Qatar Navigation Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED
31 DECEMBER 2022

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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 2022 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 2022;
- The consolidated statement of comprehensive income for the year ended 31 December 2022;
- The consolidated statement of financial position as at 31 December 2022;
- The consolidated statement of cash flows for the year ended 31 December 2022;
- The consolidated statement of changes in equity for the year ended 31 December 2022; 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 IESBA Code and the ethical requirements in the State of Qatar.

Our audit approach

Overview

Key audit matter | Impairment of property, vessels and intangible assets

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 intangible assets 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 the 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 property and vessels, growth rates, terminal value and capital expenditures 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, 9 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 intangible assets 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, terminal value and capital expenditures. • 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. • We have ensured that the impairment has been accurately allocated to reduce the intangible asset (i.e., customer contracts) associated with those vessels. • Further, we tested the mathematical accuracy of the relevant fair value less cost to sell and value in use models prepared by management. • We ensured the reasonableness of the disclosures related to the impairment of property, vessels and intangible assets in the consolidated financial statements.

Other information

The Directors are responsible for the other information. The other information comprises the Board of Directors' Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the complete Annual Report, which is expected to be made available to us after that date.

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.

When we read the complete annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The 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.

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

- 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.

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 Board of Directors' 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 2022.

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 February 2023

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P. O. Box : 6689
Doha, State of Qatar

	Notes	***2022 QR'000***	*2021 QR'000*
Operating revenues	4	**3,285,256**	2,783,873
Salaries, wages and other benefits		**(631,597)**	(603,459)
Operating supplies and expenses		**(1,562,538)**	(1,328,194)
Rent expenses		**(8,280)**	(6,754)
Depreciation and amortization		**(369,919)**	(367,684)
Provision for impairment of trade and other receivables	16	**(45,163)**	(10,486)
Other operating expenses	5	**(180,904)**	(214,333)
OPERATING PROFIT BEFORE IMPAIRMENTS		**486,855**	252,963
Impairment on property, vessels and intangible assets	7, 9	**(165,726)**	(147,627)
Finance cost		**(59,207)**	(72,689)
Finance income		**14,728**	15,130
Net gain (loss) on disposal of property, vessels, equipment and intangible assets		**20,816**	(4,703)
Share of results of joint ventures	11	**179,234**	204,910
Share of results of associates	12	**542,025**	475,988
Net (loss) gain on foreign exchange transactions		**(1,430)**	6,104
PROFIT BEFORE TAX		**1,017,295**	730,076
Tax expense		**(834)**	(3,503)
PROFIT FOR THE YEAR		**1,016,461**	726,573
Attributable to:			
Equity holders of the Parent		**1,012,738**	724,154
Non-controlling interests		**3,723**	2,419
		1,016,461	726,573
BASIC AND DILUTED EARNINGS PER SHARE *(attributable to equity holders of the Parent expressed in QR per share)*	6	**0.89**	0.64

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Report on the audit of consolidated financial statements is set out in pages 1 to 5

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

Qatar Navigation Q.P.S.C.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	2022	*2021*
	QR'000	*QR'000*
Profit for the year	**1,016,461**	726,573
Other comprehensive income (OCI):		
Items that will not be reclassified subsequently to profit or loss		
Change in fair value of financial assets at FVOCI	**(31,231)**	261,761
Equity-accounted investees – share of OCI	**(8,702)**	15,336
	(39,933)	277,097
Items that may be reclassified subsequently to profit or loss		
Net gain resulting from cash flow hedges	**63,019**	39,737
Equity-accounted investees – share of hedging reserves	**651,971**	335,045
	714,990	374,782
Total	**675,057**	651,879
Total comprehensive income	**1,691,518**	1,378,452
Attributable to:		
Equity holders of the Parent	**1,688,162**	1,375,234
Non-controlling interests	**3,356**	3,218
	1,691,518	1,378,452

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	Notes	**2022 QR'000**	2021 QR'000
ASSETS			
Non-current assets			
Property, vessels and equipment	7	**2,841,223**	3,005,027
Investment property	8	**884,419**	782,354
Intangible assets	9	**15,625**	90,788
Right-of-use assets	10	**209,590**	143,895
Investments in joint ventures	11	**1,024,826**	993,692
Investments in associates	12	**7,548,209**	6,605,230
Financial assets at FVOCI	13	**2,566,504**	3,556,869
Loans granted to LNG companies	14	**102,297**	125,196
Other assets		**138**	24,375
Total Non-current assets		**15,192,831**	15,327,426
Current assets			
Inventories	15	**114,945**	102,820
Trade and other receivables	16	**1,036,187**	879,120
Equity instruments at FVTPL	17	**501,750**	505,049
Investments in term deposits	18	**1,237,442**	350,102
Cash and cash equivalents	19	**230,052**	304,786
Total Current assets		**3,120,376**	2,141,877
Total Assets		**18,313,207**	17,469,303
EQUITY AND LIABILITIES			
Attributable to equity holders of the Parent			
Share capital	20	**1,136,165**	1,145,252
Treasury shares	21	**-**	(73,516)
Legal reserve	22	**4,693,986**	4,693,986
General reserve	23	**623,542**	623,542
Fair value reserve		**2,472,074**	3,407,966
Hedging reserve		**993,634**	278,644
Retained earnings		**6,122,169**	4,643,702
Equity attributable to equity holders of the Parent		**16,041,570**	14,719,576
Non-controlling interests		**42,195**	40,089
Total Equity		**16,083,765**	14,759,665

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

Report on the audit of consolidated financial statements is set out in pages 1 to 5

	Notes	**2022 QR'000**	2021 QR'000
EQUITY AND LIABILITIES (CONTINUED)			
Liabilities			
Non-current liabilities			
Loans and borrowings	26	**299,351**	1,056,660
Advance from a customer	27	**82,861**	90,821
Lease liabilities	28	**139,469**	62,987
Provision for employees' end of service benefits	29	**115,049**	110,006
Total Non-current liabilities		**636,730**	1,320,474
Current liabilities			
Trade and other payables	30	**754,502**	810,088
Loans and borrowings	26	**756,996**	485,267
Lease liabilities	28	**81,214**	93,809
Total Current liabilities		**1,592,712**	1,389,164
Total Liabilities		**2,229,442**	2,709,638
Total Equity and Liabilities		**18,313,207**	17,469,303

On 15th February 2023, 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 bin Jaber Al-Thani
Chairman

Mohammed Abdulla Swidan
Interim President and Chief Executive Officer

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	Notes	2022 QR'000	2021 QR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,017,295**	730,076
Adjustments for:			
Depreciation of property, vessels and equipment	7	**237,623**	224,300
Depreciation of investment property	8	**44,177**	40,382
Amortisation of intangible assets	9	**9,383**	12,769
Depreciation of right-of-use assets	10	**78,736**	90,233
(Gain) Loss on disposal of property, vessels and equipment		**(20,816)**	4,703
Share of results of joint ventures	11	**(179,234)**	(204,910)
Share of results of associates	12	**(542,025)**	(475,988)
Provision for employees' end of service benefits	29	**16,240**	16,328
Dividend income	4	**(139,556)**	(114,604)
Net fair value loss on equity instruments at FVTPL	4	**3,350**	4,203
Impairment on property, vessels and intangible assets	7, 9	**165,726**	147,627
Provision for impairment of trade and other receivables	16	**45,163**	10,486
Provision of slow moving inventories	15	**230**	904
Finance cost		**59,207**	72,689
Finance income		**(14,728)**	(15,130)
Operating profit before working capital changes		**780,771**	544,068
Changes in:			
Inventories		**(12,355)**	(26,109)
Trade and other receivables		**(204,112)**	(110,094)
Trade and other payables		**(66,243)**	118,472
Cash flows generated from operating activities		**498,061**	526,337
Employees' end of service benefits paid	29	**(8,060)**	(14,812)
Net cash flows from operating activities		**490,001**	511,525
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, vessels and equipment	7	**(226,358)**	(222,601)
Purchase of investment property	8	**(140,927)**	(20,497)
Additions to intangible assets	9	**(1,245)**	(197)
Investment in securities measured at FVOCI		**(134,452)**	-
Net movement of loans granted to LNG companies		**22,899**	(1,085)
Net movement of investment in term deposits		**(863,833)**	(279,401)
Proceeds from disposal of vessels, equipment and intangible assets		**69,305**	136,168
Proceeds from disposal of financial asset at FVOCI		**1,135,000**	430,758
Dividends received from joint ventures	11	**148,100**	175,625
Dividends received from associates	12	**242,315**	222,878
Dividend received from investments	4	**139,556**	114,604
Finance income received		**14,728**	15,130
Net cash flows from investing activities		**405,088**	571,382

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

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	Notes	*2022 QR'000*	*2021 QR'000*
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the Company's shareholders	25	**(340,849)**	(340,849)
Dividends paid to Non-controlling interests		**(1,250)**	-
Payments of lease liabilities	28	**(82,937)**	(92,025)
Loans and borrowings settled		**(485,580)**	(724,811)
Loans and borrowings utilized		**-**	146,000
Finance cost paid		**(59,207)**	(72,689)
Net cash flows used in financing activities		**(969,823)**	(1,084,374)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(74,734)**	(1,467)
Cash and cash equivalents at 1 January		**304,786**	306,253
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	19	**230,052**	304,786

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Qatar Navigation Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Attributable to the equity holders of the Parent									
	Share capital	***Treasury shares***	***Legal reserve***	***General reserve***	***Fair value reserve***	***Hedging reserve***	***Retained earnings***	***Total***	***Non- controlling interests***	***Total***
	(Note 20)	*(Note 21)*	*(Note 22)*	*(Note 23)*						
	QR'000	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*
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 paid (Note 25)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
Transfer of reserves on disposal of financial assets at FVOCI	-	-	-	-	(235,971)	-	235,971	-	-	-
Other equity movement:										
Reduction in 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**
Total comprehensive income:										
Profit for the year	-	-	-	-	-	-	**1,012,738**	**1,012,738**	**3,723**	**1,016,461**
Other comprehensive income	-	-	-	-	**(39,566)**	**714,990**	-	**675,424**	**(367)**	**675,057**
Total comprehensive income	-	-	-	-	**(39,566)**	**714,990**	**1,012,738**	**1,688,162**	**3,356**	**1,691,518**
Transactions with owners of the Company:										
Dividends (Note 25)	-	-	-	-	-	-	**(340,849)**	**(340,849)**	**(1,250)**	**(342,099)**
Transfer of reserves on disposal of financial assets at FVOCI	-	-	-	-	**(896,326)**	-	**896,326**	-	-	-
Other equity movement:										
Cancellation of treasury shares (Note 21)	**(9,087)**	**73,516**	-	-	-	-	**(64,429)**	-	-	-
Contribution to Social and Sports Fund (Note 31)	-	-	-	-	-	-	**(25,319)**	**(25,319)**	-	**(25,319)**
At 31 December 2022	**1,136,165**	**-**	**4,693,986**	**623,542**	**2,472,074**	**993,634**	**6,122,169**	**16,041,570**	**42,195**	**16,083,765**

Report on the audit of consolidated financial statements is set out in pages 1 to 5

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

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 15th February 2023.

(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***	
			2022	*2021*
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%
Milaha Ship Management (India) Private Limited (ii)	India	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 Group had the following active subsidiaries owned directly or indirectly, as at the current and the comparative reporting dates (continued):

			Group effective shareholding	
Name of the subsidiary	***Country of incorporation***	***Principal activities***	***2022***	*2021*
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%**	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 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 Real Estate Company LLC	Qatar	Real Estate Investments	**100%**	100%
Milaha (FZC) L.L.C.	Oman	Logistic services	**100%**	100%
Milaha Ship Management 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.
(ii) Formerly known as Qatar Shipping (India) Private Limited

1 REPORTING ENTITY (CONTINUED)

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

Name of the subsidiary	*Country of incorporation*	*Company's ownership percentage*	
		2022	*2021*
Milaha Technical & Logistics Services W.L.L. (i)	Qatar	**-**	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. (i)	Qatar	**-**	100%
Milaha for Ships and Boats W.L.L. (i)	Qatar	**-**	100%
Halul Ship Management & Operation W.L.L. (i)	Qatar	**-**	100%
Halul 49 L.L.C. (i)	Qatar	**-**	100%
Halul 68 L.L.C. (i)	Qatar	**-**	100%
Halul 69 L.L.C. (i)	Qatar	**-**	100%
Halul 70 L.L.C. (i)	Qatar	**-**	100%
Halul 71 L.L.C. (i)	Qatar	**-**	100%
Halul 80 L.L.C. (i)	Qatar	**-**	100%
Halul 81 L.L.C. (i)	Qatar	**-**	100%
Halul 82 L.L.C. (i)	Qatar	**-**	100%
Halul 83 L.L.C. (i)	Qatar	**-**	100%
Halul 90 L.L.C. (i)	Qatar	**-**	100%
Halul 100 L.L.C. (i)	Qatar	**-**	100%
Halul 101 L.L.C. (i)	Qatar	**-**	100%
Aliago W.L.L. (i)	Qatar	**-**	100%
Milaha Offshore Holdings (UK) Private Limited	United Kingdom	**100%**	100%
Milaha Offshore MEX1 Limited (i)	United Kingdom	**-**	100%
Milaha Offshore MIDAS1 Limited	United Kingdom	**100%**	100%
Milaha Offshore Services (UK) Limited	United Kingdom	**100%**	100%

(i) These inactive subsidiaries have been fully liquidated during the current reporting period

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 the 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 equity instruments at FVTPL, and the derivative financial instruments which have been measured at fair value.

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
Milaha Ship Management (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.

2 BASIS OF PREPARATION (CONTINUED)

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 2022:

- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*
- *Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37*
- *Annual Improvements to IFRS Standards 2018-2020, and*
- *Reference to the Conceptual Framework – Amendments to IFRS 3.*

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 2022 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.

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:

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

- 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;
- Any investment retained is recognized at fair value;
- 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 to a customer is recognized at a point in time. 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.

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 at a point in time, when the services are rendered to the customer.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other operating revenues

Rental income
Rental income from investment properties is accounted over time.

Investment and dividend income
Income from investments is accounted at a point in time 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

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. 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:

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use assets (Continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (Continued)

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.

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 FVTPL are expensed in profit or loss.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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

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:

- 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

vi. Derivative financial instruments and hedging (continued)

Derivative financial instruments and hedge accounting (continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment (continued)

i. Non-derivative financial assets (Continued)

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 cash and cash equivalents and investments in term deposit 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 (refer 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:

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Leases – Group as a lessee (Continued)

- 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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).

	2022	*2021*
	QR'000	*QR'000*
Disaggregation of revenue		
Milaha Capital (1)	**493,647**	368,271
Milaha Maritime and Logistics	**1,194,626**	992,105
Milaha Offshore	**1,211,586**	964,482
Milaha Trading	**166,793**	204,659
Milaha Gas and Petrochem	**218,604**	254,356
	3,285,256	2,783,873

(1) Revenues of Milaha Capital comprise the following:

	2022	*2021*
	QR'000	*QR'000*
Rental income	**91,263**	79,407
Dividend income	**139,556**	114,604
Sale of quarries and building material	**218,729**	148,047
Net fair value loss on equity instruments at FVTPL	**(3,350)**	(4,203)
Interest on bonds and deposits	**47,449**	30,416
	493,647	368,271

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 2,716,079 thousand (2021: QR 2,290,350 thousand) over time and QR 569,177 thousand (2021: 493,523 thousand) at a point in time.

5 OTHER OPERATING EXPENSES

	2022	*2021*
	QR'000	*QR'000*
Professional fees	**42,861**	45,753
Claims and insurance	**33,850**	37,042
Communication and utilities	**27,060**	22,417
Registration, certifications and formalities	**16,174**	13,499
Provision for slow moving inventories (Note 15)	**230**	904
Travel and entertainment	**16,268**	19,535
Security and safety	**11,855**	10,877
Office supplies and expenses	**9,582**	10,821
Marketing, sponsorship and gifts	**3,814**	3,181
Miscellaneous expenses	**19,210**	50,304
	180,904	214,333

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.

	2022	*2021*
Net profit for the year attributable to equity holders of the Parent (QR'000)	**1,012,738**	724,154
Weighted average number of shares (000's) (1)	**1,136,165**	1,136,165
Basic earnings per share (QR)	**0.89**	0.64

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:

	2022	*2021*
Total number of shares outstanding (*000's)* (Note 20)	**1,136,165**	1,145,252
Adjustment for weighted average shares with respect to treasury shares (*000's)* (Note 21)	**-**	(9,087)
Weighted average numbers of shares during the year (*000's)*	**1,136,165**	1,136,165

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 2021	393	595,067	5,070,358	463,471	41,344	66,987	216,800	6,454,420
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)
At 31 December 2021/ 1 January 2022	**-**	**567,122**	**4,766,173**	**441,841**	**38,322**	**57,124**	**180,843**	**6,051,425**
Additions	**-**	**1,920**	**40,018**	**10,822**	**676**	**13,955**	**158,967**	**226,358**
Transfers and reclassifications	**-**	**(11,601)**	**114,153**	**1,706**	**638**	**1,037**	**(118,834)**	**(12,901)**
Disposals and write offs	**-**	**-**	**(152,472)**	**(26,242)**	**(1,089)**	**(1,532)**	**-**	**(181,335)**
At 31 December 2022	**-**	**557,441**	**4,767,872**	**428,127**	**38,547**	**70,584**	**220,976**	**6,083,547**
Accumulated depreciation & impairment								
At 1 January 2021	-	221,962	2,574,812	310,408	39,222	57,620	-	3,204,024
Charge for the year	-	20,552	180,759	19,489	1,034	2,466	-	224,300
Impairment *(Note ii)*	-	-	32,917	-	-	-	65,708	98,625
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/ 1 January 2022	**-**	**214,850**	**2,389,393**	**290,006**	**37,165**	**49,276**	**65,708**	**3,046,398**
Charge for the year	**-**	**19,387**	**194,460**	**20,188**	**791**	**2,797**	**-**	**237,623**
Impairment *(Note ii)*	**-**	**85,522**	**12,721**	**-**	**-**	**-**	**-**	**98,243**
Transfers and reclassifications	**-**	**(6,381)**	**-**	**(687)**	**(8)**	**-**	**-**	**(7,076)**
Disposals and write offs	**-**	**-**	**(106,529)**	**(23,708)**	**(1,079)**	**(1,548)**	**-**	**(132,864)**
At 31 December 2022	**-**	**313,378**	**2,490,045**	**285,799**	**36,869**	**50,525**	**65,708**	**3,242,324**
Carrying amounts								
At 31 December 2021	-	352,272	2,376,780	151,835	1,157	7,848	115,135	3,005,027
At 31 December 2022	**-**	**244,063**	**2,277,827**	**142,328**	**1,678**	**20,059**	**155,268**	**2,841,223**

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 for the current reporting period relate to a warehouse building and a vessel, which was written down by QAR 86 million and QAR 13 million respectively, following an exercise performed to evaluate the net present values. In the comparative period 10 vessels and 2 equipments under construction were written down by QAR 99 million. The values assigned reflect key assumptions which represent management's assessment of future trends in the logistics and warehousing industry, cash flow projection of revenues and costs 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.

8 INVESTMENT PROPERTY

	Land QR'000	*Buildings QR'000*	*Investment property under construction QR'000*	*Total QR'000*
Cost				
At 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/ 1 January 2022	**162,816**	**986,606**	**18,152**	**1,167,574**
Additions during the year	**-**	**29,926**	**111,001**	**140,927**
Transfers and reclassifications	**-**	**117,395**	**(105,003)**	**12,392**
At 31 December 2022	**162,816**	**1,133,927**	**24,150**	**1,320,893**
Accumulated depreciation				
At 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/ 1 January 2022	**-**	**385,220**	**-**	**385,220**
Charge for the year	**-**	**44,177**	**-**	**44,177**
Transfers and reclassifications	**-**	**7,077**	**-**	**7,077**
At 31 December 2022	**-**	**436,474**	**-**	**436,474**
Carrying amounts				
At 31 December 2021	162,816	601,386	18,152	782,354
At 31 December 2022	**162,816**	**697,453**	**24,150**	**884,419**

Notes:

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

(ii) As at 31 December 2022 the fair value of investment properties at freehold land was QR 2,071,958,760 (2021: QR 1,943,370,000). 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 90,710,392 (2021: QR 77,268,862) from its investment properties. Direct operating expenses related to investment properties (including depreciation) amounting to QR 67,517,622 (2021: QR 62,620,024) have been included within operating expenses.

(iv) As at 31 December 2022 the cost of investment properties built on leasehold land was QR 46,759,044 (2021: 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 2021	184,000	53,520	7,292	244,812
Additions	-	197	-	197
Disposals	-	(1,150)	-	(1,150)
Transfers	-	863	-	863
At 31 December 2021/ At 1 January 2022	**184,000**	**53,430**	**7,292**	**244,722**
Additions	**-**	**1,245**	**-**	**1,245**
Disposals	**-**	**(378)**	**-**	**(378)**
Transfers	**-**	**476**	**-**	**476**
At 31 December 2022	**184,000**	**54,773**	**7,292**	**246,065**
Accumulated amortisation & impairment				
At 1 January 2021	51,669	41,555	-	93,224
Charge for the year	9,394	3,375	-	12,769
Impairment (i)	41,710	-	7,292	49,002
Disposals	-	(1,056)	-	(1,056)
Transfers	-	(5)	-	(5)
At 31 December 2021/ At 1 January 2022	**102,773**	**43,869**	**7,292**	**153,934**
Charge for the year	**6,085**	**3,298**	**-**	**9,383**
Impairments (i)	**66,704**	**779**	**-**	**67,483**
Disposals	**-**	**(360)**	**-**	**(360)**
At 31 December 2022	**175,562**	**47,586**	**7,292**	**230,440**
Carrying amounts				
At 31 December 2021	81,227	9,561	-	90,788
At 31 December 2022	**8,438**	**7,187**	**-**	**15,625**

Notes:

(i) The customer contracts 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 67 million for the customer contracts (QAR 7million for goodwill and QR 42million for customer contracts respectively in the comparative periods).

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.

	2022 QR'000			*2021 QR'000*		
	Vessels	*Land & Buildings*	*Total*	*Vessels*	*Land & Buildings*	*Total*
Carrying amount at 1 January	**106,989**	**36,906**	**143,895**	189,509	38,404	227,913
Additions	**173,880**	**6,022**	**179,902**	19,688	2,004	21,692
Adjustments for lease modifications	**(7,342)**	**(301)**	**(7,643)**	(3,299)	-	(3,299)
Termination	**(22,445)**	**(5,383)**	**(27,828)**	(12,178)	-	(12,178)
Depreciation	**(74,389)**	**(4,347)**	**(78,736)**	(86,731)	(3,502)	(90,233)
Carrying amount at 31 December	**176,693**	**32,897**	**209,590**	106,989	36,906	143,895

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 ownership* **2022**	*Group effective ownership* *2021*
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 VENTURES (CONTINUED)

Share of joint ventures' summarised statement of financial position:

	2022 (QR'000)			*2021 (QR'000)*		
	Qterminals	***Gulf LPG Transport Company W.L.L***	***Total***	*Qterminals*	*Gulf LPG Transport Company W.L.L*	*Total*
Current assets	**245,252**	**56,479**	**301,731**	243,200	51,328	294,528
Non-current assets	**934,861**	**284,917**	**1,219,778**	809,068	306,025	1,115,093
Current liabilities	**(111,022)**	**(186,747)**	**(297,769)**	(128,292)	(22,735)	(151,027)
Non-current liabilities	**(527,116)**	**-**	**(527,116)**	(425,738)	(182,017)	(607,755)
Net assets	**541,975**	**154,649**	**696,624**	498,238	152,601	650,839
Concession rights	**328,202**	**-**	**328,202**	342,853	-	342,853
Carrying value of investments	**870,177**	**154,649**	**1,024,826**	841,091	152,601	993,692

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

	2022 (QR'000)			*2021 (QR'000)*		
	Qterminals	***Gulf LPG Transport Company W.L.L***	***Total***	*Qterminals*	*Gulf LPG Transport Company W.L.L*	*Total*
Operating revenue	**458,796**	**74,511**	**533,307**	458,686	84,150	542,836
Operating supplies and expenses	**(105,123)**	**(26,806)**	**(131,929)**	(112,571)	(26,655)	(139,226)
Depreciation and amortisation	**(57,974)**	**(16,820)**	**(74,794)**	(38,608)	(18,151)	(56,759)
Other operating expenses	**(109,954)**	**(1,757)**	**(111,711)**	(112,913)	(1,950)	(114,863)
Operating profit	**185,745**	**29,128**	**214,873**	194,594	37,394	231,988
Finance costs (net)	**(16,522)**	**(6,646)**	**(23,168)**	(7,749)	(4,400)	(12,149)
Income tax	**(12,012)**	**(459)**	**(12,471)**	(14,414)	(515)	(14,929)
Profit for the year	**157,211**	**22,023**	**179,234**	172,431	32,479	204,910

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

	2022 QR'000	*2021 QR'000*
At 1 January	**993,692**	964,407
Share of results of joint ventures	**179,234**	204,910
Dividends received	**(148,100)**	(175,625)
At 31 December	**1,024,826**	993,692

12 INVESTMENTS IN ASSOCIATES

The Group has the following investment in associates:

	Country of incorporation	*Ownership %*		*Profit Sharing %*	
		2022	*2021*	***2022***	*2021*
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:

	2022 ***QR'000***	*2021* *QR'000*
At 1 January	**6,605,230**	6,001,739
Share of results	**542,025**	475,988
Share of net movement in other comprehensive income	**643,269**	350,381
Dividends received	**(242,315)**	(222,878)
At 31 December	**7,548,209**	6,605,230

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:

	2022 (QR'000)			*2021 (QR'000)*		
	Nakilat	***Other associates***	***Total***	*Nakilat*	*Other associates*	*Total*
Current assets	**2,118,107**	**138,365**	**2,256,472**	1,563,311	140,486	1,703,797
Non-current assets	**10,323,595**	**391,281**	**10,714,876**	10,276,019	463,224	10,739,243
Current liabilities	**(1,507,423)**	**(53,249)**	**(1,560,672)**	(1,339,542)	(63,130)	(1,402,672)
Non-current liabilities	**(6,681,308)**	**(218,028)**	**(6,899,336)**	(7,193,394)	(278,613)	(7,472,007)
Interest in associate	**4,252,971**	**258,369**	**4,511,340**	3,306,394	261,967	3,568,361
Goodwill	**3,036,869**	**-**	**3,036,869**	3,036,869	-	3,036,869
Carrying value of investment	**7,289,840**	**258,369**	**7,548,209**	6,343,263	261,967	6,605,230

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

	2022 (QR'000)			*2021 (QR'000)*		
	Nakilat	***Other associates***	***Total***	*Nakilat*	*Other associates*	*Total*
Operating revenue	**1,501,047**	**64,528**	**1,565,575**	1,501,462	91,332	1,592,794
Profit *	**527,653**	**14,372**	**542,025**	459,637	16,351	475,988
Other comprehensive income	**633,302**	**9,967**	**643,269**	345,971	4,410	350,381
Dividends received	**240,972**	**1,343**	**242,315**	220,892	1,986	222,878

* 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:

	2022 ***QR'000***	*2021* *QR'000*
Quoted equity investments in local companies (i)(ii)	**2,008,902**	3,167,558
Unquoted investments in foreign companies	**96,505**	-
Unquoted equity investments in local companies (iii)	**81,603**	80,985
Investments in bonds	**379,494**	308,326
	2,566,504	3,556,869

(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***	
	2022	*2021*	***2022***	*2021*
Banking & Insurance companies	**1,034,389**	2,157,358	**55,155**	56,352
Industrial sector companies	**892,790**	865,519	**40,388**	35,190
Other sectors	**81,723**	144,681	**4,702**	634
	2,008,902	3,167,558	**100,245**	92,176

(ii) Quoted shares in local companies with a fair value of QR 38,940,000 as of 31 December 2022 (2021: QR 36,520,000) are frozen for trading.

(iii) Unquoted equity investments in local 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:

	2022 ***QR'000***	*2021* *QR'000*
Loan principal	**102,297**	125,144
Accrued interest	**-**	52
	102,297	125,196

15 INVENTORIES

	2022 QR'000	2021 QR'000
Heavy vehicles and spare parts	**61,530**	47,842
Gabbro and aggregate	**19,659**	26,473
Other inventories	**42,466**	36,985
	123,655	111,300
Provision for slow-moving inventories (i)	**(8,710)**	(8,480)
	114,945	102,820

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

	2022 QR'000	2021 QR'000
At 1 January	**8,480**	7,576
Provision made during the year	**230**	904
At 31 December	**8,710**	8,480

16 TRADE AND OTHER RECEIVABLES

	2022 QR'000	2021 QR'000
Trade receivables (gross)	**527,690**	476,365
Less: Provision for impairment of trade receivables (i)	**(125,502)**	(107,085)
Trade receivable (net)	**402,188**	369,280
Notes receivable	**9,204**	8,380
Unbilled income	**296,513**	220,102
Staff receivables (ii)	**44,142**	41,518
Prepaid expenses	**50,589**	54,139
Advances made to suppliers	**39,850**	42,970
Receivables from related parties (Note 34)	**3,529**	6,083
Positive fair value of interest rate swaps	**34,974**	-
Other receivables (net) (iii) (iv)	**155,198**	136,648
	1,036,187	879,120

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

	2022 QR'000	2021 QR'000
At 1 January	**107,085**	100,356
Provision made during the year (iv)	**18,969**	10,486
Provision utilised	**(552)**	(3,757)
At 31 December	**125,502**	107,085

(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.
(iv) Expected credit losses in the consolidated income statement comprise of the following:

	2022 QR'000	2021 QR'000
ECL on trade receivables	**18,969**	10,486
ECL on other receivables	**26,194**	-
At 31 December	**45,163**	10,486

17 EQUITY INSTRUMENTS AT FVTPL

	2022 QR'000	*2021 QR'000*
Listed equity securities - held for trading:		
Qatar Stock Exchange	**204**	153
Venture capital investment in a joint venture (i)	**501,546**	504,896
	501,750	505,049

Notes:
(i) During December 2021, the 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 (2021:QR 122.8 million). During the year 2021, 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

	2022 QR'000	*2021 QR'000*
Term deposits with banks	**1,237,442**	396,194
Term deposits maturing within 90 days (Note 19)	**-**	(46,092)
Term deposits maturing after 90 days	**1,237,442**	350,102

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:

	2022 QR'000	*2021 QR'000*
Cash at bank	**225,421**	254,124
Cash in hand	**4,631**	4,570
	230,052	258,694
Term deposits maturing within 90 days (Note 18)	**-**	46,092
Cash and cash equivalents	**230,052**	304,786

Included in cash at bank is an amount of QAR 19mn which is restricted in use.

20 SHARE CAPITAL

	Number of shares ('000')	***QR'000***
Authorised, issued and fully paid shares		
At 31 December 2022 :		
shares with nominal value of QR 1 each (i)	**1,136,165**	**1,136,165**

(i) All shares have equal rights.

21 TREASURY SHARES

Following the extraordinary General Meeting held on 8 November 2021, approving the cancellation of the outstanding treasury shares and receiving subsequent approvals from the QFMA on the 9th of January 2022, treasury shares amounting to QR 9,087,250 were cancelled. This resulted in the reduction in the share capital amounting to QR 9,087,250 with the corresponding adjustment affecting the fair value of treasury shares and the retained earnings.

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 2022, 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 2022, Halul Offshore Services Company W.L.L. had an interest rate swap agreement in place with a notional amount of USD 59,400,000 (translated to QR 216,810,000), 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 2021, Group entered into another interest rate swap agreement for a loan with notional amount of USD 46,079,450 (translated to QR 168,189,992) as of 31 December 2022, 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 25,432,787 as at 31 December 2022 (QR 15,028,200 for 2021) in respect of the effective portion of hedge. At 31 December 2022, the carrying value of the interest rate swaps amounts to QR 18,787,108 (negative QR 6,645,679 for 2021).

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 80,362,538 (translated to QR 293,323,265) and USD 81,971,562 (translated to QR 299,196,203), 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.

24 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

KG1 and KG2 recognised fair value gain on its interest rate swaps of USD 5,097,856 (translated to QR 18,607,175) and USD 5,199,926 (translated to QR 18,979,730) in the current reporting period. As at 31 December 2022, the carrying values of the interest rate swaps for KG 1 and KG 2 amounts to USD 2,195,423 (translated to QR 8,013,295) and USD 2,239,380 (translated to QR 8,173,737).

25 DIVIDENDS

Dividend proposed
The Board of Directors have proposed a 35% cash dividend of QR 0.35 per share totaling QR 398 million for the year 2022 which is subject to the approval of the equity holders at the Annual General Assembly.

Dividend declared for the year:

	2022 QR'000	*2021 QR'000*
Final Dividend (i)	**397,658**	340,849

(i) During the year, following the approval at the Annual General Assembly held on 16 March 2022, the Company paid 30% cash dividend of QR 0.3 per share totaling QR 341 million relating to the year 2021. (2021: QR 0.3 per share, totaling QR 341 million relating to year 2020).

26 LOANS AND BORROWINGS

	Notes	***Interest rate %***	***Maturity***	***2022 QR'000***	*2021 QR'000*
Loan 1	(i)	*LIBOR + 1.4*	*Dec 2024*	**199,750**	239,172
Loan 2	(ii)	*LIBOR+1.4*	*Dec 2024*	**168,190**	196,905
Loan 3	(iii)	*LIBOR + 1.75*	*Oct 2022*	**-**	167,170
Loan 4	(iv)	*LIBOR + 1.7*	*Dec 2023*	**592,210**	657,076
Loan 5	(v)	*LIBOR + 2.2*	*Oct 2023*	**96,517**	136,263
Loan 6	(vi)	*2.1%*	-	**-**	146,000
				1,056,667	1,542,586
Less: Deferred financing costs				**(320)**	(659)
				1,056,347	1,541,927

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

Current portion	**756,996**	485,267
Non-current portion	**299,351**	1,056,660
	1,056,347	1,541,927

Notes:

(i) Loan 1 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

(ii) Loan 2 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.

26 LOANS AND BORROWINGS (CONTINUED)

(iii) Loan 3 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 38,600,000 (translated to QR 145 million) at the end of the loan period. This facility has a mortgage over 17 vessels. This loan was fully settled during the current period.

(iv) 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.

(v) 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.

(vi) In the current reporting period the Group has settled the loan facility of USD 40 million (translated to QR 146 million) obtained during 2021 for the purpose of working capital financing. This facility carried an interest of 2.1% fixed.

(vii) The Group has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 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 82,861,000 (2021: QR 90,821,000).

	2022	*2021*
	QR'000	*QR'000*
At 1 January, as previously reported	**90,821**	98,947
Payments during the period	**(7,960)**	(8,126)
At 31 December	**82,861**	90,821

28 LEASE LIABILITIES

The movements of finance lease liabilities were as follows:

	2022	*2021*
	QR'000	*QR'000*
At 1 January, as previously reported	**156,796**	245,105
Additions	**179,902**	19,685
Modifications	**(7,525)**	(3,781)
Termination	**(25,553)**	(12,188)
Payments	**(82,937)**	(92,025)
At 31 December	**220,683**	156,796

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

	2022	*2021*
	QR'000	*QR'000*
Non-current	**139,469**	62,987
Current	**81,214**	93,809
At 31 December	**220,683**	156,796

The total finance cost for 2022 arising from lease liabilities amounted to QR 7.4 million (2021: QR 11.4 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:

	2022	*2021*
	QR'000	*QR'000*
At 1 January	**110,977**	114,464
Provisions made	**16,240**	16,328
Provisions used	**(8,060)**	(14,812)
Transferred to the pension fund	**(3,061)**	(5,003)
At 31 December	**116,096**	110,977
End of service benefits plans (i)	**115,049**	110,006
Pension plan (ii) (Note 30)	**1,047**	971
At 31 December	**116,096**	110,977

(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.

30 TRADE AND OTHER PAYABLES

	2022	*2021*
	QR'000	*QR'000*
Trade accounts and notes payable	**199,484**	107,264
Accrued expenses	**301,059**	326,112
Advances received from customers	**47,217**	55,656
Payables to related parties (Note 34)	**10,688**	15,884
Negative fair value of interest rate swaps (Note 24)	**-**	28,045
Contribution to social and sports fund (Note 31)	**25,319**	18,104
Pension plan (Note 29)	**1,047**	971
Other payables (i)	**169,688**	258,052
	754,502	810,088

(i) Other payables includes retention payable amounting to QR 3 million (2021: QR 24 million) and dividend payable of QR 51 million (2021 : QR 46 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 25.3 million (2021: QR 18.1 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

	2022	*2021*
	QR'000	*QR'000*
Capital commitments - Property, vessels and equipment		
Estimated capital expenditure approved as at the reporting date	**673,744**	829,166

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:

	2022	*2021*
	QR'000	*QR'000*
Within one year	**6,014**	6,209
After one year but not more than five years	**445**	1,191
Total rentals committed for at the reporting date	**6,459**	7,400

33 CONTINGENT LIABILITIES

At 31 December 2022, 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:

	2022	*2021*
	QR'000	*QR'000*
Letters of guarantee	**1,014,687**	874,485
Letters of credit	**303**	22,756
	1,014,990	897,241

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 legal proceedings against the Group.
Subsequent to the reporting date, the dispute has been settled following a settlement agreement.

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:

	2022			
	Sales QR'000	***Purchases QR'000***	***Interest income QR'000***	***Receipt of loan instalments QR'000***
Associates	**2,176**	**784**	**10,066**	**27,841**

	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

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

	2022		*2021*	
	Receivables QR'000	***Payables QR'000***	*Receivables QR'000*	*Payables QR'000*
Joint ventures	**-**	**10,339**	1,232	15,264
Associates	**3,262**	**105**	2,864	467
Directors	**267**	**244**	1,987	153
	3,529	**10,688**	6,083	15,884

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 102,297,000 (2021: QR 125,196,000) 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:

	2022 QR'000	*2021 QR'000*
Board of Directors remuneration and benefits	**13,950**	13,950
Short-term benefits	**10,635**	11,937
Employees' end of service benefits	**735**	805
	25,320	26,692

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 2022

	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	**539,610**	**1,404,024**	**1,211,586**	**326,749**	**218,604**	**-**	**3,700,573**	**(415,317)**	*(i)*	**3,285,256**
Salaries, wages and other benefits	**(11,703)**	**(345,778)**	**(93,292)**	**(15,891)**	**(26,097)**	**(138,836)**	**(631,597)**	**-**		**(631,597)**
Operating supplies and expenses	**(223,928)**	**(925,016)**	**(445,898)**	**(295,303)**	**(22,332)**	**(13,923)**	**(1,926,400)**	**363,862**	*(i)*	**(1,562,538)**
Rent expenses	**(1,831)**	**(42,653)**	**(1,314)**	**(2,562)**	**(409)**	**(7,369)**	**(56,138)**	**47,858**	*(i)*	**(8,280)**
Depreciation and amortisation	**(68,661)**	**(29,146)**	**(214,721)**	**(1,502)**	**(53,966)**	**(1,923)**	**(369,919)**	**-**		**(369,919)**
Provision for impairment of trade and other receivables	**(24,430)**	**(21,066)**	**666**	**(333)**	**-**	**-**	**(45,163)**	**-**		**(45,163)**
Other operating expenses	**(13,444)**	**(77,722)**	**(42,618)**	**(3,209)**	**(14,664)**	**(32,844)**	**(184,501)**	**3,597**	*(i)*	**(180,904)**
Allocations relating to fleet and technical services	**-**	**290,973**	**(284,826)**	**-**	**(6,147)**	**-**	**-**	**-**		**-**
Allocations relating to Milaha Corporate	**(21,837)**	**(120,180)**	**(27,844)**	**(13,435)**	**(11,589)**	**194,885**	**-**	**-**		**-**
OPERATING PROFIT BEFORE IMPAIRMENTS	**173,776**	**133,436**	**101,739**	**(5,486)**	**83,400**	**(10)**	**486,855**	**-**		**486,855**
Impairment on property, vessels and intangible assets	**(85,522)**	**(779)**	**-**	**-**	**(79,425)**	**-**	**(165,726)**	**-**		**(165,726)**
Finance costs	**(2,548)**	**(6,371)**	**(34,405)**	**-**	**(34,834)**	**-**	**(78,158)**	**18,951**	*(i)*	**(59,207)**
Finance income	**8,765**	**-**	**4,832**	**216**	**19,804**	**62**	**33,679**	**(18,951)**	*(i)*	**14,728**
Share of results of joint ventures	**-**	**157,211**	**-**	**-**	**22,023**	**-**	**179,234**	**-**		**179,234**
Share of results of associates	**(1,620)**	**2,009**	**-**	**-**	**541,636**	**-**	**542,025**	**-**		**542,025**
Net gain (loss) on disposal of property, vessels and equipment	**-**	**812**	**8,478**	**(2)**	**11,531**	**(3)**	**20,816**	**-**		**20,816**
Net gain (loss) on foreign exchange transactions	**194**	**(2,074)**	**482**	**4**	**13**	**(49)**	**(1,430)**	**-**		**(1,430)**
PROFIT BEFORE TAX	**93,045**	**284,244**	**81,126**	**(5,268)**	**564,148**	**-**	**1,017,295**	**-**		**1,017,295**
Tax credit (expense)	**1,116**	**(602)**	**(2,779)**	**254**	**1,177**	**-**	**(834)**	**-**		**(834)**
PROFIT FOR THE YEAR	**94,161**	**283,642**	**78,347**	**(5,014)**	**565,325**	**-**	**1,016,461**	**-**		**1,016,461**

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 (loss) 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

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:

	2022				
	Qatar QR'000	***Singapore QR'000***	***UAE QR'000***	***Germany QR'000***	***Total QR'000***
Operating revenues	**2,794,642**	**6,462**	**303,708**	**180,444**	**3,285,256**
Profit (loss) for the year	**1,039,716**	**(12,829)**	**12,976**	**(23,402)**	**1,016,461**

	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 (loss) for the year	712,602	(72,042)	31,501	54,512	726,573

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, positive fair value of interest rate swaps, financial assets at FVOCI, equity investments at FVTPL, 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:

	2022	*2021*
	QR'000	*QR'000*
Floating interest rate instruments		
Bank call accounts	**-**	1,861
Loans granted to LNG companies	**-**	2,993
Financial liabilities	**(1,056,667)**	(1,396,586)
	(1,056,667)	(1,391,732)
Fixed interest rate instruments		
Investments in term deposits	**1,237,442**	396,194
Investment in bonds	**379,494**	308,326
Loans granted to LNG companies	**102,297**	122,203
Financial Liabilities	**-**	(146,000)
	1,719,233	680,723

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 in basis points	*Effect on profit for the year QR'000*
2022		
Floating interest rate instruments	**+25**	**(2,642)**
2021		
Floating interest rate instruments	+25	(3,479)

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 ('IBOR') to facilitate an orderly transition to these rates. LIBOR rate publication is being ceased by 31st December 2022 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 2022 and other USD LIBOR tenor rates will cease by 30th June 2023.

The Group has an active transition project in place which had commenced in the year 2022 and also has in place plans, processes and procedures to support the transitioning of its exposures.

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 2022, The Group has USD LIBOR based financial instruments with nominal amount of contracts amounting to QR 1,056 million, out of which QR 960 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 10 thousand (2021: QR 8 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 100 million (2021: QR 158 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:

	2022	*2021*
	QR'000	*QR'000*
Loans granted to LNG Companies (Note 14)	**102,297**	125,196
Trade receivable (net) (Note 16)	**402,188**	369,280
Notes receivable (Note 16)	**9,204**	8,380
Unbilled income (Note 16)	**296,513**	220,102
Staff receivables (Note 16)	**44,142**	41,518
Receivables from related parties (Note 34)	**3,529**	6,083
Other receivables (net) (Note 16)	**155,198**	136,648
Other assets	**138**	24,375
Term deposits with banks (Note 18)	**1,237,442**	396,194
Bank balance (Note 19)	**225,421**	254,124
	2,476,072	1,581,900

36 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

Trade and other receivables (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 2022, trade receivable with nominal value of QR 126 million (2021: QR 107 million) were impaired.

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

		Past due but not impaired				
	Total QR'000	*0 - 30 days QR'000*	*31 - 120 days QR'000*	*121 - 210 days QR'000*	*211 - 365 days QR'000*	*> 365 days QR'000*
2022	*402,188*	*253,702*	*125,537*	*16,910*	*4,312*	*1,727*
2021	*369,280*	*278,726*	*64,518*	*3,769*	*13,029*	*9,238*

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.

2022	*Trade receivables – Days past due*					
QR'000	*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%***	***10%***	***76%***	***68%***	***99%***	***25%***
Estimated total gross carrying amount at default Lifetime ECL	***9,540***	***14,219***	***9,673***	***9,908***	***82,162***	***125,502***

2021	*Trade receivables – Days past due*					
QR'000	*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***
2022				
Trade accounts and notes payable	**199,484**	**-**	**-**	**199,484**
Contribution to Social and Sport Fund	**25,319**	**-**	**-**	**25,319**
Accrued expenses	**301,059**	**-**	**-**	**301,059**
Lease liabilities	**81,601**	**118,476**	**22,155**	**222,232**
Loans and borrowings	**756,996**	**299,351**	**-**	**1,056,347**
Payables to related parties	**10,688**	**-**	**-**	**10,688**
Other payables	**169,688**	**-**	**-**	**169,688**
Total	**1,544,835**	**417,827**	**22,155**	**1,984,817**

	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

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 2022 and 31 December 2021.

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:

	2022	*2021*
	QR'000	*QR'000*
Debt (i)	**1,056,347**	1,541,927
Less: Cash and cash equivalents (Note 19)	**(230,052)**	(304,786)
Less: Investments in term deposits (Note 18)	**(1,237,442)**	(350,102)
Net (asset) debt	**(411,147)**	887,039
Equity attributable to equity holders of the Parent	**16,041,570**	14,719,576
Gearing ratio	**(3%)**	6%

(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 2022	**Financing cash flows**	**Non-cash changes**	**At 31 December 2022**
	QR'000	***QR'000***	***QR'000***	***QR'000***
Loans and borrowings (Note 26)	**1,541,927**	**(485,580)**	**-**	**1,056,347**
Lease Liabilities (Note 28)	**156,796**	**(82,937)**	**146,824**	**220,683**
Dividend Payable (Note 25)	**-**	**(342,099)**	**342,099**	**-**

	At 1 January 2021	**Financing cash flows**	**Non-cash changes**	**At 31 December 2021**
	QR'000	***QR'000***	***QR'000***	***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	-

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*	
	2022	*2021*	***2022***	*2021*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Financial assets at fair value through profit or loss				
Equity instruments at FVTPL	**501,750**	505,049	501,750	505,049

	Carrying amount		*Fair value*	
	2022	*2021*	***2022***	*2021*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Financial assets (liabilities) at fair value through other comprehensive income				
Financial assets at FVOCI	**2,566,504**	3,556,869	**2,566,504**	3,556,869
Interest rate swaps (cash flow hedge)	**34,974**	(28,045)	**34,974**	(28,045)
	2,601,478	3,528,824	**2,601,478**	3,528,824

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, investmentS 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 2022, 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:

	2022 ***QR'000***	***Level 1*** ***QR'000***	***Level 2*** ***QR'000***	***Level 3*** ***QR'000***
Assets measured at fair value				
Equity instruments as FVTPL	**501,750**	**204**	**-**	**501,546**
Fair value through other comprehensive income:				
Quoted shares	**2,008,902**	**2,008,902**	**-**	**-**
Unquoted shares	**81,603**	**-**	**-**	**81,603**
Unquoted investments in foreign companies	**96,505**	**-**	**96,505**	**-**
Investments in corporate bonds	**379,494**	**-**	**379,494**	**-**
Interest rate swaps	**34,974**	**-**	**34,974**	**-**

	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 through OCI				
Interest rate swaps	28,045	-	28,045	-

The fair value of financial assets and liabilities is included at the amount at which the instruments could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

The fair value of Quoted shares is based on quoted prices at the reporting dates.

The fair value of Equity instruments at FVTPL, unquoted shares and investments in bonds have been estimated by using models that requires the management to make certain assumptions about the model inputs including forecast of cash flows, discount rates, credit risk and volatility.

The Group enters into interest rate swaps with financial institutions with investment grade credit ratings. Interest rate swaps are valued using valuation techniques which employs the use of market observable inputs.

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:

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 the 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)

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.

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.

38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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.