Qatar Navigation Q.P.S.C.

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

30 JUNE 2018

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the six-month period ended 30 June 2018

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KPMG

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Independent auditor's report on review of condensed consolidated interim financial statements

To the Board of Directors of Qatar Navigation Q.P.S.C.
Doha, State of Qatar

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Qatar Navigation Q.P.S.C. (the "Company") as at 30 June 2018, the condensed consolidated income statement, comprehensive income, cash flows and changes in equity for the six-month period then ended, and notes to the interim condensed consolidated financial statements (the "condensed consolidated interim financial statements"). The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of 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 condensed consolidated interim financial statements as at 30 June 2018 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

30 July 2018
Doha
State of Qatar

KPMG
P.O.Box :4473
Doha - Qatar

Yacoub Hobeika
Qatar Auditors Registration No. 289
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	Notes	*For the six-month period ended 30 June* **2018** *(Reviewed)* **QR'000**	*2017* *QR'000*
Operating revenues	5	**1,253,629**	1,145,800
Salaries, wages and other benefits		**(270,356)**	(262,364)
Operating supplies and expenses		**(464,033)**	(456,119)
Rent expenses		**(8,439)**	(6,775)
Depreciation and amortisation		**(163,075)**	(175,413)
Other operating expenses		**(89,760)**	(74,723)
OPERATING PROFIT		**257,966**	170,406
Finance cost		**(85,157)**	(100,420)
Finance income		**36,182**	83,952
Gain (loss) on disposal of property, vessels and equipment		**1,381**	(532)
Share of results of associates		**139,677**	128,810
Share of results of joint arrangements		**82,137**	44,088
Net gain (loss) on foreign exchange		**2,597**	(2,159)
Impairment of available-for-sale financial assets		**-**	(20,950)
Impairment of vessels and capital work-in-progress		**(140,188)**	(48,296)
Miscellaneous income	6	**1,716**	20,255
PROFIT FOR THE PERIOD		**296,311**	275,154
Attributable to:			
Equity holders of the parent		**297,141**	267,294
Non-controlling interest		**(830)**	7,860
		296,311	275,154
BASIC AND DILUTED EARNINGS PER SHARE *(attributable to equity holders of the parent)* *(expressed in QR per share)*	19	**2.62**	2.35

The attached notes 1 to 21 form part of these condensed consolidated interim financial statements.

		For the six-month period ended 30 June	
		2018	*2017*
		(Reviewed)	
	Notes	***QR'000***	*QR'000*
Profit for the period		**296,311**	275,154
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net gain resulting from cash flow hedges	7	**151,169**	26,357
Items that will not be reclassified to profit or loss			
Net gain (loss) on financial assets at fair value through other comprehensive income	7	**256,644**	(502,707)
Other comprehensive income (loss) for the period		**407,813**	(476,350)
Total comprehensive income (loss) for the period		**704,124**	(201,196)
Attributable to:			
Equity holders of the Parent		**704,817**	(208,570)
Non-controlling interest		**(693)**	7,374
		704,124	(201,196)

The attached notes 1 to 21 form part of these condensed consolidated interim financial statements.

	Notes	***30 June 2018 (Reviewed) QR'000***	*31 December 2017 (Audited) QR'000*
ASSETS			
Non-current assets			
Property, vessels and equipment	8	**4,185,814**	4,196,429
Investment property	9	**1,287,390**	1,277,575
Intangible assets		**163,235**	168,315
Investments in joint ventures		**965,218**	883,124
Investments in associates		**5,160,383**	5,041,236
Non-current financial investments		**3,676,616**	3,423,915
Loans granted to LNG companies		**173,271**	183,604
Other assets		**25,794**	28,706
		15,637,721	15,202,904
Current assets			
Inventories		**147,578**	106,777
Trade and other receivables		**716,614**	917,845
Financial assets at fair value through profit or loss		**336,690**	523,208
Investments in term deposits	10	**589,238**	1,680,694
Cash and cash equivalents		**725,514**	373,943
		2,515,634	3,602,467
TOTAL ASSETS		**18,153,355**	18,805,371
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		**3,388,554**	3,190,158
Hedging reserve		**198,601**	47,432
Retained earnings		**3,843,095**	3,915,860
Equity attributable to equity holders of the Parent		**13,819,514**	13,542,714
Non-controlling interest		**61,319**	69,100
Total equity		**13,880,833**	13,611,814

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

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2018

EQUITY AND LIABILITIES (CONTINUED)	*Notes*	*30 June 2018 (Reviewed) QR'000*	*31 December 2017 (Audited) QR'000*
Liabilities			
Non-current liabilities			
Loans and borrowings	13	2,040,428	3,039,548
Advance from a customer		119,042	123,672
Provision for employees' end of service benefits		87,219	101,104
		2,246,689	3,264,324
Current liabilities			
Trade and other payables		568,292	558,210
Loans and borrowings	13	1,457,541	1,371,023
		2,025,833	1,929,233
Total liabilities		4,272,522	5,193,557
TOTAL EQUITY AND LIABILITIES		18,153,355	18,805,371

The Group's consdensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on 30 July 2018 and signed on its behalf by the following:

....
Jassim bin Hamad bin Jassim Al-Thani
Chairman

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

The attached notes 1 to 21 form part of these condensed consolidated interim financial statements

	For the six-month period ended 30 June	
	2018	*2017*
	(Reviewed)	
	QR'000	*QR'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**296,311**	275,154
Adjustment for:		
Depreciation of property, vessels and equipment	**134,763**	142,107
Depreciation of investment property	**23,170**	12,946
Amortisation of intangible assets	**5,142**	20,360
Loss (gain) on disposal of property, vessels and equipment	**(1,381)**	532
Share of results of associates	**(139,677)**	(128,810)
Share of results of joint arrangements	**(82,137)**	(44,088)
Provision for employees' end of service benefits	**8,896**	6,152
Dividend income	**(173,703)**	(135,255)
Net fair value (gain) loss on financial assets at fair value through profit or loss	**(19,194)**	71,274
Impairment of available-for-sale financial assets	**-**	20,950
Impairment of vessels and capital work-in-progress	**140,188**	48,296
Profit on disposal of investment securities	**(9,469)**	(4,548)
Finance costs	**85,157**	100,420
Finance income	**(36,182)**	(83,952)
Operating profit before working capital changes:	**231,884**	301,538
Changes in:		
Inventories	**(40,801)**	(386)
Trade and other receivables	**220,394**	(60,139)
Trade and other payables	**5,451**	58,844
Cash flows from operating activities	**416,928**	299,857
Finance costs paid	**(85,157)**	(100,420)
Employees' end of service benefits paid	**(6,529)**	(4,465)
Net cash from operating activities	**325,242**	194,972
CASHFLOWS FROM INVESTING ACTIVITIES		
Purchase of property, vessels and equipment	**(274,147)**	(21,547)
Dividend income	**173,703**	135,255
Finance income	**36,182**	83,952
Proceeds from disposal of property, vessels and equipment	**1,822**	19,395
Purchases of investment property	**(23,614)**	(100,822)
Addition to intangible assets	**(65)**	(167)
Net movement in loans granted to LNG companies	**10,333**	15,055
Purchase of investment securities	**(19,576)**	(148,051)
Proceeds from disposal of financial assets at fair value through other comprehensive income	**986**	7,301
Proceeds from disposal of financial assets at fair value through profit or loss	**238,721**	24,905
Investment in joint venture	**-**	(4,900)
Net movement in investments in term deposits	**1,091,456**	(54,241)
Contribution towards an associate	**(1,020)**	-
Dividends received from associates	**168,896**	171,012
Net cash flows from investing activities	**1,403,677**	127,147

The condensed consolidated statement of cashflows continues on the next page.

The attached notes 1 to 21 form part of these condensed consolidated interim financial statements

		For the six-month period ended 30 June	
		2018	*2017*
		(Reviewed)	
	Notes	***QR'000***	*QR'000*
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to Company's shareholders	12	**(397,658)**	(397,658)
Dividends paid to non controlling interests		**(7,088)**	-
Net movement in loans and borrowings		**(912,602)**	(465,645)
Net cash flows used in financing activities		**(1,317,348)**	(863,303)
Net increase (decrease) in cash and cash equivalents		**411,571**	(541,184)
Cash and cash equivalents at beginning of period		**313,943**	1,102,860
Cash and cash equivalents at end of period	11	**725,514**	561,676

The attached notes 1 to 21 form part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2018

	Attributable to the equity holders of the Parent									
	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*	*Total QR'000*	*Non-controlling interest QR'000*	*Total QR'000*
Balance at 31 December 2017 (Audited)	1,145,252	(73,516)	4,693,986	623,542	3,190,158	47,432	3,915,860	13,542,714	69,100	13,611,814
Adjustment on initial application of IFRS 9 (Note 4)	-	-	-	-	(57,312)	-	26,953	(30,359)	-	(30,359)
Restated balance at 1 January 2018	1,145,252	(73,516)	4,693,986	623,542	3,132,846	47,432	3,942,813	13,512,355	69,100	13,581,455
Profit for the period	-	-	-	-	-	-	297,141	297,141	(830)	296,311
Other comprehensive income	-	-	-	-	256,507	151,169	-	407,676	137	407,813
Total comprehensive (loss) income	-	-	-	-	256,507	151,169	297,141	704,817	(693)	704,124
Transactions with owners of the Group:										
Dividends paid (Note 12)	-	-	-	-	-	-	(397,658)	(397,658)	(7,088)	(404,746)
Transfer of reserves on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(799)	-	799	-	-	-
At 30 June 2018 (*Reviewed*)	**1,145,252**	**(73,516)**	**4,693,986**	**623,542**	**3,388,554**	**198,601**	**3,843,095**	**13,819,514**	**61,319**	**13,880,833**

	Attributable to the equity holders of the Parent									
	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*	*Total QR'000*	*Non-controlling interest QR'000*	*Total QR'000*
Balance at 1 January 2017 (Audited)	1,145,252	(73,516)	4,693,986	623,542	4,064,661	(122,720)	3,855,436	14,186,641	55,322	14,241,963
Profit for the period	-	-	-	-	-	-	267,294	267,294	7,860	275,154
Other comprehensive (loss) income	-	-	-	-	(502,221)	26,357	-	(475,864)	(486)	(476,350)
Total comprehensive (loss) income	-	-	-	-	(502,221)	26,357	267,294	(208,570)	7,374	(201,196)
Transactions with owners of the Group:										
Dividends paid (Note 12)	-	-	-	-	-	-	(397,658)	(397,658)	-	(397,658)
At 30 June 2017 (*Reviewed*)	1,145,252	(73,516)	4,693,986	623,542	3,562,440	(96,363)	3,725,072	13,580,413	62,696	13,643,109

The attached notes 1 to 21 form part of these condensed consolidated interim financial statements.

1. REPORTING ENTITY

Qatar Navigation Q.P.S.C. (the "Company") or (the "Parent") was incorporated on 5 July 1957 as a Qatari Public Shareholding Company, with the Commercial Registration number 1 issued by the Ministry of Economy and Commerce. The registered office of the Company is located in East Industrial Street, Zone 56, Doha, State of Qatar. The shares of the Company are publicly traded on the Qatar Exchange since 26 May 1997.

These condensed consolidated interim financial statements comprise the Company and its subsidiaries (collectively refered as the "Group").

The principal activities of the Group, which remain unchanged from the previous period, include the provision of marine transport, acting as agent to foreign shipping lines, offshore services, sale of heavy vehicles, ship repair, fabrication and installation of offshore structures, land transport, chartering of vessels, real estate, investments in listed and unlisted securities, trading of aggregates, building materials and the operation of a travel agency.

The Group had the following active subsidiaries as at the current and the comparative reporting dates:

			Group effective shareholding	
Name of the subsidiary	***Country of incorporation***	***Principal activities***	***30 June 2018***	*31 December 2017*
Qatar Shipping Company W.L.L.	Qatar	Chartering of vessels and maritime services	**100%**	100%
Halul Offshore Services W.L.L.	Qatar	Chartering of vessels offshore services	**100%**	100%
Qatar Quarries and Building Materials Company Q.P.S.C. (i)	Qatar	Trading in building materials	**50%**	50%
Gulf Shipping Investment Company W.L.L. (ii)	Qatar	Cargo handling	**100%**	100%
Qatar Shipping Company (India) Private Limited (ii)	India	Own, Hire, Purchase, Sale, Operate and manage all types of ships	**100%**	100%
Ocean Marine Services W.L.L. (ii)	Qatar	Cargo handling, offshore support services	**100%**	100%
Halul United Business Services L.L.C.	Saudi	Offshore services	**100%**	100%
Milaha Trading Company W.L.L.	Qatar	Trading in industrial materials	**100%**	100%
Navigation Travel & Tourism W.L.L.	Qatar	Travel agency	**100%**	100%
Navigation Trading Agencies W.L.L.	Qatar	Trading in heavy equipment	**100%**	100%

1 REPORTING ENTITY (CONTINUED)

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

			Group effective shareholding	
Name of the subsidiary	***Country of incorporation***	***Principal activities***	***30 June 2018***	*31 December 2017*
Navigation Marine Service Center W.L.L.	Qatar	Marine services	**100%**	100%
Milaha Capital W.L.L.	Qatar	Investments	**100%**	100%
Milaha Real Estate Services W.L.L.	Qatar	Real estate maintenance	**100%**	100%
Milaha Integrated Maritime and Logistics W.L.L.	Qatar	Maritime and logistic services	**100%**	100%
Milaha Ras Laffan Verwaltungs GMBH (ii)	Germany	Managing the business activities of KG companies	**100%**	100%
Milaha Qatar Verwaltungs GMBH (ii)	Germany	Managing the business activities of KG companies	**100%**	100%
Milaha Real Estate Investment W.L.L.	Qatar	Real estate services	**100%**	100%
Milaha for Petroleum and Chemical Product W.L.L. (ii)	Qatar	Shipping services	**100%**	100%
Milaha Ras Laffan Gmbh & Co. KG (KG1) (ii)	Germany	LNG transportation	**100%**	100%
Milaha Qatar Gmbh & Co. KG (KG2) (ii)	Germany	LNG transportation	**100%**	100%
Qatar Shipping Company (France) (ii)	France	Investments	**100%**	100%
Milaha Offshore Holding Co. PTE LTD (ii)	Singapore	Offshore support services	**100%**	100%
Milaha Explorer PTE LTD (ii)	Singapore	Offshore support services	**100%**	100%
Milaha Offshore Services Co PTE LTD (ii)	Singapore	Offshore support services	**100%**	100%
Milaha (FZC) L.L.C.	Oman	Logistic services	**100%**	100%

1 REPORTING ENTITY (CONTINUED)

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

	Company's ownership percentage	
Name of subsidiary	***30 June 2018***	*31 December 2017*
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%

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

Name of subsidiary	*Company's ownership percentage*	
	30 June 2018	*31 December 2017*
Milaha Technical & Logistics Services W.L.L.	**100%**	100%
Milaha Offshore Support Services Company L.L.C.	**99.5%**	99.5%
Milaha for Petroleum and Chemical Product W.L.L.	**99.5%**	99.5%
Milaha Warehousing W.L.L.	**100%**	100%
Milaha Capital Real Estate Complex W.L.L.	**100%**	100%
Milaha for Ships and Boats W.L.L.	**100%**	100%
Milaha Ship Management & Operation Company W.L.L.	**100%**	100%
Halul Ship Management & Operation W.L.L.	**100%**	100%
Halul 49 L.L.C.	**100%**	100%
Halul 68 L.L.C.	**100%**	100%
Halul 69 L.L.C.	**100%**	100%
Halul 70 L.L.C.	**100%**	100%
Halul 71 L.L.C.	**100%**	100%
Halul 80 L.L.C.	**100%**	100%
Halul 81 L.L.C.	**100%**	100%
Halul 82 L.L.C.	**100%**	100%
Halul 83 L.L.C.	**100%**	100%
Halul 90 L.L.C.	**100%**	100%
Halul 100 L.L.C.	**100%**	100%
Halul 101 L.L.C.	**100%**	100%
Aliago W.L.L	**100%**	-

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

The Group has the following investments in joint ventures as at the current and the comparative reporting dates:

	Country of incorporation	***Group effective ownership***	
		30 June 2018	*31 December 2017*
Qatar Engineering and Technology Company W.L.L. (ii)	Qatar	**51%**	51%
Qatar Ship Management Company W.L.L. (ii)	Qatar	**51%**	51%
Gulf LPG Transport Company W.L.L.	Qatar	**50%**	50%
Aliago W.L.L. (ii)	Qatar	**-**	50%
QTerminals W.L.L. (ii)	Qatar	**49%**	49%

1 REPORTING ENTITY (CONTINUED)

The Group has the following investments in associates as at the current and the comparative reporting dates:

		Ownership %		*Profit Sharing %*	
	Country of incorporation	***30 June 2018***	*31 December 2017*	***30 June 2018***	*31 December 2017*
Cargotec Qatar W.L.L. (ii)	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. (ii)	Qatar	**40.0%**	40.0%	**40.0%**	40.0%
Qatar Gas Transport Company Limited (NAKILAT) (Q.P.S.C.)	Qatar	**30.3%**	30.3%	**30.3%**	30.3%
Camartina Shipping INC. (ii)	Liberia	**29.4%**	29.4%	**29.4%**	29.4%
Peninsula LNG Transport No. 1 Ltd. (ii)	Liberia	**29.4%**	29.4%	**29.4%**	29.4%
Peninsula LNG Transport No. 2 Ltd. (ii)	Liberia	**29.4%**	29.4%	**29.4%**	29.4%
Peninsula LNG Transport No. 3 Ltd. (ii)	Liberia	**29.4%**	29.4%	**29.4%**	29.4%
Qatar LNG Transport Ltd. (ii)	Liberia	**20.0%**	20.0%	**20.0%**	20.0%
Man Diesel & Turbo Qatar Navigation W.L.L. (ii)	Qatar	**51.0%**	51.0%	**35.0%**	35.0%

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

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

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

Name of branch	**Principal activity**
Qatar Navigation (Dubai Branch)	Marine services

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

2 BASIS OF ACCOUNTING

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017 ("latest annual financial statements"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 4.

The condensed consolidated interim financial statements of the Company were authorised for issue by the Board of Directors on 30 July 2018.

3. USE OF JUDGMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the latest annual financial statements as at and for the year ended 31 December 2017.

Measurement of fair values

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted market price (unadjusted) in active markets for an identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumption made in measuring fair values is included in Note 17 "Financial Instruments".

4. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the last annual financial statements.

Changes in accounting policies

4.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of the new standards and interpretations effective as of 1 January 2018. The Group has not early adopted any of the standards issued, which are yet to be effective.

The group applies, for the first time IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments.* The nature and effect of these changes are disclosed below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The details of the new siginficant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various services are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

IFRS 15 Revenue from Contracts with Customers (Continued)

Type of services	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy.
Chartering of vessels	Revenue from chartering of vessels, equipment and others are recognised on an accrual basis in accordance with the terms of the contract entered into with customers.	IFRS 15 did not have a significant impact on the Group's accounting policies
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 are 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.	IFRS 15 did not have a significant impact on the Group's accounting policies. Services contract, revenues are now recognised based on milestones delivered and not on a completion basis.
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.	IFRS 15 did not have a significant impact on the Group's accounting policies
Shipping agency income:	Shipping agency income is recognised on the completion of all supply requirements for vessels.	IFRS 15 did not have a significant impact on the Group's accounting policies
Loading, clearance and land transport income:	Loading, clearance and land transport income is recognised only after completion of these services.	IFRS 15 did not have a significant impact on the Group's accounting policies

IFRS 9 Financial Instruments
IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces IAS 39 "*Financial Instruments: Recognition and Measurement*".

The following table summarises the impact of transition to IFRS 9 on the opening balance of retained earnings (for a description of the transition method, see Note (i) below).

Line item impacted in the financial statements	As reported at 31 December 2017 *QR'000*	Adjustment due to adoption of IFRS 9 *QR'000*	Adjusted opening balances as at 1 January 2018 *QR'000*
Trade and other receivables	441,966	(25,742)	416,224
Fair value reserve	3,190,158	(57,312)	3,132,846
Financial assets at fair value through other comprehensive income	3,423,915	(2,763)	3,421,152
Investment in associates	5,041,236	(1,854)	5,039,382
Retained earnings	3,915,860	26,953	3,942,813

The adjustment in fair value reserve due to adoption of IFRS 9, includes an amount of QAR 2,763,000 as a result of change in classification of a debt investment from FVOCI to amortized cost. This adjustment does not affect the retained earnings.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.
The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

IFRS 9 Financial Instruments (Continued)

(i) Classification and measurement of financial assets and financial liabilities (Continued)
Under IFRS 9, on initial recognition, a financial asset is classified as :

- Amortised cost;
- Fair Value Through Other Comprehensive Income ("FVOCI") debt investment;
- Fair Value Through Other Comprehensive Income ("FVOCI") equity investment; or
- Fair Value Through Profit or Loss ("FVTPL").

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The following accounting policies apply to the subsequent measurement of financial assets.

The Group has financial assets at amortised cost which are amortized using the effective interest method. The amortised costs is reduced by the impairment lossess. The group also has financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements, as described further below.

Unquoted equity securities that were classified as available for sale financial assets under IAS 39 are now classified under financial assets at fair value through other comprehensive income as per IFRS 9. These equity securities represent investments that the Group intends to hold for the long term strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss. Consequently, an amount of QR 55 million which had been reclassified to the income statement in prior years were reversed from fair value reserve to the opening retained earnings at 1 January 2018 on transition to IFRS 9.

(ii) Impairment of financial assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost comprise of trade receivables and cash at bank under IFRS 9 and loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure loss allowances its financial assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost as per IFRS 9. An increase of QR 25,742 thousand in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

IFRS 9 Financial Instruments (Continued)

(ii) Impairment of financial assets (Continued)

Measurement of ECLs:
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets:
At each reporting date, the Group assesses the financial assets carried at amortised cost A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment:
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables are presented under other operating expenses in the condensed consolidated statement of profit or loss.

Impact of the new impairment model:
For trade and other receivables in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance of QR 25,742 thousand.

The Following table provides information about exposure to credit risk and ECL for trade and other receivables as at 1 January 2018.

Particular	Weighted average loss rate	Gross carrying amount *QR'000*	Loss allowance *QR'000*	Credit impaired *QR'000*
Current (not past due)	3.06%	186,452	5,713	-
90 days past due	8.35%	64,875	5,415	-
90 - 180 days past due	27.57%	21,104	5,818	-
180-270 days past due	40.83%	6,241	2,548	-
270-360 days past due	69.55%	4,224	2,938	-
More than 360 days	100%	37,188	-	37,188

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using the cumulative effect method. The Group has adopted the exemption not to restate comparative information of prior periods.

Differences in the carrying amounts of the financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 but those of IAS 39.

The assessment has been made on the basis of the facts and circumstances that existed at the date of initial application.

5. OPERATING REVENUES

The Group revenues consist of activities under the following operating segments:

	Six-month period ended 30 June	
	2018	*2017*
	(Reviewed)	
	QR'000	*QR'000*
Milaha Capital	**329,244**	264,624
Milaha Maritime and Logistics	**436,379**	331,833
Milaha Offshore	**223,463**	239,128
Milaha Trading	**74,972**	116,752
Milaha Gas and Petrochem	**189,571**	193,463
	1,253,629	1,145,800

6. MISCELLANEOUS INCOME

Year 2017:

This represents compensation for the early termination of four vessels based on the contractual terms. The compensation was related to the Gas and Petrochemical segment for the period ended 30 June 2017

7. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	Six-month period ended 30 June	
	2018	*2017*
	(Reviewed)	
	QR'000	*QR'000*
Movements of other comprehensive income		
Cash flow hedges		
Net movement during the period	**4,924**	(3,720)
Group share of net movement in cash flow hedges of associates	**146,245**	30,077
Total effect on other comprehensive income resulting from cashflow hedges	**151,169**	26,357
Financial assets at fair value through other comprehensive income		
Net gain (loss) arising during the period	**253,687**	(495,269)
Group share of net movement in fair value reserves of equity accounted investees	**2,957**	(7,438)
Total effect on other comprehensive income resulting from financial assets at fair value through other comprehensive income	**256,644**	(502,707)

8. PROPERTY, VESSELS AND EQUIPMENT

	30 June 2018	*31 December 2017*
	(Reviewed)	*(Audited)*
	QR'000	*QR'000*
Opening balance	**4,196,429**	4,861,611
Additions	**274,147**	205,256
Disposals and write off	**(377)**	(302,585)
Other transfers and reclassifications	**(9,434)**	(496)
Impairment of vessels and capital work-in-progress	**(140,188)**	(283,339)
Depreciation charge for the period/ year	**(134,763)**	(284,018)
Closing balance	**4,185,814**	4,196,429

9. INVESTMENT PROPERTY

	30 June 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
Opening balance	**1,277,575**	1,140,646
Additions	**23,614**	164,642
Depreciation charge for the period/ year	**(23,170)**	(27,783)
Disposals and write off	**(63)**	-
Transfers and reclassifications	**9,434**	70
Closing balance	**1,287,390**	1,277,575

10. INVESTMENTS IN TERM DEPOSITS

	30 June 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
Term deposits with banks	**1,056,184**	1,680,694
Less: Term deposits maturing before 90 days	**(466,946)**	**-**
Term deposits maturing after 90 days (i)	**589,238**	1,680,694

Notes:
(i) Short-term deposits earn interests at market rates and these are with an original maturity of over 90 days.
(ii) Short term deposits have been predominantly financed using loans and borrowings.

11. CASH AND CASH EQUIVALENTS

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

	30 June 2018 (Reviewed) QR'000	*30 June 2017 (Reviewed) QR'000*
Cash in hand	**7,615**	5,489
Bank balance – term deposits (i)	**466,946**	281,779
Bank balance – current accounts	**250,953**	374,408
	725,514	661,676
Bank overdraft (Note 13)	**-**	(100,000)
Cash and cash equivalents in the condensed consolidated statement of cash flows	**725,514**	561,676

(i) Deposits with an original maturity of less than 90 days are made for varying periods depending on the immediate cash requirements of the Group at commercial market rates.

12. DIVIDENDS

Dividend proposed and paid for the year 2017

The Board of Directors proposed a 35% cash dividend of QR 3.5 per share totaling QR 398 million for the year 2017 which was approved by the equity holders at the Annual General Assembly held on 18 March 2018.

Dividend declared and paid:

	2018 QR'000	*2017 QR'000*
Final dividend	**397,658**	397,658

13. LOANS AND BORROWINGS

The following significant transactions occurred during the period ended 30 June 2018 relating to loans and borrowings:

Parent Company:

- The Company fully settled a dollar denominated facility of 100 million which carried interest at the rate of 1.5% + LIBOR.
- The Company settled an outstanding loan amount of USD 100 million which was due to be settled in March 2019. This facility carried an interest of 2.75% + LIBOR.
- The Company has fully settled the outstanding overdraft of QR 60 million from the total granted facility of QR 100 million which carried an interest of 4%.

14. COMMITMENTS

	30 June 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
Captial commitment:		
Estimated expenditure on property, vessels and equipment approved but not contracted for as of the reporting date	**490,154**	937,917

Operating lease commitments:

	30 June 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
Within one year	**9,664**	13,521
After one year but not more than five years	**21,092**	20,278
Total operating lease expenditure contracted for at the reporting date	**30,756**	33,799

15. CONTINGENT LIABILITIES

At 30 June 2018 and 31 December 2017, the Group had letters of guarantees and letters of credit from which it anticipates that no material liabilities will arise as follows:

	30 June 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
Letters of guarantees	**778,529**	787,632
Letters of credits	**9,345**	9,455
	787,874	797,087

16. HEDGING ACTIVITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

Cash flow hedges:

Halul Offshore Services W.L.L.:

At 30 June 2018, Halul Offshore Services Company W.L.L. had an interest rate swap agreement in place with a notional amount of USD 108,000,000 (translated to QR 394,200,000), whereby it receives a variable rate of USD 3 months LIBOR and pays a fixed rate of interest of 1.985% 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 swap is calculated by reference to the market valuation of the swap agreements.

Halul Offshore Services Company W.L.L. has recognised a fair value loss on its interest rate swap of QR 13,961,097 as at 30 June 2018 (31 December 2017: QR 5,010,882) within trade and other payables and in equity in respect of the effective portion of hedge.

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

KG 1 and KG 2 have interest rate swap agreements in place with a notional amount of USD 116,992,043 (translated to QR 427,020,957) and USD 119,334,465 (translated to QR 435,570,797), 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.

KG 1 and KG 2 have recognised the negative fair value movement of the interest rate swaps amounting to USD 1,888,723 (translated to QR 6,893,839) and USD 1,926,539 (translated to QR 7,031,867) respectively [(31 December 2017: USD 1,586,647 (translated to QR 5,775,395) and USD 1,618,415 (translated to QR 5,891,031))] as part of trade and other payables with a corresponding entry to the hedging reserve. As at 30 June 2018, the carrying value of the interest rate swaps for KG 1 and KG 2 amounts to USD 634,617 (translated to QR 2,316,352) and USD 647,323 (translated to QR 2,362,729) respectively.

17. FINANCIAL INSTRUMENTS

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

Financial assets consist of bank balances and cash, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, financial assets at amortised cost, loans granted to LNG companies and certain other receivables. Financial liabilities consist of loans and borrowings and certain other payables. Derivative financial instruments consist of interest rate swaps.

17. FINANCIAL INSTRUMENTS (CONTINUED)

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

	Carrying amount		***Fair value***	
	30 June 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*	***30 June 2018 (Reviewed) QR'000***	*31 December 2017 (Audited) QR'000*
Financial assets (liabilities) at fair value through profit or loss				
Financial assets at fair value through profit or loss	**336,690**	523,208	**336,690**	523,208
Financial assets (liabilities) at fair value through other comprehensive income				
Financial assets at fair value through other comprehensive income	**3,657,796**	3,404,695	**3,657,796**	3,404,695
Financial assets at amortised cost	**18,820**	19,220	**18,820**	19,220
Interest rate swaps (cash flow hedge)	**(18,640)**	(23,565)	**(18,640)**	(23,565)
	3,657,976	3,400,350	**3,657,976**	3,400,350

Measurement of fair values
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 and other receivables, trade and other payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Fair value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss is derived from quoted market prices in active markets.

- Fair value of unquoted financial assets at fair value through other comprehensive income is estimated using appropriate valuation techniques.

- Loans granted to LNG 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 Group 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.

17. FINANCIAL INSTRUMENTS (CONTINUED)

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

	30 June 2018	***Level 1***	***Level 2***	***Level 3***
Assets measured at fair value				
Financial assets at fair value through profit or loss	**336,690**	**336,690**	**-**	**-**
Financial assets at fair value through other comprehensive income:				
Quoted investments	**3,331,157**	**3,331,157**	**-**	**-**
Unquoted investments	**326,639**	**-**	**-**	**326,639**
Investment in bonds	**18,820**	**-**	**-**	**18,820**
		-	**-**	
Liability measured at fair value				
Interest rate swaps	**18,640**	**-**	**18,640**	**-**

	31 December 2017	*Level 1*	*Level 2*	*Level 3*
Assets measured at fair value				
Financial assets at fair value through profit or loss	523,208	523,208	-	-
Financial assets at fair value through other comprehensive income:				
Quoted shares	3,075,166	3,075,166	-	-
Unquoted shares	365	-	-	365
Investment in bonds	21,747	-	-	21,747
Liabilities measured at fair value				
Interest rate swaps	23,565	-	23,565	-

During the six months period ended 30 June 2018, 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.

18. 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 2018 and 2017, as well as balances with related parties as at 30 June 2018 and 31 December 2017:

Related party transactions

	Six-month period ended 30 June			
	2018		*2017*	
	Sales	***Purchases***	*Sales*	*Purchases*
	(Reviewed)		*(Reviewed)*	
	QR'000	***QR'000***	*QR'000*	*QR'000*
Associates	**2,324**	**5**	988	26

Related party balances

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

	30 June 2018		*31 December 2017*	
	Trade receivables	***Trade payables***	*Trade receivables*	*Trade payables*
	(Reviewed)		*(Audited)*	
	QR'000	***QR'000***	*QR'000*	*QR'000*
Joint ventures	**20,042**	**9,058**	135,657	-
Associates	**1,662**	**5**	9,969	-
Directors	**2,591**	**90**	821	71
	24,295	**9,153**	146,447	71

Compensation of directors and other key management personnel

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

	Six-month period ended 30 June	
	2018	*2017*
	(Reviewed)	
	QR'000	*QR'000*
Salaries and allowances	**5,222**	5,802
Provision for employees' end of service benefits	**352**	341
Board of directors remuneration – cash	**6,975**	6,975
	12,549	13,118

19. 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.

There were no potentially dilutive shares outstanding at any time during the period and, therefore, the diluted earnings per share is equal to the basic earnings per share.

	Six months ended 30 June	
	2018	*2017*
	(Reviewed)	
Net profit for the year attributable to equity holders of the Parent (QR'000)	**297,141**	267,294
Weighted average number of shares (000's)	**113,616**	113,616
Basic and diluted earnings per share (QR)	**2.62**	2.35

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

	Six months ended 30 June	
	2018	*2017*
	(Reviewed)	
Total number of shares outstanding *(000's)*	**114,525**	114,525
Adjustment for weighted average shares with respect to treasury shares purchased during year 2013 *(000's) (i)*	**(909)**	(909)
Weighted average numbers of shares during the perid *(000's)*	**113,616**	113,616

(i) This represents an investment of 908,725 shares in the Company by one of its subsidiaries, during the year ended 31 December 2013.

20. SEGMENT INFORMATION

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

- Milaha Capital provides corporate finance advisory services to the Parent and its subsidiaries, in addition to managing its proprietary portfolio of financial and real estate investments and holding the investment of Qatar Quarries and Building Material Company W.L.L.

- Milaha Maritime & Logistics delivers a comprehensive range of services to major importers, exporters and shipping companies in the region, including oil & gas majors. The activities include logistics services, container feeder shipping, non-vessel operating common carriers (NVOCC) operations, bulk shipping, shipping agencies, port management and operations, shipyard and steel fabrication.

- Milaha Offshore provides comprehensive offshore support services to the oil and gas industry across the region. The group currently operates a fleet of 43 offshore service vessels, which include safety standby vessels, anchor handling tugs, crew boats, workboats and dynamic positioning (DP) vessels. It provides a complete range of diving services including saturation diving.

- Milaha Trading is engaged in trading trucks, heavy equipment, machinery and lubrication brands in Qatar. The segment markets its products and provides critical after sales service. Milaha Trading also owns and operates an IATA-approved travel agency, one of the oldest in the State of Qatar.

- Milaha Gas and Petrochem owns, manages and operates a fleet of LPG and LNG carriers and provides ocean transportation services to international energy and industrial companies. It further owns and manages a young fleet of product tankers and one crude carrier. The segment also operates a number of product tankers in partnership with international trading and shipping companies.

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

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

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

20. SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2018 (Reviewed)

	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	**356,394**	**472,531**	**223,463**	**148,687**	**189,571**	**-**	**1,390,646**	**(137,017)**	**1,253,629**
Salaries, wages and other benefits	**(3,709)**	**(64,607)**	**(81,554)**	**(7,948)**	**(52,987)**	**(59,551)**	**(270,356)**	**-**	**(270,356)**
Operating supplies and expenses	**(58,043)**	**(299,634)**	**(55,283)**	**(132,249)**	**(25,899)**	**(2,241)**	**(573,349)**	**109,316**	**(464,033)**
Rent expenses	**(2,561)**	**(22,961)**	**(4,069)**	**(1,001)**	**(625)**	**(4,611)**	**(35,828)**	**27,389**	**(8,439)**
Depreciation and amortisation	**(28,786)**	**(15,440)**	**(55,788)**	**(499)**	**(60,980)**	**(1,582)**	**(163,075)**	**-**	**(163,075)**
Other operating expenses	**(5,076)**	**(31,884)**	**(27,228)**	**(1,846)**	**(12,024)**	**(12,014)**	**(90,072)**	**312**	**(89,760)**
Allocations relating to fleet and technical services	**-**	**(17,873)**	**-**	**-**	**17,873**	**-**	**-**	**-**	**-**
Allocations relating to Milaha Corporate	**(7,305)**	**(36,233)**	**(14,287)**	**(6,792)**	**(15,430)**	**80,047**	**-**	**-**	**-**
OPERATING PROFIT	**250,914**	**(16,101)**	**(14,746)**	**(1,648)**	**39,499**	**48**	**257,966**	**-**	**257,966**
Finance costs	**(21,082)**	**(15,426)**	**(29,294)**	**-**	**(25,303)**	**-**	**(91,105)**	**5,948**	**(85,157)**
Finance income	**29,263**	**1**	**5,373**	**529**	**6,964**	**-**	**42,130**	**(5,948)**	**36,182**
(Loss) gain on disposal of property, vessels and equipment	**(64)**	**250**	**27**	**235**	**969**	**(36)**	**1,381**	**-**	**1,381**
Share of results of associates	**692**	**354**	**-**	**-**	**138,631**	**-**	**139,677**	**-**	**139,677**
Share of results of joint arrangements	**-**	**97,112**	**-**	**-**	**(14,975)**	**-**	**82,137**	**-**	**82,137**
Net gain (loss) on foreign exchange	**2,920**	**(133)**	**(87)**	**134**	**(225)**	**(12)**	**2,597**	**-**	**2,597**
Impairment of vessels and capital work-in-progress	**-**	**-**	**-**	**-**	**(140,188)**	**-**	**(140,188)**	**-**	**(140,188)**
Miscellaneous income	**410**	**1**	**-**	**-**	**1,305**	**-**	**1,716**	**-**	**1,716**
PROFIT FOR THE PERIOD	**263,053**	**66,058**	**(38,727)**	**(750)**	**6,677**	**-**	**296,311**	**-**	**296,311**

20. SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2017 (Reviewed)

	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	276,316	390,878	239,131	161,623	193,960	-	1,261,908	(116,108)	1,145,800
Salaries, wages and other benefits	(3,901)	(62,191)	(78,659)	(7,941)	(49,592)	(60,080)	(262,364)	-	(262,364)
Operating supplies and expenses	(104,559)	(239,689)	(48,524)	(135,926)	(28,263)	(2,978)	(559,939)	103,820	(456,119)
Rent expenses	(1,819)	(4,411)	(4,519)	(1,122)	(366)	(6,498)	(18,735)	11,960	(6,775)
Depreciation and amortisation	(18,075)	(30,630)	(57,129)	(463)	(67,229)	(1,887)	(175,413)	-	(175,413)
Other operating expenses	(5,518)	(14,020)	(24,186)	(2,146)	(18,632)	(10,549)	(75,051)	328	(74,723)
Allocations relating to fleet and technical services	-	(19,637)	-	-	19,637	-	-	-	-
Allocations relating to Milaha Corporate	(7,228)	(36,457)	(15,947)	(7,808)	(14,567)	82,007	-	-	-
OPERATING PROFIT	135,216	(16,157)	10,167	6,217	34,948	15	170,406	-	170,406
Finance costs	(53,328)	(5,733)	(17,880)	-	(25,549)	-	(102,490)	2,070	(100,420)
Finance income	73,656	1	2,483	1,521	8,361	-	86,022	(2,070)	83,952
(Loss) gain on disposal of property, vessels and equipment	-	(3,473)	2,947	(6)	-	-	(532)	-	(532)
Share of results of associates	(201)	1,146	-	-	127,865	-	128,810	-	128,810
Share of results of joint arrangements	-	57,017	-	-	(12,929)	-	44,088	-	44,088
Net (loss) gain on foreign exchange	(436)	(173)	(273)	32	(1,294)	(15)	(2,159)	-	(2,159)
Impairment of available-for-sale financial assets	(20,950)	-	-	-	-	-	(20,950)	-	(20,950)
Impairment of vessels and capital work-in-progress	-	(3,053)	(45,243)	-	-	-	(48,296)	-	(48,296)
Miscellaneous income	96	1	-	-	20,158	-	20,255	-	20,255
PROFIT FOR THE PERIOD	134,053	29,576	(47,799)	7,764	151,560	-	275,154	-	275,154

Note : Inter-segment revenues are eliminated on consolidation.

21. COMPARATIVE FIGURES

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