

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

30 JUNE 2021

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the six-month period ended 30 June 2021

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Qatar Navigation Q.P.S.C. (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 June 2021 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity, and cash flows for the six-month period then ended and explanatory information. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, 'Interim financial reporting' as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

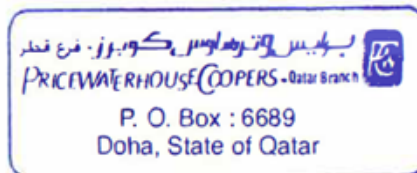
For and on behalf of PricewaterhouseCoopers – Qatar Branch
Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni

Auditor’s registration number 370

Doha, State of Qatar

15 July 2021



Qatar Navigation Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 June 2021

		<i>For the six-month period ended 30 June</i>		
		<i>2021</i>	<i>2020</i>	
		<i>(Reviewed)</i>		
<i>Notes</i>		<i>QR'000</i>	<i>QR'000</i>	
	Operating revenues	4	1,373,367	1,229,923
	Salaries, wages and other benefits		(304,669)	(292,390)
	Operating supplies and expenses		(618,361)	(406,975)
	Rent expenses		(3,273)	(2,790)
	Depreciation and amortisation		(183,040)	(185,601)
	Provision for impairment of trade receivables		(11,011)	(12,968)
	Other operating expenses		(108,620)	(75,433)
	OPERATING PROFIT		144,393	253,766
	Finance cost		(38,911)	(44,371)
	Finance income		16,062	10,018
	Net gain on disposal of investment property		-	73,225
	Net (loss) gain on disposal of property, vessels and equipment		(4,599)	6,288
	Share of results of associates		226,257	206,647
	Share of results of joint arrangements		104,708	120,772
	Impairment on property, vessels and equipment		(12,239)	(324,697)
	Net gain (loss) on foreign exchange		3,416	(1,188)
	PROFIT FOR THE PERIOD		439,087	300,460
	<i>Attributable to:</i>			
	Equity holders of the parent		437,750	299,925
	Non-controlling interest		1,337	535
			439,087	300,460
	BASIC AND DILUTED EARNINGS PER SHARE			
	<i>(attributable to equity holders of the parent)</i>			
	<i>(expressed in QR per share)</i>	15	0.39	0.26



Report on review of condensed consolidated interim financial statements is set out on page 1.

The attached notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE
INCOME

For the six-month period ended 30 June 2021

	<i>For the six-month period ended 30</i>	
	<i>June</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Profit for the period	<u>439,087</u>	<u>300,460</u>
Other comprehensive income (OCI):		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net loss on equity investments at FVOCI	(22,474)	(467,207)
Equity-accounted investees – share of OCI	7,910	(7,635)
	(14,564)	(474,842)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net gain (loss) resulting from cash flow hedges	18,522	(50,292)
Cash flow hedge movement for equity-accounted investees	180,207	(284,470)
	198,729	(334,762)
Total	<u>184,165</u>	<u>(809,604)</u>
Total comprehensive income (loss) for the period	<u>623,252</u>	<u>(509,144)</u>
<i>Attributable to:</i>		
Equity holders of the Parent	621,807	(509,509)
Non-controlling interests	1,445	365
	<u>623,252</u>	<u>(509,144)</u>



Report on review of condensed consolidated interim financial statements is set out on page 1.
The attached notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL
POSITION
At 30 June 2021

		30 June 2021 (Reviewed) Notes QR'000	31 December 2020 (Audited) QR'000
ASSETS			
Non-current assets			
Property, vessels and equipment	5	3,115,993	3,250,396
Investment property	6	786,566	798,839
Intangible assets		144,928	151,588
Right-of-use assets		198,362	227,913
Investments in joint ventures		939,115	964,407
Investments in associates		6,194,964	6,001,739
Financial assets at FVOCI		3,653,143	3,741,019
Loans granted to LNG companies		122,364	124,111
Other assets		24,673	23,839
		15,180,108	15,283,851
Current assets			
Inventories		113,911	77,615
Trade and other receivables		837,333	764,356
Equity instruments at FVTPL		114,814	116,602
Loan to a related party		392,650	392,650
Investments in term deposits	7	35,514	70,701
Cash and cash equivalents		287,930	306,253
		1,782,152	1,728,177
TOTAL ASSETS		16,962,260	17,012,028
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
Share capital	9	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		3,340,407	3,367,639
Hedging reserve		102,591	(96,138)
Retained earnings		4,151,991	4,042,530
Equity attributable to equity holders of the parent		13,984,253	13,703,295
Non-controlling interests		56,534	55,089
Total equity		14,040,787	13,758,384

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



Report on review of condensed consolidated interim financial statements is set out on page 1.
The attached notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL
POSITION (CONTINUED)
At 30 June 2021

	<i>30 June 2021 (Reviewed) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>
EQUITY AND LIABILITIES (CONTINUED)		
Liabilities		
Non-current liabilities		
Loans and borrowings	1,299,841	1,403,141
Advance from a customer	94,952	98,947
Lease liabilities	116,647	153,632
Provision for employees' end of service benefits	109,899	114,173
	<u>1,621,339</u>	<u>1,769,893</u>
Current liabilities		
Trade and other payables	667,203	674,681
Loans and borrowings	532,845	717,597
Lease liabilities	100,086	91,473
	<u>1,300,134</u>	<u>1,483,751</u>
Total liabilities	<u>2,921,473</u>	<u>3,253,644</u>
TOTAL EQUITY AND LIABILITIES	<u>16,962,260</u>	<u>17,012,028</u>

On 15th of July 2021, the Company's Board of Directors authorised these condensed consolidated interim 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



Report on review of condensed consolidated interim financial statements is set out on page 1.
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Qatar Navigation Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2021

	Attributable to the equity holders of the Parent							Non-controlling interest QR'000	Total QR'000	
	Share capital QR'000	Treasury shares QR'000	Legal reserve QR'000	General reserve QR'000	Fair value reserve QR'000	Hedging reserve QR'000	Retained earnings QR'000			
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	-	-	-	-	-	-	437,750	437,750	1,337	439,087
Other comprehensive income	-	-	-	-	(14,672)	198,729	-	184,057	108	184,165
Total comprehensive (loss) income	-	-	-	-	(14,672)	198,729	437,750	621,807	1,445	623,252
<i>Transactions with owners of the Group:</i>										
Dividends paid (Note 10)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
<i>Other equity movement:</i>										
Reclassification on disposal of FVOCI	-	-	-	-	(12,560)	-	12,560	-	-	-
At 30 June 2021 (Reviewed)	1,145,252	(73,516)	4,693,986	623,542	3,340,407	102,591	4,151,991	13,984,253	56,534	14,040,787

	Attributable to the equity holders of the Parent							Non-controlling interest QR'000	Total QR'000	
	Share capital QR'000	Treasury shares QR'000	Legal reserve QR'000	General reserve QR'000	Fair value reserve QR'000	Hedging reserve QR'000	Retained earnings QR'000			
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	-	-	-	-	-	-	299,925	299,925	535	300,460
Other comprehensive income	-	-	-	-	(474,672)	(334,762)	-	(809,434)	(170)	(809,604)
Total comprehensive (loss) income	-	-	-	-	(474,672)	(334,762)	299,925	(509,509)	365	(509,144)
<i>Transactions with owners of the Group:</i>										
Dividends paid (Note 10)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
<i>Other equity movement:</i>										
Reclassification on disposal of FVOCI	-	-	-	-	(17,960)	-	17,960	-	-	-
At 30 June 2020 (Reviewed)	1,145,252	(73,516)	4,693,986	623,542	3,382,975	(266,535)	4,187,065	13,692,769	55,249	13,748,018

Report on review of condensed consolidated interim financial statements is set out on page 1.

The attached notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

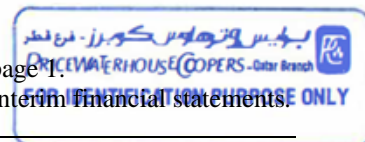
Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2021

	<i>For the six-month period ended 30</i>	
	<i>June</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	439,087	300,460
Adjustments for:		
Depreciation of property, vessels and equipment	112,662	130,374
Depreciation of investment property	19,639	14,114
Amortisation of intangible assets	6,097	5,097
Depreciation of right-of-use assets	44,642	36,016
Net gain on disposal of investment property	-	(73,225)
Net loss (gain) on disposal of property, vessels and equipment	4,599	(6,288)
Share of results of associates	(226,257)	(206,647)
Share of results of joint arrangements	(104,708)	(120,772)
Provision for employees' end of service benefits	5,825	12,028
Dividend income	(103,045)	(143,448)
Net fair value loss on financial assets at FVTPL	1,800	-
Impairment on property, vessels and equipment	12,239	324,697
Provision for impairment of trade receivables	11,011	12,968
Loss on disposal of financial assets at FVTPL	-	9,718
Finance costs	38,911	44,371
Finance income	(16,062)	(10,018)
Operating profit before working capital changes:	246,440	329,445
<i>Changes in:</i>		
Inventories	(36,296)	(15,436)
Trade and other receivables	(69,043)	(42,801)
Trade and other payables	7,553	(60,902)
Cash flows from operating activities	148,654	210,306
Employees' end of service benefits paid	(7,422)	(13,284)
Net cash from operating activities	141,232	197,022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, vessels and equipment	(128,050)	(131,130)
Purchases of investment property	(7,366)	(14,724)
Additions to intangible assets	-	(248)
Net movement of loans granted to LNG companies	1,747	2,156
Net movement of investments in term deposits	35,187	65,692
Investments in financial assets at FVOCI	-	(292,440)
Proceeds from disposal of investment property	-	85,789
Proceeds from disposal of property, vessels and equipment	132,957	36,926
Proceeds from disposal of financial assets at FVOCI	49,084	53,318
Proceeds from disposal of financial assets at FVTPL	-	46,021
Dividends received from joint ventures	130,000	183,500
Dividends received from associates	220,892	202,554
Dividend received from investments	103,045	143,448
Finance income received	16,062	10,018
Net cash flows from investing activities	553,558	390,880

The condensed consolidated statement of cash flows continues the next page.

Report on review of condensed consolidated interim financial statements is set out on page 1.

The attached notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.



Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(CONTINUED)

For the six-month period ended 30 June 2021

	Notes	<i>For the six-month period ended</i>	
		<i>30 June</i>	
		<i>2021</i>	<i>2020</i>
		<i>(Reviewed)</i>	
		<i>QR'000</i>	<i>QR'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to Company's shareholders	10	(340,849)	(340,849)
Payment of lease liabilities		(45,301)	(33,218)
Net movement in loans and borrowings		(288,052)	(153,086)
Finance costs paid		(38,911)	(44,371)
Net cash flows used in financing activities		(713,113)	(571,524)
Net (decrease) increase in cash and cash equivalents		(18,323)	16,378
Cash and cash equivalents at beginning of period		306,253	177,761
Cash and cash equivalents at end of period	8	287,930	194,139



Report on review of condensed consolidated interim financial statements is set out on page 1.
The attached notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six-month period ended 30 June 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 condensed consolidated interim 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 period, include the provision of marine transport, acting as agent to foreign shipping lines, offshore services, sale of heavy vehicles, ship repair, fabrication and installation of offshore structures, land transport, chartering of vessels, real estate, investments in listed and unlisted securities, trading of aggregates, building materials, warehousing, and supply chain management.

The structure of the Group has not changed since the last annual consolidated financial statements as at and for the year ended 31 December 2020 (the “latest annual financial statements”).

The condensed consolidated interim financial statements of the Group were authorised for issue by the Company’s Board of Directors on the 15th of July 2021.

2. BASIS OF CONSOLIDATION

2.1 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 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 condensed consolidated interim 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 six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

These condensed consolidated interim financial statements have been prepared on the historical cost convention except for certain financial instruments that are measured at revalued amounts or fair value at the end of each reporting period.

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 (except the changes mentioned in note 2.2).

2.2 New standards, interpretations and amendments adopted by the Group

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Amendments regarding the classification of liabilities
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture

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 on the Group’s financial statements.

Impact of new standards (issued but not yet adopted by the Group)

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been adopted by the Group. The management of the Group is in the process of assessing the impact of these new standards, interpretation and amendments which will be adopted in the Group's financial statement as and when they are applicable.

3. USE OF JUDGMENTS AND ESTIMATES

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the latest annual financial statements for the year ended 31 December 2020.

Measurement of fair values

When measuring the fair value of an asset or liability, the Group uses any market observable data available. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted market price (unadjusted) in active markets for an identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in 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.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The Group has considered potential impacts of the current economic volatility in determination of the reported amounts of the financial and non-financial assets and these are considered to represent management's best assessment based on observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

Impact of COVID 19

The Group has reviewed its exposure to COVID-19 related and other emerging business risks and concluded that there is no major impact on the financial performance or position of the Group for the period ended 30 June 2021.

4. OPERATING REVENUES

The Group revenues consist of activities under the following operating segments:

	<i>Six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Milaha Capital	209,626	237,250
Milaha Maritime and Logistics	451,766	377,521
Milaha Offshore	474,006	408,155
Milaha Trading	106,176	40,663
Milaha Gas and Petrochem	131,793	166,334
	<u>1,373,367</u>	<u>1,229,923</u>

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six-month period ended 30 June 2021

5. PROPERTY, VESSELS AND EQUIPMENT

	<i>30 June 2021 (Reviewed) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>
Net book value, beginning balance	3,250,396	4,063,316
Additions	128,050	221,458
Disposals and write off	(137,552)	(34,029)
Other transfers and reclassifications	-	(2,222)
Impairment of property, vessels and equipment	(12,239)	(741,420)
Depreciation charge for the period/ year	(112,662)	(256,707)
Net book value, ending balance	<u>3,115,993</u>	<u>3,250,396</u>

The Group has assessed the impact of COVID-19 during the period ending 30 June 2021, and has checked the indicators of impairment, against the impairment assessment performed as at 31 December 2020 which confirmed no changes to the Groups initial assessment.

6. INVESTMENT PROPERTY

	<i>30 June 2021 (Reviewed) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>
At 1 January	798,839	822,773
Additions	7,366	19,142
Depreciation charge for the period/ year	(19,639)	(30,057)
Disposals and write off	-	(13,019)
At 30 June / 31 December	<u>786,566</u>	<u>798,839</u>

7. INVESTMENTS IN TERM DEPOSITS

	<i>30 June 2021 (Reviewed) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>
Term deposits with banks	123,881	201,189
Less: Term deposits maturing before 90 days	(88,367)	(130,488)
Term deposits maturing after 90 days (i)	<u>35,514</u>	<u>70,701</u>

- (i) Short-term deposits earn interests at market rates and are with an original maturity of over 90 days.
- (ii) Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank of Qatar. Accordingly, the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the Group has assessed the ECL to be immaterial.

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six-month period ended 30 June 2021

8. CASH AND CASH EQUIVALENTS

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

	30 June 2021 (Reviewed) QR'000	30 June 2020 (Reviewed) QR'000
Cash in hand	4,735	5,207
Bank balance – term deposits (i)	88,367	48,384
Bank balance	<u>194,828</u>	<u>140,548</u>
Cash and cash equivalents in the condensed consolidated statement of cash flows	<u>287,930</u>	<u>194,139</u>

- (i) Deposits with an original maturity of less than 90 days are made for varying periods depending on the immediate cash requirements of the Group at commercial market rates.
- (ii) Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank of Qatar. Accordingly, the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the Group has assessed the ECL to be immaterial.

9. SHARE CAPITAL

	Number of shares (‘000’)	QR'000
<i>Authorised, issued and fully paid shares</i> At 30 June 2021 and 31 December 2020 : shares with nominal value of QR 1 each	<u>1,145,252</u>	<u>1,145,252</u>

10. DIVIDENDS

The Board of Directors 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 Company’s shareholders at the Annual General Assembly held on 16 March 2021.

11. COMMITMENTS

	30 June 2021 (Reviewed) QR'000	31 December 2020 (Audited) QR'000
Capital commitment: Estimated expenditure on property, vessels and equipment approved but not contracted for as of the reporting date	<u>413,042</u>	<u>645,007</u>

12. CONTINGENT LIABILITIES

	30 June 2021 (Reviewed) QR'000	31 December 2020 (Audited) QR'000
Letters of guarantees	935,748	839,350
Letters of credits	<u>8,893</u>	<u>9,521</u>
	<u>944,641</u>	<u>848,871</u>

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13. 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, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, financial assets at amortised cost, 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.

Carrying amounts and fair values

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

	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>30 June 2021 (Reviewed) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>	<i>30 June 2021 (Reviewed) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>
Financial assets at fair value through profit or loss	114,814	116,602	114,814	116,602
Financial assets (liabilities) at fair value through other comprehensive income				
Equity securities at FVOCI	3,653,143	3,741,019	3,653,143	3,741,019
Interest rate swaps (cash flow hedge)	(49,174)	(67,968)	(49,174)	(67,968)
	3,603,969	3,673,051	3,603,969	3,673,051

Measurement of fair values

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 and other receivables, trade and other payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss is derived from quoted market prices in active markets.
- Fair value of unquoted financial assets at fair value through other comprehensive income is estimated using appropriate valuation techniques.
- Loans granted to LNG companies are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. As the reporting period, 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.

13. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group held the following financial instruments measured at fair value at the reporting period:

	<i>30 June</i> <i>2021</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Assets measured at fair value				
Financial assets at fair value through profit or loss	114,814	154	-	114,660
Financial assets at fair value through other comprehensive income:				
Quoted investments	3,262,431	3,262,431	-	-
Unquoted investments	81,603	-	-	81,603
Investments in corporate bonds	309,109	-	309,109	-
Liability measured at fair value				
Interest rate swaps	49,174	-	49,174	-
	<i>31 December</i> <i>2020</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Assets measured at fair value				
Financial assets at fair value through profit or loss	116,602	142	-	116,460
Financial assets at fair value through other comprehensive income:				
Quoted investments	3,305,516	3,305,516	-	-
Unquoted investments	125,703	-	-	125,703
Investments in corporate bonds	309,800	-	309,800	-
Liabilities measured at fair value				
Interest rate swaps	67,968	-	67,968	-

During the six-month period ended 30 June 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The Group does not hold credit enhancement or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

The tables above illustrate the classification of the Group's financial instruments based on the fair value hierarchy as required for complete sets of financial statements. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments.

14. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties during the six-month period ended 30 June 2021 and 2020, as well as balances with related parties as at 30 June 2021 and 31 December 2020:

Related party transactions

	<i>Six-month period ended 30 June</i>			
	<i>2021</i>		<i>2020</i>	
	<i>Sales</i>	<i>Purchases</i>	<i>Sales</i>	<i>Purchases</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Associates	2,859	303	210	1,042

Related party balances

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

	<i>30 June 2021</i>			<i>31 December 2020</i>		
	<i>Trade receivables</i>	<i>Trade payables (Reviewed)</i>	<i>Loans</i>	<i>Trade receivables</i>	<i>Trade payables (Audited)</i>	<i>Loans</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>
Joint ventures	1,504	12,785	392,650	2,644	9,576	392,650
Associates	1,229	332	122,364	970	2,381	124,111
Directors	971	220	-	4,850	125	-
	3,704	13,337	515,014	8,464	12,082	516,761

Compensation of directors and other key management personnel

The remuneration of directors and other members of key management provided for / paid during the period was as follows:

	<i>Six-month period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Salaries and allowances	5,734	6,227
Provision for employees' end of service benefits	401	597
Board of directors' remuneration – cash	1,100	1,100
	7,235	7,924

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15. 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.

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

	<i>Six-month ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Reviewed)</i>	
	<u> </u>	<u> </u>
Net profit for the period attributable to equity holders of the Parent (QR'000)	<u>437,750</u>	<u>299,925</u>
Weighted average number of shares (000's)	<u>1,136,165</u>	<u>1,136,165</u>
Basic and diluted earnings per share (QR)	<u>0.39</u>	<u>0.26</u>

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

	<i>Six-month ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Reviewed)</i>	
	<u> </u>	<u> </u>
Total number of shares outstanding (000's) (Note 10)	<u>1,145,252</u>	<u>1,145,252</u>
Adjustment for weighted average shares with respect to treasury shares purchased during year 2013 (000's) (i)	<u>(9,087)</u>	<u>(9,087)</u>
Weighted average numbers of shares during the period (000's)	<u>1,136,165</u>	<u>1,136,165</u>

- (i) During the year 2013, one of the subsidiaries of the group bought 9,087,250 shares amounting to QR 73,516,000. These treasury shares were transferred to the Parent Company on 24 January 2019.

16. 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, 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 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.
- 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 condensed consolidated interim 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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16. SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2021 (Reviewed)

	<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	237,222	501,297	474,006	158,122	131,794	-	1,502,441	(129,074)	1,373,367
Salaries, wages and other benefits	(5,752)	(179,411)	(39,419)	(5,970)	(11,840)	(62,277)	(304,669)	-	(304,669)
Operating supplies and expenses	(71,224)	(354,685)	(120,109)	(146,113)	(25,154)	(4,972)	(722,257)	103,896	(618,361)
Rent expenses	(1,169)	(20,320)	(1,569)	(904)	(182)	(3,481)	(27,625)	24,352	(3,273)
Depreciation and amortisation	(32,863)	(12,448)	(101,059)	(760)	(34,662)	(1,248)	(183,040)	-	(183,040)
Provision for impairment of trade receivables	67	(3,520)	(7,651)	93	-	-	(11,011)	-	(11,011)
Other operating expenses	(3,018)	(42,626)	(34,347)	(1,505)	(9,191)	(18,759)	(109,446)	826	(108,620)
Allocations relating to fleet and technical services	-	159,403	(142,707)	-	(16,696)	-	-	-	-
Allocations relating to Milaha Corporate	(8,932)	(57,521)	(9,146)	(6,484)	(8,659)	90,742	-	-	-
OPERATING PROFIT	114,331	(9,831)	17,999	(3,521)	25,410	5	144,393	-	144,393
Finance cost	(4,361)	(2,871)	(18,009)	-	(15,618)	-	(40,859)	1,948	(38,911)
Finance income	11,920	-	71	53	5,953	13	18,010	(1,948)	16,062
Net loss on disposal of property, vessels and equipment	-	(141)	-	-	(4,458)	-	(4,599)	-	(4,599)
Share of results of associates	304	1,539	-	-	224,414	-	226,257	-	226,257
Share of results of joint arrangements	-	81,365	-	-	23,343	-	104,708	-	104,708
Impairment on property, vessels and equipment	-	-	(12,239)	-	-	-	(12,239)	-	(12,239)
Net gain (loss) on foreign exchange	2,952	302	32	140	8	(18)	3,416	-	3,416
PROFIT FOR THE PERIOD	125,146	70,363	(12,146)	(3,328)	259,052	-	439,087	-	439,087

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16. SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2020 (Reviewed)

	<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	260,206	442,539	397,039	88,981	164,915	-	1,353,680	(123,757)	1,229,923
Salaries, wages and other benefits	(3,634)	(166,575)	(36,452)	(6,252)	(13,888)	(65,589)	(292,390)	-	(292,390)
Operating supplies and expenses	(49,225)	(326,192)	(40,453)	(77,911)	(6,803)	(5,228)	(505,812)	98,837	(406,975)
Rent expenses	(647)	(20,840)	(848)	(716)	(185)	(3,439)	(26,675)	23,885	(2,790)
Depreciation and amortisation	(30,667)	(14,607)	(104,558)	(524)	(34,525)	(720)	(185,601)	-	(185,601)
Provision for impairment of trade receivables	(41)	(7,621)	(4,048)	(1,238)	-	(20)	(12,968)	-	(12,968)
Other operating expenses	(2,198)	(31,725)	(20,276)	(1,379)	(7,550)	(13,340)	(76,468)	1,035	(75,433)
Allocations relating to fleet and technical services	-	134,789	(116,355)	-	(18,434)	-	-	-	-
Allocations relating to Milaha Corporate	(6,961)	(58,537)	(10,289)	(6,684)	(5,848)	88,319	-	-	-
OPERATING PROFIT	166,833	(48,769)	63,760	(5,723)	77,682	(17)	253,766	-	253,766
Finance cost	(312)	(5,421)	(23,627)	-	(17,025)	-	(46,385)	2,014	(44,371)
Finance income	4,673	-	212	84	7,050	13	12,032	(2,014)	10,018
Net gain on disposal of investment property	73,225	-	-	-	-	-	73,225	-	73,225
Net gain on disposal of property, vessels and equipment	-	4,536	1,739	13	-	-	6,288	-	6,288
Share of results of associates	285	1,670	-	-	204,692	-	206,647	-	206,647
Share of results of joint arrangements	-	94,403	-	-	26,369	-	120,772	-	120,772
Impairment of property, vessels and equipment	(163,000)	-	(161,697)	-	-	-	(324,697)	-	(324,697)
Net gain (loss) on foreign exchange	-	(147)	(1,013)	(11)	(21)	4	(1,188)	-	(1,188)
PROFIT FOR THE PERIOD	<u>81,704</u>	<u>46,272</u>	<u>(120,626)</u>	<u>(5,637)</u>	<u>298,747</u>	<u>-</u>	<u>300,460</u>	<u>-</u>	<u>300,460</u>

17. COMPARATIVE FIGURES

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