

Qatar Navigation Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2013

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QATAR NAVIGATION Q.S.C.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Qatar Navigation Q.S.C. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Legal and Other Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Group. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material effect on the business of the Company or on its financial position.

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

Date: 26 February 2014
Doha

Qatar Navigation Q.S.C.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	<i>Notes</i>	<i>2013 QR'000</i>	<i>2012 QR'000 (Restated)</i>
Operating revenues	4	2,236,841	2,290,833
Salaries, wages and other benefits		(580,136)	(563,787)
Operating supplies and expenses		(627,697)	(772,567)
Rent expenses		(55,710)	(54,616)
Depreciation and amortisation		(228,927)	(250,517)
Other operating expenses	5	(96,990)	(87,649)
OPERATING PROFIT		647,381	561,697
Finance costs		(43,926)	(52,072)
Finance income		67,621	68,558
Gain on disposal of property, vessels and equipment		13,886	4,549
Share of results of joint ventures	12	7,940	4,355
Share of results of associates	13	242,297	227,807
Miscellaneous income	6	12,858	52,187
Impairment of available-for-sale investments	8	-	(30,426)
PROFIT FOR THE YEAR		948,057	836,655
<i>Attributable to:</i>			
Equity holders of the parent		949,793	835,417
Non-controlling interest		(1,736)	1,238
		948,057	836,655
BASIC AND DILUTED EARNINGS PER SHARE			
<i>(attributable to equity holders of the parent expressed in QR per share)</i>	7	8.33	7.33

The attached notes 1 to 39 form part of these consolidated financial statements

Qatar Navigation Q.S.C.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	<i>Note</i>	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i> <i>(Restated)</i>
Profit for the year		<u>948,057</u>	<u>836,655</u>
Items to be reclassified to profit or loss in subsequent periods			
Net movement in hedging reserve	8	724,465	28,057
Net gain (loss) on available-for-sale investments	8	<u>715,584</u>	<u>(284,047)</u>
Other comprehensive income (loss) for the year		<u>1,440,049</u>	<u>(255,990)</u>
Total comprehensive income for the year		<u>2,388,106</u>	<u>580,665</u>
<i>Attributable to:</i>			
Equity holders of the parent		2,389,600	579,419
Non-controlling interest		<u>(1,494)</u>	<u>1,246</u>
		<u>2,388,106</u>	<u>580,665</u>

The attached notes 1 to 39 form part of these consolidated financial statements

Qatar Navigation Q.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	<i>Notes</i>	<i>2013 QR'000</i>	<i>2012 QR'000 (Restated)</i>
ASSETS			
Non-current assets			
Property, vessels and equipment	9	3,281,643	3,093,906
Investment properties	10	765,372	647,382
Intangible assets	11	55,298	42,941
Investment in joint ventures	12	143,113	135,123
Investment in associates	13	4,540,060	3,752,395
Available-for-sale investments	14	3,538,850	2,782,940
Loans to LNG and LPG companies	15	534,932	844,798
Notes receivable		<u>2,847</u>	<u>1,914</u>
		<u>12,862,115</u>	<u>11,301,399</u>
Current assets			
Inventories	16	160,144	162,092
Accounts receivable and prepayments	17	589,543	576,165
Financial assets at fair value through profit or loss	18	580,222	489,290
Bank balances and cash	19	<u>1,458,020</u>	<u>1,551,713</u>
		<u>2,787,929</u>	<u>2,779,260</u>
TOTAL ASSETS		<u>15,650,044</u>	<u>14,080,659</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
Share capital	20	1,145,252	1,145,252
Treasury shares	21	(73,516)	-
Legal reserve	22	4,693,986	4,693,986
General reserve	23	623,542	623,542
Fair value reserve		3,575,036	2,859,694
Hedging reserve		(210,759)	(935,224)
Retained earnings		<u>2,832,684</u>	<u>2,336,105</u>
Equity attributable to equity holders of the parent		<u>12,586,225</u>	<u>10,723,355</u>
Non-controlling interest		<u>55,974</u>	<u>57,468</u>
Total equity		<u>12,642,199</u>	<u>10,780,823</u>

Continued

The attached notes 1 to 39 form part of these consolidated financial statements

Qatar Navigation Q.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	<i>Notes</i>	2013 QR'000	2012 QR'000 <i>(Restated)</i>
Non-current liabilities			
Interest bearing loans and borrowings	26	1,408,491	1,770,398
Advance from a customer	27	187,497	187,497
Employees' end of service benefits	28	83,865	69,943
Obligation under finance leases	29	<u>-</u>	<u>300</u>
		<u>1,679,853</u>	<u>2,028,138</u>
Current liabilities			
Accounts payable and accruals	30	469,368	468,259
Interest bearing loans and borrowings	26	767,323	800,322
Obligation under finance leases	29	291	3,080
Bank overdrafts	19	<u>91,010</u>	<u>37</u>
		<u>1,327,992</u>	<u>1,271,698</u>
Total liabilities		<u>3,007,845</u>	<u>3,299,836</u>
TOTAL EQUITY AND LIABILITIES		<u>15,650,044</u>	<u>14,080,659</u>

.....
H.E. Sheikh Ali bin Jassim bin Mohammed Al-Thani
Chairman and Managing Director

.....
Mr. Khalifa bin Ali Al-Hetmi
Chief Executive Officer

The attached notes 1 to 39 form part of these consolidated financial statements

Qatar Navigation Q.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Notes	2013 QR'000	2012 QR'000 (Restated)
OPERATING ACTIVITIES			
Profit for the year		948,057	836,655
Adjustments to reconcile profit to net cash flows:			
Depreciation and amortisation		228,927	250,518
Finance costs		43,926	52,072
Gain on disposal of property, vessels and equipment		(13,886)	(4,549)
Share of results of joint ventures	12	(7,940)	(4,355)
Share of results of associates	13	(242,297)	(227,807)
Provision for employees' end of service benefits	28	23,064	19,981
Finance income		(67,621)	(68,558)
Dividend income		(146,537)	(107,566)
Net fair value (gain) loss on financial investments at fair value through profit or loss		(121,611)	7,743
Impairment of trade receivable	17	2,454	2,142
Provision for slow moving and obsolete inventory	16	412	2
Allowance for Impairment loss on vessels	9	7,900	-
Impairment loss on available-for-sale investments	8	-	30,426
Loss on partial disposal of investment in an associate		2,258	-
Write off of investment properties		-	11,717
Profit on disposal of investments		(35,303)	(139,257)
Operating profit before working capital changes		621,803	659,164
Working capital changes:			
Inventories		1,536	(47,243)
Receivables		(16,764)	8,138
Payables		(20,119)	(1,086)
Cash flows from operating activities		586,456	618,973
Finance costs paid		(43,926)	(52,072)
Employees' end of service benefits paid	28	(6,998)	(11,472)
Transfer to pension fund	28	(4,661)	(4,796)
Net cash flows from operating activities		530,871	550,633
INVESTING ACTIVITIES			
Purchase of property, vessels and equipment	9	(402,730)	(419,373)
Dividend income		146,537	107,566
Finance income		67,621	68,558
Proceeds from disposal of property, vessels and equipment		25,408	9,921
Purchases of investment properties	10	(118,069)	(173)
Additions to dry docking costs	11	(45,634)	(24,937)
Repayment of loans by LNG and LPG companies		309,866	16,400
Purchase of investment securities		(210,337)	(435,963)
Proceeds from disposal of available-for-sale investments		51,469	366,992
Proceeds from disposal of financial investments at fair value through profit or loss		174,025	88,509
Dividends received from associates		174,123	142,800
Proceeds from partial disposal of investment in an associate		13,164	-
Increase in investment in an associate	13	-	(15,093)
Net cash flows from (used in) investing activities		185,443	(94,793)

The attached notes 1 to 39 form part of these consolidated financial statements

Qatar Navigation Q.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	<i>Notes</i>	2013 QR'000	2012 QR'000 <i>(Restated)</i>
FINANCING ACTIVITIES			
Dividends paid	25	(429,469)	(400,838)
Purchase of treasury shares	21	(73,516)	-
Net movement in interest bearing loans and borrowings		(394,906)	610,687
Obligation under finance lease		(3,089)	(6,328)
Net movement in term deposits maturing after 90 days		76,703	(670,089)
		<hr/>	<hr/>
Net cash flows used in financing activities		(824,277)	(466,568)
		<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(107,963)	(10,728)
		<hr/>	<hr/>
Cash and cash equivalents at 1 January	19	780,893	791,621
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	19	672,930	780,893
		<hr/>	<hr/>

The attached notes 1 to 39 form part of these consolidated financial statements

Qatar Navigation Q.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	<i>Attributable to the equity holders of the Parent</i>							<i>Non-controlling interest</i>	<i>Total</i>	
	<i>Share Capital</i>	<i>Treasury shares</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Fair value reserve</i>	<i>Hedging reserve</i>	<i>Retained earnings</i>			<i>Total</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>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Balance at 1 January 2012	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 for the year	-	-	-	-	-	-	835,417	835,417	1,238	836,655
Other comprehensive (loss) income	-	-	-	-	(284,055)	28,057	-	(255,998)	8	(255,990)
Total comprehensive income	-	-	-	-	(284,055)	28,057	835,417	579,419	1,246	580,665
Dividends paid (Note 25)	-	-	-	-	-	-	(400,838)	(400,838)	-	(400,838)
Contribution to social and sports fund (Note 31)	-	-	-	-	-	-	(20,885)	(20,885)	-	(20,885)
Balance at 31 December 2012 (<i>as restated</i>)	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 for the year	-	-	-	-	-	-	949,793	949,793	(1,736)	948,057
Other comprehensive income	-	-	-	-	715,342	724,465	-	1,439,807	242	1,440,049
Total comprehensive income	-	-	-	-	715,342	724,465	949,793	2,389,600	(1,494)	2,388,106
Acquisition of treasury shares (Note 21)	-	(73,516)	-	-	-	-	-	(73,516)	-	(73,516)
Dividends paid (Note 25)	-	-	-	-	-	-	(429,469)	(429,469)	-	(429,469)
Contribution to social and sports fund (Note 31)	-	-	-	-	-	-	(23,745)	(23,745)	-	(23,745)
Balance at 31 December 2013	1,145,252	(73,516)	4,693,986	623,542	3,575,036	(210,759)	2,832,684	12,586,225	55,974	12,642,199

The attached notes 1 to 39 form part of these 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 registered office of the Company is located in Doha, State of Qatar. The shares of the Company are publically traded at Qatar Exchange. The Parent company along with its subsidiaries is engaged primarily in marine transport, acting as agent to foreign shipping lines, offshore services, sale of heavy vehicles, ship repair, fabrication and installation of offshore structures, land transport, chartering of vessels, real estate, investments in listed and unlisted securities, trading of aggregates, building materials and the operation of a travel agency. The Company has a branch in Dubai, United Arab Emirates.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together the “Group”) as at and for the year ended 31 December 2013.

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 26 February 2014

2 BASIS OF PREPARATION AND CONSOLIDATION

2.1 Basis of preparation

The consolidated financial statements are prepared under the historical cost convention except for available-for-sale investments, financial investments at fair value through profit or loss and derivative financial instruments that have been measured at fair value.

The consolidated financial statements are presented in Qatari Riyals (“QR”), which is the Company’s functional and presentation currency and all values are rounded to the nearest thousand (QR’000) except when otherwise indicated.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies’ Law No. 5 of 2002.

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

2.2 Basis of consolidation

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

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

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

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

2 BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.2 Basis of consolidation (continued)

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

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

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

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

Business combination

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

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

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

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

2 BASIS OF PREPARATION AND CONSOLIDATION (continued)**Business combination (continued)**

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

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

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

<i>Name of the subsidiary</i>	<i>Country of Incorporation</i>	<i>Nature of business</i>	<i>Ownership percentage</i>	
			<i>31 December 2013</i>	<i>31 December 2012</i>
Qatar Shipping Company S.P.C.	Qatar	Chartering of vessels and maritime services	100%	100%
Halul Offshore Services W.L.L.	Qatar	Chartering of vessels offshore services	100%	100%
Qatar Quarries and Building Materials Company Q.P.S.C. (i)	Qatar	Trading in building materials	50%	50%
Gulf Shipping Investment Company W.L.L.	Qatar	Cargo handling	100%	100%
Qatar Shipping Company (India) Private Limited	India	Own, Hire, Purchase, Sale, Operate and manage all types of ships	100%	100%
Ocean Marine Services W.L.L.	Qatar	Cargo handling, offshore support services	100%	100%
Halul United Business Services L.L.C.	Saudi	Offshore services	100%	100%
Milaha Trading Company W.L.L.	Qatar	Trading in industrial materials	100%	-
Navigation Travel & Tourism S.P.C.	Qatar	Travel agency	100%	-
Navigation Trading Agencies S.P.C.	Qatar	Trading in heavy equipment	100%	-
Navigation Marine Service Center S.P.C.	Qatar	Marine services	100%	-
Milaha Capital W.L.L.	Qatar	Investments	100%	-
Milaha Real Estate services S.P.C.	Qatar	Real estate maintenance	100%	-
Milaha Maritime and Logistics Integrated W.L.L.	Qatar	Maritime and logistic services	100%	-

2 BASIS OF PREPARATION AND CONSOLIDATION (continued)**2.2 Basis of consolidation (continued)**

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

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

<i>Name of the subsidiary</i>	<i>Parent ownership percentage</i>	
	<i>31 December 2013</i>	<i>31 December 2012</i>
Halul Offshore Services 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%	-
Milaha Capital W.L.L.	99.5%	-
Milaha Maritime and Logistics Integrated W.L.L.	99.5%	-

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Changes in accounting policies and disclosures**

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of the new standards and interpretations effective as of 1 January 2013 as noted below:

<i>Topic</i>	<i>Key requirements</i>	<i>Effective date</i>
Amendment to IAS 19, 'Employee benefits'	These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.	1 January 2013
Amendment to IFRSs 10, 11 and 12 on transition guidance	These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.	1 January 2013
Amendments to IAS 1	The main change resulting from these amendments is the requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustment). The amendments do not address which items are presented in other comprehensive income.	1 January 2013

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Changes in accounting policies and disclosures (continued)**

Annual improvements 2011	These annual improvements, address six issues in the 2009-2011 reporting cycle. It includes changes to: <ul style="list-style-type: none"> • IFRS 1, 'First time adoption' • IAS 1, 'Financial statement presentation' • IAS 16, 'Property plant and equipment' • IAS 32, 'Financial instruments; Presentation' • IAS 34, 'Interim financial reporting' 	1 January 2013
IFRS 10, 'Consolidated financial statements'	The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.	1 January 2013
IFRS 12, 'Disclosures of interests in other entities'	IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	1 January 2013
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.	1 January 2013

Standards issued but not yet effective

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

<i>Topic</i>	<i>Key requirements</i>	<i>Effective date</i>
Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting	These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.	1 January 2014
IFRS 9, 'Financial instruments'	IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.	1 January 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

<p>Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities</p>	<p>These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.</p>	<p>1 January 2014</p>
<p>Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures</p>	<p>This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.</p>	<p>1 January 2014</p>
<p>Financial Instruments: Recognition and Measurement Amendment to IAS 39 'Novation of derivatives'</p>	<p>This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria.</p>	<p>1 January 2014</p>
<p>IFRIC 21, 'Levies'</p>	<p>This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.</p>	<p>1 January 2014</p>

The Group did not early adopt any new or amended standards during the year.

Summary of significant accounting policies

Revenue recognition

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

Revenue from chartering of vessels and others:

Revenue from chartering of vessels, equipment and others is recognised on an accrual basis in accordance with the terms of the contract entered into with customers.

Sales of goods and services:

Revenue from sales of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date.

Cargo transport and container barge income:

The value of all work invoiced during the year as adjusted for uncompleted trips. Attributable profit on uncompleted trips is accounted for on a percentage of completion basis after making due allowance for future estimated losses.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Revenue recognition (continued)

Shipping agency income:

Shipping agency income is recognised on the completion of all supply requirements for vessels.

Loading, clearance and land transport income:

Loading, clearance and land transport income is recognised only after completion of these services.

Rental income:

Rental income from investment properties is accounted for on a time proportion basis.

Investment income:

Income from investments is accounted for on an accrual basis when right to receive the income is established.

Dividend income:

Dividend income is accounted for on an accrual basis when right to receive the income is established.

Interest income:

Interest income is recognised as interest accrues using the effective interest rate method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Leases

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

Group as a lessee

Finance leases that substantially transfer all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain benefit after the end of the lease term, the asset is depreciated over the the lease term.

Operating lease payments are recognised as an operating expense in the consolidated income statement on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer, substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Property, vessels and equipment

Property, vessels and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment in value. The cost of property, vessels and equipment includes all directly attributable costs including the borrowing costs that are directly attributable to the construction of the asset.

Depreciation is provided on a straight-line basis on all property, vessels and equipment, except for freehold land, which is determined to have an indefinite life. The estimated residual value at the end of the estimated useful life is also considered in the depreciation of vessels. The rates of depreciation are based upon the following estimated useful lives of the depreciable assets are as follows:

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

The carrying values of property, vessels and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property, vessels and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, vessels and equipment. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

An item of property, vessels and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated income statement in the year the asset is derecognised.

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

Capital work-in-progress

The costs of capital work-in-progress consist of the contract value, and directly attributable costs of developing and bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. The costs of capital work-in-progress will be transferred to property, vessel and equipment when these assets reach their working condition for their intended use. The carrying values of capital work-in-progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Investment properties

Land and buildings are considered as investment properties only when they are being held to earn rentals or for long term capital appreciation or both.

Investment properties are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. The cost of property includes all directly attributable costs including the borrowing costs that are directly attributable to the construction of the assets and excludes the cost of day-to-day servicing of an investment property.

Depreciation on buildings is calculated on a straight line basis over the estimated useful life of 25 years.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated income statement in the year the asset is derecognised.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

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

Deep sea transportation charter-out contracts and offshore contracts

Deep sea transportation charter-out contracts and offshore contracts that have definite useful lives ranging between 2 – 3 years.

Deferred dry docking costs and special survey

Dry docking costs incurred on vessels are deferred and are amortised over a period of 30 months and special survey over a period of 60 months.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Investment in associates and joint ventures

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

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

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

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

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

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

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the income statement.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Investment securities

The Group maintains two separate investment portfolios, as follows:

- Financial investments at fair value through profit or loss
- Available-for-sale investments

All regular way purchases and sales of investments are recognised on the trade date when the Group becomes, or ceases to be, a party to the contractual provisions of the instrument.

All investments are initially recognised at cost being the fair value of the consideration plus transaction costs except to those financial instruments at fair value through profit and loss and is subsequently re-measured based on the classification as follows:

Financial investments at fair value through profit or loss:

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

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

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

Available-for-sale investments:

Available-for-sale financial investments include equity investments and debt securities. Available-for-sale investments are either designated in this category or not classified in any other categories. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions. Available-for-sale investments are recognised initially at fair value plus transaction costs.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the fair value reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in investment income, or when the investment is determined to be impaired, the cumulative loss is reclassified from the fair value reserve to the consolidated income statement. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the Effective Interest Rate (EIR) method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For financial assets reclassified from the available-for-sale category, the related fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Loans to LNG and LPG companies

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated income statement. The losses arising from impairment are recognised in the consolidated income statement.

Impairment and un-collectibility of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated income statement. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value;
- (b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.
- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Derecognition of financial assets and liabilities

a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, as follows:

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Accounts receivable

Accounts receivable is stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Notes due from customers are disclosed as a separate item on the consolidated statement of financial position except those with a remaining term to maturity of less than one year, which are included under accounts receivable and prepayments.

Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash in banks and on hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Impairment of non-financial assets

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

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Interest bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value of the amount borrowed, less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings and subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated income statement.

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

Borrowing costs

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Borrowing costs (continued)

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

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

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits

End of service gratuity plans

The Group provides end of service benefits to its employees in accordance with employment contracts and Qatar Law No. 14 of 2004, the Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension plan

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange ruling at date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the exchange rate ruling at reporting date. Any gain or loss arising from changes in exchange rates is recognised in the consolidated income statement.

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

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the consolidated income statement.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction in an unrecognised firm commitment;

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods of which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the income statement as other operating expenses.

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

Earnings per share

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

Segment reporting

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Current versus non-current classification

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

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

All other assets are classified as non-current. A liability is current when:

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

The Group classifies all other liabilities as non-current.

Fair value measurement

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

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

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

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

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Summary of significant accounting policies (continued)****Fair value measurement (continued)**

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

Share capital*Ordinary shares*

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

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

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

4 OPERATING REVENUES

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

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i> <i>(Restated)</i>
Milaha Capital	534,381	500,276
Milaha Maritime and Logistics	722,837	700,793
Milaha Offshore	594,724	551,178
Milaha Trading	207,795	368,781
Milaha Gas and Petrochem	177,104	169,805
	<u>2,236,841</u>	<u>2,290,833</u>

Revenues of Milaha capital comprise of the following:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Dividend income	145,594	105,970
Profit on disposal of available-for-sale investments	30,078	138,372
Profit on disposal of investments at fair value through profit or loss	5,817	2,262
Net fair value gain (loss) on financial investments at fair value through profit or loss	121,611	(6,747)
Rental income	162,415	163,273
Revenue of Qatar Quarries and Building Material Company W.L.L.	68,866	97,146
	<u>534,381</u>	<u>500,276</u>

5 OTHER OPERATING EXPENSES

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i> <i>(Restated)</i>
Office expenses	16,580	16,448
Communication and utilities	12,264	12,017
Claims and insurance	11,512	11,467
Immigration and pass	8,165	7,664
Impairment of vessels	7,900	-
Legal and professional fees	7,189	5,395
Traveling and entertainment	6,670	6,616
Business promotion	4,166	3,342
Repairs and maintenance	3,114	4,467
Allowance for impairment of trade receivables (Note 17)	2,454	2,142
Write off of investment properties (Note 10)	-	11,717
Miscellaneous expenses	16,976	6,374
	<u>96,990</u>	<u>87,649</u>

6 MISCELLANEOUS INCOME

Miscellaneous income for the year 2012 includes exit fees amounting to QR 41,270,750 received by the Group for the facilitation and arrangement for exit of one of the shareholders from certain associate companies.

7 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i> <i>(Restated)</i>
Net profit for the year attributable to equity holders of the parent (QR)	<u>949,793</u>	<u>835,417</u>
Weighted average number of shares	<u>114,004</u>	<u>114,004</u>
Basic and diluted earnings per share (QR)	<u>8.33</u>	<u>7.33</u>

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

	<i>2013</i>	<i>2012</i> <i>(Restated)</i>
Total number of shares outstanding (000's)	114,525	114,525
Adjustment for weighted average shares with respect to treasury shares purchased during the year (000's)	<u>(521)</u>	<u>(521)</u>
Weighted average numbers of shares during the year (000's)	<u>114,004</u>	<u>114,004</u>

Note:

During the year, one of the subsidiaries invested 908,725 shares in the Parent Company, Qatar Navigation Q.S.C. (refer Note 21). Therefore, the earnings per share that was previously reported as at 31 December 2012 have been restated for the effects of this transaction.

8 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Movements in other comprehensive income		
<i>Cash flow hedges</i>		
Net movement during the year	(1,083)	(1,117)
Group share of net movement in cash flow hedges of associates	<u>725,548</u>	<u>29,174</u>
Total effect on other comprehensive income resulting from hedging reserve	<u><u>724,465</u></u>	<u><u>28,057</u></u>
<i>Available-for-sale investments</i>		
Net movement in fair value reserve of investments	737,134	(173,149)
Realised gain on disposal of available-for-sale investments	(30,965)	(147,251)
Group share of net movement in fair value reserves of equity accounted investees	9,415	5,927
Reclassification adjustments for impairment included in the consolidated statement of comprehensive income	<u>-</u>	<u>30,426</u>
Total effect on other comprehensive income (loss) resulting from available-for-sale investments	<u><u>715,584</u></u>	<u><u>(284,047)</u></u>

Qatar Navigation Q.S.C.

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9 PROPERTY, VESSELS AND EQUIPMENT

	<i>Land QR'000</i>	<i>Buildings QR'000</i>	<i>Vessels, containers and barges QR'000</i>	<i>Machinery, equipment and tools QR'000</i>	<i>Furniture and fittings QR'000</i>	<i>Motor vehicles QR'000</i>	<i>Capital work in progress QR'000 (Note ii)</i>	<i>Total QR'000</i>
Cost:								
At 1 January 2013	6,299	128,354	3,283,843	352,085	39,168	57,388	681,031	4,548,168
Additions	-	6,916	2,668	12,713	441	2,222	377,770	402,730
Transfers and reclassifications	-	69,247	187,802	(31,157)	6,321	33,921	(287,108)	(20,974)
Disposals and write offs	-	(75)	(27,878)	(29,867)	(1,057)	(14,430)	-	(73,307)
At 31 December 2013	<u>6,299</u>	<u>204,442</u>	<u>3,446,435</u>	<u>303,774</u>	<u>44,873</u>	<u>79,101</u>	<u>771,693</u>	<u>4,856,617</u>
Accumulated depreciation:								
At 1 January 2013	-	77,682	1,027,720	272,420	30,517	45,924	-	1,454,263
Charge for the year	-	6,714	122,426	32,577	3,980	5,571	-	171,268
Impairment of vessel	-	-	7,900	-	-	-	-	7,900
Transfers and reclassifications	-	28,476	(29,434)	(33,974)	5,508	35,419	-	5,995
Relating to disposals and write offs	-	(9)	(20,474)	(28,884)	(724)	(14,361)	-	(64,452)
At 31 December 2013	<u>-</u>	<u>112,863</u>	<u>1,108,138</u>	<u>242,139</u>	<u>39,281</u>	<u>72,553</u>	<u>-</u>	<u>1,574,974</u>
Net carrying amounts:								
At 31 December 2013	<u>6,299</u>	<u>91,579</u>	<u>2,338,297</u>	<u>61,635</u>	<u>5,592</u>	<u>6,548</u>	<u>771,693</u>	<u>3,281,643</u>

Qatar Navigation Q.S.C.

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9 PROPERTY, VESSELS AND EQUIPMENT (continued)

	<i>Land QR'000</i>	<i>Buildings QR'000</i>	<i>Vessels, containers and barges QR'000</i>	<i>Machinery, equipment and tools QR'000</i>	<i>Furniture and fittings QR'000</i>	<i>Motor vehicles QR'000</i>	<i>Capital work in progress QR'000</i>	<i>Total QR'000</i>
Cost:								
At 1 January 2012 (as previously reported)	6,299	124,826	3,743,978	344,494	40,762	55,660	514,608	4,830,627
Changes in an accounting policy (Note 39)	-	-	(673,770)	-	(275)	-	-	(674,045)
At 1 January 2012 (as restated)	6,299	124,826	3,070,208	344,494	40,487	55,660	514,608	4,156,582
Additions	-	80	8,753	14,252	1,857	1,890	392,541	419,373
Transfers	-	3,476	218,102	-	69	1,087	(222,734)	-
Disposals	-	(28)	(13,220)	(6,661)	(3,245)	(1,249)	(3,384)	(27,787)
At 31 December 2012 (restated)	6,299	128,354	3,283,843	352,085	39,168	57,388	681,031	4,548,168
Accumulated depreciation:								
At 1 January 2012 (as previously reported)	-	72,466	976,693	247,322	29,056	39,576	-	1,365,113
Changes in an accounting policy (Note 39)	-	-	(60,643)	-	-	-	-	(60,643)
At 1 January 2012 (as restated)	-	72,466	916,050	247,322	29,056	39,576	-	1,304,470
Charge for the year (restated)	-	5,244	124,801	30,694	4,674	7,562	-	172,975
Relating to disposals	-	(28)	(13,132)	(5,596)	(3,213)	(1,214)	-	(23,183)
At 31 December 2012 (restated)	-	77,682	1,027,719	272,420	30,517	45,924	-	1,454,262
Net carrying amounts:								
At 31 December 2012 (restated)	6,299	50,672	2,256,124	79,665	8,651	11,464	681,031	3,093,906

9 PROPERTY, VESSELS AND EQUIPMENT (continued)*Notes:*

- (i) The encumbrances and liens on property vessels, and equipment are disclosed in Note 26.
- (ii) Capital work in progress includes costs incurred amounting to QR 761 million (2012: QR 632 million) on construction of 24 vessels (2012: 26 vessels) recognised based on milestone of the progress of work done as per contracts entered into by the Group with shipbuilders.
- (iii) During the year 2013 borrowing cost amounting to QR 11.7 million (2012: QR 4.5 million) was capitalised under capital work in progress.

10 INVESTMENT PROPERTIES

	<i>Land</i> <i>QR'000</i>	<i>Buildings</i> <i>QR'000</i>	<i>Investment</i> <i>property</i> <i>under</i> <i>construction</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Cost:				
At 1 January 2013	161,363	608,897	-	770,260
Additions during the year	-	2,573	115,496	118,069
Transfers and reclassifications	-	(3,973)	23,348	19,375
At 31 December 2013	<u>161,363</u>	<u>607,497</u>	<u>138,844</u>	<u>907,704</u>
Accumulated depreciation:				
At 1 January 2013	-	122,878	-	122,878
Charge for the year	-	23,427	-	23,427
Relating to transfers and reclassifications	-	(3,973)	-	(3,973)
At 31 December 2013	<u>-</u>	<u>142,332</u>	<u>-</u>	<u>142,332</u>
Net carrying amounts:				
At 31 December 2013	<u>161,363</u>	<u>465,165</u>	<u>138,844</u>	<u>765,372</u>

10 INVESTMENT PROPERTIES (continued)

	<i>Land</i> <i>QR'000</i>	<i>Buildings</i> <i>QR'000</i>	<i>Investment</i> <i>property</i> <i>under</i> <i>construction</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Cost:				
At 1 January 2012	161,363	625,793	8,050	795,206
Additions during the year	-	173	-	173
Transfers	-	7,850	(7,850)	-
Disposals	-	(833)	(200)	(1,033)
Write off	-	(24,086)	-	(24,086)
	<u>161,363</u>	<u>608,897</u>	<u>-</u>	<u>770,260</u>
At 31 December 2012	<u>161,363</u>	<u>608,897</u>	<u>-</u>	<u>770,260</u>
Accumulated depreciation:				
At 1 January 2012	-	110,986	-	110,986
Charge for the year	-	25,090	-	25,090
Disposals	-	(829)	-	(829)
Relating write off	-	(12,369)	-	(12,369)
	<u>-</u>	<u>(12,369)</u>	<u>-</u>	<u>(12,369)</u>
At 31 December 2012	<u>-</u>	<u>122,878</u>	<u>-</u>	<u>122,878</u>
Net carrying amounts:				
At 31 December 2012	<u>161,363</u>	<u>486,019</u>	<u>-</u>	<u>647,382</u>

Notes:

- (i) Investment properties are located in the State of Qatar.
- (ii) The fair value of investment properties at 31 December 2013 is QR 2,412,710,000 (2012: QR 2,447,939,000). Investment properties have been fair valued by an accredited independent valuer with a recognised and relevant professional qualifications and recent experience in the location and category of investment properties being valued.
- (iii) The Company earned rental income amounting to QR 145,390,543 for the year ended 31 December 2013 (31 December 2012: QR 146,417,000). Direct operating expenses related to the investment properties (including depreciation) amounting to QR 30,638,000 (31 December 2012: QR 35,098,000) have been reflected under operating expenses.
- (vi) Write off of investment properties relates to demolition of a building during the year 2012.

At 31 December 2013

11 INTANGIBLE ASSETS

	<i>Deferred dry dock and special survey costs QR'000</i>	<i>Deep sea and offshore contracts QR'000</i>	<i>Total QR'000</i>
Cost:			
At 1 January 2013	190,565	77,242	267,807
Additions	45,634	-	45,634
Transfers	1,599	-	1,599
Write off	(21,648)	-	(21,648)
	<u>216,150</u>	<u>77,242</u>	<u>293,392</u>
At 31 December 2013			
Amortisation:			
At 1 January 2013	147,624	77,242	224,866
Charge for the year	33,862	-	33,862
Relating to write offs	(20,634)	-	(20,634)
	<u>160,852</u>	<u>77,242</u>	<u>238,094</u>
At 31 December 2013			
Net carrying amounts:			
At 31 December 2013	<u>55,298</u>	<u>-</u>	<u>55,298</u>
	<i>Deferred dry dock and special survey costs QR'000</i>	<i>Deep sea and offshore contracts QR'000</i>	<i>Total QR'000</i>
Cost:			
At 1 January 2012	167,684	77,242	244,926
Additions	24,937	-	24,937
Disposals and write off	(2,056)	-	(2,056)
	<u>190,565</u>	<u>77,242</u>	<u>267,807</u>
At 31 December 2012			
Amortisation:			
At 1 January 2012	111,606	62,300	173,906
Charge for the year	37,510	14,942	52,452
Relating to disposal and write off	(1,492)	-	(1,492)
	<u>147,624</u>	<u>77,242</u>	<u>224,866</u>
At 31 December 2012			
Net carrying amounts:			
At 31 December 2012	<u>42,941</u>	<u>-</u>	<u>42,941</u>

12 INTEREST IN JOINT VENTURES

The Group has following investments in Joint ventures:

<i>Name of entity</i>	<i>Country of Incorporation</i>	<i>Group effective ownership</i>	
		<i>2013</i>	<i>2012</i>
QM Tanker Company L.L.C.	Cayman Islands	50%	50%
Qatar Engineering and Technology Company W.L.L.	Qatar	51%	51%
Qatar Ship Management Company W.L.L.	Qatar	51%	51%
Gulf LPG Transport Company W.L.L.	Qatar	50%	50%

QM Tanker Company L.L.C.

QM Tanker Company L.L.C. ("QM Tanker") is a limited liability company established with Exxon Mobil. QM Tanker was incorporated on 12 November 1997 with the objective of acquiring lease hold rights to LR 1 class crude oil tanker. During 2008, the Company sold its ships and become dormant since then.

Qatar Engineering and Technology Company W.L.L.

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

Qatar Ship Management Company W.L.L.

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

Gulf LPG Transport Company W.L.L.

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

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

The above Joint Venture have share capital consisting solely of ordinary shares which are held directly by the Group.

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

Summarised statement of financial position:

	<i>2013 (QR'000)</i>			<i>2012 (QR'000)</i>		
	<i>GLPG</i>	<i>Other joint ventures</i>	<i>Total</i>	<i>GLPG</i>	<i>Other joint ventures</i>	<i>Total</i>
Current assets	67,995	1,552	69,547	26,482	1,521	28,003
Non-current assets	581,403	274	581,677	594,386	275	594,661
Current liabilities	(20,244)	(202)	(20,446)	(538)	(168)	(706)
Non-current liabilities	(487,306)	(359)	(487,665)	(486,442)	(393)	(486,835)
Net assets	141,848	1,265	143,113	133,888	1,235	135,123
Carrying value of investments	141,848	1,265	143,113	133,888	1,235	135,123

12 INTEREST IN JOINT VENTURES (continued)

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

	<i>2013 (QR'000)</i>			<i>2012 (QR'000)</i>		
	<i>GLPG</i>	<i>Other joint ventures</i>	<i>Total</i>	<i>GLPG</i>	<i>Other joint ventures</i>	<i>Total</i>
Operating revenue	68,644	-	68,644	62,218	-	62,218
Salaries, wages and other benefits	(17,402)	-	(17,402)	(16,085)	-	(16,085)
Operating supplies and expenses	(12,683)	-	(12,683)	(12,985)	-	(12,985)
Depreciation and amortisation	(19,675)	-	(19,675)	(18,742)	-	(18,742)
Other Operating expenses	(1,442)	(26)	(1,468)	(870)	(8)	(878)
Operating profit	17,442	(26)	17,416	13,536	(8)	13,528
Finance costs	(9,482)	-	(9,482)	(9,178)	-	(9,178)
Finance income	-	6	6	-	5	5
Profit (loss) for the year	7,960	(20)	7,940	4,358	(3)	4,355

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

	<i>2013 QR'000</i>	<i>2012 QR'000</i>
Balance at 1 January	135,123	130,768
Share of net movement in profits and other comprehensive income	7,990	4,355
Balance at 31 December	143,113	135,123

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13 INVESTMENT IN ASSOCIATES

The Group has the following investment in associates:

	Country of incorporation	Ownership %		Profit Sharing %	
		2013	2012	2013	2012
Cargotec Qatar W.L.L. (i),(xi)	Qatar	51.0%	51.0%	40.0%	40.0%
Iraq-Qatar Transport and Shipping Services Com. L.T.D. (ii), (xi)	Iraq	51.0%	51.0%	51.0%	51.0%
United Arab Shipping Agency Company W.L.L. (iii)	Qatar	40.0%	40.0%	40.0%	40.0%
Qatar Gas Transport Company Limited (NAKILAT) (Q.S.C.) (iv)	Qatar	30.3%	30.4%	30.3%	30.4%
Camartina Shipping INC. (v)	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 1 Ltd. (vi)	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 2 Ltd. (vi)	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 3 Ltd. (vi)	Liberia	29.4%	29.4%	29.4%	29.4%
Qatar LNG Transport Ltd. (vii)	Liberia	20.0%	20.0%	20.0%	20.0%
QIM Transport INC. (viii)	Panama	33.3%	33.3%	33.3%	33.3%
Man Diesel & Turbo Qatar Navigation W.L.L. (ix), (xi)	Qatar	51.0%	51.0%	35.0%	35.0%
KS Membrane 1 (x)	Denmark	40%	40%	40%	40%
KS Membrane 2 (x)	Denmark	40%	40%	40%	40%
Milaha Ras Laffan GmbH Company (xii)	Germany	40%	40%	40%	40%
Milaha Qatar GmbH & Company (xii)	Germany	40%	40%	40%	40%
India LNG Transport Company 1&2 (xiii)	Malta	15%	15%	15%	15%

Notes:

- (i) Cargotec Qatar W.L.L. is engaged in providing maintenance and repair of marine and land based cargo access, fluid power and control system to off-shore and on-shore oil services and gas facilities.
- (ii) Iraq-Qatar Transport and Shipping Services Company L.T.D. is engaged in providing transportation and shipping logistics.
- (iii) United Arab Shipping Agency Company W.L.L. is engaged in providing cargo and shipping services.
- (iv) Qatar Gas Transport Company Limited (NAKILAT) (Q.S.C.) is engaged in the sector of gas transportation either through its own ocean going vessels or by investing in joint ventures with other parties.
- (v) Camartina Shipping INC. is engaged in operation of a time charter of 135,000 m³ Liquefied Natural Gas (LNG) vessel.
- (vi) Peninsula LNG Transport Ltd No's 1, 2 & 3 were established to acquire, own, operate a time charter Liquefied Natural Gas (LNG) vessel.
- (vii) Qatar LNG Transport Ltd. was established to acquire, own, operate a time charter of 135,000 m³ Liquefied Natural Gas (LNG) vessel.
- (viii) QIM Transport INC was formed with the intention of transporting chemicals out of Qatar.
- (ix) Man Diesel & Turbo Qatar Navigation W.L.L. is engaged in trading and maintenance of marine engines, equipments and spare parts. During the year 2012, the Group invested an additional amount of QR 6,120,000 in response to a rights issue. However, this investment did not have any impact on the percentage holding in this associate company.
- (x) KS Membrane 1 & 2 are engaged in operation of time charter of 138,130 m³ and 145,000 m³ Liquefied Natural Gas (LNG) vessel.

13 INVESTMENT IN ASSOCIATES (continued)

- (xi) Even though the share ownership in the companies listed in point (i), (ii) and (ix) is more than 50%, the Group has only a significant influence over financial and operating policies. Therefore these companies have not been considered as subsidiaries of the Group.
- (xii) Milaha Ras Laffan Gmbh Company and Milaha Qatar Gmbh & Company are engaged in operation of time charter of 138,130 m³ and 145,000 m³ Liquefied Natural Gas (LNG) vessel.
- (xiii) India LNG Transport Company 1&2 were incorporated on 21 May 2001, in the Republic of Malta for the purpose of building, acquiring, owning, and operating a liquefied natural gas (LNG) tankers of approximately 138,000cu. meters each vessel.

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

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

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Balance at 1 January	3,752,395	3,617,194
Additional investment during the year	-	15,093
Share of net movement in other comprehensive income	734,913	35,101
Dividends received	(174,123)	(142,800)
Share of results	242,297	227,807
Disposal during the year	(15,422)	-
Balance at 31 December	<u>4,540,060</u>	<u>3,752,395</u>

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

Summarised statement of financial position:

	<i>2013 (QR'000)</i>			<i>2012 (QR'000)</i>		
	<i>Nakilat</i>	<i>Other associates</i>	<i>Total</i>	<i>Nakilat</i>	<i>Other associates</i>	<i>Total</i>
Current assets	671,784	173,516	845,300	745,960	135,213	881,173
Non-current assets	8,634,298	938,111	9,572,409	8,651,644	1,215,378	9,867,022
Current liabilities	(373,058)	(60,197)	(433,255)	(359,165)	(247,200)	(606,365)
Non-current liabilities	(7,615,175)	(665,460)	(8,280,635)	(8,501,577)	(724,099)	(9,225,676)
Interest in associate	1,317,849	385,970	1,703,819	536,862	379,292	916,154
Goodwill	2,836,241	-	2,836,241	2,836,241	-	2,836,241
Carrying value of investment	<u>4,154,090</u>	<u>385,970</u>	<u>4,540,060</u>	<u>3,373,103</u>	<u>379,292</u>	<u>3,752,395</u>

13 INVESTMENT IN ASSOCIATES (continued)

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

	<i>2013 (QR'000)</i>			<i>2012 (QR'000)</i>		
	<i>Nakilat</i>	<i>Other associates</i>	<i>Total</i>	<i>Nakilat</i>	<i>Other associates</i>	<i>Total</i>
Operating revenue	1,037,301	186,625	1,223,926	1,040,442	41,439	1,081,881
Profit	215,515	26,782	242,297	227,043	764	227,807
Other comprehensive income	734,963	-	734,963	35,101	-	35,101
Dividends received	168,000	6,123	174,123	142,800	-	142,800

Shares of losses not recognised:

<i>Name of entity</i>	<i>2013 QR'000</i>	<i>2012 QR'000</i>
India LNG Transport Company No. 1 & 2 Ltd	(718)	(9,627)

14 AVAILABLE-FOR-SALE INVESTMENTS

	<i>2013 QR'000</i>	<i>2012 QR'000</i>
Quoted equity investments in local companies	3,158,816	2,397,220
Unquoted investments in local companies	66,695	67,612
Unquoted investments in foreign companies	287,356	287,356
Investments in bonds	25,983	30,752
	3,538,850	2,782,940

Notes:

- (i) Available-for-sale investments represent investments in shares, bonds and investments with fund managers.
- (ii) Included in available-for-sale investments are quoted shares in local companies with a fair value of QR 36,200,000 as of 31 December 2013 (2012: QR 26,100,000), which are frozen for trading.
- (iii) Also included in available-for-sale investments are restricted shares in local companies with a fair value of QR 63,742,000 as of 31 December 2013 (2012: QR 64,950,000) as they represent establishment shares in investee companies.
- (iv) The unquoted investments represent investments in companies in which the Group is a founder shareholder.

15 LOANS TO LNG AND LPG COMPANIES

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

<i>Name of LNG/ LPG companies</i>	<i>Company operating the LNG and LPG companies</i>
<ul style="list-style-type: none"> • India LNG Transport Company No.1 Ltd, • Camartina Shipping INC, Liberia • K S Membrane-I, Denmark • Qatar LNG Transport Ltd., Liberia • India LNG Transport Company No.2 Ltd., Malta • Peninsula LNG Transport No. 1 Ltd, Liberia • Peninsula LNG Transport No. 2 Ltd, Liberia • Peninsula LNG Transport No. 3 Ltd, Liberia • K S Membrane-II, Denmark • Milaha Ras Laffan Gmbh Co. KG 1 • Milaha Qatar Gmbh KG 2 • Gulf LPG Transport W.L.L. 	<ul style="list-style-type: none"> • Shipping Corporation of India Ltd • Mitsui OSK Lines • LNG AS1 • Mitsui OSK Lines • Shipping Corporation of India Ltd • NYK • K Line • Mitsui OSK Lines • LNG AS 2 • Pronov Germany/Qatar Shipping Company S.P.C • Pronov Germany/Qatar Shipping Company S.P.C • Qatar Gas Transportation Company

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

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i> <i>(Restated)</i>
Loans	530,071	835,364
Accrued Interests	4,861	9,434
	<u>534,932</u>	<u>844,798</u>

16 INVENTORIES

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Heavy vehicles and spare parts	54,224	60,442
Gabbro and aggregate	88,801	91,792
Other goods for resale	22,623	19,242
	<u>165,648</u>	<u>171,476</u>
Provision for slow-moving inventories	(5,504)	(9,384)
	<u>160,144</u>	<u>162,092</u>

Movements in the provision for slow-moving inventories are as follows:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
At 1 January	9,384	11,333
Charge for the year	412	2
Reversal	(4,292)	(1,951)
At 31 December	<u>5,504</u>	<u>9,384</u>

17 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i> <i>(Restated)</i>
Trade accounts receivable (net)	389,169	314,270
Notes receivable	11,772	9,836
Accrued income	63,669	115,124
Staff receivables (i)	41,350	34,366
Prepaid expenses	30,575	41,734
Amounts due from related parties (Note 34)	4,589	3,169
Advances to suppliers	11,926	13,553
Other receivables	36,493	44,113
	<u>589,543</u>	<u>576,165</u>

Trade receivables are non-interest bearing and generally have settlement terms within 30 to 90 days. As at 31 December 2013, trade accounts receivable at nominal value of QR 24.1 million (2012: QR 23.5 million) were impaired. Movement in the allowance for impairment of trade receivables was as follows:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i> <i>(Restated)</i>
At 1 January	23,452	21,310
Charge for the year	2,454	2,142
Amounts written off	(1,792)	-
At 31 December	<u>24,114</u>	<u>23,452</u>

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

	<i>Neither past due nor impaired</i>	<i>Past due but not impaired</i>				
		<i>0-60 days</i>	<i>61 - 120 days</i>	<i>121 - 180 days</i>	<i>181 - 365 days</i>	<i>>365 days</i>
<i>Total</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>
2013	389,169	184,665	139,380	31,520	22,984	10,620
2012 (Restated)	314,270	110,110	135,011	43,594	23,696	1,859

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

Note:

- (i) Included in staff receivables are loans against end of service benefits amounting to QR 31,496,416 (31 December 2012: QR 27,403,693).

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Quoted investments	<u>580,222</u>	<u>489,290</u>

19 CASH AND CASH EQUIVALENTS

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

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i> <i>(Restated)</i>
Bank balances and cash	235,258	66,854
Short term deposits with banks	<u>1,222,762</u>	<u>1,484,859</u>
Bank balances and cash	1,458,020	1,551,713
Less: Term deposits maturing after 90 days (i)	(694,080)	(770,783)
Less: Bank overdrafts	<u>(91,010)</u>	<u>(37)</u>
	<u><u>672,930</u></u>	<u><u>780,893</u></u>

Note:

- (i) Short-term deposits earn interests at market rates.

20 SHARE CAPITAL

	<i>Number of shares (‘000’)</i>	<i>QR'000</i>
<i>Authorised, issued and fully paid</i>		
At 31 December 2013 and 31 December 2012		
Shares of QR 10 each.	<u>114,525</u>	<u>1,145,252</u>

21 TREASURY SHARES

During the year, one of the subsidiaries, has invested 908,725 shares amounting to QR 73,516,717 in the Parent Company, Qatar Navigation Q.S.C. These treasury shares are recognised at cost and deducted from the equity.

22 LEGAL RESERVE

In accordance with Qatar Commercial Law No.5 of 2002 and Company's Articles of Association, 10% of the profit for the year should be transferred to legal reserve. The Company has resolved to discontinue such annual transfers as reserve totals 50% of the issued capital.

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

The reserve is not available for distribution except in the circumstances stipulated in the Qatar commercial law no. 5 of 2002.

23 GENERAL RESERVE

In accordance with clause (41) of the Company's Articles of Association, the general assembly based on the board of directors' proposal may decide to transfer a portion of the net profit to a general reserve. This reserve may be used in any manner as decided by the General Assembly.

24 DERIVATIVE FINANCIAL INSTRUMENTS

Hedging activities

Cash flow hedges:

At 31 December 2013, the Group had cash flow hedges to hedge their exposure to interest rate risk which are as follows:

Halul Offshore Services W.L.L.:

At 31 December 2013, the Halul Offshore Services W.L.L. had an interest rate swap agreement in place with a notional amount of USD 47,250,000 (QR 171,990,000), whereby it receives a variable rate of USD 3 months LIBOR and pays a fixed rate of interest of 1.30% on the notional amount. The swap is being used to hedge the exposure to interest rate fluctuations on its loans. The loan facility and the interest rate swap have the same critical terms. This cash flow hedge is assessed to be highly effective. The fair value of the interest rate swaps are calculated by reference to the market valuation of the swap agreements.

Qatar Shipping Company S.P.C.:

At 31 December 2012, Qatar Shipping Company S.P.C. had an interest rate swap agreement in place with a notional amount of 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. During the year 2013, the loan and the related swap agreement were fully settled.

The Group has recognised the negative fair value of the interest rate swaps amounting to QR 2,034,000 as at 31 December 2013 (31 December 2012: QR 4,496,000) under accounts payable and accruals and the effective portion of hedge under equity.

25 DIVIDENDS

The Board of Directors have proposed a 50% cash dividend of QR 5 per share totalling QR 572.6 million for the year 2013, which is subject to the approval of the equity holders at the Annual General Assembly (2012: QR 3.75 per share totalling QR 429.5 million for the year 2012)

During the year, following the approval at the Annual General Assembly held on 31 March 2013, the Company paid a 37.5% cash dividend of QR 3.75 per share totalling QR 429.5 million relating to the year 2012 (2011: QR 3.50 per share, totalling QR 400.8 million).

26 INTEREST BEARING LOANS AND BORROWINGS

	<i>Notes</i>	<i>Interest rate %</i>	<i>Maturity</i>	<i>2013 QR'000</i>	<i>2012 QR'000</i>
<i>Parent company:</i>					
Loan 1	(i)	<i>LIBOR + 1.5</i>	<i>Jun 2014</i>	-	364,000
Loan 2	(ii)	<i>LIBOR + 1.15</i>	<i>Jul 2014</i>	-	582,400
Loan 3	(iii)	<i>LIBOR + 0.70</i>	<i>Oct 2015</i>	12,107	18,711
Loan 4	(iv)	<i>LIBOR + 0.73</i>	<i>Feb 2017</i>	151,494	199,333
Loan 5	(v)	<i>1.15</i>	<i>July 2014</i>	145,600	-
Loan 6	(vi)	<i>LIBOR + 1.75</i>	<i>Jan 2021</i>	322,375	-
Loan 7	(vii)	<i>1.25</i>	<i>Jun 2014</i>	418,600	486,304
<i>Subsidiary companies:</i>					
Loan 8	(viii)	<i>LIBOR + 0.70</i>	<i>May 2013</i>	-	1,606
Loan 9	(ix)	<i>LIBOR + 0.65</i>	<i>Nov 2015</i>	3,539	10,621
Loan 10	(x)	<i>LIBOR + 0.70</i>	<i>Mar 2015</i>	6,852	13,709
Loan 11	(xi)	<i>LIBOR + 0.60</i>	<i>Jun 2016</i>	14,788	20,711
Loan 12	(xii)	<i>LIBOR + 0.60</i>	<i>Mar 2017</i>	68,250	91,036
Loan 13	(xiii)	<i>LIBOR + 1.65</i>	<i>Mar 2020</i>	171,990	200,801
Loan 14	(xiv)	<i>LIBOR + 1.75</i>	<i>Sep 2021</i>	438,331	-
Loan 15	(xv)	<i>LIBOR + 0.80</i>	<i>Sep 2013</i>	-	15,491
Loan 16	(xvi)	<i>LIBOR + 0.75</i>	<i>Apr 2016</i>	-	145,479
Loan 17	(xvii)	<i>LIBOR + 1.75</i>	<i>June 2022</i>	397,547	397,547
Loan 18	(xviii)	-	-	9,085	24,181
Loan 19	(xix)	<i>4.5</i>	<i>April 2016</i>	20,349	-
				2,180,907	2,571,930
Less: Deferred financing costs				(5,093)	(1,210)
				2,175,814	2,570,720
Presented in the consolidated statement of financial position as follows:					
Current portion				767,323	800,322
Non-current portion				1,408,491	1,770,398
				2,175,814	2,570,720

Notes:

- (i) Loan 1 represents dollar denominated unsecured loans and is used for working capital and construction of vessels. In accordance with the amended agreement dated 6th June 2012 the Company utilised the additional drawdown amounting to QR 109,200,000 (USD 30 million) thereby increasing the current facility to QR 364,000,000 (USD 100 Million). The loan carries interest at 0.6% during the first year and carries interest at LIBOR + 1.50% from the second year onwards, the facility was fully settled during the year 2013.
- (ii) Loan 2 represents a dollar denominated loan that was obtained to finance the working capital requirements and construction of vessels. The loan is secured against 53,400,000 shares of one of the associate companies, Qatar Gas Transport Company (NAKILAT). This loan was fully settled during the year 2013.
- (iii) Loan 3 was obtained to finance the construction of a showroom and villa complex. This loan is secured by a lien of the showroom and villa properties and repayable in equal monthly installment of QR 550,333.

26 INTEREST BEARING LOANS AND BORROWINGS (continued)

- (iv) Loan 4 was obtained to finance the construction of Qatar Navigation Tower. The loan is secured by a first priority mortgage on the Tower and is repayable in equal monthly installments of QR 3,986,667
- (v) Loan 5 represents a dollar denominated revolving loan facility amounting to USD 40,000,000 (QR 145,600,000) obtained during the year and is secured against the goods and the projects for which the credit facility will be utilised.
- (vi) Loan 6 represents dollar denominated Islamic financing facility obtained for the purpose of re-financing the loans obtained for the 8 container vessels. The facility has been secured against the related vessels. The loan is repayable in 32 quarterly installments of USD 2,145,161 (QR 7,808,386) with final payment of USD 26,354,848 (QR 95,931,647).
- (vii) Loan 7 was obtained for general corporate purposes including refinancing of existing debts and new investments and is secured by a corporate guarantee of the Company. The loan is repayable in semi-annual installments. The total loan facility is USD 232,000,000 (QR 844,480,000) and at the reporting date drawn down amounts were USD 115,000,000 (QR 418,600,000) (2012: USD 133,600 (QR 486,304))
- (viii) Loan 8 was obtained to finance the purchase of nine vessels. The loan was repayable in 34 equal quarterly instalments of QR 1.6 million each commencing December 2004. The loan carries interest at LIBOR plus a margin of 0.70%. The loan is secured by the assignment of the revenues from the related vessels. During the financial year 2013, the loan has been fully settled.
- (ix) Loan 9 was obtained to finance the purchase of two anchor handling tug vessels. The loan is repayable in 18 semi-annual equal instalments of QR 3.5 million each commencing December 2006 and carries interest at LIBOR plus a margin of 0.65%. The is loan is secured by the assignment of the revenues from the related vessels.
- (x) Loan 10 was obtained to finance the construction of two vessels. The loan is repayable in 17 equal semi-annual instalments of QR 3.4 million commencing September 2006 and carries interest at LIBOR plus a margin of 0.70%. The is loan is secured by the assignment of revenues from the related vessels.
- (xi) Loan 11 was obtained to finance the purchase of 4 utility standby safety vessels. The loan is repayable in 16 semi-annual instalments commencing July 2008 and carries interest at LIBOR plus a margin of 0.60%. This loan is secured by the assignment of revenues from each vessels to an account held with the respective lending banks and the mortgage of the vessels for which loan was obtained.
- (xii) Loan 12 was obtained to finance the purchase of two platform supply vessels, which are currently under construction. The loan is repayable in 16 semi-annual instalments commencing April 2010 and carries interest at LIBOR plus a margin of 0.60%. The loan is secured by the assignment of revenues from each vessels to an account held with the respective lending banks and the mortgage of the vessels for which loan was obtained.
- (xiii) Loan 13 represents QR 220 million facility obtained for the purpose of financing or refinancing the mortgaged vessels and the loan carries interest at LIBOR + 1.65% per annum and is repayable by 32 quarterly instalments commencing from June 2012. The is loan is secured against the mortgage of the vessels for which loan was obtained. The loan has been hedged against interest rate exposure (Refer Note 24).
- (xiv) During the year, the Group obtained a loan amounting to QR 447,720,000 (USD 123,000,000) for the purpose of financing acquisition of vessels and refinancing the mortgaged vessels. This loan bears interest at LIBOR + 1.75% per annum and is repayable in 31 equal quarterly instalments of QR 9.38 million and a final balloon payment of QR 156.7 million. The loan is secured against the mortgage of the vessels for which the loan was obtained.
- (xv) Loan 15 was obtained to finance the construction of two clean product tankers namely, Jinan and Dukhan. The loan is secured by a first priority mortgage over these tankers. The Group has entered into an interest swap to hedge the interest rate exposure on this loan (Note 24). This loan was fully settled during the year 2013.

26 INTEREST BEARING LOANS AND BORROWINGS (continued)

- (xvi) Loan 16 was obtained to partially finance construction of two LPG/ Ammonia carrier and six Aframax size crude/clean tankers. The loan is secured by a first priority mortgage over these vessels. The loan was fully settled during the year 2013.
- (xvii) Loan 17 was obtained to finance the construction of 19 vessels and is repayable in 27 equal quarterly installments commencing from June 2015 and one final balloon payment of QR 160M at the end of the loan period.
- (xviii) Loan 18 represents short term revolving facilities used for working capital purposes. This facility carries interest at commercial interest rates and is secured by contract proceeds.
- (xix) Loan 19 represents a short term loan obtained to finance the outstanding trust receipts and is repayable on equal monthly installments of QR 745,000.

27 ADVANCE FROM A CUSTOMER

During 2011, the Group received QR 187,497,000 an interest free advance from a customer for the construction of harbour tugs, pilot boats, mooring boats and service boats. These boats will be in the service of the customer upon completion of the construction. The advance payment shall be repaid through deductions from the certified interim sales invoices to be raised to customer. 10% of the invoices amount will be deducted to settle from each invoice until such time the full amount of the advance payment has been repaid.

28 EMPLOYEES' END OF SERVICE BENEFITS

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Movements in the provision recognised in the consolidated statement of financial position are as follows:		
At 1 January	72,634	68,921
Provided during the year	23,064	19,981
End of service benefits paid	(6,998)	(11,472)
Transferred to the pension fund	(4,661)	(4,796)
Provision as at 31 December	<u>84,039</u>	<u>72,634</u>
Employees' end of service benefits		
End of service benefits plans	83,865	69,943
Pension plan (Note 30)	174	2,691
Provision as at 31 December	<u>84,039</u>	<u>72,634</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

29 OBLIGATION UNDER FINANCE LEASES

Finance leases relate to the Group's Non Vessel Operating Common Carrier (NVOCC) operations for containers with lease terms ranging from 3 to 5 years. The Group enjoy the majority of risks and rewards attached to the ownership of leased assets and has the option to purchase the containers for a nominal amount at the end of the lease terms.

	<i>Minimum lease payments</i>		<i>Present value of minimum lease payments</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Payable				
Within 1 year	297	3,231	-	3080
More than 1 year but less than 5 years	-	317	291	300
	297	3,548	291	3,380
Less: Future finance charges	(6)	(168)	-	-
Present value of minimum lease payments	291	3,380	291	3,380

Included in the consolidated statement of financial position as follows:

	<i>2013</i>	<i>2012</i>
	<i>QR'000</i>	<i>QR'000</i>
Current portion	291	3,080
Non-current portion	-	300
	291	3,380

30 ACCOUNTS PAYABLE AND ACCRUALS

	<i>2013</i>	<i>2012</i>
	<i>QR'000</i>	<i>QR'000</i>
		<i>(Restated)</i>
Trade accounts and notes payable	143,363	108,531
Accrued expenses	114,207	151,163
Pension plan (Note 28)	174	2,691
Advances from customers	45,261	50,511
Contribution to social and sports fund (Note 31)	23,745	20,885
Negative fair value of interest rate swaps	2,034	4,496
Provision for liquidated damages (i)	-	9,594
Other payables	140,584	120,388
	469,368	468,259

Note:

- (i) Provision for liquidated damages relates to liquidated damages on account of the late delivery of vessels for hire to a customer.

31 PROVISION FOR CONTRIBUTION TO SOCIAL AND SPORTS FUND

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

During the year, Group appropriated an amount of QR 23.8 million (2012: QR 20.9 million) representing 2.5% of the consolidated net profit for the year.

32 COMMITMENTS

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Capital commitments		
Property, vessels and equipment		
Estimated capital expenditure approved and contracted as of the reporting date	<u>1,659,854</u>	<u>474,930</u>

Operating lease commitments

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

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Within one year	45,848	45,848
After one year but not more than five years	<u>15,280</u>	<u>61,128</u>
Total operating lease expenditure contracted for at the reporting date	<u>61,128</u>	<u>106,976</u>

33 CONTINGENT LIABILITIES

At 31 December 2013, the Group had following contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Letters of guarantee	763,466	751,582
Letters of credit	<u>242,364</u>	<u>141,022</u>
	<u>1,005,830</u>	<u>892,604</u>

Litigation and claims

At the reporting date, there are certain litigations filed by third parties against the Group, total amounting to QR 21.8 million. The management is of the opinion that these claims do not have any merit and the Group has been advised by its legal counsel that the outcome from the legal action cannot be determined at this early stage and therefore no provision for any liability has been made in these consolidated financial statements.

34 RELATED PARTY DISCLOSURES**Related party transactions**

Related parties represent associated companies, affiliate entities, shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties during the year are as follows:

	2013				
	<i>Sales QR'000</i>	<i>Purchases QR'000</i>	<i>Interest income QR'000</i>	<i>Amounts paid for construction of vessels QR'000</i>	<i>Receipt of loan instalments QR'000</i>
Associate companies	896	1,438	27,051	195,438	327,600
Directors	8,240	537	-	-	-
	<u>9,136</u>	<u>1,975</u>	<u>27,051</u>	<u>195,438</u>	<u>327,600</u>
	2012				
	<i>Sales QR'000</i>	<i>Purchases QR'000</i>	<i>Interest income QR'000</i>	<i>Amounts paid for construction of vessels QR'000</i>	<i>Receipt of loan instalments</i>
Associate companies	460	6,198	28,468	240,931	16,400
Directors	5,273	1,430	-	-	-
	<u>5,733</u>	<u>7,628</u>	<u>28,468</u>	<u>240,931</u>	<u>16,400</u>

Related party balances

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

	2013		2012	
	<i>Receivables QR'000</i>	<i>Payables QR'000</i>	<i>Receivables QR'000</i>	<i>Payables QR'000</i>
Associate companies	373	-	636	-
Directors	3,765	-	2,366	-
Other related parties	451	-	167	-
	<u>4,589</u>	<u>-</u>	<u>3,169</u>	<u>-</u>

Sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2013, the Group has not recorded any impairment of receivables relating to amounts due from related parties (2012: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Loans due from associates

Loans to LNG and LPG companies amounting to QR 534,932,156 (2012: QR 844,797,740) is disclosed as part of Note 15.

34 RELATED PARTY DISCLOSURES (continued)**Compensation of directors and other key management personnel**

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

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Short-term benefits	20,549	20,113
Employees' end of service benefits	919	768
Board of directors remuneration – cash	27,960	28,200
Board of directors remuneration – in kind	2,200	682
	<u>51,628</u>	<u>49,763</u>

35 SEGMENT INFORMATION

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

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

Adjustments with respect to Milaha corporate represent 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

35 SEGMENT INFORMATION (continued)

Year ended 31 December 2013

	<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	610,196	833,981	597,485	281,202	177,654	-	2,500,518	(263,677) (i)	2,236,841
Salaries, wages and other benefits	(14,989)	(178,486)	(191,121)	(15,129)	(53,685)	(134,485)	(587,895)	7,759 (i)	(580,136)
Operating supplies and other operating expenses	(131,804)	(403,843)	(126,339)	(234,219)	(61,195)	(3,527)	(960,927)	236,240 (i)	(724,687)
Rent expenses	(49,958)	(5,223)	(5,984)	(1,207)	(1,078)	(11,938)	(75,388)	19,678 (i)	(55,710)
Depreciation and amortization	(31,898)	(61,979)	(75,530)	(1,270)	(55,560)	(2,690)	(228,927)	-	(228,927)
OPERATING PROFIT	381,547	184,450	198,511	29,377	6,136	(152,640)	647,381	-	647,381
Finance costs	(18,594)	(11,245)	(6,710)	(123)	(7,254)	-	(43,926)	-	(43,926)
Finance income	35,067	-	273	145	32,136	-	67,621	-	67,621
Gain on disposal of property, vessels and equipment	(22)	10,993	2,915	-	-	-	13,886	-	13,886
Share of results of joint ventures	-	-	-	-	7,940	-	7,940	-	7,940
Share of results of associate	1,174	275	-	-	240,848	-	242,297	-	242,297
Miscellaneous income	388	-	946	-	11,524	-	12,858	-	12,858
Allocations relating to Milaha Corporate	(10,866)	(66,451)	(29,330)	(14,941)	(31,052)	152,640	-	-	-
PROFIT FOR THE YEAR	388,694	118,022	166,605	14,458	260,278	-	948,057	-	948,057

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

35 SEGMENT INFORMATION (continued)

Year ended 31 December 2012

	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	596,715	849,626	551,178	433,578	169,805	-	2,600,902	(310,069) (i)	2,290,833
Salaries, wages and other benefits	(17,039)	(197,103)	(184,380)	(13,029)	(55,372)	(96,864)	(563,787)	-	(563,787)
Operating supplies and other operating expenses	(178,020)	(383,178)	(128,223)	(388,942)	(57,009)	(13,069)	(1,148,441)	288,225 (i)	(860,216)
Rent expenses	(48,611)	(5,931)	(7,257)	(1,413)	(800)	(12,448)	(76,460)	21,844 (i)	(54,616)
Depreciation and amortization	(33,145)	(66,753)	(72,737)	(1,044)	(74,270)	(2,568)	(250,517)	-	(250,517)
								-	
OPERATING PROFIT	319,900	196,661	158,581	29,150	(17,646)	(124,949)	561,697	-	561,697
Finance costs	(17,901)	(11,613)	(7,459)	(122)	(14,977)	-	(52,072)	-	(52,072)
Finance income	30,257	-	1,187	-	37,114	-	68,558	-	68,558
Gain on disposal of property, vessels and equipment	(845)	874	4,505	-	15	-	4,549	-	4,549
Share of results of joint ventures	-	-	-	-	4,355	-	4,355	-	4,355
Share of results of associate	-	574	-	-	227,233	-	227,807	-	227,807
Miscellaneous income	4,634	-	630	-	46,923	-	52,187	-	52,187
Impairment of available-for-sale investments	(30,426)	-	-	-	-	-	(30,426)	-	(30,426)
Allocations relating to Milaha Corporate	(8,705)	(54,791)	(24,720)	(12,126)	(24,607)	124,949	-	-	-
PROFIT FOR THE YEAR	296,914	131,705	132,724	16,902	258,410	-	836,655	-	836,655

Note:

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

35 SEGMENT INFORMATION (continued)**Geographic segments**

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

	2013			2012		
	<i>Qatar</i> <i>QR'000</i>	<i>UAE</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>	<i>Qatar</i> <i>QR'000</i>	<i>UAE</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Operating revenues	<u>2,134,897</u>	<u>101,944</u>	<u>2,236,841</u>	<u>2,189,399</u>	<u>163,652</u>	<u>2,353,051</u>
Profit (loss) for the year	<u>951,740</u>	<u>(2,165)</u>	<u>949,575</u>	<u>828,418</u>	<u>8,237</u>	<u>836,655</u>

36 FINANCIAL RISK MANAGEMENT**Objective and policies**

The Group's principal financial liabilities comprise interest bearing loans and borrowings, obligation under finance leases, bank overdrafts, trade accounts payable, amounts due to related parties and accrued expenses and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade accounts receivable, amounts due from related parties, loans to LNG and LPG companies, available for sale investments, staff and other receivables and cash and bank balances, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity price will affect the Group's income, equity or the value of its holdings of financial instruments. The management reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk

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

To manage the risk of changes in floating interest rate on its interest bearing loans, the Group has entered into interest rate swaps as explained in Note 24. Under the swap agreements, the Group will pay an agreed fixed interest rate and receive a floating interest rate.

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

	2013 <i>QR</i> <i>QR'000</i>	2012 <i>QR</i> <i>QR'000</i>
Floating interest rate instruments		
Financial assets	22,604	343,261
Financial liabilities	<u>(1,687,368)</u>	<u>(2,085,663)</u>
	<u>(1,664,764)</u>	<u>(1,742,402)</u>
Fixed interest rate instruments		
Financial assets	1,752,833	2,320,223
Financial liabilities	<u>(584,549)</u>	<u>(486,304)</u>
	<u>1,168,284</u>	<u>1,833,919</u>

36 FINANCIAL RISK MANAGEMENT (continued)

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2013. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

	<i>Changes in basis points</i>	<i>Effect on profit for the year QR</i>
2013		
Floating interest rate instruments	+25	(4,162)
2012		
Floating interest rate instruments	+25	(4,356)

Currency risk

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

Equity price risk

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

At the reporting date, the Group's exposure to listed equity securities at fair value includes both available-for-sale investments and held-for-trading investments. An increase or decrease of 5% on the Qatar Exchange (QE) index would have an impact of approximately QR 29 million (2012: QR 24.5 million) on the consolidated income statement in respect of held for trading investments. In respect of available-for-sale investments, a decrease of 5% on the QE index would have an impact of approximately QR 158 million (2012: QR 120 million) on the consolidated income statement or consolidated statement of changes in equity, depending on whether or not the decline is significant and prolonged. An increase of 5% in the value of the listed securities would impact equity in a similar amount but will not have an effect on income unless there is an impairment charge associated with it.

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of accounts receivable, amounts due from related parties, loans to LNG and LPG companies and bank balances.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. As it deals with credit worthy clients and the dues are collected based on the specified terms in the contracts, the Group's exposure to credit risk is minimal.

36 FINANCIAL RISK MANAGEMENT (continued)

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments are as follows:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i> <i>(Restated)</i>
Loans to LNG and LPG Companies (Note 15)	534,932	844,798
Trade account receivables	389,169	314,270
Accrued income	63,669	115,124
Notes receivables	14,619	11,750
Staff receivables	41,350	34,366
Amounts due from related parties	4,589	3,169
Other receivables	36,493	44,113
Bank balances (excluding cash)	1,434,546	1,551,713
	<u>2,519,367</u>	<u>2,919,303</u>

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group limits its liquidity risk by ensuring adequate bank facilities are available. The Group's terms of revenue require amounts to be settled within its specified terms in the contracts. Trade accounts payable are normally settled within the terms of purchase from the supplier.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2013 based on contractual undiscounted payments.

	<i>On demand</i> <i>QR'000</i>	<i>Less than 1 year</i> <i>QR'000</i>	<i>1 to 5 years</i> <i>QR'000</i>	<i>Over 5 years</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
2013					
Bank overdrafts	91,010	-	-	-	91,010
Trade accounts and notes payable	-	143,363	-	-	143,363
Other payables and accruals	-	254,965	-	-	254,965
Contribution to social and sport fund	-	23,745	-	-	23,745
Interest bearing loans and borrowings	685	816,648	670,689	880,515	2,368,537
Interest rate swaps	-	-	2,034	-	2,034
Obligation under finance lease	-	297	-	-	297
Total	<u>91,695</u>	<u>1,239,018</u>	<u>672,723</u>	<u>880,515</u>	<u>2,883,951</u>
	<i>On demand</i> <i>QR'000</i>	<i>Less than 1 year</i> <i>QR'000</i>	<i>1 to 5 years</i> <i>QR'000</i>	<i>Over 5 years</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
2012 (Restated)					
Bank overdrafts	37	-	-	-	37
Trade accounts and notes payable	-	108,531	-	-	108,531
Other payables and accruals	-	274,242	-	-	274,242
Contribution to social and sport fund	-	20,885	-	-	20,885
Interest bearing loans and borrowings	-	765,129	1,612,039	308,173	2,685,341
Obligation under finance lease	-	3,070	317	-	3,387
Interest rate swaps	-	-	4,496	-	4,496
Total	<u>37</u>	<u>1,171,857</u>	<u>1,616,852</u>	<u>308,173</u>	<u>3,096,919</u>

36 FINANCIAL RISK MANAGEMENT (continued)**Capital management**

The Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group target is to achieve a return on equity greater than the weighted average interest expense on interest bearing loans and borrowings.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions and equity holders' expectation. To maintain or adjust the capital structure, the Company may adjust the dividend payment to equity holders or increase capital. No changes were made in the objectives, policies or processes during the year end 31 December 2013 and 31 December 2012.

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

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

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Debt (i)	2,175,814	2,570,720
Less: Cash and bank balances	(1,458,020)	(1,551,713)
Net debt	<u>717,794</u>	<u>1,019,007</u>
Equity attributable to equity holders of the Parent	<u>12,642,199</u>	<u>10,723,355</u>
Gearing ratio	5.7%	9.5%

- (i) Debt comprises of interest bearing loans and borrowings as detailed in Note 26.

37 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

37 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
		<i>(Restated)</i>		<i>(Restated)</i>
Financial assets at fair value through profit or loss				
Financial investments at fair value through profit or loss	<u>580,222</u>	<u>489,290</u>	<u>580,222</u>	<u>489,290</u>
Financial assets (liabilities) at fair value through other comprehensive income				
Available-for-sale investments	<u>3,158,816</u>	<u>2,397,220</u>	<u>3,158,816</u>	<u>2,397,220</u>
Interest rate swaps (cash flow hedge)	<u>(2,034)</u>	<u>(4,496)</u>	<u>(2,034)</u>	<u>(4,496)</u>
	<u>3,156,782</u>	<u>2,392,724</u>	<u>3,156,782</u>	<u>2,392,724</u>

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

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of available-for-sale investments and financial assets at fair value through profit or loss is derived from quoted market prices in active markets.
- Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques.
- Loans to LNG and LPG companies are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. As at 31 December 2013, the carrying amounts of such receivables are not materially different from their calculated fair values.
- The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives are valued based on market valuation provided by the respective financial institution.

37 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy**

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

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

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

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

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

	<i>2013</i> <i>QR'000</i>	<i>Level 1</i> <i>QR'000</i>	<i>Level 2</i> <i>QR'000</i>	<i>Level 3</i> <i>QR'000</i>
Assets measured at fair value				
Financial investments at fair value through profit or loss	580,222	580,222	-	-
<i>Available-for-sale financial investments:</i>				
Quoted shares	3,158,816	3,158,816	-	-
Unquoted shares	2,904	-	-	2,904
Investments in bonds	25,983	-	-	25,983
Liabilities measured at fair value				
Interest rate swaps	2,034	-	2,034	-
	<i>2012</i> <i>QR'000</i>	<i>Level 1</i> <i>QR'000</i>	<i>Level 2</i> <i>QR'000</i>	<i>Level 3</i> <i>QR'000</i>
Assets measured at fair value				
Financial investments at fair value through profit or loss	489,290	489,290	-	-
<i>Available-for-sale financial assets:</i>				
Quoted shares	2,397,220	2,397,220	-	-
Unquoted shares	2,613	-	-	2,613
Investments in bonds	30,752	-	-	30,752
Liabilities measured at fair value				
Interest rate swaps	4,496	-	4,496	-

Unquoted available-for-sale investments include investments amounting to QR 351,147,000 (2012: QR 352,355,000), carried at cost, as their fair values cannot be reliably estimated, due to the uncertain nature of cash flows.

During the year ended 31 December 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.

38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

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

Operating lease - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of available-for-sale equity investments

The Group treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Impairment of trade accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Useful lives of property, vessel and equipment and investment properties

The Group's management determines the estimated useful lives of its property, vessel and equipment and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Classification of investment securities

On acquisition of an investment security, the Group decides whether it should be classified as "investments at fair value through profit or loss" or "available-for-sale". The Group follows the guidance of IAS 39 on classifying its investments.

38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)*Fair value of unquoted equity investments*

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

39 COMPARATIVE INFORMATION

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, 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 consolidated income statement	<i>2012</i> <i>QR'000</i>
Decrease in reported operating revenues	62,218
<i>Decrease in:</i>	
Salaries, wages and other benefits	(16,085)
Operating supplies and expenses	(13,003)
Depreciation and amortisation	(18,742)
Other operating expenses	(861)
Decrease in operating profit	(13,527)
<i>Increase in:</i>	
Finance income	9,178
Finance costs	(6)
<i>Increase in:</i>	
Share of results of joint ventures	4,355
Net impact on profit	-

39 COMPARATIVE INFORMATION (continued)

Impact on the consolidated statement of financial position	<i>As at 31 December 2012 QR'000</i>
Increase in net investment in joint venture (non-current)	135,123
Decrease in loans to LNG and LPG companies (non-current)	486,442
Decrease in property, vessels and equipment (non-current) (opening balance)	(613,402)
Decrease in the depreciation charges for the year 2012	18,742
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	-