

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

30 JUNE 2023

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the six-month period ended 30 June 2023

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Qatar Navigation Q.P.S.C and its subsidiaries (the 'Group') as at 30 June 2023 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity, and cash flows for the six month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 'Interim financial reporting' as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

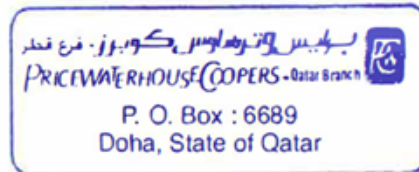
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim financial reporting'.

For and on behalf of PricewaterhouseCoopers – Qatar Branch

Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni
Auditor's registration number 370
Doha, State of Qatar
6 August 2023



Qatar Navigation Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 June 2023

		<i>For the six-month period ended 30 June</i>		
		<i>2023</i>	<i>2022</i>	
		<i>(Reviewed)</i>		
<i>Notes</i>		<i>QR'000</i>	<i>QR'000</i>	
	Operating revenues	4	1,510,816	1,773,744
	Salaries, wages and other benefits		(304,026)	(312,642)
	Operating supplies and expenses		(615,305)	(858,239)
	Rent expenses		(5,104)	(3,525)
	Depreciation and amortization		(191,672)	(184,801)
	Reversal of/(Provision for) impairment of receivables		2,555	(23,322)
	Other operating expenses		(53,606)	(80,900)
	OPERATING PROFIT		343,658	310,315
	Finance costs		(27,000)	(29,479)
	Finance income		9,296	7,340
	Net gain on disposal of property, vessels and equipment		4,278	859
	Share of results of associates		248,340	275,292
	Share of results of joint ventures		69,060	76,337
	Net gain on foreign exchange		223	1,373
	PROFIT FOR THE PERIOD		647,855	642,037
	<i>Attributable to:</i>			
	Equity holders of the Parent		647,667	640,902
	Non-controlling interest		188	1,135
			647,855	642,037
	BASIC AND DILUTED EARNINGS PER SHARE			
	<i>(attributable to equity holders of the Parent)</i>			
	<i>(expressed in QR per share)</i>	15	0.57	0.56



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

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

Qatar Navigation Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2023

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Profit for the period	<u>647,855</u>	<u>642,037</u>
Other comprehensive income (OCI):		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net (loss)/gain on financial assets at FVOCI	(107,924)	98,769
Equity-accounted investees – share of OCI	(5,809)	9,823
	(113,733)	108,592
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net (loss)/gain resulting from cash flow hedges	(4,708)	46,719
Cash flow hedge movement for equity-accounted investees	32,745	432,115
	28,037	478,834
Total	<u>(85,696)</u>	<u>587,426</u>
Total comprehensive income for the period	<u>562,159</u>	<u>1,229,463</u>
<i>Attributable to:</i>		
Equity holders of the Parent	561,935	1,228,123
Non-controlling interests	224	1,340
	<u>562,159</u>	<u>1,229,463</u>



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

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

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL
POSITION
At 30 June 2023

		30 June 2023 (Reviewed) QR'000	31 December 2022 (Audited) QR'000
ASSETS			
Non-current assets			
	5	2,814,156	2,841,223
Property, vessels and equipment			
	6	871,195	884,419
Investment property			
		14,993	15,625
Intangible assets			
		159,066	209,590
Right-of-use assets			
		1,040,968	1,024,826
Investments in joint ventures			
		7,561,085	7,548,209
Investments in associates			
		2,397,891	2,566,504
Financial assets at FVOCI			
		100,121	102,297
Loans granted to LNG companies			
		573	138
Other assets			
Total Non-current assets		14,960,048	15,192,831
Current assets			
		95,289	114,945
Inventories			
		926,494	1,036,187
Trade and other receivables			
		501,858	501,750
Equity instruments at FVTPL			
	7	1,456,457	1,237,442
Investments in term deposits			
		217,767	230,052
Cash and cash equivalents			
Total Current assets		3,197,865	3,120,376
Total Assets		18,157,913	18,313,207
EQUITY AND LIABILITIES			
Attributable to equity holders of the Parent			
	9	1,136,165	1,136,165
Share capital			
		4,693,986	4,693,986
Legal reserve			
		623,542	623,542
General reserve			
		2,306,546	2,472,074
Fair value reserve			
		1,021,671	993,634
Hedging reserve			
		6,423,937	6,122,169
Retained earnings			
Equity attributable to equity holders of the Parent		16,205,847	16,041,570
Non-controlling interests		42,419	42,195
Total Equity		16,248,266	16,083,765

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



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

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL
POSITION (CONTINUED)
 At 30 June 2023

EQUITY AND LIABILITIES (CONTINUED)	30 June 2023 (Reviewed) QR'000	31 December 2022 (Audited) QR'000
Liabilities		
Non-current liabilities		
Loans and borrowings	265,669	299,351
Advance from a customer	78,729	82,861
Lease liabilities	78,904	139,469
Provision for employees' end of service benefits	<u>116,416</u>	<u>115,049</u>
Total Non-current liabilities	<u>539,718</u>	<u>636,730</u>
Current liabilities		
Trade and other payables	575,139	754,502
Loans and borrowings	703,617	756,996
Lease liabilities	<u>91,173</u>	<u>81,214</u>
Total Current liabilities	<u>1,369,929</u>	<u>1,592,712</u>
Total Liabilities	<u>1,909,647</u>	<u>2,229,442</u>
TOTAL EQUITY AND LIABILITIES	<u>18,157,913</u>	<u>18,313,207</u>

On 6 August 2023, the Company's Board of Directors authorised these condensed consolidated interim financial statements for issue, which were signed on its behalf by the following:



.....
 Khalid bin Khalifa bin Jassim Fahad Al-Thani
 Vice Chairman



.....
 Mohammed Abdulla Swidan
 Interim Group Chief Executive Officer



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

Qatar Navigation Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2023

	Attributable to the equity holders of the Parent							Non-controlling interest QR'000	Total QR'000	
	Share capital QR'000	Treasury shares QR'000	Legal reserve QR'000	General reserve QR'000	Fair value reserve QR'000	Hedging reserve QR'000	Retained earnings QR'000			Total QR'000
Balance at 31 December 2022 (Audited)	1,136,165	-	4,693,986	623,542	2,472,074	993,634	6,122,169	16,041,570	42,195	16,083,765
Profit for the period	-	-	-	-	-	-	647,667	647,667	188	647,855
Other comprehensive (loss) income	-	-	-	-	(113,769)	28,037	-	(85,732)	36	(85,696)
Total comprehensive income	-	-	-	-	(113,769)	28,037	647,667	561,935	224	562,159
<i>Transactions with owners of the Group:</i>										
Dividends paid (Note 11)	-	-	-	-	-	-	(397,658)	(397,658)	-	(397,658)
<i>Other equity movement:</i>										
Reclassification on disposal of FVOCI	-	-	-	-	(51,759)	-	51,759	-	-	-
At 30 June 2023 (Reviewed)	1,136,165	-	4,693,986	623,542	2,306,546	1,021,671	6,423,937	16,205,847	42,419	16,248,266

	Attributable to the equity holders of the Parent							Non-controlling interest QR'000	Total QR'000	
	Share capital QR'000	Treasury shares QR'000	Legal reserve QR'000	General reserve QR'000	Fair value reserve QR'000	Hedging reserve QR'000	Retained earnings QR'000			Total QR'000
Balance at 31 December 2021 (Audited)	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
Profit for the period	-	-	-	-	-	-	640,902	640,902	1,135	642,037
Other comprehensive income	-	-	-	-	108,387	478,834	-	587,221	205	587,426
Total comprehensive income	-	-	-	-	108,387	478,834	640,902	1,228,123	1,340	1,229,463
<i>Transactions with owners of the Group:</i>										
Dividends paid	-	-	-	-	-	-	(340,849)	(340,849)	(1,250)	(342,099)
<i>Other equity movement:</i>										
Reclassification on disposal of FVOCI	-	-	-	-	(825,592)	-	825,592	-	-	-
Reduction of share capital (Note 10)	(9,087)	73,516	-	-	-	-	(64,429)	-	-	-
At 30 June 2022 (Reviewed)	1,136,165	-	4,693,986	623,542	2,690,761	757,478	5,704,918	15,606,850	40,179	15,647,029

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

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



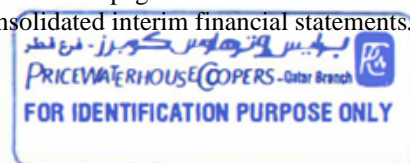
Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2023

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	647,855	642,037
Adjustments for:		
Depreciation of property, vessels and equipment	122,569	117,974
Depreciation of investment property	24,640	20,833
Amortisation of intangible assets	2,198	4,704
Depreciation of right-of-use assets	42,265	41,290
Net gain on disposal of property, vessels and equipment	(4,278)	(859)
Share of results of associates	(248,340)	(275,292)
Share of results of joint ventures	(69,060)	(76,337)
Provision for employees' end of service benefits	9,517	6,318
Dividend income	(105,675)	(121,191)
Net fair value (gain)/loss on equity instruments at FVTPL	(108)	1,800
(Reversal of)/Provision for impairment of trade receivables	(2,555)	23,322
Finance costs	27,000	29,479
Finance income	(9,296)	(7,340)
Operating profit before working capital changes:	436,732	406,738
<i>Changes in:</i>		
Inventories	19,656	(19,202)
Trade and other receivables	109,281	(162,317)
Trade and other payables	(184,021)	(40,967)
Cash flows from operating activities	381,648	184,252
Employees' end of service benefits paid	(8,759)	(3,598)
Net cash flows from operating activities	372,889	180,654
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, vessels and equipment	(108,248)	(143,827)
Purchases of investment property	(11,416)	(27,981)
Additions to intangible assets	(837)	(1,245)
Net movement of investments in term deposits	(219,015)	(886,143)
Investments in financial assets at FVOCI	(49,186)	(122,420)
Proceeds from disposal of property, vessels and equipment	16,277	9,186
Proceeds from disposal of intangible assets	19	-
Proceeds from disposal of financial assets at FVOCI	111,099	1,042,092
Dividends received from joint ventures	52,919	71,170
Dividends received from associates	262,764	240,973
Dividends received from investments	105,675	121,191
Finance income received	9,296	7,340
Net cash flows from investing activities	169,347	310,336

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

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

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



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

For the six-month period ended 30 June 2023

		<i>For the six-month period ended</i>	
		<i>30 June</i>	
		<i>2023</i>	<i>2022</i>
		<i>(Reviewed)</i>	
<i>Notes</i>		<i>QR'000</i>	<i>QR'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
	11	(397,658)	(340,849)
		-	(1,250)
		(42,802)	(46,022)
		(87,061)	(155,216)
		-	146,000
		(27,000)	(29,479)
		(554,521)	(426,816)
		(12,285)	64,174
		230,052	304,786
	8	217,767	368,960



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

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six-month period ended 30 June 2023

1. REPORTING ENTITY

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

These condensed consolidated interim financial statements comprise the Company and its subsidiaries (collectively referred as the “Group” and individually as the “Group entities”) and the Group’s interests in equity-accounted investees.

The principal activities of the Group, which remain unchanged from the previous period, include the provision of marine transport, acting as agent to foreign shipping lines, offshore services, sale of heavy vehicles, ship repair, fabrication and installation of offshore structures, land transport, chartering of vessels, real estate, investments in listed and unlisted securities, trading of aggregates, building materials, warehousing, and supply chain management.

The structure of the Group has not changed since the last annual consolidated financial statements as at and for the year ended 31 December 2022 (the “latest annual financial statements”).

The condensed consolidated interim financial statements of the Group were authorised for issue by the Company’s Board of Directors on 6 August 2023.

2. BASIS OF CONSOLIDATION

2.1 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting and are prepared in Qatari Riyals (“QR”), which is the Group’s functional and presentation currency, and all values are rounded to the nearest thousands (QR’000) except otherwise indicated.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2022. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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

The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty and Group’s financial risk management objectives and policies were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022 (except the changes mentioned in Note 2.2).

2.2 New standards, interpretations and amendments adopted by the Group

New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2. BASIS OF CONSOLIDATION (CONTINUED)**Impact of new standards (issued but not yet adopted by the Group)**

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

3. USE OF JUDGMENTS AND ESTIMATES

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the latest annual financial statements for the year ended 31 December 2022.

Measurement of fair values

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

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

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

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

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

4. OPERATING REVENUES

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

	<i>Six-month period ended 30</i>	
	<i>June</i>	
	<i>2023</i>	<i>2022</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Milaha Capital	245,971	290,490
Milaha Maritime and Logistics	433,208	693,567
Milaha Offshore	649,323	586,557
Milaha Trading	62,186	102,210
Milaha Gas and Petrochem	120,128	100,920
	1,510,816	1,773,744

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six-month period ended 30 June 2023

5. PROPERTY, VESSELS AND EQUIPMENT

	<i>30 June 2023 (Reviewed) QR'000</i>	<i>31 December 2022 (Audited) QR'000</i>
At 1 January	2,841,223	3,005,027
Additions	108,248	226,358
Disposals and write off	(11,999)	(48,471)
Transfers and reclassifications	(747)	(5,825)
Impairment of property, vessels and equipment	-	(98,243)
Depreciation charge for the period / year	(122,569)	(237,623)
At 30 June / 31 December	<u>2,814,156</u>	<u>2,841,223</u>

6. INVESTMENT PROPERTY

	<i>30 June 2023 (Reviewed) QR'000</i>	<i>31 December 2022 (Audited) QR'000</i>
At 1 January	884,419	782,354
Additions	11,416	140,927
Depreciation charge for the period / year	(24,640)	(44,177)
Transfers and reclassifications	-	5,315
At 30 June / 31 December	<u>871,195</u>	<u>884,419</u>

7. INVESTMENTS IN TERM DEPOSITS

	<i>30 June 2023 (Reviewed) QR'000</i>	<i>31 December 2022 (Audited) QR'000</i>
Term deposits with banks	1,465,690	1,237,442
Less: Term deposits maturing before 90 days	(9,233)	-
Term deposits maturing after 90 days (i)	<u>1,456,457</u>	<u>1,237,442</u>

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

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six-month period ended 30 June 2023

8. CASH AND CASH EQUIVALENTS

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

	30 June 2023 (Reviewed) QR'000	30 June 2022 (Reviewed) QR'000
Cash in hand	4,629	5,065
Bank balance – term deposits (i)	9,233	93,256
Bank balance	<u>203,905</u>	<u>270,639</u>
Cash and cash equivalents in the condensed consolidated interim statement of cash flows	<u>217,767</u>	<u>368,960</u>

(i) Deposits with an original maturity of less than 90 days are made for varying periods depending on the immediate cash requirements of the Group at commercial market rates.

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

9. SHARE CAPITAL

	Number of shares (‘000’)	QR'000
<i>Authorised, issued and fully paid shares</i>		
At 30 June 2023 and 31 December 2022	<u>1,136,165</u>	<u>1,136,165</u>

All shares have equal rights.

10. TREASURY SHARES

During the comparative period, 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 9,087,250 was 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 in the comparative period.

11. DIVIDENDS

Dividend proposed and paid for the year 2022

The Board of Directors have proposed a 35% cash dividend of QR 0.35 per share totaling QR 398 million for the year 2022 and was approved by the equity holders at the Annual General Assembly.

12. CONTINGENT LIABILITIES

	30 June 2023 (Reviewed) QR'000	31 December 2022 (Audited) QR'000
Letters of guarantees	1,049,681	1,014,687
Letters of credits	<u>-</u>	<u>303</u>
	<u>1,049,681</u>	<u>1,014,990</u>

13. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Financial assets consist of bank balances and cash equivalents, financial assets at FVOCI, equity instruments at FVTPL, loans granted to LNG companies and certain other receivables. Financial liabilities consist of loans and borrowings and certain other payables. Derivative financial instruments consist of interest rate swaps.

Carrying amounts and fair values

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

	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>30 June 2023 (Reviewed) QR'000</i>	<i>31 December 2022 (Audited) QR'000</i>	<i>30 June 2023 (Reviewed) QR'000</i>	<i>31 December 2022 (Audited) QR'000</i>
Financial assets at fair value through profit or loss				
Equity instruments at FVTPL	<u>501,858</u>	<u>501,750</u>	<u>501,858</u>	<u>501,750</u>
Financial assets at fair value through other comprehensive income				
Financial assets at FVOCI	<u>2,397,891</u>	2,566,504	<u>2,397,891</u>	2,566,504
Interest rate swaps (cash flow hedge)	<u>30,266</u>	<u>34,974</u>	<u>30,266</u>	<u>34,974</u>
	<u>2,428,157</u>	<u>2,601,478</u>	<u>2,428,157</u>	<u>2,601,478</u>

Measurement of fair values

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, investment in term deposits, trade and other receivables, trade and other payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of financial assets at FVOCI and equity instruments at FVTPL is derived from quoted market prices in active markets.
- Fair value of unquoted financial assets at FVOCI and equity instruments at FVTPL is estimated using appropriate valuation techniques.
- Loans granted to LNG companies are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. As the reporting period, the carrying amounts of such receivables are not materially different from their calculated fair values.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives are valued based on market valuation provided by the respective financial institution.

13. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	<i>30 June</i> 2023 <i>QR'000</i>	<i>Level 1</i> <i>QR'000</i>	<i>Level 2</i> <i>QR'000</i>	<i>Level 3</i> <i>QR'000</i>
Financial assets at fair value through profit or loss:				
Equity instruments at FVTPL	501,858	207	-	501,651
Financial assets at fair value through other comprehensive income:				
Quoted shares	1,855,562	1,855,562	-	-
Unquoted shares	14,055	-	-	14,055
Unquoted investments in foreign companies	139,535	-	139,535	-
Investments in corporate bonds	388,739	-	388,739	-
Interest rate swaps	30,266	-	30,266	-

	<i>31 December</i> 2022 <i>QR'000</i>	<i>Level 1</i> <i>QR'000</i>	<i>Level 2</i> <i>QR'000</i>	<i>Level 3</i> <i>QR'000</i>
Financial assets at fair value through profit or loss:				
Equity instruments as FVTPL	501,750	204	-	501,546
Financial assets at 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	-

During the six-month period ended 30 June 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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

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

14. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties during the six-month period ended 30 June 2023 and 2022, as well as balances with related parties as at 30 June 2023 and 31 December 2022:

Related party transactions

	<i>Six-month period ended 30 June</i>			
	<i>2023</i>		<i>2022</i>	
	<i>Sales</i>	<i>Purchases</i>	<i>Sales</i>	<i>Purchases</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Associates	1,766	215	1,473	482

Related party balances

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

	<i>30 June 2023</i>		<i>31 December 2022</i>	
	<i>Trade</i>	<i>Trade</i>	<i>Trade</i>	<i>Trade</i>
	<i>receivables</i>	<i>payables</i>	<i>receivables</i>	<i>payables</i>
	<i>(Reviewed)</i>		<i>(Audited)</i>	
<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Joint ventures	3,917	3,838	-	10,339
Associates	4,880	99	3,262	105
Directors	456	155	267	244
	9,253	4,092	3,529	10,688

Compensation of directors and other key management personnel

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

	<i>Six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Salaries and allowances	5,636	5,584
Provision for employees' end of service benefits	829	384
Board of directors' remuneration – cash	6,975	6,975
	13,440	12,943

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15. BASIC AND DILUTED EARNINGS PER SHARE

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

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

	<i>Six-month ended 30 June</i>	
	2023	2022
	<i>(Reviewed)</i>	
	<u> </u>	<u> </u>
Net profit for the period attributable to equity holders of the Parent (QR'000)	647,667	640,902
Weighted average number of shares (000's)	1,136,165	1,136,165
Basic and diluted earnings per share (QR)	0.57	0.56

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

	<i>Six-month ended 30 June</i>	
	2023	2022
	<i>(Reviewed)</i>	
	<u> </u>	<u> </u>
Total number of shares outstanding as at the beginning of the period (000's)	1,136,165	1,145,252
Adjustment for weighted average shares with respect to treasury shares purchased in 2013 (000's) (i)	-	(9,087)
Weighted average numbers of shares during the period (000's)	1,136,165	1,136,165

During the comparative period, the Company completed the cancellation of treasury shares, this resulted in the decrease in the issued and outstanding shares amounting to QR 9,087,250. No changes on weighted average number of shares have occurred as a result of this.

16. SEGMENT INFORMATION

Group is organised into six pillars as follows, which constitute five reportable segments (strategic divisions):

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

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

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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16. SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2023 (Reviewed)

	<i>Milaha Capital QR'000</i>	<i>Milaha Maritime and Logistics QR'000</i>	<i>Milaha Offshore QR'000</i>	<i>Milaha Trading QR'000</i>	<i>Milaha Gas and Petrochem QR'000</i>	<i>Adjustments relating to Milaha Corporate QR'000</i>	<i>Total segments QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Consolidated QR'000</i>
Operating revenues	265,571	502,533	649,323	126,645	120,128	-	1,664,200	(153,384)	1,510,816
Salaries, wages and other benefits	(10,563)	(161,801)	(47,283)	(7,607)	(14,168)	(62,604)	(304,026)	-	(304,026)
Operating supplies and expenses	(52,734)	(373,271)	(200,443)	(107,048)	(8,150)	(5,910)	(747,556)	132,251	(615,305)
Rent expenses	(1,325)	(17,585)	(560)	(1,226)	(58)	(3,811)	(24,565)	19,461	(5,104)
Depreciation and amortisation (Provision for)/Reversal of impairment of receivables	(34,984)	(17,747)	(111,996)	(939)	(24,792)	(1,214)	(191,672)	-	(191,672)
Other operating expenses	485	(38,331)	254	(1,564)	(5,208)	(10,914)	(55,278)	1,672	(53,606)
Allocations relating to fleet and technical services	-	142,332	(142,324)	-	(8)	-	-	-	-
Allocations relating to Milaha Corporate	(8,487)	(55,157)	(10,273)	(5,992)	(4,523)	84,432	-	-	-
OPERATING PROFIT	157,362	(16,415)	135,929	1,404	65,399	(21)	343,658	-	343,658
Finance costs	(528)	(3,938)	(16,211)	-	(14,228)	-	(34,905)	7,905	(27,000)
Finance income	5,155	-	3,434	90	8,501	21	17,201	(7,905)	9,296
Net gain on disposal of property, vessels and equipment	-	-	4,278	-	-	-	4,278	-	4,278
Share of results of associates	454	458	-	-	247,428	-	248,340	-	248,340
Share of results of joint ventures	-	49,766	-	-	19,294	-	69,060	-	69,060
Net (loss)/gain on foreign exchange	(35)	212	92	(45)	(1)	-	223	-	223
PROFIT FOR THE PERIOD	162,408	30,083	127,522	1,449	326,393	-	647,855	-	647,855

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16. SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2022 (Reviewed)

	<i>Milaha Capital QR'000</i>	<i>Milaha Maritime and Logistics QR'000</i>	<i>Milaha Offshore QR'000</i>	<i>Milaha Trading QR'000</i>	<i>Milaha Gas and Petrochem QR'000</i>	<i>Adjustments relating to Milaha Corporate QR'000</i>	<i>Total segments QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Consolidated QR'000</i>
Operating revenues	312,797	747,946	586,557	174,420	100,920	-	1,922,640	(148,896)	1,773,744
Salaries, wages and other benefits	(6,110)	(173,221)	(43,956)	(7,720)	(11,627)	(70,008)	(312,642)	-	(312,642)
Operating supplies and expenses	(113,972)	(467,482)	(218,472)	(161,037)	(14,561)	(6,095)	(981,619)	123,380	(858,239)
Rent expenses	(787)	(20,266)	(837)	(1,353)	(204)	(3,680)	(27,127)	23,602	(3,525)
Depreciation and amortisation	(33,509)	(13,594)	(110,369)	(676)	(25,709)	(944)	(184,801)	-	(184,801)
(Provision for)/Reversal of impairment of receivables	(16,187)	(7,348)	324	(111)	-	-	(23,322)	-	(23,322)
Other operating expenses	(4,712)	(36,888)	(18,602)	(1,325)	(6,700)	(14,587)	(82,814)	1,914	(80,900)
Allocations relating to fleet and technical services	-	143,780	(138,681)	-	(5,099)	-	-	-	-
Allocations relating to Milaha Corporate	(11,704)	(57,060)	(13,330)	(6,621)	(6,578)	95,293	-	-	-
OPERATING PROFIT	125,816	115,867	42,634	(4,423)	30,442	(21)	310,315	-	310,315
Finance cost	(1,831)	(2,630)	(16,603)	-	(18,130)	-	(39,194)	9,715	(29,479)
Finance income	5,006	-	1,808	93	10,120	28	17,055	(9,715)	7,340
Net gain/(loss) on disposal of property, vessels and equipment	-	873	(23)	8	1	-	859	-	859
Share of results of associates	(704)	1,085	-	-	274,911	-	275,292	-	275,292
Share of results of joint ventures	-	67,117	-	-	9,220	-	76,337	-	76,337
Net gain/(loss) on foreign exchange	196	101	894	103	86	(7)	1,373	-	1,373
PROFIT (LOSS) FOR THE PERIOD	128,483	182,413	28,710	(4,219)	306,650	-	642,037	-	642,037

17. COMPARATIVE FIGURES

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