

Qatar Navigation Q.S.C.

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2015

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF QATAR NAVIGATION Q.S.C.

Introduction

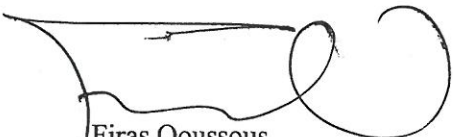
We have reviewed the accompanying interim condensed consolidated financial statements of Qatar Navigation Q.S.C. (the "Company") and its subsidiaries (the "Group") comprising of the interim consolidated statement of financial position as at 30 June 2015 and the related interim consolidated income statement, interim consolidated statement of other comprehensive income, interim consolidated statement of cash flows and the interim consolidated statement of changes in equity for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Firas Qoussous
Of Ernst & Young
Auditor's Registration No. 236

Date: 27 July 2015
Doha



Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

	<i>Notes</i>	<i>For the six months ended 30 June</i>	
		<i>2015</i>	<i>2014</i>
		<i>(Unaudited)</i>	
		<i>QR'000</i>	<i>QR'000</i>
Operating revenues	3	1,507,032	1,244,011
Salaries, wages and other benefits		(341,708)	(308,611)
Operating supplies and expenses		(466,574)	(386,699)
Rent expenses		(8,159)	(28,824)
Depreciation and amortization		(144,328)	(121,687)
Impairment of a vessel		(37,892)	-
Other operating expenses		(66,410)	(60,811)
OPERATING PROFIT		441,961	337,379
Finance costs		(35,802)	(16,623)
Finance income		47,821	29,605
Gain on disposal of property, vessels and equipment		2,172	2,252
Share of results of associates		162,374	142,950
Share of results of joint ventures		19,988	21,349
Net gain on foreign exchange		1,348	1,673
Miscellaneous income		12,336	1,670
PROFIT FOR THE PERIOD		652,198	520,255
<i>Attributable to:</i>			
Equity holders of the parent		650,887	518,286
Non-controlling interest		1,311	1,969
		652,198	520,255
BASIC AND DILUTED EARNINGS PER SHARE			
<i>(attributable to equity holders of the parent)</i>			
<i>(expressed in QR per share)</i>	4	5.73	4.56

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

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE
INCOME

For the six months ended 30 June 2015

	<i>Note</i>	<i>For the six months ended 30 June</i>	
		<i>2015</i>	<i>2014</i>
		<i>(Unaudited)</i>	
		<i>QR'000</i>	<i>QR'000</i>
Profit for the period		<u>652,198</u>	<u>520,255</u>
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Net movement in hedging reserve	5	89,601	(155,701)
Net (loss) gain on available-for-sale investments	5	<u>(8,800)</u>	<u>115,062</u>
Other comprehensive income (loss) for the period		<u>80,801</u>	<u>(40,639)</u>
Total comprehensive income for the period		<u>732,999</u>	<u>479,616</u>
<i>Attributable to:</i>			
Equity holders of the parent		732,106	477,625
Non-controlling interest		<u>893</u>	<u>1,991</u>
		<u>732,999</u>	<u>479,616</u>

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

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		30 June 2015 (Unaudited) QR'000	31 December 2014 (Audited) QR'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, vessels and equipment	6	4,023,547	3,896,996
Investment properties	7	828,223	791,062
Intangible assets		75,265	87,073
Investment in joint ventures		225,236	205,248
Investment in associates		4,434,081	4,396,173
Available-for-sale investments		4,193,743	4,197,562
Loans to LNG and LPG companies		368,616	425,317
Other non-current assets		<u>30,576</u>	<u>17,562</u>
		<u>14,179,287</u>	<u>14,016,993</u>
Current assets			
Inventories		160,862	205,401
Accounts receivable and prepayments		895,852	710,852
Financial assets at fair value through profit or loss		579,609	624,081
Bank balances and cash		<u>5,054,507</u>	<u>3,129,219</u>
		<u>6,690,830</u>	<u>4,669,553</u>
TOTAL ASSETS		<u>20,870,117</u>	<u>18,686,546</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
Share capital		1,145,252	1,145,252
Treasury shares		(73,516)	(73,516)
Legal reserve		4,693,986	4,693,986
General reserve		623,542	623,542
Fair value reserve		4,222,478	4,230,860
Hedging reserve		(333,568)	(423,169)
Retained earnings		<u>3,313,561</u>	<u>3,287,565</u>
Equity attributable to equity holders of the parent		<u>13,591,735</u>	<u>13,484,520</u>
Non-controlling interest		<u>58,868</u>	<u>57,975</u>
Total equity		<u>13,650,603</u>	<u>13,542,495</u>

Continued

Qatar Navigation Q.S.C.


INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2015


	<i>Note</i>	<i>30 June 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Non-current liabilities			
Interest bearing loans and borrowings	10	2,768,623	3,027,527
Advance from a customer		165,208	177,128
Employees' end of service benefits		88,526	87,647
		<u>3,022,357</u>	<u>3,292,302</u>
Current liabilities			
Accounts payable and accruals		530,856	414,566
Interest bearing loans and borrowings	10	3,505,960	1,437,168
Bank overdrafts		160,341	15
		<u>4,197,157</u>	<u>1,851,749</u>
Total liabilities		<u>7,219,514</u>	<u>5,144,051</u>
TOTAL EQUITY AND LIABILITIES		<u>20,870,117</u>	<u>18,686,546</u>



 Ali bin Jassim bin Mohammad Al-Thani
 Chairman



 Khaled bin Khalifa Al-Thani
 Vice Chairman



 Khalifa bin Ali Al-Hetmi
 President and Chief Executive officer

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

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	<i>For the six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
OPERATING ACTIVITIES		
Profit for the period	652,198	520,255
Adjustment for:		
Depreciation and amortisation	144,328	121,687
Finance costs	35,802	16,623
Gain on disposal of property, vessels and equipment	(2,172)	(2,252)
Share of results of associates	(162,374)	(142,950)
Share of results of joint ventures	(19,988)	(21,349)
Provision for employees' end of service benefits	6,132	11,967
Finance income	(47,821)	(29,605)
Dividend income	(172,714)	(163,758)
Net fair value gain on financial assets at fair value through profit or loss	(5,180)	(35,191)
Allowance for impairment of a vessel	37,892	-
Profit on disposal of investments	(4,412)	(12,408)
Operating profit before working capital changes:	461,691	263,019
Inventories	44,539	(15,267)
Accounts receivables and prepayments	(198,014)	(3,684)
Accounts payables and accruals	104,370	7,592
Cash flows from operating activities	412,586	251,660
Finance costs paid	(35,802)	(16,623)
Employees' end of service benefits paid	(5,253)	(6,837)
Net cash flows from operating activities	371,531	228,200
INVESTING ACTIVITIES		
Purchase of property, vessels and equipment	(292,729)	(193,641)
Dividend income	172,714	163,758
Finance income	47,821	29,605
Proceeds from disposal of property, vessels and equipment and dry dock	37,918	5,572
Purchases of investment properties	(61,676)	(97,142)
Additions to dry docking costs	(15,465)	(33,513)
Net movement in loans to LNG and LPG companies	56,701	51,782
Purchase of investment securities	(756)	(39,959)
Proceeds from disposal of available-for-sale investments	1,449	1,820
Proceeds from disposal of financial assets at fair value through profit or loss	59,354	101,971
Dividends received from associates	203,103	198,292
Net cash flows from investing activities	208,434	188,545

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

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2015

	<i>Notes</i>	<i>For the six months ended 30 June</i>	
		<i>2015</i>	<i>2014</i>
		<i>(Unaudited)</i>	
		<i>QR'000</i>	<i>QR'000</i>
FINANCING ACTIVITIES			
Dividends paid	9	(624,891)	(568,082)
Net movement in interest bearing loans and borrowings		1,809,888	736,317
Obligation under finance lease		-	(291)
Net movement in term deposits maturing after 90 days		(1,357,490)	(262,675)
Net cash flows used in financing activities		(172,493)	(94,731)
NET INCREASE IN CASH AND CASH EQUIVALENTS		407,472	322,014
Cash and cash equivalents at 1 January		748,756	672,930
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	1,156,228	994,944

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

Qatar Navigation Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to the equity holders of the Parent							Non-controlling interest QR '000	Total QR '000
	Share capital QR '000	Treasury shares QR '000	Legal reserve QR '000	General reserve QR '000	Fair value reserve QR '000	Hedging reserve QR '000	Retained earnings QR '000		
Balance at 1 January 2015 (Audited)	1,145,252	(73,516)	4,693,986	623,542	4,230,860	(423,169)	3,287,565	57,975	13,542,495
Profit for the period	-	-	-	-	-	-	650,887	1,311	652,198
Other comprehensive (loss) income	-	-	-	-	(8,382)	89,601	-	(418)	80,801
Total comprehensive (loss) income	-	-	-	-	(8,382)	89,601	650,887	893	732,999
Dividends paid (Note 9)	-	-	-	-	-	-	(624,891)	-	(624,891)
Balance at 30 June 2015 (Unaudited)	1,145,252	(73,516)	4,693,986	623,542	4,222,478	(333,568)	3,313,561	58,868	13,650,603

	Attributable to the equity holders of the Parent							Non-controlling interest QR '000	Total QR '000
	Share capital QR '000	Treasury shares QR '000	Legal Reserve QR '000	General reserve QR '000	Fair value reserve QR '000	Hedging reserve QR '000	Retained earnings QR '000		
Balance at 1 January 2014 (Audited)	1,145,252	(73,516)	4,693,986	623,542	3,575,036	(210,759)	2,832,684	55,974	12,642,199
Profit for the period	-	-	-	-	-	-	518,286	1,969	520,255
Other comprehensive income (loss)	-	-	-	-	115,040	(155,701)	-	22	(40,639)
Total comprehensive income (loss)	-	-	-	-	115,040	(155,701)	518,286	1,991	479,616
Dividends paid (Note 9)	-	-	-	-	-	-	(568,082)	-	(568,082)
Balance at 30 June 2014 (Unaudited)	1,145,252	(73,516)	4,693,986	623,542	3,690,076	(366,460)	2,782,888	57,965	12,553,733

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

Qatar Navigation Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 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 interim condensed consolidated financial statements include the financial statements of the Company and of its subsidiaries (the "Group") for the six months ended 30 June 2015.

The Company has the following subsidiaries:

<i>Name of the subsidiaries</i>	<i>Country of Incorporation</i>	<i>Nature of business</i>	<i>Ownership percentage</i>	
			<i>30 June 2015</i>	<i>31 December 2014</i>
Qatar Shipping Company S.P.C.	Qatar	Chartering of vessels and maritime services	100%	100%
Halul Offshore Services W.L.L.	Qatar	Chartering of vessels offshore services	100%	100%
Qatar Quarries and Building Materials Company Q.P.S.C.	Qatar	Trading in building materials	50%	50%
Gulf Shipping Investment Company W.L.L. *	Qatar	Cargo handling	100%	100%
Qatar Shipping Company (India) Private Limited *	India	Own, Hire, Purchase, Sale, Operate and manage all types of ships	100%	100%
Ocean Marine Services W.L.L. *	Qatar	Cargo handling, offshore support services	100%	100%
Halul United Business Services L.L.C.	Saudi	Offshore services	100%	100%
Milaha Trading Company W.L.L.	Qatar	Trading in industrial materials	100%	100%
Navigation Travel & Tourism 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 Real Estate services S.P.C.	Qatar	Real estate maintenance	100%	100%
Milaha Maritime and Logistics Integrated W.L.L.	Qatar	Maritime and logistic services	100%	100%
Milaha Ras Laffan (QS) Verwaltungs GMBH *	Germany	Managing the business activities of KG companies	100%	100%
Milaha Qatar Verwaltungs GMBH *	Germany	Managing the business activities of KG companies	100%	100%
Milaha Real Estate Investment S.P.C.	Qatar	Real estate services	100%	-
Milaha for Petroleum and Chemical Product W.L.L.	Qatar	Shipping services	100%	-

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES (CONTINUED)**Interest in joint ventures**

The Group has the following investments in Joint Ventures:

	<i>Country of Incorporation</i>	<i>Group effective ownership</i>	
		<i>30 June 2015</i>	<i>31 December 2014</i>
QM Tanker Company L.L.C.	Cayman Islands	50%	50%
Qatar Engineering and Technology Company W.L.L. *	Qatar	51%	51%
Qatar Ship Management Company W.L.L. *	Qatar	51%	51%
Gulf LPG Transport Company W.L.L.	Qatar	50%	50%
Aliago W.L.L.	Qatar	50%	50%

Investment in associates

The Group has the following investment in associates:

	<i>Country of incorporation</i>	<i>Ownership %</i>		<i>Profit Sharing %</i>	
		<i>30 June 2015</i>	<i>31 December 2014</i>	<i>30 June 2015</i>	<i>31 December 2014</i>
Cargotec Qatar W.L.L.	Qatar	51.0%	51.0%	40.0%	40.0%
Iraq-Qatar Transport and Shipping Services Com. L.T.D.	Iraq	51.0%	51.0%	51.0%	51.0%
United Arab Shipping Agency Company W.L.L.	Qatar	40.0%	40.0%	40.0%	40.0%
Qatar Gas Transport Company Limited (NAKILAT) (Q.S.C.)	Qatar	30.3%	30.3%	30.3%	30.3%
Camartina Shipping INC. *	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 1 Ltd. *	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 2 Ltd. *	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 3 Ltd. *	Liberia	29.4%	29.4%	29.4%	29.4%
Qatar LNG Transport Ltd. *	Liberia	20.0%	20.0%	20.0%	20.0%
QIM Transport INC.	Panama	-	33.3%	-	33.3%
Man Diesel & Turbo Qatar Navigation W.L.L.	Qatar	51.0%	51.0%	35.0%	35.0%
KS Membrane 1	Denmark	-	40%	-	40%
KS Membrane 2	Denmark	-	40%	-	40%
Milaha Ras Laffan Gmbh Company (KG 1)	Germany	40.0%	40.0%	40.0%	40.0%
Milaha Qatar Gmbh & Company (KG 2)	Germany	40.0%	40.0%	40.0%	40.0%

* These entities' financial performances and positions as of the reporting date have been arrived based on the management accounts.

The interim condensed consolidated financial statements of the Group were authorised for issue by the Board of Directors on 27 July 2015.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES**2.1 Basis of preparation**

The interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

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

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)**2.2 New standards, interpretations and amendments adopted by the Group**

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

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

<i>Topics</i>	<i>Effective dates</i>
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

2.3 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 interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

<i>Topics</i>	<i>Effective dates</i>
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

The Group is considering the implications of the above standards, amendments and interpretations which are effective for future accounting periods and has not early adopted any new standards or amendments during the current period.

3 OPERATING REVENUES

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

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Milaha Capital	334,296	361,514
Milaha Maritime and Logistics	477,596	358,315
Milaha Offshore	330,686	234,487
Milaha Trading	212,449	168,813
Milaha Gas and Petrochem	152,005	120,882
	<u>1,507,032</u>	<u>1,244,011</u>

4 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	
Net profit for the year attributable to equity holders of the parent (QR'000)	<u>650,887</u>	<u>518,286</u>
Weighted average number of shares (000's)	<u>113,616</u>	<u>113,616</u>
Basic and diluted earnings per share (QR)	<u>5.73</u>	<u>4.56</u>

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

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	
Total number of shares outstanding (000's)	114,525	114,525
Adjustment for weighted average shares with respect to treasury shares purchased during the year 2013 (000's) (Note)	(909)	(909)
Weighted average numbers of shares during the period (000's)	<u>113,616</u>	<u>113,616</u>

Note:

This represents the investment of 908,725 shares in the Parent Company, Qatar Navigation Q.S.C., by one of the subsidiaries during the year ended 31 December 2013.

5 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Movements of other comprehensive income		
Cash flow hedges		
Movement during the period	166	(257)
Group share of net movement in associates	89,435	(155,444)
Total effect on other comprehensive income (loss) resulting from cashflow hedges	89,601	(155,701)
Available-for-sale investments		
(Loss) gain arising during the period on revaluation	(1,403)	111,540
Group share of net movement in associates	(7,397)	3,522
Total effect on other comprehensive (loss) income resulting from available-for-sale investments	(8,800)	115,062

6 PROPERTY, VESSELS AND EQUIPMENT

	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Net book value, beginning balance	3,896,996	3,281,643
Additions	292,729	769,102
Disposals and write off	(32,938)	(12,353)
Transfers and reclassifications	(151)	88,921
Impairment	(37,892)	(36,214)
Depreciation charge for the period/ year	(95,197)	(194,103)
Net book value, ending balance	4,023,547	3,896,996

7 INVESTMENT PROPERTIES

	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Net book value, beginning balance	791,062	765,372
Additions	61,676	157,804
Transfers and reclassifications	-	(107,344)
Depreciation charge for the period/ year	(24,515)	(24,770)
Net book value, ending balance	828,223	791,062

8 CASH AND CASH EQUIVALENTS

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

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Bank balances and cash	5,054,507	1,954,389
Less: Term deposits maturing after 90 days	(3,737,938)	(956,755)
Less: Bank overdrafts	(160,341)	(2,690)
	<u>1,156,228</u>	<u>994,944</u>

Bank balances and cash include short term deposits of QR 881,677,932 (30 June 2014: QR 530,455,000) with an original maturity of less than 90 days.

9 DIVIDENDS

During the current period, following the approval at the Annual General Assembly held on 18 March 2015, the Company paid a cash dividend of QR 5.5 per share totalling QR 625 million (2014: QR 5 per share, totalling QR 568 million) relating to the year 2014.

10 INTEREST BEARING LOANS AND BORROWINGS

The following transactions have occurred during the period ended 30 June 2015:

Parent Company:

QATAR NAVIGATION Q.S.C.

- The Company has renewed the short term facility amounting to USD 200 million for general corporate purposes with the maturity date of 28 March 2016. This facility carries interest at LIBOR plus a margin of 1.15%.
- One of the existing short term loan facilities amounting to USD 232 million was further utilised by an amount of USD 44 million being converted into an overdraft facility, which increased the total amount utilised to USD 160 million. This short term facility carries fixed interest at 1.45%.
- USD 200 million loan facility was obtained for working capital requirements and to finance the vessel acquisition. The loan is repayable within twelve months from each draw down dates and carries interest at fixed rate of 1.25%. As of the reporting date USD 144 million has been utilised in this facility.
- The Company has obtained a 18 months loan facility by extending its existing loan facility by USD 100 million to construct vessels and other working capital requirements. The loan carries interest at LIBOR plus a margin of 1%.

10 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)*Subsidiaries:***HALUL OFFSHORE SERVICES COMPANY W.L.L.**

- USD 135 million loan facility was obtained for financing the acquisition of vessels and refinancing the mortgaged vessels. This loan carries interest at LIBOR + 1.40% per annum and is repayable in 35 equal quarterly instalments of QR 9.8 million and a final balloon payment of QR 147 million. The loan is secured against the mortgage of the vessels.
- Draw down against available facility amounting USD 135 million was obtained for the purpose of financing the acquisition of vessels or refinancing the mortgaged vessels. This loan bears interest at LIBOR + 1.40% per annum and is repayable in 35 equal quarterly instalments of QR 5.8 million and a final balloon payment of QR 90 million. The loan is secured against the mortgage of the vessels. The total draw down as of 30 June USD 83 million (QR 301 million)

11 COMMITMENTS

	<i>30 June 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Property, vessels and equipment		
Estimated capital expenditure approved but not contracted for as of the reporting date	<u>1,121,248</u>	<u>1,868,747</u>
Operating lease:		
	<i>30 June 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Within one year	3,119	7,029
After one year but not more than five years	<u>10,186</u>	<u>8,439</u>
Total operating lease expenditure contracted for at the reporting date	<u>13,305</u>	<u>15,468</u>

12 CONTINGENT LIABILITIES

At 30 June 2015 and 31 December 2014, the Group had letters of guarantees and letters of credit from which it anticipates that no material liabilities will arise amounted to:

	<i>30 June 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Letters of guarantees	779,784	799,067
Letters of credits	<u>458,682</u>	<u>195,469</u>
	<u>1,238,466</u>	<u>994,536</u>

13 HEDGING ACTIVITIES AND DERIVATIVE FINANCIAL INSTRUMENTS**Cash flow hedges:***Halul Offshore Services W.L.L.:*

At 30 June 2015, Halul Offshore Services W.L.L. had an interest rate swap agreement in place with a notional amount of USD 30,998,976 (QR 112,836,273) (31 December 2014: USD 39,690,000) (QR 144,471,600), 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.

The Group has recognised the negative fair value of the interest rate swaps amounting to QR 918,000 as at 30 June 2015 (31 December 2014: QR 1,084,000) in accounts payable and accruals with a corresponding entry to hedging reserve.

14 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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 assets at fair value through profit or loss, loans to LNG and LPG companies and certain other receivables. Financial liabilities consist of bank overdrafts, interest bearing loans and borrowings and certain other payables. Derivative financial instruments consist of interest rate swaps.

Available-for-sale investments

The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. See below for fair value disclosures.

Fair values

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:

	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Financial assets (liabilities) at fair value through profit or loss				
Financial investments at fair value through profit or loss	<u>579,609</u>	<u>624,081</u>	<u>579,609</u>	<u>624,081</u>
Financial assets (liabilities) at fair value through other comprehensive income				
Available-for-sale investments	3,800,623	3,799,033	3,800,623	3,799,033
Interest rate swaps (cash flow hedge)	<u>(918)</u>	<u>(1,084)</u>	<u>(918)</u>	<u>(1,084)</u>
	<u>3,799,705</u>	<u>3,797,949</u>	<u>3,799,705</u>	<u>3,797,949</u>

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

14 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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 accounts receivables, trade accounts 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 the reporting period, 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.

The Group held the following financial instruments measured at fair value at the reporting period:

	<i>30 June 2015 QR'000</i>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>
Assets measured at fair value				
Financial investments at fair value through profit or loss	579,609	579,609	-	-
Available-for-sale investments:				
Quoted investments	3,800,623	3,800,623	-	-
Unquoted investments	1,598	-	-	1,598
Investments in bonds	23,094	-	-	23,094
Liability measured at fair value				
Interest rate swaps	918	-	918	-
	<i>31 December 2014 QR'000</i>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>
Assets measured at fair value				
Financial investments at fair value through profit or loss	624,081	624,081	-	-
Available-for-sale investments:				
Quoted investments	3,799,033	3,799,033	-	-
Unquoted investments	3,100	-	-	3,100
Investments in bonds	26,626	-	-	26,626
Liability measured at fair value				
Interest rate swaps	1,084	-	1,084	-

14 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Unquoted available-for-sale investments include investments amounting to QR 368,426,000 (2014: QR 368,803,000), carried at cost, as their fair values cannot be reliably estimated, due to the uncertain nature of cash flows.

During the six months period ended 30 June 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.

The Group does not hold credit enhancement or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

The tables above illustrate the classification of the Group's financial instruments based on the fair value hierarchy as required for complete sets of financial statements. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments.

Fair value hierarchy

All financial instruments are carried at fair value and are categorised in three levels, defined as follows:

Level 1 – Quoted market prices

Level 2 – Valuation techniques (market observable)

Level 3 – Valuation techniques (non-market observable)

For assets and liabilities that are recognised at fair value 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.

15 RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2015 and 30 June 2014, as well as balances with related parties as at 30 June 2015 and 31 December 2014:

Related party transactions

	<i>Six months ended 30 June</i>			
	<i>2015</i>		<i>2014</i>	
	<i>Sales</i>	<i>Purchases</i>	<i>Sales</i>	<i>Purchases</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Associate companies	<u>342</u>	<u>6</u>	<u>848</u>	<u>9</u>

Related party balances

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

	<i>30 June 2015</i>		<i>31 December 2014</i>	
	<i>Trade</i>	<i>Trade</i>	<i>Trade</i>	<i>Trade</i>
	<i>receivables</i>	<i>payables</i>	<i>receivables</i>	<i>payables</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Associate companies	<u>317</u>	<u>-</u>	<u>97</u>	<u>70</u>

15 RELATED PARTY DISCLOSURES (CONTINUED)**Compensation of directors and other key management personnel**

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

	<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Salaries and allowances	8,721	8,846
Employees' end of service benefits	427	428
Board of directors remuneration – cash	5,875	13,500
Board of directors remuneration – in kind	-	1,100
	<u>15,023</u>	<u>23,874</u>

16 SEGMENT INFORMATION

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

- Milaha Capital - provides corporate finance advisory services to 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 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 crude carrier. The segment also operates a number of product tankers in partnership with international trading and shipping companies.

Adjustments with respect to Milaha corporate represent costs captured and interest income earned, which are subsequently allocated to various business pillars by way of a laid down methodology. Milaha Corporate provides necessary services to all the pillars to run their respective business. These services are costs of management, corporate development and communications, internal audit, legal affairs, shared services, information technology, procurement, human resources and administration and finance. These costs and income are subsequently allocated.

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

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2015

16 SEGMENT INFORMATION (CONTINUED)

Six months period ended 30 June 2015 (Unaudited)

	Milaha Capital QR'000	Milaha Maritime 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	342,618	548,493	330,686	244,061	152,005	-	1,617,863	(110,831) (i)	1,507,032
Salaries, wages and other benefits	(5,420)	(99,950)	(120,641)	(9,698)	(42,451)	(63,861)	(342,021)	313 (i)	(341,708)
Operating supplies and expenses	(75,033)	(208,447)	(58,863)	(204,680)	(18,745)	(2,608)	(568,376)	101,802 (i)	(466,574)
Rent expenses	(2,197)	(4,852)	(2,869)	(1,118)	(2,008)	(3,750)	(16,794)	8,635 (i)	(8,159)
Depreciation and amortisation	(17,707)	(27,961)	(56,734)	(459)	(39,602)	(1,865)	(144,328)	-	(144,328)
Impairment of a vessel	-	(37,892)	-	-	-	-	(37,892)	-	(37,892)
Other operating expenses	(5,651)	(12,612)	(22,324)	(1,496)	(18,606)	(5,802)	(66,491)	81 (i)	(66,410)
Allocations relating to fleet and technical services	-	(31,745)	-	-	31,745	-	-	-	-
Allocations relating to Milaha Corporate	(8,562)	(33,482)	(14,940)	(8,431)	(12,450)	77,865	-	-	-
OPERATING PROFIT	228,048	91,552	54,315	18,179	49,888	(21)	441,961	-	441,961
Finance costs	(1,513)	(4,087)	(6,119)	-	(4,219)	(19,864)	(35,802)	-	(35,802)
Finance income	1,718	-	41	1,127	11,530	33,405	47,821	-	47,821
Treasury Interest Income	1,693	5,964	2,565	1,404	2,282	(13,908)	-	-	-
(Loss)Gain on disposal of property, vessels and equipment	(4)	(1,956)	4,129	-	-	3	2,172	-	2,172
Share of results of associates	302	949	-	-	161,123	-	162,374	-	162,374
Share of results of joint ventures	-	-	-	-	19,988	-	19,988	-	19,988
Net (loss) gain on foreign exchange	(220)	163	393	91	536	385	1,348	-	1,348
Miscellaneous income	124	-	-	-	12,212	-	12,336	-	12,336
PROFIT FOR THE PERIOD	230,148	92,585	55,324	20,801	253,340	-	652,198	-	652,198

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2015

16 SEGMENT INFORMATION (CONTINUED)

Six months period ended 30 June 2014 (Unaudited)

	Milaha Capital QR '000	Milaha Maritime 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	371,788	432,195	234,487	196,299	120,882	-	1,355,651	(111,640) (i)	1,244,011
Salaries, wages and other benefits	(4,763)	(98,012)	(86,309)	(8,599)	(42,746)	(72,649)	(313,078)	4,467 (i)	(308,611)
Operating supplies and expenses	(65,702)	(178,809)	(44,125)	(164,015)	(26,137)	(3,432)	(482,220)	95,521 (i)	(386,699)
Rent expenses	(24,939)	(3,015)	(3,378)	(945)	(1,148)	(5,543)	(38,968)	10,144 (i)	(28,824)
Depreciation and amortisation	(16,278)	(28,714)	(42,746)	(615)	(30,733)	(2,601)	(121,687)	-	(121,687)
Other operating expenses	(5,240)	(13,248)	(18,964)	(1,285)	(15,417)	(8,165)	(62,319)	1,508 (i)	(60,811)
Allocations relating to fleet and technical services	-	(27,890)	-	-	27,890	-	-	-	-
Allocations relating to Milaha Corporate	(12,056)	(39,497)	(14,986)	(11,678)	(13,906)	92,123	-	-	-
OPERATING PROFIT	242,810	43,010	23,979	9,162	18,685	(267)	337,379	-	337,379
Finance costs	(1,676)	(4,351)	(3,374)	-	(2,280)	(4,942)	(16,623)	-	(16,623)
Finance income	5,715	-	22	176	12,461	11,231	29,605	-	29,605
Treasury interest income	765	2,697	1,160	635	1,033	(6,290)	-	-	-
Gain on disposal of property, vessels and equipment	1,537	701	14	-	-	-	2,252	-	2,252
Share of results of associates	695	226	-	-	142,029	-	142,950	-	142,950
Share of results of joint ventures	-	-	-	-	21,349	-	21,349	-	21,349
Net gain on foreign exchange	-	10	208	27	1,160	268	1,673	-	1,673
Miscellaneous income	-	-	-	-	1,670	-	1,670	-	1,670
PROFIT FOR THE PERIOD	249,846	42,293	22,009	10,000	196,107	-	520,255	-	520,255

Note:

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

17 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 for the period.

18 EVENTS AFTER THE REPORTING PERIOD

Step acquisition of Milaha Ras Laffan Gmbh & Company and Milaha Qatar Gmbh & Company

Qatar Shipping Company S.P.C., a fully owned subsidiary of the Group, acquired the residual 60% of shareholding interest and shareholders loans in its previous associates, Milaha Ras Laffan Gmbh Company ("KG 1") and Milaha Qatar Gmbh & Company ("KG 2") for a consideration of USD 16,944,000 and USD 22,385,000 respectively 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 from 01st July 2015.

KG 1 and KG 2 are engaged in operation of time charter of 138,130 m³ and 145,000 m³ Liquefied Natural Gas (LNG) vessel.