

Qatar Navigation Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2021

Qatar Navigation Q.P.S.C.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at and for the three months ended 31 March 2021

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Qatar Navigation Q.P.S.C.
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
For the three months ended 31 March 2021

	<i>Notes</i>	<i>For the three months ended 31</i>	
		<i>March</i>	
		<u>2021</u>	<u>2020</u>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<u>QR'000</u>	<u>QR'000</u>
Operating revenues	3	675,227	692,228
Salaries, wages and other benefits		(150,033)	(153,443)
Operating supplies and expenses		(258,997)	(204,838)
Rent expenses		(582)	(2,044)
Depreciation and amortisation		(91,084)	(92,264)
Provision for impairment of trade receivables		(5,807)	(9,687)
Other operating expenses		<u>(37,345)</u>	<u>(30,092)</u>
OPERATING PROFIT		131,379	199,860
Finance costs		(19,872)	(23,635)
Finance income		8,308	5,595
(Loss) Gain on disposal of property, vessels and equipment		(160)	4,148
Gain on disposal of investment property		-	31,002
Share of results of associates	9	114,189	103,731
Share of results of joint ventures	8	63,192	62,334
Net gain (loss) on foreign exchange		1,458	(917)
Impairment of vessels and capital work in progress		<u>-</u>	<u>(98,601)</u>
PROFIT FOR THE PERIOD		<u>298,494</u>	<u>283,517</u>
<i>Attributable to:</i>			
Equity holders of the parent		297,229	283,187
Non-controlling interest		<u>1,265</u>	<u>330</u>
		<u>298,494</u>	<u>283,517</u>
BASIC AND DILUTED EARNINGS PER SHARE			
<i>(attributable to equity holders of the parent)</i>			
<i>(expressed in QR per share)</i>	4	<u><u>0.26</u></u>	<u><u>0.25</u></u>

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

Qatar Navigation Q.P.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER
COMPREHENSIVE INCOME
For the three months ended 31 March 2021

	<i>For the three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Profit for the period	<u>298,494</u>	<u>283,517</u>
Other comprehensive income (OCI):		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net loss on equity investments at Fair Value Through OCI	(13,293)	(671,051)
Equity-accounted investees – share of OCI	3,388	(13,296)
	(9,905)	(684,347)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net gain (loss) resulting from cash flow hedges	13,488	(46,917)
Cash flow hedge movement for equity-accounted investees	195,766	(272,001)
	209,254	(318,918)
Total other comprehensive income (loss)	<u>199,349</u>	<u>(1,003,265)</u>
Total comprehensive loss	<u>497,843</u>	<u>(719,748)</u>
<i>Attributable to:</i>		
Equity holders of the Parent	496,578	(720,078)
Non-controlling interest	<u>1,265</u>	<u>330</u>
	<u>497,843</u>	<u>(719,748)</u>

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

Qatar Navigation Q.P.S.C.
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION**
At 31 March 2021

		<i>31 March 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>
ASSETS			
Non-current assets			
Property, vessels and equipment	5	3,185,901	3,250,396
Investment property	6	790,272	798,839
Intangible assets		147,897	151,588
Right-of-use assets	7	221,542	227,913
Investments in joint ventures	8	1,027,599	964,407
Investments in associates	9	6,094,190	6,001,739
Financial assets at FVOCI		3,684,217	3,741,019
Loans granted to LNG companies		126,664	124,111
Other assets		23,931	23,839
		<u>15,302,213</u>	<u>15,283,851</u>
Current assets			
Inventories		94,771	77,615
Trade and other receivables		828,017	764,356
Equity instruments at FVTPL		115,702	116,602
Loan to a related party		392,650	392,650
Investments in term deposits	10	33,835	70,701
Cash and cash equivalents		292,769	306,253
		<u>1,757,744</u>	<u>1,728,177</u>
Total Assets		<u>17,059,957</u>	<u>17,012,028</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the Parent			
Share capital	12	1,145,252	1,145,252
Treasury shares		(73,516)	(73,516)
Legal reserve		4,693,986	4,693,986
General reserve		623,542	623,542
Fair value reserve		3,359,066	3,367,639
Hedging reserve		113,116	(96,138)
Retained earnings		3,997,578	4,042,530
		<u>13,859,024</u>	<u>13,703,295</u>
Equity attributable to equity holders of the Parent		<u>13,859,024</u>	<u>13,703,295</u>
Non-controlling interest		56,354	55,089
		<u>13,915,378</u>	<u>13,758,384</u>
Total equity		<u>13,915,378</u>	<u>13,758,384</u>

The consolidated statement of financial position continues on the next page.

Qatar Navigation Q.P.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)
At 31 March 2021

	<i>31 March 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>
EQUITY AND LIABILITIES (CONTINUED)		
Liabilities		
Non-current liabilities		
Loans and borrowings	1,351,502	1,403,141
Advance from a customer	96,966	98,947
Lease liabilities	7 138,569	153,632
Provision for employees' end of service benefits	110,924	114,173
	<u>1,697,961</u>	<u>1,769,893</u>
Current liabilities		
Trade and other payables	655,885	674,681
Loans and borrowings	691,453	717,597
Lease liabilities	7 99,280	91,473
	<u>1,446,618</u>	<u>1,483,751</u>
Total liabilities	<u>3,144,579</u>	<u>3,253,644</u>
Total equity and liabilities	<u>17,059,957</u>	<u>17,012,028</u>

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Jassim bin Hamad bin Jassim Jaber Al-Thani
Chairman

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

Qatar Navigation Q.P.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2021

	<i>For the three months ended 31</i>	
	<i>March</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	298,494	283,517
Adjustment for:		
Depreciation and amortisation	91,084	92,264
Finance costs	19,872	23,635
Loss (gain) on disposal of property, vessels and equipment	160	(4,148)
Gain on disposal of investment property	-	(31,002)
Share of results of associates	(114,189)	(103,731)
Share of results of joint ventures	(63,199)	(62,334)
Provision for employees' end of service benefits	3,015	6,803
Finance income	(8,308)	(5,595)
Dividend income	(99,260)	(139,353)
Impairment of vessels and capital work in progress	-	98,601
Provision for impairment of trade receivables	5,807	9,687
Net fair value loss on financial assets at fair value through profit or loss	900	-
Loss on disposal of financial assets at FVTPL	-	9,782
	<u>134,376</u>	<u>178,126</u>
Operating profit before working capital changes:		
Inventories	(17,156)	(9,493)
Trade and other receivables	(53,781)	(44,441)
Trade and other payables	(7,288)	(36,743)
	<u>56,151</u>	<u>87,449</u>
Cash flows from operating activities		
Employees' end of service benefits paid	(5,219)	(10,511)
Net cash flows from operating activities	<u>50,932</u>	<u>76,938</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, vessels and equipment	(21,569)	(52,757)
Dividend income	99,260	139,353
Finance income	8,308	5,595
Proceeds from disposal of property, vessels and equipment	28,739	12,629
Proceeds from disposal of investment property	-	35,146
Purchases of investment properties	(1,222)	(13,783)
Addition to intangible assets	-	(247)
Net movement in loans granted to LNG companies	(2,553)	(2,704)
Proceeds from disposal of financial assets at fair value through other comprehensive income	28,302	-
Net movement in term deposits maturing after 90 days	36,866	28,740
Dividends received from joint ventures	-	147,000
Dividends received from associates	220,892	200,811
Net cash flows from investing activities	<u>397,023</u>	<u>499,783</u>

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

Qatar Navigation Q.P.S.C.
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (CONTINUED)
 For the three months ended 31 March 2021

	<i>Notes</i>	<i>For the three months ended 31</i>	
		<i>March</i>	
		<i>2021</i>	<i>2020</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>QR'000</i>	<i>QR'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	13	(340,849)	(340,849)
Net movement in loans and borrowings		(77,783)	(85,692)
Finance costs paid		(19,872)	(23,635)
Payment towards lease liability	7	(22,935)	(15,967)
Net cash flows used in financing activities		(461,439)	(466,143)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(13,484)	110,578
Cash and cash equivalents at 1 January		306,253	177,761
CASH AND CASH EQUIVALENTS AT 31 MARCH	9	292,769	288,339

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

Qatar Navigation Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	<i>Attributable to the equity holders of the Parent</i>							<i>Non-controlling interest</i>	<i>Total</i>	
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Fair value reserve</i>	<i>Hedging reserve</i>	<i>Retained earnings</i>			<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Balance at 31 December 2020 (Audited)	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
Profit for the period	-	-	-	-	-	-	297,229	297,229	1,265	298,494
Other comprehensive loss	-	-	-	-	(9,905)	209,254	-	199,349	-	199,349
Total comprehensive (loss) income	-	-	-	-	(9,905)	209,254	297,229	496,578	1,265	497,843
Transfer of reserves on disposal of financial assets at FVOCI	-	-	-	-	1,332	-	(1,332)	-	-	-
Dividends paid (Note 13)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
Balance at 31 March 2021 (Unaudited)	1,145,252	(73,516)	4,693,986	623,542	3,359,066	113,116	3,997,578	13,859,024	56,354	13,915,378

	<i>Attributable to the equity holders of the Parent</i>							<i>Non-controlling interest</i>	<i>Total</i>	
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Fair value reserve</i>	<i>Hedging reserve</i>	<i>Retained earnings</i>			<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Balance at 31 December 2019 (Audited)	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
Profit for the period	-	-	-	-	-	-	283,187	283,187	330	283,517
Other comprehensive loss	-	-	-	-	(684,347)	(318,918)	-	(1,003,265)	-	(1,003,265)
Total comprehensive (loss) income	-	-	-	-	(684,347)	(318,918)	283,187	(720,078)	330	(719,748)
Dividends paid (Note 13)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
Balance at 31 March 2020 (Unaudited)	1,145,252	(73,516)	4,693,986	623,542	3,191,260	(250,691)	4,152,367	13,482,200	55,214	13,537,414

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

Qatar Navigation Q.P.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at and for the period ended 31 March 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 interim condensed 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 interim condensed consolidated financial statements of the Group were authorised for issue by the Board of Directors on the 21 April 2021.

The Company has the following subsidiaries as at the current and the comparative reporting dates:

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Group effective shareholding</i>	
			<i>31 March 2021</i>	<i>31 December 2020</i>
Qatar Shipping Company W.L.L.	Qatar	Chartering of vessels and maritime services	100%	100%
Halul Offshore Services W.L.L.	Qatar	Chartering of vessels offshore services	100%	100%
Qatar Quarries and Building Materials Company Q.P.S.C. (i)	Qatar	Trading in building materials	50%	50%
Gulf Shipping Investment Company W.L.L.	Qatar	Cargo handling	100%	100%
Qatar Shipping Company (India) Private Limited	India	Own, Hire, Purchase, Sale, Operate and manage all types of ships	100%	100%
Ocean Marine Services W.L.L.	Qatar	Cargo handling, offshore support services	100%	100%
Halul United Business Services L.L.C.	Saudi	Offshore services	100%	100%
Milaha Trading Company W.L.L.	Qatar	Trading in industrial materials	100%	100%
Navigation Travel & Tourism W.L.L.	Qatar	Travel agency	100%	100%
Navigation Trading Agencies W.L.L.	Qatar	Trading in heavy equipment	100%	100%

Qatar Navigation Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 31 March 2021

1 REPORTING ENTITY (CONTINUED)

The Company had the following active subsidiaries as at the current and the comparative reporting dates:
(continued):

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Group effective shareholding</i>	
			<i>31 March 2021</i>	<i>31 December 2020</i>
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 Ras Laffan Verwaltungs GMBH (ii)	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 Group controls Qatar Quarries Building Materials Company Q.P.S.C. through its power to control that company's Board of Directors.

Qatar Navigation Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 31 March 2021

1 REPORTING ENTITY (CONTINUED)

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

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

All subsidiaries undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent do not differ from the proportion of the ordinary shares held.

The Company also had the following registered branch in Dubai 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 combined in the consolidated financial statements of the Group.

Qatar Navigation Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 31 March 2021

2 BASIS OF PREPARATION

2.1 Basis of preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2021 have been prepared in accordance with IAS 34 Interim Financial reporting and are prepared in Qatari Riyals (“QR”), which is the Group’s functional and presentation currency, and all values are rounded to the nearest thousands (QR’000) except otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2020. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty and Group’s financial risk management objectives and policies were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

2.2 New standards, interpretations and amendments adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

3 OPERATING REVENUES

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

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR’000</i>	<i>QR’000</i>
Milaha Capital	180,867	188,351
Milaha Maritime and Logistics	194,674	190,719
Milaha Offshore	190,810	202,569
Milaha Trading	44,992	32,151
Milaha Gas and Petrochem	63,884	78,438
	675,227	692,228

4 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net profit for the period attributable to equity holders of the parent (QR’000)	297,229	283,187
Weighted average number of shares (000’s)	1,136,165	1,136,165
Basic and diluted earnings per share (QR)	0.26	0.25

Qatar Navigation Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 31 March 2021

4 BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)

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

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Total number of shares outstanding (000's)	1,145,252	1,145,252
Adjustment for weighted average shares with respect to treasury shares purchased during the year 2013 (000's)	(9,087)	(9,087)
Weighted average numbers of shares during the period (000's)	<u>1,136,165</u>	<u>1,136,165</u>

5 PROPERTY, VESSELS AND EQUIPMENT

	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Net book value, beginning balance	3,250,396	4,063,316
Additions	21,569	221,458
Disposals and write off	(28,899)	(34,029)
Transfers and reclassifications	3	(2,222)
Impairment of vessels and capital work in progress	-	(741,420)
Depreciation charge for the period/ year	(57,168)	(256,707)
Net book value, ending balance	<u>3,185,901</u>	<u>3,250,396</u>

6 INVESTMENT PROPERTY

	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Net book value, beginning balance	798,839	822,773
Additions	1,222	19,142
Depreciation charge for the period/ year	(9,789)	(30,057)
Disposal and write offs	-	(13,019)
Net book value, ending balance	<u>790,272</u>	<u>798,839</u>

7 LEASES

7.1 Right-of-use-assets

The right-of-use assets relate to leasehold lands, vessels, warehouses and offices, with contractual terms over a period of one year.

	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Cost		
Beginning balance	340,367	198,168
Additions	19,692	117,546
Adjustments for lease modifications	(4,963)	24,653
Ending balance	<u>355,096</u>	<u>340,367</u>
Accumulated depreciation		
Beginning balance	112,454	43,338
Depreciation	21,100	69,116
Ending balance	<u>133,554</u>	<u>112,454</u>
Carrying amounts		
Net book value, ending balance	<u>221,542</u>	<u>227,913</u>

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7 LEASES (CONTINUED)

7.2 Lease liabilities

	<i>31 March 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>
Beginning balance	245,105	162,628
New leases	19,685	117,723
Adjustment for lease modification	(4,006)	24,967
Payment	(22,935)	(60,213)
Ending balance	<u>237,849</u>	<u>245,105</u>

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

	<i>31 March 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>
Non-current	138,569	153,632
Current	99,280	91,473
	<u>237,849</u>	<u>245,105</u>

8 INVESTMENTS IN JOINT VENTURES

The Group has following investments in Joint Ventures:

<i>Name of entity</i>	<i>Country of Incorporation</i>	<i>Group effective ownership</i>	
		<i>2021</i>	<i>2020</i>
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.

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8 INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

	31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
At 1 January	964,407	1,089,860
Share of results of joint ventures	63,192	85,422
Dividends received	-	(210,875)
At 31 March / December	1,027,599	964,407

9 INVESTMENT IN ASSOCIATES

The Group has the following investment in associates:

	<i>Country of incorporation</i>	<u>Ownership %</u>		<u>Profit Sharing %</u>	
		2021	2020	2021	2020
Cargotec Qatar W.L.L. (i), (viii)	Qatar	51.0%	51.0%	40.0%	40.0%
Iraq-Qatar Transport and Shipping Services Com. Ltd (ii), (viii)	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)	Qatar	51.0%	51.0%	40.0%	40.0%
Qatar Gas Transport Company Limited (NAKILAT) Q.P.S.C. (iv)	Qatar	36.3%	36.3%	36.3%	36.3%
Camartina Shipping INC. (v)	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 1 Ltd. (vi)	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 2 Ltd. (vi)	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 3 Ltd. (vi)	Liberia	29.4%	29.4%	29.4%	29.4%
Man Diesel & Turbo Qatar Navigation W.L.L.(vii),(viii)	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.

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9 INVESTMENT IN ASSOCIATES (CONTINUED)

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

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

	<i>31 March 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>
At 1 January	6,001,739	5,914,000
Share of results	114,189	418,323
Share of net movement in other comprehensive income	199,154	(125,227)
Dividends received	<u>(220,892)</u>	<u>(205,357)</u>
At 31 March / December	<u>6,094,190</u>	<u>6,001,739</u>

10 INVESTMENTS IN TERM DEPOSITS

	<i>31 March 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>
Term deposits with banks	164,323	201,189
Less: Term deposits maturing before 90 days	<u>(130,488)</u>	<u>(130,488)</u>
Term deposits maturing after 90 days (i)	<u>33,835</u>	<u>70,701</u>

Notes:

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

11 CASH AND CASH EQUIVALENTS

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

	<i>Three months ended 31 March</i>	
	<i>2021 (Unaudited) QR'000</i>	<i>2020 (Unaudited) QR'000</i>
Cash in hand	5,301	3,045
Cash at bank – term deposits (i)	130,488	33,135
Cash at bank – current accounts	<u>156,980</u>	<u>252,159</u>
	<u>292,769</u>	<u>288,339</u>

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

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12 SHARE CAPITAL

	<i>Number of shares (‘000’)</i>	<i>QR’000</i>
<i>Authorised, issued and fully paid shares</i>		
At 31 March 2021 and 31 December 2020 : shares with nominal value of QR 1 each	<u>1,145,252</u>	<u>1,145,252</u>

All shares have equal rights.

13 DIVIDENDS

Dividend proposed and paid for the year 2020

The Board of Directors had proposed and paid a 30% cash dividend of QR 0.3 per share totaling QR 341 million for the year 2020 which was approved by the equity holders at the Annual General Assembly held on 16 March 2021.

Dividend declared and paid:

	<i>2021 QR’000</i>	<i>2020 QR’000</i>
Final Dividend	<u>340,849</u>	<u>340,849</u>

14 CONTINGENT LIABILITIES

At 31 March 2021 and 31 December 2020, the Group had letters of guarantees and letters of credit from which it anticipates that no material liabilities will arise amounted to:

	<i>31 March 2021 (Unaudited) QR’000</i>	<i>31 December 2020 (Audited) QR’000</i>
Letters of guarantees	697,681	839,350
Letters of credits	<u>10,972</u>	<u>9,521</u>
	<u>708,653</u>	<u>848,871</u>

15 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

Financial assets consist of bank balances, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, loans granted to LNG companies and certain other receivables. Financial liabilities consist of loans and borrowings and certain other payables. Derivative financial instruments consist of interest rate swaps. As at the reporting date the carrying values of the financial assets and financial liabilities were not materially different to the fair values.

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16 RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties during the three months ended 31 March 2021 and 2020, as well as balances with related parties as at 31 March 2021 and 31 December 2020:

Related party transactions

	<i>Three months ended 31 March</i>			
	<i>2021</i>		<i>2020</i>	
	<i>Sales</i>	<i>Purchases</i>	<i>Sales</i>	<i>Purchases</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Associate companies	<u>1,842</u>	<u>320</u>	<u>1,904</u>	<u>500</u>

Related party balances

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

	<i>31 March 2021</i>		<i>31 December 2020</i>	
	<i>Trade</i>	<i>Trade</i>	<i>Trade</i>	<i>Trade</i>
	<i>receivables</i>	<i>payables</i>	<i>receivables</i>	<i>payables</i>
	<i>(Unaudited)</i>		<i>(Audited)</i>	
<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Joint ventures	<u>3,766</u>	<u>14,266</u>	2,644	9,576
Associate companies	<u>2,867</u>	<u>2,664</u>	970	2,381
Directors	<u>535</u>	<u>175</u>	<u>4,850</u>	<u>125</u>
	<u>7,168</u>	<u>17,105</u>	<u>8,464</u>	<u>12,082</u>

Compensation of directors and other key management personnel

The accrued remuneration of directors and the paid salaries and allowances to members of key management during the period was as follows:

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Salaries and allowances	<u>3,199</u>	<u>3,207</u>
Provision for employees' end of service benefits	<u>200</u>	<u>380</u>
Board of directors remuneration	<u>550</u>	<u>3,100</u>
	<u>3,949</u>	<u>6,687</u>

17 COMPARATIVE INFORMATION

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

18 SEGMENT INFORMATION

The 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, 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 allocated to consuming departments using a corporate allocation 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.

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18 SEGMENT INFORMATION (CONTINUED)

Three months period ended 31 March 2021 (Unaudited)

	<i>Milaha Capital QR'000</i>	<i>Milaha Maritime and Logistics QR'000</i>	<i>Milaha Offshore QR'000</i>	<i>Milaha Trading QR'000</i>	<i>Milaha Gas and Petrochem QR'000</i>	<i>Adjustments relating to Milaha Corporate QR'000</i>	<i>Total segments QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Consolidated QR'000</i>
Operating revenues	171,639	239,741	190,809	72,707	63,884	-	738,780	(63,553)	675,227
Salaries, wages and other benefits	(3,065)	(86,793)	(18,707)	(2,735)	(5,710)	(33,023)	(150,033)	-	(150,033)
Operating supplies and expenses	(41,055)	(165,025)	(25,639)	(66,423)	(9,202)	(2,346)	(309,690)	50,693	(258,997)
Rent expenses	(584)	(9,788)	(402)	(401)	(93)	(1,741)	(13,009)	12,427	(582)
Depreciation and amortisation	(16,417)	(6,408)	(50,126)	(393)	(17,123)	(617)	(91,084)	-	(91,084)
Recoveries (provision) of impairment of trade receivables	66	1,121	(7,090)	96	-	-	(5,807)	-	(5,807)
Other operating expenses	(1,091)	(18,244)	(7,037)	(605)	(4,460)	(6,341)	(37,778)	433	(37,345)
Allocations relating to fleet and technical services	-	74,598	(66,059)	-	(8,539)	-	-	-	-
Allocations relating to Milaha Corporate	(3,348)	(29,653)	(4,292)	(3,188)	(3,633)	44,114	-	-	-
OPERATING PROFIT (LOSS)	106,145	(451)	11,457	(942)	15,124	46	131,379	-	131,379
Finance costs	(2,639)	(1,481)	(8,869)	-	(7,855)	-	(20,844)	972	(19,872)
Finance income	6,196	-	47	27	3,010	-	9,280	(972)	8,308
Loss on disposal of property, vessels and equipment	-	(160)	-	-	-	-	(160)	-	(160)
Share of results of associates	172	790	-	-	113,227	-	114,189	-	114,189
Share of results of joint ventures	-	43,622	-	-	19,570	-	63,192	-	63,192
Net gain (loss) on foreign exchange	1,367	155	11	(36)	7	(46)	1,458	-	1,458
PROFIT (LOSS) FOR THE PERIOD	111,241	42,475	2,646	(951)	143,083	-	298,494	-	298,494

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18 SEGMENT INFORMATION (CONTINUED)

Three months period ended 31 March 2020 (Unaudited)

	<i>Milaha Capital QR'000</i>	<i>Milaha Maritime and Logistics QR'000</i>	<i>Milaha Offshore QR'000</i>	<i>Milaha Trading QR'000</i>	<i>Milaha Gas and Petrochem QR'000</i>	<i>Adjustments relating to Milaha Corporate QR'000</i>	<i>Total segments QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Consolidated QR'000</i>
Operating revenues	199,592	250,407	202,569	56,421	78,438	-	787,427	(95,199) (i)	692,228
Salaries, wages and other benefits	(1,624)	(84,507)	(19,326)	(3,197)	(7,072)	(37,717)	(153,443)	-	(153,443)
Operating supplies and expenses	(27,600)	(181,712)	(22,658)	(50,055)	(3,494)	(2,641)	(288,160)	83,322 (i)	(204,838)
Rent expenses	(523)	(10,422)	(443)	(385)	(92)	(1,746)	(13,611)	11,567 (i)	(2,044)
Depreciation and amortisation	(15,456)	(7,678)	(51,201)	(264)	(17,267)	(398)	(92,264)	-	(92,264)
Recoveries (provision) of impairment of trade receivables	10	(5,191)	(3,775)	(711)		(20)	(9,687)	-	(9,687)
Other operating expenses	(1,606)	(14,051)	(9,340)	(591)	(560)	(4,254)	(30,402)	310 (i)	(30,092)
Allocations relating to fleet and technical services	-	65,921	(57,292)	-	(8,629)	-	-	-	-
Allocations relating to Milaha Corporate	(3,777)	(30,377)	(5,749)	(3,519)	(3,349)	46,771	-	-	-
OPERATING PROFIT (LOSS)	149,016	(17,610)	32,785	(2,301)	37,975	(5)	199,860	-	199,860
Finance costs	(153)	(3,105)	(12,799)	-	(8,590)	-	(24,647)	1,012 (i)	(23,635)
Finance income	2,808	-	122	39	3,638	-	6,607	(1,012) (i)	5,595
Gain on disposal of property, vessels and equipment	-	2,395	1,741	12	-	-	4,148	-	4,148
Gain on disposal of investment property	31,002	-	-	-	-	-	31,002	-	31,002
Share of results of associates	121	766	-	-	102,844	-	103,731	-	103,731
Share of results of joint ventures	-	47,743	-	-	14,591	-	62,334	-	62,334
Net gain (loss) on foreign exchange	(14)	46	(947)	(7)	-	5	(917)	-	(917)
Impairment of vessels and capital work in progress	-	-	(98,601)	-	-	-	(98,601)	-	(98,601)
PROFIT (LOSS) FOR THE PERIOD	<u>182,780</u>	<u>30,235</u>	<u>(77,699)</u>	<u>(2,257)</u>	<u>150,458</u>	<u>-</u>	<u>283,517</u>	<u>-</u>	<u>283,517</u>

Note:

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