

Qatar Navigation Q.S.C.

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2014

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2014

	<i>For the nine months ended 30 September</i>	
	<i>2014</i> <i>(Unaudited)</i>	<i>2013</i>
	<i>QR'000</i>	<i>QR'000</i>
Operating revenues	1,972,971	1,745,177
Salaries, wages and other benefits	(479,212)	(453,416)
Operating supplies and expenses	(622,460)	(435,453)
Rent expenses	(45,343)	(42,016)
Depreciation and amortisation	(193,369)	(169,058)
Other operating expenses	(90,776)	(76,016)
OPERATING PROFIT	541,811	569,218
Finance costs	(27,487)	(36,534)
Finance income	40,418	49,602
Gain on disposal of property, vessels and equipment	2,280	11,238
Share of results of associates	221,992	177,168
Share of results of joint ventures	41,209	4,509
Miscellaneous income	2,662	367
PROFIT FOR THE PERIOD	822,885	775,568
<i>Attributable to:</i>		
Equity holders of the parent	820,828	778,007
Non-controlling interest	2,057	(2,439)
	822,885	775,568
BASIC AND DILUTED EARNINGS PER SHARE		
<i>(attributable to equity holders of the parent)</i>		
<i>(expressed in QR per share)</i>		
	7.22	6.85

The attached notes 1 to 3 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2014

	<i>For the nine months ended 30 September</i>	
	<i>2014</i>	<i>2013</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Profit for the period	<u>822,885</u>	<u>775,568</u>
Items to be reclassified to profit or loss in subsequent periods		
Net movement in hedging reserve	<u>(144,522)</u>	<u>518,242</u>
Net gain on available-for-sale investments	<u>706,860</u>	<u>496,235</u>
Other comprehensive income for the period	<u>562,338</u>	<u>1,014,477</u>
Total comprehensive income for the period	<u>1,385,223</u>	<u>1,790,045</u>
<i>Attributable to:</i>		
Equity holders of the parent	<u>1,382,918</u>	<u>1,792,389</u>
Non-controlling interest	<u>2,305</u>	<u>(2,344)</u>
	<u>1,385,223</u>	<u>1,790,045</u>

The attached notes 1 to 3 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2014

	<i>30 September 2014 (Unaudited) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
ASSETS		
Non-current assets		
Property, vessels and equipment	3,833,056	3,281,643
Investment properties	781,307	765,372
Intangible assets	75,576	55,298
Investment in joint ventures	184,107	143,113
Investment in associates	4,397,280	4,540,060
Available-for-sale investments	4,261,151	3,538,850
Loans to LNG and LPG companies	470,037	534,932
Notes receivable	13,057	2,847
	<u>14,015,571</u>	<u>12,862,115</u>
Current assets		
Inventories	209,941	160,144
Accounts receivable and prepayments	672,762	589,543
Financial assets at fair value through profit or loss	602,401	580,222
Bank balances and cash	3,101,304	1,458,020
	<u>4,586,408</u>	<u>2,787,929</u>
TOTAL ASSETS	<u>18,601,979</u>	<u>15,650,044</u>
EQUITY AND LIABILITIES		
Attributable to equity holders of the parent		
Share capital	1,145,252	1,145,252
Treasury shares	(73,516)	(73,516)
Legal reserve	4,693,986	4,693,986
General reserve	623,542	623,542
Fair value reserve	4,281,648	3,575,036
Hedging reserve	(355,281)	(210,759)
Retained earnings	3,085,430	2,832,684
Equity attributable to equity holders of the parent	<u>13,401,061</u>	<u>12,586,225</u>
Non-controlling interest	58,279	55,974
Total equity	<u>13,459,340</u>	<u>12,642,199</u>

Continued

The attached notes 1 to 3 form part of these interim condensed financial statements.

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2014

	<i>30 September 2014 (Unaudited) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Non-current liabilities		
Interest bearing loans and borrowings	1,348,845	1,408,491
Advance from a customer	182,715	187,497
Employees' end of service benefits	<u>88,821</u>	<u>83,865</u>
	<u>1,620,381</u>	<u>1,679,853</u>
Current liabilities		
Accounts payable and accruals	503,014	469,368
Interest bearing loans and borrowings	3,019,229	767,323
Obligation under finance leases	-	291
Bank overdrafts	<u>15</u>	<u>91,010</u>
	<u>3,522,258</u>	<u>1,327,992</u>
Total liabilities	<u>5,142,639</u>	<u>3,007,845</u>
TOTAL EQUITY AND LIABILITIES	<u>18,601,979</u>	<u>15,650,044</u>



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Khaled bin Khalifa Al-Thani
Vice Chairman



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Khalifa bin Ali Al-Hetmi
President and Chief Executive Officer

The attached notes 1 to 3 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2014

	<i>For the nine months ended 30 September</i>	
	<i>2014</i>	<i>2013</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
OPERATING ACTIVITIES		
Profit for the period	822,885	775,568
Adjustment for:		
Depreciation and amortisation	193,369	169,058
Finance costs	27,487	36,534
Gain on disposal of property, vessels and equipment	(2,280)	(11,238)
Share of results of associates	(221,992)	(177,168)
Share of results of joint ventures	(41,209)	(4,509)
Provision for employees' end of service benefits	14,965	17,625
Finance income	(40,418)	(49,602)
Dividend income	(165,617)	(169,499)
Net fair value gain on financial assets at fair value through profit or loss	(122,812)	(93,584)
Profit on disposal of investments	(18,328)	(36,140)
Operating profit before working capital changes:	446,050	457,045
Working capital changes:		
Inventories	(49,797)	(17,149)
Accounts receivables and prepayments	(93,429)	(167,645)
Accounts payables and accruals	28,572	(25,014)
Cash flows from operating activities	331,396	247,237
Finance costs paid	(27,487)	(36,534)
Employees' end of service benefits paid	(10,009)	(4,849)
Net cash flows from operating activities	293,900	205,854
INVESTING ACTIVITIES		
Purchase of property, vessels and equipment	(702,814)	(182,563)
Dividend income	165,617	169,499
Finance income	40,418	49,602
Proceeds from disposal of property, vessels and equipment	6,677	18,427
Purchases of investment properties	(33,187)	(69,855)
Additions to dry docking costs	(45,131)	(25,127)
Net movement in loans to LNG and LPG companies	64,895	322,265
Purchase of investment securities	(40,309)	(159,327)
Proceeds from disposal of available-for-sale investments	1,820	51,224
Proceeds from disposal of financial assets at fair value through profit or loss	160,067	142,591
Dividends received from associates and joint ventures	198,439	174,123
Net cash flows (used in) from investing activities	(183,508)	490,859

Continued

The attached notes 1 to 3 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the nine months ended 30 September 2014

	<i>For the nine months ended 30 September</i>	
	<i>2014</i>	<i>2013</i>
	<i>(Unaudited)</i>	<i>QR'000</i>
FINANCING ACTIVITIES		
Dividends paid	(568,082)	(429,469)
Purchase of treasury shares	-	(55,165)
Net movement in interest bearing loans and borrowings	2,192,260	(200,830)
Obligation under finance lease	(291)	(2,716)
Net movement in term deposits maturing after 90 days	(1,233,013)	293,625
Net cash flows from (used in) financing activities	390,874	(394,555)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	501,266	302,158
Cash and cash equivalents at 1 January	672,930	780,893
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	1,174,196	1,083,051

The attached notes 1 to 3 form part of these interim condensed financial statements.

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine months ended 30 September 2014

Attributable to the equity holders of the Parent

	<i>Share capital</i> <i>QR'000</i>	<i>Treasury shares</i> <i>QR'000</i>	<i>Legal reserve</i> <i>QR'000</i>	<i>General reserve</i> <i>QR'000</i>	<i>Fair value reserve</i> <i>QR'000</i>	<i>Hedging reserve</i> <i>QR'000</i>	<i>Retained earnings</i> <i>QR'000</i>	<i>Total QR'000</i>	<i>Non-controlling interest</i> <i>QR'000</i>	<i>Total QR'000</i>
Balance at 1 January 2014 (Audited)	1,145,252	(73,516)	4,693,986	623,542	3,575,036	(210,759)	2,832,684	12,586,225	55,974	12,642,199
Profit for the period	-	-	-	-	-	-	820,828	820,828	2,057	822,885
Other comprehensive income (loss) for the period	-	-	-	-	-	706,612	(144,522)	-	562,090	248
Total comprehensive income (loss) for the period	-	-	-	-	-	706,612	(144,522)	820,828	1,382,918	2,305
Dividends paid	-	-	-	-	-	-	-	(568,082)	-	1,385,223 (568,082)
Balance at 30 September 2014 (Unaudited)	1,145,252	(73,516)	4,693,986	623,542	4,281,648	(355,281)	3,085,430	13,401,061	58,279	13,459,340

Attributable to the equity holders of the Parent

	<i>Share capital</i> <i>QR'000</i>	<i>Treasury shares</i> <i>QR'000</i>	<i>Legal Reserve</i> <i>QR'000</i>	<i>General reserve</i> <i>QR'000</i>	<i>Fair value reserve</i> <i>QR'000</i>	<i>Hedging reserve</i> <i>QR'000</i>	<i>Retained earnings</i> <i>QR'000</i>	<i>Total QR'000</i>	<i>Non-controlling interest</i> <i>QR'000</i>	<i>Total QR'000</i>
Balance at 1 January 2013 (Audited)	1,145,252	-	4,693,986	623,542	2,859,694	(935,224)	2,336,105	10,723,355	57,468	10,780,823
Profit for the period	-	-	-	-	-	-	778,007	778,007	(2,439)	775,568
Other comprehensive income for the period	-	-	-	496,140	518,242	-	-	1,014,382	95	1,014,477
Total comprehensive income for the period	-	-	-	496,140	518,242	-	778,007	1,792,389	(2,344)	1,790,045
Acquisition of treasury shares	-	(55,165)	-	-	-	-	-	(55,165)	-	(55,165)
Dividends paid	-	-	-	-	-	-	(429,469)	(429,469)	-	(429,469)
Balance at 30 September 2013 (Unaudited)	1,145,252	(55,165)	4,693,986	623,542	3,355,834	(416,982)	2,684,643	12,031,110	55,124	12,086,234

The attached notes 1 to 3 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2014

1 BASIS OF PREPARATION

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2013.

The consolidated financial statements include the financial statements of the Company and that of its subsidiaries as defined in the annual financial statements for the year ended 31 December 2013 and is referred to as the “Group”.

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

Qatar Navigation Q.S.C.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2014

2 SEGMENT INFORMATION

Nine months ended 30 September 2014 (Unaudited)

	<i>Milaha Maritime and Logistics QR'000</i>	<i>Milaha Offshore QR'000</i>	<i>Milaha Trading QR'000</i>	<i>Milaha Gas and Petroleum QR'000</i>	<i>Corporate QR'000</i>	<i>Adjustments relating to Milaha</i>	<i>Total segments QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Consolidated QR'000</i>
Operating revenues	543,051	676,516	410,985	295,202	193,417	-	2,119,171	(146,200) (i)	1,972,971
Salaries, wages and other benefits	(7,337)	(147,882)	(144,574)	(13,050)	(64,599)	(108,125)	(485,567)	6,355 (i)	(479,212)
Operating supplies and expenses	(93,899)	(275,343)	(85,366)	(249,375)	(36,493)	(4,295)	(744,771)	122,311 (i)	(622,460)
Rent expenses	(38,136)	(5,228)	(5,884)	(1,533)	(1,559)	(8,237)	(60,577)	15,234 (i)	(45,343)
Depreciation and amortisation	(23,707)	(44,713)	(69,851)	(895)	(50,470)	(3,733)	(193,369)	-	(193,369)
Other operating expenses	(8,491)	(19,737)	(28,524)	(1,799)	(21,818)	(12,707)	(93,076)	2,300 (i)	(90,776)
Allocations relating to fleet and technical services	-	(42,718)	-	-	42,718	-	-	-	-
Allocations relating to Milaha Corporate	(18,335)	(57,714)	(22,877)	(17,282)	(20,889)	137,097	-	-	-
OPERATING PROFIT	353,146	83,181	53,909	11,268	40,307	-	541,811	-	541,811
Finance costs	(11,234)	(6,476)	(5,560)	-	(4,217)	-	(27,487)	-	(27,487)
Finance income	21,536	-	67	436	18,379	-	40,418	-	40,418
Gain on disposal of property, vessels and equipment	1,537	711	32	-	-	-	2,280	-	2,280
Share of results of associates	1,012	226	-	-	220,754	-	221,992	-	221,992
Share of results of joint ventures	-	-	-	-	41,209	-	41,209	-	41,209
Miscellaneous income	91	-	-	-	2,571	-	2,662	-	2,662
PROFIT FOR THE PERIOD	366,088	77,642	48,448	11,704	319,003	-	822,885	-	822,885

Qatar Navigation Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2014

2 SEGMENT INFORMATION (continued)

Nine months ended 30 September 2013 (Unaudited)

	<i>Milaha Capital QR'000</i>	<i>Milaha Maritime and Logistics QR'000</i>	<i>Milaha Offshore QR'000</i>	<i>Milaha Trading QR'000</i>	<i>Milaha Gas and Petrochem QR'000</i>	<i>Milaha Corporate QR'000</i>	<i>Total segments QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Adjustments relating to Milaha Corporate QR'000</i>	<i>Consolidated QR'000</i>
Operating revenues	505,903	634,263	449,348	206,102	126,111	-	1,921,727	(176,550) (i)	1,745,177	
Salaries, wages and other benefits	(10,997)	(135,283)	(142,163)	(11,476)	(59,881)	(99,648)	(459,448)	6,032 (i)	(453,416)	
Operating supplies and expenses	(87,361)	(235,645)	(66,391)	(167,934)	(26,808)	(4,789)	(588,928)	153,475 (i)	(435,453)	
Rent expenses	(37,457)	(3,627)	(4,464)	(963)	(1,329)	(8,954)	(56,794)	14,778 (i)	(42,016)	
Depreciation and amortisation	(23,615)	(46,913)	(56,091)	(958)	(39,528)	(1,953)	(169,058)	-	(169,058)	
Other operating expenses	(9,718)	(18,404)	(23,546)	(1,494)	(13,853)	(11,266)	(78,281)	2,265 (i)	(76,016)	
Allocations relating to fleet and technical services	-	(40,574)	-	-	40,574	-	-	-	-	
Allocations relating to Milaha Corporate	(17,313)	(54,496)	(21,602)	(16,319)	(19,724)	129,454	-	-	-	
OPERATING PROFIT	319,442	99,321	135,091	6,958	5,562	2,844	569,218	-	569,218	
Finance costs	(16,804)	(7,317)	(9,743)	-	(2,670)	-	(36,534)	-	(36,534)	
Finance income	28,154	-	2,223	92	19,113	20	49,602	-	49,602	
Gains on disposal of property, vessels and equipment	-	10,989	3,113	-	-	(2,864)	11,238	-	11,238	
Share of results of associates	1,018	(17)	-	-	176,167	-	177,168	-	177,168	
Share of results of joint ventures	-	-	-	-	4,509	-	4,509	-	4,509	
Miscellaneous income	229	-	-	-	138	-	367	-	367	
PROFIT FOR THE PERIOD	332,039	102,976	130,684	7,050	202,819	-	775,568	-	775,568	

Note:

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

Qatar Navigation Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2014

3 COMPARATIVE INFORMATION

Certain reclassifications have been made for the comparative information relating to the consolidated income statement with the objective of improving the quality of information presented, these changes did not have an impact on the previously reported profit for the period.