Qatar Navigation Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2014

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 2014, and the consolidated income statement, consolidated statement of other 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 2014, 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: 24 February 2015
Doha

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2014

	Notes	*2014* *QR'000*	*2013* *QR'000*
Operating revenues	4	**2,625,875**	2,304,744
Salaries, wages and other benefits		**(634,091)**	(615,064)
Operating supplies and expenses		**(845,487)**	(625,753)
Rent expenses		**(61,477)**	(56,533)
Depreciation and amortisation		**(264,444)**	(229,259)
Impairment of vessels and equipment		**(36,214)**	(7,900)
Other operating expenses	5	**(135,972)**	(126,172)
OPERATING PROFIT		**648,190**	644,063
Finance costs		**(42,474)**	(41,576)
Finance income		**60,495**	67,620
Gain on disposal of property, vessels and equipment		**181**	13,886
Share of results of joint ventures	12	**60,860**	7,940
Share of results of associates	13	**280,864**	242,297
Net gain (loss) on foreign exchange		**2,744**	(1,148)
Miscellaneous income	6	**40,227**	14,975
PROFIT FOR THE YEAR		**1,051,087**	948,057
Attributable to:			
Equity holders of the parent		**1,049,193**	949,793
Non-controlling interest		**1,894**	(1,736)
		1,051,087	948,057
BASIC AND DILUTED EARNINGS PER SHARE *(attributable to equity holders of the parent expressed in QR per share)*	7	**9.23**	8.36

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	**2014** **QR'000**	2013 QR'000
Profit for the year		**1,051,087**	948,057
Items to be reclassified to profit or loss in subsequent periods			
Net movement in hedging reserve	8	**(212,410)**	724,465
Net gain on available-for-sale investments	8	**655,931**	715,584
Other comprehensive income for the year		**443,521**	1,440,049
Total comprehensive income for the year		**1,494,608**	2,388,106
Attributable to:			
Equity holders of the parent		**1,492,607**	2,389,600
Non-controlling interest		**2,001**	(1,494)
		1,494,608	2,388,106

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	***2014 QR'000***	*2013 QR'000*
ASSETS			
Non-current assets			
Property, vessels and equipment	9	**3,896,996**	3,281,643
Investment properties	10	**791,062**	765,372
Intangible assets	11	**87,073**	55,298
Investment in joint ventures	12	**205,248**	143,113
Investment in associates	13	**4,396,173**	4,540,060
Available-for-sale investments	14	**4,197,562**	3,538,850
Loans to LNG and LPG companies	15	**425,317**	534,932
Notes receivable		**17,562**	2,847
		14,016,993	12,862,115
Current assets			
Inventories	16	**205,401**	160,144
Accounts receivable and prepayments	17	**710,852**	589,543
Financial assets at fair value through profit or loss	18	**624,081**	580,222
Bank balances and cash	19	**3,129,219**	1,458,020
		4,669,553	2,787,929
TOTAL ASSETS		**18,686,546**	15,650,044
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
Share capital	20	**1,145,252**	1,145,252
Treasury shares	21	**(73,516)**	(73,516)
Legal reserve	22	**4,693,986**	4,693,986
General reserve	23	**623,542**	623,542
Fair value reserve		**4,230,860**	3,575,036
Hedging reserve		**(423,169)**	(210,759)
Retained earnings		**3,287,565**	2,832,684
Equity attributable to equity holders of the parent		**13,484,520**	12,586,225
Non-controlling interest		**57,975**	55,974
Total equity		**13,542,495**	12,642,199

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2014

	Notes	***2014 QR'000***	*2013 QR'000*
Non-current liabilities			
Interest bearing loans and borrowings	26	**3,027,527**	1,408,491
Advance from a customer	27	**177,128**	187,497
Employees' end of service benefits	28	**87,647**	83,865
		3,292,302	1,679,853
Current liabilities			
Accounts payable and accruals	30	**414,566**	469,368
Interest bearing loans and borrowings	26	**1,437,168**	767,323
Obligation under finance leases	29	**-**	291
Bank overdrafts	19	**15**	91,010
		1,851,749	1,327,992
Total liabilities		**5,144,051**	3,007,845
TOTAL EQUITY AND LIABILITIES		**18,686,546**	15,650,044

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Ali bin Jassim bin Mohammad Al-Thani	Khaled bin Khalifa Al-Thani	Khalifa bin Ali Al-Hetmi
Chairman and Managing Director	Vice Chairman	President and Chief Executive officer

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

	Notes	**2014 QR'000**	2013 QR'000
OPERATING ACTIVITIES			
Profit for the year		**1,051,087**	948,057
Adjustments to reconcile profit to net cash flows:			
Depreciation and amortisation		**264,444**	229,259
Finance costs		**42,474**	41,576
Gain on disposal of property, vessels and equipment		**(181)**	(13,886)
Share of results of joint ventures	12	**(60,860)**	(7,940)
Share of results of associates	13	**(280,864)**	(242,297)
Provision for employees' end of service benefits	28	**24,323**	23,064
Finance income		**(60,495)**	(67,620)
Dividend income	4	**(161,175)**	(148,228)
Net fair value gain on financial assets at fair value through profit or loss	4	**(128,308)**	(114,726)
Allowance for impairment of trade receivables	17	**2,813**	2,454
Provision for slow moving and obsolete inventory	16	**303**	412
Allowance for impairment loss on vessels and equipment		**36,214**	7,900
Loss on partial disposal of investment in an associate		**-**	2,258
Profit on disposal of investments		**(22,397)**	(41,070)
Operating profit before working capital changes		**707,378**	619,213
Working capital changes:			
Inventories		**(45,560)**	1,536
Receivables		**(138,837)**	(16,764)
Payables		**(83,805)**	(20,119)
Cash flows from operating activities		**439,176**	583,866
Finance costs paid		**(42,474)**	(41,576)
Employees' end of service benefits paid	28	**(14,233)**	(6,998)
Transfer to pension fund	28	**(6,477)**	(4,661)
Net cash flows from operating activities		**375,992**	530,631
INVESTING ACTIVITIES			
Purchase of property, vessels and equipment	9	**(769,102)**	(402,730)
Dividend income		**161,175**	148,228
Finance income		**60,495**	67,620
Proceeds from disposal of property, vessels and equipment		**13,049**	23,053
Purchases of investment properties	10	**(157,804)**	(118,069)
Additions to dry docking costs	11	**(59,438)**	(45,634)
Net movement in loans to LNG and LPG companies		**109,615**	309,866
Purchase of investment securities		**(137,692)**	(207,982)
Proceeds from disposal of available-for-sale investments		**1,820**	51,469
Proceeds from disposal of financial assets at fair value through profit or loss		**245,248**	172,575
Dividends received from associates	13	**199,603**	174,123
Proceeds from partial disposal of investment in an associate		**-**	13,164
Net movement in joint ventures	12	**(1,275)**	-
Net cash flows (used in) from investing activities		**(334,306)**	185,683

Continued…..

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2014

	Notes	***2014 QR'000***	*2013 QR'000*
FINANCING ACTIVITIES			
Dividends paid	25	**(568,082)**	(429,469)
Purchase of treasury shares	21	**-**	(73,516)
Net movement in interest bearing loans and borrowings		**2,288,881**	(394,906)
Net movement in obligation under finance lease		**(291)**	(3,089)
Net movement in term deposits maturing after 90 days	19	**(1,686,368)**	76,703
Net cash flows from (used in) financing activities		**34,140**	(824,277)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**75,826**	(107,963)
Cash and cash equivalents at 1 January		**672,930**	780,893
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	19	**748,756**	672,930

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to the equity holders of the Parent								*Non-controlling interest*	
	Share Capital QR'000	*Treasury shares QR'000*	*Legal reserve QR'000*	*General reserve QR'000*	*Fair value reserve QR'000*	*Hedging reserve QR'000*	*Retained earnings QR'000*	*Total QR'000*	*QR'000*	*Total QR'000*
Balance at 1 January 2013	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
Profit for the year	-	-	-	-	-	-	1,049,193	1,049,193	1,894	1,051,087
Other comprehensive income (loss)	-	-	-	-	655,824	(212,410)	-	443,414	107	443,521
Total comprehensive income	-	-	-	-	655,824	(212,410)	1,049,193	1,492,607	2,001	1,494,608
Dividends paid (Note 25)	-	-	-	-	-	-	(568,082)	(568,082)	-	(568,082)
Contribution to social and sports fund (Note 31)	-	-	-	-	-	-	(26,230)	(26,230)	-	(26,230)
Balance at 31 December 2014	**1,145,252**	**(73,516)**	**4,693,986**	**623,542**	**4,230,860**	**(423,169)**	**3,287,565**	**13,484,520**	**57,975**	**13,542,495**

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 2014.

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 24 February 2015.

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

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.

2 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)

2.2 Basis of consolidation (continued)

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

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:

			Ownership percentage	
Names of the subsidiaries	***Country of Incorporation***	***Nature of business***	***31 December 2014***	*31 December 2013*
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%**	100%
Navigation Travel & Tourism S.P.C.	Qatar	Travel agency	**100%**	100%
Navigation Trading Agencies S.P.C.	Qatar	Trading in heavy equipment	**100%**	100%
Navigation Marine Service Center S.P.C.	Qatar	Marine services	**100%**	100%

2 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)

2.2 Basis of consolidation (continued)

Names of the subsidiaries	*Country of Incorporation*	*Nature of business*	***Ownership percentage 31 December 2014***	*31 December 2013*
Milaha Capital W.L.L.	Qatar	Investments	**100%**	100%
Milaha Real Estate services S.P.C.	Qatar	Real estate maintenance	**100%**	100%
Milaha Maritime and Logistics Integrated W.L.L.	Qatar	Maritime and logistic services	**100%**	100%
Milaha Real Estate investment S.P.C.	Qatar	Real estate maintenance	**100%**	-
Milaha for Petroleum and Chemical Products W.L.L.	Qatar	Trading in Petroleum and chemical related materials	**100%**	-
Milaha Ras Laffan (QS) Verwaltungs GMBH	Germany	Managing the business activities of KG companies	**100%**	-
Milaha Qatar Verwaltungs GMBH	Germany	Managing the business activities of KG companies	**100%**	-

(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:

	Parent ownership percentage	
Names of the subsidiaries	***31 December 2014***	*31 December 2013*
Halul United Business 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 2013, except for the adoption of the new standards and interpretations effective as of 1 January 2014 as noted below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and disclosures (continued)

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

IFRIC 21 *Levies*
IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements *2010-2012 Cycle*
In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 *Fair Value Measurement*. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

Annual Improvements *2011-2013 Cycle*
In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

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

Standards	*Contents*	*Effective dates*
IAS 19	Defined Benefit Plans: Employee Contributions (Amendments)	1 July 2014
IAS 27	Equity Method in Separate Financial Statements (Amendments)	1 January 2016
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments)	1 January 2016
IAS 16 and IAS 41 Agriculture	Bearer Plants (Amendments)	1 January 2016
IFRS 9	Financial instruments	1 January 2018
IFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests (Amendments)	1 January 2016
IFRS 14	Regulatory deferral accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
	Annual improvements 2010 – 2012 cycle	1 July 2014
	Annual improvements 2011 – 2013 cycle	1 July 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

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.

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 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

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.

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)

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)

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)

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 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)

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-collectability 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.

Trade accounts receivable
Trade 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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;

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedging (continued)
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.

Current versus non-current classification
The Group presents assets and liabilities based on current/non-current classification. An asset as 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current versus non-current classification (continued)

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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	2014 ***QR'000***	*2013* *QR'000*
Milaha Capital	**610,668**	591,323
Milaha Maritime and Logistics	**787,989**	703,676
Milaha Offshore	**587,370**	595,084
Milaha Trading	**372,215**	235,865
Milaha Gas and Petrochem	**267,633**	178,796
	2,625,875	2,304,744

Revenues of Milaha capital comprise of the following:

	2014 ***QR'000***	*2013* *QR'000*
Rental income	**166,656**	161,911
Dividend income	**161,175**	148,228
Revenue of Qatar Quarries and Building Material Company W.L.L.	**132,132**	125,388
Net fair value gain on financial investments at fair value through profit or loss	**128,308**	114,726
Profit on disposal of investments at fair value through profit or loss	**21,491**	10,764
Profit on disposal of available-for-sale investments	**906**	30,306
	610,668	591,323

5 OTHER OPERATING EXPENSES

	2014	*2013*
	QR'000	*QR'000*
Claims and insurance	**30,275**	28,797
Registration, certifications and formalities	**19,059**	15,263
Communication and utilities	**18,930**	16,166
Professional fees	**12,146**	6,522
Office supplies and expenses	**15,101**	22,223
Travel and entertainment	**8,553**	7,593
Security and safety	**7,655**	5,560
Marketing, sponsorship and gifts	**3,791**	6,170
Allowance for impairment of receivable (Note 17)	**2,813**	2,454
Provision for inventories (Note 16)	**303**	412
Miscellaneous expenses	**17,346**	15,012
	135,972	126,172

6 MISCELLANEOUS INCOME

	2014	***2013***
	QR'000	***QR'000***
Other income	**40,227**	14,975

This is mainly relating to the offshore and the petrochemical segment. Offshore segment represents QR 23 million, which includes charges with respect to liquidated damages (towards loss of revenues) amounting to QR 15,863,244 to the ship builders for the current financial year and a recovery of liquidated damages from a customer amounting to QR 7,939,365.

The petrochemical segment represent QR 16 million mainly on account of the remaining exit fees amounting to QR 8.7 million (net of related expenses) received by the Group for the facilitation and arrangement for exit of one of the shareholders from certain associate companies.

The amount representing QR 14,975,000 for the year ended 2013 includes an amount of QR 4,234,000 which represents liquidated damage income net of the liquidated damage cost incurred by the Group.

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.

	2014 QR'000	*2013 QR'000*
Net profit for the year attributable to equity holders of the parent (QR)	**1,049,193**	949,793
Weighted average number of shares	**113,616**	113,616
Basic and diluted earnings per share (QR)	**9.23**	8.36

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

	2014	*2013*
Total number of shares outstanding (*000's*)	**114,525**	114,525
Adjustment for weighted average shares with respect to treasury shares (*000's*)	**(909)**	(909)
Weighted average numbers of shares during the year (*000's*)	**113,616**	113,616

Note:
During the year 2013, one of the subsidiaries invested 908,725 shares in the Parent Company. Earnings per share that was previously reported as at 31 December 2013 have been restated for the effects of this for comparative purposes as no changes were noted during the current financial year.

8 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2014 QR'000	*2013 QR'000*
Movements in other comprehensive income		
Cash flow hedges		
Net movement during the year	**950**	(1,083)
Group share of net movement in cash flow hedges of associates	**(213,360)**	725,548
Total effect on other comprehensive (loss) income resulting from hedging reserve	**(212,410)**	724,465
Available-for-sale investments		
Net gain arising during the year	**668,625**	736,475
Realised gain on disposal of available-for-sale investments	**(906)**	(30,306)
Group share of net movement in fair value reserves of equity accounted investees	**(11,788)**	9,415
Total effect on other comprehensive income resulting from available-for-sale investments	**655,931**	715,584

9 PROPERTY, VESSELS AND EQUIPMENT

	Land *QR'000*	*Buildings* *QR'000*	*Vessels, containers and barges* *QR'000*	*Machinery, equipment and tools* *QR'000*	*Furniture and fittings* *QR'000*	*Motor vehicles* *QR'000*	*Capital work in progress* *QR'000*	*Total* *QR'000*
Cost:								
At 1 January 2014	6,299	204,442	3,446,435	303,774	44,873	79,101	771,693	4,856,617
Additions	-	2,002	165	8,707	143	1,069	757,016	769,102
Transfers and reclassifications	-	3,296	966,965	15,835	(5,184)	-	(891,991)	88,921
Disposals and write offs	-	(4,090)	(12,030)	(14,944)	(3,303)	(7,138)	-	(41,505)
Impairment of equipment *(note iv)*	-	-	-	-	-	-	(19,814)	(19,814)
At 31 December 2014	6,299	205,650	4,401,535	313,372	36,529	73,032	616,904	5,653,321
Accumulated depreciation:								
At 1 January 2014	-	112,863	1,108,138	242,139	39,281	72,553	-	1,574,974
Charge for the year	-	7,003	148,051	32,644	2,934	3,471	-	194,103
Impairment of vessel	-	-	16,400	-	-	-	-	16,400
Transfers and reclassifications	-	-	-	3,999	(3,999)	-	-	-
Relating to disposals and write offs	-	(4,052)	(2,796)	(12,201)	(3,103)	(7,000)	-	(29,152)
At 31 December 2014	-	115,814	1,269,793	266,581	35,113	69,024	-	1,756,325
Net carrying amounts:								
At 31 December 2014	**6,299**	**89,836**	**3,131,742**	**46,791**	**1,416**	**4,008**	**616,904**	**3,896,996**

9 PROPERTY, VESSELS AND EQUIPMENT (CONTINUED)

	Land QR'000	*Buildings QR'000*	*Vessels, containers and barges QR'000*	*Machinery, equipment and tools QR'000*	*Furniture and fittings QR'000*	*Motor vehicles QR'000*	*Capital work in progress QR'000*	*Total QR'000*
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	6,299	204,442	3,446,435	303,774	44,873	79,101	771,693	4,856,617
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	-	112,863	1,108,138	242,139	39,281	72,553	-	1,574,974
Net carrying amounts:								
At 31 December 2013	6,299	91,579	2,338,297	61,635	5,592	6,548	771,693	3,281,643

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 on construction of 9 vessels (2013: 15 vessels) recognised based on milestones of the progress of work done as per the contracts entered into by the Group with ship builders. The vessels under constructions also includes borrowing costs capitalised during the year amounting to QR 13.8 million (2013: QR 15.7 million).

(iii) Included as part of capital work in progress during the current financial year is an asset under construction amounting to QR 72,800,000 (USD 20 million). The total value of this asset is USD 36 million, of which 75% payment obligation lies with the Group and the remaining 25% lies with a foreign based third party subject to a Memorandum of Understanding (MoU) signed on 3 June 2014 and addendum to MoU signed on 23 July 2014. The subsequent arrangement and operation of the asset will be subject to a Master Services Joint Agreement which was not finalized as at the reporting date.

(iv) This impairment loss is related to an equipment which is under capital work in progress as of the reporting date. The recoverable amount of this equipment as at 31 December 2014 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management. It was concluded that the fair value less costs of disposal did not exceed the value in use.

10 INVESTMENT PROPERTIES

	Land QR'000	*Buildings QR'000*	*Investment property under construction QR'000*	*Total QR'000*
Cost:				
At 1 January 2014	161,363	607,497	138,844	907,704
Additions during the year	250	19	157,535	157,804
Transfers and reclassifications	-	284	(107,628)	(107,344)
Disposals & write offs	-	(4,154)	-	(4,154)
At 31 December 2014	161,613	603,646	188,751	954,010
Accumulated depreciation:				
At 1 January 2014	-	142,332	-	142,332
Charge for the year	-	24,770	-	24,770
Transfers and reclassifications	-	-	-	-
Relating write offs	-	(4,154)	-	(4,154)
At 31 December 2014	-	162,948	-	162,948
Net carrying amounts:				
At 31 December 2014	**161,613**	**440,698**	**188,751**	**791,062**

10 INVESTMENT PROPERTIES (CONTINUED)

	Land *QR'000*	*Buildings* *QR'000*	*Investment property under construction* *QR'000*	*Total* *QR'000*
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	161,363	607,497	138,844	907,704
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	-	142,332	-	142,332
Net carrying amounts:				
At 31 December 2013	161,363	465,165	138,844	765,372

Notes:

(i) Investment properties are located in the State of Qatar.

(ii) The fair value of investment properties at 31 December 2014 is QR 3,738,175,000 (2013: QR 2,412,710,000). 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 151,488,901 for the year ended 31 December 2014 (31 December 2013: QR145,390,543). Direct operating expenses related to the investment properties (including depreciation) amounting to QR 30,858,909 (31 December 2013: QR 30,638,000) have been reflected under operating expenses.

11 INTANGIBLE ASSETS

	Deferred dry dock and special survey costs QR'000	*Deep sea and offshore contracts QR'000*	*Computer Software QR'000*	*Total QR'000*
Cost:				
At 1 January 2014	216,150	77,242	-	293,392
Additions	59,438	-	-	59,438
Transfers	-	-	18,423	18,423
Disposals and write off	(4,311)	-	-	(4,311)
At 31 December 2014	271,277	77,242	18,423	366,942
Amortisation:				
At 1 January 2014	160,852	77,242	-	238,094
Charge for the year	38,695	-	6,876	45,571
Relating to disposal and write off	(3,796)	-	-	(3,796)
At 31 December 2014	195,751	77,242	6,876	279,869
Net carrying amounts:				
At 31 December 2014	**75,526**	**-**	**11,547**	**87,073**

	Deferred dry dock and special survey costs QR'000	*Deep sea and offshore contracts QR'000*	*Computer Software QR'000*	*Total QR'000*
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)
At 31 December 2013	216,150	77,242	-	293,392
Amortisation:				
At 1 January 2013	147,624	77,242	-	224,866
Charge for the year	34,564	-	-	34,564
Relating to write offs	(21,336)	-	-	(21,336)
At 31 December 2013	160,852	77,242	-	238,094
Net carrying amounts:				
At 31 December 2013	55,298	-	-	55,298

12 INTEREST IN JOINT VENTURES

The Group has following investments in Joint ventures:

Name of entity	*Country of Incorporation*	*Group effective ownership*	
		2014	*2013*
QM Tanker Company L.L.C.	Cayman Islands	**-**	50%
Qatar Engineering and Technology Company W.L.L.	Qatar	**51%**	51%
Qatar Ship Management Company W.L.L.	Qatar	**51%**	51%
Gulf LPG Transport Company W.L.L.	Qatar	**50%**	50%
Aliago W.L.L.	Qatar	**50%**	-

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. During the year 2014, the shareholders have resolved to dissolve this company.

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.

Aliago W.L.L
Aliago W.L.L is a limited liability company established with the commercial registration number 5285. Aliago W.L.L.'s main aim is to provide management and operational support for the vessels.

The joint venture companies provides products and services in shipping industry and they have strategic partnership for the Group. Set out below are the summarised financial information of investments in joint ventures which are accounted for using equity method.

12 INTEREST IN JOINT VENTURES (CONTINUED)

Summarised statement of financial position:

	2014 (QR'000)			*2013 (QR'000)*		
	GLPG	***Other joint ventures***	***Total***	*GLPG*	*Other joint ventures*	*Total*
Current assets	**66,849**	**1,338**	**68,187**	67,995	1,552	69,547
Non-current assets	**567,480**	**746**	**568,226**	581,403	274	581,677
Current liabilities	**(23,565)**	**(555)**	**(24,120)**	(20,244)	(202)	(20,446)
Non-current liabilities	**(407,045)**	**-**	**(407,045)**	(487,306)	(359)	(487,665)
Net assets	**203,719**	**1,529**	**205,248**	141,848	1,265	143,113
Carrying value of investments	**203,719**	**1,529**	**205,248**	141,848	1,265	143,113

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

	2014 (QR'000)			*2013 (QR'000)*		
	GLPG	***Other joint ventures***	***Total***	*GLPG*	*Other joint ventures*	*Total*
Operating revenue	**124,431**	**-**	**124,431**	68,644	-	68,644
Salaries, wages and other benefits	**(17,920)**	**-**	**(17,920)**	(17,402)	-	(17,402)
Operating supplies and expenses	**(13,554)**	**-**	**(13,554)**	(12,683)	-	(12,683)
Depreciation and amortisation	**(21,329)**	**-**	**(21,329)**	(19,675)	-	(19,675)
Other Operating expenses	**(796)**	**(1,014)**	**(1,810)**	(1,442)	(26)	(1,468)
Operating profit	**70,832**	**(1,014)**	**69,818**	17,442	(26)	17,416
Finance costs	**(8,961)**	**-**	**(8,961)**	(9,482)	-	(9,482)
Finance income	**-**	**3**	**3**	-	6	6
Profit (loss) for the year	**61,871**	**(1,011)**	**60,860**	7,960	(20)	7,940

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

	2014 QR'000	*2013 QR'000*
Balance at 1 January	**143,113**	135,173
Share of net movement in profits and other comprehensive income	**60,860**	7,940
Contribution towards investment	**1,275**	-
Balance at 31 December	**205,248**	143,113

13 INVESTMENT IN ASSOCIATES

The Group has the following investment in associates:

	Country of incorporation	*Ownership %*		*Profit Sharing %*	
		2014	*2013*	***2014***	*2013*
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%**	30.3%	**30.3%**	30.3%
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%
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%
KS Membrane 2 (x)	Denmark	**-**	40%	-	40%
KGI 1 & 2 (x)	Germany	**40%**	-	**40%**	-
Milaha Ras Laffan Gmbh Company (xii)	Germany	**40.0%**	40.0%	**40.0%**	40.0%
Milaha Qatar Gmbh & Company (xii)	Germany	**40.0%**	40.0%	**40.0%**	40.0%

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 m^3 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 m^3 Liquefied Natural Gas (LNG) vessel.

(viii) QIM Transport INC was formed with the intention of transporting chemicals out of Qatar. During the year 2014, the shareholders have resolved to dissolve this company.

(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.

13 INVESTMENT IN ASSOCIATES (CONTINUED)

(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 and was liquidated during the current financial year. The operations of KS Membrane 1 & 2 was taken over by KGI.

(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.

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:

	2014 QR'000	*2013 QR'000*
Balance at 1 January	**4,540,060**	3,752,395
Share of net movement in other comprehensive income	**(225,148)**	734,913
Dividends received	**(199,603)**	(174,123)
Share of results	**280,864**	242,297
Disposal during the year	**-**	(15,422)
Balance at 31 December	**4,396,173**	4,540,060

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

Summarised Statement of financial position:

	2014 (QR'000)			*2013 (QR'000)*		
	Nakilat	***Other associates***	***Total***	*Nakilat*	*Other associates*	*Total*
Current assets	**976,834**	**135,657**	**1,112,491**	671,784	173,516	845,300
Non-current assets	**8,443,296**	**674,547**	**9,117,843**	8,634,298	938,111	9,572,409
Current liabilities	**(379,555)**	**(54,238)**	**(433,793)**	(373,058)	(60,197)	(433,255)
Non-current liabilities	**(7,888,277)**	**(348,332)**	**(8,236,609)**	(7,615,175)	(665,460)	(8,280,635)
Interest in associate	**1,152,298**	**407,634**	**1,559,932**	1,317,849	385,970	1,703,819
Goodwill	**2,836,241**	**-**	**2,836,241**	2,836,241	-	2,836,241
Carrying value of investment	**3,988,539**	**407,634**	**4,396,173**	4,154,090	385,970	4,540,060

13 INVESTMENT IN ASSOCIATES (CONTINUED)

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

	2014 (QR'000)			*2013 (QR'000)*		
	Nakilat	***Other associates***	***Total***	*Nakilat*	*Other associates*	*Total*
Operating revenue	**1,088,274**	**175,674**	**1,263,948**	1,037,301	186,625	1,223,926
Profit	**264,162**	**16,702**	**280,864**	215,515	26,782	242,297
Other comprehensive income	**(245,370)**	**20,222**	**(225,148)**	734,961	-	734,961
Dividends received	**184,680**	**14,923**	**199,603**	168,000	6,123	174,123

14 AVAILABLE-FOR-SALE INVESTMENTS

	2014 QR'000	*2013 QR'000*
Quoted equity investments in local companies	**3,818,013**	3,158,816
Unquoted investments in foreign companies	**286,644**	287,356
Unquoted investments in local companies	**66,279**	66,695
Investments in bonds	**26,626**	25,983
	4,197,562	3,538,850

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 47,990,000 as of 31 December 2014 (2013: QR 36,200,000), 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 63,379,000 as of 31 December 2014 (2013: QR 63,742,000) 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.

Name of LNG/ LPG companies	*Company operating the LNG and LPG companies*
India LNG Transport Company No.1 Ltd,	Shipping Corporation of India Ltd
Camartina Shipping INC, Liberia	Mitsui OSK Lines
K S Membrane-I, Denmark	LNG AS1
Qatar LNG Transport Ltd., Liberia	Mitsui OSK Lines
India LNG Transport Company No.2 Ltd., Malta	Shipping Corporation of India Ltd
Peninsula LNG Transport No. 1 Ltd, Liberia	NYK
Peninsula LNG Transport No. 2 Ltd, Liberia	K Line
Peninsula LNG Transport No. 3 Ltd, Liberia	Mitsui OSK Lines
K S Membrane-II, Denmark	LNG AS 2
Milaha Ras Laffan Gmbh Co. KG 1	Pronov Germany/Qatar Shipping Company S.P.C
Milaha Qatar Gmbh KG 2	Pronov Germany/Qatar Shipping Company S.P.C
Gulf LPG Transport W.L.L.	Qatar Gas Transportation Company

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

	2014 QR'000	*2013 QR'000*
Loans	**424,008**	530,071
Accrued Interests	**1,309**	4,861
	425,317	534,932

16 INVENTORIES

	2014 QR'000	*2013 QR'000*
Heavy vehicles and spare parts	**80,967**	54,224
Gabbro and aggregate	**109,321**	88,801
Other goods for resale	**20,833**	22,623
	211,121	165,648
Provision for slow-moving inventories	**(5,720)**	(5,504)
	205,401	160,144

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

	2014 QR'000	*2013 QR'000*
At 1 January	**5,504**	9,384
Charge for the year	**303**	412
Reversal	**(87)**	(4,292)
At 31 December	**5,720**	5,504

17 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2014 ***QR'000***	*2013* *QR'000*
Trade accounts receivable (net)	**434,721**	389,169
Notes receivable	**40,278**	11,772
Accrued income	**118,755**	63,669
Staff receivables (i)	**44,042**	41,350
Prepaid expenses	**21,692**	30,575
Advances to suppliers	**11,139**	11,926
Amounts due from related parties (Note 34)	**5,575**	4,589
Other receivables	**34,650**	36,493
	710,852	589,543

Trade receivables are non-interest bearing and generally have settlement terms within 30 to 90 days. As at 31 December 2014, trade accounts receivable at nominal value of QR 26.68 million (2013: QR 23.87 million) were impaired. Movement in the allowance for impairment of trade receivables was as follows:

	2014 ***QR'000***	*2013* *QR'000*
At 1 January	**23,866**	23,204
Charge for the year (Note 5)	**2,813**	2,454
Amounts written off	**-**	(1,792)
At 31 December	**26,679**	23,866

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

			Past due but not impaired			
	Total *QR'000*	*Neither past due nor impaired 0-60 days* *QR'000*	*61 – 120 days* *QR'000*	*121 – 180 days* *QR'000*	*181 – 365 days* *QR'000*	*>365 days* *QR'000*
2014	**434,721**	**342,923**	**41,848**	**17,491**	**13,139**	**19,320**
2013	389,169	184,665	139,380	31,520	22,984	10,620

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) Staff receivables consists of loans obtained against end of service benefits

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 ***QR'000***	*2013* *QR'000*
Quoted investments	**624,081**	580,222

19 CASH AND CASH EQUIVALENTS

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

	2014 *QR'000*	*2013* *QR'000*
Bank balances and cash	**309,589**	235,258
Short term deposits with banks	**2,819,630**	1,222,762
Bank balances and cash	**3,129,219**	1,458,020
Less: Term deposits maturing after 90 days (i)	**(2,380,448)**	(694,080)
Less: Bank overdrafts	**(15)**	(91,010)
	748,756	672,930

Note:

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

20 SHARE CAPITAL

	Number of shares ('000')	***QR'000***
Authorised, issued and fully paid		
At 31 December 2014 and 31 December 2013		
Shares of QR 10 each.	**114,525**	1,145,252

21 TREASURY SHARES

During the year 2013, one of the subsidiaries, has invested 908,725 shares amounting to QR 73,516,000 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 2014, the Group had cash flow hedges to hedge their exposure to interest rate risk which is as follows:

Halul Offshore Services W.L.L.:
At 31 December 2014, Halul Offshore Services Company 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.

Halul Offshore Services Company W.L.L. has recognised the negative fair value of the interest rate swaps amounting to QR 1,084,000 as at 31 December 2014 (31 December 2013: QR 2,033,708) under accounts payable and accruals and the effective portion of hedge under equity.

25 DIVIDENDS

The Board of Directors have proposed a 55% cash dividend of QR 5.50 per share totalling QR 625 million for the year 2014, which is subject to the approval of the equity holders at the Annual General Assembly (2013: QR 5 per share totalling QR 568 million for the year 2013)

During the year, following the approval at the Annual General Assembly held on 26 March 2014, the Company paid a 50% cash dividend of QR 5 per share totalling QR 568 million relating to the year 2013 (2013: QR 3.75 per share, totalling QR 429.5 million).

26 INTEREST BEARING LOANS AND BORROWINGS

	Notes	*Interest rate %*	*Maturity*	***2014 QR'000***	*2013 QR'000*
Parent company:					
Loan 1	(i)	*LIBOR + 0.70*	*Oct 2015*	**5,503**	12,107
Loan 2	(ii)	*LIBOR + 0.73*	*Feb 2017*	**103,653**	151,494
Loan 3	(iii)	*1.15*	*July 2015*	**145,600**	145,600
Loan 4	(iv)	*LIBOR + 1.75*	*Jan 2021*	**291,141**	322,375
Loan 5	(v)	*1.45*	*Jun 2015*	**327,600**	418,600
Loan 6	(vi)	*1.15%*	*Apr 2016*	**1,820,000**	-
Loan 7	(vii)	*LIBOR +0.95%*	*Mar 2015*	**728,000**	-
Subsidiary companies:					
Loan 8	(viii)	*LIBOR + 0.65*	*Nov 2015*	**-**	3,539
Loan 9	(ix)	*LIBOR + 0.70*	*Mar 2015*	**-**	6,852
Loan 10	(x)	*LIBOR + 0.65*	*Jun 2016*	**8,873**	14,788
Loan 11	(xi)	*LIBOR + 0.60*	*Mar 2017*	**45,500**	68,250
Loan 12	(xii)	*LIBOR + 1.65*	*Mar 2020*	**144,472**	171,990
Loan 13	(xiii)	*LIBOR + 1.75*	*Sep 2021*	**400,781**	438,331
Loan 14	(xiv)	*LIBOR + 1.75*	*June 2022*	**399,394**	399,394

26 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

	Notes	*Interest rate %*	*Maturity*	***2014*** ***QR'000***	*2013* *QR'000*
Loan 15	(xv)	*3.5*	*Feb 2015*	**38,524**	9,085
Loan 16	(xvi)	*3.75*	*April 2016*	**11,326**	20,349
				4,470,367	2,182,754
Less: Deferred financing costs				**(5,672)**	(6,940)
				4,464,695	2,175,814
Presented in the consolidated statement of financial position as follows:					
Current portion				**1,437,168**	767,323
Non-current portion				**3,027,527**	1,408,491
				4,464,695	2,175,814

Notes:

(i) Loan 1 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.

(ii) Loan 2 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.

(iii) Loan 3 represents a dollar denominated revolving loan facility amounting to USD 40,000,000 (QR 145,600,000) obtained in 2013 and renewed during the year. This loan is secured against the goods and the projects for which the credit facility will be utilised.

(iv) Loan 4 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).

(v) Loan 5 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 90,000,000 (QR 327,000,000) (2013: USD 115,000,000 (QR 418,600,000)).

(vi) Loan 6 was obtained during the year for the purpose of bridging the finance expenses related to advance and construction of vessels in foreign shipyards and other working capital requirements. This loan was fully drawn down to the maximum amount during August 2014. The maturity of this loan is bullet payments after twelve months from the date of the drawdown.

(vii) Loan 7 represents a revolving Murahaba facility with a limit amounting to USD 200,000,000. The purpose of this facility is towards the use of the general corporate purposes. The facility requires settlement in full towards the end of maturity while profits to be serviced on a monthly basis.

(viii) Loan 8 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%. This loan is secured by the assignment of the revenues from the related vessels. This loan has been fully settled in 2014.

(ix) Loan 9 was obtained to finance the construction of two vessels. The loan is repayable in 17 equal semi-annual instalments of QR 3.4 million each commencing September 2006 and carries interest at LIBOR plus a margin of 0.70%. This loan is secured by the assignment of revenues from the related vessels. This loan has been fully settled in 2014.

26 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

(x) Loan 10 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 0.65%. 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.

(xi) Loan 11 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.

(xii) Loan 12 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. This loan is secured against the mortgage of the vessels for which loan was obtained. The loan has been hedged against interest rate exposure.

(xiii) During the year 2013, 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.

(xiv) Loan 14 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.

(xv) Loan 15 represents short term revolving facilities used for working capital purposes. This facility carries interest at commercial interest rates and is secured by contract proceeds.

(xvi) Loan 16 represents a term obtained during the year 2013 for working capital purposes.

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. Based on the work completed to date the amount of the long term payable amounts to QR 177,128,000.

28 EMPLOYEES' END OF SERVICE BENEFITS

	2014 *QR'000*	*2013* *QR'000*
Movements in the provision recognised in the consolidated statement of financial position are as follows:		
At 1 January	**84,039**	72,634
Provided during the year	**24,323**	23,064
End of service benefits paid	**(14,233)**	(6,998)
Transferred to the pension fund	**(6,477)**	(4,661)
Provision as at 31 December	**87,652**	84,039
End of service benefits plans	**87,647**	83,865
Pension plan (Note 30)	**5**	174
Provision as at 31 December	**87,652**	84,039

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.

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 enjoys 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.

	Minimum lease Payments		*Present value of minimum lease Payments*	
	2014 ***QR'000***	*2013* *QR'000*	***2014*** ***QR'000***	*2013* *QR'000*
Payable				
Within 1 year	-	297	-	-
More than 1 year but less than 5 years	-	-	-	291
	-	297	-	291
Less: Future finance charges	-	(6)	-	-
Present value of minimum lease payments	-	291	-	291

Included in the consolidated statement of financial position as follows:

	2014 ***QR'000***	*2013* *QR'000*
Current portion	-	291
Non-current portion	-	-
	-	291

30 ACCOUNTS PAYABLE AND ACCRUALS

	2014 QR'000	*2013 QR'000*
Trade accounts and notes payable	**150,697**	143,363
Accrued expenses	**90,711**	114,207
Advances from customers	**44,195**	45,261
Amounts due to related parties (Note 34)	**1,164**	-
Negative fair value of interest rate swaps	**1,084**	2,034
Contribution to social and sports fund (Note 31)	**26,230**	23,745
Pension plan (Note 28)	**5**	174
Other payables	**100,480**	140,584
	414,566	469,368

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 26.2 million (2013: QR 23.8 million) representing 2.5% of the consolidated net profit for the year.

32 COMMITMENTS

	2014 QR'000	*2013 QR'000*
Capital commitments		
Property, vessels and equipment		
Estimated capital expenditure approved and contracted as of the reporting date	**1,868,747**	1,659,854

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:

	2014 QR'000	*2013 QR'000*
Within one year	**7,029**	45,848
After one year but not more than five years	**8,439**	15,280
Total operating lease expenditure contracted for at the reporting date	**15,468**	61,128

33 CONTINGENT LIABILITIES

At 31 December 2014, 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:

	2014 ***QR'000***	*2013* *QR'000*
Letters of guarantee	**799,067**	763,466
Letters of credit	**195,469**	242,364
	994,536	1,005,830

Litigation and claims
At the reporting date, there are certain litigations filed by third parties against the Group, total amounting to QR 12 million (2013: 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 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.

Related party transactions
Transactions with related parties during the year are as follows:

	2014				
	Sales QR'000	***Purchases QR'000***	***Interest income QR'000***	***Amounts paid for construction of vessels QR'000***	***Receipt of loan instalments QR'000***
Associate companies	**861**	**186**	**23,866**	**61,831**	**198,268**
Directors	**8,025**	**921**	**-**	**-**	**-**
	8,886	**1,107**	**23,866**	**61,831**	**198,268**

	2013				
	Sales QR'000	*Purchases QR'000*	*Interest income QR'000*	*Amounts paid for construction of vessels QR'000*	*Receipt of loan instalments QR'000*
Associate companies	896	1,438	27,051	195,438	327,600
Directors	8,240	537	-	-	-
	9,136	1,975	27,051	195,438	327,600

34 RELATED PARTY DISCLOSURES (CONTINUED)

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

	2014		*2013*	
	Receivables QR'000	***Payables QR'000***	*Receivables QR'000*	*Payables QR'000*
Associate companies	**97**	**70**	373	-
Directors	**5,179**	**921**	3,765	-
Other related parties	**299**	**173**	451	-
	5,575	**1,164**	4,589	-

The amounts due from and due to related parties are disclosed in Note 17 and Note 30 respectively.

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 2014, the Group has not recorded any impairment of receivables relating to amounts due from related parties (2013: 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 425,317,000 (2013: QR 534,932,000) is disclosed as part of Note 15.

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

	2014 QR'000	*2013 QR'000*
Board of directors remuneration – cash	**11,750**	35,200
Short-term benefits	**14,206**	15,224
Board of directors remuneration – in kind	**-**	2,200
Employees' end of service benefits	**886**	863
	26,842	53,487

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.

35 SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2014

	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	**630,757**	**925,031**	**587,258**	**396,289**	**267,853**	**-**	**2,807,188**	**(181,313)** *(i)*	**2,625,875**
Salaries, wages and other benefits	**(10,047)**	**(194,638)**	**(198,697)**	**(17,496)**	**(86,946)**	**(127,276)**	**(635,100)**	**1,009** *(i)*	**(634,091)**
Operating supplies and expenses	**(126,544)**	**(369,516)**	**(115,637)**	**(336,285)**	**(49,927)**	**(5,493)**	**(1,003,402)**	**157,915** *(i)*	**(845,487)**
Rent expenses	**(50,970)**	**(7,448)**	**(7,495)**	**(2,124)**	**(2,780)**	**(11,213)**	**(82,030)**	**20,553** *(i)*	**(61,477)**
Depreciation and amortisation	**(31,364)**	**(58,663)**	**(98,078)**	**(1,132)**	**(70,318)**	**(4,889)**	**(264,444)**	**-**	**(264,444)**
Impairment of an equipment	**-**	**(16,400)**	**(19,814)**	**-**	**-**	**-**	**(36,214)**	**-**	**(36,214)**
Other operating expenses	**(12,204)**	**(31,789)**	**(41,655)**	**(3,407)**	**(35,724)**	**(13,029)**	**(137,808)**	**1,836** *(i)*	**(135,972)**
Allocations relating to fleet and technical services	**-**	**(58,384)**	**-**	**-**	**58,384**	**-**	**-**	**-**	**-**
Allocations relating to Milaha Corporate	**(19,801)**	**(69,168)**	**(29,300)**	**(21,848)**	**(23,077)**	**163,194**	**-**	**-**	**-**
OPERATING PROFIT	**379,827**	**119,025**	**76,582**	**13,997**	**57,465**	**1,294**	**648,190**	**-**	**648,190**
Finance costs	**(19,155)**	**(8,550)**	**(8,196)**	**-**	**(6,573)**	**-**	**(42,474)**	**-**	**(42,474)**
Finance income	**35,351**	**-**	**103**	**784**	**24,257**	**-**	**60,495**	**-**	**60,495**
Gain on disposal of property, vessels and equipment	**1,035**	**1,223**	**(2,089)**	**12**	**-**	**-**	**181**	**-**	**181**
Share of results of joint ventures	**-**	**-**	**-**	**-**	**60,860**	**-**	**60,860**	**-**	**60,860**
Share of results of associate	**1,286**	**1,040**	**-**	**-**	**278,538**	**-**	**280,864**	**-**	**280,864**
Net gain (loss) on foreign exchange	**-**	**328**	**1,765**	**190**	**1,755**	**(1,294)**	**2,744**	**-**	**2,744**
Miscellaneous income	**91**	**-**	**23,803**	**-**	**16,333**	**-**	**40,227**	**-**	**40,227**
PROFIT FOR THE YEAR	**398,435**	**113,066**	**91,968**	**14,983**	**432,635**	**-**	**1,051,087**	**-**	**1,051,087**

35 SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2013

	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	610,848	834,038	595,084	281,202	179,348	-	2,500,520	(195,776)	*(i)*	2,304,744
Salaries, wages and other benefits	(14,988)	(178,486)	(191,121)	(15,130)	(82,344)	(134,485)	(616,554)	1,490	*(i)*	(615,064)
Operating supplies and expenses	(115,556)	(310,637)	(79,955)	(230,283)	(55,861)	(6,975)	(799,267)	173,514	*(i)*	(625,753)
Rent expenses	(49,958)	(5,223)	(5,983)	(1,207)	(1,867)	(11,938)	(76,176)	19,643	*(i)*	(56,533)
Depreciation and amortisation	(32,048)	(61,979)	(75,529)	(1,271)	(55,742)	(2,690)	(229,259)	-		(229,259)
Impairment of vessels and equipment	-	(7,900)	-	-	-	-	(7,900)	-		(7,900)
Other operating expenses	(19,600)	(24,098)	(42,299)	(2,658)	(23,470)	(15,176)	(127,301)	1,129	*(i)*	(126,172)
Allocations relating to fleet and technical services	-	(56,522)	-	-	56,522	-	-	-		-
Allocations relating to Milaha Corporate	(23,635)	(73,989)	(29,178)	(21,984)	(26,796)	175,582	-	-		-
OPERATING PROFIT	355,063	115,204	171,019	8,669	(10,210)	4,318	644,063	-		644,063
Finance costs	(17,917)	(9,802)	(7,207)	-	(6,650)	-	(41,576)	-		(41,576)
Finance income	35,047	-	272	145	32,136	20	67,620	-		67,620
Gain on disposal of property, vessels and equipment	2,842	10,993	2,915	-	-	(2,864)	13,886	-		13,886
Share of results of joint ventures	-	-	-	-	7,940	-	7,940	-		7,940
Share of results of associate	1,175	274	-	-	240,848	-	242,297	-		242,297
Net gain (loss)on foreign exchange	7	(70)	413	111	(135)	(1,474)	(1,148)	-		(1,148)
Miscellaneous income	387	-	5,094	-	9,494	-	14,975	-		14,975
PROFIT FOR THE YEAR	376,604	116,599	172,506	8,925	273,423	-	948,057	-		948,057

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:

	2014			*2013*		
	Qatar QR'000	***UAE QR'000***	***Total QR'000***	*Qatar QR'000*	*UAE QR'000*	*Total QR'000*
Operating revenues	**2,505,236**	**120,639**	**2,625,875**	2,202,800	101,944	2,304,744
Profit (loss) for the year	**1,068,988**	**(17,901)**	**1,051,087**	950,222	(2,165)	948,057

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 is as follows:

	2014 QR QR'000	*2013 QR QR'000*
Floating interest rate instruments		
Financial assets	**152,411**	213,981
Financial liabilities	**(1,982,845)**	(1,687,368)
	(1,830,434)	(1,473,387)
Fixed interest rate instruments		
Financial assets	**3,115,450**	2,122,805
Financial liabilities	**(2,487,522)**	(584,549)
	627,928	1,538,256

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.

	Changes in basis points	*Effect on profit for the year QR*
2014		
Floating interest rate instruments	**+25**	**(4,576)**
2013		
Floating interest rate instruments	+25	(3,683)

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 31 million (2013: QR 29 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 QR190 million (2013: QR 158 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 trade accounts receivable, accrued income, notes and staff receivables,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.

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:

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

	2014 ***QR'000***	*2013* *QR'000*
Loans to LNG and LPG Companies (Note 15)	**425,317**	534,932
Trade account receivables (Note 17)	**434,721**	389,169
Accrued income	**118,755**	63,669
Notes receivables	**57,840**	14,619
Staff receivables	**44,042**	41,350
Amounts due from related parties (Note 34)	**5,575**	4,589
Other receivables	**34,650**	36,493
Bank balances (excluding cash)	**3,125,023**	1,434,546
	4,245,923	2,519,367

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 based on contractual undiscounted payments.

	On demand QR'000	***Less than 1 year QR'000***	***1 to 5 years QR'000***	***Over 5 years QR'000***	***Total QR'000***
2014					
Bank overdrafts	**15**	**-**	**-**	**-**	**15**
Trade accounts and notes payable	**-**	**150,697**	**-**	**-**	**150,697**
Contribution to social and sport fund	**-**	**26,230**	**-**	**-**	**26,230**
Interest bearing loans and borrowings	**-**	**1,372,586**	**2,486,305**	**679,068**	**4,537,959**
Amounts due to related parties	**-**	**1,164**	**-**	**-**	**1,164**
Interest rate swaps	**-**	**-**	**1,084**	**-**	**1,084**
Total	**15**	**1,550,677**	**2,487,389**	**679,068**	**4,717,149**

	On demand QR'000	*Less than 1 year QR'000*	*1 to 5 years QR'000*	*Over 5 years QR'000*	*Total QR'000*
2013					
Bank overdrafts	91,010	-	-	-	91,010
Trade accounts and notes payable	-	143,363	-	-	143,363
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	91,695	984,053	672,723	880,515	2,628,986

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 2014 and 31 December 2013.

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:

	2014 ***QR'000***	*2013* *QR'000*
Debt (i)	**4,464,695**	2,175,814
Less: Cash and bank balances	**(3,129,219)**	(1,458,020)
Net debt	**1,335,476**	717,794
Equity attributable to equity holders of the Parent	**13,484,520**	12,586,225
Gearing ratio	**9.9%**	5.7%

(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.

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:

	Carrying amount		***Fair value***	
	2014 ***QR'000***	*2013* *QR'000*	***2014*** ***QR'000***	*2013* *QR'000*
Financial assets at fair value through profit or loss				
Financial investments at fair value through profit or loss	**624,081**	580,222	**624,081**	580,222

37 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying amount		*Fair value*	
	2014 QR'000	*2013 QR'000*	***2014 QR'000***	*2013 QR'000*
Financial assets (liabilities) at fair value through other comprehensive income				
Available-for-sale investments	**3,818,013**	3,158,816	**3,818,013**	3,158,816
Interest rate swaps (cash flow hedge)	**(1,084)**	(2,034)	**(1,084)**	(2,034)
	3,816,929	3,156,782	**3,816,929**	3,156,782

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 2014, 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.

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.

37 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)
At 31 December the Group held the following financial instruments measured at fair value:

	2014 QR'000	***Level 1 QR'000***	***Level 2 QR'000***	***Level 3 QR'000***
Assets measured at fair value				
Financial investments at fair value through profit or loss	**624,081**	**624,081**	**-**	**-**
Available-for-sale financial assets:				
Quoted shares	**3,818,013**	**3,818,013**	**-**	**-**
Unquoted shares	**3,100**	**-**	**-**	**3,100**
Investments in bonds	**26,626**	**-**	**-**	**26,626**
Liabilities measured at fair value				
Interest rate swaps	**1,084**	**-**	**1,084**	**-**

	2013 QR'000	*Level 1 QR'000*	*Level 2 QR'000*	*Level 3 QR'000*
Assets measured at fair value				
Financial investments at fair value through profit or loss	580,222	580,222	-	-
Available-for-sale financial investments:				
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	-

Unquoted available-for-sale investments include investments amounting to QR 349,823,000 (2013: QR 351,147,000), 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 2014, 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.

38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the useful life of the assets. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs include discount rates, operating cash flow, price inflation, expected utilisation and residual values of the assets.

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.

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.

38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Estimates and assumptions (continued)

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

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