



# ANNUAL REPORT 2015



# STEADY









His Highness  
**Sheikh Hamad bin Khalifa Al Thani**  
Father Emir



His Highness  
**Sheikh Tamim bin Hamad Al-Thani**  
Emir of the State of Qatar



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.







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### In the Name of Allah, Most Gracious, Most Merciful

#### Dear Shareholders,

It is my pleasure to present to you an overview of Milaha's Annual Report for 2015.

Milaha had another good year financially in 2015. Revenues increased 14% over 2014 to QAR 3 billion. Net income for 2015 was QAR 1.09 billion, an increase of 4% over 2014. This translated to earnings per share of QAR 9.63 versus QAR 9.23 in 2014. The Company's operating profit amounted to QAR 772 million, an 18% increase over 2014.

The numbers I present to you are the result of both hard work and a series of strategic initiatives that Milaha has undertaken over the past few years. The sharp decline in oil prices, coupled with weakening economic conditions globally, brought new challenges for us. Our company, which is exposed to these conditions in several of the sectors in which it operates, was naturally impacted by the volatility in the international economic indicators. I'm pleased to say, however, that despite the increasingly challenging business environment in Qatar as well as globally, the Company achieved its financial targets for 2015.

The Board of Directors continued to invest for the long term in the Company's core maritime shipping activities. In the first quarter of 2015, Milaha Maritime & Logistics, which delivers integrated transport and supply chain solutions, launched the first direct container liner service between Qatar and India. The non-stop service connects Doha port with Nhava Sheva, India's largest port. The launch was in response to the remarkable growth in trade between the two countries in recent years, results of which will be reflected in the future.

In June 2015, Qatar Shipping Company, a wholly owned subsidiary, acquired the remaining 60% interest in two Liquefied Natural Gas (LNG) carriers, Milaha Ras Laffan and Milaha Qatar, from Société Générale, thereby increasing its stake in the vessels from 40% to 100%.

In October, Halul Offshore Services Company, a wholly-owned subsidiary of Milaha, won the prestigious 'Offshore Marine Award for Owners & Operators at the Seatrade Maritime Awards. The award, which Halul previously won in 2013, came in recognition of the company's operational and financial success despite the challenges currently facing the offshore marine services market.

The company's governance and compliance framework is an important foundation to enable Milaha to maximize value for its shareholders over the long term. We remained committed to enhancing our corporate governance in 2015. Board subcommittees - Audit Committee, Nomination Committee, and Remuneration Committee - were formed, and charters were approved for each to be used as a manual for their activities.

To maximise transparency and to ensure that appropriate controls are in place in every part of our operations, the Board of Directors also formed, in addition to the aforementioned three committees, an Executive Committee, which will play an important role in the overall Board governance.

In the third quarter of 2015, and after 31 successful years with the Company, Mr. Khalifa Ali Al-Hetmi retired as President and Chief Executive Officer of Milaha. In September 2015, the Board of Directors appointed Mr. Abdulrahman Essa Al-Mannai to succeed him. Mr. Al-Mannai brings a robust commercial background, an excellent track record of success, and significant experience. We are looking forward to his contribution in continuing our journey of sustainable growth.

As part of Milaha's long term vision to build young Qatari leaders, Milaha launched a summer training programme which targets Qatari students enrolled in universities in Qatar and abroad, and who are studying maritime, engineering, finance, and business administration. In addition, the program also targeted students from Qatar Technical School for hands-on, vocational training. In total, 24 students participated in this program in 2015.

Since credibility and transparency are at the heart of how we work, I feel obliged to say that the low oil price environment and the weakening global economic environment hold a number of significant challenges for our core sectors in the medium term. Despite these conditions, we will continue to pursue opportunities both at home and abroad because we have confidence in our capabilities and our staff, including the executive management, who work efficiently under the oversight of the Board of Directors.

I would like to thank our shareholders and customers for their continued support of the Milaha Group. I would also like to thank the Executive Management and all our employees for their dedication and hard work.

Finally I would like, on behalf of my colleagues, members of the Board of Directors, executive management and all the employees of the Group, to express my appreciation to His Highness the Emir Sheikh Tamim bin Hamad Al-Thani and to His Highness the Father Emir, Sheikh Hamad bin Khalifa Al-Thani, and the government for their vision and guidance, which have contributed greatly to the success and growth of the company.

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



Board of Directors



Sheikh Ali bin Jassim bin Mohammad Al-Thani  
Chairman



Sheikh Khalid bin Khalifa Al-Thani  
Vice Chairman



Sheikh Jassim bin Hamad bin Jassim Al-Thani  
Board Member



Adil Ali Bin Ali  
Board Member



Ali Ahmad Al-Kuwari  
Board Member



Saad Mohammad Al-Romaihi  
Board Member



Sulaiman Haidar Sulaiman  
Board Member



Ali Hussain Al-Sada  
Board Member



Hamad Mohammad Al-Mana  
Board Member



Dr. Mazen Jassim Jaidah  
Board Member



Salman Abdullah Abdulghani  
Board Member



## Board of Directors' Report

### 2015 performance overview

Overall, 2015 was a great year for Milaha with growth largely driven by our core business, despite an increasingly challenging business environment and a substantial amount of volatility.

Milaha's operating revenue for 2015 was QAR 3 billion vs QAR 2.6 billion in 2014, an increase of 14% over 2014. Net profit was QAR 1.09 billion vs QAR 1.05 billion in 2014, an increase of 4% over 2014. Earnings per share increased to QAR 9.63 in 2015 from QAR 9.23 in 2014.

### 1. Milaha Maritime & Logistics

Milaha Maritime & Logistics (MML) focuses primarily on Qatar and the Arabian Gulf region. MML evolved out of the legacy Qatar Navigation operations which began over half a century ago. The business pursues a diverse set of activities across the supply chain, from container feeding, to port management, to warehousing. The individual business units within MML endeavor to coordinate their activities to deliver tailored customer solutions across the supply chain.

The segment's revenue and net profit increased by 26% and 133% respectively over 2014 led mainly by increases in TEU volumes and demurrage revenue at Doha Port, container shipping import volumes, and increased bulk shipping chartering activities.

#### A. Container Shipping

Milaha's Container Shipping unit primarily consists of two operations: Container Feeder and Non-Vessel Operating Common Carrier (NVOCC). The feeder unit operates a fleet of seven wholly-owned containerized vessels as well as chartered-in vessels, servicing the UAE-Qatar-UAE, as well as India-Qatar shipping sectors. The NVOCC unit is based in Dubai, and operates 2,931 TEUs, predominantly between India / Pakistan / Sri Lanka and the Arabian Gulf countries.

The feeder service maintained its leading position in the UAE-Qatar sector with a slight increase in import market share from 63% in 2014 to 66% in 2015. On the export side, petrochemical shipment volumes from Mesaieed increased by 4% over 2014 to 138,912 TEUs.

In March of 2015, the unit launched a new direct service, NDX, linking Nhava Sheva, India's largest port, to Qatar, reducing the need for transshipment in Jebel Ali, UAE, and allowing faster transit time for imports into Qatar from India. The service ran throughout 2015 with fixed weekly calls, enabling the unit to establish a footprint in India.

In terms of volumes, the unit handled a total of 568,166 TEUs in 2015, an increase of 22% over 2014 with the new India-Qatar NDX service contributing to 7% of the overall volume.

The NVOCC unit saw 12% growth in volume as compared with 2014. The launch of the NDX service contributed to enhancing NVOCC activities in India, and Mumbai in particular.

Increased volumes drove revenue higher by 11% over 2014, however rates per TEU for both feeder and NVOCC declined due to increased competition and overcapacity.

#### B. Port Services

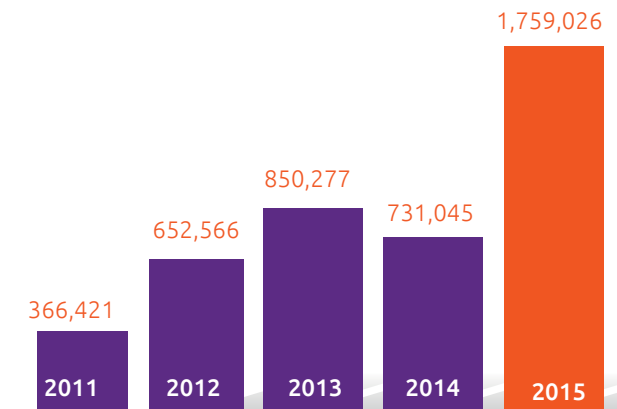
Milaha's Port Services business unit manages the Doha Port, the main commercial port in Qatar, on behalf of Qatar Ports Management Company (Mwani). In addition, it manages Container Terminal 7 at Mesaieed Port on behalf of Qatar Petroleum, and provides cargo handling and stevedoring services for the general cargo berth.

2015 was an exceptional year for the Port Services unit. Container volumes and General Cargo volumes increased by 15% and 127% respectively compared to 2014. The main driver for the significant increase in overall volumes was continued government spending on infrastructure and other critical long term projects.

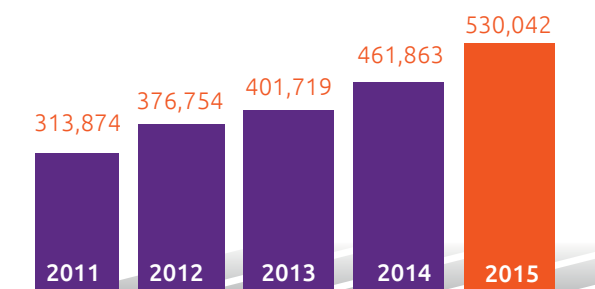
Operational efficiency continued to be a focus in 2015. The unit increased its berth productivity by 11% reaching 16 moves per hour and the average waiting time at anchorage was reduced to zero. Moreover, the Company managed to handle increased volumes through efficient resource utilization i.e. using the same manpower levels as previous year.

The Company is awaiting the results of the tender to manage the new Hamad Port, for which a bid has been submitted. The operation of the new port, which will have the capacity to handle 2 million TEUs, is expected to commence towards the end of 2016.

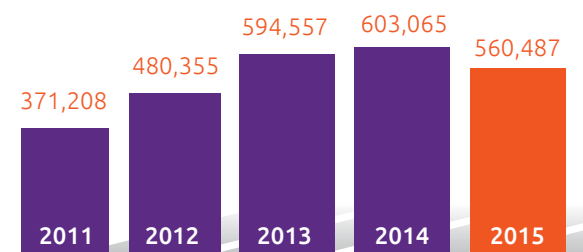
### Doha Port Statistics



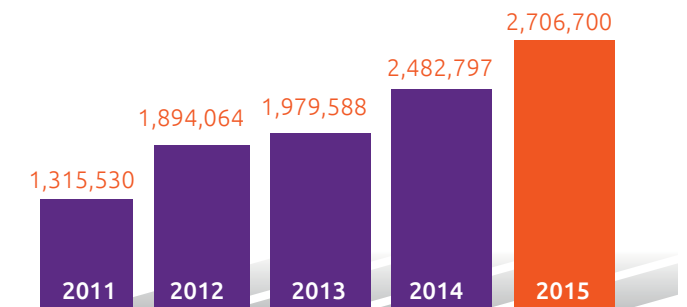
Bulk/Break Bulk/General Cargo  
(Freight Tonnes)



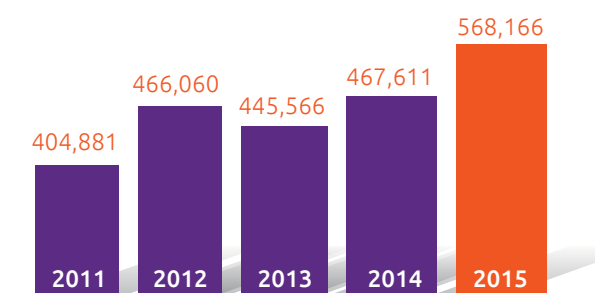
Containers (TEUs)



Livestock (Heads)



Car Carrier (Freight Tonnes)



Container Volume Handled (TEUs)



### C. Logistics

Milaha's logistics business unit provides freight forwarding services (air, sea and land), land transportation, project and contract logistics, warehousing and distribution services. It also provides integrated logistics solutions to customers through an international freight forwarding network.

The logistics unit saw an overall revenue increase of 6% over 2014. A drop in contract and project logistics activities was offset by an increase in freight forwarding from project cargo movements, and land transport operation, which continued to see high utilization of its fully-owned fleet of trucks throughout 2015. In addition, warehousing operations posted higher occupancies in 2015 over 2014, with the acquisition of a number of key clients and stronger operational management.

### D. Shipping Agencies

The Shipping Agencies unit acts as an agent on behalf of vessels calling Qatari ports. The agency's activities include arranging berthing, un-berthing, loading and discharging activities, in addition to all port, customs and immigration clearance activities. The agency also provides shipping lines with non-cargo related services such as provisioning and crew handling services, including crew sign-on and sign-off, arrangement of entry passes, transportation, accommodation and medical assistance.

The Shipping Agencies unit saw revenues increase by 13% over 2014, driven largely by additional vessel calls related to the new Hamad Port construction, and more generally, related to infrastructure and other projects currently underway in Qatar.

Despite a fiercely competitive market, the unit was able to grow its market share slightly year on year.

### E. Bulk Shipping

The Bulk Shipping business unit specializes in project and dry freight transportation within the Arabian Gulf, through both owned and chartered tonnage. The unit owns and operates one supramax bulker, Qatar Spirit, and charters others, either on a voyage or time charter basis.

The unit saw increased chartering activities, tied mainly to a stronger aggregate trade in the region, and particularly into Qatar. However, the overall bulk shipping market continued to weaken, impacting asset values. The Company took an impairment of QAR 38 million on Qatar Spirit during the first half of 2015.

### F. Shipyard

Milaha's Shipyard unit performs dry-docking, maintenance and repair services for commercial

and private vessels in the region. The unit targets offshore support vessels, self-elevating barges and rigs, and general cargo vessels of 25,000 DWT or less. In addition, the unit also undertakes non-marine fabrication, mechanical and electrical works, and metal machining works.

During 2015, the Shipyard dry docked and repaired 95 vessels, including 30 Milaha vessels, 31 Qatari vessels, 15 foreign-flagged vessels, and 19 yachts and dhows. In addition, a total of 294 afloat repairs were also completed in 2015 on 137 vessels.

Despite a decrease in revenue, the Milaha Shipyard has improved efficiency and implemented new systems that have contributed to improving the unit's operating margin.

## 2. Milaha Gas & Petrochem/ Qatar Shipping

Milaha Gas & Petroleum (MGP) fully owns and operates a fleet of five tankers, two gas carriers and two LNG carriers. In addition, the segment also owns partial stakes ranging from 15 – 30% in seven LNG carriers, and is the largest shareholder in Qatar Gas Transport Company (Nakilat). MGP also owns a 50% stake in Gulf LPG, which owns and operates four Very Large Gas Carriers (VLGCs). The segment also owns and operates harbour and marine service vessels at Mesaieed Port on behalf of Qatar Petroleum.

In 2015, the segment saw a 51% increase in revenue and a 6.4 % increase in net profit over the previous year.

### A. Fully Owned Fleet

MGP's fully owned and operated deep-sea fleet traded worldwide and called at terminals operated by most of the major oil companies and leading international charterers. Some vessels completed their time charters and were then traded on the spot market, while others continued with leading industry names such as Heidmar, Scorpio Tankers Inc., Yara International ASA, and Muntajat, carrying cargoes of crude oil, clean and dirty petroleum products, and refrigerated ammonia.

MGP continued to play an important role in delivering Qatar's industrial output with its gas carrier, Al Marona, on time charter to Muntajat since its delivery in 2004. The other gas carrier, Al Majedah, secured an extension of its time charter with an international company during the year.

With the decrease in oil prices in 2015 and subsequent surge in crude production around the globe, 2015 saw strong momentum in both crude and product tanker markets. The surplus in the crude oil market resulted in higher volumes being

shipped, which led to a greater number of long haul cargoes and an increase in crude tanker rates.

In the tanker sector, where MGP has five vessels, the market showed an appreciable increase in spot market rates and MGP fully exploited these improved conditions. MGP's vessels completed their time charters during the year and traded at higher spot rates for most of the year.

During the year, MGP also increased its share in two LNG carriers from 40% to 100%. The vessels, named Milaha Ras Laffan and Milaha Qatar, are now fully owned and operated by MGP.

### B. Partially Owned LNG Carriers

MGP partially owns seven LNG carriers through various joint ventures with global shipping majors, with stakes ranging from 15% to 30%. All seven vessels are on long-term contracts with reputed companies and are not subject to rate volatility in the spot market.

### C. Gulf LPG

MGP's four VLGCs are on time charter with major companies, including leading oil companies. Gulf LPG proactively locked in long term charters for these vessels at relatively high rates, with the expectation that the market would soften due to delivery of a large number of new builds in the coming years.

### D. Harbour Operations

Milaha provides harbour marine services at all ports and terminals in Qatar. The largest operation is at Mesaieed Port, where 19 fully owned harbour and marine service boats operate on a 20 year contract with Qatar Petroleum. In addition, during 2015 Qatar Ports Management Company (Mwani) awarded MGP a two year contract for the supply of tugs and pilot boats for early operations at the new Hamad Port. MGP also deployed one harbour tug at Al-Ruwais Port during the year.

## 3. Milaha Offshore / Halul Offshore Services

Milaha Offshore is the offshore services arm of the group and currently owns and operates a diverse fleet of 40 offshore support vessels in Qatar and Saudi Arabia, servicing the offshore oil and gas sector. The diverse fleet includes safety standby vessels, anchor handlers, platform supply, diving, construction and wireline support vessels, among others. It also provides value-added diving and construction services.

Milaha Offshore's performance improved significantly in 2015 relative to 2014, as revenue increased by 21% and net profit increased by 5%.

At a broader level, however, 2015 was a difficult year for offshore marine businesses due to the downward trend in oil prices and an oversupply of offshore vessels in the market which resulted in sharp declines in utilization rates as well as day rates for these vessels. Despite these adverse factors, Milaha Offshore's revenue showed a year-on-year increase as the majority of its fleet were on long-term contracts.

During 2015, the segment continued to generate significant new business through various long-term and short-term contracts with major oil firms such as Qatar Petroleum, Qatar Shell, and Saudi Aramco.

On the cost side, close control of operating expenses and a more efficient crew management setup ensured that costs did not increase in proportion to revenues. Despite better operational cost control, the unit incurred a QAR 49 million impairment on vessels and equipment in 2015, to bring book values in line with market values.

Milaha Offshore was named the winner of the Seatrade 2015 "Offshore Marine Award for Owners and Operators" for its continued operational success in difficult market conditions. It also received awards from Qatar Shell and Occidental Petroleum, as well as a commendation from RasGas.

As a part of its medium term growth plan, Milaha Offshore continues to invest in sophisticated vessels that are capable of meeting current and future market requirements, both in the region and beyond. Milaha Offshore took delivery of one vessel, Halul 45, in 2015, and is expected to take delivery of additional vessels within 2016, enhancing and adding to its existing capabilities in maintenance and well services.

Number of vessels	Vessel type
8	Safety Standby Vessels
9	Anchor Handling Tugs
5	Platform Support Vessels
2	Wireline Support Vessels
6	Construction Support Vessels
4	DP2 Anchor Handling Tugs Supply Vessels
3	Diving Support Vessels
3	Multi-purpose Support Vessels
<b>40</b>	<b>Total</b>



#### 4. Milaha Capital

Milaha Capital is the investment arm of the group, and consists of both financial and real estate investments. It was created to focus on investment activities outside of the Group's core maritime-based activities.

##### A. Financial Investments

Milaha Capital manages a large portfolio of financial investments (quoted and unquoted) that are separated into (i) Held for Trading (HFT) portfolio, and (ii) Available for Sale (AFS) portfolio.

The value of the HFT portfolio was QAR 499 million at the end of 2015 relative to QAR 624 million at the previous year end, with changes in market values impacting the income statement. Although outperforming the Qatar Exchange Index by 10% in 2015, the portfolio declined by 20%.

The value of the AFS portfolio was QAR 3.8 billion at the end of 2015 relative to QAR 4.2 billion at the end of 2014. Unlike the HFT portfolio, changes in market values only impact the Company's balance sheet.

##### B. Real Estate Investments

Milaha Capital has a full-fledged real estate services team that focuses on real estate property development as well as property / facilities management of owned real estate properties. As at 31 December 2015, Milaha's portfolio of real estate properties had a book value of QAR 0.88 billion, and a market value of QAR 3.4 billion.

The net profit of the real estate unit improved by 12% in 2015 relative to 2014, mainly attributable to savings related to the moving of the Milaha Headquarters out of a leased property into an owned property.

Milaha Capital is actively involved in the management of its investment properties portfolio which includes residential, commercial, and retail properties. These properties are leased to either individual tenants or blue chip companies.

An in-house team of engineers actively manages the development projects in the pipeline. During 2015, the real estate team worked actively on the following ongoing development projects:

- Ain Khaled Residential Project – development of 3 bedroom and 4 bedroom villas
- Al Thumama Project – development of three warehouses (one frozen / chilled and two temperature controlled)
- Ras Laffan Project – development of a workshop in Ras Laffan Industrial City

#### 5. Milaha Trading

Milaha Trading focuses on commercial agency activities and consists of four business units:

- Navigation Trading Agencies
- Navigation Marine Service Centre
- Navigation Travel & Tourism
- Bunker Sales

The Trading segment, as a whole, achieved a net profit of QAR 27.6 million, an increase of 66% over 2014.

##### A. Navigation Trading Agencies

Navigation Trading Agencies (NTA) is an exclusive agent in Qatar for international brands for trucks and heavy equipment such as Hino (Japan), Fassi (Italy), Sennebogen (Germany), Doosan (Korea) and Sany (China). NTA also runs a service center catering to Hino trucks as well as other truck and vehicle manufacturers.

NTA's equipment trading related net profit increased in 2015, with growth in sales of Hino trucks and Doosan equipment playing the most significant role. Sales growth was mainly fueled by the commencement of major infrastructure projects in Qatar during 2015.

##### B. Navigation Marine Service Centre

Navigation Marine Service Centre (NMSC) is the sole distributor of several international brands of marine lubricants and chemicals, including Castrol Marine, Castrol Offshore, Fuchs Automotive, and Fuchs Industrial Lubricants. It is also a dealer for Unitor and Nalfleet Marine Chemicals, and an agent for Doosan Marine Engines in both Qatar and the UAE. The unit saw a slight uptick in revenue vs 2014, despite downward pressure on prices, due to lower oil prices.

##### C. Navigation Travel & Tourism

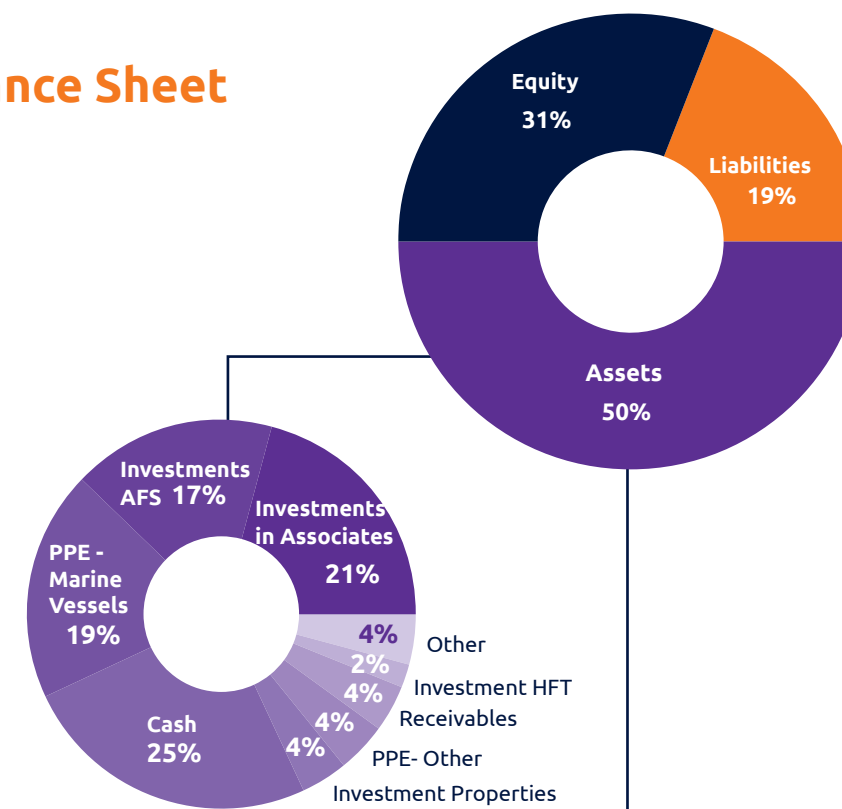
Navigation Travel & Tourism (NTT) is an IATA approved agent which provides a full range of travel services. NTT was one of the first travel agencies to be set up in Qatar.

Despite intense market competition and reductions in service charges per ticket by airlines, NTT showed 5% and 14% growth in ticket sales and customers, respectively.

##### D. Bunker Sales

The Bunker Sales unit mainly acts as a distributor of bunker and fuel oils, such as marine gas oil (MGO) and intermediate fuel oils (IFO), to vessels calling Qatar's ports. The unit operates under an agreement with Qatar Fuel (Woqod). Revenue declined in 2015, relative to 2014, mainly due to lower oil prices and their knock-on effect on bunker prices.

### Balance Sheet



LONG TERM  
DEBT TO EQUITY

**19.6%**

RETURN ON  
EQUITY

**8.0%**

RETURN ON  
ASSETS

**5.4%**

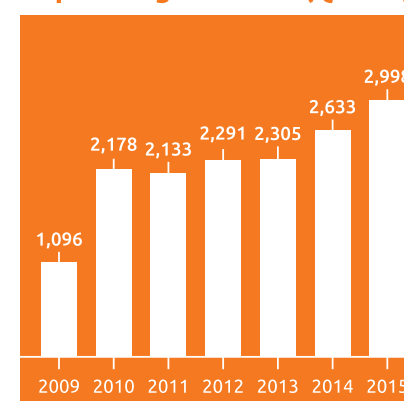
CURRENT  
RATIO

**1.3**

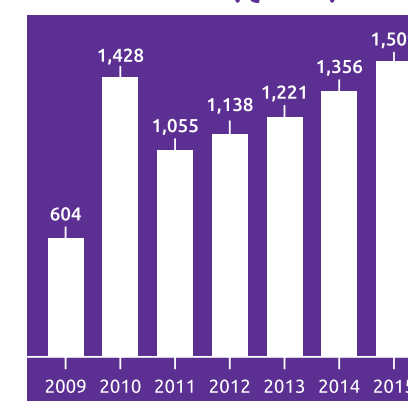
	2009	2010	2011	2012	2013	2014	2015
<b>Total Assets</b>	7,198	13,308	13,313	14,081	15,650	18,687	22,132
<b>Total Equity</b>	5,912	10,843	10,622	10,781	12,642	13,542	13,751

### Financial Highlights

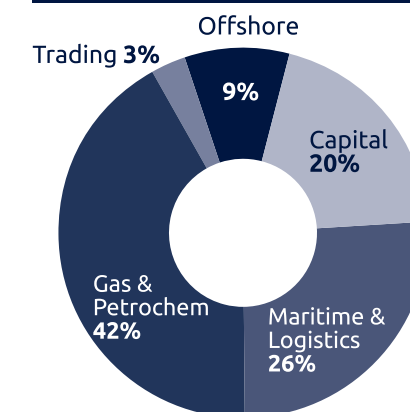
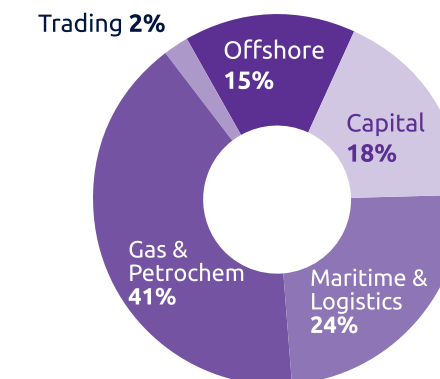
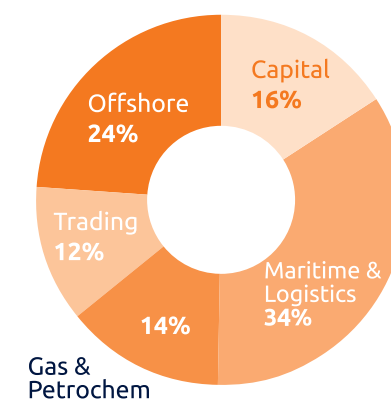
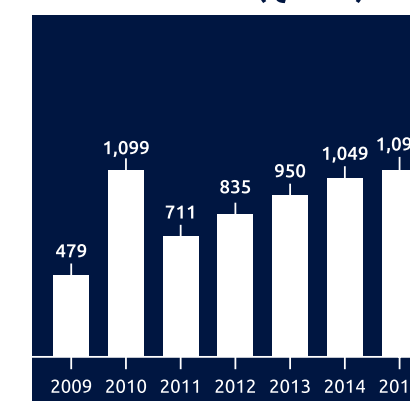
Operating Revenue (QR mn)



EBITDA (QR mn)



Net Profit (QR mn)









# 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 2015, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity 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 and fair presentation 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 consolidated 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 auditor's 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 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Report on Legal and Other 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 consolidated financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015 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 Group. 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 had 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: 23 February 2016  
Doha

# Consolidated Financial Statements For Qatar Navigation Q.S.C. (MILAHA)

## Consolidated Income Statement

For the year ended 31 December 2015	Notes	QR'000 / 2015	QR'000 / 2014
<b>Operating revenues</b>	5	<b>2,997,806</b>	2,633,232
Salaries, wages and other benefits		(682,210)	(634,091)
Operating supplies and expenses		(969,480)	(845,487)
Rent expenses		(18,198)	(61,477)
Depreciation and amortisation		(307,776)	(264,444)
Impairment of vessels and an equipment		(96,649)	(36,214)
Other operating expenses	6	(151,063)	(135,972)
<b>OPERATING PROFIT</b>		<b>772,430</b>	655,547
Finance costs		(106,363)	(42,474)
Finance income		114,481	60,495
Gain on disposal of property, vessels and equipment		1,716	181
Share of results of joint ventures	13	42,705	60,860
Share of results of associates	14	299,572	280,864
Net gain on foreign exchange		726	2,744
Amounts relating to step-up acquisition of associates	4.3	(26,780)	-
Impairment on available for sale investments	15	(3,896)	-
Miscellaneous income	7	14,621	32,870
<b>PROFIT FOR THE YEAR</b>		<b>1,109,212</b>	1,051,087
<i>Attributable to:</i>			
Equity holders of the parent		1,094,533	1,049,193
Non-controlling interest		14,679	1,894
		<b>1,109,212</b>	1,051,087
<b>BASIC AND DILUTED EARNINGS PER SHARE</b> (attributable to equity holders of the parent expressed in QR per share)	8	<b>9.63</b>	9.23

## Consolidated Statement Of Other Comprehensive Income

For the year ended 31 December 2015	Notes	QR'000 / 2015	QR'000 / 2014
<b>Profit for the year</b>		<b>1,109,212</b>	1,051,087
<b>Items to be reclassified to profit or loss in subsequent periods</b>			
Net movement in hedging reserve	9	123,834	(212,410)
Net (loss) gain on available-for-sale investments	9	(372,002)	655,931
Other comprehensive (loss) income for the year		(248,168)	443,521
<b>Total comprehensive income for the year</b>		<b>861,044</b>	1,494,608
<i>Attributable to:</i>			
Equity holders of the parent		846,828	1,492,607
Non-controlling interest		14,216	2,001
		<b>861,044</b>	1,494,608



## Consolidated Statement Of Financial Position

At 31 December 2015	Notes	QR'000 / 2015	QR'000 / 2014
<b>ASSETS</b>			
Non-current assets			
Property, vessels and equipment	10	5,038,783	3,972,522
Investment properties	11	877,986	791,062
Intangible assets	12	193,776	11,547
Investment in joint ventures	13	248,296	205,591
Investment in associates	14	4,568,719	4,396,173
Available-for-sale investments	15	3,829,437	4,197,562
Loans to LNG and LPG companies	16	235,513	425,317
Other non-current assets		54,364	17,219
		<b>15,046,874</b>	<b>14,016,993</b>
<b>Current assets</b>			
Inventories	17	211,919	205,401
Accounts receivable and prepayments	18	788,315	710,852
Financial assets at fair value through profit or loss	19	499,139	624,081
Bank balances and cash	20	5,585,878	3,129,219
		<b>7,085,251</b>	<b>4,669,553</b>
<b>TOTAL ASSETS</b>		<b>22,132,125</b>	<b>18,686,546</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Attributable to equity holders of the parent</b>			
Share capital	21	1,145,252	1,145,252
Treasury shares	22	(73,516)	(73,516)
Legal reserve	23	4,693,986	4,693,986
General reserve	24	623,542	623,542
Fair value reserve		3,859,321	4,230,860
Hedging reserve		(299,335)	(423,169)
Retained earnings		3,729,844	3,287,565
<b>Equity attributable to equity holders of the parent</b>		<b>13,679,094</b>	<b>13,484,520</b>
Non-controlling interest		72,191	57,975
<b>Total equity</b>		<b>13,751,285</b>	<b>13,542,495</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	27	2,692,735	3,027,527
Advance from a customer	28	160,652	177,128
Employees' end of service benefits	29	89,780	87,647
		<b>2,943,167</b>	<b>3,292,302</b>
<b>Current liabilities</b>			
Accounts payable and accruals	30	552,811	414,566
Interest bearing loans and borrowings	27	4,884,862	1,437,168
Bank overdraft	20	-	15
		<b>5,437,673</b>	<b>1,851,749</b>
<b>Total liabilities</b>		<b>8,380,840</b>	<b>5,144,051</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22,132,125</b>	<b>18,686,546</b>

Ali bin Jassim bin Mohammad Al-Thani  
Chairman

Khaled bin Khalifa Al-Thani  
Vice Chairman

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

## Consolidated Statement Of Cash Flows

For the year ended 31 December 2015	Notes	QR'000 / 2015	QR'000 / 2014
<b>OPERATING ACTIVITIES</b>			
Profit for the year		1,109,212	1,051,087
Adjustments to reconcile profit to net cash flows:			
Depreciation and amortisation		307,776	264,444
Finance costs		106,363	42,474
Gain on disposal of property, vessels and equipment		(1,716)	(181)
Share of results of joint ventures	13	(42,705)	(60,860)
Share of results of associates	14	(299,572)	(280,864)
Provision for employees' end of service benefits	29	20,661	24,323
Finance income		(114,481)	(60,495)
Dividend income	5	(173,259)	(161,175)
Net fair value loss (gain) on financial assets at fair value through profit or loss	5	61,551	(128,308)
Allowance for impairment of trade receivables	18	9,153	2,813
Provision for slow moving and obsolete inventory	17	1,136	303
Loss on deemed disposal of investment in associate	4.5	14,545	-
Loss on cash flow hedges recycled to income statement	4.6	14,410	-
Allowance for impairment loss on vessels and equipment	10	96,649	36,214
Gain on bargain purchase arising on acquisition	4.1	(2,175)	-
Profit on disposal of investments		(3,917)	(22,397)
<b>Operating profit before working capital changes</b>		<b>1,103,631</b>	<b>707,378</b>
Working capital changes:			
Inventories		(7,654)	(45,560)
Receivables		(93,413)	(138,837)
Payables		49,272	(83,805)
<b>Cash flows from operating activities</b>		<b>1,051,836</b>	<b>439,176</b>
Finance costs paid		(106,363)	(42,474)
Employees' end of service benefits paid	29	(10,486)	(14,233)
Transfer to pension fund	29	(5,858)	(6,477)
<b>Net cash flows from operating activities</b>		<b>929,129</b>	<b>375,992</b>



## INVESTING ACTIVITIES

## FINANCING ACTIVITIES



Attributable to the equity holders of the Parent



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2015

### 1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Qatar Navigation Q.S.C. (the "Company") or (the "Parent") was incorporated on 5 July 1957 as a Qatari Shareholding Company. The registered office of the Company is located in Doha, State of Qatar. The shares of the Company are publically traded at Qatar Exchange. The Parent company along with its subsidiaries is engaged primarily in marine transport, acting as agent to foreign shipping lines, offshore services, sale of heavy vehicles, ship repair, fabrication and installation of offshore structures, land transport, chartering of vessels, real estate, investments in listed and unlisted securities, trading of aggregates, building materials and the operation of a travel agency. The Company has a branch in Dubai, United Arab Emirates.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together the "Group") as at and for the year ended 31 December 2015.

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 23 February 2016.

### 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, financial investments at fair value through profit or loss and derivative financial instruments that have been measured at fair value.

The consolidated financial statements are presented in Qatari Riyals ("QR"), which is the Company'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) issued by International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No. 11 of 2015.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to consolidated financial statements are disclosed in Note 38.

#### 2.2 Basis of consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

### 2 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)

#### 2.2 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.



## 2 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)

### 2.2 Basis of consolidation (continued)

The Group's subsidiaries and the shareholding in subsidiaries are as follows:

Name of the subsidiaries	Country of incorporation	Nature of business	Ownership percentage	
			31 December 2015	31 December 2014
Qatar Shipping Company S.P.C.	Qatar	Chartering of vessels and maritime services	100%	100%
Halul Offshore Services Company W.L.L.	Qatar	Chartering of vessels offshore services	100%	100%
Qatar Quarries and Building Materials Company Q.P.S.C.	Qatar	Trading in building materials	50%	50%
Gulf Shipping Investment Company W.L.L.(Note (ii))	Qatar	Cargo handling	100%	100%
Qatar Shipping Company (India) Private Limited (Note (ii))	India	Own, Hire, Purchase, Sale, Operate and manage all types of ships	100%	100%
Ocean Marine Services W.L.L. (Note (ii))	Qatar	Cargo handling, offshore support services	100%	100%
Halul United Business Offshore Services L.L.C.	Saudi Arabia	Offshore services	100%	100%
Milaha Trading Company W.L.L.	Qatar	Trading in industrial materials	100%	100%
Navigation Travel & Tourism S.P.C.	Qatar	Travel agency	100%	100%
Navigation Trading Agencies S.P.C.	Qatar	Trading in heavy equipment	100%	100%
Navigation Marine Service Center S.P.C.	Qatar	Marine services	100%	100%
Milaha Capital W.L.L.	Qatar	Investments	100%	100%
Milaha Integrated Maritime and Logistics W.L.L.	Qatar	Maritime and logistic services	100%	100%
Milaha Offshore Support Services Company L.L.C.	Qatar	Marine transport services	100%	100%
Milaha Real Estate services S.P.C.	Qatar	Real estate maintenance	100%	100%
Milaha Real Estate investment S.P.C.	Qatar	Real estate maintenance	100%	100%
Milaha for Petroleum and Chemical Products W.L.L.	Qatar	Trading in Petroleum and chemical related materials	100%	100%
Milaha Ras Laffan (QS) Verwaltungs GMBH (Note (ii))	Germany	Managing the business activities of KG companies	100%	100%
Milaha Qatar Verwaltungs GMBH (Note (ii))	Germany	Managing the business activities of KG companies	100%	100%
Milaha Ras Laffan Gmbh & Co. KG (KG1) (Note (ii))	Germany	LNG Transport	100%	-
Milaha Qatar Gmbh & Co. KG (KG2) (Note (ii))	Germany	LNG Transport	100%	-
Milaha Technical & Logistics Services S.P.C	Qatar	Logistics	100%	100%
Qatar Shipping Company (France)	France	Investments	100%	100%

## 2 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)

### 2.2 Basis of consolidation (continued)

(i) The Group's exercises control over the financial and operating policies of Qatar Quarries Building Materials Company Q.P.S.C based on the control exercised over the Board of Directors and the Management.

The Parent's ownership percentages of the above subsidiaries are the same as group effective ownership percentages except for the following material subsidiaries:

Parent ownership percentage		
Names of the subsidiaries	31 December 2015	31 December 2014
Halul Offshore Services Company W.L.L.	50%	50%
Qatar Quarries and Building Materials Company Q.P.S.C.	25%	25%
Milaha Trading Company W.L.L.	99.5%	99.5%
Milaha Capital W.L.L.	99.5%	99.5%
Milaha Integrated Maritime and Logistics W.L.L.	99.5%	99.5%

All subsidiaries undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The Parent company further does not has any shareholdings of the preferences shares of subsidiary undertakings included in the Group.

The table below lists down the entities where the operations are yet to commence and these entities were dormant in nature as at the reporting date:

Names of the subsidiaries	Status
Milaha Technical & Logistics Services S.P.C	Yet to commence operations
Milaha Offshore Support Services Company L.L.C.	Yet to commence operations
Milaha for Petroleum and Chemical Product W.L.L.	Yet to commence operations

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of the new standards and interpretations effective as of 1 January 2015 as noted below:

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



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Standards issued but not yet effective

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

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

#### Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Business combination (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the

assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### Revenue recognition

Revenue is measured at fair value of consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be measured reliably: when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities listed below. The Group bases its estimate of refers on historical results taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### 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.



3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 interest accrues using the effective interest rate 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.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for 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 or assets, even if that right is not explicitly specified in an arrangement.

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 benefit after the end of the lease term, the asset is depreciated over 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 for 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 of the depreciable assets are as follows:

Buildings	25 - 35 years
New vessels	25-40 years
Used vessels	3-25 years
Barges and containers	10 -20 years
Machinery, equipment and tools	4 -10 years
Furniture and fittings	3-5 years
Motor vehicles	3-7 years

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, vessels and equipment (contiued)

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. Dry-docking and special survey costs are recognised in the carrying amount of ships when incurred and depreciated over the period until the next dry-docking which is generally over the period of 3 to 5 years.

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 consolidated income statement in the year the asset is derecognised.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

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, vessel 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.

Capital work in progress in terms of vessels consist of cost recognised based on the milestones of the progress of work done as per contracts entered into by the Group with shipbuilders.

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 25 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 consolidated 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.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement as the expense category that is consistent with the function of the intangible assets. The useful life of intangible assets acquired on business combination is amortised over the expected duration of the contract which is over a period of 19 & 21 years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

#### Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement to have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the income statement.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### Investment securities

The Group maintains two separate investment portfolios, as follows:

- Financial 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 plus transaction costs except to those financial instruments at fair value through profit and loss and is subsequently re-measured based on the classification as follows:

#### *Financial investments at fair value through profit or loss:*

Financial investments at fair value through profit or loss include investments held for trading are carried in the consolidated statement of financial position at fair value with net changes in fair value presented in the consolidated income statement.

Investments are classified as trading investments if they are acquired for the purpose of selling in the near term.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied.

#### *Available-for-sale investments:*

Available-for-sale financial investments include equity investments and debt securities. Available-for-sale investments are either designated in this category or not classified in any other categories. 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. Available-for-sale investments are recognised initially at fair value plus transaction costs.

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 fair value 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 fair value reserve to the consolidated income statement. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the Effective Interest Rate (EIR) method.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investment in associates and joint ventures (continued)

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 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 un-collectability 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 income statement. Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value;
- 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.
- 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; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has 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.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 goods for sale	- Purchase cost on a weighted average basis
Work in progress	- Cost of direct materials, labour and direct overheads

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

#### Trade accounts receivable

Trade 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.

#### Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

#### 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. After initial recognition, interest bearing loans and borrowings and subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the consolidated income statement.

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



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Borrowing costs

Borrowing costs are finance cost and other costs that the Group incurs in connection with the borrowing of funds. The Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset for finance cost capitalisation is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group recognises other borrowing costs as an expense in the period incurred.

The Group begins capitalising borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalisation is the date when the Group first meets all of the following conditions:

- (a) incurs expenditures for the asset;
- (b) incurs borrowing costs; and
- (c) undertakes activities that are necessary to prepare the asset for its intended use or sale.

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings, if any.

The borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than those specific borrowings mentioned above as made specifically for the purpose of obtaining a qualified asset, are capitalised by applying a capitalisation rate to the expenditures on that asset.

The amount of borrowing costs that the Group capitalises during the period is not to exceed the amount of borrowing costs it incurred during that period. The Group suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset, and ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

#### 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 Group 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 Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group'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.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Foreign currency translation (continued)

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

#### Derivative financial instruments and hedging

The Group uses derivative financial instruments such as 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.

#### 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 in an unrecognised firm commitment;

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 other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the income statement as other operating expenses.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts are recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

#### Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Top Management (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

#### Current versus non-current classification

The Group presents assets and liabilities based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

#### All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

#### Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

<b>Level 1</b>	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
<b>Level 2</b>	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
<b>Level 3</b>	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### Share capital

##### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

##### Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in its own equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented separately in the equity.

### 4 BUSINESS COMBINATION

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

KG 1 and KG 2 are engaged in the operation of time charter of 138,130 m<sup>3</sup> and 145,000 m<sup>3</sup> Liquefied Natural Gas (LNG) vessels respectively.

The acquisition has been accounted for using the acquisition method. The fair values of the identifiable assets and liabilities as at the acquisition date are stated below:



#### 4 BUSINESS COMBINATION (CONTINUED)

##### 4.1 Milaha Ras Laffan Gmbh Company (KG 1)

	Fair values	Carrying values
	QR'000	QR'000
<b>Assets</b>		
Property, vessels and equipment (Note 10)	503,849	641,049
Customer contracts (Note 12)	102,500	-
Other non-current assets	11,505	11,505
Accounts receivable and prepayments	4,030	4,030
Bank balances and cash	19,919	19,919
	641,803	676,503
<b>Liabilities</b>		
Interest bearing loans and borrowings	506,623	506,623
Accounts payable and accruals	21,534	21,534
	528,157	528,157
Fair value of net assets acquired	113,646	148,346
Gain on bargain purchase arising on acquisition	(2,175)	
Cost of business combination, net of adjustment	<b>111,471</b>	
<b>Cost of business combination, net of adjustment is arrived as follows:</b>		
Cash paid for business combination		61,676
Add: Acquisition date fair value of previously held equity interests in associate		49,795
		<b>111,471</b>
<b>Net cash outflow on acquisition:</b>		
Net cash acquired with the subsidiary		19,919
Cash paid		(61,676)
		<b>(41,757)</b>

From the date of acquisition, KG 1 contributed QR 44,552,000 and QR 6,897,000 to the operating revenue and profit of the Group, respectively.

#### 4 BUSINESS COMBINATION (CONTINUED)

##### 4.2 Milaha Qatar Gmbh & Company (KG 2)

	Fair values QR'000	Carrying values QR'000
<b>Assets</b>		
Property, vessels and equipment (Note 10)	527,772	632,872
Customer contracts (Note 12)	81,500	-
Other non-current assets	11,739	11,739
Accounts receivable and prepayments	3,073	3,073
Bank balances and cash	36,697	36,697
	660,781	684,381
<b>Liabilities</b>		
Interest bearing loans and borrowings	514,362	514,362
Accounts payable and accruals	21,416	21,416
	535,778	535,778
Fair value of net assets acquired	125,003	148,603
Goodwill arising on acquisition (Note 12)	7,292	
Cost of business combination, net of adjustment	<b>132,295</b>	
<b>Cost of business combination, net of adjustment is arrived as follows:</b>		
Cash paid for business combination		81,481
Add: Acquisition date fair value of previously held equity interests in associate		50,814
		<b>132,295</b>
<b>Net cash outflow on acquisition:</b>		
Net cash acquired with the subsidiary		36,697
Cash paid		(81,481)
		<b>(44,784)</b>

Goodwill arising on the acquisition of KG2 amounting to QR 7,292,000 comprises the value of expected synergies as result of the above business combination.

From the date of acquisition, KG 2 contributed QR 44,573,000 and QR 10,456,000 to the operating revenue and profit of the Group, respectively.



#### 4 BUSINESS COMBINATION (CONTINUED)

##### 4.3 Purchase price allocation

Following the business combination during the year, the management, completed the allocation of the purchase price for the business combination to its identifiable assets and liabilities. The results of this exercise affecting the consolidated financial statement is as follows:

Effect on the Consolidated Statement of Financial Position	KG 1 QR'000	KG 2 QR'000	Total QR'000
Customer contracts	102,500	81,500	184,000
Decrease in carrying value of vessels	(137,200)	(105,100)	(242,300)
Net impact on the consolidated statement of financial position	<b>(34,700)</b>	<b>(23,600)</b>	<b>(58,300)</b>
Effect on the Consolidated Income Statement			
<b>Amounts relating to step up acquisition</b>			
Gain on Bargain Purchase	2,175	-	2,175
Loss on deemed disposal of investment in associates (Note 4.5)	(6,414)	(8,131)	(14,545)
Loss on cash flow hedges recycled to income statement on deemed disposals of associates (Note 4.6)	(7,134)	(7,276)	(14,410)
Net impact on consolidated income statement	<b>(11,373)</b>	<b>(15,407)</b>	<b>(26,780)</b>

##### 4.4 Shareholders' loan

Equity accounted carrying value of investment in associates includes the shareholder loans, which was accounted by the Group previously as part of loans to LNG and LPG companies amounting to QR 40,451,000 and QR 46,538,000 for KG1 and KG2 respectively. Following the business combination, these loans have been considered as an extension of investments in the subsidiaries as the Group does not expect loan repayments in the foreseeable future.

##### 4.5 Loss on deemed disposal of investment in associates

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

	KG 1 QR'000	KG 2 QR'000	Total QR'000
Acquisition date fair value of previously held equity interests in associates	49,795	50,814	100,609
Less: Equity accounted carrying value of investment in associates	(56,209)	(58,945)	(115,154)
Loss on deemed disposal of investment in associates	<b>(6,414)</b>	<b>(8,131)</b>	<b>(14,545)</b>

#### 4 BUSINESS COMBINATION (CONTINUED)

##### 4.6 Share of hedge reserve of the acquired associates

Following the business combination, share of associates' hedging reserve, previously recorded as part of equity (Hedging reserve) amounting to QR 7,134,000 and QR 7,276,000 for KG1 and KG2 respectively, has been recycled to the consolidated income statement. There were no acquisitions in the corresponding prior year.

#### 5 OPERATING REVENUES

The operating revenues comprise of the activities of the following segments:

	2015 QR'000	2014 QR'000
Milaha Capital	472,650	610,668
Milaha Maritime and Logistics	1,037,611	787,989
Milaha Offshore	710,972	587,370
Milaha Trading	361,250	372,215
Milaha Gas and Petrochem	415,323	274,990
	<b>2,997,806</b>	<b>2,633,232</b>

Revenues of Milaha capital comprise of the following:

	2015 QR'000	2014 QR'000
Rental income	152,948	166,656
Dividend income	173,259	161,175
Revenue of Qatar Quarries and Building Material Company W.L.L.	204,077	132,132
Net fair value (loss) gain on financial investments at fair value through profit or loss	(61,551)	128,308
Profit on disposal of investments at fair value through profit or loss	2,950	21,491
Profit on disposal of available-for-sale investments	967	906
	<b>472,650</b>	<b>610,668</b>

#### 6 OTHER OPERATING EXPENSES

	2015 QR'000	2014 QR'000
Claims and insurance	30,055	30,275
Registration, certifications and formalities	20,489	19,059
Communication and utilities	19,075	18,930
Professional fees	13,759	12,146
Office supplies and expenses	12,894	12,161
Travel and entertainment	9,600	8,553
Allowance for impairment of receivable (Note 18)	9,153	2,813
Security and safety	7,179	7,655
Marketing, sponsorship and gifts	4,482	3,791
Provision for slow moving inventories (Note 17)	1,136	303
Miscellaneous expenses	23,241	20,286
	<b>151,063</b>	<b>135,972</b>



## 7 MISCELLANEOUS INCOME

	2015 QR'000	2014 QR'000
Other income	14,621	32,870

### Year 2015

The current year miscellaneous income mainly consists of proceeds from the liquidation of the KS entities amounting to QR 8.4 million, which related to the Petrochemical segment. Furthermore, there were liquidated damages received from one of the ship builders amounting to QR 4.8 million. These liquidated damages, which related to the offshore segment, were received to compensate the Group for the loss in revenue due to delay in vessel delivery.

### Year 2014

These amounts pertain to the Offshore and Petrochemical segments amounting to QR 24 million and QR 9 million, respectively. The Offshore segments' other income represents the liquidated damages (towards loss of revenues) amounting to QR 15.9 million for one of the ship builders and a recovery of the liquidated damages from a customer amounting to QR 7.9 million.

## 8 BASIC AND DILUTED EARNINGS PER SHARE

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

	2015 QR'000	2014 QR'000
Net profit for the year attributable to equity holders of the parent (QR)	1,094,533	1,049,193
Weighted average number of shares	113,616	113,616
Basic and diluted earnings per share (QR)	9.63	9.23

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

	2015	2014
Total number of shares outstanding (000's)	114,525	114,525
Adjustment for weighted average shares with respect to treasury shares (000's) (Note)	(909)	(909)
Weighted average numbers of shares during the year (000's)	113,616	113,616

### Note:

During the year 2013, one of the subsidiaries invested 908,725 shares in the Parent Company. Accordingly, these shares have been adjusted in arriving the weighted average numbers of shares.

## 9 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2015 QR'000	2014 QR'000
Movements in other comprehensive income		
<i>Cash flow hedges</i>		
Net movement during the year	3,102	950
Group share of net movement in cash flow hedges of associates	106,322	(213,360)
Loss on cash flow hedges recycled to income statement on deemed disposals of associates (Note 4.6)	14,410	-
Total effect on other comprehensive loss resulting from hedging reserve	123,834	(212,410)
<i>Available-for-sale investments</i>		
Net (loss) gain arising during the year	(356,608)	668,625
Realised gain on disposal of available-for-sale investments	-	(906)
Group share of net movement in fair value reserves of equity accounted investees	(15,394)	(11,788)
Total effect on other comprehensive (loss) income resulting from available-for-sale investments	(372,002)	655,931



**10 PROPERTY, VESSELS AND EQUIPMENT**

	Land QR'000	Buildings QR'000	Vessels, containers and barges QR'000	Machinery, equipment and tools QR'000	Furniture and fittings QR'000	Motor vehicles QR'000	Capital work in progress QR'000	Total QR'000
<b>Cost:</b>								
At 1 January 2015	6,299	205,650	4,672,812	313,372	36,529	73,032	616,904	5,924,598
Additions	-	23,585	32,454	11,849	7,838	315	364,246	440,287
Acquisition of subsidiaries (Notes 4.1& 4.2)	-	-	1,031,621	-	-	-	-	1,031,621
Transfers and reclassifications	-	101,804	176,584	9,898	1,314	2,099	(292,938)	(1,239)
Disposals and write offs	-	(15)	(88,944)	(3,457)	(124)	(8,596)	-	(101,136)
Impairment of an equipment (note iv)	-	-	-	-	-	-	(34,152)	(34,152)
<b>At 31 December 2015</b>	<b>6,299</b>	<b>331,024</b>	<b>5,824,527</b>	<b>331,662</b>	<b>45,557</b>	<b>66,850</b>	<b>654,060</b>	<b>7,259,979</b>
<b>Accumulated depreciation:</b>								
At 1 January 2015	-	115,814	1,465,544	266,581	35,113	69,024	-	1,952,076
Charge for the year	-	10,785	229,775	27,214	2,259	1,711	-	271,744
Impairment of vessels (note iv)	-	-	62,497	-	-	-	-	62,497
Relating to transfers and reclassifications	-	-	-	(2,315)	-	2,051	-	(264)
Relating to disposals and write offs	-	(15)	(52,781)	(3,381)	(85)	(8,595)	-	(64,857)
<b>At 31 December 2015</b>	<b>-</b>	<b>126,584</b>	<b>1,705,035</b>	<b>288,099</b>	<b>37,287</b>	<b>64,191</b>	<b>-</b>	<b>2,221,196</b>
<b>Net carrying amounts:</b>								
At 31 December 2015	6,299	204,440	4,119,492	43,563	8,270	2,659	654,060	5,038,783

**10 PROPERTY, VESSELS AND EQUIPMENT (CONTINUED)**

	Land QR'000	Buildings QR'000	Vessels, containers and barges QR'000	Machinery, equipment and tools QR'000	Furniture and fittings QR'000	Motor vehicles QR'000	Capital work in progress QR'000	Total QR'000
<b>Cost:</b>								
At 1 January 2014	6,299	204,442	3,662,585	303,774	44,873	79,101	771,693	5,072,767
Additions	-	2,002	59,603	8,707	143	1,069	757,016	828,540
Transfers and reclassifications	-	3,296	966,965	15,835	(5,184)	-	(891,991)	88,921
Disposals and write offs	-	(4,090)	(16,341)	(14,944)	(3,303)	(7,138)	-	(45,816)
Impairment of an equipment (note iv)	-	-	-	-	-	-	(19,814)	(19,814)
<b>At 31 December 2014</b>	<b>6,299</b>	<b>205,650</b>	<b>4,672,812</b>	<b>313,372</b>	<b>36,529</b>	<b>73,032</b>	<b>616,904</b>	<b>5,924,598</b>
<b>Accumulated depreciation:</b>								
At 1 January 2014	-	112,863	1,268,990	242,139	39,281	72,553	-	1,735,826
Charge for the year	-	7,003	186,746	32,644	2,934	3,471	-	232,798
Impairment of vessels (note iv)	-	-	16,400	-	-	-	-	16,400
Relating to Transfers and reclassifications	-	-	-	3,999	(3,999)	-	-	-
Relating to disposals and write offs	-	(4,052)	(6,592)	(12,201)	(3,103)	(7,000)	-	(32,948)
<b>At 31 December 2014</b>	<b>-</b>	<b>115,814</b>	<b>1,465,544</b>	<b>266,581</b>	<b>35,113</b>	<b>69,024</b>	<b>-</b>	<b>1,952,076</b>
<b>Net carrying amounts:</b>								
At 31 December 2014	6,299	89,836	3,207,268	46,791	1,416	4,008	616,904	3,972,522



## 10 PROPERTY, VESSELS AND EQUIPMENT (CONTINUED)

### Notes:

- The encumbrances and liens on property, vessels and equipment are disclosed in Note 27.
- Capital work in progress includes costs incurred on construction of 7 vessels (2014: 15 vessels) recognised based on milestones of the progress of work done as per the contracts entered into by the Group with ship builders. The vessels under constructions also includes borrowing costs capitalised during the year amounting to QR 8.7 million (2014: QR 13.8 million).
- Included as part of capital work in progress during the current financial year is two assets (2014: one asset) under construction amounting to QR 154,336,000 (USD 42.4 million). The total value of this asset is USD 74 million, of which 75% payment obligation lies with the Group and the remaining 25% lies with a foreign based third party subject to a Memorandum of Understanding (MoU) signed on 3rd June 2014 and addendum to MoU signed on 23 July 2014. The subsequent arrangement and operation of the asset will be subject to a Master Services Joint Agreement which was not finalised as at the reporting date.
- This impairment losses are related to an equipment, which is under "capital work in progress" and vessels disclosed as part of "vessels, containers and barges" as of the reporting date. The recoverable amount of this equipment as at 31 December 2015 has been determined based on a fair values. Impairment of vessels is disclosed as part of vessels and equipment and it is based on the exercise performed by identifying the recoverable amount at the vessels level and comparing it against the carrying value of the vessel.
- Included as part of capital work in progress are construction of vessels at shipyards located outside the State of Qatar for which construction work has been halted. Please see Note 33.

## 11 INVESTMENT PROPERTIES

	Land QR'000	Buildings QR'000	Investment property under construction QR'000	Total QR'000
Cost:				
At 1 January 2015	161,613	603,646	188,751	954,010
Additions during the year	-	3,524	108,045	111,569
Transfers and reclassifications	-	45,157	(45,157)	-
At 31 December 2015	161,613	652,327	251,639	1,065,579
Accumulated depreciation:				
At 1 January 2015	-	162,948	-	162,948
Charge for the year	-	24,645	-	24,645
At 31 December 2015	-	187,593	-	187,593
Net carrying amounts:				
At 31 December 2015	161,613	464,734	251,639	877,986

## 11 INVESTMENT PROPERTIES (CONTINUED)

	Land QR'000	Buildings QR'000	Investment property under construction QR'000	Total QR'000
Cost:				
At 1 January 2014	161,363	607,497	138,844	907,704
Additions during the year	250	19	157,535	157,804
Transfers and reclassifications	-	284	(107,628)	(107,344)
Disposals & write offs	-	(4,154)	-	(4,154)
At 31 December 2014	161,613	603,646	188,751	954,010
Accumulated depreciation:				
At 1 January 2014	-	142,332	-	142,332
Charge for the year	-	24,770	-	24,770
Transfers and reclassifications	-	-	-	-
Relating to disposals & write offs	-	(4,154)	-	(4,154)
At 31 December 2014	-	162,948	-	162,948
Net carrying amounts:				
At 31 December 2014	161,613	440,698	188,751	791,062

### Notes:

- Investment properties are located in the State of Qatar.
- The fair value of investment properties at 31 December 2015 is QR 3,439,785,000 (2014: QR 3,300,715,000). Investment properties have been fair valued by an accredited independent valuer with a recognised and relevant professional qualifications and recent experience in the location and category of investment properties being valued.
- The Group earned rental income amounting to QR 149,941,201 for the year ended 31 December 2015 (31 December 2014: QR 147,853,461). Direct operating expenses related to investment properties (including depreciation) amounting to QR 35,985,434 (31 December 2014: QR 33,114,407) have been reflected under operating expenses.
- The cost of investment properties under construction build on leasehold land amounts to QR 166,104,102 (2014: QR 106,885,811)



## 12 INTANGIBLE ASSETS

	Customer contracts QR'000	Computer software QR'000	Goodwill QR'000	Total QR'000
Cost:				
At 1 January 2015	-	18,423	-	18,423
Resulting from business combination (Notes 4.1& 4.2)	184,000	-	7,292	191,292
Additions	-	1,401	-	1,401
Transfers	-	1,240	-	1,240
Disposals and write off	-	(100)	-	(100)
At 31 December 2015	184,000	20,964	7,292	212,256
Amortisation:				
At 1 January 2015	-	6,876	-	6,876
Charge for the year	4,697	6,690	-	11,387
Relating to transfers	-	264	-	264
Relating to disposal and write off	-	(47)	-	(47)
At 31 December 2015	4,697	13,783	-	18,480
Net carrying amounts:				
At 31 December 2015	179,303	7,181	7,292	193,776

	Customer contracts QR'000	Computer Software QR'000	Goodwill QR'000	Total QR'000
Cost:				
Transfers	-	18,423	-	18,423
At 31 December 2014	-	18,423	-	18,423
Amortisation:				
Charge for the year	-	6,876	-	6,876
At 31 December 2014	-	6,876	-	6,876
Net carrying amounts:				
At 31 December 2014	-	11,547	-	11,547

## 13 INTEREST IN JOINT VENTURES

The Group has following investments in Joint ventures:

Name of entity	Country of incorporation	Group effective ownership 2015	2014
Qatar Engineering and Technology Company W.L.L. (Note (i))	Qatar	51%	51%
Qatar Ship Management Company W.L.L. (Note (ii))	Qatar	51%	51%
Gulf LPG Transport Company W.L.L.	Qatar	50%	50%
Aliago W.L.L.	Qatar	50%	50%

### Qatar Engineering and Technology Company W.L.L.

Qatar Engineering and Technology Company W.L.L. ("Q-Tech") is a limited liability company established with Aban Constructions Pvt. Ltd., India. Q-Tech was incorporated on 27 April 2002 with the objective of carrying out engineering and other related services.

### Qatar Ship Management Company W.L.L.

Qatar Ship Management Company W.L.L. ("QSMC") is a limited liability company which has been established with Mitsui O.S.K. Lines Ltd, Japan (MOL), Nippon Yusen Kabushiki Kaisha, Japan (NYK), Kawasaki Kisen Kaisha Ltd, Japan (K-LINE) and Mitsui & Co. Japan. QSMC was incorporated on 16 October 2003, with the objective of operating and managing LNG vessels.

### Gulf LPG Transport Company W.L.L.

Gulf LPG Transport Company W.L.L ("GLPG") is a limited liability company established with Qatar Gas Transport Company (NAKILAT). Gulf LPG aims to provide various activities of owning, managing and operating liquid gas transporting ships.

### Aliago W.L.L

Aliago W.L.L is a limited liability company established with the commercial registration number 5285. Aliago W.L.L.'s main aim is to provide management and operational support for the vessels. The company is yet to commence its commercial operations and the joint shareholders are evaluating the viability of continuing or winding up operations.

The joint venture companies provides services related to shipping industry and they have strategic partnership for the Group.

Set out below are the summarised financial information of investments in joint ventures which are accounted for using equity method.

Note:

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



### 13 INTEREST IN JOINT VENTURES (CONTINUED)

#### Summarised statement of financial position:

	2015 (QR'000)			2014 (QR'000)		
	GLPG	Other joint ventures	Total	GLPG	Other joint ventures	Total
Current assets	13,017	1,980	14,997	66,849	1,338	68,187
Non-current assets	545,971	-	545,971	567,480	746	568,226
Current liabilities	(20,646)	(134)	(20,780)	(23,565)	(555)	(24,120)
Non-current liabilities	(291,892)	-	(291,892)	(406,702)	-	(406,702)
Net assets	246,450	1,846	248,296	204,062	1,529	205,591
Carrying value of investments	246,450	1,846	248,296	204,062	1,529	205,591

#### Share of joint ventures' summarised income statement and statement of comprehensive income :

	2015 (QR'000)			2014 (QR'000)		
	GLPG	Other joint ventures	Total	GLPG	Other joint ventures	Total
Operating revenue	104,761	-	104,761	124,431	-	124,431
Salaries, wages and other benefits	(31,039)	-	(31,039)	(17,920)	-	(17,920)
Operating supplies and expenses	-	(27)	(27)	(13,554)	-	(13,554)
Depreciation and amortisation	(21,508)	-	(21,508)	(21,329)	-	(21,329)
Other Operating expenses	(1,888)	(4)	(1,892)	(796)	(1,014)	(1,810)
Operating profit	50,326	(31)	50,295	70,832	(1,014)	69,818
Finance costs	(7,595)	-	(7,595)	(8,961)	-	(8,961)
Finance income	-	5	5	-	3	3
Profit (loss) for the year	42,731	(26)	42,705	61,871	(1,011)	60,860

### 13 INTEREST IN JOINT VENTURES (CONTINUED)

#### Reconciliation of the summarised financial information presented to the carrying amount of its interests in joint ventures:

	2015 QR'000	2014 QR'000
Balance at 1 January	205,591	143,456
Share of results	42,705	60,860
Contribution towards investment	-	1,275
Balance at 31 December	248,296	205,591

### 14 INVESTMENT IN ASSOCIATES

The Group has the following investment in associates:

	Country of incorporation	Ownership %	Profit Sharing %	
			2015	2014
Cargotec Qatar W.L.L. (i),(ix)	Qatar	51.0%	51.0%	40.0%
Iraq-Qatar Transport and Shipping Services Com. L.T.D. (ii), (ix)	Iraq	51.0%	51.0%	51.0%
United Arab Shipping Agency Company W.L.L. (iii)	Qatar	40.0%	40.0%	40.0%
Qatar Gas Transport Company Limited (NAKILAT) (Q.S.C.) (iv)	Qatar	30.3%	30.3%	30.3%
Camartina Shipping INC. (v),(xi)	Liberia	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 1 Ltd. (vi),(xi)	Liberia	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 2 Ltd. (vi),(xi)	Liberia	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 3 Ltd. (vi),(xi)	Liberia	29.4%	29.4%	29.4%
Qatar LNG Transport Ltd. (vii)	Liberia	20.0%	20.0%	20.0%
Man Diesel & Turbo Qatar Navigation W.L.L.(viii),(ix)	Qatar	51.0%	51.0%	35.0%
Milaha Ras Laffan Gmbh & Company (x)	Germany	-	40.0%	-
Milaha Qatar Gmbh & Company (x)	Germany	-	40.0%	-

#### Notes:

- Cargotec Qatar 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.
- Iraq-Qatar Transport and Shipping Services Company L.T.D. is engaged in providing transportation and shipping logistics.
- United Arab Shipping Agency Company W.L.L. is engaged in providing cargo and shipping services.
- Qatar Gas Transport Company Limited (NAKILAT) (Q.S.C.) is engaged in the sector of gas transportation either through its own ocean going vessels or by investing in joint ventures with other parties.



#### 14 INVESTMENT IN ASSOCIATES (CONTINUED)

- v. Camartina Shipping INC. is engaged in operation of a time charter of 135,000 m<sup>3</sup> Liquefied Natural Gas (LNG) vessel.
- vi. Peninsula LNG Transport Ltd No's 1, 2 & 3 were established to acquire, own, and operate a time charter Liquefied Natural Gas (LNG) vessel.
- vii. Qatar LNG Transport Ltd. was established to acquire, own, operate a time charter of 135,000 m<sup>3</sup> Liquefied Natural Gas (LNG) vessel.
- viii. Man Diesel & Turbo Qatar Navigation W.L.L. is engaged in trading and maintenance of marine engines, equipments and spare parts.
- ix. Even though the share ownership in the companies listed in point (i), (ii) and (viii) is more than 50%, the Group has only a significant influence over financial and operating policies. Therefore these companies have not been considered as subsidiaries of the Group.
- x. On 1 July 2015, Qatar Shipping Company S.P.C., a fully owned subsidiary of the Group, acquired the residual 60% shareholding interest in its associates, Milaha Ras Laffan GmbH Company ("KG 1") and Milaha Qatar GmbH & Company ("KG 2"), based on the share purchase agreement concluded with the previous shareholders. These associates are now being accounted for as wholly owned subsidiaries (Note 4).
- xi. The consolidated financial statements have been prepared based on the management accounts of these entities as of the reporting date.

The above associates provide goods and services in the shipping industry and these investments have strategic partnership for the Group.

Reconciliation of the summarised financial information presented to the carrying amount of its interests in associates:

	2015 QR'000	2014 QR'000
Balance at 1 January	4,396,173	4,540,060
Share of net movement in other comprehensive income (Note 9)	105,338	(225,148)
Dividends received	(204,198)	(199,603)
Share of results	299,572	280,864
Deemed disposal during the year	(28,166)	-
Balance at 31 December	4,568,719	4,396,173

Set out below are the Summarised financial information for investments in associates which are accounted for using equity method.

#### 14 INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised Statement of financial position:

	2015 (QR'000)			2014 (QR'000)		
	Nakilat	Other associates	Total	Nakilat	Other associates	Total
Current assets	922,630	135,168	1,057,798	976,834	135,657	1,112,491
Non-current assets	8,399,006	658,300	9,057,306	8,443,296	674,547	9,117,843
Current liabilities	(392,648)	(58,576)	(451,224)	(379,555)	(54,238)	(433,793)
Non-current liabilities	(7,579,294)	(352,108)	(7,931,402)	(7,888,277)	(348,332)	(8,236,609)
Interest in associate	1,349,694	382,784	1,732,478	1,152,298	407,634	1,559,932
Goodwill	2,836,241	-	2,836,241	2,836,241	-	2,836,241
Carrying value of investment	4,185,935	382,784	4,568,719	3,988,539	407,634	4,396,173

Share of associates' summarised income statement and statement of comprehensive income :

	2015 (QR'000)			2014 (QR'000)		
	Nakilat	Other associates	Total	Nakilat	Other associates	Total
Operating revenue	1,106,007	174,464	1,280,471	1,088,274	175,674	1,263,948
Profit *	290,388	9,184	299,572	264,162	16,702	280,864
Other comprehensive income	108,608	(3,270)	105,338	(245,370)	20,222	(225,148)
Dividends received	201,600	2,598	204,198	184,680	14,923	199,603

\* Share of profit from Nakilat has been computed after the deduction of 2.5% for social and sports fund.

#### 15 AVAILABLE-FOR-SALE INVESTMENTS

	2015 QR'000	2014 QR'000
Quoted equity investments in local companies (Note (ii))	3,458,088	3,818,013
Unquoted investments in foreign companies	285,768	289,501
Unquoted investments in local companies (Note (iii))	63,422	63,422
Investments in bonds	22,159	26,626
	3,829,437	4,197,562



## 15 AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

### Notes:

- Available-for-sale investments represent investments in shares, bonds and investments with fund managers.
- Included in available-for-sale investments are quoted shares in local companies with a fair value of QR 53,127,000 as of 31 December 2015 (2014: QR 47,990,000), which are frozen for trading.
- Also included in available-for-sale investments are restricted shares in local companies with a fair value of QR 63,379,297 as of 31 December 2015 (2014: QR 63,379,297) as they represent establishment shares in investee companies.
- The unquoted investments represent investments in companies in which the Group is a founder shareholder.
- Unquoted available-for-sale investments include investments amounting to QR 347,477,000 (2014: QR 349,823,000) carried at cost, as their fair values cannot be reliably estimated, due to the uncertain nature of cash flows.
- The available for sale investments impaired during the year are as follows:

	2015 QR'000
Quoted equity investments in local companies	1,746
Unquoted investments in foreign companies	2,150
	3,896

There were no impairment of available-for-sale investments relating to the previous financial year.

## 16 LOANS TO LNG AND LPG COMPANIES

The Group has provided loans to the following LNG and LPG companies. These loans carry interest at market rates.

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
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
Gulf LPG Transport W.L.L.	Qatar Gas Transportation Company

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

	2015 QR'000	2014 QR'000
Loans	235,419	424,008
Accrued Interests	94	1,309
	235,513	425,317

## 17 INVENTORIES

	2015 QR'000	2014 QR'000
Heavy vehicles and spare parts	94,486	80,967
Gabbro and aggregate	104,980	109,321
Other goods for resale	19,161	20,833
	218,627	211,121
Provision for slow-moving inventories	(6,708)	(5,720)
	211,919	205,401
Movements in the provision for slow-moving inventories are as follows:		
	2015 QR'000	2014 QR'000
At 1 January	5,720	5,504
Charge for the year (Note 6)	1,136	303
Reversal	(148)	(87)
	6,708	5,720

## 18 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2015 QR'000	2014 QR'000
Trade accounts receivable (net)	432,457	434,721
Notes receivable	38,103	40,278
Accrued income	164,925	118,755
Staff receivables (i)	49,366	44,042
Prepaid expenses	32,888	21,692
Advances to suppliers	9,958	11,139
Amounts due from related parties (Note 34)	5,103	5,575
Other receivables	55,515	34,650
	788,315	710,852

Trade receivables are non-interest bearing and generally have settlement terms within 30 to 90 days. As at 31 December 2015, trade accounts receivable at nominal value of QR 31.65 million (2014: QR 26.68 million) were impaired. Movement in the allowance for impairment of trade receivables was as follows:

	2015 QR'000	2014 QR'000
At 1 January	26,679	23,866
Charge for the year (Note 6)	9,153	2,813
Amounts written off	(4,178)	-
	31,654	26,679



## 18 ACCOUNTS RECEIVABLE AND PREPAYMENTS (CONTINUED)

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

	Total QR'000	Neither past due nor impaired	Past due but not impaired			
		0-60 days QR'000	61 – 120 days QR'000	121 – 180 days QR'000	181 – 365 days QR'000	>365 days QR'000
<b>2015</b>	<b>432,457</b>	<b>305,427</b>	<b>68,104</b>	<b>20,510</b>	<b>17,178</b>	<b>21,238</b>
2014	434,721	342,923	41,848	17,491	13,139	19,320

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.

Note:

- i. Staff receivables consists of loans obtained against end of service benefits

## 19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 QR'000	2014 QR'000
Quoted investments	<b>499,139</b>	624,081

## 20 CASH AND CASH EQUIVALENTS

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

	2015 QR'000	2014 QR'000
Bank balances and cash	<b>852,736</b>	309,589
Short term deposits with banks	<b>4,733,142</b>	2,819,630
Bank balances and cash	<b>5,585,878</b>	3,129,219
Less: Term deposits maturing after 90 days (i)	<b>(4,733,142)</b>	(2,380,448)
Less: Bank overdrafts	-	(15)
	<b>852,736</b>	748,756

Note:

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

## 21 SHARE CAPITAL

	Number of shares ('000')	QR'000
Authorised, issued and fully paid		
At 31 December 2015 and 31 December 2014		
Shares of QR 10 each.	<b>114,525</b>	1,145,252

## 22 TREASURY SHARES

During the year 2013, one of the subsidiaries, has invested 908,725 shares amounting to QR 73,516,000 in the Parent Company, Qatar Navigation Q.S.C. These Treasury shares are recognised at cost and deducted from the equity.

## 23 LEGAL RESERVE

In accordance with Qatar Commercial Law No.11 of 2015 and Company's Articles of Association, 10% of the profit for the year should be transferred to legal reserve. The Company has resolved to discontinue such annual transfers as reserve totals 50% of the issued capital.

The legal reserve includes QR 360,000,000, QR 661,050,000 and QR 3,495,400,000 relating to share premium arising from the rights issue of shares in 2004, 2008 and 2010 respectively.

The reserve is not available for distribution except in the circumstances stipulated in the Qatar commercial Law No. 11 of 2015.

## 24 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 manner as decided by the General Assembly.

## 25 DERIVATIVE FINANCIAL INSTRUMENTS

### Hedging activities

#### Cash flow hedges:

At 31 December 2015, the Group had cash flow hedges to hedge their exposure to interest rate risk which is as follows:

#### Halul Offshore Services W.L.L.:

At 31 December 2015, Halul Offshore Services Company W.L.L. had an interest rate swap agreement in place with a notional amount of USD 27,218,976 (QR 99,077,073), whereby it receives a variable rate of USD 3 months LIBOR and pays a fixed rate of interest of 1.30% on the notional amount. The swap is being used to hedge the exposure to interest rate fluctuations on its loans. The loan facility and the interest rate swap have the same critical terms. This cash flow hedge is assessed to be highly effective. The fair value of the interest rate swaps are calculated by reference to the market valuation of the swap agreements.

Halul Offshore Services Company W.L.L. has recognised the negative fair value of the interest rate swaps amounting to QR 449,000 as at 31 December 2015 (31 December 2014: QR 1,084,000) under accounts payable and accruals and the effective portion of hedge under equity.



## 25 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

As a result of the business combination of KG 1 and KG 2 entities (Note 4), the interest rate swap agreements entered by these two entities are absorbed by the Group. KG 1 and KG 2 had an interest rate swap agreement in place with a notional amount of USD 136,016,892 (QR 495,101,487) and USD 138,740,231 (QR 505,014,440), respectively, whereby it receives a variable rate of USD 3 months LIBOR and pays a fixed rate interest of 2.685% on the notional amount. The swap is being used to hedge the exposure to interest rate fluctuations on its loans. The loan facility and the interest rate swap have the same critical terms. This cash flow hedge is assessed to be highly effective. The fair value of the interest rate swaps are calculated by reference to the market valuation of the swap agreements.

KG1 and KG2 has recognised the negative fair value movement of the interest rate swaps amounting to USD 1,111,888 (QR 4,047,272) and USD 1,134,150 (QR 4,128,306) as at 31 December 2015 in accounts payable and accruals with a corresponding entry to hedging reserve. As at 31 December 2015, carrying values of the interest rate swaps for KG 1 and KG 2 amounts to negative USD 6,011,197 (QR 21,880,757) and negative USD 6,131,554 (QR 22,318,857).

## 26 DIVIDENDS

The Board of Directors have proposed a 50% cash dividend of QR 5 per share totaling QR 568 million for the year 2015, which is subject to the approval of the equity holders at the Annual General Assembly (2014: QR 5.50 per share totaling QR 625 million for the year 2014)

During the year, following the approval at the Annual General Assembly held on 18 March 2015, the Company paid a 55% cash dividend of QR 5.50 per share totaling QR 625 million relating to the year 2014 (2014: QR 5 per share, totaling QR 568 million).

## 27 INTEREST BEARING LOANS AND BORROWINGS

	Notes	Interest rate %	Maturity	2015 QR'000	2014 QR'000
<b>Parent company:</b>					
Loan 1	(i)	LIBOR + 0.70%	Oct 2015	-	5,503
Loan 2	(ii)	LIBOR + 0.73%	Feb 2017	55,813	103,653
Loan 3	(iii)	LIBOR + .50%	May 2016	145,600	145,600
Loan 4	(iv)	1.45%	Aug 2016	742,560	327,600
Loan 5	(v)	1.15%	Apr 2016	1,820,000	1,820,000
Loan 6	(vi)	LIBOR + 0.95%	Mar 2016	728,000	728,000
Loan 7	(vii)	1.25%	Sep 2016	728,000	-
Loan 8	(viii)	LIBOR + 1%	Apr 2016	364,000	-
<b>Subsidiary companies:</b>					
Loan 9	(ix)	LIBOR + 1.75%	Jan 2021	246,805	291,141
Loan 10	(x)	LIBOR + 0.65%	Jun 2016	2,958	8,873
Loan 11	(xi)	LIBOR + 0.60%	Nov 2016	22,750	45,500
Loan 12	(xii)	LIBOR + 1.65%	Aug 2019	99,077	144,472
Loan 13	(xiii)	LIBOR + 1.75%	Sep 2021	363,231	400,781
Loan 14	(xiv)	LIBOR + 1.4%	Dec 2024	491,400	-
Loan 15	(xv)	LIBOR + 1.4%	Mar 2025	368,186	-
Loan 16	(xvi)	LIBOR + 1.75%	June 2022	382,928	399,394
Loan 17	(xvii)	LIBOR + 1.7%	Dec 2023	988,034	-
Loan 18	(xviii)	3.5%	June 2016	33,562	38,524
Loan 19	(xix)	3.75%	April 2016	2,645	11,326
				7,585,549	4,470,367
Less: Deferred financing costs				(7,952)	(5,672)
				7,577,597	4,464,695
<b>Presented in the consolidated statement of financial position as follows:</b>					
Current portion				4,884,862	1,437,168
Non-current portion				2,692,735	3,027,527
				7,577,597	4,464,695

### Notes:

- Loan 1 was obtained to finance the construction of a showroom and villa complex. This loan was secured by a lien of the showroom and villa properties and repayable in equal monthly installment of QR 550,333. This loan was settled completely during the current year.
- Loan 2 was obtained to finance the construction of Qatar Navigation Tower. The loan is secured by a first priority mortgage on the Tower and is repayable in equal monthly installments of QR 3,986,667.
- Loan 3 represents a dollar denominated revolving loan facility amounting to USD 40,000,000 (QR 145,600,000) obtained in 2013 and renewed on an annual basis. This loan is secured against the goods and the projects for which the credit facility will be utilised. The maximum interest rate agreed with the bank is 1.15%.



## 27 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

iv. Loan 4 was obtained for general corporate purposes including refinancing of existing debts and new investments and is secured by a corporate guarantee of the Company. The loan is repayable in semi-annual instalments. The total loan facility is USD 232,000,000 (QR 844,480,000) and at the reporting date the drawn down amounts were USD 204,000,000 (QR 742,560,000) (2014: USD 90,000,000 (QR 327,600,000)).

v. Loan 5 was obtained for the purpose of bridging the finance expenses related to advance and construction of vessels in foreign shipyards and other working capital requirements. This loan has been fully drawn down to the maximum amount as the reporting date. This loan is currently fully utilised and settlement is due with a bullet payment at the end of the loan maturity.

vi. Loan 6 represents a revolving Murabaha facility with a limit amounting to USD 200,000,000. The purpose of this facility is towards the use of the general corporate purposes. The facility requires settlement in full towards the end of maturity while profits serviced on a monthly basis.

vii. Loan 7 was obtained and utilised during the year for general corporate purpose, investments and can be further utilised for vessel financing & acquisitions. The loan is repayable in one year after the first drawdown date. The total loan facility is USD 200,000,000 (QR 728,000,000) and the full facility was utilised as at the reporting date.

viii. Loan 8 was obtained during the year for the purpose of bridging finance expenses related to advance and construction of vessels in foreign shipyards and other working capital requirements. This loan was fully drawn down to the maximum amount during the year 2015.

ix. Loan 9 represents dollar denominated Islamic financing facility obtained for the purpose of re-financing the loans obtained for the 8 container vessels. The facility has been secured against the related vessels. The loan is repayable in 32 quarterly instalments of USD 2,145,161 (QR 7,808,000) with final payment of USD 26,354,848 (QR 95,931,000).

x. Loan 10 was obtained to finance the purchase of 4 utility standby safety vessels. The loan is repayable in 16 semi-annual instalments amounting to QR 2,958,500 (USD 812,500) commencing July 2008. This loan is secured by the assignment of revenues from each vessels to an account held with the respective lending banks and the mortgage of the vessels for which loan was obtained.

xi. Loan 11 was obtained to finance the purchase of two platform supply vessels. The loan is repayable in 16 semi-annual instalments amounting to QR11,375,000 (USD 3,125,000) commencing April 2010. The loan is secured by the assignment of revenues from each vessels to an account held with the respective lending banks and the mortgage of the vessels for which loan was obtained.

xii. Loan 12 represents QR 220 million facility obtained for the purpose of financing or refinancing the mortgaged vessels and is repayable by 32 quarterly instalments amounting to QR 6,879,600 (USD 1,890,000) commencing from June 2012. This loan is secured against the mortgage of the vessels for which loan was obtained. The loan has been hedged against interest rate exposure.

xiii. During the year 2013, the Group obtained a loan amounting to QR 447,720,000 (USD 123,000,000) for the purpose of financing acquisition of vessels and refinancing the mortgaged vessels. This loan is repayable in 31 equal quarterly instalments of QR 9.38 million and a final balloon payment of QR 156.7 million. The loan is secured against the mortgage of the vessels for which the loan was obtained.

xiv. Loan 14 represents a facility obtained during the year amounting to USD 135 million. The full draw down of this facility was during March 2015. The repayment will be made in 35 equal quarterly instalments of USD 2,700,000 and a bullet payment for the remaining amount at the final instalment. At the reporting date, the full amount of the facility was utilized. This facility has a mortgage over 8 vessels.

xv. Loan 15 represents a Murabaha facility of USD 135 million initially taken to finance the construction of vessels which was subsequently reduced to USD 101 million at the request of the Group. The repayment will be made in 36 equal quarterly instalments of USD 1,966,806 and a bullet payment at maturity of the facility. At the reporting date, the facility was fully utilised to the extent of USD 101,150,000.

## 27 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

xvi. Loan 16 was obtained to finance the construction of 19 vessels and is repayable in 27 equal quarterly instalments commencing from September 2015 and one final balloon payment of QR 164 million at the end of the loan period.

xvii. These loans are recognised as a result of the business combination disclosed in note 3. These loans are repayable in 40 quarterly instalments over the period of ten years and a final balloon payment of approximately 50% of the principal borrowed. These loans are secured by the primary mortgage over the vessels and priority pledge of all the issued interest of the entity and issued shares of the General Partner, who manage the vessel operations.

xviii. Loan 18 represents, trust receipt facility obtained to finance working capital requirements and repayable within six months and carry interests at commercial rates.

xix. Loan 19 represents a term loan obtained to finance working capital requirements. This loan carries interest at 3.5% and repayable in equal monthly instalments of QR 745,000.

## 28 ADVANCE FROM A CUSTOMER

During 2011, the Group received QR 187,497,000 an interest free advance from a customer for the construction of harbour tugs, pilot boats, mooring boats and service boats. These boats are in service of the customer. The advance payment shall be repaid through deductions from the certified interim sales invoices to be raised to customer. 10% of the invoices amount will be deducted to settle from each invoice until such time the full amount of the advance payment has been repaid. Based on the work completed to date the amount of the long term payable amounts to QR 160,652,000 (2014: QR 177,128,000).

## 29 EMPLOYEES' END OF SERVICE BENEFITS

	2015 QR'000	2014 QR'000
Movements in the provision recognised in the consolidated statement of financial position are as follows:		
At 1 January	87,652	84,039
Provided during the year	20,661	24,323
End of service benefits paid	(10,486)	(14,233)
Transferred to the pension fund	(5,858)	(6,477)
Provision as at 31 December	91,969	87,652
End of service benefits plans	89,780	87,647
Pension plan (Note 30)	2,189	5
Provision as at 31 December	91,969	87,652

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



### 30 ACCOUNTS PAYABLE AND ACCRUALS

	2015 QR'000	2014 QR'000
Trade accounts and notes payable	213,494	150,697
Accrued expenses	95,362	90,711
Advances from customers	47,002	44,195
Amounts due to related parties ( Note 34)	671	1,164
Negative fair value of interest rate swaps ( Note 25)	44,649	1,084
Contribution to social and sports fund (Note 31)	27,363	26,230
Pension plan (Note 29)	2,189	5
Other payables	122,081	100,480
	<b>552,811</b>	<b>414,566</b>

### 31 PROVISION FOR CONTRIBUTION TO SOCIAL AND SPORTS FUND

In accordance with Law No. 13 of 2008 and related clarifications issued in January 2010, the Group is required to contribute 2.5% of its annual net consolidated profit to the social and sports fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as distribution of income. Hence, this is recognised in the consolidated statement of changes in equity.

During the year, Group appropriated an amount of QR 27.3 million (2014: QR 26.2 million) representing 2.5% of the consolidated net profit for the year.

### 32 COMMITMENTS

	2015 QR'000	2014 QR'000
Capital commitments - Property, vessels and equipment		
Estimated capital expenditure approved and contracted as of the reporting date	<b>1,670,050</b>	<b>1,868,747</b>

#### Operating lease commitments

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

	2015 QR'000	2014 QR'000
Within one year	<b>7,911</b>	7,029
After one year but not more than five years	<b>10,210</b>	8,439
Total operating lease expenditure contracted for at the reporting date	<b>18,121</b>	<b>15,468</b>

### 33 CONTINGENT LIABILITIES

At 31 December 2015, the Group had following contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise:

	2015 QR'000	2014 QR'000
Letters of guarantee	<b>754,270</b>	799,067
Letters of credit	<b>472,267</b>	195,469
	<b>1,226,537</b>	<b>994,536</b>

#### Litigation and claims

At the reporting date, there are certain litigations filed by third parties against the Group, total amounting to QR 2.6 million (2014: QR 12 million). The management is of the opinion that these claims do not have any merit and the Group has been advised by its legal counsel that the outcome from the legal action cannot be determined at this early stage and therefore no provision for any liability has been made in these consolidated financial statements.

#### Arbitration cases at the reporting date

As at the reporting date, the Group had issued a notice of rescission to one of the shipbuilders for the failure to deliver 3 vessels in accordance with the contractual terms of the related agreement. In response, the shipbuilder issued a notice of arbitration to the Group.

The carrying amounts of those vessels subject to the above arbitration almost equates, the amounts that is being recovered by liquidating the advance payment guarantees received from the shipbuilder at the commencement of the ship construction agreement amounting to QR 200,928,000. The Group believes as the proceedings for arbitration is at its inception, it is pre-mature to forecast the outcome of the arbitration as at reporting date.

### 34 RELATED PARTY DISCLOSURES

Related parties represent associated companies, affiliate entities, 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 Group's management.

#### Related party transactions

Transactions with related parties during the year are as follows:

	2015				
	Sales	Purchases	Interest income	Amounts paid for construction of vessels	Receipt of loan instalments
	QR'000	QR'000	QR'000	QR'000	QR'000
Associate companies	<b>478</b>	<b>6</b>	<b>19,497</b>	-	<b>109,187</b>



### 34 RELATED PARTY DISCLOSURES (CONTINUED)

#### Related party transactions (Continued)

	2014				
	Sales	Purchases	Interest income	Amounts paid for construction of vessels	Receipt of loan instalments
	QR'000	QR'000	QR'000	QR'000	QR'000
Associate companies	861	186	23,866	61,831	198,268

#### Related party balances

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

	2015		2014	
	Receivables QR'000	Payables QR'000	Receivables QR'000	Payables QR'000
Associate companies	326	-	97	70
Directors	4,483	498	5,179	921
Other related parties	294	173	299	173
	5,103	671	5,575	1,164

The amounts due from and due to related parties are disclosed in Note 18 and Note 30 respectively.

Sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2015, the Group has not recorded any impairment of receivables relating to amounts due from related parties (2014: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

#### Loans due from associates

Loans to LNG and LPG companies amounting to QR 235,513,000 (2014: QR 425,317,000) is disclosed as part of Note 16.

#### Compensation of directors and other key management personnel

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

	2015 QR'000	2014 QR'000
Board of directors remuneration – cash	13,950	11,750
Short-term benefits	11,939	12,802
Employees' end of service benefits & Pensions	818	843
	26,707	25,395

### 35 SEGMENT INFORMATION

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

- Milaha Capital - provides corporate finance advisory services to Parent and its subsidiaries, in addition to managing its proprietary portfolio of financial and real estate investments and holding the investment of Qatar Quarries and Building Material Company W.L.L.
- Milaha Maritime & Logistics - delivers a comprehensive range of services to major importers, exporters and shipping companies in the region, including oil & gas majors. The activities include logistics services, container feeder shipping, NVOCC operations, bulk shipping, shipping agencies, port management and operations, shipyard and steel fabrication.
- Milaha Offshore - provides comprehensive offshore support services to the oil and gas industry across the region. The Company currently operates a fleet of 27 offshore service vessels, which include safety standby vessels, anchor handling tugs, crew boats, workboats and dynamic positioning (DP) vessels. It provides a complete range of diving services including saturation diving.
- Milaha Trading – engaged in trading trucks, heavy equipment, machinery and lubrication brands in Qatar. The segment markets its products and provides critical after sales service. Milaha Trading also owns and operates an IATA-approved travel agency, one of the oldest in the State of Qatar.
- Milaha Gas and Petrochem – owns, manages and operates a fleet of LPG and LNG carriers and provides ocean transportation services to international energy and industrial companies. It further owns and manages a young fleet of product tankers and one crude carrier. The segment also operates a number of product tankers in partnership with international trading and shipping companies.
- Milaha Corporate provides necessary services to all the pillars to run their respective business. These services are costs of management, corporate development and communications, internal audit, legal affairs, shared services, information technology, procurement, human resources and administration and finance. The costs are subsequently allocated.

Adjustments with respect to Milaha corporate represent costs captured and subsequently allocated to various business pillars by way of a laid down methodology.

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

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



### 35 SEGMENT INFORMATION

Year ended 31 December 2015

	Milaha Capital QR'000	Milaha and Logistics QR'000	Milaha Offshore QR'000	Milaha Trading QR'000	Milaha Gas and Petrochem QR'000	Adjustments relating to Milaha Corporate QR'000	Total segments QR'000	Adjustments and eliminations QR'000	Consolidated QR'000
Operating revenues	491,064	1,165,751	710,972	420,909	415,324	-	3,204,020	(206,214)	(i) 2,997,806
Salaries, wages and other benefits	(11,824)	(199,389)	(229,107)	(18,694)	(94,748)	(129,000)	(682,762)	552	(i) (682,210)
Operating supplies and expenses	(171,278)	(430,598)	(138,454)	(357,299)	(54,034)	(5,865)	(1,157,528)	188,048	(i) (969,480)
Rent expenses	(5,580)	(9,631)	(6,615)	(2,253)	(4,377)	(7,619)	(36,075)	17,877	(i) (18,198)
Depreciation and amortisation	(35,656)	(51,030)	(110,132)	(916)	(105,971)	(4,071)	(307,776)	-	(307,776)
Impairment of vessels & an equipment	-	(37,891)	(49,141)	-	(9,617)	-	(96,649)	-	(96,649)
Other operating expenses	(11,293)	(36,097)	(50,473)	(3,946)	(37,725)	(11,266)	(150,800)	(263)	(i) (151,063)
Allocations relating to fleet and technical services	-	(61,856)	-	-	61,856	-	-	-	-
<b>Allocations relating to Milaha Corporate</b>	(17,432)	(67,536)	(30,723)	(16,838)	(25,930)	158,459	-	-	-
OPERATING PROFIT	238,001	271,723	96,327	20,963	144,778	638	772,430	-	772,430
Finance costs	(2,796)	(7,888)	(12,837)	-	(35,974)	(46,868)	(106,363)	-	(106,363)
Finance income	3,460	1	272	2,848	25,080	82,820	114,481	-	114,481
Treasury interest income	4,457	15,704	6,753	3,699	6,010	(36,623)	-	-	-
(Loss) gain on disposal of property, vessels and equipment	-	(2,412)	4,128	-	(3)	3	1,716	-	1,716
<b>Share of results of joint ventures</b>	-	-	-	-	42,705	-	42,705	-	42,705
<b>Share of results of associates</b>	587	2,049	-	-	296,936	-	299,572	-	299,572
<b>Net (loss) gain on foreign exchange</b>	(833)	273	514	107	635	30	726	-	726
<b>Amounts relating to step-up acquisition of associates</b>	-	-	-	-	(26,780)	-	(26,780)	-	(26,780)
<b>Impairment on available for sale investment</b>	(3,896)	-	-	-	-	-	(3,896)	-	(3,896)
<b>Miscellaneous income</b>	3	1	4,849	-	9,768	-	14,621	-	14,621
<b>PROFIT FOR THE YEAR</b>	238,983	279,451	100,006	27,617	463,155	-	1,109,212	-	1,109,212

### 35 SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2014

	Milaha Capital QR'000	Milaha and Logistics QR'000	Milaha Offshore QR'000	Milaha Trading QR'000	Milaha Gas and Petrochem QR'000	Adjustments relating to Milaha Corporate QR'000	Total segments QR'000	Adjustments and eliminations QR'000	Consolidated QR'000
Operating revenues	630,757	925,031	587,258	396,289	275,210	-	2,814,545	(181,313)	(i) 2,633,232
Salaries, wages and other benefits	(10,047)	(194,638)	(198,697)	(17,496)	(86,946)	(127,276)	(635,100)	1,009	(i) (634,091)
Operating supplies and expenses	(126,544)	(369,516)	(115,637)	(336,285)	(49,927)	(5,493)	(1,003,402)	157,915	(i) (845,487)
Rent expenses	(50,970)	(7,448)	(7,495)	(2,124)	(2,780)	(11,213)	(82,030)	20,553	(i) (61,477)
Depreciation and amortisation	(31,364)	(58,663)	(98,078)	(1,132)	(70,318)	(4,889)	(264,444)	-	(264,444)
Impairment of vessels & an equipment	-	(16,400)	(19,814)	-	-	-	(36,214)	-	(36,214)
Other operating expenses	(12,204)	(31,789)	(41,655)	(3,407)	(35,724)	(13,029)	(137,808)	1,836	(i) (135,972)
Allocations relating to fleet and technical services	-	(58,384)	-	-	58,384	-	-	-	-
Allocations relating to Milaha Corporate	(19,801)	(69,168)	(29,300)	(21,848)	(23,077)	163,194	-	-	-
OPERATING PROFIT	379,827	119,025	76,582	13,997	64,822	1,294	655,547	-	655,547
Finance costs	(3,485)	(8,550)	(8,196)	-	(6,573)	(15,670)	(42,474)	-	(42,474)
Finance income	3,900	-	103	784	24,257	31,451	60,495	-	60,495
Treasury interest income	1,921	6,766	2,910	1,594	2,590	(15,781)	-	-	-
Gain (loss) on disposal of property, vessels and equipment	1,035	1,223	(2,089)	12	-	-	181	-	181
Share of results of joint ventures	-	-	-	-	60,860	-	60,860	-	60,860
Share of results of associate	1,286	1,040	-	-	278,538	-	280,864	-	280,864
Net gain (loss) on foreign exchange	-	328	1,765	190	1,755	(1,294)	2,744	-	2,744
Miscellaneous income	91	-	23,803	-	8,976	-	32,870	-	32,870
<b>PROFIT FOR THE YEAR</b>	384,575	119,832	94,878	16,577	435,225	-	1,051,087	-	1,051,087

Note:

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



## 35 SEGMENT INFORMATION (CONTINUED)

### Geographic segments

The Group provides services in the State of Qatar and United Arab Emirates (UAE). Operating revenues and profits of the Group after the elimination of intercompany segments are as follows:

	2015			2014		
	Qatar QR'000	UAE QR'000	Total QR'000	Qatar QR'000	UAE QR'000	Total QR'000
Operating revenues	2,867,719	130,087	2,997,806	2,512,593	120,639	2,633,232
Profit (loss) for the year	1,158,833	(49,621)	1,109,212	1,068,988	(17,901)	1,051,087

## 36 FINANCIAL RISK MANAGEMENT

### Objective and policies

The Group's principal financial liabilities comprise interest bearing loans and borrowings, bank overdraft, trade accounts and notes payable, amounts due to related parties, negative fair value of interest rate swaps and contribution to social and sports funds. 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 and notes receivable, amounts due from related parties, loans to LNG and LPG companies, financial assets at fair value through profit or loss, available for sale investments, staff and other receivables 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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest bearing loans and borrowings and short term deposits with floating interest rates.

To manage the risk of changes in floating interest rate on its interest bearing loans, the Group has entered into interest rate swaps as explained in Note 25. Under the swap agreements, the Group will pay an agreed fixed interest rate and receive a floating interest rate.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments is as follows:

	2015 QR'000	2014 QR'000
<b>Floating interest rate instruments</b>		
Financial assets	84,025	152,411
Financial liabilities	(3,650,087)	(1,982,845)
	(3,566,062)	(1,830,434)
<b>Fixed interest rate instruments</b>		
Financial assets	4,733,142	3,115,450
Financial liabilities	(3,935,444)	(2,487,522)
	797,698	627,928

## 36 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Interest rate risk (Continued)

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated income statement 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. 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
<b>2015</b>		
Floating interest rate instruments	+25	(8,915)
<b>2014</b>		
Floating interest rate instruments	+25	(4,576)

### Currency risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Most of the Group's balances are denominated in US Dollars and UAE Dirhams as the Qatari Riyal is pegged to the US Dollars, the balances in US Dollars and UAE dirhams are not considered to represent significant currency risk to the Group.

### Equity price risk

The Group's listed and unlisted investments are susceptible to equity price risk arising from uncertainties about future values of the investments. Reports on the equity portfolio are submitted to the Group's senior management for their review on a regular basis.

At the reporting date, the Group's exposure to listed equity securities at fair value includes both available-for-sale investments and held-for-trading investments. An increase or decrease of 5% on the Qatar Exchange (QE) index would have an impact of approximately QR 25 million (2014: QR 31 million) on the consolidated income statement in respect of held for trading investments. In respect of available-for-sale investments, a decrease of 5% on the QE index would have an impact of approximately QR 173 million (2014: QR 190 million) on the consolidated income statement or consolidated statement of changes in equity, depending on whether or not the decline is significant and prolonged. An increase of 5% in the value of the listed securities would impact equity in a similar amount but will not have an effect on income unless there is an impairment charge associated with it.

The Group also has unquoted investments carried at cost where the impact of changes in equity prices will be only reflected when the instruments is sold or deemed to be impaired.

### 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 trade accounts and notes receivable, staff and other receivables, amounts due from related parties, loans to LNG and LPG companies and bank balances.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers 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:



## Credit risk (continued)

	2015 QR'000	2014 QR'000
Loans to LNG and LPG Companies (Note 16)	235,513	425,317
Trade accounts receivable (Note 18)	432,457	434,721
Notes receivable (Note 18)	38,103	40,278
Staff receivables (Note 18)	49,366	44,042
Amounts due from related parties (Note 34)	5,103	5,575
Other receivables (Note 18)	55,515	34,650
Other non-current assets	54,364	17,219
Bank balances (excluding cash)	5,479,710	3,125,023
	<b>6,350,131</b>	<b>4,126,825</b>

## 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 adequate 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 based on contractual undiscounted payments.

	On demand QR'000	Less than 1 year QR'000	1 to 5 years QR'000	Over 5 years QR'000	Total QR'000
<b>2015</b>					
Trade accounts and notes payable	-	213,494	-	-	213,494
Contribution to social and sport fund	-	27,363	-	-	27,363
Interest bearing loans and borrowings	-	5,228,852	958,239	1,994,547	8,181,638
Amounts due to related parties	-	671	-	-	671
Interest rate swaps	-	-	44,649	-	44,649
<b>Total</b>	<b>-</b>	<b>5,470,380</b>	<b>1,002,888</b>	<b>1,994,547</b>	<b>8,467,815</b>

	On demand QR'000	Less than 1 year QR'000	1 to 5 years QR'000	Over 5 years QR'000	Total QR'000
<b>2014</b>					
Bank overdrafts	15	-	-	-	15
Trade accounts and notes payable	-	150,697	-	-	150,697
Contribution to social and sport fund	-	26,230	-	-	26,230
Interest bearing loans and borrowings	-	1,372,586	2,486,305	679,068	4,537,959
Amounts due to related parties	-	1,164	-	-	1,164
Interest rate swaps	-	-	1,084	-	1,084
<b>Total</b>	<b>15</b>	<b>1,550,677</b>	<b>2,487,389</b>	<b>679,068</b>	<b>4,717,149</b>

## 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 equity greater than the weighted average interest expense on interest bearing loans and borrowings.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions and equity holders' expectation. To maintain or adjust the capital structure, the Company may adjust the dividend payment to equity holders or increase capital. No changes were made in the objectives, policies or processes during the year end 31 December 2015 and 31 December 2014.

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

The gearing ratio as at 31 December is calculated as follows:

	2015 QR'000	2014 QR'000
Debt (i)	7,577,597	4,464,695
Less: Cash and bank balances (Note 20)	(5,585,878)	(3,129,219)
Net debt	1,991,719	1,335,476
Equity attributable to equity holders of the Parent	13,679,094	13,484,520
Gearing ratio	14.6%	9.9%

(i) Debt comprises of interest bearing loans and borrowings as detailed in Note 27.



### 37 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, available-for-sale investments, financial investments at fair value through profit or loss other financial assets and receivables. Financial liabilities consist of bank overdrafts, interest bearing loans and borrowings and payables. Derivative financial instruments consist of interest rate swaps.

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

	Carrying amount		Fair value	
	2015 QR'000	2014 QR'000	2015 QR'000	2014 QR'000
Financial assets at fair value through profit or loss				
Financial investments at fair value through profit or loss	499,139	624,081	499,139	624,081

	Carrying amount		Fair value	
	2015 QR'000	2014 QR'000	2015 QR'000	2014 QR'000
<b>Financial assets (liabilities) at fair value through other comprehensive income</b>				
Available-for-sale investments	3,829,437	4,197,562	3,829,437	4,197,562
Interest rate swaps (cash flow hedge)	(44,649)	(1,084)	(44,649)	(1,084)
	3,784,788	4,196,478	3,784,788	4,196,478

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

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 2015, the carrying amounts of such receivables are not materially different from their calculated fair values.
- The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives are valued based on market valuation provided by the respective financial institution.

### 37 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities;

**Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

**Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

#### Fair value hierarchy (continued)

At 31 December the Group held the following financial instruments measured at fair value:

	2015 QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
<b>Assets measured at fair value</b>				
Financial investments at fair value through profit or loss	499,139	499,139	-	-
<b>Available-for-sale financial assets:</b>				
Quoted shares	3,458,088	3,458,088	-	-
Unquoted shares	1,713	-	-	1,713
Investments in bonds	22,159	-	-	22,159
<b>Liabilities measured at fair value</b>				
Interest rate swaps	44,649	-	44,649	-

	2014 QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
<b>Assets measured at fair value</b>				
Financial investments at fair value through profit or loss	624,081	624,081	-	-
<b>Available-for-sale financial assets:</b>				
Quoted shares	3,818,013	3,818,013	-	-
Unquoted shares	3,100	-	-	3,100
Investments in bonds	26,626	-	-	26,626
<b>Liabilities measured at fair value</b>				
Interest rate swaps	1,084	-	1,084	-

During the year ended 31 December 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

### 38 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.



### 38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### Judgements

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

#### Operating lease - 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.

#### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the useful life of the assets along with the available approved cash flows. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs include discount rates, operating cash flow, price inflation, expected utilisation and residual values of the assets. The impairment exercise is usually performed at the lowest CGU level, in case of vessels it is performed at the vessel's CGU level.

#### 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.

### 38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### 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.

### 39 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 revenues, operating profit or profit.



