Qatar Navigation Q.S.C.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2013

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Qatar Navigation Q.S.C. (the "Company") and its subsidiaries (the "Group") comprising of the interim consolidated statement of financial position as at 30 June 2013 and the related interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of cash flows and the interim consolidated statement of changes in equity for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

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

Date: 21 July 2013
Doha

INTERIM CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2013

	Notes	**For the six months ended 30 June 2013** *(Unaudited)* *QR'000*	*2012* *QR'000* *(Restated)*
Operating revenues	3	**1,214,064**	1,135,422
Salaries, wages and other benefits		**(292,779)**	(249,487)
Operating supplies and expenses		**(292,803)**	(369,786)
Rent expenses		**(32,761)**	(27,237)
Depreciation and amortisation		**(114,673)**	(128,725)
Other operating expenses		**(40,907)**	(44,047)
OPERATING PROFIT		**440,141**	316,140
Finance costs		**(25,237)**	(23,403)
Finance income		**33,294**	27,962
Gain on disposal of property, vessels and equipment		**9,501**	4,503
Share of results of associates		**113,372**	115,934
Share of losses in joint ventures		**(5,327)**	(912)
Miscellaneous income		**6,597**	5,242
Impairment of available-for-sale investments		**-**	(4,596)
PROFIT FOR THE PERIOD		**572,341**	440,870
Attributable to:			
Shareholders of the parent		**573,754**	440,924
Non-controlling interest		**(1,413)**	(54)
		572,341	440,870
BASIC AND DILUTED EARNINGS PER SHARE *(attributable to shareholders of the parent) expressed in QR per share)*	4	**5.01**	3.85

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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2013

		For the six months ended 30 June	
		2013	*2012*
		(Unaudited)	
	Note	***QR'000***	*QR'000*
Profit for the period		**572,341**	440,870
Other comprehensive income			
Net gain loss on cash flow hedge	5	**478,668**	(52,397)
Net gain (loss) on available-for-sale investments	5	**405,474**	(204,238)
Other comprehensive income (loss) for the period		**884,142**	(256,635)
Total comprehensive income for the period		**1,456,483**	184,235
Attributable to:			
Shareholders of the parent		**1,457,758**	184,458
Non-controlling interest		**(1,275)**	(223)
		1,456,483	184,235

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2013

	Notes	***30 June 2013 (Unaudited) QR'000***	*31 December 2012 (Audited) QR'000 (Restated)*
ASSETS			
Non-current assets			
Property, vessels and equipment	6	**3,095,263**	3,093,906
Investment properties	7	**694,625**	647,382
Intangible assets		**44,543**	42,941
Investment in joint ventures	11	**136,093**	135,123
Investment in associates		**4,179,698**	3,752,395
Available-for-sale investments		**3,234,163**	2,782,940
Loans to LNG and LPG companies		**520,073**	844,798
Notes receivable		**2,374**	1,914
		11,906,832	11,301,399
Current assets			
Inventories		**190,003**	162,092
Accounts receivable and prepayments		**653,904**	576,165
Financial investments at fair value through profit or loss		**565,430**	489,290
Bank balances and cash		**2,126,419**	1,551,713
		3,535,756	2,779,260
TOTAL ASSETS		**15,442,588**	14,080,659
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
Share capital		**1,145,252**	1,145,252
Legal reserve		**4,693,986**	4,693,986
General reserve		**623,542**	623,542
Fair value reserve		**3,265,030**	2,859,694
Hedging reserve		**(456,556)**	(935,224)
Retained earnings		**2,480,390**	2,336,105
Equity attributable to equity holders of the parent		**11,751,644**	10,723,355
Non-controlling interest		**56,193**	57,468
Total equity		**11,807,837**	10,780,823

Continued

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2013

	Note	***30 June 2013 (Unaudited) QR'000***	*31 December 2012 (Audited) QR'000 (Restated)*
Non-current liabilities			
Interest bearing loans and borrowings	10	**1,439,218**	1,770,398
Advance from a customer		**187,497**	187,497
Employees' end of service benefits		**81,643**	69,943
Obligation under finance leases		**-**	300
		1,708,358	2,028,138
Current liabilities			
Accounts payable and accruals		**517,196**	468,259
Interest bearing loans and borrowings	10	**1,407,803**	800,322
Obligation under finance leases		**1,394**	3,080
Bank overdrafts		**-**	37
		1,926,393	1,271,698
Total liabilities		**3,634,751**	3,299,836
TOTAL EQUITY AND LIABILITIES		**15,442,588**	14,080,659

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H.E. Sheikh Ali bin Jassim bin Mohammed Al-Thani	Mr. Khalifa bin Ali Al-Hetmi
Chairman and Managing Director	Chief Executive Officer

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	
	QR'000	QR'000 (Restated)
OPERATING ACTIVITIES		
Profit for the period	**572,341**	440,870
Adjustment for:		
Depreciation and amortisation	**114,673**	128,725
Finance costs	**25,237**	23,403
Gain (loss) on disposal of property, vessels and equipment	**(9,501)**	(4,503)
Share of results of associates	**(113,372)**	(115,934)
Share of losses in joint ventures	**5,327**	912
Provision for employees' end of service benefits	**15,510**	6,710
Finance income	**(33,294)**	(27,964)
Dividend income	**(149,316)**	(107,362)
Net fair value (gain) loss on financial investments at fair value through profit or loss	**(68,707)**	11,440
Impairment of available-for-sale investments	**-**	4,596
Profit on disposal of investments	**(41,215)**	(74,261)
Operating profit before working capital changes:	**317,683**	286,632
Inventories	**(27,911)**	9,165
Receivables	**(78,199)**	24,842
Payables	**48,937**	(6,372)
Cash from operating activities	**260,510**	314,267
Finance costs paid	**(25,237)**	(23,403)
Employees' end of service benefits paid	**(3,810)**	(4,189)
Net cash from operating activities	**231,463**	286,675
INVESTING ACTIVITIES		
Purchase of property, vessels and equipment	**(114,566)**	(238,224)
Dividend income	**149,316**	107,362
Finance income	**33,294**	27,964
Proceeds from disposal of property, vessels and equipment	**13,057**	(4,572)
Purchases of investment properties	**(35,452)**	(1,594)
Additions to dry docking costs	**(18,656)**	(10,349)
Net movement in loans to LNG and LPG companies	**324,725**	20,751
Purchase of associates	**-**	(10,360)
Purchase of investment securities	**(166,486)**	(211,666)
Proceeds from disposal of available-for-sale investments	**45,395**	61,831
Proceeds from disposal of financial investments at fair value through profit or loss	**99,807**	174,868
Dividends received from an associate	**168,000**	142,800
Net cash from investing activities	**498,434**	58,811

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the six months ended 30 June 2013

		For the six months ended 30 June	
		2013	*2012*
		(Unaudited)	
	Notes	***QR'000***	*QR'000*
FINANCING ACTIVITIES			
Dividends paid	9	**(429,469)**	(400,838)
Net movement in interest bearing loans and borrowings		**276,301**	681,545
Obligation under finance lease		**(1,986)**	(3,084)
Net movement in term deposits maturing after 90 days		**(225,732)**	(263,356)
Net cash (used in) from financing activities		**(380,886)**	14,267
NET INCREASE IN CASH AND CASH EQUIVALENTS		**349,011**	359,753
Cash and cash equivalents the beginning of the period		**780,893**	791,607
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	**1,129,904**	1,151,360

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to the shareholders of the Parent								
	Share capital 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 2013 (Audited)	1,145,252	4,693,986	623,542	2,859,694	(935,224)	2,336,105	10,723,355	57,468	10,780,823
Profit (loss) for the period	-	-	-	-	-	573,754	573,754	(1,413)	572,341
Other comprehensive income	-	-	-	405,336	478,668	-	884,004	138	884,142
Total comprehensive income (loss)	-	-	-	405,336	478,668	573,754	1,457,758	(1,275)	1,456,483
Dividends (Note 9)	-	-	-	-	-	(429,469)	(429,469)	-	(429,469)
Balance at 30 June 2013 (Unaudited)	**1,145,252**	**4,693,986**	**623,542**	**3,265,030**	**(456,556)**	**2,480,390**	**11,751,644**	**56,193**	**11,807,837**

	Attributable to the shareholders of the Parent								
	Share capital 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 2012 (Audited)	1,145,252	4,693,986	623,542	3,143,749	(963,281)	1,922,411	10,565,659	56,222	10,621,881
Profit (loss) for the period	-	-	-	-	-	440,924	440,924	(54)	440,870
Other comprehensive loss	-	-	-	(204,069)	(52,397)	-	(256,466)	(169)	(256,635)
Total comprehensive (loss) income	-	-	-	(204,069)	(52,397)	440,924	184,458	(223)	184,235
Dividends (Note 9)	-	-	-	-	-	(400,838)	(400,838)	-	(400,838)
Balance at 30 June 2012 (Unaudited)	1,145,252	4,693,986	623,542	2,939,680	(1,015,678)	1,962,497	10,349,279	55,999	10,405,278

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

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Qatar Navigation Q.S.C. (the "Company") or (the "Parent") was incorporated on 5 July 1957 as a Qatari Shareholding Company. The Parent company along with its subsidiaries is engaged in marine transport, acting as agent to foreign shipping lines, offshore services, sale of heavy vehicles, ship repair, fabrication and installation of offshore structures, land transport, chartering of vessels and the operation of a travel agency. The Company has a branch in Dubai, United Arab Emirates.

The interim condensed consolidated financial statements include the financial statements of the Company and of its subsidiaries (the "Group") for the six months ended 30 June 2013.

The Company has the following subsidiaries:

	Ownership Percentage	
Names of the subsidiaries	***30 June 2013***	*31 December 2012*
Qatar Shipping Company S.P.C.	100%	100%
Halul Offshore Services W.L.L.	100%	100%
Qatar Quarries and Building Materials Company Q.P.S.C. (i)	50%	50%
Gulf Shipping Investment Company W.L.L.	100%	100%
Qatar Shipping Company (India) Private Limited	100%	100%
Ocean Marine Services W.L.L.	100%	100%
Halul United Business Services L.L.C.	100%	100%

In addition to the subsidiaries above the Group has incorporated 7 wholly owned subsidiaries as a result of internal group restructuring, which have started operations effective 1 January 2013. The Group is in the process of transferring the related assets and liabilities to these subsidiaries. The newly incorporated subsidiaries are as follows and is discussed below:

Names of the subsidiaries

Milaha Marine and Logistics Integrated W.L.L.
Milaha Capital W.L.L.
Milaha Reas Estate Services S.P.C.
Milaha Trading Company W.L.L.
Navigation Travel and Tourism S.P.C.
Navigation Trading Agencies S.P.C.
Navigation Marine Service Center S.P.C.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2012. In addition, results for the six months ended 30 June 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group

The 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 2012, except for the adoption of the new standards and interpretations effective as of 1 January 2013.

Standards	*Content*
IAS 1	Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
IAS 1	Clarification of the requirement for comparative information (Amendment)
IAS 32	Tax effects of distributions to holders of equity instruments (Amendment)
IAS 19	Employee Benefits (Revised 2011) (IAS 19R)
IFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7
IAS 34	Interim Financial Reporting
IFRS 10	Consolidated Financial Statements and IAS 27 Separate Financial Statements
IFRS 13	Fair Value Measurement

The above standards did not have an impact on the interim condensed consolidated financial statements of the Group. In addition, the Group applied, for the first time, IFRS 11 Joint Arrangements that requires restatement of the previous reported financial statements, and IFRS 12-Disclosure of Interest in Other Entities resulting in additional disclosures in the annual consolidated financial statements and is described below;

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contribution by Ventures. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using Proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

The application of this new standard impacted the financial position of the Group by replacing proportionate consolidated of the joint ventures (see Note 11) with the equity method of accounting.

IFRS 11 is effective for annual periods beginning on or after 1 January 2013. The effect of IFRS 11 is described in more detail in Note 11, which includes quantification of the effect on the financial statements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statement, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made any such disclosures.

The Group did not early adopt any other standard, interpretation or amendment that has been issued but not yet effective.

3 OPERATING REVENUES

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

	Six months ended 30 June	
	2013	*2012*
	(Unaudited)	
	QR'000	*QR'000 (Restated)*
Milaha Capital	**395,855**	329,885
Milaha Maritime and Logistics	**324,270**	308,905
Milaha Offshore	**278,137**	258,623
Milaha Trading	**136,057**	154,555
Milaha Gas and Petrochem	**79,745**	83,454
	1,214,064	1,135,422

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period.

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

	Six months ended 30 June	
	2013	*2012*
	(Unaudited)	
Profit for the period attributable to shareholders of the parent (QR'000)	**573,754**	440,924
Weighted average number of shares outstanding during the period in thousands	**114,525,200**	114,525,200
Basic and diluted earnings per share (QR)	**5.01**	3.85

5 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2013	2012
	(Unaudited)	
	QR'000	QR'000
Movements of other comprehensive income		
Cash flow hedges		
Movement during the period	**2,441**	-
Group share of net movement in associates	**476,227**	(52,397)
Total effect on other comprehensive income (loss) resulting from cashflow hedges	**478,668**	(52,397)
Available-for-sale investments		
Realised gain on disposal of available-for-sale investments	**(30,098)**	(73,216)
Gain (loss) arising during the period on revaluation	**430,154**	(135,618)
Group share of net movement in associates	**5,418**	-
Reclassification adjustments for impairment included in the consolidated income statement	**-**	4,596
Total effect on other comprehensive income (loss) resulting from available-for-sale investments	**405,474**	(204,238)

6 PROPERTY, VESSELS AND EQUIPMENT

	30 June 2013 (Unaudited) QR'000	*31 December 2012 (Audited) QR'000 (Restated)*
Net book value, beginning balance	**3,093,906**	2,852,112
Additions	**114,566**	419,373
Disposals and write off	**(3,556)**	(4,604)
Transfers to investment properties (Note 7)	**(23,347)**	-
Depreciation charge for the period/ year	**(86,306)**	(172,975)
Net book value, ending balance	**3,095,263**	3,093,906

7 INVESTMENT PROPERTIES

	30 June 2013 (Unaudited) QR'000	*31 December 2012 (Audited) QR'000*
Net book value, beginning balance	**647,382**	684,220
Additions	**35,452**	173
Transfers from property, vessels and equipment (Note 6)	**23,347**	-
Disposals and write off	**-**	(11,921)
Depreciation charge for the period/ year	**(11,556)**	(25,090)
Net book value, ending balance	**694,625**	647,382

8 CASH AND CASH EQUIVALENTS

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

	30 June 2013 (Unaudited) QR'000	*31 December 2012 (Audited) QR'000 (Restated)*
Bank balances and cash	**2,126,419**	1,551,713
Less: Term deposits maturing after 90 days	**(996,515)**	(770,783)
Less: Bank overdrafts	**-**	(37)
	1,129,904	780,893

Bank balances and cash include short term deposits of QR 435,179,177 (30 June 2012: QR 178,966,348) with an original maturity of less than 90 days.

9 DIVIDENDS

During the current period, following the approval at the Annual General Assembly held on 31 March 2013, the Company paid a cash dividend of QR 3.75 per share totalling QR 429.5 million (2012: QR 3.50 per share, totalling QR 401 million) relating to the year 2012.

10 INTEREST BEARING LOANS AND BORROWINGS

Parent company:
During January 2013, the Company obtained a loan facility amounting to USD 95,000,000 (QR 345,800,000) for financing the acquisition of vessels. The facility carries interest at 3 months LIBOR + 1.75% per annum and is repayable in 24 quarterly installments. The first loan installment is repayable on April 2013 and final repayment is in January 2021.

Subsidiary:
Halul OffShore Services W.L.L.:
During April 2013, Halul OffShore Services W.L.L. obtained a loan amounting to QR 447,720,000 for the purpose of financing the acquisition of vessels or refinancing the mortgaged vessels. This loan bears interest at LIBOR + 1.75% per annum and is repayable in 31 equal quarterly instalments and a final balloon payment of QR 156.7 million at the end of 8th year. The first loan instalment is repayable on December 2013.

During the six month period ended 30 June 2013, the Group repaid a loan in advance subsequent to the reporting date amounting to QR 582Mn these amounts are disclosed as part of current liabilities as part of the interim condensed consolidated financial statements.

11 SHARE OF INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Interest in joint ventures (transition to IFRS 11)
The Group has the following investments in Joint Ventures:

	Country of Incorporation	*Group effective ownership* 30 June 2013	*Group effective ownership* 31 December 2012
QM Tanker Company L.L.C.	Cayman Islands	50%	50%
Qatar Engineering and Technology Company W.L.L.	Qatar	51%	51%
Qatar Ship Management Company W.L.L.	Qatar	51%	51%
Gulf LPG Transport Company W.L.L.	Qatar	50%	50%

Under IAS 31 Investment in Joint Ventures (prior to the transition to IFRS 11), the Group's interest in the joint ventures was classified as jointly controlled entity and the Group's share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in the consolidated financial statements. Upon adoption of IFRS 11, the Group has determined its interest to be a joint venture, accounted for using the equity method. The effect of applying IFRS 11 is as follows:

Impact on the income statement	***For the six months ended 30 June months ended 30 June 2012 (Unaudited) QR'000***
Decrease in reported operating revenues	**(28,570)**
Decrease in:	
Salaries, wages and other benefits	**8,164**
Operating supplies and expenses	**6,748**
Depreciation and amortisation	**9,320**
Other operating expenses	**547**
Decrease in Operating Profit	**(3,791)**
Increase in:	
Finance income	**4,700**
Decrease in:	
Share of results of joint ventures	**(909)**
Net impact on profit	**-**

11 SHARE OF INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

Impact on the statement of financial position	***As at 31 December 2012 (Unaudited) QR'000***
Increase in net investment in joint venture (non-current)	**135,123**
Increase in loans to LNG and LPG companies (non-current)	**486,442**
Decrease in property, vessels and equipment (non-current)	**(594,660)**
Decrease in accounts receivable and prepayments (current)	**(21,707)**
Decrease in bank balances and cash (current)	**(6,296)**
Decrease in trade payables (current)	**1,098**
Net impact on equity	**-**

12 COMMITMENTS

	30 June 2013 (Unaudited) QR'000	*31 December 2012 (Audited) QR'000 (Restated)*
Property, vessels and equipment		
Estimated capital expenditure approved but not contracted for as of the reporting date	**1,325,719**	474,930

Operating lease:

	30 June 2013 (Unaudited) QR'000	*31 December 2012 (Audited) QR'000*
Within one year	**45,848**	45,848
After one year but not more than five years	**38,204**	61,128
Total operating lease expenditure contracted for at the reporting date	**84,052**	106,976

13 CONTINGENT LIABILITIES

At 30 June 2013 and 31 December 2012, the Group had letters of guarantees and letters of credit from which it anticipates that no material liabilities will arise amounted to:

	30 June 2013 (Unaudited) QR'000	*31 December 2012 (Audited) QR'000 (Restated)*
Letters of guarantees	**548,299**	751,582
Letters of credits	**88,437**	141,022

14 DERIVATIVE FINANCIAL INSTRUMENTS

Cash flow hedges:
Qatar Shipping Company S.P.C.:
At 30 June 2013, Qatar Shipping Company S.P.C. had an interest rate swap agreement in place with a notional amount of USD 1,418,120 (QR 5,163,704) (31 December 2012: USD 4,255,769) (QR 15,491,000), whereby it receives a variable rate equal to USD LIBOR and pays a fixed rate of interest of 3.21% on the notional amount. The swap is being used to hedge the exposure to interest rate fluctuations on one of its loans. The term loan and interest rate swap have the same critical terms. This cash flow hedge is assessed to be highly effective. The fair value of the interest rate swaps are calculated by reference to the market valuation of the swap agreements.

Halul Offshore Services W.L.L.:
At 30 June 2013, Halul Offshore Services W.L.L. had an interest rate swap agreement in place with a notional amount of USD 51,030,000 (QR 185,812,137) (31 December 2012: USD 54,810,000) (QR 199,590,614), whereby it receives a variable rate of USD 3 months LIBOR and pays a fixed rate of interest of 1.30% on the notional amount. The swap is being used to hedge the exposure to interest rate fluctuations on its loans (Note 10). The loan facility and the interest rate swap have the same critical terms. This cash flow hedge is assessed to be highly effective. The fair value of the interest rate swaps are calculated by reference to the market valuation of the swap agreements.

The Group has recognised the negative fair value of the interest rate swaps amounting to QR 1,905,464 as at 30 June 2013 (31 December 2012: QR 4,495,918) in accounts payable and accruals with a corresponding entry to hedging reserve.

15 FAIR VALUE OF 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)

As at 30 June 2013, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	30 June 2013 QR'000	*Level 1 QR'000*	*Level 2 QR'000*	*Level 3 QR'000*
Financial investments at fair value through profit or loss	565,430	565,430	-	-
Available-for-sale investments:				
Quoted investments	2,830,082	2,830,082	-	-
Unquoted investments	354,961	-	354,961	-
Investments in bonds	28,903	-	28,903	-
Interest rate swaps	1,906	-	1,906	-

During the six months period ended 30 June 2013, 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.

16 RELATED PARTY DISCLOSURES

	Six months ended 30 June			
	2013		2012	
	Sales	**Purchases**	*Sales*	*Purchases*
	(Unaudited)		*(Unaudited and restated)*	
	QR'000	**QR'000**	*QR'000*	*QR'000*
Associate company	**244**	**1,107**	691	5,345
Directors	**2,549**	**158**	-	2,258
Other related parties	**45,741**	-	42,776	-
	48,534	**1,265**	43,467	7,603

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

	30 June 2013		*31 December 2012*	
	Trade receivables	***Trade payables***	*Trade receivables*	*Trade payables*
	(Unaudited)		*(Audited and restated)*	
	QR'000	***QR'000***	*QR'000*	*QR'000*
Associate company	**2,427**	**-**	636	-
Directors	**4,099**	**-**	2,366	-
Other related parties	**720**	**-**	1,044	-
	7,246	**-**	4,046	-

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

	Six months ended 30 June	
	2013	*2012*
	(Unaudited)	
	QR'000	*QR'000 (Restated)*
Salaries and allowances	**10,091**	6,934
Employees' end of service benefits	**949**	2,423
	11,040	9,357

17 SEGMENT INFORMATION

During the interim period ended 30 June 2013 the Group has carried out an internal reorganisation resulting in the restatement of the previous reported segments.

The Group is now organised into six pillars as follows, which constitute five reportable segments:

- Milaha Capital - provides corporate finance advisory services to Milaha and its subsidiaries, in addition to managing its proprietary portfolio of financial and real estate investments and holding the investment of Qatar Quarry Company W.L.L.
- Milaha Maritime & Logistics - delivers a comprehensive range of services to major importers, exporters and shipping companies in the region, including oil & gas majors. The activities include logistics services, container feeder shipping, NVOCC operations, bulk shipping, shipping agencies, port management and operations, shipyard and steel fabrication.
- Milaha Offshore - provides comprehensive offshore support services to the oil and gas industry across the region. The Company currently operates a fleet of more than 30 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 - represents some of the well-known truck, heavy equipment, machinery and lubrication brands in Qatar. The Company markets its principals’ 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 state-of-the-art 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.

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

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

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

17 SEGMENT INFORMATION (continued)

Six months period ended 30 June 2013 (Unaudited)

	Milaha Capital QR'000	*Milaha Maritime and Logistics QR'000*	*Milaha Offshore QR'000*	*Milaha Trading QR'000*	*Milaha Gas and Petrochem QR'000*	*Adjustments relating to Milaha Corporate QR'000*	*Total segments QR'000*	*Adjustments and eliminations QR'000*	*Consolidated QR'000*
Operating revenues	**420,770**	**431,386**	**286,636**	**137,038**	**81,012**	**-**	**1,356,842**	**(142,778)** *(i)*	**1,214,064**
Salaries, wages and other benefits	**(7,765)**	**(105,874)**	**(90,984)**	**(7,745)**	**(24,917)**	**(67,028)**	**(304,313)**	**11,534** *(i)*	**(292,779)**
Operating supplies and expenses	**(64,557)**	**(153,738)**	**(59,906)**	**(111,893)**	**(15,717)**	**(2,371)**	**(408,182)**	**115,379** *(i)*	**(292,803)**
Rent expenses	**(24,971)**	**(2,620)**	**(2,292)**	**(639)**	**(424)**	**(5,969)**	**(36,915)**	**4,154** *(i)*	**(32,761)**
Depreciation and amortisation	**(15,750)**	**(31,625)**	**(38,701)**	**(640)**	**(26,635)**	**(1,322)**	**(114,673)**	**-**	**(114,673)**
Other operating expenses	**(7,102)**	**(41,047)**	**(1,831)**	**(2,244)**	**(5,138)**	**4,744**	**(52,618)**	**11,711** *(i)*	**(40,907)**
OPERATING PROFIT	**300,625**	**96,482**	**92,922**	**13,877**	**8,181**	**(71,946)**	**440,141**	**-**	**440,141**
Finance costs	**(12,605)**	**(4,964)**	**(5,113)**	**-**	**(2,555)**	**-**	**(25,237)**	**-**	**(25,237)**
Finance income	**19,208**	**-**	**787**	**51**	**13,245**	**3**	**33,294**	**-**	**33,294**
Gain on disposal of property, vessels and equipment	**-**	**9,318**	**171**	**-**	**-**	**12**	**9,501**	**-**	**9,501**
Share of results of associate	**333**	**(17)**	**-**	**-**	**113,056**	**-**	**113,372**	**-**	**113,372**
Share of losses in joint ventures		**-**	**-**	**-**	**(5,327)**	**-**	**(5,327)**	**-**	**(5,327)**
Miscellaneous income	**470**	**-**	**-**	**-**	**6,127**	**-**	**6,597**	**-**	**6,597**
Allocations relating to Milaha Corporate	**(5,258)**	**(31,462)**	**(13,785)**	**(7,017)**	**(14,409)**	**71,931**	**-**	**-**	**-**
PROFIT FOR THE PERIOD	**302,773**	**69,357**	**74,982**	**6,911**	**118,318**	**-**	**572,341**	**-**	**572,341**

17 SEGMENT INFORMATION (continued)

Six months period ended 30 June 2012 (Unaudited and Restated)

	Milaha Capital QR'000	*Milaha Maritime and Logistics QR'000*	*Milaha Offshore QR'000*	*Milaha Trading QR'000*	*Milaha Gas ınd Petrochem QR'000*	*Adjustments relating to Milaha Corporate QR'000*	*Total segments QR'000*	*Adjustments and eliminations QR'000*	*Consolidated QR'000*
Operating revenues	351,095	395,540	258,623	209,304	83,454	-	1,298,016	(162,594) *(i)*	1,135,422
Salaries, wages and other benefits	(8,173)	(94,370)	(83,565)	(6,287)	(27,766)	(29,326)	(249,487)	-	(249,487)
Operating supplies and expenses	(80,332)	(142,199)	(70,112)	(184,985)	(21,358)	(1,682)	(500,668)	130,882 *(i)*	(369,786)
Rent expenses	(24,230)	(2,921)	(3,642)	(701)	(441)	(6,224)	(38,159)	10,922 *(i)*	(27,237)
Depreciation and amortization	(18,086)	(33,422)	(34,531)	(579)	(39,983)	(2,124)	(128,725)	-	(128,725)
Other operating expenses	(6,632)	(35,518)	(6)	(1,239)	(3,004)	(18,438)	(64,837)	20,790 *(i)*	(44,047)
OPERATING PROFIT	213,642	87,110	66,767	15,513	(9,098)	(57,794)	316,140	-	316,140
Finance costs	(6,940)	(5,300)	(3,501)	(46)	(7,615)	(1)	(23,403)	-	(23,403)
Finance income	12,879	-	1,027	-	14,056	-	27,962	-	27,962
Gain on disposal of property, vessels and equipment	(7)	223	4,287	-	-	-	4,503	-	4,503
Share of results of associate	-	192	-	-	115,742	-	115,934	-	115,934
Share of losses in joint ventures	-	-	-	-	(912)	-	(912)	-	(912)
Miscellaneous income	2,118	-	342	-	2,782	-	5,242	-	5,242
Impairment of available-for-sale investments	(4,596)	-	-	-	-	-	(4,596)	-	(4,596)
Allocations relating to Milaha Corporate	(4,121)	(25,896)	(11,409)	(5,721)	(10,648)	57,795	-	-	-
PROFIT FOR THE PERIOD	212,975	56,329	57,513	9,746	104,307	-	440,870	-	440,870

Note:

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

18 COMPARATIVE INFORMATION

The comparative information has been restated as discussed in Note 2 to the interim condensed consolidated financial statements as IFRS 11 (“Joint arrangements”) replaces IAS 31 (“Interests in Joint Ventures”). The effect of the restatement is discussed in Note 11 in more detail, which includes the quantification of the effect on the financial statements.

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