2021 Annual Report

Weathering the storm through **Strength & Resilience**

MILAHA

His Highness
Sheikh Hamad bin Khalifa Al Thani
Father Amir

His Highness
Sheikh Tamim bin Hamad Al Thani
Amir of the State of Qatar

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About Milaha

Milaha is one of the largest and most diversified maritime and logistics companies in the middle east with a focus on providing marine transport and services, as well as supply chain solutions.

mission

To consistently deliver reliable services by focusing on safety, quality and our customers; to provide an enriching work environment and to always live our values

vision

To be the partner of choice in the maritime & logistics sector, with a dominant share in our home market and a strong international presence; to deliver sustainable growth to our shareholders

Milaha has a rich history, starting as a shipping agent in 1957, and strategically building a strong regional foothold in transportation and logistics through a diverse fleet of vessels, state-of-the art equipment, dedicated staff and world-class partners.

History and

Milestones

1957

Founded Qatar National Navigation & Transport Company (QNNTC), the first shipping agent in Qatar

1974

Launch of marine transport services in Doha Port, consisting of lighterage, berthing and towage

1978

Opened a regional branch

1982

Inaugurated the first fully integrated ship repair and fabrication facility in Mesaieed

1992

Co-founded Qatar Shipping with an equity share of 15%

2000

Co-founded Halul Offshore Services through a 50-50 joint venture with Qatar Shipping

2001

Merged land transport, cranage, freight forwarding, customs clearance and warehousing into Navigation Freight Services

2005

Equity investment in Qatar Gas Transport Company Ltd. (Nakilat)

2010

Acquisition of Qatar Shipping (and Halul Offshore Services as a result)

2011

Strategic transformation and launch of Milaha brand

Appointed operator of Doha Port

2015

Launch of first direct container service between Qatar and India

2016

Launch of Singapore office for Milaha Offshore

QTerminals begins managing phase one of Hamad Port

2017

Launch of warehousing and 3PL services in Oman

Launch of service between Qatar and Oman

Launch of direct container service between Qatar and Kuwait

Enhancement of service between Qatar and India

Launch of the fastest container service between Pakistan and Qatar

Launch of regular reefer service between Qatar and Turkey

Launch of feeder service between Sri Lanka and Bangladesh

Launch of NVOCC tracking app

2018

Added Majd, our largest container ship to date, to our already expanding fleet

Inaugurated and started operations of Milaha Logistics City

Launched our first ever container service between Qatar and Iraq

Awarded the Five Star Occupational Health and Safety rating by the British Safety Council

Started a major digital transformation initiative such as RPA & Oracle Cloud platform

2019

Awarded six Swords of Honor for improved health & safety, and two Globes of Honor for environmental sustainability by the British Safety Council (BSC)

Milaha completed its deployment of Robotic Process Automation Solutions

Milaha expanded its geographic footprint into the Black Sea and Mediterranean region through new container shipping services

Milaha invested in newer, fit-for-purpose assets, from vessels to trucks and further optimizing of the asset base

Partnered with Microsoft to build a smart-logistic platform using Artificial Intelligence and Internet of Things elements from Microsoft's cloud ecosystem

2020

Awarded four Swords of Honor for improved health and safety, and four Globes of Honor for environmental sustainability by the British Safety Council (BSC)

Milaha added a fourth core business pillar, Marine & Technical Services, with a focus on end-to-end service offerings for vessel owners and operators

Milaha has partnered with Schlumberger Limited to expand into the well services sector in Qatar by initially developing and equipping well stimulation vessels over the next five years

Milaha has been a key contributor to support the State of Qatar's efforts to provide stable and sustainable supply chains during the COVID-19 pandemic

Milaha expanded its investments in its shipyard activities through the acquisition of a new floating dock able to accommodate vessels for ship repair

Milaha promoted its investments to complete the digital transformation process, by expanding its partnership with Microsoft

Milaha enhanced its capabilities to strengthen cybersecurity to comply with the ISO 27001 and the National Information Security Standards

2021

Milaha continued to develop its fast-paced digital transformation journey by completing one of the largest Enterprise Resource Planning platform deployments in the region to date with our digital partner Oracle.

Milaha's effective safety measures and practices contributed to the wellness of its employees and the reduction in All-Injury Frequency Rate (AIFR) across the group by 30%.

Milaha expanded its footprint in the global supply chain adding the China-India Express service to our container shipping network.

Milaha signed the first service contract for its 600,000-barrel capacity Floating Storage and Offloading (FSO) unit.

Milaha continued to expand into new knowledge-based service lines for energy and global EPCI majors, servicing and supporting multiple elements of Qatar's oil and gas expansion projects.

Milaha continued to develop its shipyard facilities and capabilities, with the acquisition of a new 230 meter-floating dock, that will be commissioned in 2022.

Milaha launched its first innovative Hackathon, enabling "Milaha Citizen developers" to create and design digital tools and solutions to facilitate complex processes and tackle business challenges.

Board of Directors

H.E. Sheikh Jassim bin Hamad bin Jassim Jaber Al-Thani
Chairman

H.E. Sheikh Khalid bin Khalifa bin Jassim Fahad Al-Thani
Vice Chairman

H.E. Sheikh Abdulrahman bin Saud Al Thani
Board Member

H.E. Sheikh Suhaim bin Khaled bin Hamad Al-Thani
Board Member

H.E. Sheikh Hamad bin Mohammed Khalid Al-Thani
Board Member

H.E. Mr. Saad Mohammad Saad Al Romaihi
Board Member

Mr. Adel Ali bin Ali
Board Member

Mr. Hamad bin Mohammad Al Mana
Board Member

Dr. Mazen Jassim Jaidah
Board Member

Mr. Hitmi Ali Khalifa Al Hitmi
Board Member

Mr. Mohammed Ebrahim Al-Sulaiti
Board Member

Chairman of the Board of Directors' Message

Jassim bin Hamad bin Jassim Jaber Al-Thani
Chairman of the Board of Directors

In the Name of Allah, the Most Gracious, the Most Merciful

Dear Distinguished Shareholders,

I am pleased to present Milaha's Annual Report for the 2021 fiscal year.

As we highlight 2021 financial results, Milaha has demonstrated strength and resilience in the face of another year of challenges.

Despite the continued business challenges affecting the global shipping industry, we remained focused on our long-term strategy, to deliver service excellence, increase efficiency, and maintain stable and sustainable supply chains. This was demonstrated in our strong financial performance, recording a significant increase in 2021 net profit, at QR 724 million, compared to QR 59 million in 2020.

With a view to accelerate our digitization journey, in 2021, we completed one of the largest Enterprise Resource Planning platform deployments in the region to date with our digital partner Oracle.

Our dedication to protecting our employees, ensure business continuity to our customers and stakeholders remained our top priority. We continued to follow strict workplace safety measures, safeguard the wellbeing of our seafarers and reducing crew overstay on board our vessels in compliance with our commitment to the Neptune Declaration.

With a view to accelerate our digitization journey, in 2021, we completed one of the largest Enterprise Resource Planning platform deployments in the region to date with our digital partner Oracle, covering a significant majority of our operations and establishing a solid foundation for the next stage of digital transformation.

During 2021, we undertook a major optimization initiative to create a leaner, more agile organization. As part of this optimization initiative, we streamlined our container shipping and freight logistics operations through a lean transformation plan to reduce operational cost.

We also expanded our footprint in the global supply chain adding the China-India Express service to our container shipping network.

These steps , aided in part by the global increase in container rates and growth in demand, resulted in strong financial results achieved by Milaha container shipping, considered one of our main core business pillars.

In 2021, Milaha signed the first service contract for our 600,000-barrel capacity Floating Storage and Offloading (FSO) unit. This new investment will help in executing on our strategy for the Milaha Gas & Petrochem pillar.

After highlighting last year's robust financial performance and considering the current and future economic and industry conditions, Milaha's Board of Directors is pleased to recommend the General Assembly to distribute cash dividends of QR 341 million Qatari Riyal, equivalent to 30% of the nominal share value, which is equal to QR 0.30 per share.

Finally, on behalf of Milaha's Board of Directors, I express my gratitude and appreciation to HH Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar, and to HH Sheikh Hamad Bin Khalifa Al Thani, the Father Emir, for their continued support to the maritime and logistics sector, that contributes to Qatar's transition towards a diversified and sustainable economy in line with Qatar National Vision 2030.

I also wish to extend my appreciation to our Shareholders for their continued trust and support, and to all Milaha employees for their dedication and contribution to the company's progress and success.

President and CEO's Message

Abdulrahman Essa Al-Mannai
President & CEO

In the Name of Allah, the Most Gracious, the Most Merciful

Dear Distinguished Shareholders,

I'm pleased to report that Milaha showed strength and resilience in 2021, in the face of continued challenges and market volatility in our core sectors.

Despite the Covid-19 pandemic and the significant imbalances in supply chains globally we continued to deliver reliably and safely for our customers. This was as a result of continued initiatives to improve our operational competitiveness and resilience whilst maintaining our commitment to the wellbeing of our colleagues.

Milaha was a signatory to the Neptune Declaration and worked closely with the relevant authorities to ensure our colleagues on board our vessels could be relieved as quickly as possible. We significantly reduced crew overstay on board our vessels over the course of 2021. We also took the opportunity to continue strengthening our health and safety protocols beyond just the pandemic response, resulting in an overall 30% reduction in the All-Injury Frequency Rate (AIFR) performance.

Despite the Covid-19 pandemic and the significant imbalances in supply chains globally we continued to deliver reliably and safely for our customers. This was as a result of continued initiatives to improve our operational competitiveness and resilience.

To enhance operational competitiveness, we have successfully completed several initiatives in 2021 including streamlining our container shipping and freight logistics operations through a lean transformation initiative, we optimized our vessel fleets to reduce underperforming vessels as well as other equipment and enhanced our vessel fleet through 18 in-charters in 2021, which now comprise 20% of our vessel fleet. Furthermore, we renegotiated a number of key supply contracts to ensure a more competitive cost base. In all, we were able to make significant reduction into unit operating cost over the course of 2021.

In parallel, we also took the opportunity to accelerate our multi-year digital transformation journey that began in 2018. In addition to revamping our core systems, we took steps to encourage and embed a "digital first" culture. In this regard Milaha conducted its first internal Innovation Hackathon, which resulted in the creation of multiple new digital operational tools and apps by Milaha's own, non-IT, employees.

While we were cautious in making significant investments in growth, given the uncertainty and volatility in the market, we nonetheless added a number of strategically important revenue lines.

Milaha Offshore continued to expand into new knowledge-based service lines for energy and global EPCI majors, servicing and supporting multiple elements of Qatar's energy sector expansion. Milaha mobilized cross-group capabilities in offshore marine, steel fabrication and industrial logistics to deliver bespoke solutions in the energy sector, with particular focus on supporting the marine construction and maintenance of marine production assets.

To serve growing global demand, Milaha's Container Shipping unit also expanded its network into the Far East by introducing a new service connecting China with India and the Arabian Gulf. In parallel, we expanded our global logistics network through global partnerships, allowing Milaha to capture more end-to-end trade volumes. Milaha Logistics City, the first customs-bonded zone in Qatar, enabled us to offer bonded logistics services and operate as an international transshipment hub for global eCommerce businesses globally, a first for Qatar.

In 2021, Milaha made its first investment in Floating Storage and Operations (FSO) vessels, and we are in the process of converting our tanker, Khawr Al-Adid, into an FSO and to begin operations in 2022.

In order to target Qatar's marine services market, we significantly expanded our offering across multiple marine segments and, in particular, to vessels calling Qatar's ports. Milaha also signed an agreement with the Qatar Navy to maintain facilities at the new naval base and to mobilize new marine equipment delivery into Qatar.

Our performance in 2021, as described above, was reflected in our 2021 Financial results. We continue to strive to achieve our vision of being the partner of choice for our customers in the Maritime & logistics sectors and in line with Qatar National Vision 2030.

On this occasion, I would like to extend my sincerest gratitude and appreciation to HH Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar, and to HH Sheikh Hamad Bin Khalifa Al Thani, the Father Emir, and to our esteemed Government for their continued support and sound guidance.

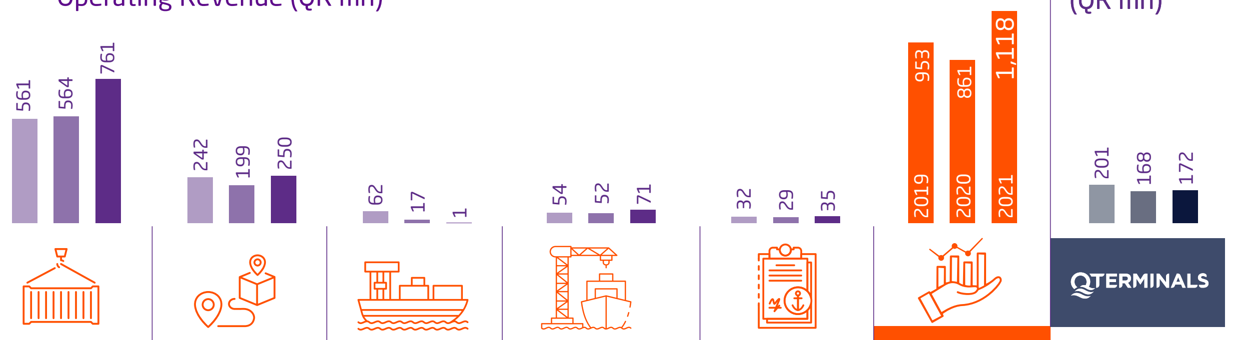
I would also like to thank our customers, partners and shareholders for their faith in us, and I extend my gratitude to Milaha's Board of Directors for its continuous support , and to all our colleagues for their dedication to enhance Milaha's success.

Board of Directors' Report on Milaha's Performance 2021

Maritime & Logistics

Operating Revenue (QR mn)

Share of Results of JV's & Associates (QR mn)



CONTAINER SHIPPING
- Provides Feeder and Line services in the Middle East, Indian-subcontinent, Europe, China and SE Asia

LOGISTICS
- Provides Freight-forwarding, Land Transport, Warehousing & Distribution, Stevedoring, Heavy Lift and Industrial Logistics solutions

BULK SHIPPING
- Formerly owned and operated 1 bulk carrier, along with in-chartered vessels
- Unit shutdown and bulk vessel sold in Q1 2021

SHIPYARD
- Own and operate 1 floating dock, 1 shiplift and a large jetty in Mesaieed, Qatar
- Services include ship repairs & dry docking, on/offshore structure and piping fabrication, and bespoke oil & gas related project support
- Caters to Milaha's own vessels as well as other local and international marine and oil & gas customers

SHIPPING AGENCIES
- Provide full Port Agency Services to all types of ships and marine units calling on Qatari Ports and waters
- Provide Marine Surveys and P&I services for insurance clubs and members

QTERMINALS
- Jointly owned port and terminal operator between Mwani Qatar (51%) and Milaha (49%)

Fleet

Business Unit	No.	Year Built	Capacity
	1	2007	3,586 (TEU)
Container Shipping	2	2009	1,015 (TEU)
	1	2010	1,015 (TEU)

2021 Review

In 2021 Maritime & Logistics demonstrated exceptionally strong performance. Despite COVID19 operational challenges and supply chain disruptions that were felt worldwide, the segment posted QAR 1.1 billion in revenue in 2021 as compared to QR 861 million in 2020, for an increase of 30%. Net profit similarly increased from QAR 78 million in 2020 to QAR 199 million in 2021, for an increase of 157%.

The Container Shipping business performed very well in 2021, continuing to optimize its feeder network and executing on cost reduction activities, while benefiting from the rising freight rate environment. The unit successfully launched the China - India Express Service further expanding Milaha's footprint, strengthened its capabilities through reorganization including the addition of several senior industry experts, and continued its digitization journey which will ramp-up in 2022.

Our Logistics business and results grew versus 2020. The improvement was driven by increased international transport volumes and support from major customers as their activities recovered from the 2020 COVID19 impacts. The local logistics business growth, however, was challenged by labor availability issues and delayed onboarding of new customers. Despite these challenges, the business managed to strengthen its commercial capabilities and continued the optimization of business processes which will enable improved customer service and accelerated sales activities in 2022.

In 2021 the Company formally shut down the Bulk Shipping unit. Milaha divested its sole bulk vessel in the first quarter of the year and exited this segment.

The Shipyard continued with its planned development and enhancement of facilities in 2021, achieving several milestones to support business expansion in the oil & gas sector and to increase its dry docking / repair capacity. Dock occupancy increased and the unit engaged in and completed a number of marine upgrade projects in different sectors, including pleasure, offshore and military. The Shipyard has attracted new clients from the GCC region by maintaining its focus on operational efficiency, safety and customer satisfaction. Cost optimization measures executed at the beginning of the year were successful and provided a significant contribution to year end results.

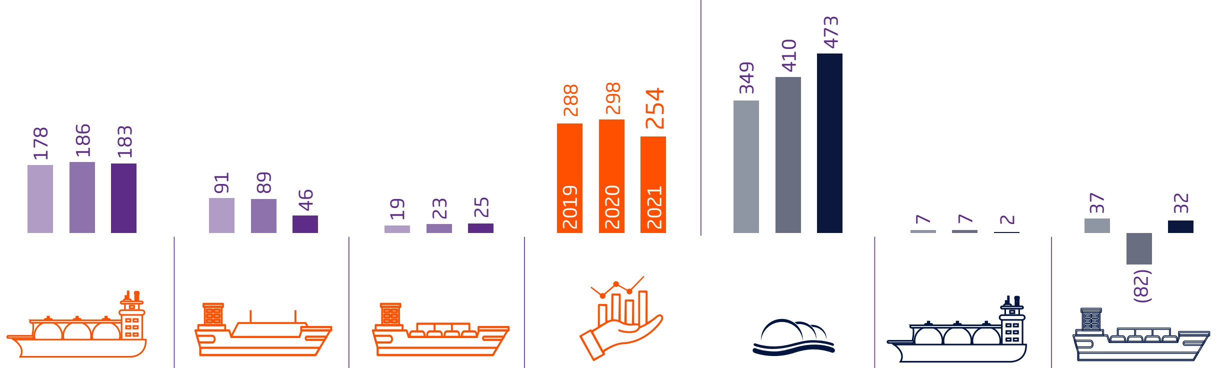
Shipping Agencies saw a remarkable pickup in operations in 2021, with the major business drivers showing double digit growth vs 2020, including import and export TEU's handled, and delivery orders issued.

Our QTerminals joint arrangement posted QAR 172 million profit vs QAR 168 million in 2020, as volumes increased both domestically as well as through its newly expanded international locations.

Gas & Petrochem

Operating Revenue (QR mn)

Share of Results of JV's & Associates (QR mn)



WHOLLY OWNED LNG VESSELS
- Own & commercially operate 2 LNG carriers

TANKERS
- Own & operate 1 LR2 product tanker

GAS CARRIERS
- Own & operate 1 LPG/Ammonia carrier

NAKILAT
- Own 36% of Nakilat (largest shareholder)

LNG JV'S
- Own 15-30% share of 6 LNG carriers with global players
- 25 yr charter contracts

GULF LPG JV
- Own 50% of 4 VLGC's in partnership with Nakilat
- Vessels built in 2008 & 2009

Fleet

Business Unit	Type	No.	Year Built	Capacity
Tankers	Product	1	2006	106,000 (DWT)
Gas Carriers	LPG/Ammonia	1	2004	22,500 (CBM)
	LNG	1	2004	138,273 (CBM)
LNG Vessels	LNG	1	2006	145,602 (CBM)

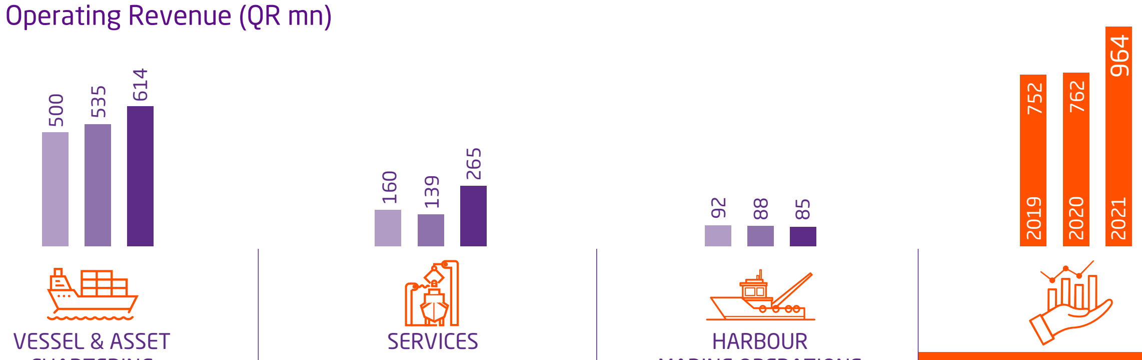
2021 Review

Gas & Petrochem posted solid higher profit in 2021, with an increase of QAR 72 million or 17% vs 2020. Operating profit before impairments decreased by QAR 47 million as tanker freight rates dropped significantly against highs in 2020. At the non-operating income level, results got a boost from lower impairments against both our owned as well as joint venture vessels, and increased profit from our Nakilat associate.

During 2021, the segment divested of two wholly owned tankers and by December sent the third and last tanker for conversion to an FSO unit, which should become operational mid 2022 on an already signed long term contract. This is part of a strategic shift for Gas & Petrochem whereby freight rate volatility (such as in the tanker sector) is replaced by longer term, steady cash flow backed assets.

Offshore

Operating Revenue (QR mn)



VESSEL & ASSET CHARTERING

- Own and/or operate a diverse fleet of offshore support vessels
- Manage and charter highly specialized fleet of bespoke offshore and subsea vessels
- Own and/or operate construction, accomodation and rig-less well intervention jack-up barges
- Own, operate and charter safe walk to work gangway solutions

SERVICES

- Provide Construction / Maintenance, Modification & Operation (MMO) services to oil & gas and process industries
- Provide Geological and Geophysical services, including seismic, seabed topography and soil sampling & analysis
- Provide well services, including stimulation, intervention, and plug & abandonment

HARBOUR MARINE OPERATIONS

- Own and/or operate a diverse fleet of harbour and inshore support vessels
- Provide offshore and inshore harbour mooring, tug, tow, pilot, float over, rig move and marine solutions
- Manage 3rd Party harbour vessels and provide quayside services

TOTAL

Fleet

Type	# Year Built 2002 - 2008	2009 - 2015	2016 - 2021	Total
Safety Standby Vessels	1			1
Anchor Handling Towing Supply Vessels	5			5
DP1 Anchor Handling Towing Supply Vessels	3	1		4
Construction Support Vessels		2		2
Diving Support Vessels		2		2
DP2 Platform Support Vessels		5	4	9
DP2 Anchor Handling Towing Supply Vessels		5	1	6
DP2 Well Stimulation Vessel			1	1
DP2 Anchor Handling Towing Vessels		1		1
Anchor Handling Towing Vessels			1	1
Wireline Support Vessels	4			4
Multi-Purpose Support Vessels		3	1	4
Fast Supply Intervention Vessel			2	2
Liftboat Vessels			1	1
Total	**13**	**19**	**11**	**43**

Fleet

Business Unit	Type	No.	Year Built
Harbour Marine Operations	Harbor Towage Tug	3	2001
	Tanker Berthing Assistance Tug	1	2004
	Service Boats	1	2013
	Mooring	6	2013
	Harbour Towage Tugs	3	2013
	Pilot Boats	4	2014
	Harbour Towage Tugs	5	2014
Total		**23**	

2021 Review

Milaha's Offshore segment recorded QAR 202 million growth in revenue and QAR 438 million increase in bottom line in 2021 versus 2020. The growth in revenue was mainly driven by increased capacity from both 3rd party chartered-in as well as wholly owned vessels and increased services / projects. Despite strong top-line growth, operating profit before impairments came in lower as a result of one-time expenses, COVID19-related costs, and lower utilization of some key assets. At the non-operating income level, the segment posted a large decrease in vessel impairments which boosted the bottom line.

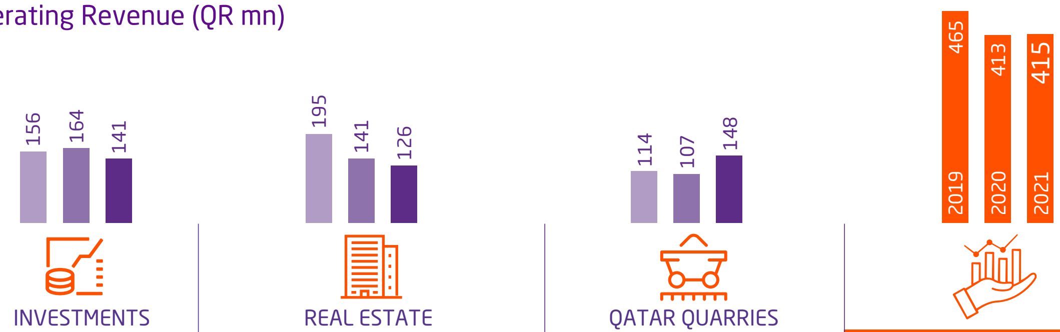
Offshore has cemented its position as the dominant offshore player in Qatar, operating a fleet of over 80 owned and chartered-in vessels. Along with increased vessel capacity, more importantly, the segment continues to focus on more value-added services and offerings, such as:

- Engineering and construction services
- Diving - air & saturation dives, ROV (remotely operated vehicle) dives
- Geological and geophysical surveying

To further enhance capabilities and growth, Milaha Offshore established six new technical alliances across services. The segment remains focused on executing its plan to optimize the fleet, digitize its business and further transform its operations.

Capital

Operating Revenue (QR mn)



INVESTMENTS

- QR 3.2 billion Available for Sale Portfolio
- QR 308 million Fixed Income
- QR 586 million unquoted investments

REAL ESTATE

- Portfolio of commercial & residential development & land in Qatar
- Flagship 52 story tower in West Bay, Doha
- Smaller properties generating rental income

QATAR QUARRIES

- Company involved in aggregate import trade
- Milaha owns 50% share; financials consolidated line by line

TOTAL

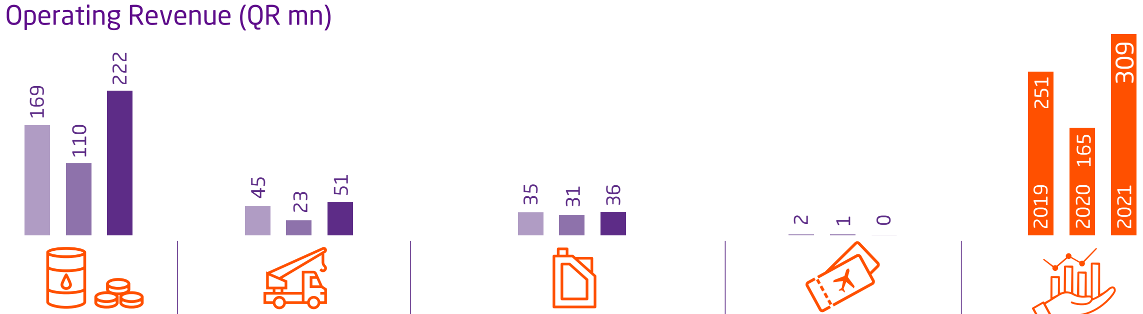
2021 Review

Milaha's Capital segment ended the year with a QAR 3 million increase in revenue, and a QAR 34 million increase in net profit. Overall investment income decreased QAR 23m compared to 2020, led by a drop in dividend income. The Investment unit's focus continues to remain on diversifying its holdings and enhancing yield.

The top line for the Real Estate unit dropped by QAR 15 million due to reduced rental income, but overall net profit increased; one-offs from 2020 that included QAR 163 million in impairments and QAR 82 million in gains on property sales did not recur in 2021. During 2021, Real Estate was able to ensure high occupancy rates in its properties and beginning in Q3 2021 started earning income on its new 178 villa residential compound.

Trading

Operating Revenue (QR mn)



BUNKER SALES

- Distribute bunker to vessels
- Pass through revenue with small margin

EQUIPMENT TRADING AGENCIES

- Dealer / distributor for trucks, truck attachments, heavy equipment, and spare parts
- Principals include Hino, Sennebogen, Terberg, Lonking, Socma and Hyundai Everdigm Cranes
- After Sales Services and Asset Management

MARINE SALES & SERVICE

- Distributor for marine equipment - including engines, spares parts, and accessories
- Distributor for lubricants and marine chemicals
- Principals include Hyundai Doosan Marine Engines, BP Marine (Castrol), Fuchs, Lukoil, Uni-Marine, KODEN & JMP Pumps
- Provide Ship Chandlering services to vessel owners & operators calling Qatari waters

TRAVEL & TOURISM

- Formerly operated a Qatari-based travel agency
- Unit shutdown in 2020

TOTAL

2021 Review

The Trading segment posted QAR 144 million, or 87% increase in revenue, but with a drop of QAR 1m in the bottom line, both primarily tied to the Bunker Sales unit; the unit was able to successfully expand its international footprint but came at the expense of lower margins. Lower performance from the Bunker Sales unit more than offset increased heavy equipment sales and performance.

The Trading segment is focused on optimizing and where necessary, rationalizing its operations and further developing ship chandlering capabilities which began in earnest in 2021.

Assurance Reports

Board of Directors' Report on Internal Controls over Financial Reporting

31 December 2021

BOARD OF DIRECTORS' REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Board of Directors of Qatar Navigation Q.P.S.C. (the "Company") and its subsidiaries (together the "Group") has carried an assessment of internal control framework over financial reporting as at 31 December 2021 in accordance with the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority's (QFMA's) Board pursuant to Decision No. (5) of 2016 (the 'Code').

Responsibilities of the Board

The Board of Directors of the Group is responsible for establishing and maintaining effective internal control over financial reporting.

Internal control over financial reporting is a process designed by, or under the supervision of, the Group's Management, and affected by the Group's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). It includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Group are being made only in accordance with the authorizations of management and Board of Directors of the Group; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Group's assets that could have a material effect on the financial statements.

The Board of Directors of the Group is responsible for design, and maintenance of adequate internal controls that when operating effectively would ensure the orderly and efficient conduct of its business, including:

- adherence to Group's policies;
- the safeguarding of its assets;
- the prevention and detection of frauds and errors;
- the accuracy and completeness of the accounting records;
- the timely preparation of reliable financial information; and
- compliance with applicable laws and regulations, including the QFMA's law and relevant legislations and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis.

Further, projections of any evaluation of effectiveness of the internal control over financial reporting to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessment

In this section, we provide description of the scope covered by the assessment of the suitability of the Group's internal control over financial reporting, including the Significant Processes addressed, control objectives and the approach followed by management to conclude its assessment.

The Group is required to report on the suitability of the design and operating effectiveness of internal controls over financial reporting ("ICOFR") in connection with the Governance Code for Companies & Legal Entities Listed on the Main Market (the "Code") issued by the Qatar Financial Markets Authority's (QFMA's) Board pursuant to Decision No. (5) of 2016.

We have conducted an evaluation of the design and operating effectiveness of internal control over financial reporting, as of December 31, 2021, based on the framework and the criteria established in Internal Control - Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Scope of assessment

Our internal control framework over financial reporting is the process de¬signed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICOFR includes controls over disclosure in the financial statements and procedures designed to prevent misstatements.

In assessing suitability of design and operating effectiveness of ICOFR, the management has determined Significant Processes as those processes in respect of which misstatement in the stream of transactions or related financial statements amounts, including those caused by fraud or error would reasonably be expected to impact the decisions of the users of financial statements.

The Significant Processes of the Group at 31 December 2021 are: revenue and receivables, investments management, purchasing, payables and payments, cash and treasury management, property and equipment management, inventory management, human resources and payroll, entity level controls, corporate governance, information technology, and general ledger and financial reporting.

External auditors

In accordance with the Code, PricewaterhouseCoopers Qatar Branch, the Group's independent external audit firm has issued a reasonable assurance report on the management assessment and the suitability of design and operating effectiveness of the Group's internal control framework over financial reporting.

Board of Directors' Conclusion

Based on management assessment, the Board of Directors concluded that, as at 31 December 2021, the Group's internal control over financial reporting is appropriately designed and operating effectively to achieve relevant control objectives based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Jassim bin Hamad bin Jassim Jaber Al-Thani
Chairman

Doha,

9 February 2022

Abdulrahman Essa Al-Mannai
President & CEO

9 February 2022

Independent Reasonable Assurance Report

Report on the suitability of design and operating effectiveness of internal controls over financial reporting of significant processes as at 31 December 2021

Introduction

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market (the "Governance Code" or the "Code") Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a reasonable assurance engagement over the Board of Directors' Report on Internal Controls over Financial Reporting of Qatar Navigation Q.P.S.C.)the "Company") and its subsidiaries (together the "Group") as at 31 December 2021, based on the framework issued by the Committee of Sponsoring Organisations of the Treadway Commission "COSO framework".

Responsibilities of the directors and those charged with governance

The Board of Directors' of the Group are responsible for presenting the Board of Directors' Report on Internal Controls over Financial Reporting, which includes:

- the Board of Directors' assessment of the suitability of design and operating effectiveness of internal controls over financial reporting;
- description of the identification of significant process and internal controls over financial reporting; and
- assessment of the severity of design, and operating effectiveness of control deficiencies, if any noted, and not remediated at 31 December 2021.

The assessment presented in the Annual Report will be based on the following elements included within the Risk Control Matrices provided by the Group's management:

- the control objectives; including identifying the risks that threaten the achievement of the control objectives; and
- designing and implementing controls to achieve the stated control objectives.

The Group's Board of Directors are also responsible for establishing and maintaining internal financial controls based on the framework issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO framework").

These responsibilities include the design, and maintenance of adequate internal financial controls that if operating effectively would ensure the orderly and efficient conduct of its business, including:

- adherence to Group's policies;
- the safeguarding of its assets;
- the prevention and detection of frauds and errors;
- the accuracy and completeness of the accounting records;
- the timely preparation of reliable financial information; and
- compliance with applicable laws and regulations

Responsibilities of the Assurance Practitioner

Our responsibilities are to express a reasonable assurance conclusion based on our assurance procedures on the Board of Directors' Report on Internal Controls over Financial Reporting, based on the COSO framework.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain reasonable assurance on the Board of Directors' assessment of suitability of the design and operating effectiveness of the internal controls over financial reporting of significant processes, as presented in the 'Board of Directors' Report on Internal Controls over Financial Reporting, in all material respects, to achieve the related control objectives stated in the description of the relevant processes by management, based on the COSO framework.

A process is considered significant if a misstatement due to fraud or error in the stream of transactions or financial statement amount would reasonably be expected to impact the decisions of the users of financial statements. For the purpose of this engagement, the processes that were determined as significant are: revenue and receivables, investments management, purchasing, payables and payments, cash and treasury management, property and equipment management, inventory management, human resources and payroll, entity level controls, corporate governance, information technology, and general ledger and financial reporting.

An assurance engagement to express a reasonable assurance conclusion on the "Board of Directors' Report on Internal Controls over Financial Reporting based on the COSO framework involves performing procedures to obtain evidence about the fairness of the presentation of the report. Our procedures on internal controls over financial reporting included:

- obtaining an understanding of internal controls over financial reporting for Significant Processes;
- assessing the risk that a material weakness exists; and
- testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

In carrying out our engagement, we obtained understanding of the following components of the control system:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the suitability of design and operation, whether due to fraud or error. Our procedures also included assessing the risks that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the Board of Directors' Report on Internal Controls over Financial Reporting.

Our procedures included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives were achieved.

An assurance engagement of this type also includes evaluating Board of Directors' assessment of the suitability of the design and operating effectiveness of the controls over the control objectives stated therein. It further includes performing such other procedures as considered necessary in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion on the 'Board of Directors' Report on Internal Controls over Financial Reporting.

Our independence and quality control

In carrying out our work, we have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the ethical requirements that are relevant in Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Concept of internal controls over financial reporting

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS). An entity's internal control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of the management of the entity; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

INDEPENDENT REASONABLE ASSURANCE REPORT TO THE SHAREHOLDERS OF QATAR NAVIGATION Q.P.S.C.

(Continued)

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the Board of Directors' Report on Internal Controls over Financial Reporting and the methods used for determining such information.

Because of the inherent limitations of internal controls over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Therefore, internal controls over financial reporting may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met. Also, projections of any evaluation of the internal controls over financial reporting to future periods are subject to the risk that the internal control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Furthermore, the controls activities designed, and operated as of 31 December 2021 covered by our assurance report will not have retrospectively remedied any weaknesses or deficiencies that existed in relation to the internal controls over the financial reporting prior to the date those controls were placed in operation.

Other information

The Board of Directors are responsible for the other information. The other information comprise the Annual Report (but does not include the "Board of Directors' Report on Internal Controls over Financial Reporting), which we obtained prior to the date of this assurance report.

Our conclusions on the 'Board of Directors' Report on Internal Controls over Financial Reporting do not cover the other information and we do not, and will not express any form of assurance conclusion thereon.

In connection with our assurance engagement on the 'Board of Directors' Report on Internal Controls over Financial Reporting, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

If we conclude that there is a material distortion of the other information we obtained prior to the date of this report, based on our actions, we are required to prepare a report. Otherwise, we have nothing to report in this regard.

Conclusion

In our opinion, based on the results of our reasonable assurance procedures, the Board of Directors' assessment of the suitability of the design and the operating effectiveness of the Group's internal controls over financial reporting of significant processes, based on the COSO framework is presented fairly, in all material respects, as at 31 December 2021.

For and on behalf of PricewaterhouseCoopers - Qatar Branch

Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni
Auditor's registration number 370
Doha, State of Qatar
9 February 2022

Board of Directors' Assessment of Compliance with the QFMA's Requirements

Report on compliance with the Qatar Financial Markets Authority's (QFMA's) law, related legislation, including the Governance Code for Companies & Legal Entities Listed on the Main Market (the "Code") Issued by the QFMA's Board pursuant to the QFMA's Decision No. (5) of 2016.

BOARD OF DIRECTORS' ASSESSMENT OF COMPLIANCE WITH THE QFMA'S REQUIREMENTS

The Board of Directors of Qatar Navigation Q.P.S.C and its subsidiaries (together referred to as the "Group") has carried an assessment of compliance as at 31 December 2021 with the Qatar Financial Market Authority ('QFMA') law and relevant legislations, Governance Code for Companies & Legal Entities Listed on the Main Market ("QFMA's Requirements") issued pursuant to Decision No. (5) of 2016 (the 'Code') and other relevant legislations where applicable (all referred to as the "QFMA's Requirements").

Responsibilities of the Board

The Board of Directors is committed to implement the following Governance principles set out in the Code:

- Justice and equality among Stakeholders without discrimination among them on basis of race, gender, and religion;
- Transparency, disclosure, and providing Information to the QFMA and Stakeholders at the right time and in the manner that enables them to make decisions and undertake their duties properly;
- Upholding the values of corporate social responsibility;
- Providing the public interest of the Group and Stakeholders over the personal interest; and
- Performing duties, tasks and functions in good faith, integrity, honor and sincerity and taking the responsibility arising therefrom to the Stakeholders and society.

Management evaluation of compliance

In accordance with Article 2 of the Code, we have conducted an evaluation of the Group's compliance with the QFMA's Law, the Code and other relevant legislations. The Compliance function of the Group has completed an extensive checklist, which enumerates the articles of the QFMA's Law, the Code and other relevant legislations to establish bases for our conclusion.

External auditors

In accordance with the Code, PricewaterhouseCoopers Qatar Branch, the external audit firm of the Group, has been appointed to issue a limited assurance report on the management's assessment of compliance with the QFMA's law, the Code and other relevant legislations as at 31 December 2021 in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB').

Compliance exceptions

As at 31 December 2021, there are no matters identified that are not in compliance with QFMA's Requirements, and that there is a process in place to ensure compliance with QFMA's relevant regulations.

Board of Directors' Conclusion

Based on our assessment of and results of procedures performed, the Board of Directors confirm compliance with the QFMA's Requirements as at 31 December 2021.

H.E. Sheikh Jassim bin Hamad bin Jassim Jaber Al-Thani
Chairman of the Board

Doha, 9 February 2022

Independent Limited Assurance Report

To the Shareholders of Qatar Navigation Q.P.S.C (Milaha)

Report on Compliance with Qatar Financial Markets Authority's (QFMA's) law and related legislation, including the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the QFMA's Board pursuant to the QFMA's Decision No. (5) of 2016 as at 31 December 2021 ("QFMA's Requirements")

Introduction

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market (the "Governance Code" or the "Code") Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a limited assurance engagement over the Board of Directors' assessment of compliance with the QFMA's Requirements of Qatar Navigation Q.P.S.C. (the "Company") and its subsidiaries (together the "Group") as at 31 December 2021.

Responsibilities of the directors and those charged with governance

The Board of Directors of the Group are responsible for preparing the Board of Directors' assessment of compliance with the QFMA's Requirements -as included in the Annual Report- that covers at a minimum the requirements of Article 4 of the Code.

The Board of Directors are also responsible for ensuring the Group's compliance with the QFMA's Requirements for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016 and preparing the Board of Directors' assessment of compliance with QFMA's Requirements.

The Board of Directors are also responsible for identification of areas of non-compliance and related justifications, where mitigated.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that if operating effectively would ensure the orderly and efficient conduct of its business, including compliance with applicable laws and regulations.

Responsibilities of the Assurance Practitioner

Our responsibilities are to issue a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the Board of Directors' assessment of compliance with the QFMA's Requirements – as included in the Annual Report – do not present fairly, in all material respects, the Group's compliance with the QFMA's law and relevant legislations, including the Code, based on our limited assurance procedures;

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Board of Directors' assessment of compliance with the QFMA's Requirements, taken as a whole, is not prepared, in all material respects, in accordance with the QFMA's law and relevant legislations, including the Code.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

A limited assurance engagement involves assessing the risks of material misstatement of the Board of Directors' assessment of compliance with the QFMA's Requirements, whether due to fraud or error and responding to the assessed risks as necessary in the circumstances. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Accordingly, we do not express a reasonable assurance conclusion about whether the Board of Directors' assessment of compliance with the QFMA's Requirements, taken as a whole has been prepared, in all material respects, in accordance with the QFMA's law and relevant legislations, including the Code.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of reporting policies for the Group and agreeing with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of management to obtain an understanding of the processes followed to identify the requirements of the QFMA law and relevant legislations, including the Code; the procedures adopted by management to comply with these Requirements and the methodology adopted by management to assess compliance with these Requirements (this included analysing the reporting of subsidiary companies, selected on the basis of their inherent risk and materiality to Group), to understand the key processes and controls for reporting compliance with the QFMA's Requirements;
- considered the disclosures by comparing the contents of the Board of Directors' assessment on compliance with QFMA's law and relevant legislations, including the Code against the requirements of Article 4 of the Code;
- agreed the relevant contents of the Board of the Directors' assessment on compliance with QFMA's law and relevant legislations, including the Code to the underlying records maintained by the Group; and
- performed limited substantive testing on a selective basis, when deemed necessary, to assess compliance with the Requirements, and observed evidences gathered by management; and assessed whether violations of the Requirements, if any, have been disclosed by the Board of Directors, in all material respects.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by management to comply with the Requirements. Therefore, we do not provide any assurance as to whether the procedures adopted by management were functioning effectively to achieve the objectives of the QFMA's law and relevant legislations, including the Code.

Our independence and quality control

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the ethical requirements that are relevant in Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent limitations

Many of the procedures followed by entities to adopt governance and legal requirements depend on the personnel applying the procedure, their interpretation of the objective of such procedure, their assessment of whether the compliance procedure was implemented effectively, and in certain cases would not maintain audit trail. It is also noticeable that the design of compliance procedures would follow best practices that vary from one entity to another and from one country to another, which do not form a clear set of criteria to compare with.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the Board of Directors' assessment on compliance with QFMA's law and relevant legislations, including the Code and the methods used for determining such information.

Because of the inherent limitations of internal controls over compliance with relevant laws and regulations, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Other information

The Board of Directors are responsible for the other information. The other information comprise the Annual Report (but does not include the "Board of Directors' assessment on compliance with QFMA's Requirements), which we obtained prior to the date of this assurance report.

Our conclusions on the "Board of Directors' assessment on compliance with QFMA's Requirements as included in the Annual Report do not cover the other information and we do not, and will not express any form of assurance conclusion thereon.

In connection with our assurance engagement on the "Board of Directors' assessment on compliance with QFMA's Requirements" as included the Annual Report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

If we conclude that there is a material distortion of the other information we obtained prior to the date of this report, based on our actions, we are required to prepare a report. Otherwise, we have nothing to report in this regard.

Conclusion

Based on our limited assurance procedures described in this report, nothing has come to our attention that causes us to believe that the Board of Directors' assessment on compliance with QFMA's law and relevant legislations, does not present fairly, in all material respects, the Group's compliance with the QFMA's law and relevant legislations, including the Code as at 31 December 2021.

For and on behalf of PricewaterhouseCoopers - Qatar Branch

Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni
Auditor's registration number 370
Doha, State of Qatar
9 February 2022

Corporate Governance Report

for the year ended 31 December 2021

Ladies and Gentlemen, Respected Shareholders,

It honors me to present to this meeting the Corporate Governance Report of Qatar Navigation Q.P.S.C. ("Milaha" or "the Company") covering the fiscal year ending 31 December 2021. The Corporate Governance Report has been prepared in accordance with the requirements of Articles (1 - 4) of the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the Qatar Financial Markets Authority (QFMA) on 10th November 2016 and other relevant laws and regulations of the State of Qatar. A full copy of the Corporate Governance Report is available on Milaha's official website.

It honors us to say that the situations in Milaha are conforming significantly to the Governance Code. The Board of Directors continuously, in cooperation with the Executive Management, takes all measures necessary for enhancing the systems of optimal management and disclosure in order to ensure the confidence of Milaha Shareholders and Investors.

Thank you,

Jassim bin Hamad bin Jassim Jaber Al-Thani
Chairman

Brief History

- Qatar Navigation Q.P.S.C ("Milaha" or "the Company") was incorporated on 5th July 1957 as a Qatari Shareholding Company; its shares are publicly traded in Qatar Exchange. The Company's operational and commercial activities include marine transport, shipping agency for foreign shipping lines, provision of overseas services, selling of transport vehicles and industrial equipment, ship repair and fabrication and installation of offshore facilities, land and air transport activities, vessel chartering, and investing in real estate. In 2016, the Company's Extraordinary General Assembly approved the activity of "Truck trading, and owning, selling, hiring, and leasing of all types of trucks." The Company already has branches in some GCC countries engaged in some activities of Milaha.
- The Company acquired all the shares of Qatar Shipping Company in 2010. Before that, the company was holding 15% of Qatar Shipping Company. Then, Milaha acquired the remaining 85% of the share capital of Qatar Shipping Company.
- As a result of the acquisition, Milaha gained full ownership of Milaha Offshore Support Services (Previously, Halul Offshore Services Company).
- The authorized and fully paid-up current capital of the Company amounts to Qatari Riyals 1.136.164.750 distributed over 1.136.164.750 shares, based on the resolution of the Extraordinary General Assembly meeting held on 8\11\2021 to reduce the Company's capital by the value of the treasury shares. Currently, the total number of employees approximates 4,786 including the crew and divers.

1. Introduction

The Company's Corporate Governance requires ratification of certain regulations and processes necessary for implementing the policies, procedures and measures that will establish relations between the Management and the Stakeholders, and lead to maximizing the returns to the Stakeholders and various parties through exercising effective guidance on and control over the Company's activities, while maintaining integrity and objectivity. In broader terms, governance describes why developing of an organizational structure can enable a company to better manage its resources within a legal framework. It also ensures that adopting the international standards will enable the Company to realize transparency, integrity, and trust in the Company's financial statements and thereby boost the confidence of debtors and lenders in the Company and encourage them to enter into transactions with the Company in line with their strategies. Qatar Navigation believes that applying a proper Corporate Governance framework and principles is essential to assist the Company in achieving its goals and realizing better performance. Moreover, this would improve its working environment internally and externally, safeguard the Shareholders' interests, assist the Company in assigning the roles and responsibilities perfectly, and will inevitably lead to substantiating the exact meaning of the principle of prioritizing public interest, Company's interest, and Stakeholders' interest before any other interest.

2. Compliance with Governance Principles

- Milaha is committed to strengthening its Corporate Governance practices in line with local and global standards. The Board of Directors is developing proper governance rules, which involve the highest standards of independence, supervision, and transparency in order to maintain the confidence of current and future Investors. In order to substantiate this commitment, the Board sought the help of an External Audit firm to develop a mechanism for monitoring the adherence to Corporate Governance practices as dictated by the new QFMA Corporate Governance Code and use it for improving the control on a regular basis. The Governance Report sheds light on the main elements of the control system, which have been designed and implemented for the fiscal year from 1 January 2021 to 31 December 2021.
- Further, the Board is committed to periodically review its policies, charters, and internal processes, which should be followed by the Board Member, Executive Management, and employees.
- The Company, as part of its method for protecting the Company's Stakeholders and in compliance with the Corporate Governance Code issued by QFMA, has established a separate section for Risk Management with the aim of monitoring and analyzing the risks and developing the internal control environment for ensuring the realization of all objectives of the Company.
- The Company also continued to pursue a succession plan of Milaha employees, in the year 2021 according to the agreed goals.
- The Company also has a list of policies and procedures that are applied to ensure the effectiveness of the Corporate System of Milaha, including:
  1. Enterprise Risk Management Policy.
  2. Dividends Distribution & Remuneration Policy.
  3. Insiders Trading Policy.
  4. Conflict of Interest & Contracting with Related Parties Policy.
  5. Board of Directors Nomination Procedures.
  6. Induction and Training Policy.
  7. Compliance Policy.
  8. Stakeholders Right Management Policy.
  9. Board Evaluation Policy.
  10. Disclosure Policy.
  11. Shareholders Rights Policy.
  12. Record Governance Policy.
  13. Anti-Bribery Policy.
  14. Anti-Modern Slavery and Anti-Human Trafficking Policy.

3. Board of Directors

- The Company's Governance System includes the Board of Directors' charter approved by the Board Members, which is matching with the provisions of the new QFMA Corporate Governance Code, incorporating the duties and responsibilities of the Board. One of the most important duties of the Board of Directors is that the Board Members should always be loyal to the interests of the Company and its Shareholders. This duty requires the Board Members to side with the interests of the Company and Shareholders counter to their personal interests. The Board of Directors are required to rely on clear and transparent information and with due diligence, and to act effectively to the interest of the Company and Shareholders. The Board has updated the charter of the Board of Directors for including all the duties and responsivities provided for in the new Corporate Governance Code.
- The Board of Directors also directs Milaha's Investment Policy in general and is responsible for managing the Company and setting its strategical targets. The Board has been given all the powers and authorities necessary for managing and steering the whole business of the Company, under Qatar's Commercial Companies Law and the Company's Articles of Association.

3.1 Formation of the Board of Directors

- The Board of Directors consists of eleven members, all of them are non-executive members and more than a third of the Board are independent members; the term of membership for each Director is three years. A Board Member may be reelected more than once as per the Company's Articles of Association and the Commercial Companies Law. The current term of the Board started 16/3/2021 for the years 2021, 2022, and 2023.

The following table shows information about the Board Members:

No.	Board Member and Entity he Represents	Position in Milaha Board	Number of Shares Represented	Other Information
1.	**H.E Sheikh Jassim bin Hamad bin Jassim Jaber Al-Thani**	Chairman	1,444,030	H.E Sheikh Jassim bin Hamad bin Jassim Jaber Al Thani has occupied the position of Milaha Board's Member since 2000. Besides, he is the Chairman of QIB, and a Board Member of Qatar Insurance Company. H.E. is a graduate of Sandhurst Military Academy. In addition to several professional courses in the Arts of Administration and Finance. **[Non-executive, Non- independent member]**

No.	Board Member and Entity he Represents	Position in Milaha Board	Number of Shares Represented	Other Information
2.	**H.E Sheikh Khalid bin Khalifa bin Jassim Fahad Al-Thani, representing Qatar Petroleum**	Vice-Chairman	98,639,640	H.E Sheikh Khalid bin Khalifa bin Jassim Fahad Al Thani has occupied the position of Milaha Board's Member since 2012; besides, he is the Chief Executive Officer of Qatar Gas Company, Chairman of Qatari Diar Company, and Board Member of Gulf International Services Company. **[Non-executive, Non- independent member]**
3.	**H.E Sheikh Abdulrahman bin Saud Al Thani**	Board Member	2,522,480	H.E Sheik Abdul Rahman bin Saud Al Thani has occupied the position of Milaha Board's Member in 2018. Besides, he is a Minister of State in the Government of Qatar. He is a Board Member in each of Qatar National Bank and Qatar Insurance Company. Previously, H.E occupied the position of Chief of Staff of the Amiri Diwan. He is holding an MA in International Relations. **[Non-executive, independent member]**
4.	**H.E Sheikh Suhaim bin Khaled bin Hamad Al-Thani**	Board Member	6,114,920	H.E Sheikh Suhaim bin Khaled bin Hamad Al-Thani has occupied the position of Board Member in Milaha since November 2020. He is also a Board Member in Qatar Central Markets Company. Besides, he previously occupied the position of Chairman of the Board in Dlala Holding. H.E is holding a Bachelor's in Business Administration. **[Non-executive, Non- independent member]**
5.	**H.E Sheikh Hamad bin Mohammed Khalid Al-Thani**	Board Member	423,000	H.E Sheikh Hamad bin Mohammed Al-Thani has occupied the position of Board Member in Milaha since 16 March 2021. H.E. occupies the position of Senior Vice-Chairman of Investment & Finance at Qatar Insurance Company. He is also the Chairman of the Board, Managing Director in Mazaya Qatar. Besides, he is also a Board Member in Nakilat. H.E is holding a Bachelor's in Business Management from Heriot University and SBUM Masters from HEC Paris. **[Non-executive, Non-independent member]**
6.	**Mr. Adel Ali Bin Ali, representing M/s Ali bin Ali Establishment**	Board Member	18,630,340	Mr. Adel Ali Bin Ali has occupied his position as Milaha Board's Member since 1994; besides, he is the President of Ali Bin Ali Establishment, and a Board Member of each of Doha Insurance and QEWC. He is holding a Bachelor's in Electrical Engineering. **[Non-executive, independent member]**
7.	**Mr. Saad Mohammad Saad Al-Romaihi**	Board Member	460,000	Mr. Saad Mohammad Saad Al-Romaihi has occupied the position of Milaha Board's Member since 2010; besides, he is a Board Member of Qatar Manufacturing Industries Co. He is holding a Bachelor's in Trade and Economics. **[Non-executive, independent member]**
8.	**Mr. Hamad bin Mohammad Al-Mana**	Board Member	414,990	Mr. Hamad bin Mohammad Al-Mana has occupied the position of Milaha Board's Member since 2009; besides, he is the Chairman & Managing Director of Mohamed Hamad Al-Mana Group. He is holding a University degree in Business Administration. **[Non-executive, independent member]**

3. Board of Directors (continued)

3.1 Formation of the Board of Directors (continued)

No.	Board Member and Entity he Represents	Position in Milaha Board	Number of Shares Represented	Other Information
9.	**Dr. Mazen Jassim Jaidah**	Board Member	3,295,120	Dr. Mazen Jassim Jaidah has occupied the position of Milaha Board's Member since 2009; besides, he is the President of the Executive Council of Jaida Holding. Also, he is a Board Member in Qatar Foundation. He is holding a PhD. Degree in Commercial Economy & Middle East History. **[Non-executive, independent member]**
10.	**Mr. Hitmi Ali Khalifa Al Hitmi, representing Ali bin Khalifa Al-Hitmi & Partners Co.**	Board Member	2,400,000	Mr. Hitmi Ali Khalifa Al Hitmi has occupied the position of Milaha Board's Member in 2018, representing Ali bin Khalifa Al Hitmi & Partners. Besides, he is a Board Member of Ali bin Khalifa Al Hitmi & Partners Group. Previously, he was a Board Member of Doha Insurance, Nakilat, and Barwa Real Estate Company. He is a Chairman of the Board at Al Hitmi Property Development. Also, he is a Member of the Board of Directors of Al Meera Group. Mr. Hitmi is holding a Bachelor's in Business Administration. **[Non-executive, Non- independent member]**
11.	**Mr. Mohammed Ebrahim Al-Sulaiti**	Board Member	430,000	H.E Sheikh Suhaim bin Khaled bin Hamad Al-Thani has occupied the position of Board Member in Milaha since November 2020. He is also a Board Member in Qatar Central Markets Company. Besides, he previously occupied the position of Chairman of the Board in Dlala Holding. H.E is holding a Bachelor's in Business Administration. **[Non-executive, independent member]**

The following table shows information about the Executive Management Members:

No.	Name of the Executive Management Member	Position of Executive Management Member in the Company	Number of Shares Represented	Other Information
1.	**Mr. Abdulrahman Essa Al-Mannai**	President & CEO		Mr. Abdulrahman Essa Al-Mannai has been the President and CEO of Milaha Group (Qatar Navigation) since September 2015. He leads all the business areas of Milaha. In addition, He is on the board of Nakilat (largest LNG Shipping Co in the world) and QTerminals (a joint venture between Mwani and Milaha). Prior to joining Milaha, Mr. Al-Mannai held various leadership positions at Qatargas, the world's largest liquefied natural gas company, where he oversaw the largest LNG supply chain, Europe's largest regasification terminal, South Hook LNG Terminal, amongst other roles. Throughout his career, Mr. Al-Mannai developed extensive experience in multiple fields, including shipping, energy markets, and commercial activities, achieving a strong record of success. Mr. Al-Mannai has a degree in Aeronautical Engineering.

No.	Name of the Executive Management Member	Position of Executive Management Member in the Company	Number of Shares Represented	Other Information
2.	**Mr. Saleh Al-Haroon**	EVP – Support Services		Mr. Saleh Abdulla Al-Haroon has been EVP, Support Services in Milaha Group (Qatar Navigation) since 2017. Prior to joining Milaha, he held Senior Management positions with Gulf Air & Qatar Airways. He also held the position of Director of Air Transport & Airports Affairs Department at Civil Aviation Authority. Mr. Al-Haroon holds a Degree in Political Science & Economics
3.	**Mr. Mohammed Abdulla Al Aqeedi**	EVP – Milaha Offshore & Marine		Mr. Mohammed Abdulla Al Aqeedi has been EVP, Offshore & Marine in Milaha Group (Qatar Navigation) since 2018. Prior to becoming EVP, Mr. Al Aqeedi occupied the position of Vice President of Operations at Halul Offshore Services Company in 2014 and the position of Senior Commercial Manager at the Halul Offshore Services Company as well. Mr. Al Aqeedi holds a Degree in Maritime Management.
4.	**Mr. Akram Iswaisi**	EVP – Finance & Investment		Mr. Akram Bashir Iswaisi has been EVP, Finance & Investment in Milaha Group (Qatar Navigation) since 2015. He is on the Board of QTerminals (A joint venture between Mwani & Mihala). He is also the Vice Chairman of the Board of United Arab Chemical Carriers as well as Chairman of the Audit Committee. Mr. Iswaisi holds a Degree in Accounting from Kennesaw State University, USA.
5.	**Mr. Rahul Bhargava**	Acting EVP – Milaha Gas & Petrochem		Mr. Rahul Bhargava has been Acting EVP, Gas & Petrochem in Milaha Group (Qatar Navigation) since 2020. Prior to joining Milaha, Mr. Bhargava occupied the position of Senior Technical Manager at Qatar Shipping Company Limited. Mr. Bhargava holds a Degree in Electrical Engineering.
6.	**Mr. Anders Lund Kristensen**	EVP – Milaha Maritime & Logistics		Mr. Anders Lund Kristensen has been the EVP, Maritime & Logistics in Milaha Group (Qatar Navigation) since 2018. Prior to joining Milaha, Mr. Kristensen occupied various leadership positions in different Companies, such as CEO of Damco in Sweden and COO of Maersk Line in The Netherlands and Singapore. He also occupied the position of Director of A.P. Moller-Maersk in Denmark, Product Manager & General Manager of Maersk Logistics in China, Trade Manager of Maersk Line in Denmark. Mr. Kristensen holds a Degree in International Shipping Management and a Degree in International Management & Economics.
7.	**Mr. Gautam Bellur**	EVP – Corporate Development & Strategy		Mr. Gautam Bellur has been EVP, Corporate Development & Strategy in Milaha Group (Qatar Navigation) since 2010. Prior to joining Milaha, Mr. Bellur held the position of Associate Partner in Oliver Wyman in USA and UAE. Also, he occupied the position of Consultant in Kestnbaum Consulting in the US. Mr. Bellur holds a Degree in Economics.
8.	**Mr. Asem Al Naser**	Chief Internal Auditor		Mr. Asem Al Naser has been the Chief Internal Auditor in Milaha Group (Qatar Navigation) since 2014. Mr. Al Naser has been working as Head of Internal Audit in MASDAR, UAE. He also occupied the position of Internal Audit Manager of Dunai World (Istithmar, Dubai Customs, Limitless, Kingdom Hotel Investment Co., El Ajou Holding Co.) and Senior Auditor of Deloitte and Touche M.E. in Saudi Arabia in 2004. He holds a Degree of Business Administration.

3.2 Powers of the Board of Directors

The Board of Directors has the widest authorities necessary for reviewing and outlining the Company's strategic goals and targets, and it is responsible for achieving these goals and targets by monitoring the implementation of the policies through the Executive Management. Under Qatar's Commercial Companies Law and the Company's Articles of Association, the Board of Directors invites the Shareholders to Ordinary or Extraordinary General Assembly Meetings in order to obtain their approval on the issues and resolutions, which are not within the Board's authority. The Chairman will practice his responsibilities independent of the responsibilities of the Company's President& CEO, who is appointed by the Board of Directors. The organizational structure of the Company reflects the official responsibilities of either of them separately.

3.3 Duties of the Chairman

According to the Company's Articles of Association and the Board's Charter, the duties of the Chairman include, for example but not limited to, ensuring that the Board is fulfilling its duties efficiently and effectively, including that he should make sure that the Board Members are timely obtaining full information about the Board's work, and that essential issues are discussed properly and effectively as per the agenda of each meeting, and that any issue proposed by any Board Member is taken into consideration. The Chairman may delegate this role to another Board Member.

3.4 Meetings of the Board

The Board holds its periodic meetings according to a schedule pre-approved by the Board. At least six meetings per year should be held, under the provisions of the Company's Articles of Association, and if necessary and on emergency grounds the Board may pass resolutions of meeting which shall be included in the agenda of the next meeting as per the Qatari Commercial Companies Law.

A meeting of the Board shall be held upon an invitation from the Chairman or from the Vice-Chairman in his absence. Meeting shall also be invited to when two Board Members request a Board meeting to be held. Such invitations should be sent at least seven days ahead of the scheduled meeting date along with a detailed agenda of the meeting. In the financial year ending 31 December 2021, the Board of Directors held six meetings, in addition to some resolutions adopted off-meeting and all Board Members were obligated to attend all meetings according to the requirements.

3.5 Secretary of the Board

The Board has appointed a Board Secretary working under the direct supervision of the Chairman. The Secretary has a Bachelor's degree in Law from the University of Leeds - UK, he has experience in Corporate Governance processes and Board of Directors Secretariat, for example preparing the Board meeting agenda, ensuring that the invitations for Board meetings are delivered to all Board Members. As well as recording and maintaining Board minutes of meetings and distributing the Board resolutions to the competent departments after Board's approval. The Secretary is also required to follow up on the execution of the Board resolutions and shall present a report on the results to the Board in every meeting for review and ensuring that all resolutions issued by the Board has been executed, otherwise he shall provide the reasons of failure of executing the resolution(s). The Secretary is also responsible for distributing the relevant Company information demanded by Members of the Board.

The Board Members have the right to utilize the services of the Board's Secretary and his advice. The Board's Secretary can be appointed or dismissed only by a Board of Directors' resolution.

3.6 Board of Directors Remuneration

The Remuneration for the Board Members is determined under Article (40) of the Company's Articles of Association and Article (119) of Qatar's Commercial Companies Law .The Articles of Association of the Company shall specify the manner of determining the remuneration of the Members of the Board of Directors, provided such remuneration does not exceed (5%) of the net profit after deducting reserves, legal deductions and distributing a profit of not less than (5%) of the Company's paid up capital among its Shareholders. The Board of Directors also proposes the amount of cash allowances for Members of the Board who are assigned any administrative responsibilities within the Company in accordance with the Dividends Distribution & Remuneration Policy. The Remunerations of the Board of Directors and the Executive Management are disclosed in the combined annual report of the Company.

3.7 Duties and Other Obligations of the Board

- The Board shall ensure that Members of the Strategic & Investment Committee, Nomination & Remuneration Committee, Audit & Risk Compliance Committee, the Internal Auditors, and representatives of the External Auditors to attend the General Assembly Meetings.
- The Board shall hold induction session for the new Board Members including a visual display in order to ensure that they understand the Company's activities and operations and become fully aware of their obligations.
- The Board Members are responsible for understanding their roles and duties and for having knowledge about the financial, commercial, and industrial issues, and about the operations and activities of the Company. For this purpose, the Board shall approve and implement adequate official training courses aimed at enhancing the skills and knowledge

of the Board Members.

- The Board members should always be aware of the latest developments in the area of Governance and of the best relevant practices.
- The Board Members are committed to attending the meetings of the Board regularly. In the event of absence, the provisions of Article No. (36) of the Company's Articles of Association and the Board's Charter shall be applied.

3.8 Appointing of Board Members

As per the conditions mentioned in the Commercial Companies Law and the Company's Articles of Association, the following should be observed:

- Nomination and appointment of the Board Members should take place in accordance with the procedures stated in the Commercial Companies Law and the Company Articles of Association.
- The Board of Directors formed a Nomination Committee in 2014, which has been re-formed after election of the Board of Directors on 16/3/2021. The Nomination Committee verifies the applications for nomination to the Membership of the Board of Directors, ensures the applications' conformity with the conditions provided for in the Commercial Companies Law, Company's Articles of Association, as well as the stipulation of Article No. (5) of the Governance Charter. (Nomination through the Committee does not prevent any Shareholder of the Company from standing by himself or from being nominated to the election).
- The Nomination Committee should take into consideration, among other things, the ability to give the candidates enough time for carrying out their duties as Board Members, in addition to their skill, knowledge, experience, and their professional, technical and academic qualifications, and personality. The Nomination Committee should also take into consideration "the appropriate guidelines for nominating the Board Members" which are subject to changes by the Authority from time to time.

4. Board of Directors Committees

- The Board of Directors establishes Committees reporting to the Board and the performance of each Committee is based on the standards set in the Governance Charter. Generally, the Board committees do assist the Board in carrying out its duties, and the overall responsibilities of the Board in managing the Company.
- The Board of Directors has established three Committees for assisting the Board and facilitating the execution of the Board's obligations and responsibilities. The Committees are:

1. Strategic & Investment Committee.
2. Audit Risk & Compliance Committee.
3. Nomination & Remuneration Committee.

The tables below show the Committees' formation and brief description of the duties assigned to each:

4.1 The Strategic & Investment Committee

This Committee was initially formed in March 2009, then it has been reformed in the subsequent terms of the Board, and last formation occurred after election of the new Board of Directors on 16/3/2021. According to the Strategic & Investment Committee's Charter, the most important duties of the Committee is overseeing the investment activities exceeding the value limit authority of the Chairman and the Chief Executive Officer, for protecting the interests of the Company from any future risks, and the Committee raises its recommendations in this regard to the Board. The Committee held six meetings in the year 2021. Below are the Members of the Strategic & Investment Committee:

No.	Name of the Member	Position
1.	H.E Sheikh Jassim bin Hamad bin Jassim Jaber Al-Thani	Chairman - President of the Strategic & Investment Committee
2.	H.E Sheikh Khalid bin Khalifa Al-Thani	Vice- Chairman - Member of the Committee
3.	H.E Sheikh Suhaim bin Khaled Al-Thani	Board Member - Member of the Committee
4.	Mr. Adel Ali Bin Ali	Board Member - Member of the Committee
5.	Mr. Hamad bin Mohammad Al-Mana	Board Member - Member of the Committee

4.2 Audit Risk & Compliance Committee

- This Committee was initially established in 2003, and then has been repeatedly reformed in all subsequent terms of the Board, and last formation occurred after election of the new Board of Directors on 16/3/2021. The duties of the Committee include assisting the Board in carrying out its supervisory responsibilities by reviewing internal controls on financial reporting to ensure that the financial data presented to the Shareholders and other relevant parties are free from material misstatement and monitoring the findings and comments in the Audit Reports prepared by the Internal Audit and External Auditors. The Committee ensures the compliance of the departments and employees with the Board Policies, applicable laws, regulations, and instructions. The Committee submits to the Board periodical reports about the results of its activities. The Committee does not include any Member who was previously employed by the Company's External Auditor. The Committee held six meetings in the year 2021. Below are the Members of the Audit Committee:

No.	Name of the Member	Position
1	Dr. Mazen Jassim Jaidah	Board Member - President of Audit Risk & Compliance Committee
2	H.E Sheikh Hamad bin Mohammed Khalid Al-Thani	Board Member - Member of Audit Risk & Compliance Committee
3	Mr. Mohammed Ebrahim Al-Sulaiti	Board Member - Member of Audit Risk & Compliance Committee

- The Board has updated the Audit Risk & Compliance Committee's Charter for incorporating the changes required by the QFMA new Governance Code.

4.3 The Nomination & Remuneration Committee

- The Nomination Committee has been merged with the Incentives & Remuneration Committee in 2018 to become one Committee named Nomination & Remuneration Committee. The Nomination duties are represented in verifying the nomination applications submitted by Shareholders for participation in the election of Members of the Board of Directors and ensuring that the applications are meeting the prescribed conditions and controls under Qatar's Commercial Companies Law, Company's Articles of Association, and QFMA Corporate Governance Code. The Committee presents its recommendation on these applications for election in the General Assembly Meeting.
- The Remuneration Committee duties include setting the policies for Remunerating the Board Members, Executive Management, and Company employees, and ensuring proper implementation of these policies. The remuneration for the Executive Management will be based on the profit recognized at the end of the financial year, and the Committee raises its recommendations in this regard to the Board of Directors. Also, the Committee also submits an Annual Evaluation Report to the Board of Directors, based on the annual declarations submitted by the Chairman and Board Members of Milaha, which includes an annual performance evaluation and an acknowledgment not to combine positions, in addition to updating the data of each Board Member. The Committee held two meetings in the year 2021.

  Below are the members of the Nomination and Remuneration Committee:

No.	Name of the Member	Position
1	Mr. Adel Ali Bin Ali	Board member - President of the Nomination & Remuneration Committee
2	H.E Sheikh Abdulrahman bin Saud Al Thani	Board member - Member of Committee
3	Mr. Saad Mohammad Al-Romaihi	Board member - Member of Committee

- The Nomination Committee should approve and publish its scope of work in a way that describes its authority and work, in accordance with the Nomination Charter approved by the Board of Directors.
- The role of the Nomination Committee will include conducting an annual self-assessment of the Board's performance. There is a mechanism set for self-assessment of the Board of Directors.
- The Nomination Committee must observe any conditions or requirements in connection with nominating, electing, or appointing the Board Members issued by any other authority.
- The Board has updated the Charter of the Nomination & Remuneration Committee for incorporating the changes required by the new QFMA Governance Code, including submitting an annual report to the Board of Directors that contains an assessment of the performance of the Board Members.

  In addition to the Board Committees, and as part of the overall Governance framework, Qatar Navigation has formed certain Management Committees to oversee the core business activities.

5. Internal Audit

5.1 Purpose and Mission

The purpose of the Milaha Internal Audit Department (MIAD) is to provide independent, objective assurance and consulting services designed to add value and improve the operations of MILAHA.

The mission of Milaha internal audit department is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. MIAD helps Milaha accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

5.2 Independence and Objectivity

Internal Audit reports functionally to the Audit Risk & Compliance Committee and administratively (i.e., Day-to-day operations) to the President & Chief Executive Officer (P&CEO).

The Chief Internal Auditor ensures that the internal audit department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content.

5.3 Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Risk & Compliance Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for Milaha. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of Milaha's strategic objectives are appropriately identified and managed.
- The actions of Milaha's officers, directors, employees, and contractors comply with Milaha's policies, procedures, applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Milaha.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately

MIAD audit universe includes all the entities, functions, departments, business processes, systems, projects, and activities of:

- Milaha.
- Milaha's subsidiaries, associate, and joint ventures and
- Requests from the Audit Risk & Compliance Committee, management, and other regulatory bodies.

5.4 Internal Audit Plan

Before the beginning of every financial year, the Chief Internal Auditor prepares a risk based Internal audit plan and the proposed related budget and presents both to the Audit Risk & Compliance Committee for approval.

The Audit plan covers Milaha and all its business units, and no activity is excluded from the scrutiny of Internal Audit. The Internal Audit Staff Members have full access to examine any documents or records they deem necessary for carrying out their responsibilities.

The Internal Audit Department is responsible for executing the Audit plan approved by the Audit Risk & Compliance Committee.

5.5 Reporting to Senior Management & Audit Risk & Compliance Committee

The Chief Internal Auditor reports periodically to senior management and the ARC Committee regarding:

- The internal audit department's purpose, authority, and responsibility.
- The internal audit department's plan and performance relative to its plan.
- The internal audit department's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the ARC committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to Milaha.

The Audit Risk & Compliance Committee periodically presents reports to the Board on significant audit issues including internal control failures and provides assurance to the Board about the design and effectiveness of the internal control system in the Company. In addition, there is an Independent Reasonable Assurance Report in the Company's Annual Report that is provided to the Shareholders by the External Auditor which includes an assessment of the significance of any weakness in the Internal Controls.

5.6 Incident Management Framework

Milaha has an approved Incident Management Framework (IMF) which provides with the necessary policies and procedures to allow for the effective, efficient and consistent reporting and handling of all incidents.

Number, type and disposition of incidents is periodically reported to Audit Risk & Compliance Committee. The same is reported by Audit Risk & Compliance Committee to Board through its annual report.

6. The External Auditors

- The External Auditors are appointed by the General Assembly upon recommendations of the Board of Directors. In the General Assembly meeting held on 16/3/2021 the Shareholders approved the appointment of M/s PWC as the Company's External Auditor for the year 2021, which is the first year of PWC as External Auditor of the Company. PWC is a licensed and accredited audit firm working independently from the Board of Directors and the Company's Management.
- The Company usually ensures the nonexistence of any conflict of interests between the Company and the External Auditors before appointing them. If it appears, after their appointment, that the matter had been otherwise, the External Auditor shall be replaced. The External Auditor or any of his staff should not be a Member of the Board or occupy any position in the Company.
- The External Auditors perform an Independent Audit of the annual financial statements and a review of the half yearly financial statements prepared in accordance with the International Financial Reporting Standards (IFRS), in addition to the requirements of Qatar Financial Markets Authority (QFMA) and in accordance with the Governance System. The financial reports are published in local newspapers in both Arabic and English languages and are posted on the websites of both the Company and Qatar Exchange in order to allow the Shareholders and the public in general to access the Company's information.
- The External Auditors have the right to examine any records, books, and documents in the Company and to ask for any information deemed necessary for carrying out their duty as Auditor.
- Further, the External Auditors are eligible to have meetings with the Audit Risk & Compliance Committee and with the Board. They also attend the General Assembly meetings for answering questions raised by the Shareholders regarding the Company's financial statements.

7. The Disclosure

- The Company is fully committed to QFMA disclosure requirements. The major events of the Company are disclosed to Qatar Exchange and to the media according to the instructions of QFMA and requirements of the Company's Articles of Association, as follows:

7.1 Disclosure of Qatar Navigation Achievements in 2021

- In 2021, Milaha awarded 1st place in Qatar Steel's HSSE awards.
- In Q1 of 2021, Expanded our global freight forwarding footprint through multiple strategic partnerships.
- In March 2021, Ship Agency received ISO 9001, 14001, and 45001 re-certification.
- Supporting North-Field expansion via key projects for Milaha's Offshore Marine, Ship Agency, Shipyard, and Logistics business units.
- In July 2021, Achieved 5 Star Audit Awards from the British Safety Council for Health and Safety and Environment across multiple business units.

7.2 Disclosure regarding Corona Virus (Covid-19)

- As of September 2021, there are zero active Covid-19 cases in Milaha due to stringent monitoring of COVID protocols and safety measure.

7.3 We Disclose Below the Number of Shares Held by the Members of the Board and by Major Shareholders as of 31/12/2021:

- Number of shares held by the Board Members: 134,774,520
- Number of shares held by Major Shareholders: 449,170,699

7.4 Capital Structure, Shareholders Rights, and Major Transactions

- The Capital structure of Milaha is disclosed in the Company's Annual Report, which is presented to the Shareholders General Assembly according to the International Accounting and Auditing Standards. The Company's authorized and fully paid-up capital amounts to QR 1,136,164,750 distributed over 1.136,164,750 shares.
- In the event that substantial transactions are approved, against which the Minority Shareholders vote, the Board of Directors should ensure the protection of the Minority Shareholders.
- The Board is compliant with the stipulation of Article (7) of the Company's Articles of Association through a mechanism ensuring equal rights to all Shareholders in the sense that ownership of a single Shareholder, whether a natural or legal person, may not exceed 10 % of the share capital.

7.5 Conflict of Interest and Third Party Trading

In addition to the provisions of Milaha's Articles of Association and the Board of Director's Charter, the Company adopts the policy detailed below regarding its processes for preventing conflict of interests and third party trading:

- The Company's policy for preventing conflict of interests and Insider(s) Trading comprise general rules and procedures that govern the Company's involvement in any commercial transaction with a related party. In general, the Company may not enter into any commercial transaction or contract with a related party, without fully observing the terms and conditions provided for in the Commercial Companies Law and the Company's Policy on related parties, including the principles of transparency, equity, and disclosure.
- In the event of presenting to the Board's meeting an issue of conflict of interests or a commercial transaction between the Company and a Member of the Board or a related party, this matter should be discussed in the absence of the concerned Board Member. This Member should never participate in voting on the transaction. In all cases, the transaction should be made at market prices and on absolute commercial basis, and with no conditions contrary to the interests of the Company.
- On the occurrence of such transactions, they should be disclosed in the Annual Report, which will be presented in the General Assembly Meeting held after these commercial transactions.
- The trading in the Company's shares and other securities by Members of the Board, Executive Management and key Staff is disclosed. The Company is adopting clear rules and procedures governing such trading based on the procedures in force in Qatar Exchange.

7.6 Legal Claims

- The Company's Legal Department is following up on the legal claims filed against the Company and those filed by the Company against other persons. None of the claims referred above has material impact on the company.
- All grievances, complaints, and communications that have reached litigation, are closely followed up by the Law firm entrusted with this matter, however, the number of cases filed against the Company as of 31 December 2021 is eight (8) cases including the litigation case referred to in the Financial Statements, all cases were investigated and the necessary measures taken to develop the internal control environment to ensure that it is not repeated.
- There are no violations to mention except what it has been disclosed on the QFMA website.

8. Rights of Other Stakeholders

- The Company's Executive Management is safeguarding the rights of the Stakeholders and related parties i.e. Shareholders, Employees, Creditors, Clients, Customers, Suppliers, Investors, etc.
- The Board of Director effectively ensures the application of the principles of fairness and equality among all employees without discrimination based on race, gender or religion; further, the Executive Management is ensuring the distribution of incentives to the employees according to the Dividends Distribution & Remuneration Policy approved by the Board.
- Under the provisions of the Company's Personnel Regulations the Executive Management is required to train and encourage the employees by creating helpful work environment in the Company, resolve their problems without affecting their productivity and performance, and encourage them to unfold their problems frankly to their managers. The Board is adopting a mechanism allowing the Company's employees to notify the Board about any suspicious behavior, which may constitute legal violations or cause damages to the Company. The Board ensures confidentiality to such employees and will protect them from any harmful reaction by their Managers or from other Company employees.

9. Shareholders Rights

- The Shareholders surely enjoy the rights secured to them by the Commercial Companies Law and the Articles of Association, and Governance Charter of Milaha. Each Shareholder attending the General Assembly Meeting has the right to discuss the topics listed in the agenda and direct questions to the Board Members and to the Auditors. The Board Members must answer the questions and queries raised by the Shareholders without endangering the Company's interest.
- Article no. (44) of the Company's Articles of Association states the following: "In the event of approving substantial transactions which the minority Shareholders had voted against, the minority Shareholders may submit a grievance to the Board of Directors for ensuring that they would not be impaired by such transitions".
- The Shareholders may also exercise their voting rights at the General Assembly Meeting and may delegate their voting rights to another member who is attending the meeting.
- The Annual General Assembly Meeting of Shareholders is held in accordance with Articles (46), (47), (48), and (49) of the Company's Articles of Association and the provisions of the Commercial Companies Law. The Shareholders will receive notification of this meeting in advance. The notification shall be sent to the Stakeholders, Qatar Exchange, and QFMA and shall be published in the local newspapers and the Company's website. Copies of the Annual Report and the financial statements shall be provided to the Shareholders before the meeting date in order to enable them to participate in the discussions about the contents of the report with the Board of Directors.

9.1 Shareholder Rights Regarding Distribution of Dividends

- The Board of Directors presents to the General Assembly a clear policy on the distribution of dividends as per the Company's Articles of Association and the Commercial Companies Law and gives the ground that justify such policy based on the benefit of both the Company and Shareholders.

9.2 Obtaining of Information

- Every Shareholder has the right to view the Company's Memorandum of Association and the Articles of Association and to obtain general information about the Company as per the controls provided for in this regard.
- Milaha has a website where documents, disclosures and general information that should be made public are posted, in accordance with applicable laws, the charter of the Board of Directors, and relevant regulations.

10. The Records of Shareholdings

10.1 The Company maintains correct and up-to-date records of the Shareholdings based on information we get from Qatar Exchange.

10.2 According to the instructions issued by Qatar Exchange to Listed Companies, the Shareholder records are deposited with Qatar Central Securities Depositary Company, which is the party responsible for Shareholder Affairs. The Company has delegated to Qatar Central Securities Depositary Company the task of maintaining and organizing this record, under Articles (159) and (160) of the Commercial Companies Law. Any Shareholder has the right to approach Qatar Central Securities Depositary Company for viewing the record book as per the controls issued by Qatar Financial Markets Authority.

11. Investor Relations

The Company maintains good relations with the Shareholders and Investors through open and transparent communication channels. Information is regularly provided to the existing and prospective Investors and related parties through the website of Qatar Exchange and various media venues in addition to the Company's website: www.milaha.com. The website provides detailed information to the Shareholders about the Company's governance, financial statements, and other important information. These can be accessed through Shareholders & Investor Relations window on the Company's website. In addition, phone conferences are held periodically for informing the Shareholders and Investors with the Company's reports and performance, after the Company has published all its annual, half yearly, and quarterly reports.

12. Corporate Social Responsibility Policy

- Milaha as a leading Maritime and Logistics Service Provider with various activities in Qatar and the Middle East, is committed to supporting the communities in which it operates.
- Corporate Social Responsibility is an integral part of our strategy, as Milaha provides abundant annual financial support to the Social and Sports Support Fund (DAAM) under Law No. (13) of 2008 and further clarification of this Law issued in January 2010, in addition to the initiatives in the areas of environment, HSSEQ, employee welfare, and equal employment opportunities.

12.1 Governance of Corporate Social Responsibility

- The Corporate Communications Department is responsible for managing and coordinating Corporate Social Responsibility initiatives and managing all events in the Company, including conferences and speech events.
- The Corporate Communications Department shall request the Company's social responsibility budget, which shall be approved by the Board of Directors within the annual budget of the Company's business.

12.2 Corporate Social Responsibilit Focus Areas

- Environment & Sustainability

- Milaha is working diligently to minimize impacts on the environment associated with its operations and increase the sustainability of the business through the implementation of its environmental management system, which provides the framework for:

- Reduction of the carbon intensity of its operations
- Management of wastes and emissions (reduction, re-use, recycle and the support circular economy)
- Management of resources
- Sustainable procurement
- Compliance with national and international regulations and other obligations
- **HSSEQ**

  Milaha is committed to protecting and improving the safety and health of all individuals associated to the Company by providing a safe, secure, and healthy work environment. The integration of safety principles into everyday business activities and striving to continually improve to ensure that our activities are carried out in a safe and ethical manner, is recognized as essential to achieve health and safety excellence. Our objective is to conduct our operations with ensuring employee safety and zero accidents, mitigate the negative impacts through encouragement to practicing the activities with due responsibility and stimulate improvements through initiatives such as:

✓ COVID-19 Management Campaign.
✓ COVID-19 Precautions and Procedures Guidelines.
✓ Blood Donation Day.
✓ "Ramadan Kits" Campaign for Milaha's employees to celebrate the Holy month of Ramadan.
✓ Breast Cancer Awareness Campaign.
✓ Sports Day virtual event to promote mental and physical health.
✓ "First Aid" virtual seminar.
✓ "Safe Travel During Covid-19" campaign.
✓ First Aid campaign in corporation with Qatari Red Crescent.
✓ Supporting the "Plant Million Tree" initiative in corporation with the Ministry of Municipality.

Through undertaking of operations in a manner reflecting Milaha's values this has resulted in the achievement of numerous awards and industry recognition, including:

- British Safety Council Sword of Honour (2018, 2019, 2020)
- British Safety Council Globe of Honour (2019, 2020)
- British Safety Council 5 Star Safety Audit (2018, 2019, 2020, 2021)
- British Safety Council 5 Star Environmental Audit (2019, 2020, 2021)
- British Safety Council International Safety Award (2019)
- British Safety Council CoVID Assurance Audit (2020)
- Qatar Petroleum 7 Star Contractor Safety Award (2020 - 1st and 2nd place)
- Qatar Steel – HSE 2020 Contractor of the Year Award

- **Employee Welfare**

  Milaha views its employees as its most valuable asset and is fully compliant with Labor Laws and Regulations relevant to the Company. Milaha also sets internal rules and controls for the protection of the legal rights and interests of all our employees, care for our employees' affairs, and provision of facilities for a healthy and safe work environment.
- **Equal Employment Opportunities**

  Milaha aims at protecting the rights of employment for qualified applicants, given that the priority is for Qataris and for Milaha employees irrespective to race, color, gender, age, home country, disability and/or other categories protected by applicable laws.

13. Compliance with Laws and Regulatory Regulations

The Company is fully compliant with all laws and regulations applicable in the State of Qatar. Where we are complaint with Law no. (8) of 2021 amending some provisions of the Commercial Companies Law promulgated by Law no. (11) of 2015, and the Company's Articles of Association as amended according the requirements of Law no. (8) of 2021 based on the approval of the Company's Extraordinary General Assembly meeting held on 8 November 2021.

Consolidated Financial Statements

Independent Auditor's Report

To the Shareholders of Qatar Navigation Q.P.S.C.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion
In our opinion, the consolidated financial statements of Qatar Navigation Q.P.S.C. (the "Company") and its subsidiaries (together the "Group") present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited
The Group's consolidated financial statements comprise:

- the consolidated income statement for the year ended 31 December 2021;
- the consolidated statement of comprehensive income for the year ended 31 December 2021;
- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of cash flows for the year ended 31 December 2021;
- the consolidated statement of changes in equity for the year ended 31 December 2021; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence
We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key audit matter | Impairment of property, vessels and equipment

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matter
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit matter	How our audit addressed the key audit matter
Impairment of property, vessels and equipment Impairment of property, vessels and equipment represent the management's best estimate of the losses arising from the decline in value. The most significant risks in relation to management's assessment of the recoverability of the carrying amount of property, vessels and equipment relate to the identification of Cash Generating Units (CGUs) with indicators of impairment and, where relevant, the estimate of the fair values less costs to sell and the values in use, including determination of key assumptions. Bearing in mind the generally long-lived nature of the assets, the most critical assumptions in estimating the future cash flows are management's long-term outlook for contractual rates, utilization of vessels, growth rates and terminal value as well as determining the discount rates. We focused on this area, as the carrying amounts are significant and because management is required to exercise considerable judgement due to the inherent complexity pertaining to the underlying assumptions used in estimating the fair values less costs to sell or the values in use, as disclosed in Note 7 and 38 to the consolidated financial statements.	In addressing the risks, we performed the following procedures: • We examined the methodology used by management to assess the carrying amount of property, vessels and equipment assigned to CGUs, and the process for identifying CGUs that required impairment testing to determine compliance with IFRS. • We performed detailed testing for the assets where indicators of impairment were identified. For those assets, we reviewed management's testing of the fair values less costs to sell or the values in use, including analysing the reasonableness of key assumptions in relation to the ongoing operation of the assets. • We corroborated management's estimates of future cash flows and challenged whether these are appropriate in respect of key assumptions, such as contractual rates, growth rates and terminal value. • We used our internal valuation specialists to independently challenge the discount rates. In calculating the discount rates, the key inputs used were independently sourced from market data, and we assessed the methodology applied. • We verified the valuation reports from external valuers appointed by management to assess its reasonableness to support the value of the asset. • Further, we tested the mathematical accuracy of the relevant fair values less cost to sell and value in use models prepared by management. • We ensured the sufficiency of the disclosures related to the impairment of property, vessels and equipment in the consolidated financial statements.

Other information
The Directors are responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report (Continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and with the requirements of the Qatar Commercial Companies Law number 11 of 2015, as amended by Law number 8 of 2021, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report (Continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the Qatar Commercial Companies Law number 11 of 2015, as amended by Law number 8 of 2021, we report that:

- We have obtained all the information we considered necessary for the purpose of our audit;
- The Company has carried out a physical verification of inventories at the year-end in accordance with observed principles;
- The Company has maintained proper books of account and the consolidated financial statements are in agreement therewith;
- The financial information included in the Annual Report is in agreement with the books and records of the Company; and
- Nothing has come to our attention, which causes us to believe that the Company has breached any of the provisions of the Qatar Commercial Companies Law number 11 of 2015, as amended by Law number 8 of 2021, or of its Articles of Association, which would materially affect the reported results of its operations or its consolidated financial position as at 31 December 2021.

For and on behalf of PricewaterhouseCoopers
- Qatar Branch

Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni
Auditor's registration number 370

Doha, State of Qatar
9 February 2022

Consolidated Income Statement

For the year ended 31 December 2021

	Notes	2021 QR'000	2020 QR'000
Operating revenues	4	**2,783,873**	2,267,329
Salaries, wages and other benefits		**(603,459)**	(580,744)
Operating supplies and expenses		**(1,328,194)**	(840,329)
Rent expenses		**(6,754)**	(5,147)
Depreciation and amortization		**(367,684)**	(366,879)
Provision for impairment of trade and other receivables	16	**(10,486)**	(26,127)
Other operating expenses	5	**(214,333)**	(169,324)
OPERATING PROFIT BEFORE IMPAIRMENTS		**252,963**	278,779
Impairment on property, vessels and intangible assets	7, 9	**(147,627)**	(741,420)
Finance cost		**(72,689)**	(83,839)
Finance income		**15,130**	20,746
Net gain on disposal of investment property		**-**	73,646
Net (loss) gain on disposal of property, vessels and equipment		**(4,703)**	13,796
Share of results of joint ventures	11	**204,910**	85,422
Share of results of associates	12	**475,988**	418,323
Net gain (loss) on foreign exchange transactions		**6,104**	(1,274)
PROFIT BEFORE TAX		**730,076**	64,179
Tax expense		**(3,503)**	(4,957)
PROFIT FOR THE YEAR		**726,573**	59,222
Attributable to:			
Equity holders of the Parent		**724,154**	59,106
Non-controlling interests		**2,419**	116
		726,573	59,222
BASIC AND DILUTED EARNINGS PER SHARE (attributable to equity holders of the Parent expressed in QR per share)	6	**0.64**	0.05

The attached notes 1 to 40 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	2021 QR'000	2020 QR'000
Profit for the year	**726,573**	59,222
Other comprehensive income (OCI):		
Items that will not be reclassified subsequently to profit or loss		
Change in fair value of financial assets at FVOCI	**261,761**	(394,821)
Equity-accounted investees - share of OCI	**15,336**	2,664
	277,097	(392,157)
Items that may be reclassified subsequently to profit or loss		
Net gain (loss) resulting from cash flow hedges	**39,737**	(36,474)
Cash flow hedge movement for equity-accounted investees	**335,045**	(127,891)
	374,782	(164,365)
Total	**651,879**	(556,522)
Total comprehensive income	**1,378,452**	(497,300)
Attributable to:		
Equity holders of the Parent	**1,375,234**	(497,505)
Non-controlling interests	**3,218**	205
	1,378,45	(497,300)

The attached notes 1 to 40 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 QR'000	2020 QR'000
ASSETS			
Non-current assets			
Property, vessels and equipment	7	**3,005,027**	3,250,396
Investment property	8	**782,354**	798,839
Intangible assets	9	**90,788**	151,588
Right-of-use assets	10	**143,895**	227,913
Investments in joint ventures	11	**993,692**	964,407
Investments in associates	12	**6,605,230**	6,001,739
Financial assets at FVOCI	13	**3,556,869**	3,741,019
Loans granted to LNG companies	14	**125,196**	124,111
Other assets		**24,375**	23,839
Total Non-current assets		**15,327,426**	15,283,851
Current assets			
Inventories	15	**102,820**	77,615
Trade and other receivables	16	**879,120**	764,356
Equity instruments at FVTPL	17	**505,049**	116,602
Loan to a related party	34	**-**	392,650
Investments in term deposits	18	**350,102**	70,701
Cash and cash equivalents	19	**304,786**	306,253
Total Current assets		**2,141,877**	1,728,177
Total Assets		**17,469,303**	17,012,028
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		**3,407,966**	3,367,639
Hedging reserve		**278,644**	(96,138)
Retained earnings		**4,643,702**	4,042,530
Equity attributable to equity holders of the Parent		**14,719,576**	13,703,295
Non-controlling interests		**40,089**	55,089
Total Equity		**14,759,665**	13,758,384
Liabilities			
Non-current liabilities			
Loans and borrowings	26	**1,056,660**	1,403,141
Advance from a customer	27	**90,821**	98,947
Lease liabilities	28	**62,987**	153,632
Provision for employees' end of service benefits	29	**110,006**	114,173
Total Non-current liabilities		**1,320,474**	1,769,893
Current liabilities			
Trade and other payables	30	**810,088**	674,681
Loans and borrowings	26	**485,267**	717,597
Lease liabilities	28	**93,809**	91,473
Total Current liabilities		**1,389,164**	1,483,751
Total Liabilities		**2,709,638**	3,253,644
Total Equity and Liabilities		**17,469,303**	17,012,028

On 9th February 2022, the Company's Board of Directors authorised these consolidated financial statements for issue, which were signed on its behalf by the following:

Jassim bin Hamad bin Jassim Jaber Al-Thani
Chairman

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

The attached notes 1 to 40 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 QR'000	2020 QR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**730,076**	64,179
Adjustments for:			
Depreciation of property, vessels and equipment	7	**224,300**	256,707
Depreciation of investment property	8	**40,382**	30,057
Amortisation of intangible assets	9	**12,769**	10,999
Depreciation of right-of-use assets	10	**90,233**	69,116
Gain on disposal of investment property		**-**	(73,646)
Loss (Gain) on disposal of property, vessels and equipment & intangible assets		**4,703**	(13,796)
Share of results of joint ventures	11	**(204,910)**	(85,422)
Share of results of associates	12	**(475,988)**	(418,323)
Provision for employees' end of service benefits	29	**16,328**	17,071
Dividend income	4	**(114,604)**	(143,448)
Net fair value (gain) loss on equity instruments at FVTPL	4	**4,203**	(18,300)
Impairment on property, vessels and intangible assets	7, 9	**147,627**	741,420
Provision for impairment of trade and other receivables	16	**10,486**	26,127
Provision (Recovery) of slow moving inventories	15	**904**	(242)
Loss on disposal of equity instruments at FVTPL	4	**-**	9,716
Finance cost		**72,689**	83,839
Finance income		**(15,130)**	(20,746)
Operating profit before working capital changes		**544,068**	535,308
Changes in:			
Inventories		**(26,109)**	3,715
Trade and other receivables		**(110,094)**	(48,974)
Trade and other payables		**118,472**	48,185
Cash flows generated from operating activities		**526,337**	538,234
Employees' end of service benefits paid	29	**(14,812)**	(18,249)
Net cash flows from operating activities		**511,525**	519,985
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, vessels and equipment	7	**(222,601)**	(221,458)
Purchase of investment property	8	**(20,497)**	(19,142)
Additions to intangible assets	9	**(197)**	(11,016)
Investment in securities measured at FVOCI		**-**	(292,000)
Net movement of loans granted to LNG companies		**(1,085)**	5,136
Net movement of investment in term deposits		**(279,401)**	97,520
Investment in securities measured at FVTPL		**-**	(98,160)
Loan to a related party		**-**	(392,650)
Proceeds from disposal of property, vessels and equipment		**136,168**	47,825
Proceeds from disposal of investment properties		**-**	86,665
Proceeds from disposal of financial asset at FVOCI		**430,758**	250,767
Proceeds from disposal of equity instruments at FVTPL		**-**	46,021
Dividends received from joint ventures	11	**175,625**	210,875
Dividends received from associates	12	**222,878**	205,357
Dividend received from investments	4	**114,604**	143,448
Finance income received		**15,130**	20,746
Net cash flows from investing activities		**571,382**	79,934
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the Company's shareholders	25	**(340,849)**	(340,849)
Payments of lease liabilities	28	**(92,025)**	(60,213)
Net movement of loans and borrowings		**(578,811)**	13,474
Finance cost paid		**(72,689)**	(83,839)
Net cash flows used in financing activities		**(1,084,374)**	(471,427)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(1,467)**	128,492
Cash and cash equivalents at 1 January		**306,253**	177,761
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	19	**304,786**	306,253

The attached notes 1 to 40 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Share Capital (Note 20) QR'000	Treasury shares (Note 21) QR'000	Legal reserve (Note 22) QR'000	General reserve (Note 23) QR'000	Fair value reserve QR'000	Hedging reserve QR'000	Retained earnings QR'000	Total QR'000	Non-controlling interest QR'000	Total QR'000
	Attributable to the equity holders of the Parent									
At 31 December 2019	1,145,252	(73,516)	4,693,986	623,542	3,875,607	68,227	4,210,029	14,543,127	54,884	14,598,011
Total comprehensive income:										
Profit for the year	-	-	-	-	-	-	59,106	59,106	116	59,222
Other comprehensive (loss) income	-	-	-	-	(392,246)	(164,365)	-	(556,611)	89	(556,522)
Total comprehensive (loss) income	-	-	-	-	(392,246)	(164,365)	59,106	(497,505)	205	(497,300)
Transactions with owners of the Company:										
Dividends (Note 25)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
Transfer of reserves on disposal of financial assets at FVTOCI	-	-	-	-	(115,722)	-	115,722	-	-	-
Other equity movement:										
Contribution to Social and Sports Fund (Note 31)	-	-	-	-	-	-	(1,478)	(1,478)	-	(1,478)
At 31 December 2020	**1,145,252**	**(73,516)**	**4,693,986**	**623,542**	**3,367,639**	**(96,138)**	**4,042,530**	**13,703,295**	**55,089**	**13,758,384**
Total comprehensive income:										
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**724,154**	**724,154**	**2,419**	**726,573**
Other comprehensive income	**-**	**-**	**-**	**-**	**276,298**	**374,782**	**-**	**651,080**	**799**	**651,879**
Total comprehensive income	**-**	**-**	**-**	**-**	**276,298**	**374,782**	**724,154**	**1,375,234**	**3,218**	**1,378,452**
Transactions with owners of the Company:										
Dividends (Note 25)	**-**	**-**	**-**	**-**	**-**	**-**	**(340,849)**	**(340,849)**	**-**	**(340,849)**
Transfer of reserves on disposal of financial assets at FVTOCI	**-**	**-**	**-**	**-**	**(235,971)**	**-**	**235,971**	**-**	**-**	**-**
Other equity movement:										
Reduction of share capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(18,218)**	**(18,218)**
Contribution to Social and Sports Fund (Note 31)	**-**	**-**	**-**	**-**	**-**	**-**	**(18,104)**	**(18,104)**	**-**	**(18,104)**
At 31 December 2021	**1,145,252**	**(73,516)**	**4,693,986**	**623,542**	**3,407,966**	**278,644**	**4,643,702**	**14,719,576**	**40,089**	**14,759,665**

The attached notes 1 to 40 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2021

1. Reporting Entity

Qatar Navigation Q.P.S.C. (the "Company" or the "Parent") was incorporated in accordance with the provisions of the Qatar Commercial Companies Law No. 11 of 2015 as a Qatari Public Shareholding Company, and it is registered at the Ministry of Economy and Commerce of the State of Qatar with the Commercial Registration number 1 dated 5 July 1957. The registered office of the Company is located at Street No. 523, Zone 56, Umm Al Saneem Area, East Industrial Road, Doha, State of Qatar. The shares of the Company are publicly traded on the Qatar Stock Exchange since 26 May 1997.

These consolidated financial statements comprise the Company and its subsidiaries (collectively referred as the "Group" and individually as the "Group entities") and the Group's interests in equity-accounted investees.

The principal activities of the Group, which remain unchanged from the previous year, include the provision of marine transport, acting as agent to foreign shipping lines, offshore services, warehousing, 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 and trading of aggregates & building materials.

The consolidated financial statements of the Group were authorised for issue by the Company's Board of Directors on the 9th February 2022.

(a) The Company had the following active subsidiaries owned directly or indirectly, as at the current and the comparative reporting dates:

Name of the subsidiary	Country of incorporation	Principal activities	Group effective shareholding 2021	Group effective shareholding 2020
Qatar Shipping Company W.L.L.	Qatar	Chartering of vessels and maritime services	**100%**	100%
Halul Offshore Services Company 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 W.L.L.	Qatar	Travel agency	**100%**	100%
Navigation Trading Agencies W.L.L.	Qatar	Trading in heavy equipment	**100%**	100%

1. Reporting Entity (Continued)

(a) The Company had the following active subsidiaries owned directly or indirectly, as at the current and the comparative reporting dates: (continued)

Name of the subsidiary	Country of incorporation	Principal activities	Group effective shareholding	
			2021	2020
Navigation Marine Service Center W.L.L.	Qatar	Marine services	**100%**	100%
Milaha Capital W.L.L.	Qatar	Investments	**100%**	100%
Milaha Real Estate Services W.L.L.	Qatar	Real estate maintenance	**100%**	100%
Milaha Integrated Maritime and Logistics W.L.L.	Qatar	Maritime and logistic services	**100%**	100%
Milaha International Maritime L.L.C	Qatar	Maritime and logistic services	**100%**	-
Milaha Ras Laffan Verwaltungs GMBH	Germany	Managing the business activities of KG companies	**100%**	100%
Milaha Qatar Verwaltungs GMBH	Germany	Managing the business activities of KG companies	**100%**	100%
Milaha Real Estate Investment W.L.L.	Qatar	Real estate services	**100%**	100%
Milaha for Petroleum and Chemical Product W.L.L.	Qatar	Shipping services	**100%**	100%
Milaha Ras Laffan Gmbh & Co. KG (KG1)	Germany	LNG transportation	**100%**	100%
Milaha Qatar Gmbh & Co. KG (KG2)	Germany	LNG transportation	**100%**	100%
Milaha Offshore Holding Co. PTE LTD	Singapore	Offshore support services	**100%**	100%
Milaha Explorer PTE LTD	Singapore	Offshore support services	**100%**	100%
Milaha Offshore Services Co PTE LTD	Singapore	Offshore support services	**100%**	100%
Milaha (FZC) L.L.C.	Oman	Logistic services	**100%**	100%
Milaha Ship Management & Operation Company W.L.L.	Qatar	Fleet & Technical Services	**100%**	100%

(i) The Company controls Qatar Quarries and Building Materials Company Q.P.S.C. through its power to control its Board of Directors.

1. Reporting Entity (Continued)

(b) The Company also had the following inactive subsidiaries, as at the current and the comparative reporting dates:

Name of Subsidiary	Country of incorporation	Company's ownership percentage	
		2021	2020
Milaha Technical & Logistics Services W.L.L.	Qatar	**100%**	100%
Milaha Offshore Support Services Company W.L.L.	Qatar	**99.5%**	99.5%
Milaha for Petroleum and Chemical Product W.L.L.	Qatar	**99.5%**	99.5%
Milaha Warehousing W.L.L.	Qatar	**100%**	100%
Milaha Capital Real Estate Complex W.L.L.	Qatar	**100%**	100%
Milaha for Ships and Boats W.L.L.	Qatar	**100%**	100%
Halul Ship Management & Operation W.L.L.	Qatar	**100%**	100%
Halul 49 L.L.C.	Qatar	**100%**	100%
Halul 68 L.L.C.	Qatar	**100%**	100%
Halul 69 L.L.C.	Qatar	**100%**	100%
Halul 70 L.L.C.	Qatar	**100%**	100%
Halul 71 L.L.C.	Qatar	**100%**	100%
Halul 80 L.L.C.	Qatar	**100%**	100%
Halul 81 L.L.C.	Qatar	**100%**	100%
Halul 82 L.L.C.	Qatar	**100%**	100%
Halul 83 L.L.C.	Qatar	**100%**	100%
Halul 90 L.L.C.	Qatar	**100%**	100%
Halul 100 L.L.C.	Qatar	**100%**	100%
Halul 101 L.L.C.	Qatar	**100%**	100%
Aliago W.L.L.	Qatar	**100%**	100%
Milaha Offshore Holdings (UK) Private Limited	United Kingdom	**100%**	100%
Milaha Offshore MEX1 Limited	United Kingdom	**100%**	100%
Milaha Offshore MIDAS1 Limited	United Kingdom	**100%**	100%
Milaha Offshore Services (UK) Limited	United Kingdom	**100%**	100%

All subsidiary undertakings are included in the consolidation.

The Company also has the following registered branch in Dubai, United Arab Emirates, as at the current and the comparative reporting dates:

Name of branch	Principal activity
Qatar Navigation (Dubai Branch)	Marine, Maritime and Logistics services

The results and the assets and liabilities of the above branch have been included in these consolidated financial statements.

The Group also had equity-accounted investees as at the current and the comparative reporting dates. Details of which are given in Notes 11 and 12.

2. Basis of Preparation and Consolidation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and in compliance with the Qatar Commercial Companies Law No. 11 of 2015, as amended by Law No. 8 of 2021.

b) Basis of measurement

The consolidated financial statements are prepared under the historical cost convention, except for the financial assets at FVOCI, the financial assets at FVTPL, and the derivative financial instruments which have been measured at fair value.

2. Basis of Preparation and Consolidation (Continued)

c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company has the Qatari Riyal ("QR") as its functional currency. The following active subsidiaries of the Company, which operate in a foreign jurisdiction, have the following functional currencies:

Name of subsidiary	Functional currency
Halul United Business Services L.L.C.	Saudi Riyal
Milaha Ras Laffan Verwaltungs GMBH	United States Dollar
Milaha Qatar Verwaltungs GMBH	United States Dollar
Milaha Ras Laffan Gmbh & Co. KG (KG1)	United States Dollar
Milaha Qatar Gmbh & Co. KG (KG2)	United States Dollar
Milaha Offshore Holding Co. PTE LTD	United States Dollar
Milaha Explorer PTE LTD	United States Dollar
Milaha Offshore Services Co PTE LTD	United States Dollar
Milaha (FZC) L.L.C.	Omani Riyal
Qatar Shipping Company (India) Private Limited	Indian Rupee

The functional currency of Company's branch "Qatar Navigation (Dubai Branch)" is the United Arab Emirates Dirham.

The Group's presentation currency is the QR, which is the Company's functional currency.

All amounts are rounded to the nearest thousand (QR' 000), unless otherwise stated.

d) Use of judgments and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas that involve a higher degree of judgment or complexity, or areas where assumptions or estimates have a significant risk of resulting in a material adjustment to the amounts recognised in the consolidated financial statements are disclosed in Note 38.

e) New currently effective IFRS requirements

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

- Covid-19-Related Rent Concessions – amendments to IFRS 16, and
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

f) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. The Group is in the process of assessing the impact of these standards, amendments and interpretations on the entity in the current or future reporting periods and on foreseeable future transactions

Notes to the Consolidated Financial Statements (Continued)
As at and for the year ended 31 December 2021

3. Significant Accounting Policies

The principal accounting policies of the Group applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to both years presented in these consolidated financial statements.

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; and
- 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 off during the year are included in the consolidated income statement and consolidated statement of other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent company 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 in 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; and
- 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.

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.

3. Significant Accounting Policies (Continued)

Business combination (Continued)

The Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Group of similar identifiable assets.

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 IFRS 9 "Financial Instruments" is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of IFRS 9 "Financial Instruments", 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 from contracts with customers

Revenue from contracts with customers for sales of goods or services in the ordinary course of the Group's activities is recognised in accordance with the following 5-step model:

1. Identify contracts with customers: A contract is an agreement which creates enforceable rights and obligations and sets out criteria that must be met;
2. Identify performance obligations within the contract: A performance obligation is a promise to deliver a good or a service to a customer;
3. Determine the transaction price: The transaction price is the amount to which the Group expects to be entitled in exchange for delivering the promised goods or services to a customer;
4. Allocate the transaction price to the performance obligations, if more than one;
5. Recognise revenue as and when the performance obligation(s) is/are satisfied.

The Group recognises revenue from the following major sources:

Chartering of vessels

Revenue from chartering of vessels, equipment and others is recognised over time as the performance obligation is satisfied, including a share of revenue from incomplete voyages at the balance sheet date

Sales of goods and services

Revenue from sales of goods is recognized when it transfers the control over a good to a customer. Revenue from rendering of services is recognised in the period such services are rendered, by reference to a suitable method that depicts the transfer of the control of such services to the customer.

Notes to the Consolidated Financial Statements (Continued)
As at and for the year ended 31 December 2021

3. Significant Accounting Policies (Continued)

Revenue from contracts with customers (Continued)

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 recognised over time, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, after making due allowance for future estimated losses.

Shipping agency income

Shipping agency income is recognised at a point in time based on how the performance obligation (on completion of all supply requirements for vessels) is satisfied.

Loading, clearance and land transport income

Loading, clearance and land transport income is recognised at a point in time based on how the performance obligation is satisfied.

Ship repairs and fabrication income

Ship repairs and fabrication income is recognised over the time based on how the performance obligation is satisfied.

Freight forwarding revenue

Freight forwarding revenue will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service except for brokerage services that are recognised at the point in time when the services are rendered to the customer.

Other operating revenues

Rental income

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

Investment and dividend income

Income from investments is accounted for on an accrual basis when the 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.

Expense recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen and can be measured reliably.

An expense is recognized immediately in profit or loss when an expenditure produces no future economic benefits, or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the statement of financial position as an asset, such as in the case of asset impairments.

Finance costs

Finance costs comprise interest on borrowings (bank loans and overdrafts). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are expensed in profit or loss using the effective interest method.

Taxation

Taxes are calculated based on tax laws and regulations in jurisdictions in which the Group operates. The amount of the tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. Deferred tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available to utilise these. Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used

3. Significant Accounting Policies (Continued)

Property, vessels and equipment

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

Depreciation is provided on a straight-line basis on all property, vessels and equipment, except for freehold land which is not depreciated. 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 on the following estimated useful lives of the depreciable assets:

Buildings	25 - 35 years
New vessels	20 - 40 years
Used vessels	3 - 25 years
Barges and containers	10 - 20 years
Used containers	3 - 5 years
Machinery, equipment and tools	4 - 10 years
Furniture and fittings	3 - 5 years
Motor vehicles	3 - 7 years

The carrying amounts 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 amounts 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. Dry-docking and special survey costs are recognised in the carrying amount of ships when incurred and depreciated over the period until the next dry-docking which is generally over a period of 3 to 5 years.

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. 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.

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 amounts 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 amounts exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Right-of-use assets

Recognition and measurement

Right-of-use assets are recognized at the lease commencement date at cost, which comprises the initial amount of the lease liability (see accounting policy "Lease liabilities") adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2021

3. Significant Accounting Policies (Continued)

Right-of-use assets (Continued)

Subsequent measurement

Items of right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of a right-of-use asset using the straight-line method over the earlier of the lease term and its useful life. It is depreciated over its useful life, if the lease agreement either transfers ownership of the right-of-use asset to the Group by the end of the lease term or reflects that the Group will exercise a purchase option at the end of the lease term.

Derecognition

An item of a right-of-use asset is derecognised at the earlier of the end of the lease term, cancellation of lease contract, or transfer of control of the underlying asset. In case control of the underlying asset passes to the Group, the carrying value of the right-of-use asset is reclassified to property and equipment.

Investment property

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 amounts 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 their useful economic lives and assessed for impairment whenever there is an indication that an 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.

The useful life of intangible assets acquired on business combination is amortized over the expected duration of the contract which is over a period of 19 & 21 years.

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.

3. Significant Accounting Policies (Continued)

Investments 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 associates and joint ventures are accounted for using the equity method except where Group opts to measure venture capital investments under FVTPL.

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 consolidated 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 consolidated 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. The Group determines whether there are any indicators 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 consolidated income statement.

Upon loss of significant influence over an associate or joint control over a joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of an associate or a 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.

Financial instruments

i. Recognition and initial measurement

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Notes to the Consolidated Financial Statements (Continued)
As at and for the year ended 31 December 2021

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

ii. Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified at:

- Amortised cost – if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- Fair Value Through Other Comprehensive Income (FVOCI) - if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
  - its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.
- Fair Value Through Profit or Loss (FVTPL) – All financial assets not classified as measured at amortised cost or FVOCI as described above.

On initial recognition, the Group may irrecoverably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group has classified on initial recognition its trade and other receivables, cash and cash equivalents, investments in term deposit receipts and loans granted to LNG companies at amortised cost.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

ii. Classification and subsequent measurement of financial assets (continued)

Assessment whether contractual cash flows are SPPI (continued)

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement

- Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in consolidated income statement. Any gain or loss on derecognition is recognised in consolidated income statement.

- Financial assets at Fair Value Through Profit or Loss (FVTPL) - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in consolidated income statement.
- Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI) - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in consolidated income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated income statement.
- Equity investments at Fair Value Through Other Comprehensive Income (FVOCI) - These assets are subsequently measured at fair value. Dividends are recognised as income in consolidated income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never derecognised to consolidated income statement.

iii. Classification, subsequent measurement and gains and losses on financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in consolidated income statement.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the income statement. Any gain or loss on derecognition is also recognised in the income statement.

iv. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Notes to the Consolidated Financial Statements (Continued)
As at and for the year ended 31 December 2021

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

ii. Derecognition (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

v. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

vi. Derivative financial instruments and hedging

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the income statement.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the consolidated income statement.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to income statement in the same period or periods during which the hedged expected future cash flows affect income statement.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

vi. Derivative financial instruments and hedging (continued)

Cash flow hedges (continued)

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to income statement in the same period or periods as the hedged expected future cash flows affect income statement.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to consolidated income statement.

Loans granted to LNG companies / related party

Loans and receivables are non-derivative financial assets. The losses arising from impairment are recognised in the consolidated income statement. Refer to the policy on Financial instruments for recognition and measurement of these loans.

Impairment

i. Non-derivative financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost and debt investments measured at FVOCI. The Group does not hold debt investments measured at FVTPL and contract assets.

The Group measures loss allowance either at an amount equal to:

- lifetime ECLs, which are those ECLs that result from all possible default events over the expected life of a financial instruments; or
- 12-month ECLs, which includes the portion of ECLs that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

For trade receivables, the Group applied the simplified approach to measuring ECLs which recognises the lifetime ECLs of these assets that reflect an increased credit risk. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. For all other financial assets, the Group applies the 12-month ECL as detailed above.

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

Loss allowances on bank balances and debt investments measured at FVOCI are always measured at an amount equal to 12-month ECLs. The Group considers bank balances and term deposit receipts to have a low risk level when their credit risk rating is equivalent to the globally understood definition of "investment grade".

Measurement of ECLs

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

Credit-impaired financial assets

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

Notes to the Consolidated Financial Statements (Continued)
As at and for the year ended 31 December 2021

3. Significant Accounting Policies (Continued)

Loans granted to LNG companies / related party (Continued)

i. Non-derivative financial assets (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Presentation of impairment

Provision for impairment of trade receivables is deducted from gross carrying value of trade receivables and impairment losses relating to trade receivables are separately presented in the consolidated income statement.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

ii. 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.

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.

Cash and cash equivalents

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

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.

3. Significant Accounting Policies (Continued)

Leases

Leases - Group as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Where it is established that the Group is a lessee, a right-of-use asset (See accounting policy "Right-of-use assets") and a lease liability are recognized at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate is used

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortised cost using the effective interest method.

A lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group does not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases - Group as a lessor

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time.

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Under an operating lease, the asset is included in the statement of financial position as property and equipment. Lease income is recognized over the term of the lease on a straight-line basis. This implies the recognition of deferred income when the contractual day rates are not constant during the initial term of the lease contract. There are no variable lease payments that depend on an index or a rate.

Notes to the Consolidated Financial Statements (Continued)
As at and for the year ended 31 December 2021

3. 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.

Provision for employees' end of service benefits

End of service gratuity plans

The Group provides end of service benefits to its eligible 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. Management does not perform an actuarial valuation as required by International Accounting Standard 19 "Employee Benefits" as it estimates that such valuation does not result to a significantly different level of provision. The provision is reassessed by management at the end of each year, and any change to the provision for employees' end of service benefits is adjusted in the profit or loss.

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.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the year in which the dividends are appropriately authorized for payment.

Earnings per share

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

Segment reporting

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

3. Significant Accounting Policies (Continued)

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

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

All other assets are classified as non-current.

Current versus non-current classification
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; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Notes to the Consolidated Financial Statements (Continued)
As at and for the year ended 31 December 2021

3. Significant Accounting Policies (Continued)

Fair value measurement (Continued)

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.

4. Operating Revenues

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major revenue streams. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 "Operating Segments" (see Note 35).

	2021 QR'000	2020 QR'000
Disaggregation of revenue		
Milaha Capital (1)	**368,271**	364,957
Milaha Maritime and Logistics	**992,105**	769,219
Milaha Offshore	**964,482**	762,156
Milaha Trading	**204,659**	73,015
Milaha Gas and Petrochem	**254,356**	297,982
	2,783,873	2,267,329

(1) Revenues of Milaha Capital comprise the following:

	2021 QR'000	2020 QR'000
Rental income	**79,407**	93,643
Dividend income	**114,604**	143,448
Sale of quarries and building material	**148,047**	107,115
Net fair value (loss) gain on financial assets at FVTPL	**(4,203)**	18,300
Loss on disposal of financial assets at FVTPL	**-**	(9,716)
Interest on bonds and deposits	**30,416**	12,167
	368,271	364,957

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Of the total revenues, the Group has recognized QR 2,290,350 thousand (2020: QR 1,923,000 thousand) over time and QR 493,523 thousand (2020: 344,329 thousand) at a point in time.

5. Other Operating Expenses

	2021 QR'000	2020 QR'000
Professional fees	**45,753**	34,655
Claims and insurance	**37,042**	29,748
Communication and utilities	**22,417**	23,643
Registration, certifications and formalities	**13,499**	14,539
Provision for slow moving inventories (Note 15)	**904**	630
Travel and entertainment	**19,535**	7,745
Security and safety	**10,877**	16,047
Office supplies and expenses	**10,821**	6,546
Marketing, sponsorship and gifts	**3,181**	3,771
Miscellaneous expenses	**50,304**	32,000
	214,333	169,324

6. Basic and Diluted Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the Company by the weighted average number of shares outstanding during the year. The diluted earnings per share based on the issued shares are equal to the basic earnings per share.

	2021	2020
Net profit for the year attributable to equity holders of the Parent (QR'000)	**724,154**	59,106
Weighted average number of shares (000's) (1)	**1,136,165**	1,136,165
Basic earnings per share (QR)	**0.64**	0.05

Diluted earnings per share

The diluted earnings per share (hereafter "EPS") is calculated by dividing the profit for the year attributable to the ordinary shareholders of the Company by the weighted-average number of shares outstanding during the year after adjustment for the effects of any dilutive potential ordinary shares. As the Company had no dilutive potential ordinary shares during the current year and the comparative year, the Diluted EPS is the same as the Basic EPS for both these years.

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

	2021	2020
Total number of shares outstanding (000's) (Note 20)	**1,145,252**	1,145,252
Adjustment for weighted average shares with respect to treasury shares (000's) (Note 21)	**(9,087)**	(9,087)
Weighted average numbers of shares during the year (000's)	**1,136,165**	1,136,165

Notes to the Consolidated Financial Statements (Continued)
As at and for the year ended 31 December 2021

7. 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 2020	894	755,812	5,222,579	482,274	46,732	68,345	229,329	6,805,965
Additions	-	1,913	13,818	8,108	1,559	3,393	192,667	221,458
Transfers and reclassifications	-	3,076	66,379	(15,216)	(6,223)	-	(74,053)	(26,037)
Disposals and write offs	(501)	(2,734)	(210,700)	(11,695)	(724)	(4,751)	-	(231,105)
Impairment (Note ii)	-	(163,000)	(447,277)	-	-	-	(131,143)	(741,420)
At 31 December 2020/ 1 January 2021	393	595,067	4,644,799	463,471	41,344	66,987	216,800	6,028,861
Additions	-	254	104,175	15,280	39	946	101,907	222,601
Transfers and reclassifications	(393)	(11,065)	129,768	4,657	27	80	(137,864)	(14,790)
Disposals and write offs	-	(17,134)	(538,128)	(41,567)	(3,088)	(10,889)	-	(610,806)
Impairment (Note ii & iii)	-	-	(32,917)	-	-	-	(65,708)	(98,625)
At 31 December 2021	-	567,122	4,307,697	441,841	38,322	57,124	115,135	5,527,241
Accumulated depreciation								
At 1 January 2020	-	199,673	2,120,252	317,797	44,788	60,139	-	2,742,649
Charge for the year	-	24,991	208,546	19,963	1,046	2,161	-	256,707
Transfers and reclassifications	-	-	(1,932)	(15,772)	(6,111)	-	-	(23,815)
Disposals and write offs	-	(2,702)	(177,613)	(11,580)	(501)	(4,680)	-	(197,076)
At 31 December 2020/ 1 January 2021	-	221,962	2,149,253	310,408	39,222	57,620	-	2,778,465
Charge for the year	-	20,552	180,759	19,489	1,034	2,466	-	224,300
Transfers and reclassifications	-	(10,850)	-	248	-	80	-	(10,522)
Disposals and write offs	-	(16,814)	(399,095)	(40,139)	(3,091)	(10,890)	-	(470,029)
At 31 December 2021	-	214,850	1,930,917	290,006	37,165	49,276	-	2,522,214
Carrying amounts								
At 31 December 2020	393	373,105	2,495,546	153,063	2,122	9,367	216,800	3,250,396
At 31 December 2021	**-**	**352,272**	**2,376,780**	**151,835**	**1,157**	**7,848**	**115,135**	**3,005,027**

7. Property, Vessels and Equipment (Continued)

Notes:

(i) The encumbrances and liens on property, vessels and equipment are disclosed in Note 26.

(ii) Impairment losses relate to 10 vessels and 2 equipments under construction (2020: 25 vessels, 1 building and 3 equipment under construction). The vessels, containers and barges were written down by QR 33 million and the equipments by 66 million (2020: QR 447 million, the building by QR 163 million and the equipment was written down by QR 131million) following an exercise performed to compare the recoverable amount of the vessels and their respective carrying values at the reporting date. The values assigned reflect key assumptions which represent management's assessment of future trends in the shipping industry, cash flow projection of revenues and costs per vessel and the weighted average cost of capital to discount the future cash flows to present value. The key assumptions used in the estimation of the recoverable amount are set out in Note 38.

(iii) The impairment charge is attributable to the continued drop in the values of assets as a result of the global economic conditions partly owing to the coronavirus ("COVID-19") pandemic which has brought about uncertainties in the global economic environment and the deceleration of the shipping industry caused by unprecedented volatility in oil prices and rates. The Group is closely monitoring the situation to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

8. Investment Property

	Land QR'000	Buildings QR'000	Investment properties under construction QR'000	Total QR'000
Cost				
At 1 January 2020	167,018	697,101	257,625	1,121,744
Additions during the year	-	299	18,843	19,142
Transfers and reclassifications	-	269,978	(264,067)	5,911
Disposals and write-off	(4,595)	(9,052)	-	(13,647)
At 31 December 2020/ 1 January 2021	162,423	958,326	12,401	1,133,150
Additions during the year	-	13,591	6,906	20,497
Transfers and reclassifications	393	14,689	(1,155)	13,927
At 31 December 2021	162,816	986,606	18,152	1,167,574
Accumulated depreciation				
At 1 January 2020	-	298,971	-	298,971
Charge for the year	-	30,057	-	30,057
Transfers and reclassifications	-	5,911	-	5,911
Disposals and write-off	-	(628)	-	(628)
At 31 December 2020/ 1 January 2021	-	334,311	-	334,311
Charge for the year	-	40,382	-	40,382
Transfers and reclassifications	-	10,527	-	10,527
At 31 December 2021	-	385,220	-	385,220
Carrying amounts				
At 31 December 2020	162,423	624,015	12,401	798,839
At 31 December 2021	**162,816**	**601,386**	**18,152**	**782,354**

Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2021

8. Investment Property (Continued)

Notes:

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

(ii) As at 31 December 2021 the fair value of investment properties at freehold land was QR 1,943,370,000 (2020: QR 1,932,040,000). Investment properties have been fair valued by an accredited independent valuer with recognised and relevant professional qualifications and recent experience in the location and category of investment properties being valued.

(iii) During the year the Group earned rental income amounting to QR 77,268,862 (2020: QR 88,816,993) from its investment properties. Direct operating expenses related to investment properties (including depreciation) amounting to QR 62,620,024 (2020: QR 46,741,178) have been included within operating expenses.

(iv) As at 31 December 2021 the cost of investment properties built on leasehold land was QR 37,273,572 (2020: QR 37,273,572).

9. Intangible Assets

	Customer contracts QR'000	Computer software QR'000	Goodwill QR'000	Total QR'000
Cost				
At 1 January 2020	184,000	22,597	7,292	213,889
Additions	-	11,016		11,016
Disposals	-	(219)	-	(219)
Transfers	-	20,126	-	20,126
At 31 December 2020/ At 1 January 2021	184,000	53,520	7,292	244,812
Additions	-	197	-	197
Disposals	-	(1,150)	-	(1,150)
Transfers	-	863	-	863
Impairment (i)	(41,710)	-	(7,292)	(49,002)
At 31 December 2021	142,290	53,430	-	195,720
Amortisation				
At 1 January 2020	42,275	22,265	-	64,540
Charge for the year	9,394	1,605	-	10,999
Disposals	-	(219)	-	(219)
Transfers	-	17,904	-	17,904
At 31 December 2020/ At 1 January 2021	51,669	41,555	-	93,224
Charge for the year	9,394	3,375	-	12,769
Disposals	-	(1,056)	-	(1,056)
Transfers	-	(5)	-	(5)
At 31 December 2021	61,063	43,869	-	104,932
Carrying amounts				
At 31 December 2020	132,331	11,965	7,292	151,588
At 31 December 2021	**81,227**	**9,561**	**-**	**90,788**

Notes:

(i) The customer contracts and goodwill were allocated to their respective cash generating units and the carrying amounts were compared to their recoverable amounts, which resulted in an impairment of QR 7million for goodwill and QR 42million for customer contracts respectively.

10. Right-Of-Use Assets

The right-of-use assets relate to leasehold lands, vessels, warehouses and offices, with lease terms ranging from 2 to 15 years.

	2021 (QR'000)			2020 (QR'000)		
	Vessels	**Land & Buildings**	**Total**	Vessels	Land & Buildings	Total
Carrying amount at 1 January	**189,509**	**38,404**	**227,913**	142,163	12,667	154,830
Additions	**19,688**	**2,004**	**21,692**	86,896	30,650	117,546
Adjustments for lease modifications	**(3,299)**	**-**	**(3,299)**	24,689	-36	24,653
Termination	**(12,178)**	**-**	**(12,178)**	-	-	-
Depreciation	**(86,731)**	**(3,502)**	**(90,233)**	(64,240)	(4,876)	(69,116)
Carrying amount at 31 December	**106,989**	**36,906**	**143,895**	189,508	38,405	227,913

11. Investments In Joint Ventures

Investments in joint ventures

The Group has following investments in Joint Ventures:

Name of the entity	**Country of incorporation**	**Group effective shareholding**	
		2021	2020
Gulf LPG Transport Company W.L.L. (a)	Qatar	**50%**	50%
Qterminals L.L.C (b)	Qatar	**49%**	49%

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

b) *Qterminals L.L.C.*
Qterminals L.L.C. (Qterminals) was legally incorporated on 10 May 2017 with the Commercial Registration number 98511. The shareholding structure of Qterminals is 51% owned by Qatar Ports Management Company ("Mwani Qatar") and 49% owned by Milaha. The purpose of the company is to operate ports, managing the port activities including the new Hamad Port based on an agreement signed between Milaha and Mwani Qatar during December 2016.

Based on the concession agreement dated 1 October 2017, Qterminals L.L.C. accepted the delegation of the concession rights. The concession agreement compliments the terms of the shareholders' agreement signed by the by the shareholders of Qterminals, which requires the incorporation of a new company (Qterminals L.L.C.). In line with the overall arrangement, the Group transferred the concession rights to Qterminals amounting to QR 416,108,000. Accordingly the delegated concession rights has been accounted for as an investment in the books of Milaha. The concession agreement stipulates in the event of force majeure, the concession rights reverts back to Milaha.

11. Investments in Joint Arrangements (Continued)

Investments in joint ventures (Continued)

Share of joint ventures' summarised statement of financial position:

	2021 (QR'000)			2020 (QR'000)		
	Qterminals	**Gulf LPG Transport Company W.L.L**	**Total**	Qterminals	Gulf LPG Transport Company W.L.L	Total
Current assets	**243,200**	**51,328**	**294,528**	1,009,643	62,158	1,071,801
Non-current assets	**809,068**	**306,025**	**1,115,093**	381,447	324,334	705,781
Current liabilities	**(128,292)**	**(22,735)**	**(151,027)**	(932,064)	(20,597)	(952,661)
Non-current liabilities	**(425,738)**	**(182,017)**	**(607,755)**	(17,900)	(200,118)	(218,018)
Net assets	**498,238**	**152,601**	**650,839**	441,126	165,777	606,903
Concession rights	**342,853**	**-**	**342,853**	357,504	-	357,504
Carrying value of investments	**841,091**	**152,601**	**993,692**	798,630	165,777	964,407

Share of joint ventures' summarized income statement and statement of comprehensive income :

	2021 (QR'000)			2020 (QR'000)		
	Qterminals	**Gulf LPG Transport Company W.L.L**	**Total**	Qterminals	Gulf LPG Transport Company W.L.L	Total
Operating revenue	**458,686**	**84,150**	**542,836**	377,832	105,563	483,395
Operating supplies and expenses	**(112,571)**	**(26,655)**	**(139,226)**	(91,765)	(26,794)	(118,559)
Depreciation and amortisation	**(38,608)**	**(18,151)**	**(56,759)**	(22,688)	(25,306)	(47,994)
Impairment of vessels	**-**	**-**	**-**	-	(126,578)	(126,578)
Other operating expenses	**(112,913)**	**(1,950)**	**(114,863)**	(100,140)	(1,808)	(101,948)
Operating profit	**194,594**	**37,394**	**231,988**	163,239	(74,923)	88,316
Finance costs (net)	**(7,749)**	**(4,400)**	**(12,149)**	5,207	(6,368)	(1,161)
Income tax	**(14,414)**	**(515)**	**(14,929)**	(729)	(1,004)	(1,733)
Profit for the year	**172,431**	**32,479**	**204,910**	167,717	(82,295)	85,422

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

	2021 QR'000	2020 QR'000
At 1 January	**964,407**	1,089,860
Share of results of joint ventures	**204,910**	85,422
Dividends received	**(175,625)**	(210,875)
At 31 December	**993,692**	964,407

12. Investments in Associates

The Group has the following investment in associates:

	Country of incorporation	Ownership %		Profit Sharing %	
		2021	2020	**2021**	2020
Cargotec Qatar W.L.L. (i), (viii), (ix)	Qatar	**51.0%**	51.0%	**40.0%**	40.0%
Iraq-Qatar Transport and Shipping Services Com. Ltd (ii), (viii), (ix)	Iraq	**51.0%**	51.0%	**51.0%**	51.0%
Hapag - Lloyd Qatar W.L.L. (Formerly: United Arab Shipping Agency Company W.L.L.) (iii), (viii), (ix)	Qatar	**51.0%**	51.0%	**20.0%**	30.0%
Qatar Gas Transport Company Limited (NAKILAT) Q.P.S.C. (iv)	Qatar	**36.3%**	36.3%	**36.3%**	36.3%
Camartina Shipping INC. (v),(x)	Liberia	**29.4%**	29.4%	**29.4%**	29.4%
Peninsula LNG Transport No. 1 Ltd. (vi),(ix)	Liberia	**29.4%**	29.4%	**29.4%**	29.4%
Peninsula LNG Transport No. 2 Ltd. (vi),(ix)	Liberia	**29.4%**	29.4%	**29.4%**	29.4%
Peninsula LNG Transport No. 3 Ltd. (vi),(ix)	Liberia	**29.4%**	29.4%	**29.4%**	29.4%
Man Diesel & Turbo Qatar Navigation W.L.L.(vii),(viii), (ix)	Qatar	**51.0%**	51.0%	**35.0%**	35.0%

Notes:

(i) Cargotec Qatar W.L.L. is engaged in providing maintenance and repair of marine, land based cargo access and control system to off-shore and on-shore oil services and gas facilities.

(ii) Iraq-Qatar Transport and Shipping Services Company Ltd. is engaged in providing transportation and shipping logistics and is yet to commence commercial operations.

(iii) Hapag - Lloyd Qatar W.L.L. is engaged in providing cargo and shipping services.

(iv) Qatar Gas Transport Company Limited (NAKILAT) Q.P.S.C. is engaged in the sector of gas transportation either through its own ocean-going vessels or by investing in joint ventures with other parties.

(v) Camartina Shipping INC. is engaged in operation of a time charter of 135,000 m³ Liquefied Natural Gas (LNG) vessel.

(vi) Peninsula LNG Transport Ltd No's 1, 2 & 3 were established to acquire, own, and operate a time charter Liquefied Natural Gas (LNG) vessel.

(vii) Man Diesel & Turbo Qatar Navigation W.L.L. is engaged in trading and maintenance of marine engines, equipment's and spare parts.

(viii) Even though the share ownership in the companies listed in point (i), (ii), (iii) and (vii) 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.

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

12. Investments in Associates (Continued)

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

	2021 QR'000	2020 QR'000
At 1 January	**6,001,739**	5,914,000
Share of results	**475,988**	418,323
Share of net movement in other comprehensive income	**350,381**	(125,227)
Dividends received	**(222,878)**	(205,357)
At 31 December	**6,605,230**	6,001,739

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

Share of associates' summarised statement of financial position:

	2021 (QR'000)			2020 (QR'000)		
	Nakilat	**Other associates**	**Total**	Nakilat	Other associates	Total
Current assets	**1,563,311**	**140,486**	**1,703,797**	1,415,875	139,258	1,555,133
Non-current assets	**10,276,019**	**463,224**	**10,739,243**	10,568,368	493,423	11,061,791
Current liabilities	**(1,339,542)**	**(63,130)**	**(1,402,672)**	(1,004,681)	(57,826)	(1,062,507)
Non-current liabilities	**(7,193,394)**	**(278,613)**	**(7,472,007)**	(8,254,054)	(335,492)	(8,589,546)
Interest in associate	**3,306,394**	**261,967**	**3,568,361**	2,725,508	239,363	2,964,871
Goodwill	**3,036,869**	**-**	**3,036,869**	3,036,868	-	3,036,868
Carrying value of investment	**6,343,263**	**261,967**	**6,605,230**	5,762,376	239,363	6,001,739

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

	2021 (QR'000)			2020 (QR'000)		
	Nakilat	**Other associates**	**Total**	Nakilat	Other associates	Total
Operating revenue	**1,501,462**	**91,332**	**1,592,794**	1,455,610	89,850	1,545,460
Profit *	**459,637**	**16,351**	**475,988**	409,950	8,373	418,323
Other comprehensive income	**345,971**	**4,410**	**350,381**	(119,898)	(5,329)	(125,227)
Dividends received	**220,892**	**1,986**	**222,878**	200,811	4,546	205,357

* Share of profit from Nakilat has been computed after the deduction of 2.5% for social and sports fund.

13. Financial Assets at FVOCI

The financial assets at FVOCI are analyzed as follows:

	2021 QR'000	2020 QR'000
Quoted equity investments in local companies (i)(ii)	**3,167,558**	3,305,516
Unquoted equity investments in foreign companies	-	43,950
Unquoted equity investments in local companies (iii)	**80,985**	81,753
Investments in bonds	**308,326**	309,800
	3,556,869	3,741,019

(i) Equity securities at FVOCI comprise direct investments in shares and investments with fund managers. Below is the summary of quoted equity investments:

	Fair value QR'000		Dividend received QR'000	
	2021	2020	2021	2020
Banking & Insurance companies	**2,157,358**	2,186,516	**56,352**	83,391
Industrial sector companies	**865,519**	963,786	**35,190**	43,025
Other sectors	**144,681**	155,214	**634**	11,099
	3,167,558	3,305,516	**92,176**	137,515

(ii) Quoted shares in local companies with a fair value of QR 36,520,000 as of 31 December 2021 (2020: QR 39,270,000) are frozen for trading.

(iii) Unquoted equity investments comprise shares in companies in which the Group is a founder shareholder.

14. Loans Granted to LNG Companies

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

Name of LNG companies	Company operating the LNG companies
• India LNG Transport Company No.1 Ltd	• Shipping Corporation of India Ltd
• Camartina Shipping INC, 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

The loans to the above LNG companies included the following:

	2021 QR'000	2020 QR'000
Loan principal	**125,144**	124,108
Accrued interest	**52**	3
	125,196	124,111

15. Inventories

	2021 QR'000	2020 QR'000
Heavy vehicles and spare parts	**47,842**	43,383
Gabbro and aggregate	**26,473**	6,791
Other inventories	**36,985**	35,017
	111,300	85,191
Provision for slow-moving inventories (1)	**(8,480)**	(7,576)
	102,820	77,615

(1) The movements in the provision for slow-moving inventories were as follows:

	2021 QR'000	2020 QR'000
At 1 January	**7,576**	7,818
Provision made	**904**	630
Provision utilised	**-**	(872)
At 31 December	**8,480**	7,576

16. Trade and Other Receivables

	2021 QR'000	2020 QR'000
Trade receivables (gross)	**476,365**	378,617
Less: Provision for impairment of trade receivables (i)	**(107,085)**	(100,356)
Trade receivable (net)	**369,280**	278,261
Notes receivable	**8,380**	6,317
Unbilled income	**220,102**	166,840
Staff receivables (ii)	**41,518**	45,994
Prepaid expenses	**54,139**	56,704
Advances made to suppliers	**42,970**	66,670
Receivables from related parties (Note 34)	**6,083**	8,464
Other receivables (iii)	**136,648**	135,106
	879,120	764,356

(i)The movements in the provision for impairment of trade and other receivables were as follows:

	2021 QR'000	2020 QR'000
At 1 January	**100,356**	74,229
Provision made during the year	**10,486**	26,127
Provision utilised	**(3,757)**	-
At 31 December	**107,085**	100,356

(ii) Staff receivables consists of loans obtained against end of service benefits.
(iii) Other receivables mainly comprise of deposits with government agencies, tax receivables, pending insurance claims and customs charges paid on behalf of customers and yet to be billed.

17. Equity Instruments At FVTPL

	2021 QR'000	2020 QR'000
Listed equity securities - held for trading:		
Qatar Stock Exchange	**153**	142
Venture capital investment in a joint venture (i)	**504,896**	116,460
	505,049	116,602

Notes:
(i) During December 2020, Group made an equity investment in a jointly controlled venture capital and accounted for this at FVTPL, applying the exemption of IAS 28 "Investments in Associates and Joint Ventures". As at the reporting date, the Group's share of net asset value of the investee amounted to QR 505 million (2020: QR 122.8 million). During the year, loans provided to the above entities amounting to QR 392.6 million were converted to share capital in those relevant entities. This is a non-cash transaction.

18. Investments In Term Deposits

	2021 QR'000	2020 QR'000
Term deposits with banks	**396,194**	201,189
Term deposits maturing within 90 days (Note 19)	**(46,092)**	(130,488)
Term deposits maturing after 90 days	**350,102**	70,701

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

19. Cash And Cash Equivalents

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

	2021 QR'000	2020 QR'000
Cash at bank	**254,124**	170,980
Cash in hand	**4,570**	4,785
	258,694	175,765
Term deposits maturing within 90 days (i) (Note 18)	**46,092**	130,488
Cash and cash equivalents	**304,786**	306,253

(i) Represents deposits with an original maturity of less than 90 days with commercial market rates.

20. Share Capital

	Number of shares ('000')	QR'000
Authorised, issued and fully paid shares At 31 December 2021 and 31 December 2020 : shares with nominal value of QR 1 each	**1,145,252**	1,145,252

(1) All shares have equal rights.

21. Treasury Shares

During the year 2013, one of the subsidiaries of the Group, bought 9,087,250 shares amounting to QR 73,516,000 in the Parent which were transferred to the Parent Company during the year 2020. These treasury shares are recognised at cost and deducted from the equity.

On 8 November 2021, an extraordinary meeting was held approving the cancellation of the outstanding treasury shares. Approval from the QFMA was received subsequent to the year end on 9th January 2022 and accordingly this would be adjusted in the 2022 financial statements

22. Legal Reserve

In accordance with Qatar Commercial Companies Law No.11 of 2015 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 3,495,400,000 relating to share premium arising from the rights issue of shares in years 2004, 2008 and 2010 respectively.

The reserve is not available for distribution except in the circumstances stipulated in the Qatar Commercial Companies Law No. 11 of 2015, as amended by Law No. 8 of 2021.

23. General Reserve

In accordance with the Company's Articles of Association, the general assembly based on a 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

Cash flow hedges:

At 31 December 2021, 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 2021, Halul Offshore Services Company W.L.L. had an interest rate swap agreement in place with a notional amount of USD 70,200,000 (translated to QR 256,230,000), whereby it received a variable rate of USD 3-month LIBOR and paid a fixed rate of 1.985% on the notional amount. In 2018, the company restructured its loan with the lender from 3-month LIBOR to 1 month LIBOR and entered into another hedging arrangement to cover the differential exposure (Pay 3 month LIBOR and receive 1 month LIBOR + 7 basis points). Both the arrangements are with the same party and are agreed to be settled on a net basis. In 2020, Group entered into another interest rate swap agreement for a loan with notional amount of USD 53,946,670 (translated to QR 196,905,346) as of 31 December 2021, whereby it received a variable rate of USD 3-month LIBOR and paid a fixed rate of 1.23% on the notional amount.

The above swaps are being used to hedge the exposure to interest rate fluctuations on its loans. The loan facility and the interest rate swaps have the same critical terms and the cash flow hedge is assessed to be highly effective. The fair value of the interest rate swaps is calculated by reference to the market valuation of the swap agreements.

Halul Offshore Services Company W.L.L. has recognised a fair value gain on its interest rate swaps of QR 15,028,200 as at 31 December 2021 (QR 17,201,791 for 2020) in respect of the effective portion of hedge. At 31 December 2021, the carrying value of the interest rate swaps amounts to QR 6,645,679 (QR 21,673,878. for 2020).

24. Derivative Financial Instruments (Continued)

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

As a result of the business combination of KG 1 and KG 2 entities, the interest rate swap agreements entered by these two entities were absorbed by the Group. KG 1 and KG 2 had an interest rate swap agreement in place with a notional amount of USD 89,117,985 (translated to QR 325,280,646) and USD 90,902,311 (translated to QR 331,793,437), respectively, whereby it receives a variable rate of USD 3 months LIBOR and pays a fixed rate interest of 2.685% on the notional amount. The swap is being used to hedge the exposure to interest rate fluctuations on the loans. The loan facilities and the interest rate swaps have the same critical terms. These cash flow hedges are 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.

KG1 and KG2 recognised fair value gain on its interest rate swaps of USD 3,376,410 (translated to QR 12,323,896) and USD 3,444,012 (translated to QR 12,570,644) as at 31 December 2021. As at 31 December 2021, the carrying values of the interest rate swaps for KG 1 and KG 2 amounts to negative USD 2,902,433 (translated to QR 10,593,881) and negative USD 2,960,546 (translated to QR 10,805,992).

25. Dividends

Dividend proposed

The Board of Directors have proposed a 30% cash dividend of QR 0.3 per share totaling QR 341 million for the year 2021 which is subject to the approval of the equity holders at the Annual General Assembly.

Dividend declared for the year:

	2021 QR'000	2020 QR'000
Final Dividend (i)	340,849	340,849

(i) During the year, following the approval at the Annual General Assembly held on 16 March 2021, the Company paid 30% cash dividend of QR 0.3 per share totaling QR 341 million relating to the year 2020. (2020: QR 0.3 per share, totaling QR 341 million relating to year 2019).

26. Loans and Borrowings

	Notes	Interest rate %	Maturity	**2021 QR'000**	2020 QR'000
Loan 1	(i)	LIBOR + 1.75	Jan 2021	**-**	37,519
Loan 2	(ii)	LIBOR + 1.75	Sep 2021	**-**	175,959
Loan 3	(iii)	LIBOR + 1.4	Dec 2024	**239,172**	278,594
Loan 4	(iv)	LIBOR+1.4	Mar 2025	**196,905**	225,621
Loan 5	(v)	LIBOR + 1.75	Jun 2022	**167,170**	208,780
Loan 6	(vi)	LIBOR + 1.7	Dec 2023	**657,076**	719,059
Loan 7	(vii)	LIBOR + 2.2	Oct 2023	**136,263**	176,009
Loan 8	(viii)	QMRL +0.7	-	**-**	300,000
Loan 9	(ix)	2.1%	-	**146,000**	-
				1,542,586	2,121,541
Less: Deferred financing costs				**(659)**	(803)
				1,541,927	2,120,738

The loans and borrowings are presented in the consolidated statement of financial position as follows:

	2021	2020
Current portion	**485,267**	717,597
Non-current portion	**1,056,660**	1,403,141
	1,541,927	2,120,738

Notes to the Consolidated Financial Statements (Continued)
As at and for the year ended 31 December 2021

26. Loans and Borrowings (Continued)

Notes:

(i) Loan 1 which represented a dollar denominated Islamic financing facility obtained for the purpose of re-financing the loans obtained for container vessels has been fully settled in the first half of the reporting period.

(ii) During the year 2013, the Group obtained a loan amounting to USD 123,000,000 (translated to QR 448,950,000) for the purpose of financing acquisition of vessels and refinancing the mortgaged vessels. The final balloon payment of this facility was done in the current reporting period.

(iii) Loan 3 represents a facility of USD 135,000,000 (translated to QR 492,750,000). The full draw down of this facility was during March 2017. The repayment will be made in 35 equal quarterly instalments of USD 2,700,000 and a bullet payment for the remaining amount at the final instalment. At the reporting date, the full amount of the facility was utilized. The loan has been hedged against the interest rate exposure

(iv) Loan 4 represents a Murabaha facility of USD 135,000,000 (translated to QR 492,750,000) initially taken to finance the construction of vessels which was subsequently reduced to USD 101 million at the request of the Group. The repayment will be made in 36 equal quarterly instalments of USD 1,966,806 and a bullet payment at maturity of the facility. At the reporting date, the facility was utilised to the extent of USD 101 million. This facility has a mortgage over 8 vessels. The loan has been hedged against the interest rate exposure.

(v) Loan 5 was obtained to finance the construction of 19 vessels and is repayable in 27 equal quarterly instalments commencing from September 2015 and one final balloon payment of USD 39,600,000 (translated to QR 145 million) at the end of the loan period. This facility has a mortgage over 17 vessels.

(vi) These loans are recognised as a result of the business combination that occurred during the year 2015. These loans are repayable in 40 quarterly instalments over the period of ten years and a final balloon payment of approximately 50% of the principal borrowed. These loans are secured by the primary mortgage over the vessels (project financing) and a priority pledge of all the issued interest of the entity and issued shares of the General Partner, who manages the vessel operations. This loan has been hedged against interest exposure.

(vii) In 2018 the Group availed a loan facility of USD 70 million. The repayment will be done in 18 quarterly instalments starting from April 2019 and a bullet payment at the end of the loan period. At the reporting date, the full amount of the facility was utilized. This facility has a mortgage over 11 vessels.

(viii) During the year 2020, the Group availed an unsecured and uncommitted Islamic overdraft facility of QR 300 million which was fully utilized as at reporting date. The tenor of the loan is 3 years with an option for the Group to prepay the entire amount without incurring additional cost.

(ix) In the current reporting period the Group has obtained a loan facility of USD 40 million (translated to QR 146 million) for the purpose of working capital financing. This facility carries an interest of 2.1% fixed and is expected to be settled in full by September 2022.

(x) The Group has complied with the financial covenants of its borrowing facilities during the 2021 and 2020 reporting period.

27. Advance from a Customer

During year 2011, the Group received an interest free advance from a customer of QR 187,497,000 for the construction of harbour tugs, pilot boats, mooring boats and service boats. These boats are in service by the customer. The advance payment is adjusted through deductions from the certified interim sales invoices to be raised by the Group to customer. An amount equal to 10% of the invoiced amounts 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 90,821,000 (2020: QR 98,947,000).

28. Lease Liabilities

The movements of finance lease liabilities were as follows:

	2021 QR'000	2020 QR'000
At 1 January, as previously reported	**245,105**	162,628
Additions	**19,685**	117,723
Modifications	**(3,781)**	24,967
Termination	**(12,188)**	-
Payments	**(92,025)**	(60,213)
At 31 December	**156,796**	245,105

The finance lease liabilities are presented in the statement of financial position as follows:

	2021 QR'000	2020 QR'000
Non-current	**62,987**	153,632
Current	**93,809**	91,473
At 31 December	**156,796**	245,105

The total finance cost for 2021 arising from lease liabilities amounted to QR 11.4 million (2020: QR 5.4 million).

29. Provision for Employees' End of Service Benefits

The movements in the provision recognised in the consolidated statement of financial position are as follows:

	2021 QR'000	2020 QR'000
At 1 January	**114,464**	121,084
Provisions made	**16,328**	17,071
Provisions used	**(14,812)**	(18,249)
Transferred to the pension fund	**(5,003)**	(5,442)
At 31 December	**110,977**	114,464
End of service benefits plans (i)	**110,006**	114,173
Pension plan (ii) (Note 30)	**971**	291
At 31 December	**110,977**	114,464

(i) The Group has no expectation of settling its employees' end of service benefits obligation within 12 months from the reporting date and, therefore, it has classified the obligation within non-current liabilities in the statement of financial position. The provision is not discounted to present value as the effect of the time value of money is not expected to be significant.

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

Notes to the Consolidated Financial Statements (Continued)
As at and for the year ended 31 December 2021

30. Trade and Other Payables

	2021 QR'000	2020 QR'000
Trade accounts and notes payable	**107,264**	114,575
Accrued expenses	**326,112**	246,359
Advances received from customers	**55,656**	24,269
Payables to related parties (Note 34)	**15,884**	12,082
Negative fair value of interest rate swaps (Note 24)	**28,045**	67,968
Contribution to social and sports fund (Note 31)	**18,104**	1,478
Pension plan	**971**	291
Other payables (i)	**258,052**	207,659
	810,088	674,681

(i) Other payables includes retention payable amounting to QR 24 million (2020: QR 44 million) and dividend payable of QR 46 million (2020 : QR 49 million)

31. 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 (S.S.F). 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, the Group appropriated an amount of QR 18.1 million (2020: QR 1.5 million) to the S.S.F representing 2.5% of the consolidated profit for the year attributable to equity holders of the parent.

32. Commitments

	2021 QR'000	2020 QR'000
Capital commitments - Property, vessels and equipment		
Estimated capital expenditure approved as at the reporting date	**829,166**	645,007

Rent commitments

The Group has entered into rent agreements which does not meet the definition of lease, or practical expedients have been availed, under IFRS 16. The future rental commitments in respect of the above arrangements are as follows:

	2021 QR'000	2020 QR'000
Within one year	**6,209**	4,032
After one year but not more than five years	**1,191**	106
Total rentals committed for at the reporting date	**7,400**	4,138

33. Contingent Liabilities

At 31 December 2021, the Group had the 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:

	2021 QR'000	2020 QR'000
Letters of guarantee	**874,485**	839,350
Letters of credit	**22,756**	9,521
	897,241	848,871

33. Contingent Liabilities (Continued)

Legal case:
On 31 May 2021, the Group entered into an agreement with a third party buyer for the sale of one of its vessels. However, the agreement was cancelled due to a dispute between the parties. Following the cancellation, the Buyer initiated arbitration proceedings against the Company. The buyer is claiming return of the deposit and compensation for failure to have the vessel ready for delivery by the canceling date, together with interest on any awarded sum. Given that the matter is at a preliminary stage, the outcome of this proceeding cannot be reasonably assessed at the date of these financial statements.

In accordance with IAS 37.92 the Company does not provide further information on the legal process and the associated risks and contingent assets and liabilities for the Company, especially with regard to the measures taken and expected outcomes in this context, in order not to impair the outcome of the proceedings.

34. Related Party Disclosures

Related parties represent associated companies, affiliate entities, shareholders, directors and key management personnel of the Group, 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:

	2021			
	Sales QR'000	Purchases QR'000	Interest income QR'000	Receipt of loan instalments QR'000
Associates	**7,204**	**3,576**	**10,112**	**7,129**

	2020			
	Sales QR'000	Purchases QR'000	Interest income QR'000	Receipt of loan instalments QR'000
Associates	6,720	331	10,553	9,827

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

	2021		2020	
	Receivables QR'000	Payables QR'000	Receivables QR'000	Payables QR'000
Joint ventures	**1,232**	**15,264**	2,644	9,576
Associates	**2,864**	**467**	970	2,381
Directors	**1,987**	**153**	4,850	125
	6,083	**15,884**	8,464	12,082

34. Related Party Disclosures (Continued)

The amounts receivable and payable to related parties are disclosed in Note 16 and Note 30 respectively.

Sales to, purchases and other transactions from related parties are made at agreed basis. 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.

Loans granted to LNG companies (Associate companies)
Loans to LNG companies amounting to QR 125,196,000 (2020: QR 124,111,000) is disclosed as part of Note 14.

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

	2021 QR'000	2020 QR'000
Board of Directors remuneration and benefits	**2,200**	2,200
Short-term benefits	**11,937**	12,810
Employees' end of service benefits	**805**	1,010
	14,942	16,020

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 the Parent and its subsidiaries, in addition to managing its proprietary portfolio of financial and real estate investments and holding the investment of Qatar Quarries and Building Material Company W.L.L.
- Milaha Maritime & Logistics delivers a comprehensive range of services to major importers, exporters and shipping companies in the region, including oil & gas majors. The activities include logistics services, warehousing, container feeder shipping, non-vessel operating common carriers (NVOCC) operations, bulk shipping, shipping agencies, port management and operations, shipyard and steel fabrication.
- Milaha Offshore provides comprehensive offshore support services to the oil and gas industry across the region. The Group currently operates a fleet of offshore service vessels, which include safety standby vessels, anchor handling tugs, crew boats, workboats and dynamic positioning (DP) vessels. It provides a complete range of diving services including saturation diving.
- Milaha Trading is engaged in trading trucks, heavy equipment, machinery and lubrication brands in Qatar. The segment markets its products and provides critical after sales service. Milaha Trading also owns and operates an IATA-approved travel agency, one of the oldest in the State of Qatar.
- Milaha Gas and Petrochem owns, manages and operates a fleet of LPG and LNG carriers and provides ocean transportation services to international energy and industrial companies. It further owns and manages a young fleet of product tankers and one crude carrier. The segment also operates a number of product tankers in partnership with international trading and shipping companies.
- Milaha Corporate provides necessary services to all the pillars to run their respective business. These services are costs of management, corporate development and communications, internal audit, legal affairs, shared services, information technology, procurement, human resources and administration and finance. The costs are subsequently allocated. Adjustments with respect to Milaha Corporate represent costs captured and subsequently allocated to various business pillars by way of a laid down methodology.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the 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 2021

	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	415,412	1,118,092	964,482	309,313	254,356	41	3,061,696	(277,823) (i)	2,783,873
Salaries, wages and other benefits	(11,070)	(357,069)	(81,418)	(12,665)	(21,482)	(119,755)	(603,459)	-	(603,459)
Operating supplies and expenses	(155,863)	(773,233)	(284,465)	(286,838)	(44,694)	(10,092)	(1,555,185)	226,991 (i)	(1,328,194)
Rent expenses	(2,407)	(41,074)	(2,272)	(2,564)	(364)	(6,965)	(55,646)	48,892 (i)	(6,754)
Depreciation and amortisation	(66,714)	(25,673)	(206,868)	(1,464)	(64,656)	(2,309)	(367,684)	-	(367,684)
Provision for impairment of trade and other receivables	2,807	(10,071)	(3,718)	496	-	-	(10,486)	-	(10,486)
Other operating expenses	(9,857)	(81,026)	(67,431)	(6,008)	(16,862)	(35,089)	(216,273)	1,940 (i)	(214,333)
Allocations relating to fleet and technical services	-	307,890	(281,840)	-	(26,050)	-	-	-	-
Allocations relating to Milaha Corporate	(15,815)	(109,258)	(21,540)	(12,310)	(15,261)	174,184	-	-	-
OPERATING PROFIT BEFORE IMPAIRMENTS	**156,493**	**28,578**	**14,930**	**(12,040)**	**64,987**	**15**	**252,963**	**-**	**252,963**
Impairment on property, vessels and intangible assets	-	-	(98,625)	-	(49,002)	-	(147,627)	-	(147,627)
Finance costs	(7,229)	(5,505)	(34,490)	-	(30,576)	-	(77,800)	5,111 (i)	(72,689)
Finance income	8,179	-	117	73	11,835	37	20,241	(5,111) (i)	15,130
Share of results of joint ventures	-	172,431	-	-	32,479	-	204,910	-	204,910
Share of results of associates	(603)	1,038	-	-	475,553	-	475,988	-	475,988
Net gain (loss) on disposal of property, vessels and equipment	-	1,790	1,160	-	(7,697)	44	(4,703)	-	(4,703)
Net gain on foreign exchange transactions	4,768	833	590	1	8	(96)	6,104	-	6,104
PROFIT BEFORE TAX	**161,608**	**199,165**	**(116,318)**	**(11,966)**	**497,587**	**-**	**730,076**	**-**	**730,076**
Tax expense	-	(166)	(1,257)	-	(2,080)	-	(3,503)	-	(3,503)
PROFIT FOR THE YEAR	**161,608**	**198,999**	**(117,575)**	**(11,966)**	**495,507**	**-**	**726,573**	**-**	**726,573**

35. Segment Information (Continued)

Year ended 31 December 2020

	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	412,779	860,640	762,156	165,226	297,982	15	2,498,798	(231,469) (i)	2,267,329
Salaries, wages and other benefits	(8,266)	(338,467)	(72,637)	(12,115)	(27,019)	(122,240)	(580,744)	-	(580,744)
Operating supplies and expenses	(119,879)	(627,887)	(95,252)	(144,304)	(23,196)	(10,936)	(1,021,454)	181,125 (i)	(840,329)
Rent expenses	(482)	(41,885)	(1,724)	(2,339)	(486)	(6,982)	(53,898)	48,751 (i)	(5,147)
Depreciation and amortisation	(61,639)	(29,079)	(204,460)	(1,229)	(68,493)	(1,979)	(366,879)	-	(366,879)
Provision for impairment of trade receivables	(2,505)	(8,466)	(15,120)	(16)	-	(20)	(26,127)	-	(26,127)
Other operating expenses	(5,601)	(71,238)	(41,428)	(3,189)	(17,468)	(31,993)	(170,917)	1,593 (i)	(169,324)
Allocations relating to fleet and technical services	-	287,995	(250,176)	-	(37,819)	-	-	-	-
Allocations relating to Milaha Corporate	(16,209)	(112,016)	(20,442)	(13,522)	(11,757)	173,946	-	-	-
OPERATING PROFIT BEFORE IMPAIRMENTS	**198,198**	**(80,403)**	**60,917**	**(11,488)**	**111,744**	**(189)**	**278,779**	**-**	**278,779**
Impairment of property, vessels and equipments	(163,000)	(7,026)	(571,394)	-	-	-	(741,420)	-	(741,420)
Finance costs	(957)	(10,999)	(42,296)	-	(33,550)	-	(87,802)	3,963 (i)	(83,839)
Finance income	10,687	-	132	180	13,685	25	24,709	(3,963) (i)	20,746
Share of results of joint arrangements	-	167,583	-	-	(82,161)	-	85,422	-	85,422
Share of results of associates	(887)	2,638	-	-	416,572	-	418,323	-	418,323
Net gain on disposal of investment property	73,646	-	-	-	-	-	73,646	-	73,646
Net gain on disposal of property, vessels and equipment	8,034	5,706	45	11	-	-	13,796	-	13,796
Net (loss) gain on foreign exchange	(127)	69	(1,381)	31	(30)	164	(1,274)	-	(1,274)
PROFIT BEFORE TAX	**125,594**	**77,568**	**(553,977)**	**(11,266)**	**426,260**	**-**	**64,179**	**-**	**64,179**
Tax expense	(186)	(49)	(1,655)	(33)	(3,034)	-	(4,957)	-	(4,957)
PROFIT FOR THE YEAR	**125,408**	**77,519**	**(555,632)**	**(11,299)**	**423,226**	**-**	**59,222**	**-**	**59,222**

Note:

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

35. Segment Information (Continued)

Geographic segments

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

	2021				
	Qatar QR'000	**Singapore QR'000**	**UAE QR'000**	**Germany QR'000**	**Total QR'000**
Operating revenues	**2,399,634**	**-**	**201,475**	**182,764**	**2,783,873**
Profit for the year	**712,602**	**(72,042)**	**31,501**	**54,512**	**726,573**

	2020				
	Qatar QR'000	Singapore QR'000	UAE QR'000	Germany QR'000	Total QR'000
Operating revenues	1,818,499	44,672	216,116	188,042	2,267,329
Profit for the year	133,467	(107,080)	(20,691)	53,526	59,222

36. Financial Risk and Capital Management

a) Financial risk management

Objective and policies

The Group's principal financial liabilities comprise loans and borrowings, trade payables and notes payable, payables to related parties, negative fair value of interest rate swaps and contribution to social and sports funds. 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 receivables and notes receivable, receivables from related parties, loans granted to LNG companies, loan to a related party, financial assets at FVTPL, equity securities at FVOCI, 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.

Market risk

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 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.

36. Financial Risk and Capital Management (Continued)

a) Financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

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

	2021 QR'000	2020 QR'000
Floating interest rate instruments		
Bank call accounts	**1,861**	6,052
Loans granted to LNG companies	**2,992**	9,644
Financial liabilities	**(1,396,586)**	(2,121,541)
	(1,391,733)	(2,105,845)
Fixed interest rate instruments		
Investments in term deposits	**396,194**	201,189
Loan to a related party	**-**	392,650
Investment in bonds	**308,326**	309,800
Loans granted to LNG companies	**122,203**	114,464
Financial Liabilities	**(146,000)**	-
	680,723	1,018,103

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. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

	Changes basis points	Effect on in profit for the year QR'000
2021		
Floating interest rate instruments	**+25**	**(3,479)**
2020		
Floating interest rate instruments	+25	(5,264)

Interest rate benchmark (IBOR) reform

Regulators and central banks in various jurisdictions have convened national working Groups to identify replacement rates for the interbank offer rates ('Ibors') to facilitate an orderly transition to these rates. Libor rate publication is being ceased by 31st December 2021 for GBP Libor, Euro Libor, CHF Libor & JPY Libor. In case of USD Libor, 1 week & 2 months tenor rates are being ceased by 31st December 2021 and other USD Libor tenor rates will cease by 30th June 2023.

The Group is currently in the process of evaluating the impact of the IBOR transition on legacy contracts as well as new issuance of contract which would refer to alternative reference rate and the proposed changes to processes, legal contracts, IT systems and communication with counterparties and customers.

The Group does not have any material exposure to Euro LIBOR, CHF LIBOR, JPY LIBOR or GBP LIBOR hence there is no impact on the transition process. As at 31 December 2021, The Group has USD LIBOR based financial instruments with nominal amount of contracts amounting to QR 1,093 million, out of which QR 857 million will mature after anticipated replacement of USD LIBOR on 30 June 2023.

36. Financial Risk and Capital Management (Continued)

a) Financial risk management (continued)

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 Qatari Riyals (presentation currency), US Dollars and UAE Dirhams. As the Qatari Riyal and UAE Dirhams are pegged to the US Dollars, the balances in US Dollars and UAE Dirhams are not considered to represent any currency risk to the Group.

Equity price risk

The Group's listed 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 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 equity securities at FVOCI and FVTPL. An increase or decrease of 5% on the Qatar Exchange (QE) index would have an impact of approximately QR 8 thousand (2020: QR 7 thousand) on the consolidated income statement in respect of financial assets at fair value through profit or loss. In respect of equity securities at FVOCI, an increase or decrease of 5% on the QE index would have an impact of approximately QR 158 million (2020: QR 165 million) on the consolidated statement of changes in equity.

The Group also has unquoted investments for which fair value is estimated using appropriate valuation techniques. Impact of changes in equity prices will be reflected in the consolidated statement of changes in equity.

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 and notes receivable, staff and other receivables, receivables from related parties, loans granted to LNG companies, investment in term deposits and bank balances.

Trade and other receivables

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:

	2021 QR'000	2020 QR'000
Loans granted to LNG Companies (Note 14)	**125,196**	124,111
Loan to a related party	**-**	392,650
Trade receivable (net) (Note 16)	**369,280**	278,261
Notes receivable (Note 16)	**8,380**	6,317
Unbilled income (Note 16)	**220,102**	166,840
Staff receivables (Note 16)	**41,518**	45,994
Receivables from related parties (Note 34)	**6,083**	8,464
Other receivables (Note 16)	**136,648**	135,106
Other assets	**24,375**	23,839
Term deposits with banks (Note 18)	**396,194**	201,189
Bank balance (Note 19)	**254,124**	170,980
	1,581,900	1,553,751

36. Financial Risk and Capital Management (Continued)

a) Financial risk management (continued)

Trade receivables are non-interest bearing and have settlement terms within 30 to 90 days, beyond which they are considered in default. As at 31 December 2021, trade receivable with nominal value of QR 107 million (2020: QR 100 million) were impaired.

As at 31 December, the ageing of trade receivables, (net of allowances for impairment) is as follows:

	Total QR'000	Past due but not impaired: 0 - 30 days QR'000	31 - 120 days QR'000	121 - 210 days QR'000	211 - 365 days QR'000	> 365 days QR'000
2021	**369,280**	**278,726**	**64,518**	**3,769**	**13,029**	**9,238**
2020	278,261	176,936	60,947	9,392	19,838	11,148

Unimpaired trade 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.

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Trade receivables - Days past due: 0 - 30 days QR'000	31 - 120 days QR'000	121 - 210 days QR'000	211 - 365 days QR'000	> 365 days QR'000	Total QR'000
Expected credit loss rate	4%	11%	46%	26%	80%	22%
Estimated total gross carrying amount at default Lifetime ECL	10,505	8,196	3,239	4,606	80,539	107,085

36. Financial Risk and Capital Management (Continued)

a) Financial risk management (continued)

Cash, bank, term deposits and other financial assets

Management considers that the Group's cash and bank have low credit risk based on the external credit ratings of the banks where the Group's cash and term deposits are held. All the banks are rated at Investment grade and above. The carrying amounts of the cash and bank balances of the Group did not require any adjustment because the result of applying the ECL model was immaterial. All other financial assets are also considered to have low credit risk.

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 Company'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 payables 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.

	Less than 1 year QR'000	1 to 5 years QR'000	Over 5 years QR'000	Total QR'000
2021				
Trade accounts and notes payable	**107,264**	**-**	**-**	**107,264**
Contribution to Social and Sport Fund	**18,104**	**-**	**-**	**18,104**
Accrued expenses	**326,112**	**-**	**-**	**326,112**
Lease liabilities	**96,566**	**40,892**	**22,468**	**159,926**
Loans and borrowings	**527,561**	**1,126,313**	**228,549**	**1,882,423**
Payables to related parties	**15,884**	**-**	**-**	**15,884**
Other payables	**258,052**	**-**	**-**	**258,052**
Interest rate swaps	**28,045**	**-**	**-**	**28,045**
Total	**1,377,588**	**1,167,205**	**251,017**	**2,795,810**

	On demand QR'000	Less than 1 year QR'000	1 to 5 years QR'000	Over 5 years QR'000	Total QR'000
2020					
Trade accounts and notes payable		114,575	-	-	114,575
Contribution to Social and Sport Fund		1,478	-	-	1,478
Accrued expenses		246,359	-	-	246,359
Lease liabilities		96,542	141,837	32,714	271,093
Loans and borrowings		718,128	1,485,035	-	2,203,163
Payables to related parties		12,082	-	-	12,082
Other payables		207,659	-	-	207,659
Interest rate swaps		67,968	-	-	67,968
Total		1,464,791	1,626,872	32,714	3,124,377

Notes to the Consolidated Financial Statements (Continued)
As at and for the year ended 31 December 2021

36. Financial Risk and Capital Management (Continued)

b) Capital management

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.

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 years end 31 December 2021 and 31 December 2020.

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:

	2021 QR'000	2020 QR'000
Debt (i)	**1,541,927**	2,120,738
Less: Cash and cash equivalents (Note 19)	**(304,786)**	(306,253)
Less: Investments in term deposits (Note 18)	**(350,102)**	(70,701)
Net debt	**887,039**	1,743,784
Equity attributable to equity holders of the Parent	**17,719,576**	13,703,295
Gearing ratio	**5%**	12.7%

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

Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities are detailed below

	At 1 January 2021 QR'000	**Financing cash flows QR'000**	**Non-cash changes QR'000**	**At 31 Dec 2021 QR'000**
Loans and borrowings (Note 26)	2,120,738	(651,500)	72,689	1,541,927
Lease Liabilities (Note 28)	245,105	(92,025)	3,716	156,796
Dividend Payable (Note 25)	-	(340,849)	340,849	-

	At 1 January 2020 QR'000	Financing cash flows QR'000	Non-cash changes QR'000	At 31 Dec 2020 QR'000
Loans and borrowings (Note 26)	2,107,264	(70,365)	83,839	2,120,738
Lease Liabilities (Note 28)	162,628	(60,213)	142,690	245,105
Dividend Payable (Note 25)	-	(340,849)	340,849	-

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, investment in term deposits, financial assets at FVOCI, financial assets at fair value through profit or loss, other financial assets and receivables. Financial liabilities consist of bank overdrafts, loans and borrowings and payables. 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 statement of financial position are set out below:

	Carrying amount		Fair value	
	2021 QR'000	2020 QR'000	**2021 QR'000**	2020 QR'000
Financial assets at fair value through profit or loss				
Equity instruments at FVTPL	**505,049**	116,602	**505,049**	116,602

	Carrying amount		Fair value	
	2021 QR'000	2020 QR'000	**2021 QR'000**	2020 QR'000
Financial assets (liabilities) at fair value through other comprehensive income				
Financial assets at FVOCI	**3,556,869**	3,741,019	**3,556,869**	3,741,019
Interest rate swaps (cash flow hedge)	**(28,045)**	(67,968)	**(28,045)**	(67,968)
	3,528,824	3,673,051	**3,528,824**	3,673,051

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, investment in term deposits, 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 quoted equity securities at FVOCI and financial assets at fair value through profit or loss is derived from quoted market prices in active markets.
- Fair value of unquoted securities at FVOCI is estimated using appropriate valuation techniques.
- Loans granted to LNG companies are non-derivative financial assets with 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. These financial assets are considered to have low credit risk, and thus the impairment provision calculated based on 12 months of expected losses is considered immaterial. The credit risk has not increased significantly since the initial recognition and is considered low.
- As at 31 December 2021, the carrying amounts of such receivables are not materially different from their calculated fair values.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives are valued based on market valuation provided by the respective financial institution.

37. Fair Values of Financial Instruments (Continued)

Fair value hierarchy

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

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

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

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

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

	2021 QR'000	**Level 1 QR'000**	**Level 2 QR'000**	**Level 3 QR'000**
Assets measured at fair value				
Equity instruments as FVTPL	**505,049**	**153**	**-**	**504,896**
Fair value through other comprehensive income:				
Quoted shares	**3,167,558**	**3,167,558**	**-**	**-**
Unquoted shares	**80,985**	**-**	**-**	**80,985**
Investments in corporate bonds	**308,326**	**-**	**308,326**	**-**
Liabilities measured at fair value				
Interest rate swaps	**28,045**	**-**	**28,045**	**-**

	2020 QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
Assets measured at fair value				
Equity instruments as FVTPL	116,602	142	-	116,460
Fair value through other comprehensive income:				
Quoted shares	3,305,516	3,305,516	-	-
Unquoted shares	125,703	-	-	125,703
Investments in corporate bonds	309,800	-	309,800	-
Liabilities measured at fair value				
Interest rate swaps	67,968	-	67,968	-

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:

38. Significant Accounting Judgements, Estimates and Assumptions (continued)

Judgement (Continued)

Interests in other entities

Judgement is required in assessing the level of control obtained in a transaction to acquire an interest in another entity; depending upon the facts and circumstances in each case, the Group may obtain control, joint control or significant influence over the entity or arrangement. This assessment involves consideration of a variety of factors, including shareholders' voting rights, Board representation and decision making rights, the existence of any contractual arrangements, and indicators of de facto control. Such classifications have a significant impact on the financial statements due to the significantly different accounting treatments of subsidiaries, associates and joint arrangements and other investments in the Group's 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.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (refer to the accounting policy "Financial instruments" in Note 3). The Group determines the business model at a level that reflects how Groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

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 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 Discounted Cash Flows ("DCF") model. The cash flows are derived from the budget for the useful life of the assets along with the available approved cash flows. 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 Cash Generating Unites ("CGUs") include discount rates, operating cash flow, price inflation, expected utilisation and residual values of the assets. The impairment exercise is usually performed at the lowest CGU level, in case of vessels it is performed at the vessel's CGU level.

38. Significant Accounting Judgements, Estimates and Assumptions (continued)

Estimates and assumptions (Continued)

Depreciation of property, vessels and equipment and investment property

Items of property, vessels and equipment and investment property are depreciated over their estimated individual useful lives. Management exercises significant judgement for the determination of useful lives and residual values of these assets, including their expected usage, physical wear and tear, and technological or commercial obsolescence. Such estimates could have a significant impact on the annual depreciation charge recognized in consolidated income statement. Management reviews annually the residual values and useful lives of these assets. Future depreciation charge could be significantly adjusted where management believes the useful lives and / or the residual values differ from previous estimates. No such adjustment was made in the current year and the comparative year.

Impairment of receivables

The impairment model under IFRS-9 requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. In the previous year, the impairment review on trade receivables was performed only for receivables for which management had an indication for impairment. That also entailed significant judgement. It was determined by reference to past default experience of a counterparty and an analysis of the counterparty's financial situation, but the "incurred loss" model disregarded entirely the current and expected future conditions. As a result, it is expected that under the new impairment model credit losses will be recognised earlier.

Lease liabilities

Management assesses whether contracts entered by the Group for renting various assets contain a lease. The lease identification, including whether or not the Group has contracted to substantially all the economic benefits of the underlying asset, may require significant judgement. Establishing the lease term may also present challenges where a contract has an indefinite term or is subject to auto renewal or there are renewal options that are unclear if they will be exercised at the option date. The extent of the lease term significantly influences the value of the lease liability and the related right-of-use asset and arriving at a conclusion sometimes requires significant judgement calls. Furthermore, once the lease term is established, management needs to estimate the future cash flows payable over the lease term and discount them using the incremental borrowing rate that a lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. That also requires significant judgment and affects both the finance lease liability and the fair value of the underlying asset.

Fair valuation of investment property

The fair value of investment property is determined by valuations from an external professional real estate valuer using recognised valuation techniques and the principles of IFRS 13 "Fair Value Measurement". These valuations entail significant estimates and assumptions about the future, which could result in significant differences in the valuations.

Fair value of unquoted 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)

Fair value of cash flow hedges

The Group uses derivative financial instruments to manage its exposure to the variability of its bank loans due to fluctuations in interest rates. All such derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value and recognized in other comprehensive income. Their fair values are estimated using models and valuation methods due to the absence of quoted prices or other observable, market-corroborated data. These contracts are valued using models with inputs that include price curves for each of the different products that are built up from active market pricing data and extrapolated to the expiry of the contracts using the maximum available external pricing information.

Provision for slow moving and obsolete 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.

Other provisions and liabilities

Other provisions and liabilities are recognized in the period only to the extent management considers it probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgment to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place in subsequent years, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances. A change in estimate of a recognized provision or liability would result in a charge or credit to consolidated income statement in the period in which the change occurs.

Legal proceedings

From time to time, the Group is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. Management applies significant assumptions in measuring the risks of exposure to contingent liabilities related to existing legal proceedings and other unsettled claims. Management's judgment is required in estimating the probability of a successful claim against the Group or crystallising of a material obligation, and in determining the probable amount of the final settlement or obligation. As at the date of reporting, based on an assessment made by the internal / external legal advisors, management does not believe that the outcome of these matters will have a material effect on the Group's financial position.

Going concern

Management has made an assessment of the Company'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 Company'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

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

40. Subsequent Events

There were no significant events after the reporting date, which have a bearing on the understanding of these consolidated financial statements.