 6,875 TEUs. The unit provides regular service in three key trades: UAE-Qatar Service, Mesaieed-UAE Service, and Intra Gulf Coastal Service.

Milaha maintained its leadership in container traffic between Qatar and the UAE in 2011. Powered by its substantial fleet and committed to its customer first policy, Milaha continued to be the leading service provider in UAE-Qatar string and the only service provider connecting UAE ports from/to Mesaieed to cater for export shipments from the industries based in Mesaieed. Out of the total UAE-Qatar market, including main line operators running their own ships and increasing price competition, Milaha carried 65% of total container imports and approximately 67% of the exports in 2011.

Milaha has also proven to be a consistent service provider in the newly introduced UAE Coastal service offering regular calls to Abu Dhabi and Sharjah from/to Jebel Ali. Additionally, Milaha's business expansion in partnership with third party vessel operators since March 2011 in Karachi/Jebel Ali sector has proven to be equally promising.

Volumes across all services were up helping the unit increase revenues 22% from 2010 to approximately QR 261 million in 2011.

Additionally, Milaha also began a multi-phased implementation of ShipNet, a renowned fleet management system, on board its vessels. The Ship Management team also completed the installation of a mobile broadband communications system for its fleet, providing 24/7 communications links worldwide.

Navigation Logistics Services

Navigation Logistics Services has been providing logistics services for the development of Qatar's infrastructure and trade for the past four decades. The unit oversees activities in: freight forwarding (air, sea and land), project and contract logistics, and warehousing and distribution. Through our network agreement with international freight forwarders, we are able to assist our customers in facilitating their shipments from all over the world.

A steep decline in land transport rates, due to supply saturation and sluggish demand, resulted in a significant decline in revenues in 2011 from project and contract logistics.

The unit, however, compensated by shifting its focus to freight forwarding, generating higher than anticipated revenues from this segment, and has secured three major wins to date.

The wins include a logistics support contract for the JGC Barzan Project; a three year freight forwarding contract from Qatar Steel (QASCO); and a three year international freight forwarding contract for Qatar Petrochemicals Co. (QAPCO), the first ever door-to-door contract awarded to Milaha.

Additionally, the unit received special appreciation from Qatar Fuel Additives Co. (QAFAC) for bringing in critical components by chartered flight from Europe which showcased Milaha's abilities in supply chain management and its skill in coordinating between transporters, forwarders, airlines, and airport authorities in origin/destination locations.

Commercial

Milaha's Commercial unit oversees four separate business lines: Navigation Travel & Tourism, Navigation Trading Agencies, Navigation Service Centre and Navigation Marine Service Centre. The unit, as a whole, achieved revenues of QR 442 million in 2011. Beyond this, the four business lines had significant achievements in 2011.

Navigation Travel & Tourism (NTT)
Milaha's travel agency NTT is an IATA approved agent in Qatar providing comprehensive travel and tourism services. In 2011, NTT signed an agreement with Global Star Travel Management, one of the top five travel management companies globally, and present in 63 countries with nearly 3,400 offices. With this partnership, NTT has access to global travel solutions and the ability to provide a broader range of products and services to customers.

Navigation Trading Agencies (NTA)
Milaha is the exclusive agent for Hino Trucks of Japan, Doosan of Korea, Sennebogen Cranes of Germany, and Fassi Cranes of Italy.

During 2011, NTA signed an exclusive agreement with Sany, a major Chinese manufacturer, for the sale of port machinery in Qatar.

Additionally, NTA received several awards from two of its partners for outstanding sales and service.

Navigation Service Centre (NSC)
Navigation Service Centre is serving our Hino and Doosan Heavy Equipment customers in addition to other brands which we represent in Qatar.

NSC received an Excellence Award from Hino Motors for the best service centre from among ten service centres worldwide.

Navigation Marine Service Centre
Milaha represents international marine equipment companies which produce marine engines and navigation communication devices. Milaha also stocks the required spare parts and marine lubricants.

Milaha represents Doosan, Koden, Castrol Marine and Fuchs Oil. As a dealer of Doosan Marine Diesel Engines, the business line sold 120 engines, increasing its sales over 2010.

Ship Repair and Fabrication

The Ship Repair and Fabrication unit repairs all types of vessels and marine units as well as undertakes industrial works, utilizing its own facilities and equipment. The facilities include two floating docks, a heavy duty mechanical ship lift, five dry berths, in addition to two quays for afloat repairs.

Many clients delayed repairs due to the difficult shipping market, and the unit responded by discounting heavily to maintain market share as well as seeking more outfitting work to compensate for repairs.

Though the market was difficult, the shipyard still achieved impressive operational performance:

• Achieved 97% and 118% occupancy on floating docks 1 and 2 respectively

• Achieved 104% occupancy of the dry berth areas

• Secured five new major projects and increased the number of customers

Additionally, the unit implemented a number of initiatives to improve capabilities:

• Expanded/modernized the facilities including upgrading some machinery

• Invested in personnel by completing a number of certification programs for welders including receiving the Copper Nickel Welding Certificate from the American Bureau of Shipping and Aluminium Welding Certificate from ABS and Det Norske Veritas.

Dubai Operations

The Dubai Operations unit offers various maritime and logistics services including a shipping agency, coastal feedering, cargo handling, freight forwarding and warehousing. Additionally Milaha currently operates its NVOCC (Non-Vessel Operator Common Carrier) from Dubai and serves over 15 destinations throughout South and South East Asia, using its asset base of over 4,000 owned and leased containers.

Despite strong competition locally in the logistics sector and the depressed container shipping market globally, Dubai Operations unit maintained its profitability relative to 2010.

Real Estate

Milaha has a long record of real estate development in Qatar. Over the years, the group has evolved from developing its own operating properties into a mature developer of investment properties which create excellent long term shareholder value.

Our investment properties are valued at QR 3.2 billion based on independent appraisal (out of which 2.4 billion was classified as investment property and the balance 0.8 billion was classified as operating real estate). In 2011, Milaha achieved very low vacancy levels thanks to longer than average lease agreements and stable tenants.

The real estate team spent 2011 advancing a number of projects towards completion and realizing further value.

• Finalized design work for the first stages of the Al-Thamama project (a logistics hub) and commenced preliminary infrastructure works on the site.

• Finalized the conceptual design and received local authority preliminary approval for redevelopment of mixed-use tower on Corniche Road in Doha.

• Finalized the conceptual design of the Ain Khaled project, which is a middle class residential development, and commenced detailed design work of the commercial zone.

• Finalized the detailed design of the Ras Laffan Industrial City project and in the tendering stage of phase one.

• Completed and handed over labour accommodation facilities in Al-Khor.

Investments

Milaha has historically had unique access to investment opportunities, utilizing its long term strategic relationships and sold reputation as an investor. Today, Milaha enjoys a sizable investment portfolio mainly invested in listed and unlisted equities. The primary objective for this portfolio is shareholder value creation via generating optimal total return at the desired level of risk tolerance. This investment portfolio serves as a reserve that helps Milaha during the cyclicality of the shipping and maritime industry.

By the end of 2011 the value of the overall financial portfolio of listed equities reached QR 2.7 billion and recorded returns of 14.6% and 16.5% (using the Modified DIETZ method) for the Available-for-Sale (AFS) and Held-for-Trading (HFT) portfolios respectively.

Qatar Shipping Company

Qatar Shipping's fully owned and managed fleet of oil and gas tankers operated worldwide with an excellent safety record carrying cargoes for major oil companies and leading international charterers. The company's strategy of time charters before the shipping markets collapsed resulted in earnings far above market averages. Thus Q-Ship remained highly profitable despite the world shipping markets being in a very poor state, and at a time when practically all shipping companies are incurring significant losses.

Another significant achievement for the year was the award of a 20-year QR 1.9 billion contract by Qatar Petroleum to build and operate 19 vessels for the harbour towage, pilot boat services and mooring crews at Mesaieed port. These vessels are being built at the Nakilat Damen Shipyard Qatar (NDSQ). The contract is expected to commence in 2014. Q-Ship currently manages and operates the tug boats and harbour vessels in both Doha and Mesaieed ports.

We are pleased to report that Q-Ship exercised its pre-emption rights in its joint ventures with A.P. Moller-Maersk for two LNG carriers and thereby increased its stake in each of the two vessels from 25% to 40%. This will generate substantial cash flows and benefit all the stakeholders for the remaining 16 years of the vessels' time charters and beyond. In the process, Q-Ship has also assumed the commercial management role for these two LNG vessels from A.P. Moller-Maersk.

Halul Offshore Services Company

Milaha's Halul Offshore Services Company is Qatar's largest provider of offshore support services providing services to major local and international oil and gas exploration companies, covering construction, maintenance and diving services. Halul owns and operates a diversified fleet of young and modern offshore support vessels, dynamic positioning diving support vessels and construction vessels. In addition, the company possesses the most advanced offshore maintenance, diving and underwater inspection equipment such as remote operated vehicles and six-man modular saturation systems. Halul has recently become the first company in Qatar to introduce the latest developments in pipeline survey software and digital video to the offshore inspection industry.

Halul continued its strong performance from 2010 and recorded revenues of QR 566 million in 2011 with an operating profit QR 205 million. The company was awarded eight new offshore contracts in Qatar with Qatar Petroleum as well as two long term contracts with Saudi Aramco through its subsidiary Halul United Offshore Services.

Halul also took significant steps to increase capacity and improve operations in 2011. The company took delivery of three new vessels and began construction of two 90 ton anchor handling tug supply vessels. In December of 2011, the company was awarded the ISO 14001-2004 certificate for Environmental Management Systems by Lloyds, while the company also maintained the current Lloyds Quality Management System certification under the standard ISO 9001-2008.

Additionally, the company focused on improving its quality, health and safety performance in 2011. Through its QHSE department, Halul introduced STOP card procedures which reduced incidents and aided in satisfying both client needs and the needs for improvement under our ISO & OHSAS management systems. These initiatives contributed to Halul reducing its LTI rate (lost time incidents) from 1.54 in 2010 to 0.24 in 2011, significantly below the industry acceptable level of 1.34.

Strategic Transformation

After the acquisitions of Qatar Shipping and Halul Offshore Services in 2010, the company undertook a comprehensive effort to review the entire group's operations and redefine Milaha's long-term strategy. Determined to strengthen its core and build a platform for growth, Milaha launched a strategic transformation program named Project Mustaqbal (meaning "future" in Arabic). The scope of this transformation is vast and includes a comprehensive reorganization; revamp of the management governance framework; a re-branding; revision of core business processes and supporting IT systems; and enhanced performance management initiatives. Outside specialists were engaged as necessary to ensure the changes are in line with best practices in the industry.

New Direction

The group has a new vision and mission aimed at strengthening our core business and accelerating growth, resulting in a new name, Milaha, and a new goal of being recognised as a major player in the global shipping industry beyond the boundaries of our region.

The result is a company focused on providing world-class maritime and logistics services. To support this direction, Milaha has reorganised its operations along six business pillars.

New Structure

To leverage the capabilities across the group and improve our focus on customers, we reorganised our businesses into six strategic business pillars. Additionally, we created a new corporate entity to focus on facilitating the group's strategic direction and implementing and managing policies across the units. Within the corporate entity, we centralised the individual support services from each business unit to form a shared services unit, rationalising resources, and are now in the process of integrating and upgrading the supporting IT infrastructure.

New Management Governance Framework

In line with our structure, we have also modified our internal governance bodies and delegation of authorities to cater to our new operating model and represent the best interests of shareholders. We have re-constituted a new Executive Management Committee to:

- Ensure effective execution of Board decisions
- Make strategic decisions and trade-offs across the business pillars
- Set targets and monitor performance of the different businesses

Additionally, we have created new cross-functional committees to assist decision-making in certain key areas to ensure we are making the best possible decisions in support of our business objectives.

We strongly believe that the new governance framework will allow us to make more informed decisions in a more streamlined manner, while maintaining appropriate controls as a company.

Other improvements and expectations

As part of Project Mustaqbal, we have also:

- Enhanced our planning, budgeting and business review cycle aligning strategies and activities toward better managing the group against desired results, both short and long term
- Revised our performance management policies to bring greater accountabilities for results
- Reengineered processes across key areas to improve efficiencies and/or controls
- Launched investments in IT systems towards supporting our operations and support services under a long term technology investments roadmap

The above is just a select list of activities either completed or underway as part of the transformation program. All of these initiatives are helping Milaha become a more results-focused group with an unprecedented level of transparency into true performance.

Moving forward, our financials will be reported by pillars and consolidated at a group level. This will allow all stakeholders the opportunity to review Milaha's performance in each of its key sectors and to value the business as a whole.

6 Business Pillars of Milaha

MILAHA Offshore

- Diving services
- Construction and maintenance services
- Logistics

MILAHA Gas

- LPG transport
- LNG transport

MILAHA Petrochem

- Oil, chemical and clean petroleum products transport

MILAHA Maritime & Logistics

- Port services
- Logistics
- Bulk shipping
- Container feeder services
- Shipping agency
- NVOCC
- Shipyard

MILAHA Trading

- Marine service centre
- Heavy equipment and truck agency
- Travel and tourism agency

MILAHA Capital

- Real estate development and management
- Strategic and financial investments

MILAHA

2012 Outlook

MILAHA Offshore

Milaha Offshore intends to sustain its current market share and build on its renowned expertise in serving the oil and gas industry. Historically, the company's activities were confined to Qatari waters, and we are now looking to expand regionally as well as seek partnerships beyond the region where we can bring complementary proven capabilities. Our intention is to grow both organically and through acquisition.

MILAHA Gas

Milaha's LNG vessels are on long term charter and will continue to provide stable returns through 2012. As described previously, we have increased our stake in two of the nine LNG vessels in which we are shareholders and will be the commercial operators of two LNG vessels in 2012.

With our Very Large Gas Carriers (VLGCs) transporting LPG cargoes, the outlook for 2012 is that markets will gradually improve from around the middle of the year, and we expect profitable years from 2013 onwards.

We will continue to monitor the market across the LPG and Ammonia sectors looking for opportunities to expand in this market, in which Milaha has an established track record; our two smaller LPG vessels which are time chartered to first class clients will continue to provide stable returns through 2012.

MILAHA Trading

Milaha Trading intends to expand its offerings and level of service to customers in 2012. Plans include:

• Signing new contracts to represent other international renowned brands

• Opening a new service centre for maintenance and repairs

• Increasing our distribution of Doosan Marine Engines in Qatar and the UAE

• Appointing sub-agents for Hino Spare Parts and Service at Al-Khor

• Opening new travel branches and improving our packages with worldwide distributors

MILAHA Maritime & Logistics

Milaha Maritime and Logistics will continue to provide its services to the government, energy and non-energy sectors while at the same time introduce new products and services focused on total integrated solutions utilising Milaha's wealth of assets and its strength in supply chain management. With this, we expect to expand our client base and maintain our competitiveness in the increasingly open markets of Qatar and the region.

We aim to enhance our logistics capabilities and offer more comprehensive solutions to support our customers' supply chain management requirements. We will continue to seek a larger role in the operation and management of commercial and industrial port terminals in Qatar. We will seek to strengthen our presence in container and bulk shipping by targeting more inbound, outbound and intra-Gulf cargoes.

We will continue to offer better and more focused services to ship owners and operators through our agency and chandlering services, as well as through ship repair and management.

We anticipate that the economic growth in Qatar and the broader region will allow us to strengthen our foothold in the maritime and logistics sector.

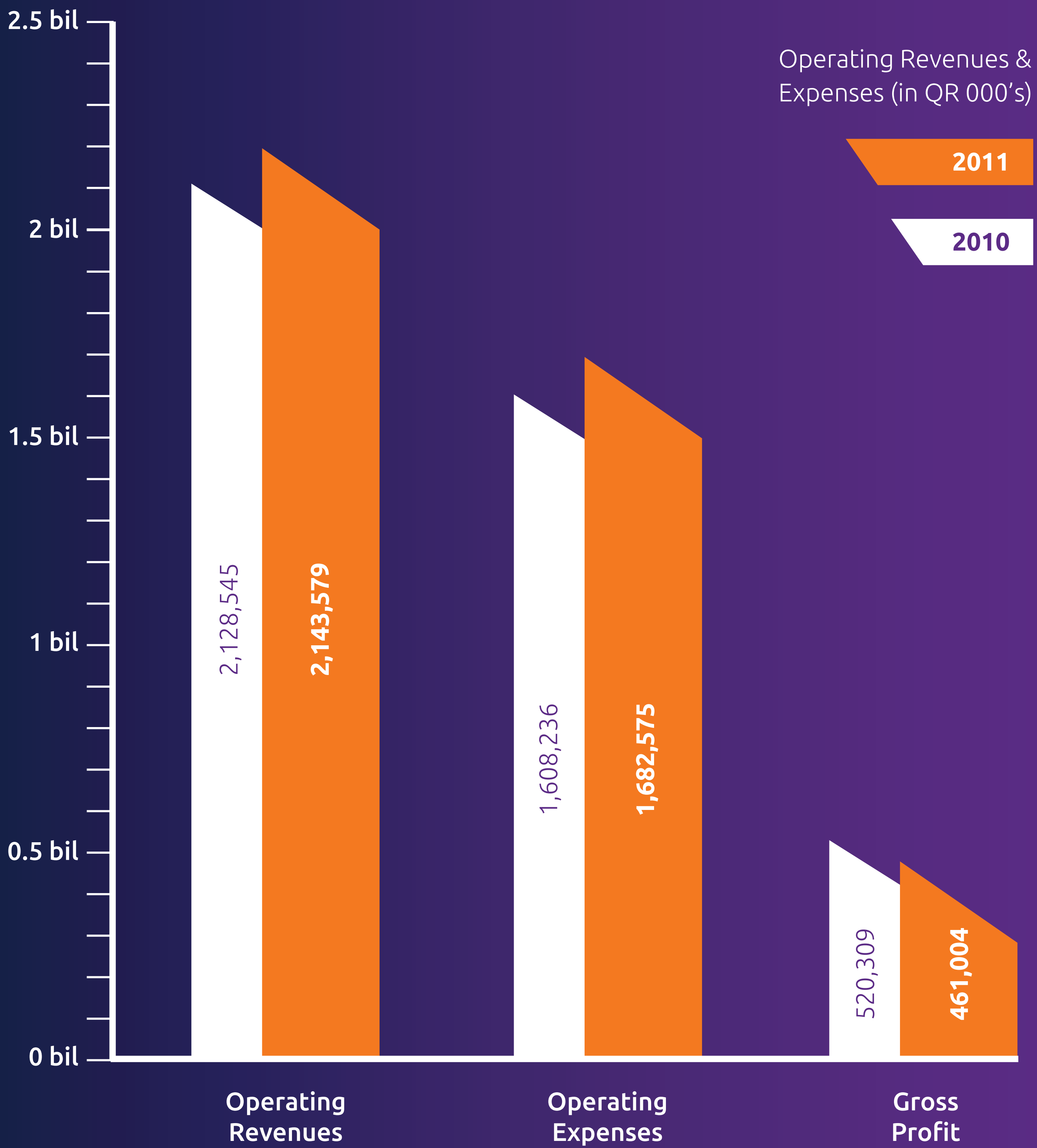
MILAHA Capital

With our relatively diversified exposure to local markets, we are looking forward to benefit from the robust economy in Qatar. Real GDP projected growth rate is 6% in 2012 also backed by expected strong government capital spending. According to International Monetary Fund's latest projections, Nominal GDP is expected to record USD 179.9 billion, and Government Capital Expenditures are estimated to contribute for 9.1% of 2012 GDP. This expected strong 2012 budget for GOQ should have knock-on effect on the local economic activity and in turn financial and real estate markets.

MILAHA Petrochem

The petrochem markets are likely to remain weak in 2012 with fleet over capacity continuing to be significant. We look at it as an occasion to leverage our strong balance sheet and take advantage of opportunities. Milaha will be seeking to build a significant global presence within the tanker market, and grow via acquisitions or JVs with international operators.

Financial Highlights



The operating revenue during the year 2011 amounted to Qrs 2.144 billion (Qrs 2.129 billion – 2010). The operating profit was Qrs 461 million (Qrs 520 million – 2010) and the net profit was Qrs 711 million (Qrs 1,099 billion - 2010). The earnings per share amounted to Qrs 6.21 (Qrs 9.59 – 2010). The shareholders' equity was Qrs 10.566 billion (Qrs 10.788 billion – 2010).

Independent Auditors' Report

TO THE SHAREHOLDERS OF QATAR NAVIGATION Q.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Qatar Navigation Q.S.C. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2011 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2011, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The financial statements of the Group for the year ended 31 December 2010 were audited by another auditor who expressed an unmodified opinion on those statements on 16 March 2011.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Company. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have a material effect on the business of the Company or on its financial position.

Firas Qoussous
of Ernst & Young
Auditor's Registration No. 236
Date: 22 March 2012
Doha

Consolidated Income Statement

For the year ended 31 December 2011

	Notes	2011 QR'000	2010 QR'000
Operating revenues	5	**2,143,579**	2,128,545
Salaries, wages and other benefits		**(518,886)**	(467,733)
Operating supplies and expenses		**(733,992)**	(723,320)
Rent expenses		**(55,972)**	(45,194)
Depreciation and amortization		**(299,501)**	(268,850)
Other operating expenses	6	**(74,224)**	(103,139)
OPERATING PROFIT		**461,004**	520,309
Finance costs		**(44,219)**	(60,288)
Finance income		**58,639**	62,763
Gain on disposal of property, vessels and equipment		**8,220**	9,856
Share of results of associates	12	**244,714**	197,489
Miscellaneous income		**16,440**	15,003
Impairment of available-for-sale investments	8	**(31,795)**	(825)
Impairment of property, vessels and equipment	9	**-**	(177,392)
Gain from acquisition of Qatar Shipping Company Q.S.C.	4	**-**	298,450
Realised fair value gain from deemed disposal of available-for-sale investments	4	**-**	236,048
PROFIT FOR THE YEAR		**713,003**	1,101,413
Attributable to:			
Shareholders of the parent		**710,990**	1,098,706
Non-controlling interest		**2,013**	2,707
		713,003	1,101,413
BASIC AND DILUTED EARNINGS PER SHARE (attributable to shareholders of the parent) expressed in QR per share)	7	**6.21**	9.59

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	2011 QR'000	2010 QR'000
Profit for the year		**713,003**	1,101,413
Other comprehensive income			
Net movement on hedging reserve	8	**(701,291)**	(261,444)
Net gain on available-for-sale investments	8	**243,419**	434,206
Other comprehensive (loss) income for the year		**(457,872)**	172,762
Total comprehensive income for the year		**255,131**	1,274,175
Attributable to:			
Shareholders of the parent		**253,231**	1,271,468
Non-controlling interest		**1,900**	2,707
		255,131	1,274,175

The attached notes 1 to 37 form part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

At 31 December 2011

	Notes	2011 QR'000	2010 QR'000
ASSETS			
Non-current assets			
Property, vessels and equipment	9	**3,465,514**	3,191,026
Investment properties	10	**684,220**	708,460
Intangible assets	11	**71,020**	100,607
Investment in associates	12	**3,617,194**	4,197,811
Available-for-sale investments	13	**3,282,885**	2,915,640
Loans to LNG and LPG companies	14	**338,340**	382,244
Notes receivable		**1,821**	159
		11,460,994	11,495,947
Current assets			
Inventories	15	**114,851**	144,631
Accounts receivable and prepayments	16	**611,251**	557,638
Financial investments at fair value through profit or loss	17	**202,457**	200,321
Bank balances and cash	18	**923,348**	909,602
		1,851,907	1,812,192
TOTAL ASSETS		**13,312,901**	13,308,139
EQUITY AND LIABILITIES			
Attributable to shareholders of the parent			
Share capital	19	**1,145,252**	1,145,252
Legal reserve	20	**4,693,986**	4,693,986
General reserve	21	**623,542**	623,542
Fair value reserve		**3,143,749**	2,900,217
Hedging reserve		**(963,281)**	(261,990)
Retained earnings		**1,521,573**	1,229,195
Proposed cash dividends	23	**400,838**	458,100
		10,565,659	10,788,302
Non-controlling interest		**56,222**	54,322
Total equity		**10,621,881**	10,842,624
Non-current liabilities			
Interest bearing loans and borrowings	24	**513,722**	1,528,603
Advance from a customer	25	**187,497**	-
Employees' end of service benefits	26	**66,018**	57,011
Obligation under finance leases	27	**3,451**	9,553
		770,688	1,595,167
Current liabilities			
Accounts payable and accruals	28	**459,742**	438,055
Interest bearing loans and borrowings	24	**1,446,311**	424,171
Obligation under finance leases	27	**6,257**	6,021
Bank overdrafts		**8,022**	2,101
		1,920,332	870,348
Total liabilities		**2,691,020**	2,465,515
TOTAL EQUITY AND LIABILITIES		**13,312,901**	13,308,139

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

Mr. Khalifa bin Ali Al-Hetmi
Chief Executive Officer

The attached notes 1 to 37 form part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	Notes	2011 QR'000	2010 QR'000
OPERATING ACTIVITIES			
Profit for the year		**713,003**	1,101,413
Adjustment for:			
Depreciation and amortisation		**299,501**	268,850
Finance costs		**44,219**	60,288
Gain on disposal of property, vessels and equipment		**(8,220)**	(9,856)
Gain from acquisition of Qatar Shipping Company S.P.C.	4	**-**	(298,450)
Realised fair value gain from deemed disposal of available-for-sale investments	4	**-**	(236,048)
Share of results of associates		**(244,714)**	(197,489)
Provision for employees' end of service benefits	26	**15,915**	17,643
Finance income		**(58,639)**	(62,763)
Dividend income	5	**(103,999)**	(154,382)
Net fair value gain on financial investments at fair value through profit or loss	5	**(22,161)**	(13,756)
Impairment of property, vessels and equipment	9	**-**	177,392
Impairment loss on available-for-sale investments		**31,795**	825
Profit on disposal of investments		**(1,301)**	(72,425)
Operating profit before working capital changes:		**665,399**	581,242
Inventories		**29,780**	21,311
Receivables		**(55,275)**	472
Payables		**190,933**	(366,887)
Cash from operating activities		**830,837**	236,138
Finance costs paid		**(44,219)**	(60,288)
Employees' end of service benefits paid	26	**(3,464)**	(6,379)
Transfer to pension fund	26	**(2,968)**	(3,974)
Net cash from operating activities		**780,186**	165,497
INVESTING ACTIVITIES			
Purchase of property, vessels and equipment	9	**(475,908)**	(272,747)
Dividend income	5	**103,999**	154,382
Finance income		**58,639**	62,763
Proceeds from disposal of property, vessels and equipment		**9,435**	11,362
Purchases of investment properties	10	**(3,463)**	(15,591)
Additions to dry docking costs	11	**(42,006)**	(33,283)
Loans to LNG and LPG companies		**43,904**	84,841
Cash received on acquisition of Qatar Shipping Company S.P.C.		**-**	628,263
Purchase of investment securities		**(326,306)**	(90,847)
Proceeds from disposal of available-for-sale investments		**36,081**	28,319
Proceeds from disposal of financial investments at fair value through profit or loss		**153,971**	17,086
Dividends received from an associate		**126,000**	84,000
Net cash (used in) from investing activities		**(315,654)**	658,548

Continued.

The attached notes 1 to 37 form part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2011

	Notes	2011 QR'000	2010 QR'000
FINANCING ACTIVITIES			
Dividends paid	23	**(458,100)**	(288,101)
Net movement in interest bearing loans and borrowings		**7,259**	222,044
Obligation under finance lease		**(5,866)**	(5,960)
Net movement in term deposits maturing after 90 days	18	**25,452**	(126,146)
Net cash used in financing activities		**(431,255)**	(198,163)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**33,277**	625,882
Cash and cash equivalents at the beginning of the year	18	**781,355**	155,473
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	18	**814,632**	781,355

Significant non-cash transactions:

Non-cash transactions excluded from the consolidated statement of cash flows during the year 2010 include the following:

	QR'000
Issue of shares to acquire Qatar Shipping Company S.P.C.:	3,920,400
Acquisition of Qatar Shipping Company S.P.C. net of cash:	4,059,187
Deemed disposal of available-for-sale investments:	534,600

The attached notes 1 to 37 form part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Attributable to the shareholders of the Parent									
	Share capital QR '000	Legal reserve QR '000	General reserve QR '000	Fair value reserve QR '000	Hedging reserve QR '000	Retained earnings QR '000	Proposed cash dividends QR '000	TOTAL QR '000	Non-controlling interest QR '000	TOTAL QR '000
Balance at 1 January 2010	**720,252**	**1,198,586**	**623,542**	**2,466,011**	**(546)**	**616,057**	**288,101**	**5,912,003**	**-**	**5,912,003**
Profit for the year	-	-	-	-	-	1,098,706	-	1,098,706	2,707	1,101,413
Other comprehensive income	-	-	-	434,206	(261,444)	-	-	172,762	-	172,762
Total comprehensive income	**-**	**-**	**-**	**434,206**	**(261,444)**	**1,098,706**	**-**	**1,271,468**	**2,707**	**1,274,175**
Issue of share capital on acquisition (Note 4)	425,000	-	-	-	-	-	-	425,000	-	425,000
Share premium on issue of shares	-	3,495,400	-	-	-	-	-	3,495,400	-	3,495,400
Dividends paid (Note 23)	-	-	-	-	-	-	(288,101)	(288,101)	-	(288,101)
Proposed dividends (Note 23)	-	-	-	-	-	(458,100)	458,100	-	-	-
Contribution to social and sports fund (Note 29)	-	-	-	-	-	(27,468)	-	(27,468)	-	(27,468)
Non controlling interest on acquisition (Note 4)	-	-	-	-	-	-	-	-	51,615	51,615
Balance at 31 December 2010	**1,145,252**	**4,693,986**	**623,542**	**2,900,217**	**(261,990)**	**1,229,195**	**458,100**	**10,788,302**	**54,322**	**10,842,624**
Profit for the year	-	-	-	-	-	710,990	-	710,990	2,013	713,003
Other comprehensive income	-	-	-	243,532	(701,291)	-	-	(457,759)	(113)	(457,872)
Total comprehensive income	**-**	**-**	**-**	**243,532**	**(701,291)**	**710,990**	**-**	**253,231**	**1,900**	**255,131**
Dividends paid (Note 23)	-	-	-	-	-	-	(458,100)	(458,100)	-	(458,100)
Proposed dividends (Note 23)	-	-	-	-	-	(400,838)	400,838	-	-	-
Contribution to social and sports fund (Note 29)	-	-	-	-	-	(17,774)	-	(17,774)	-	(17,774)
Balance at 31 December 2011	**1,145,252**	**4,693,986**	**623,542**	**3,143,749**	**(963,281)**	**1,521,573**	**400,838**	**10,565,659**	**56,222**	**10,621,881**

The attached notes 1 to 37 form part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements for the year ended December 31 2011

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 building materials and the operation of a travel agency. The Company has a branch in Dubai, United Arab Emirates.

The consolidated financial statements include the financial statement of the Company and of its subsidiaries (the "Group") for the year ended 31 December 2011.

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 22 March 2012.

2. BASIS OF PREPARATION AND CONSOLIDATION

2.1 Basis of preparation

The consolidated financial statements are prepared under the historical cost convention except for available-for-sale investments, trading investments and derivative financial instruments that have been measured at fair value.

The consolidated financial statements are presented in Qatari Riyals, which is the Group's functional and presentation currency and all values are rounded to the nearest thousand (QR'000) except when otherwise indicated.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

2.2 Basis of consolidation

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2011 and are as follows.

	Ownership Percentage	
Name of the subsidiary	**31 Dec 2011**	**31 Dec 2010**
Qatar Shipping Company S.P.C.	**100%**	100%
Halul Offshore Services W.L.L.	**100%**	100%
Qatar Quarries and Building Materials Company P.Q.S.C.	**50%**	50%
Gulf Shipping Investment Company W.L.L.	**100%**	100%
Qatar Shipping Company (India) Private Limited	**100%**	100%
Ocen Marine Services W.L.L.	**100%**	100%

Interest in joint ventures

The Group has interests in joint ventures, which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The Group recognises its interest in the joint venture using the proportionate consolidation method. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

Upon loss of joint control, the Group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former joint controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

Following are the joint ventures incorporated in the Group consolidated financial statements;

		Ownership Percentage	
Name of the joint venture	Country of incorporation	31 Dec 2011	31 Dec 2010
QM Tanker Company L.L.C.,	Cayman Islands	**50%**	50%
Qatar Engineering and Technology Co. W.L.L.,	Qatar	**51%**	51%
Qatar Ship Management Co. W.L.L.,	Qatar	**51%**	51%
Gulf LPG Transport Company W.L.L	Qatar	**50%**	50%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2011:

- IAS 24 Related Party Disclosures (amendment) effective 1 January 2011

- IAS 32 Financial Instruments: Presentation (amendment) effective 1 February 2010

- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment) effective 1 January 2011

- Improvements to IFRSs (May 2010)

The adoption of the standards or interpretations is described below:

IAS 24 Related Party Transactions (Amendment)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation (Amendment)

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these types of instruments.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.

Improvements to IFRSs

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Group.

- IFRS 3 Business Combinations: The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

- The amendments to IFRS 3 are effective for annual periods beginning on or after 1 July 2011. The Group, however, adopted these as of 1 January 2011 and changed its accounting policy accordingly as the amendment was issued to eliminate unintended consequences that may arise from the adoption of IFRS 3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 New and amended standards and interpretations (continued)

Improvements to IFRSs (continued)

• IFRS 7 Financial Instruments - Disclosures: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

• IAS 1 Presentation of Financial Statements: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements. The Group provides this analysis in Note 8.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

• IFRS 3 Business Combinations (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008)

• IFRS 3 Business Combinations (Un-replaced and voluntarily replaced share-based payment awards)

• IAS 27 Consolidated and Separate Financial Statements

• IAS 34 Interim Financial Statements

The following interpretation and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Group:

• IFRIC 13 Customer Loyalty Programmes (determining the fair value of award credits)

• IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

3.2 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive Income (OCI)

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has therefore no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12. IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition disclosure requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 10 Consolidated Financial Statements
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 Joint Arrangements
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers.

IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard will not impact the financial position of the Group as the Group doesn't have any joint venture interests. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 12 Disclosure of Involvement with Other Entities
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

3.3 Summary of significant accounting policies

Revenue recognition
Revenue is recognised on the following basis:

Revenue from chartering of vessels and others:
Revenue from chartering of vessels, equipment and others is recognised on an accrual basis in accordance with the terms of the contract entered into with customers.

Sales of goods and services:
Revenue from sales of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date.

Cargo transport and container barge income:
The value of all work invoiced during the year as adjusted for uncompleted trips. Attributable profit on uncompleted trips is accounted for on a percentage of completion basis after making due allowance for future estimated losses.

Shipping agency income:
Shipping agency income is recognised on the completion of all supply requirements for vessels.

Loading, clearance and land transport income:
Loading, clearance and land transport income is recognised only after completion of these services.

Rental income:
Rental income from investment properties is accounted for on a time proportion basis.

Investment income:
Income from investments is accounted for on an accrual basis when right to receive the income is established.

Dividend income:
Dividend income is accounted for on an accrual basis when right to receive the income is established.

Interest income
Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
3.3 Summary of significant accounting policies (continued)

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Group as a lessee

Finance leases that substantially transfer all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of either estimated useful life of the asset or the lease term.

Operating lease payments are recognised as an operating expense in the consolidated income statement on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer, substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Property, vessels and equipment

Property, vessels and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment in value. The cost of property, vessels and equipment includes all directly attributable costs including the borrowing costs that are directly attributable to the construction of the asset.

Depreciation is provided on a straight-line basis on all property, vessels and equipment, except freehold land, which is determined to have an indefinite life. The estimated residual value at the end of the estimated useful life is also considered in the depreciation of vessels. The rates of depreciation are based upon the following estimated useful lives:

New vessels	**20 years**
Used vessels	**3-20 years**
Barges and containers	**10 -20 years**
Buildings	**20 years**
Machinery, equipment and tools	**4 -7 years**
Furniture and fittings	**3-5 years**
Motor vehicles	**3-7 years**

The carrying values of property, vessels and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property, vessels and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, vessels and equipment. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

An item of property, vessels and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

Capital work-in-progress

The costs of capital work-in-progress consist of the contract value, and directly attributable costs of developing and bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. The costs of capital work-in-progress will be transferred to property, plant and equipment when these assets reach their working condition for their intended use. The carrying values of capital work-in-progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Investment properties

Land and buildings are considered as investment properties only when they are being held to earn rentals or for long term capital appreciation or both.

Investment properties are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. The cost of property includes all directly attributable costs including the borrowing costs that are directly attributable to the construction of the assets and excludes the cost of day-to-day servicing of an investment property.

Depreciation on buildings is calculated on a straight line basis over the estimated useful life of 20 years.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The identifiable intangible assets represent Deep sea transportation charter-out contracts and offshore contracts that have definite useful lives ranging between 2 – 3 years.

Deferred dry docking costs and special survey

Dry docking costs incurred on vessels are deferred and are amortised over a period of 30 months and special survey over a period of 60 months.

Investment in an associate

The Group's investment in its associate is accounted for under the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated income statement reflects the Group's share of the results of its associates.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate.

Investment securities

The Group maintains two separate investment portfolios, as follows:

• Trading investments (Investments at fair value through profit or loss)

• Available-for-sale investments

All regular way purchases and sales of investments are recognised on the trade date when the Group becomes, or ceases to be, a party to the contractual provisions of the instrument.

All investments are initially recognised at cost being the fair value of the consideration given and subsequently remeasured using the following basis:

Investments at fair value through profit or loss:

Investments classified as trading investments in these consolidated financial statements are included in the category "Investments at fair value through profit or loss". Investments are classified as trading investments if they are acquired for the purpose of selling in the near term. These investments are subsequently remeasured at fair value. All related unrealised gains or losses are included in net fair value gain or loss on trading investments in the consolidated income statement.

Available-for-sale investments:

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in investment income, or when the investment is determined to be impaired, the cumulative loss is reclassified from the available-for-sale reserve to the consolidated income statement. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
3.3 Summary of significant accounting policies (continued)
Available-for-sales investments (continued)

changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For financial assets reclassified from the available-for-sale category, the related fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated income statement.

Loans to LNG and LPG companies

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated income statement. The losses arising from impairment are recognised in the consolidated income statement.

Impairment and uncollectibility of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value;

(b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Derecognition of financial assets and liabilities

a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

• the rights to receive cash flows from the asset have expired;

• the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

• the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, as follows:

Stores, spares and good for sale	Purchase cost on a weighted average basis
Work in progress	Cost of direct materials and labour

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Accounts receivable

Accounts receivable is stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Notes due from customers are disclosed as a separate item on the consolidated statement of financial position except those with a remaining term to maturity of less than one year, which are included under accounts receivable and prepayments.

Cash and cash equivalents
For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash in banks and on hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Interest bearing loans and borrowings
Interest bearing loans and borrowings are recognised initially at fair value of the amount borrowed, less directly attributable transaction costs. Subsequent to initial recognition, interest bearing loan and borrowings is measured at amortised cost using the effective interest method, with any differences between the cost and final settlement values being recognised in the statement of comprehensive income over the period of borrowing. Installments due within one year at amortised cost are shown as a current liability.

Gain or loss is recognised in the statement of comprehensive income when the liability is derecognised.

Borrowing costs
Borrowing costs are recognised in the period in which they are incurred with unpaid amounts included in "accounts payable and accruals".

Borrowing costs that are directly attributable to the acquisition or construction of investment properties, property and vessels are capitalised and form part of the cost of the assets. The capitalisation of borrowing costs will cease once the asset is ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Provisions
Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits
End of service gratuity plans
The Company provides end of service benefits to its employees in accordance with employment contracts and Qatar Law No. 14 of 2004, the Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension plan
Under Law No. 24 of 2002 on Retirement and Pension, the Company is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Foreign currency translation
Transactions in foreign currencies are recorded at the rate of exchange ruling at date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the exchange rate ruling at reporting date. Any gain or loss arising from changes in exchange rates is recognised in the consolidated income statement.

Derivative financial instruments and hedging
The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the consolidated income statement. The Company uses forward currency contracts to hedge its risks associated with foreign exchange rate fluctuations. These are included in the consolidated statement of financial position at fair value and any subsequent resultant gain or loss on forward currency contracts is recognised in the consolidated income statement. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

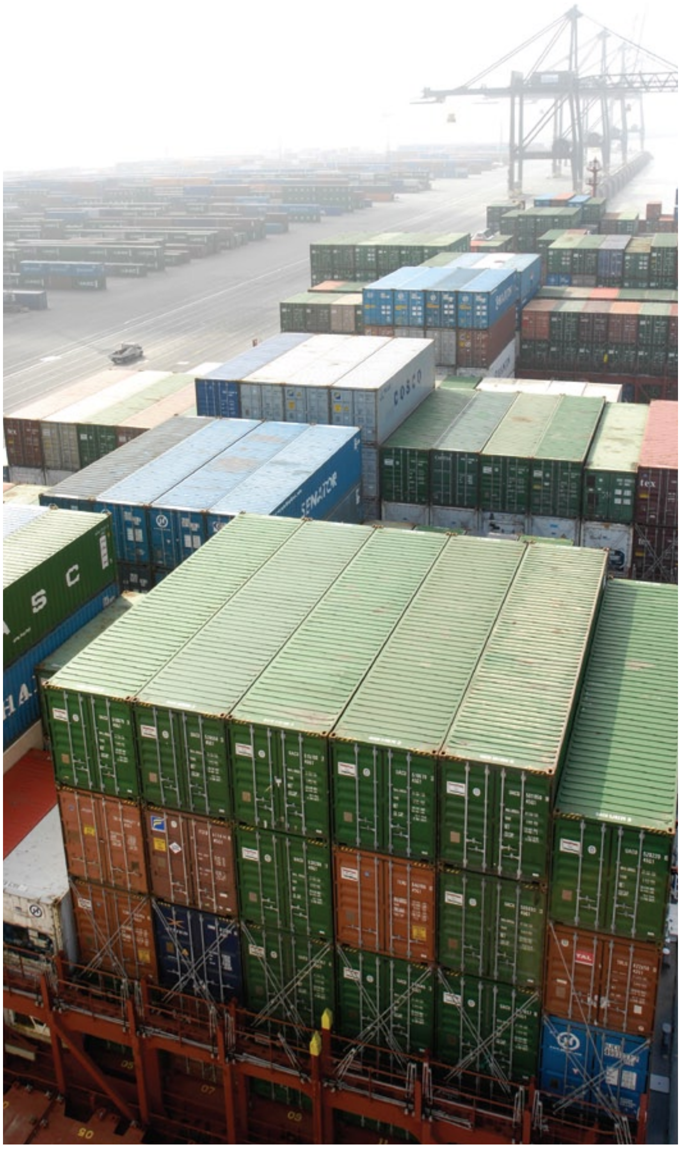
For the purpose of hedge accounting, hedges are classified as:

• fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or unrecognised firm commitment (except for foreign currency risk); or

• cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

Notes to the Consolidated Financial Statements - At 31 December 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
3.3 Summary of significant accounting policies (continued)
Derivative financial instruments and hedging (continued)



At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods of which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges
The change in the fair value of a hedging derivative is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in profit or loss.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised directly in equity.

Fair values
For investments traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows.

4. BUSINESS COMBINATIONS DURING THE YEAR 2010

Prior to 1 January 2010 the Company held 15% of the share capital of Qatar Shipping Company Q.S.C. (the "Acquiree" or "Qatar Shipping"). On 1 January 2010 the Company acquired the remaining 85% of the share capital of the Acquiree through a share exchange transaction (the "Transaction") resulting in the Company issuing 42.5 million new shares.

The acquisition date was 1 January 2010 which is the date the Company is deemed to exercise control over Qatar Shipping Company S.P.C.

The fair value and the carrying amounts of the identifiable assets and liabilities of the Acquiree at the date of the acquisition were as follows:

(a) Assets acquired and liabilities recognised at the date of acquisition

	At fair value QR'000	At carrying amount QR'000
Bank balances and cash	**628,263**	628,263
Accounts receivable and prepayments	**137,604**	137,604
Financial assets at fair value through profit or loss	**71,960**	71,960
Inventories	**5,628**	5,628
Loans to LNG and LPG companies	**467,085**	467,085
Available-for-sale investments	**2,203,820**	2,180,713
Investment in associates	**371,501**	60,380
Property, vessels and equipment	**2,018,431**	1,744,381
Intangible assets (Note 11)	**83,755**	6,513
Investment property (Note 10)	**137,100**	16,682
Total assets	**6,125,147**	5,319,209
Accounts payable and accruals	**96,378**	96,378
Interest bearing loans and borrowings	**894,323**	894,323
Employees' end of service benefits	**6,996**	6,996
Dividends payable	**440,000**	440,000
Total liabilities	**1,437,697**	1,437,697
Total net assets	**4,687,450**	3,881,512

The step up amount reflected in the consolidated statement of financial position as at 31 December 2010 is as follows:

	QR'000
Property, vessels and equipment	274,050
Investment property	120,418
Investment in associates	311,121
Available-for-sale investments	23,107
Intangible assets	77,242
Step up amount	805,938

4. BUSINESS COMBINATIONS DURING THE YEAR 2010 (continued)

	At fair value QR'000
Gain from bargain purchase arising on acquisition	
Consideration transferred	4,389,000
Less: Fair value of identifiable net assets acquired	(4,687,450)
Gain from bargain purchase arising on acquisition	(298,450)

As a result of the Transaction the following represents changes to the Group accounting treatments related to some of its investments:

• The accumulated fair value reserve of the initially held 15% of Qatar Shipping Company S.P.C. shares in the books of the Company as of 1 January 2010 which amounted to QR 236,048,000 was transferred to the consolidated income statement as a result of the transaction. These shares were treated as a deemed disposal.

• As a result of the Transaction, the Group acquired control of Qatar Quarries and Building Materials Company P.Q.S.C. As such, the accounting treatment was changed from equity accounting to full consolidation with 50% recorded as non-controlling interest. The assets and liabilities of Qatar Quarries and Building Materials Company P.Q.S.C. ("Qatar Quarry") at the date of the Transaction were as follows:

	At fair value QR'000
Cash and cash equivalents	**13,578**
Financial assets at fait value through profit or loss	**1,945**
Due from Ministry of Finance	**2,629**
Trade and other receivables	**29,111**
Inventories	**55,700**
Available-for-sale investments	**5,403**
Property and equipment	**29,594**
Total assets	**137,960**
Accounts payable and accruals	**4,945**
Term loans	**28,552**
Employees end of service benefits	**1,235**
Total liabilities	**34,732**
Total net assets	**103,228**
Share of the Group	**50%**
Acquisition date value of company's interest in Qatar Quarry	**51,614**

• Further, the Group acquired control of Halul Offshore Services Company W.L.L. As such, the accounting treatment was changed from proportionate consolidation to full consolidation as the other joint venture partner was Qatar Shipping Company S.P.C.

• The Group changed its classification of the investment in Nakilat from available for sale investment to investment in an associate. Following the Transaction, the Company owns 30% of the share capital of Nakilat and exercises significant influence over this company. The results of operation of Nakilat have been accounted for under the equity method of accounting. The fair value of Nakilat as of the Transaction date is deemed the carrying amount at the date of the Transaction. The fair value reserve associated with Nakilat is kept as part of the consolidated statement of changes in equity until the investment is sold, collected or is deemed to be impaired.

5. OPERATING REVENUES

	2011 QR'000	2010 QR'000
Dubai operations	**105,319**	94,986
Commercial activities	**342,241**	223,944
Shipping agencies	**47,905**	49,566
Port services	**90,036**	161,805
Marine transport	**251,235**	203,664
Navigation freight services	**24,511**	34,241
Ship repair and fabrication	**38,781**	16,549
Real estate	**150,461**	112,039
Investment income (Note i)	**127,461**	240,563
Qatar Shipping (Note iii)	**254,364**	251,130
Halul Offshore	**566,640**	504,376
Qatar Quarries and Building Materials	**144,625**	235,682
	2,143,579	2,128,545

Note:

(i) The investment income consists of the following:

	2011 QR'000	2010 QR'000
Dividend income from investments	**103,999**	154,382
Profit on disposal of investments	**1,301**	72,425
Net fair value gain on financial investments at fair value through profit or loss	**22,161**	13,756
	127,461	240,563

(ii) Investment income relating to the subsidiaries (segments) included as part of investment income are as follows:

	2011 QR'000	2010 QR'000
Qatar Shipping	**39,282**	110,595
Halul Offshore	**1,729**	9,971
Qatar Quarries and Building Materials	**150**	1,086
	41,161	121,652

(ii) Rental income included as part of Qatar Shipping is QR 4,326,000 (2010: QR 4,178,000).

6. OTHER OPEREATING EXPENSES

	2011 QR'000	2010 QR'000
Legal and professional fees	**14,611**	20,130
Claims and insurance	**12,252**	12,053
Communication and utilities	**11,418**	10,684
Office expenses	**7,483**	8,691
Immigration and pass	**6,590**	7,236
Traveling and entertainment	**6,047**	4,642
Cleaning and safety	**5,595**	3,719
Repairs and maintenance	**3,030**	3,109
Business promotions	**2,228**	6,480
Miscellaneous expenses	**4,970**	26,395
	74,224	103,139

7. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period.

	2011	2010
Profit for the period (QR'000)	**710,990**	1,098,706
Weighted average number of shares outstanding during the period in thousands	**114,525**	114,525
Basic and diluted earnings per share (QR)	**6.21**	9.59

Notes:

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

	2011	2010
Qualifying shares at beginning of the period	**114,525,200**	72,025,200
Issue of new shares	**-**	42,500,000
Weighted average number of shares at the end of the period	**114,525,200**	114,525,200

(ii) There were no potentially dilutive shares outstanding at any time during the year and hence the diluted earnings per share is equal to the basic earnings per share.

8. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2011 QR'000	2010 QR'000
Movements of other comprehensive income		
Cash flow hedges		
Net movement during the year	**1,267**	(1,646)
Group share of net movement of an associate	**(702,558)**	(259,798)
Total effect on other comprehensive loss resulting from hedging reserve	**(701,291)**	(261,444)
Available-for-sale investments		
Realised fair value gain on acquisition of Qatar Shipping Company S.P.C. (Note 4)	**-**	(236,048)
Net movement in fair value reserve of investments	**214,891**	706,264
Realised gain on disposal of available-for-sale investments	**(3,267)**	(36,835)
Reclassification adjustments for impairment included in the consolidated statement of comprehensive income	**31,795**	825
Total effect on other comprehensive income resulting from available-for-sale investments	**243,419**	434,206

9. PROPERTY, VESSELS AND EQUIPMENT

	Land	Buildings	Vessels, containers and barges	Machinery, equipment and tools	Furniture and fittings	Motor vehicles	Capital work in progress	TOTAL
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Cost:								
At 1 January 2011 as previously reported	-	142,023	3,300,925	319,555	39,125	51,068	255,404	4,108,100
Reclassification to intangible assets (Note 37)	-	-	(46,950)	-	-	-	-	(46,950)
	-	142,023	3,253,975	319,555	39,125	51,068	255,404	4,061,150
Reclassifications (iii)	8,498	(6,840)	303,097	16,536	3,706	1,883	4,046	330,926
At 1 January 2011 as reclassified	8,498	135,183	3,557,072	336,091	42,831	52,951	259,450	4,392,076
Additions	-	8,339	74,503	9,178	3,630	3,207	377,051	475,908
Transfers	-	890	115,120	2,181	3,196	506	(121,893)	-
Transfers to investment properties (Note 10)	(2,199)	(19,418)	-	-	(7,001)	-	-	(28,618)
Disposals and write off	-	(168)	(2,717)	(2,956)	(1,894)	(1,004)	-	(8,739)
At 31 December 2011	6,299	124,826	3,743,978	344,494	40,762	55,660	514,608	4,830,627
Accumulated depreciation:								
At 1 January 2011 as previously reported	-	82,837	548,549	201,386	29,473	31,897	-	894,142
Reclassification to intangible assets (Note 37)	-	-	(24,018)	-	-	-	-	(24,018)
	-	82,837	524,531	201,386	29,473	31,897	-	870,124
Reclassification (iii)	-	2,407	306,558	16,406	3,671	1,884	-	330,926
At 1 January 2011	-	85,244	831,089	217,792	33,144	33,781	-	1,201,050
Depreciation charge for the year	-	4,734	147,264	33,372	4,208	6,759	-	196,337
Transfers	-	915	-	(953)	-	38	-	-
Relating to transfers to investment properties (Note 10)	-	(18,288)	-	-	(6,462)	-	-	(24,750)
Relating to disposals and write off	-	(139)	(1,660)	(2,889)	(1,834)	(1,002)	-	(7,524)
At 31 December 2011	-	72,466	976,693	247,322	29,056	39,576	-	1,365,113
Net carrying amounts:								
At 31 December 2011	**6,299**	**52,360**	**2,767,285**	**97,172**	**(11,706)**	**16,084**	**514,608**	**3,465,514**

9. PROPERTY, VESSELS AND EQUIPMENT (continued).

	Land	Buildings	Vessels, containers and barges	Machinery, equipment and tools	Furniture and fittings	Motor vehicles	Capital work in progress	TOTAL
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Cost:								
At 1 January 2010	8,498	124,870	1,174,821	289,815	30,814	45,854	112,432	1,787,104
Additions	-	1,398	67,544	9,945	3,850	3,618	186,392	272,747
Additions relating to business combination	-	7,356	1,965,250	22,570	1,652	1,124	50,073	2,048,025
Transfers and reclassifications	-	373	87,393	1,143	3,370	1,214	(93,493)	-
Disposals and write off	-	(472)	(41,033)	(3,918)	(561)	(742)	-	(46,726)
At 31 December 2010 (As reclassified)	8,498	133,525	3,253,975	319,555	39,125	51,068	255,404	4,061,150
Accumulated depreciation:								
At 1 January 2010	-	77,523	241,870	171,911	26,093	25,027	-	542,424
Depreciation charge for the year	-	5,786	145,156	32,630	3,829	8,127	-	195,528
Relating to transfers and reclassifications	-	-	-	620	-	(620)	-	-
Impairment of vessels	-	-	177,392	-	-	-	-	177,392
Relating to disposals and write off	-	(472)	(39,887)	(3,775)	(449)	(637)	-	(45,220)
At 31 December 2010 (As reclassified)	-	82,837	524,531	201,386	29,473	31,897	-	870,124
Net carrying amounts:								
At 31 December 2010 (As relassified)	**8,498**	**50,688**	**2,729,444**	**118,169**	**9,652**	**19,171**	**255,404**	**3,191,026**

Notes:

(i) The encumbrances and liens on vessels, containers and barges are disclosed in Note 24.

(ii) During the year 2011, there was no finance cost capitalised with the property, vessel and equipment (2010: QR.1,251,000).

(iii) Reclassifications have been performed to ensure appropriate reclassifications have been made for the costs and accumulated depreciation for the respective classes of property, vessels and equipment.

10. INVESTMENT PROPERTIES

	Land QR'000	Buildings QR'000	Property under construction QR'000	TOTAL QR'000
Cost:				
At 1 January 2011	159,164	599,374	4,587	763,125
Additions during the year	-	-	3,463	3,463
Transfers from property, vessels and equipment (Note 9)	2,199	26,419	-	28,618
Balance at 31 December 2011	161,363	625,793	8,050	795,206
Accumulated depreciation:				
At 1 January 2011	-	54,665	-	54,665
Charge for the year	-	31,571	-	31,571
Transfer from property vessels and equipment (Note 9)	-	24,750	-	24,750
Balance at 31 December 2011	-	110,986	-	110,986
Net carrying amounts:				
At 31 December 2011	**161,363**	**514,807**	**8,050**	**684,220**

	Land QR'000	Buildings QR'000	Property under construction QR'000	TOTAL QR'000
Cost:				
At 1 January 2010	46,728	133,447	430,259	610,434
Additions during the year	-	223	15,368	15,591
Additions relating to business combination (Note 4)	112,436	24,664	-	137,100
Transfers	-	441,040	(441,040)	-
Balance at 31 December 2010	159,164	599,374	4,587	763,125
Accumulated depreciation:				
At 1 January 2010	-	31,454	-	31,454
Charge for the year	-	23,211	-	23,211
Balance at 31 December 2010	-	54,665	-	54,665
Net carrying amounts:				
At 31 December 2010	159,164	544,709	4,587	708,460

Notes:

(i) Investment properties are located in the State of Qatar.

(ii) Investment properties with a carrying value of QR 684,220,000 as of 31 December 2011 (31 December 2010: QR 708,460,000) were appraised by an accredited independent appraiser, DTZ (2010: Aqar Development and Real Estate Company), at a fair value of QR 2,411,997,000 (31 December 2010: QR 1,681,094,000). The appraiser is an industry specialist in valuing these types of investment properties.

(iii) Property under construction with the carrying value of QR. 8,050,000 as of 31 December 2011 (31 December 2010: 4,587,000) relates to the Company's tower. The construction relates to contract work after completion of the tower.

(iv) The Company earned rental income amounting to QR 154,787,000 for the year ended 31 December 2011 (31 December 2010: QR 116,217,000). Direct operating expenses related to the investment properties (including depreciation) amounting to QR 78,358,000(31 December 2010: QR 56,267,000) have been reflected under operating expenses.

(v) There was no finance costs included as part of the additions during the current financial year. (31 December 2010: 2.1 million) related to finance cost capitalised.

11. INTANGIBLE ASSETS

	Deferred dry dock and special survey QR'000	Deep sea and Offshore contracts QR'000	TOTAL QR'000
Cost:			
At 1 January 2011	125,678	77,242	202,920
Additions	42,006	-	42,006
At 31 December 2011	167,684	77,242	244,926
Amortisation:			
At 1 January 2011	73,113	29,200	102,313
Charge for the year	38,493	33,100	71,593
At 31 December 2011	111,606	62,300	173,906
Net carrying amounts:			
At 31 December 2011	**56,078**	**14,942**	**71,020**

	Deferred dry dock and special survey QR'000	Deep sea and Offshore contracts QR'000	TOTAL QR'000
Cost:			
At 1 January 2010	90,069	-	90,069
Additions	33,283	-	33,283
Additions relating to business combination (Note 4)	6,513	77,242	83,755
Write off	(4,187)	-	(4,187)
At 31 December 2010	125,678	77,242	202,920
Amortisation:			
At 1 January 2010	55,706	-	55,706
Charge for the year 2010	20,911	29,200	50,111
Write off	(3,504)	-	(3,504)
At 31 December 2010	73,113	29,200	102,313
Net carrying amounts:			
At 31 December 2010	52,565	48,042	100,607

12. INVESTMENT IN ASSOCIATES

The Group has the following investment in associates:

	Country of incorporation	Ownership		Profit Share	
		2011	2010	2011	2010
Macgregor Qatar Navigation Company W.L.L. (i),(x)	Qatar	**51.0%**	51.0%	**40.0%**	40.0%
Iraq-Qatar Transport and Shipping Services Com. L.T.D. (ii), (x)	Iraq	**51.0%**	51.0%	**51.0%**	51.0%
United Arab Shipping Agency Company W.L.L. (iii)	Qatar	**40.0%**	40.0%	**40.0%**	40.0%
Qatar Gas Transport Company Limited (NAKILAT) (Q.S.C.) (iv)	Qatar	**30.0%**	30.0%	**30.0%**	30.0%
Camartina Shipping INC. (v)	Liberia	**29.4%**	29.4%	**29.4%**	29.4%
Peninsula LNG Transport No. 1 Ltd. (vi)	Liberia	**29.4%**	29.4%	**29.4%**	29.4%
Peninsula LNG Transport No. 2 Ltd. (vi)	Liberia	**29.4%**	29.4%	**29.4%**	29.4%
Peninsula LNG Transport No. 3 Ltd. (vi)	Liberia	**29.4%**	29.4%	**29.4%**	29.4%
Qatar LNG Transport Ltd. (vii)	Liberia	**20.0%**	20.0%	**20.0%**	20.0%
QIM Transport INC. (viii)	Panama	**33.0%**	33.0%	**33.3%**	33.3%
Man Diesel & Turbo Qatar Navigation W.L.L. (ix), (x)	Qatar	**51.0%**	-	**35.0%**	-

Notes:

(i) Macgregor Qatar Navigation Company W.L.L. is engaged in providing maintenance and repair of marine and land based cargo access, fluid power and control system to off-shore and on-shore oil services and gas facilities.

(ii) Iraq-Qatar Transport and Shipping Services Company L.T.D. is engaged in providing transportation and shipping logistics.

(iii) United Arab Shipping Agency Company / Qatar W.L.L. is engaged in providing cargo and shipping services.

(iv) Qatar Gas Transport Company Limited (Nakilat) (Q.S.C.) is engaged in the sector of gas transportation either through the direct acquisition of ocean going vessels or by investing in joint ventures with other parties. The Group's share of this associate has been pledged against loan for working capital purposes refer to note 24. Effective 1 January 2010, as a result of the business combination, the Group changed its accounting treatment from available-for-sale investment to investment in associate (Note 4).

(v) Camartina Shipping INC. was established to acquire, own, operate, and time charter a 135.000 m³ Liquefied Natural Gas (LNG) vessel. The Group acquired this associate through the business combination in 2010.

(vi) Peninsula LNG Transport Ltd No's 1, 2 &3 . were established to acquire, own, operate, and time charter Liquefied Natural Gas (LNG). The Group acquired these associates through the business combination in 2010.

(vii) Qatar LNG Transport Ltd. was established to acquire, own, operate, and time charter a 135.000 m³ Liquefied Natural Gas (LNG) vessel. The Group acquired this associate through the business combination in 2010.

(viii) QIM Transport INC was formed with the intention of transporting chemicals out of Qatar. The Group acquired this associate through the business combination in 2010.

(ix) Man Diesel & Turbo Qatar Navigation W.L.L. is engaged in trading and maintenance of marine engines, equipments and spare parts.

(x) The Companies listed under (ii), (iii) and (ix) above are not consolidated with the Group's results as the Group does not exercise control over their operations and activities.

(xi) As a result of the business combination in 2010, the vessels of associates held by Qatar Shipping were revalued to fair value (See Note 4). This step up adjustment is being depreciated over the remaining useful lives of each vessel and is included in determining the results of the associate.

12. INVESTMENT IN ASSOCIATES (continued)

The following table illustrates summarised financial information of the Group's investment in the associates.

	2011 QR'000	2010 QR'000
Share of associate's statement of financial position:		
Current assets	**901,383**	850,215
Non-current assets	**12,536,464**	12,961,548
Current liabilities	**(451,101)**	(513,420)
Non-current liabilities	**(9,369,552)**	(9,100,532)
Equity	**3,617,194**	4,197,811
Share of associate's revenues and results:		
Revenues	**1,127,104**	543,363
Results	**244,714**	197,489

13. AVAILABLE-FOR-SALE INVESTMENTS

	2011 QR'000	2010 QR'000
Quoted equity investments in local companies	**2,540,695**	2,145,623
Unquoted investments in local companies	**344,836**	344,091
Unquoted investments in foreign companies	**340,260**	**341,217**
Investments in bonds	**57,094**	84,709
	3,282,885	2,915,640

Notes:

(i) Available-for-sale investments represent investments in shares, bonds and investments with fund managers.

(ii) Included in available-for-sale investments are quoted shares in local companies with a fair value of QR 27,820,000 as of 31 December 2011 (2010: QR 28,444,000), which are restricted due to directors' memberships in investee companies held by the Company.

(iii) Also included in available-for-sale investments are restricted shares in local companies with a fair value of QR 67,693,000 as of 31 December 2011 (2010: QR 95,009,000) as they represent establishment shares in investee companies.

(iv) The unquoted investments represent investments in companies in which the Company is a founding shareholder. The intention of management is to keep those investments for capital appreciation as well as dividend income.

14. LOANS TO LNG AND LPG COMPANIES

The Group has provided loans to the following LNG and LPG companies through one of its 100% owned subsidiaries. These loans carry annual interest rates between 6% to 8%.

Name of LNG/ LPG companies	Company operating the LNG and LPG companies
India LNG Transport Company No.1 Ltd,	Shipping Corporation of India Ltd
Camartina Shipping INC, Liberia	Mitsui OSK Lines
K S Membrane-I, Denmark	Maersk
Qatar LNG Transport Ltd., Liberia	Mitsui OSK Lines
India LNG Transport Company No.2 Ltd., Malta	Shipping Corporation of India Ltd
Peninsula LNG Transport No. 1 Ltd, Liberia	NYK
Peninsula LNG Transport No. 2 Ltd, Liberia	K Line
Peninsula LNG Transport No. 3 Ltd, Liberia	Mitsui OSK Lines
K S Membrane-II, Denmark	Maersk
Gulf LPG Transport W.L.L. Qatar	Qatar Gas Transportation Company

The loans to the above LNG and LPG companies included the following:

	2011 QR'000	2010 QR'000
Loans	**151,020**	182,538
Accrued Interest	**187,320**	199,706
	338,340	382,244

15. INVENTORIES

	2011 QR'000	2010 QR'000
Heavy vehicles and spares	**68,661**	94,446
Gabbro and aggregate	**36,828**	39,425
Other goods for resale	**20,695**	**18,164**
	126,184	**152,035**
Provision for slow-moving inventories	**(11,333)**	**(7,404)**
	114,851	**114,631**

Movements in the provision for slow-moving inventories are as follows:

	2011 QR'000	2010 QR'000
At 1 January	**7,404**	6,724
Charge for the year	**3,929**	680
At 31 December	**11,333**	7,404

16. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2011 QR'000	2010 QR'000
Trade accounts receivable (net)	**399,234**	320,426
Notes due from customers maturing within one year	**4,722**	2,868
Accrued income	**63,661**	82,471
Staff receivables (i)	**32,299**	25,780
Prepaid expenses	**42,955**	55,708
Amounts due from related parties (Note 32)	**5,260**	14,336
Amounts due from Ministry of Municipality and Urban Planning (ii)	**3,979**	20,493
Advances to suppliers	**25,542**	18,784
Other receivable	**33,599**	16,772
	611,251	557,638

As at 31 December 2011, trade accounts receivable at nominal value of QR 21,310,000 (2010: QR 19,949,000) were impaired. Movement in the allowance for impairment of trade receivables was as follows:

	2011 QR'000	2010 QR'000
At 1 January	**19,949**	16,201
Charge for the year	**1,361**	193
Additions relating to business combination	**-**	3,555
At 31 December	**21,310**	19,949

As at 31 December, the ageing of unimpaired trade accounts receivables is as follows:

			Past due but not impaired			
	TOTAL	Neither past due nor impaired 0-60 days	61 - 120 days	121 - 180 days	181 - 365 days	> 365 days
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
2011	**399,234**	**168,562**	**153,992**	**36,066**	**40,614**	**-**
2010	320,426	206,230	55,571	9,298	44,279	5,048

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

Amounts due from related parties represent receivables in the normal course of operations. These are unsecured, interest free and due on demand. There have been no guarantees provided or received for any related party receivables.

Notes:

(i) Included in staff receivables are loans against gratuity amounting to QR 26,149,037 (31 December 2010: QR 20,196,000).

(ii) Amounts due from Ministry of Municipality & Urban Planning represent the unpaid portion against taking over certain assets of the Company.

17. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011 QR'000	2010 QR'000
Quoted investments in local companies	**202,457**	197,486
Investment in managed portfolios	**-**	2,835
	202,457	200,321

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows include the following amounts:

	2011 QR'000	2010 QR'000
Bank balances and cash	**406,374**	285,010
Short term deposits	**516,974**	624,592
	923,348	909,602
Less: Term deposits maturing after 90 days	**(100,694)**	(126,146)
Less: Bank overdrafts	**(8,022)**	(2,101)
	814,632	781,355

Notes:

(i) Short-term deposits earn interest ranging from 1.75% to 4.5% (2010: from 3.1% to 6.4%) per annum.

19. SHARE CAPITAL

	2011 No. of shares	2010 No. of shares
Authorised		
Shares of QR 10 each (000's)	**114,525**	114,525

	No. of shares thousand	QR'000
Issued and fully paid		
At 1 January 2010	72,025	720,252
Issue of share capital (Note 4)	42,500	725,000
At 31 December 2010	114,525	1,145,252
At 31 December 2011	**114,525**	**1,145,252**

20. LEGAL RESERVE

In accordance with Qatar Commercial Companies Law No.5 of 2002 and Articles of Association, 10% of the profit for the year should be transferred to legal reserve. The Group may resolve to discontinue such annual transfer when the reserve totals 50% of the capital. Accordingly the Group has resolved to discontinue such annual transfers to the legal reserve, as the reserve has exceeded the issued capital.

The legal reserve also includes an amount of QR 360,000,000 relating to the share premium in respect of a rights issue in 2004 and QR 661,050,000 relating to additional paid-in-capital of QR 50 per share as a result of the rights issue in 2008. During the year 2010, an amount of QR 3,495,400,000, relating to share premium from the issue of shares was transferred to legal reserve.

The reserve is not available for distribution except in the circumstances stipulated in the Companies' law.

21. GENERAL RESERVE

In accordance with clause (41) of the Company's Articles of Association, the general assembly based on the board of directors' proposal may decide to transfer a portion of the net profit to a general reserve. This reserve may be used in any way the general assembly decides.

22. DERIVATIVE FINANCIAL INSTRUMENTS

Hedging activities

Cash flow hedges:

	2011 QR'000	2010 QR'000
Fair value of interest rate swaps of the Group	**(925)**	(2,192)
Fair value of interest rate swaps of the Associate companies	**(962,356)**	(259,798)
	(963,281)	(261,990)

At 31 December 2011, the Group held one cash flow hedges as follows:

(i) The Company's subsidiary, Qatar Shipping Q.S.C. has entered into an interest rate swap contract to hedge its exposure to interest rate risk.

At 31 December 2011, the Group had an interest rate swap agreement in place with a notional amount of USD 9,930,000 (QR 36,146,000) (2010: USD 15,466,000) (QR 56,608,000), whereby it receives a variable rate equal to LIBOR and pays a fixed rate of interest of 3.21% on the notional amount. The swap is being used to hedge the exposure to interest rate fluctuations on one of its loans. The term loan and 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.

During the year the Company's Subsidiary, Halul Offshore Services Company W.L.L. settled the remaining outstanding loan resulting in termination of the interest rate swap agreement with a notional amount of US 2,941,000 (QR 10,710,000) as at 31 December 2010.

The Group has recognised the negative fair value of the interest rate swaps amounting to QR 925,000 as at 31 December 2011 (2010: QR 2,192,000) in accounts payable and accruals with a corresponding entry to hedging reserve.

23. DIVIDENDS

The Board of Directors have proposed a cash dividend of QR 3.50 per share totalling QR 401 million for the year 2011, which is subject to the approval of the shareholders at the Annual General Assembly.

During the current period, following the approval at the Annual General Assembly held on 16 March 2011, the Company paid a 40% cash dividend of QR 4 per share totalling QR 458 million relating to the year 2010 (2009: QR 4 per share, totalling QR 288 million).

24. INTEREST BEARING LOANS AND BORROWINGS

	Effective Interest rate %	Maturity	2011 QR'000	2010 QR'000
Parent company:				
Loan 1 (i)	LIBOR + 0.70	Oct 2015	**25,315**	31,919
Loan 2 (ii)	LIBOR + 0.73	Feb 2017	**247,173**	295,013
Loan 3 (iii)	LIBOR + 1.50	Jun 2012	**254,800**	254,800
Loan 4 (iii)	LIBOR + 0.50	Jan 2012	**18,200**	182,000
Loan 5 (iv)	LIBOR + 1.15	Jul 2012	**582,400**	582,400
Loan 6 (v)	LIBOR + 1.60	Oct 2012	**413,504**	-
Subsidiary companies:				
Loan 6 (v)	LIBOR + 0.82	Jul 2011	**-**	10,710
Loan 7 (vi)	LIBOR + 0.70	May 2013	**8,033**	14,459
Loan 8 (vii)	LIBOR + 0.65	Nov 2015	**17,701**	24,783
Loan 9 (viii)	LIBOR + 0.70	Feb 2015	**20,564**	27,418
Loan 10 (ix)	LIBOR + 0.60	Jun 2016	**26,628**	32,546
Loan 11 (x)	LIBOR + 0.60	Mar 2017	**113,797**	136,556
Loan 12 (xi)	LIBOR + 0.80	Sep 2013	**36,147**	56,801
Loan 13 (xii)	LIBOR + 0.75	Apr 2016	**195,771**	245,412
Loan 14 (xiii)		Apr 2011	**-**	57,957
			1,960,033	1,952,774
Presented in the consolidated statement of financial position as follows:				
Current portion			**1,446,311**	424,171
Non current portion			**513,722**	1,528,603
			1,960,033	1,952,774

Notes:

(i) Loan 1 was obtained to finance the construction of a showroom and villa complex. The Company is not allowed to assign or transfer any or all of its rights, benefits or obligations under the loan without the bank's approval. This loan is secured by a lien of the showroom and villa properties and repayable on a monthly basis.

(ii) Loan 2 was obtained to finance the construction of Qatar Navigation tower. The loan is secured by a first priority mortgage on Navigation Tower and is repayable on a monthly basis.

(iii) Loans 3 and 4 represent unsecured loans and they are used for working capital purposes and to finance the building of vessels.

(iv) Loan 5 is used for working capital purposes and to finance the building of vessels. The loan is repayable at the maturity date. The loan is pledged by 53,400,000 shares of Qatar Gas Transport Company (NAKILAT) that has a fair value of QR 934,500,000 at 31 December 2011 (31 December 2010: QR 1.068 million).

(v) Loan 6 was obtained to finance the purchase and construction of vessels by one of the subsidiary and is secured by a corporate guarantee of the shareholders of the subsidiary. The loan is repayable on semi-annual installments.

(vi) Loan 7 was obtained to finance the purchase of nine vessels. The loan is repayable in quarterly installments. This loan is secured by assignment of the revenue from each vessel to an account held with the respective lending bank. Any insurance proceeds in respect of the vessels will be assigned to the lending bank.

(vii) Loan 8 was obtained to finance the purchase of two anchor handling tug vessels. The loan is repayable on semi-annual installments. This loan is secured by assignment of the revenue from each vessel to an account held with the respective lending banks. Any insurance proceeds in respect of the vessels will be assigned to the lending bank.

(viii) Loan 9 was obtained to finance the purchase of two vessels. The loan is repayable on semi-annual installments. This loan is secured by assignment of the revenue from each vessel to an account held with the respective lending banks. Any insurance proceeds in respect of the vessels will be assigned to the lending bank.

(ix) Loan 10 was obtained to finance the purchase of 4 utility standby safety vessels. The loan is payable on semi-annual installments. This loan is secured by assignment of the revenue from each vessel to an account held with the respective lending banks. Any insurance proceeds in respect of the vessels will be assigned to the lending bank.

(x) Loan 11 was obtained to finance the purchase of two platform supply vessels, which are currently under construction. The loan is repayable in semi-annual installments.

(xi) Loan 12 was drawn to finance the construction of two clean product tankers namely, Jinan and Dukhan. It is secured by a first priority mortgage over the above tankers. The loan is repayable in equal quarterly installments. The Group has entered into an interest swap for this loan (Note 22).

(xii) Loan 13 was drawn to partially finance construction of two LPG/ Ammonia carrier and six Aframax size crude/ clean tankers. The loan is secured by a first priority mortgage over the vessels. The loan is repayable in variable quarterly average installments.

(xiii) Loan 14 was obtained for working capital purposes. The Principal amount plus the profit are repayable in two equal installments each, the first one was paid in April 2010 and the second was paid in April 2011.

25. ADVANCE FROM A CUSTOMER

During 2011, the Group has received QR 187,497,000 (2010: Nil) an interest free advance payment from a customer for the construction of harbour tugs, pilot boats, mooring boat services and service boat services. The advance payment shall be repaid through deductions from the certified interim invoices. Deduction shall be made at an amortisation rate of ten percent (10%). The amortisation rate will be applied to each certified interim invoice amount otherwise due, and the resulting amount will be deducted from each invoice until such time as the full amount of the advance payment has been repaid.

26. EMPLOYEES' END OF SERVICE BENEFITS

	2011 QR'000	2010 QR'000
Movements in the provision recognised in the consolidated statement of financial position are as follows:		
Provision as at 1 January	**59,438**	43,917
Provided during the year	**15,915**	17,643
Additions relating to business combination (Note 4)	**-**	8,231
End of service benefits paid	**(3,464)**	(6,379)
Transferred to the Pension fund	**(2,968)**	(3,974)
Provision as at 31 December	**68,921**	59,438
Employees' end of service benefits		
End of service gratuity plans	**66,018**	57,011
Pension plan (Note 28)	**2,903**	2,427
Provision as at 31 December	**68,921**	59,438

The pension scheme is a defined contribution pension plan and pension obligations are payable on demand to a Government pension fund. Accordingly, the amounts payable have been disclosed as a current liability.

27 . OBLIGATION UNDER FINANCE LEASES

Finance leases relate to the Group's Non Vessel Operating Common Carrier (NVOCC) operations for containers with lease terms ranging from 3 to 5 years. The Group has the option to purchase the containers for a nominal amount at the conclusion of the lease agreements.

	Minimum lease Payments		Present value of Payments	
	2011 QR'000	2010 QR'000	2011 QR'000	2010 QR'000
Within 1 year	**6,339**	6,891	**6,257**	6,021
More than 1 year and less than 5 years	**3,484**	10,469	**3,451**	9,553
	9,823	17,360	**9,708**	15,574
Less future finance charges	**(115)**	(1,786)	**-**	-
Present value of minimum lease payments	**9,708**	15,574	**9,708**	15,574

Included in the consolidated statement of financial position as follows:

	2011 QR'000	2010 QR'000
Current portion	**6,257**	6,021
Non-current portion	**3,451**	9,553
	9,708	15,574

28. ACCOUNTS PAYABLE AND ACCRUALS

	2011 QR'000	2010 QR'000
Trade accounts and notes payable	**116,270**	110,850
Accruals and provisions	**134,841**	143,884
Pension plan (Note 26)	**2,903**	2,427
Advances from customers	**59,065**	63,089
Contribution to social and sport fund (Note 29)	**17,774**	27,468
Other payables	**128,889**	90,337
	459,742	438,055

Included in other payables is the negative fair value of interest rate swap contracts amounting to QR 925,000 (2010: QR 2,192,000) (Note 22).

29. PROVISION FOR SOCIAL AND SPORT ACTIVITIES

An amount of QR 17,774,000 (2010: 27,468,000) for social and sport activities (2.5% from profits attributable to the shareholders of the Parent) as per the instructions of the Public Revenues and Taxes Department at the Ministry of Finance.

	2011 QR'000	2010 QR'000
At 1 January	**27,468**	6,513
Contribution by the Group for the year	**17,774**	27,468
Payments	**(27,468)**	(6,513)
At 31 December	**17,774**	27,468

30. COMMITMENTS

Capital commitments

	2011 QR'000	2010 QR'000
Investments		
Uncalled portion of investments	**134**	9,028
Property, vessels and equipment		
Estimated capital expenditure approved but not contractedas of the reporting date	**907,858**	699,394

Operating lease commitments

The Company has entered into rent contracts. These contracts are accounted for as operating lease. The future lease commitments in respect of the above rent contracts are as follows:

	2011 QR'000	2010 QR'000
Within one year	**45,847**	47,688
After one year but not more than five years	**106,976**	185,534
Total operating lease expenditure contracted for at the reporting date	**152,823**	233,222

31. CONTINGENT LIABILITIES

Contingent liabilities as at the reporting date are as follows:

	2011 QR'000	2010 QR'000
Letters of guarantee	**644,305**	835,227
Letters of credit	**122,358**	116,414

32. RELATED PARTY DISCLOSURES

Related party transactions

Related parties represent associated companies, affiliate entities, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the consolidated income statement are as follows:

	2011		2010	
	Sales QR'000	Purchases QR'000	Sales QR'000	Purchases QR'000
Associate company	**691**	**1,184**	135,357	3,129
Directors	**8,366**	**1,682**	8,516	-
Other related parties	**49,375**	**6,676**	-	-
	58,432	**9,542**	143,873	3,129

Related party balances

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

	2011		2010	
	Trade receivables QR'000	Trade payables QR'000	Trade receivables QR'000	Trade payables QR'000
Associate company	**1,293**	**-**	2,964	-
Directors	**3,967**	**-**	4,182	-
Other related parties	**-**	**-**	7,190	-
	5,260	**-**	14,336	-

Compensation of directors and other key management personnel

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

	2011 QR'000	2010 QR'000
Short-term benefits	**13,214**	14,534
Employees' end of service benefits	**2,066**	2,194
Board of directors remuneration – cash	**21,700**	20,500
Board of directors remuneration of subsidiaries – cash	**10,000**	10,400
Board of directors remuneration – in kind	**495**	4,620
	47,475	52,248

33. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of available-for-sale equity investments

The Group treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Impairment of trade accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Useful lives of property, vessel and equipment and investment properties

The Group's management determines the estimated useful lives of its property, vessel and equipment and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Intangible assets

The Group appointed a consultant to perform a detailed purchase price allocation. As part of the process, assets were revalued and QR 77.2 million of intangible assets were identified. These intangible assets are amortised over the useful life of the intangible assets as defined in the accounting policy note.

Classification of investment securities

On acquisition of an investment security, the Group decides whether it should be classified as "investments at fair value through profit or loss" or "available-for-sale". The Group follows the guidance of IAS 39 on classifying its investments.

Fair value of unquoted equity investments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

34. SEGMENT INFORMATION

For management reporting purposes, the Group is organised into business units based on their products and services and has 12 reportable operating segments as follows:

• Dubai operations- acts as a representative of Qatar Navigation Q.S.C. in the UAE and is engaged in containers shipping, agency services and logistic services.

• Commercial activities- includes Navigation Marine Service Centre (NMSC), Navigation Trading Agencies (NTA) and Navigation Travel and Tourism (NTT)

• NMSC represents many international marine equipment companies which produce marine engines and navigation communication devices.

• NTA provides a wide variety of activities and respond to the requirements of construction and building sector by providing different kinds of trailers, heavy equipment, cranes and trucks.

• NTT is an IATA approved travel agent and provides travel facilities as well as hotel booking and tour facilities.

• Shipping agencies- offers a wide range of services to vessels calling Qatar ports as well as offshore support vessels and oil platforms, which include but are not limited to maintenance, repair, bunker and water supply, crew change, ship chandlery and other husbandry services.

• Port services- is engaged in the management of the Doha port and provides bulk activities at the Meesaid port and has undertaken the container operation at Meesaid port terminal number 7.

• Marine transport- is engaged in providing feeder services to large vessels docked at Jebel Ali to bring the cargo to Doha port.

• Navigation freight services- is engaged in the provision of logistics and other related support services to major industrial projects through its modern trucks, trailers, lowbeds, mobile cranes upto 450 tonne capacity and other equipment.

• Ship repair and fabrications is engaged in dry docking, steel fabrication, mechanical, machining, electrical works, dynamic balancing, motors rewinding, metal switching for cast iron, manufacturing of steel rope slings, hire of test weights and providing highly skilled manpower.

• Real estate- is engaged in the development and rentals of commercial properties.

• Investments- is engaged in equity and fund management, predominantly at the Qatar Exchange.

• Qatar shipping- has fully as well as partly owned deep sea fleet traded worldwide and call at terminals operated by most of the major oil companies and leading international charterers.

• Halul offshore- is engaged in providing offshore services such as deep sea diving and anchor handling etc.

• Qatar Quarries and Building Materials- is engaged in trading of building materials such as aggregates.

All of the above business segments are geographically located in the State of Qatar with the exception of Dubai operations located in the United Arab Emirates.

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.

Notes to the Consolidated Financial Statements - At 31 December 2011

34. SEGMENT INFORMATION (CONTINUED)

	Dubai Operations	Commercial Activities	Shipping Agencies	Port Services	Marine Transport	Navigation Freight Services	Ship Repair & Fabrication	Real Estate	Investment	Qatar Shipping	Halul Offshore	Qatar Quarries & Building Materials	PPA, Impairment & adjustments	Total segments	Adjustments & eliminations	Consolidated
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Year ended 31 Dec 2011																
Revenue																
Total revenue	111,910	442,463	51,175	191,302	260,985	40,600	57,018	175,008	135,852	254,364	566,640	144,625	-	2,431,915	(288,336)(i)	2,143,579
Results																
Operating profit	2,476	276	11,710	23,669	27,029	(8,666)	7,433	73,967	131,659	43,982	204,890	955	(58,376) (ii)	461,004	251,999 (iii)	713,003
Depreciation & amortisation	12,644	1,419	3,445	19,483	33,991	7,831	5,370	32,842	180	73,370	67,427	4,823	36,676	299,501	-	299,501
Finance expense	4,237	135	176	298	4,708	29	31	4,546	7,453	20,021	2,585	-	-	44,219	-	44,219
Finance income	-	-	-	-	-	-	-	-	22,905	32,365	2,860	509	-	58,639	-	58,639
Year ended 31 Dec 2010																
Revenue																
Total revenue	95,003	274,710	53,737	161,807	212,786	47,096	49,096	112,039	240,580	251,130	504,376	235,682	-	2,238,471	(109,926)(i)	2,128,545
Results																
Operating profit	701	8,948	20,756	14,357	17,565	716	6,446	41,745	231,975	40,241	195,993	3,470	(62,604) (ii)	520,309	581,104 (iii)	1,101,413
Depreciation & amortisation	12,967	1,653	3,350	19,898	29,907	7,750	7,742	23,561	173	58,498	55,303	5,944	42,104	268,850	-	268,850
Finance expense	-	-	-	-	-	-	-	-	26,809	29,009	3,423	1,047	-	60,288	-	60,288
Finance income	-	-	-	-	-	-	-	-	11,482	43,646	6,138	1,497	-	62,763	-	62,763

34. SEGMENT INFORMATION (CONTINUED)

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

(ii) Segment profit includes the PPA impairment and proposed board of directors' remuneration adjustments amounting to QR 36,676,000 and QR 21,700,000 respectively (2010: QR 41,904,000 and QR 20,700,000 respectively). These amounts are not allocated to the individual segments as these adjustments are made at the Group level.

(iii) Segment profit does not include the following:

	2011 QR'000	2010 QR'000
Finance income	**58,639**	62,763
Finance costs	**(44,219)**	(60,288)
Profit on disposal of property, vessels and equipment	**8,220**	9,856
Miscellaneous income	**16,440**	15,003
Share of results of associates	**244,714**	197,489
Impairment of available-for-sale investments (Note 8)	**(31,795)**	(825)
Realised fair value gain from deemed disposal of available-for-sale investment	**-**	236,048
Impairment of property, vessels and equipment	**-**	(177,392)
Gain from acquisition of Qtar Shipping Q.S.C. (Note 4)	**-**	298,450
Total operating lease expenditure contracted for at the reporting date	**251,999**	581,104

Geographic segments
The Group provides services in the State of Qatar and United Arab Emirates (UAE). Segment information is disclosed after elimination of inter departmental transactions.

	Year ended 31 December 2011			Year ended 31 December 2010		
	Qatar QR'000	UAE QR'000	TOTAL QR'000	Qatar QR'000	UAE QR'000	TOTAL QR'000
Operating revenues	**2,038,260**	**105,319**	**2,143,579**	2,033,559	94,986	2,128,545
Salaries, wages and other benefits	**(499,732)**	**(19,154)**	**(518,886)**	(449,768)	(17,965)	(467,733)
Operating supplies and expenses	**(669,967)**	**(64,025)**	**(733,992)**	(667,871)	(55,449)	(723,320)
Rent expenses	**(53,339)**	**(2,633)**	**(55,972)**	(43,435)	(1,759)	(45,194)
Depreciation and amortisation	**(286,857)**	**(12,644)**	**(299,501)**	(255,883)	(12,967)	(268,850)
Other operating expenses	**(69,836)**	**(4,388)**	**(74,224)**	(96,994)	(6,145)	(103,139)
OPERATING PROFIT	**458,529**	**2,475**	**461,004**	519,608	701	520,309
Finance costs	**(39,982)**	**(4,237)**	**(44,219)**	(60,288)	-	(60,288)
Finance income	**58,639**	**-**	**58,639**	62,763	-	62,763
Profit on disposal of property, vessels and equipment	**8,220**	**-**	**8,220**	9,856	-	9,856
Share of results of associate	**244,714**	**-**	**244,714**	197,489	-	197,489
Miscellaneous income	**16,440**	**-**	**16,440**	14,944	59	15,003
Impairment of property, vessels and equipments	**-**	**-**		(177,392)	-	(177,392)
Impairment loss on available-for-sale investments	**(31,795)**	**-**	**(31,795)**	(825)	-	(825)
Gain from acquisition of Qatar Shipping Company Q.S.C.	**-**	**-**	**-**	298,450	-	298,450
Realised fair value gain from deemed disposal of available-for-sale investments	**-**	**-**	**-**	236,048	-	236,048
PROFIT FOR THE YEAR	**714,765**	**(1,762)**	**713,003**	1,100,653	760	1,101,413

35. FINANCIAL RISK MANAGEMENT

Objective and policies
The Group's principal financial liabilities comprise interest bearing loans and borrowings, obligation under finance leases, bank overdrafts, trade accounts payable, amounts due to related parties and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade accounts receivable, amounts due from related parties, loans to LNG and LPG companies, available for sale investments and cash and bank balances, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity price will affect the Group's income, equity or the value of its holdings of financial instruments. The management reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk
With the exception of certain interest bearing loans and borrowings amounting to QR 36,147,000 (2010: QR 67,511,000), which are covered by interest rate swap contracts (Note 22), a significant portion of the Group's financial assets and liabilities as of 31 December 2011 are exposed to interest rate fluctuations. The Company's exposure to interest rate risk and the effective interest rates on its financial assets and liabilities are summarised below:

	31 December 2011				31 December 2010			
	Fixed interest rate	Floating interest rate	Non-interest bearing	TOTAL	Fixed interest rate	Floating interest rate	Non-interest bearing	TOTAL
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Financial assets								
Loans to LNG and LPG Companies	**338,340**	**-**	**-**	**338,340**	382,244	-	-	382,244
Bank balances and cash	**622,203**	**154,998**	**146,147**	**923,348**	624,592	283,765	1,245	909,602
	960,543	**154,998**	**146,147**	**1,261,688**	1,006,836	283,765	1,245	1,291,846
Financial liabilities								
Interest bearing loans and borrowings	**-**	**1,960,033**	**-**	**1,960,033**	57,957	1,894,817	-	1,952,774
Obligations under finance lease	**9,708**	**-**	**-**	**9,708**	15,574	-	-	15,574
Interest rate swap	**36,146**	**(36,146)**	**-**	**-**	67,511	(67,511)	-	-
Bank overdrafts	**-**	**8,022**	**-**	**8,022**	-	2,101	-	2,101
	45,854	**1,931,909**	**-**	**1,977,763**	141,042	1,829,407	-	1,970,449
Net financial assets (liabilities)	**914,689**	**(1,776,911)**	**146,147**	**(716,075)**	865,794	(1,545,642)	1,245	(678,603)

(The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2011. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

	Changes in basis points	Effect on profit for the year QR'000
2011		
Floating interest rate instruments	**+25**	**(4,442)**
2010		
Floating interest rate instruments	+25	(3,864)

Foreign currency risk
Foreign currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates. The Group does not hedge its currency exposure. As the Qatari Riyal is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk to the Group.

Equity price risk
The following table demonstrates the sensitivity of the effect of cumulative changes in fair value recognised in equity and the profit of the Group to reasonably possible changes in quoted equity share prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Changes in equity prices	Effect on equity QR'000	Effect on profit QR'000
2011			
Qatar Exchange	**+5%**	**127,035**	**10,123**
2010			
Qatar Exchange	+5%	107,281	10,016

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of accounts receivable, loans to LNG and LPG companies and bank balances.

The Group seeks to limit its credit risk with respect to clients and customers by setting credit limits for individual client and monitoring outstanding receivables. As it deals with credit worthy clients and the dues are collected based on the specified terms in the contracts, the Group's exposure to credit risk is minimal.

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments are as follows:

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35. FINANCIAL RISK MANAGEMENT (continued)
Credit Risk (continued)

	2011 QR'000	2010 QR'000
Loans to LNG and LPG Companies (Note 14)	**338,340**	382,244
Notes receivables	**6,545**	3,027
Amounts due from Ministry of Municipality and Urban Planning	**3,979**	20,493
Staff receivables	**32,299**	25,780
Amounts due from related parties	**5,260**	14,336
Other receivables	**33,599**	16,772
Bank balances (excluding cash)	**921,769**	908,357
	1,341,791	1,371,009

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group limits its liquidity risk by ensuring bank facilities are available. The Group's terms of revenue require amounts to be settled within its specified terms in the contracts. Trade accounts payable are normally settled within the terms of purchase from the supplier.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2011 based on contractual undiscounted payments.

	On demand QR'000	Less than 1 year QR'000	1 to 5 years QR'000	TOTAL QR'000
2011				
Bank overdrafts	**8,022**	**-**	**-**	**8,022**
Trade accounts and notes payable	**-**	**116,270**	**-**	**116,270**
Other payables	**-**	**128,889**	**-**	**128,889**
Contribution to social and sport fund	**-**	**17,774**	**-**	**17,774**
Interest bearing loans and borrowings	**-**	**1,465,375**	**523,177**	**1,988,552**
Obligation under finance lease	**-**	**6,339**	**3,484**	**9,823**
Total	**8,022**	**1,734,647**	**526,661**	**2,269,330**

	On demand QR'000	Less than 1 year QR'000	1 to 5 years QR'000	TOTAL QR'000
2010				
Bank overdrafts	2,101	-	-	2,101
Trade accounts and notes payable	-	110,850	-	110,850
Contribution to social and sport fund	-	27,468	-	27,468
Other payables	-	90,337	-	90,337
Interest bearing loans and borrowings	-	429,762	1,557,183	1,986,945
Obligation under finance lease	-	6,891	10,469	17,360
Total	2,101	665,308	1,567,652	2,235,061

Capital management

The Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group target is to achieve a return on shareholders' equity greater than the weighted average interest expense on interest bearing loans and borrowings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions and shareholders' expectation. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or increase capital. No changes were made in the objectives, policies or processes during the year end 31 December 2011 and 31 December 2010.

The Company monitors capital using a gearing ratio, which is net debt divided by equity attributable to the shareholders of the Parent.

The gearing ratio as at 31 December is as follows:

	2011 QR'000	2010 QR'000
Debt (i)	**1,960,033**	1,952,774
Less: Cash and bank balances	**(915,326)**	(907,501)
Net debt	**1,044,707**	1,045,273
Equity attributable to shareholders of the Parent	**10,559,808**	10,788,302
Gearing ratio	**10%**	10%

(i) Debt comprises of interest bearing loans and borrowings as detailed in Note 24

36. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Financial assets consist of bank balances and cash, investments, other financial assets and receivables. Financial liabilities consist of bank overdrafts, interest bearing loans and borrowings, accounts payable and accrued expenses. Derivative financial instruments consist of interest rate swaps and forward currency contracts.

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

	Carrying amount		Fair value	
	2011 QR'000	2010 QR'000	2011 QR'000	2010 QR'000
Financial assets				
Bank balances and cash	**923,348**	1,682	**923,348**	909,602
Available-for-sale investments	**3,282,885**	6,676	**3,282,885**	2,915,640
Financial assets at fair value through profit or loss	**202,457**	200,321	**202,457**	200,321
Loans to LNG and LPG companies	**338,340**	382,244	**338,340**	382,244
Trade accounts receivable	**479,093**	400,675	**479,093**	400,675
	5,226,123	4,808,482	**5,226,123**	4,808,482
Financial liabilities				
Bank overdrafts	**8,022**	2,101	**8,022**	2,101
Interest bearing loans and borrowings	**1,960,033**	1,952,774	**1,960,033**	1,952,774
Obligations under finance leases	**9,708**	15,574	**9,708**	15,574
Trade and other payables	**262,008**	226,463	**262,008**	226,463
Interest rate swaps	**925**	2,192	**925**	2,192
	2,240,696	2,199,104	**2,240,696**	2,199,104

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 receivables, trade 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 at 31 December 2011, the carrying amounts of such receivables are not materially different from their calculated fair values.

• The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases is estimated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

• 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 counterparties.

36. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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)

As at 31 December 2011, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	31 Dec 2011	Level 1	Level 2	Level 3
	QR'000	QR'000	QR'000	QR'000
Financial investments at fair value through profit or loss	**202,457**	**202,457**	**-**	**-**
Available-for-sale financial assets:				
Quoted shares	**2,540,695**	**2,540,695**	**-**	**-**
Unquoted shares	**302,162**	**-**	**302,162**	
Investments in bonds	**-**	**-**	**57,095**	**-**
Interest rate swaps	**925**	**-**	**925**	**-**

Assets measured at fair value

	31 Dec 2010	Level 1	Level 2	Level 3
	QR'000	QR'000	QR'000	QR'000
Financial investments at fair value through profit or loss	200,321	200,321	-	-
Available-for-sale financial assets:				
Quoted shares	2,145,623	2,145,623	-	-
Unquoted shares	317,322	-	317,322	-
Investments in bonds	84,709	-	84,709	-
Interest rate swaps	2,192	-	2,192	-

Unquoted available-for-sale investments include investments amounting to QR 382,934,000 (2010: QR 367,986,000), carried at cost, as their fair values cannot be reliably estimated, due to the uncertain nature of cash flows.

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.

During the year ended 31 December 2011, 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.

37. COMPARATIVE INFORMATION

(i) During the year ended 31 December 2011, The Group changed the format of presentation of the consolidated income statement from the functional method of presentation to the nature of expense method of presentation which resulted in the following reclassifications:

	Year ended 31 December 2010					
	As previously reported					
	Operating expenses	General and Administrative expenses	Amortisation of intangible assets	Board of Directors' remuneration	Intercompany adjustments (Note vi)	As reclassified
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Salaries, wages and other benefits	338,809	108,424	-	20,500	-	467,733
Operating supplies and expenses	770,165	8,875	-	-	(55,720)	723,320
Rent expenses	8,272	36,922	-	-	-	45,194
Depreciation and amortisation	207,554	32,096	29,200	-	-	268,850
Other operating expenses	43,718	4,880	-	-	54,541	103,139
As previously reported	1,368,518	191,197	29,200	20,500		

(ii) Operating revenues

	QR'000
As previously reported	1,884,983
Transfer from miscellaneous income (Note iv)	4,178
Intercompany adjustments (Note vi)	(1,179)
Investment and interest revenues	319,302
Finance income previously reported as part of investment income (Note iii)	(78,739)
As reclassified	2,128,545

37. COMPARATIVE INFORMATION (continued)

(iii) Finance costs and finance income

	Finance costs QR'000	Finance income QR'000
As previously reported	**76,264**	78,739
Intercompany elimination (vi)	**(15,976)**	(15,976)
As reclassified	**60,288**	62,763

(iv) Miscellaneous income

	QR'000
As previously reported	19,181
Transfer to operating revenues (Note ii)	(4,178)
As reclassified	15,003

(v) Property, plant and equipment and intangibles (deferred dry docking)

Deferred dry docking costs amounting to QR 22,932,000 (net of amortisation) were included as part of the property, vessels and equipment. The Group has reclassified the deferred dry docking costs from property, vessels and equipment to intangible assets. The reclassifications made affected the following previously reported figures:

	Year ended 31 December 2010	
	As previously reported QR'000	As classified QR'000
Depreciation charge for the year (Property, vessels and equipment)	**202,380**	195,528

	Costs QR'000	Accumulated depreciation QR'000	Net book value QR'000
As previously reported	4,108,100	894,142	3,213,958
As reclassified	(4,061,150)	(870,124)	(3,191,026)
Amounts reclassified to intangible assets	46,950	24,018	22,932

(vi) Intercompany adjustments represent amounts eliminated on account of intercompany transactions with respect to subsidiary companies.

(vii) Reclassifications have been made by the Group to improve the quality of information presented and did not have any impact on the previously reported equity, profits and earnings per share.