

**Qatar Navigation Q.P.S.C.**  
**CONDENSED CONSOLIDATED**  
**INTERIM FINANCIAL STATEMENTS**

**30 SEPTEMBER 2019**

**Qatar Navigation Q.P.S.C.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
As at and for the nine month period ended 30 September 2019

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**Qatar Navigation Q.P.S.C.**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
For the nine month period ended 30 September 2019

	Notes	<i>For the nine-month period ended</i>	
		<i>30 September</i>	
		<i>2019</i>	<i>2018</i>
		<i>(Unaudited)</i>	
		<i>QR'000</i>	<i>QR'000</i>
Operating revenues	5	<b>1,830,802</b>	1,810,212
Salaries, wages and other benefits		<b>(442,188)</b>	(421,223)
Operating supplies and expenses		<b>(728,151)</b>	(689,414)
Rent expenses		<b>(7,285)</b>	(11,781)
Depreciation and amortisation		<b>(269,095)</b>	(246,374)
Provision for impairment of trade receivables		<b>(6,663)</b>	(17,548)
Other operating expenses		<b>(101,148)</b>	(110,321)
<b>OPERATING PROFIT</b>		<b>276,272</b>	313,551
Finance cost		<b>(80,078)</b>	(116,440)
Finance income		<b>20,337</b>	48,244
Gain (loss) on disposal of property, vessels and equipment		<b>6,732</b>	(758)
Share of results of associates		<b>266,936</b>	207,077
Share of results of joint arrangements		<b>167,738</b>	124,371
Net gain on foreign exchange		<b>15</b>	2,490
Impairment of vessels		<b>(243,425)</b>	(183,206)
Miscellaneous income		<b>4,121</b>	2,857
<b>PROFIT FOR THE PERIOD</b>		<b>418,648</b>	398,186
<i>Attributable to:</i>			
Equity holders of the parent		<b>418,868</b>	399,523
Non-controlling interest		<b>(220)</b>	(1,337)
		<b>418,648</b>	398,186
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>			
<i>(attributable to equity holders of the parent )</i>			
<i>(expressed in QR per share)</i>	16	<b>0.37</b>	0.35

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

Qatar Navigation Q.P.S.C.  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the nine month period ended 30 September 2019

	<i>For the nine-month period ended</i>	
	<i>30 September</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Profit for the period	<u>418,648</u>	<u>398,186</u>
<b>Other comprehensive income (OCI):</b>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net (loss) / gain on equity investments at fair value through OCI	<span style="border: 1px solid black; padding: 2px;">(186,086)</span>	<span style="border: 1px solid black; padding: 2px;">593,490</span>
Equity-accounted investees – share of OCI	<span style="border: 1px solid black; padding: 2px;">(9,231)</span>	<span style="border: 1px solid black; padding: 2px;">9,057</span>
	<u>(195,317)</u>	<u>602,547</u>
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net (loss) / gain resulting from cash flow hedges	<span style="border: 1px solid black; padding: 2px;">(45,629)</span>	<span style="border: 1px solid black; padding: 2px;">50,550</span>
Cash flow hedge movement for equity-accounted investees	<span style="border: 1px solid black; padding: 2px;">(251,964)</span>	<span style="border: 1px solid black; padding: 2px;">257,927</span>
	<u>(297,593)</u>	<u>308,477</u>
Total OCI	<u>(492,910)</u>	<u>911,024</u>
<b>Total comprehensive income</b>	<u>(74,262)</u>	<u>1,309,210</u>
<i>Attributable to:</i>		
Equity holders of the Parent	<u>(74,018)</u>	<u>1,310,250</u>
Non-controlling interest	<u>(244)</u>	<u>(1,040)</u>
	<u>(74,262)</u>	<u>1,309,210</u>

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

Qatar Navigation Q.P.S.C.  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 At 30 September 2019

		<i>30 September 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, vessels and equipment	6	3,642,288	4,031,488
Investment properties	7	1,330,136	1,299,473
Intangible assets		151,869	159,503
Right-of-use assets	8	132,766	-
Investments in joint ventures		1,018,690	949,910
Investments in associates		5,779,320	5,365,434
Financial assets at fair value through other comprehensive income		3,923,448	4,100,684
Loans granted to LNG companies		142,690	149,575
Other assets		24,296	25,765
		<u>16,145,503</u>	<u>16,081,832</u>
<b>Current assets</b>			
Inventories		99,299	121,553
Trade and other receivables		738,990	760,370
Financial assets at fair value through profit or loss		74,876	138,846
Investments in term deposits	10	170,921	577,544
Cash and cash equivalents		99,421	127,394
		<u>1,183,507</u>	<u>1,725,707</u>
<b>TOTAL ASSETS</b>		<u>17,329,010</u>	<u>17,807,539</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Attributable to equity holders of the Parent</b>			
Share capital	12	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		3,690,966	3,886,259
Hedging reserve		(1,857)	295,736
Retained earnings		4,084,239	4,010,829
		<u>14,162,612</u>	<u>14,582,088</u>
Equity attributable to equity holders of the Parent		<u>14,162,612</u>	<u>14,582,088</u>
Non-controlling interest		55,473	55,717
		<u>14,218,085</u>	<u>14,637,805</u>
<b>Total equity</b>		<u>14,218,085</u>	<u>14,637,805</u>

*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 September 2019

<b>EQUITY AND LIABILITIES (CONTINUED)</b>	<i>Notes</i>	<b>30 September 2019 (Unaudited) QR'000</b>	<b>31 December 2018 (Audited) QR'000</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings		<b>1,936,916</b>	2,149,133
Advance from a customer		<b>109,020</b>	114,918
Lease liabilities	8	<b>95,798</b>	-
Provision for employees' end of service benefits		<b>119,741</b>	120,612
		<b><u>2,261,475</u></b>	<b><u>2,384,663</u></b>
<b>Current liabilities</b>			
Trade and other payables		<b>537,036</b>	510,870
Loans and borrowings		<b>269,432</b>	274,201
Lease liabilities	8	<b>42,982</b>	-
		<b><u>849,450</u></b>	<b><u>785,071</u></b>
<b>Total liabilities</b>		<b><u>3,110,925</u></b>	<b><u>3,169,734</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>17,329,010</u></b>	<b><u>17,807,539</u></b>

The Group's condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on 28 October 2019 and signed on its behalf by the following:

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

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

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

**Qatar Navigation Q.P.S.C.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the nine month period ended 30 September 2019

	<i>For the nine-month period ended 30 September</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	418,648	398,186
Adjustment for:		
Depreciation of property, vessels and equipment	200,503	203,184
Depreciation of investment property	40,019	35,593
Amortisation of intangible assets	7,647	7,597
Depreciation of right-of-use assets	20,926	-
(Gain) loss on disposal of property, vessels and equipment	(6,732)	758
Share of results of associates	(266,936)	(207,077)
Share of results of joint arrangements	(167,738)	(124,371)
Provision for employees' end of service benefits	13,268	16,535
Dividend income	(149,643)	(173,703)
Net fair value loss (gain) on financial assets at fair value through profit or loss	1,675	(27,698)
Impairment of vessels	243,425	183,206
Impairment of trade receivable	6,663	17,548
Profit on disposal of investment securities	(5,981)	(11,785)
Finance costs	80,078	116,440
Finance income	(20,337)	(48,244)
Operating profit before working capital changes:	415,485	386,169
<i>Changes in:</i>		
Inventories	22,254	(41,240)
Trade and other receivables	11,461	202,499
Trade and other payables	(28,287)	(26,508)
Cash flows from operating activities	420,913	520,920
Employees' end of service benefits paid	(14,139)	(16,116)
Net cash from operating activities	406,774	504,804
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, vessels and equipment	(106,286)	(322,805)
Dividend income	149,643	173,703
Finance income	20,337	48,244
Proceeds from disposal of property, vessels and equipment	58,290	4,314
Purchases of investment property	(70,682)	(26,785)
Addition to intangible assets	(14)	(65)
Net movement in loans granted to LNG companies	6,885	11,719
Purchase of investment securities	(35,013)	(18,192)
Net movement in investment in term deposits	406,623	1,240,305
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	986
Proceeds from disposal of financial assets at fair value through profit or loss	103,049	300,522
Dividends received from joint ventures	98,000	-
Additional investment in an associate	(610,639)	(1,020)
Dividends received from associates	202,494	168,896
Net cash flows from investing activities	222,687	1,579,822

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

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

Qatar Navigation Q.P.S.C.  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
For the nine month period ended 30 September 2019

	<i>Notes</i>	<i>For the nine-month period ended</i>	
		<i>30 September</i>	
		<i>2019</i>	<i>2018</i>
		<i>(Unaudited)</i>	
		<i>QR'000</i>	<i>QR'000</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to Company's shareholders	13	<b>(340,849)</b>	(397,658)
Dividends paid to non controlling interests		-	(7,088)
Finance costs paid		<b>(80,078)</b>	(116,440)
Payment of lease liability		<b>(19,521)</b>	-
Net movement in loans and borrowings		<b>(216,986)</b>	(1,413,854)
Net cash flows used in financing activities		<b>(657,434)</b>	(1,935,040)
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(27,973)</b>	149,586
Cash and cash equivalents at beginning of period		<b>127,394</b>	313,943
<b>Cash and cash equivalents at end of period</b>	11	<b>99,421</b>	463,529

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



**Qatar Navigation Q.P.S.C.**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the nine month period ended 30 September 2019

	<i>Attributable to the equity holders of the Parent</i>							<i>Non-controlling interest</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>	
	<i>Share capital</i> <i>QR'000</i>	<i>Treasury shares</i> <i>QR'000</i>	<i>Legal reserve</i> <i>QR'000</i>	<i>General reserve</i> <i>QR'000</i>	<i>Fair value reserve</i> <i>QR'000</i>	<i>Hedging reserve</i> <i>QR'000</i>	<i>Retained earnings</i> <i>QR'000</i>			
Balance at 31 December 2018 (Audited)	1,145,252	(73,516)	4,693,986	623,542	3,886,259	295,736	4,010,829	14,582,088	55,717	14,637,805
Adjustment on initial application of IFRS 16 (Note 4)	-	-	-	-	-	-	(4,609)	(4,609)	-	(4,609)
Restated balance at 1 January 2019	1,145,252	(73,516)	4,693,986	623,542	3,886,259	295,736	4,006,220	14,577,479	55,717	14,633,196
Profit for the period	-	-	-	-	-	-	418,868	418,868	(220)	418,648
Other comprehensive income	-	-	-	-	(195,293)	(297,593)	-	(492,886)	(24)	(492,910)
Total comprehensive (loss) income	-	-	-	-	(195,293)	(297,593)	418,868	(74,018)	(244)	(74,262)
<i>Transactions with owners of the Group:</i>										
Dividends paid (Note 13)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
<b>At 30 September 2019 (Reviewed)</b>	<b>1,145,252</b>	<b>(73,516)</b>	<b>4,693,986</b>	<b>623,542</b>	<b>3,690,966</b>	<b>(1,857)</b>	<b>4,084,239</b>	<b>14,162,612</b>	<b>55,473</b>	<b>14,218,085</b>
	<i>Attributable to the equity holders of the Parent</i>							<i>Non-controlling interest</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>	
	<i>Share capital</i> <i>QR'000</i>	<i>Treasury shares</i> <i>QR'000</i>	<i>Legal reserve</i> <i>QR'000</i>	<i>General reserve</i> <i>QR'000</i>	<i>Fair value reserve</i> <i>QR'000</i>	<i>Hedging reserve</i> <i>QR'000</i>	<i>Retained earnings</i> <i>QR'000</i>			
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 (Audited) (i)	-	-	-	-	(57,312)	-	7,763	(49,549)	(2,103)	(51,652)
Restated balance at 1 January 2018	1,145,252	(73,516)	4,693,986	623,542	3,132,846	47,432	3,923,623	13,493,165	66,997	13,560,162
Profit for the period	-	-	-	-	-	-	399,523	399,523	(1,337)	398,186
Other comprehensive income	-	-	-	-	602,250	308,477	-	910,727	297	911,024
Total comprehensive (loss) income	-	-	-	-	602,250	308,477	399,523	1,310,250	(1,040)	1,309,210
<i>Transactions with owners of the Group:</i>										
Dividends paid (Note 13)	-	-	-	-	-	-	(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	-	-	-
<b>At 30 September 2018 (Reviewed &amp; Restated) (i)</b>	<b>1,145,252</b>	<b>(73,516)</b>	<b>4,693,986</b>	<b>623,542</b>	<b>3,734,297</b>	<b>355,909</b>	<b>3,926,287</b>	<b>14,405,757</b>	<b>58,869</b>	<b>14,464,626</b>

(i) The adjustment on initial application of IFRS 9 reported in the condensed consolidated interim financial statements as of 30 September 2018 was updated in the last annual consolidated financial statements as at and for the year ended 31 December 2018. Therefore, this adjustment should be read in conjunction with the disclosure made in Note 2(e) to the annual consolidated financial statements as at and for the year ended 31 December 2018.

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

## 1. REPORTING ENTITY

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

These condensed consolidated interim financial statements comprise the Company and its subsidiaries (collectively referred 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, travel agency, warehousing, and supply chain management.

The structure of the Group has not changed since the last annual consolidated financial statements as at and for the year ended 31 December 2018 (the “latest annual financial statements”).

The condensed consolidated interim financial statements of the Group were authorised for issue by the Company’s Board of Directors on 28 October 2019.

## 2. BASIS OF ACCOUNTING

These condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and should be read in conjunction with the Group’s latest annual financial statements. They do not include all the information required for a complete set of the financial statements prepared in accordance with International Financial Reporting Standards (IFRS). 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.

## 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 described in the latest annual financial statements, except for the new lessee accounting under IFRS 16, which is described in Note 4.

### Measurement of fair values

When measuring the fair value of an asset or liability, the Group uses any market observable data available. 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 liabilities 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.

**4. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES**

The Group has initially adopted IFRS 16 “Leases” (hereafter “IFRS 16”) from 1 January 2019. A number of other new standards are effective from 1 January 2019, but they do not have a significant effect on the Group’s condensed consolidated interim financial statements.

**IFRS 16**

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessees and lessors. IFRS 16 superseded IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC 15 “Operating Leases – Incentives”, and SIC 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

Under IAS 17, lessee accounting classified leases as operating or finance leases based on management’s assessment of whether the lease transferred substantially all the risks and rewards of ownership. IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees, which resulted in almost all leases being recognised on the statement of financial position of a lessee as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17; i.e. lessors continue to classify leases as finance or operating leases. The Group acts as a lessor through leasing/sub-leasing vessels to third parties and renting investment properties (warehouses, office spaces and residential villas). Under IAS 17, all these were recognised as operating leases. The Group had no finance leases recognised under IAS 17.

The Group has applied a modified retrospective approach. Therefore, the Group has not restated the comparative information, instead recognised the cumulative effect of initially applying the standard as an adjustment to the retained earnings at the date of initial application. The Group recognised right of use assets and lease liabilities in the condensed consolidated statement of financial position, measured at the present value of the future lease payments on adoption (adjusted for any prepaid or accrued lease expenses). When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied in the Group’s principal markets was based on benchmark yield rates.

Further the Group has used the following practical expedients on initial application:

- used the Group’s previous assessment of which existing contracts are, or contain, lease;
- where the unexpired lease term on initial application date is less than 12 months or leases are of low value items (USD 5,000 or less), then the Group has elected to use the short-term lease and low-value exemptions respectively; and
- excluded initial direct costs from the measurement of right-of-use asset at the date of initial application.

The following amounts are recognised under the new standard and included in the respective headings of the condensed consolidated statement of financial position and condensed consolidated income statement:

<b>Line items impacted in the condensed consolidated interim financial statements</b>	<b>As reported at 31 December 2018 QR’000</b>	<b>Adjustments due to adoption of IFRS 16 QR’000</b>	<b>Adjusted opening balances as at 1 January 2019 QR’000</b>
Right-of-use assets	-	72,514	72,514
Lease liabilities	-	77,123	77,123
Retained earnings	4,010,829	(4,609)	4,006,220
			<i>Nine-month period ended 30</i>
			<i>September 2019</i>
			<i>(Unaudited)</i>
			<b>QR’000</b>
Depreciation charge for right-of-use assets			20,926
Interest expense on lease liabilities			3,153
Total lease payments			22,674

**Qatar Navigation Q.P.S.C.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the nine month period ended 30 September 2019

**5. OPERATING REVENUES**

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

	<i>Nine-month period ended 30 September</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Milaha Capital	<b>346,824</b>	400,773
Milaha Maritime and Logistics	<b>608,730</b>	626,127
Milaha Offshore	<b>567,427</b>	449,415
Milaha Trading	<b>104,050</b>	115,743
Milaha Gas and Petrochem	<b>203,771</b>	218,154
	<b><u>1,830,802</u></b>	<u>1,810,212</u>

**6. PROPERTY, VESSELS AND EQUIPMENT**

	<i>30 September 2019</i>	<i>31 December 2018</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Net book value, beginning balance	<b>4,031,488</b>	4,196,429
Additions	<b>106,286</b>	371,476
Disposals and write off	<b>(51,558)</b>	(7,835)
Other transfers and reclassifications	-	(11,266)
Impairment of vessels	<b>(243,425)</b>	(243,428)
Depreciation charge for the period/ year	<b>(200,503)</b>	(273,888)
Net book value, ending balance	<b><u>3,642,288</u></b>	<u>4,031,488</u>

**7. INVESTMENT PROPERTY**

	<i>30 September 2019</i>	<i>31 December 2018</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Net book value, beginning balance	<b>1,299,473</b>	1,277,575
Additions	<b>70,682</b>	62,061
Depreciation charge for the period/ year	<b>(40,019)</b>	(50,057)
Disposals and write off	-	(64)
Transfers and reclassifications	-	9,958
Net book value, ending balance	<b><u>1,330,136</u></b>	<u>1,299,473</u>

**8. LEASES**

The impact of the adoption of IFRS 16 on the condensed consolidated interim financial statements is presented in Note 4. The table below shows the movement of the right-of-use assets and their respective lease liabilities during the period.

	<i>30 September 2019 (Unaudited) QR'000</i>
<b>Right-of-use assets</b>	
At 1 January	<b>72,514</b>
Additions	<b>81,178</b>
Depreciation (Note 4)	<b><u>(20,926)</u></b>
At 30 September	<b><u>132,766</u></b>

**Qatar Navigation Q.P.S.C.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**8. LEASES (CONTINUED)**

	<i>30 September 2019 (Unaudited) QR'000</i>
<b>Lease liabilities</b>	
At 1 January	77,123
Additions	81,178
Payments	(19,521)
At 30 September	<u>138,780</u>
<b>Lease liabilities</b>	
Non-current portion	95,798
Current portion	<u>42,982</u>
	<u>138,780</u>

**9. INVESTMENTS IN ASSOCIATES**

On 3 February 2019, the Group increased its shareholding in Qatar Gas Transport Company Limited Q.P.S.C. (otherwise known as “Nakilat”) from 30.3% to 36.3% for a cash consideration of QR 611 million. Group will continue to recognize the investment as an Investment in Associate accounted using the equity method with the recognition of increased proportionate share of Nakilat’s net assets. During the period ended 30 September 2019, due to increased investment, Group recognised an additional share of profit and share of losses from hedging and fair value reserves amounting to QAR 38.4 million and QAR 36.2 million respectively.

**10. INVESTMENTS IN TERM DEPOSITS**

	<i>30 September 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>
Term deposits with banks	207,337	616,393
Less: Term deposits maturing before 90 days	<u>(36,416)</u>	<u>(38,849)</u>
Term deposits maturing after 90 days (i)	<u>170,921</u>	<u>577,544</u>

Notes:

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

**11. CASH AND CASH EQUIVALENTS**

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

	<i>30 September 2019 (Unaudited) QR'000</i>	<i>30 September 2018 (Unaudited) QR'000</i>
Cash in hand	4,662	5,130
Bank balance – term deposits (i)	36,416	290,114
Bank balance – current accounts	<u>58,343</u>	<u>168,285</u>
Cash and cash equivalents in the condensed consolidated statement of cash flows	<u>99,421</u>	463,529

(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.

# Qatar Navigation Q.P.S.C.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the nine month period ended 30 September 2019

### 12. SHARE CAPITAL

	<i>Number of shares (‘000’)</i>	<i>QR’000</i>
<i>Authorised, issued and fully paid shares</i>		
At 30 September 2019 and 31 December 2018 :		
shares with nominal value of QR 1 each	<u>1,145,252</u>	<u>1,145,252</u>

Following instructions of the Qatar Financial Markets Authority, the Company’s Extraordinary General Assembly held on 18 March 2019 approved a 10 for 1 share split i.e. 10 new shares with a par value of QR 1 each were exchanged for 1 old share with a par value of QR 10 each. This resulted in an increase to the number of the authorised, issued and fully paid shares of the Company from 114,525,200 to 1,145,252,000. The Company’s new shares were introduced on the Qatar Exchange on 7 July 2019. As a result of this transaction, the weighted average number of shares outstanding has been retrospectively adjusted.

### 13. DIVIDENDS

The Board of Directors proposed a 30% (2018: 35%) cash dividend of QR 0.3 (2018: QR 0.35) per share totaling QR 341 million for the year 2018 (2018: QR 398 million for the year 2017) which was approved by the Company’s shareholders at the Annual General Assembly held on 18 March 2019 (2018: held on 18 March 2018).

### 14. CONTINGENT LIABILITIES

At 30 September 2019 and 31 December 2018, the Group had letters of guarantees and letters of credit from which it anticipates that no material liabilities will arise as follows:

	<i>30 September 2019 (Unaudited) QR’000</i>	<i>31 December 2018 (Audited) QR’000</i>
Letters of guarantees	786,378	822,698
Letters of credits	<u>5,960</u>	<u>4,488</u>
	<u>792,338</u>	<u>827,186</u>

### 15. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties during the nine months ended 30 September 2019 and 2018, as well as balances with related parties as at 30 September 2019 and 31 December 2018:

#### Related party transactions

	<i>Nine-month period ended 30 September</i>			
	<i>2019</i>		<i>2018</i>	
	<i>Sales (Unaudited) QR’000</i>	<i>Purchases (Unaudited) QR’000</i>	<i>Sales (Unaudited) QR’000</i>	<i>Purchases (Unaudited) QR’000</i>
Associates	<u>5,222</u>	<u>4,834</u>	<u>3,433</u>	<u>63</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the nine month period ended 30 September 2019

**15. RELATED PARTY DISCLOSURES (CONTINUED)**

**Related party balances**

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

	<i>30 September 2019</i>			<i>31 December 2018</i>		
	<i>Trade receivables</i>	<i>Trade payables</i>	<i>Loans granted to LNG companies</i>	<i>Trade receivables</i>	<i>Trade payables</i>	<i>Loans granted to LNG companies</i>
	<i>(Reviewed)</i>			<i>(Audited)</i>		
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Joint ventures	<b>7,604</b>	<b>13,990</b>	-	31,850	9,806	-
Associates	<b>3,984</b>	<b>2,497</b>	<b>142,690</b>	1,057	1	149,575
Affiliate companies	<b>9,979</b>	<b>143</b>	-	850	72	-
	<b><u>21,567</u></b>	<b><u>16,630</u></b>	<b><u>142,690</u></b>	<b><u>33,757</u></b>	<b><u>9,879</u></b>	<b><u>149,575</u></b>

**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:

	<i>Nine-month period ended 30 September</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Salaries and allowances	<b>8,791</b>	8,443
Provision for employees' end of service benefits	<b>915</b>	573
Board of directors remuneration – cash	<b>10,463</b>	10,463
	<b><u>20,169</u></b>	<b><u>19,479</u></b>

**16. 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.

	<i>Nine-month period ended 30 September</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	
Net profit for the year attributable to equity holders of the Parent (QR'000 )	<b>418,868</b>	<b>399,523</b>
Weighted average number of shares (000's)	<b>1,136,165</b>	<b>1,136,165</b>
<b>Basic and diluted earnings per share (QR)</b>	<b><u>0.37</u></b>	<b><u>0.35</u></b>

The basic and diluted earnings per share are adjusted retrospectively to account for the share split (Note 12)

**16. BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)**

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

	<i>Nine months ended 30 September</i>	
	<b>2019</b>	2018
	<i>(Unaudited)</i>	
	<hr/>	<hr/>
Total number of shares outstanding (000's)	<b>1,145,252</b>	1,145,252
Adjustment for weighted average shares with respect to treasury shares purchased during year 2013 (000's) (i)	<b>(9,087)</b>	(9,087)
	<hr/>	<hr/>
Weighted average numbers of shares during the period (000's)	<b><u>1,136,165</u></b>	<u>1,136,165</u>

(i) During the year 2013, one of the subsidiaries of the group bought 9,087,250 shares amounting to QR 73,516,000. These treasury shares were transferred to the Parent Company on 24 January 2019.

**17. 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, warehousing, 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 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 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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As at and for the nine month period ended 30 September 2019

**17. SEGMENT INFORMATION (CONTINUED)**

*Nine month period ended 30 September 2019 (Unaudited)*

	<i>Milaha Capital QR'000</i>	<i>Milaha Maritime and Logistics QR'000</i>	<i>Milaha Offshore QR'000</i>	<i>Milaha Trading QR'000</i>	<i>Milaha Gas and Petrochem QR'000</i>	<i>Adjustments relating to Milaha Corporate QR'000</i>	<i>Total segments QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Consolidated QR'000</i>
Operating revenues	382,727	695,608	567,427	200,292	203,771	-	2,049,825	(219,023)	1,830,802
Salaries, wages and other benefits	(4,812)	(260,846)	(54,003)	(11,994)	(19,877)	(90,656)	(442,188)	-	(442,188)
Operating supplies and expenses	(92,496)	(519,131)	(90,646)	(187,945)	(13,429)	(6,929)	(910,576)	182,425	(728,151)
Rent expenses	(1,110)	(32,233)	(2,327)	(1,504)	(328)	(6,078)	(43,580)	36,295	(7,285)
Depreciation and amortisation	(48,655)	(22,554)	(134,610)	(747)	(60,932)	(1,597)	(269,095)	-	(269,095)
Provision for impairment of trade receivables	34	(2,026)	(3,784)	(1,194)	-	307	(6,663)	-	(6,663)
Other operating expenses	(6,503)	(44,758)	(25,418)	5,572	(17,145)	(13,199)	(101,451)	303	(101,148)
Allocations relating to fleet and technical services	-	221,859	(182,956)	-	(38,903)	-	-	-	-
Allocations relating to Milaha Corporate	(9,913)	(78,210)	(11,767)	(9,397)	(8,828)	118,115	-	-	-
<b>OPERATING PROFIT</b>	<b>219,272</b>	<b>(42,291)</b>	<b>61,916</b>	<b>(6,917)</b>	<b>44,329</b>	<b>(37)</b>	<b>276,272</b>	<b>-</b>	<b>276,272</b>
Finance costs	(862)	(12,916)	(40,216)	-	(29,211)	-	(83,205)	3,127	(80,078)
Finance income	9,337	11	69	179	13,852	16	23,464	(3,127)	20,337
Gain on disposal of property, vessels and equipment	-	843	38	18	5,806	27	6,732	-	6,732
Share of results of associates	79	3,798	-	-	263,059	-	266,936	-	266,936
Share of results of joint arrangements	-	150,472	-	-	17,266	-	167,738	-	167,738
Net gain (loss) on foreign exchange	-	392	(254)	-	(117)	(6)	15	-	15
Impairment of vessels	-	(4,344)	(225,964)	-	(13,117)	-	(243,425)	-	(243,425)
Miscellaneous income	178	-	-	-	3,943	-	4,121	-	4,121
<b>PROFIT FOR THE PERIOD</b>	<b>228,004</b>	<b>95,965</b>	<b>(204,411)</b>	<b>(6,720)</b>	<b>305,810</b>	<b>-</b>	<b>418,648</b>	<b>-</b>	<b>418,648</b>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the nine month period ended 30 September 2019

**17. SEGMENT INFORMATION (CONTINUED)**

*Nine-month period ended 30 September 2018 (Unaudited)*

	<i>Milaha Capital QR'000</i>	<i>Milaha Maritime and Logistics QR'000</i>	<i>Milaha Offshore QR'000</i>	<i>Milaha Trading QR'000</i>	<i>Milaha Gas and Petrochem QR'000</i>	<i>Adjustments relating to Milaha Corporate QR'000</i>	<i>Total segments QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Consolidated QR'000</i>
Operating revenues	438,246	677,852	449,415	228,781	218,154	-	2,012,448	(202,236)	1,810,212
Salaries, wages and other benefits	(5,824)	(237,948)	(54,393)	(11,916)	(19,583)	(91,559)	(421,223)	-	(421,223)
Operating supplies and expenses	(84,822)	(489,481)	(51,441)	(204,745)	(19,107)	(3,822)	(853,418)	164,004	(689,414)
Rent expenses	(3,456)	(34,494)	(3,157)	(1,499)	(164)	(6,843)	(49,613)	37,832	(11,781)
Depreciation and amortisation	(43,202)	(23,678)	(105,749)	(720)	(70,811)	(2,214)	(246,374)	-	(246,374)
Provision for impairment of trade receivables	542	(10,270)	(7,162)	(654)	(4)	-	(17,548)	-	(17,548)
Other operating expenses	(8,389)	(50,973)	(21,461)	(2,060)	(10,393)	(17,445)	(110,721)	400	(110,321)
Allocations relating to fleet and technical services	-	207,519	(162,362)	-	(45,157)	-	-	-	-
Allocations relating to Milaha Corporate	(11,551)	(74,684)	(13,030)	(10,426)	(12,229)	121,920	-	-	-
<b>OPERATING PROFIT</b>	<b>281,544</b>	<b>(36,157)</b>	<b>30,660</b>	<b>(3,239)</b>	<b>40,706</b>	<b>37</b>	<b>313,551</b>	<b>-</b>	<b>313,551</b>
Finance costs	(25,661)	(23,544)	(47,385)	-	(29,067)	-	(125,657)	9,217	(116,440)
Finance income	39,180	1	7,078	801	10,401	-	57,461	(9,217)	48,244
(Loss) gain on disposal of property, vessels and equipment	(64)	272	(1,165)	236	-	(37)	(758)	-	(758)
Share of results of associates	1,309	1,057	-	-	204,711	-	207,077	-	207,077
Share of results of joint arrangements	-	145,638	-	-	(21,267)	-	124,371	-	124,371
Net gain (loss) on foreign exchange	2,884	(237)	(38)	109	(228)	-	2,490	-	2,490
Impairment of vessels	-	(43,017)	-	-	(140,189)	-	(183,206)	-	(183,206)
Miscellaneous income	428	1	-	-	2,428	-	2,857	-	2,857
<b>PROFIT FOR THE PERIOD</b>	<b>299,620</b>	<b>44,014</b>	<b>(10,850)</b>	<b>(2,093)</b>	<b>67,495</b>	<b>-</b>	<b>398,186</b>	<b>-</b>	<b>398,186</b>

Note : Inter-segment revenues are eliminated on consolidation.

**18. 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.