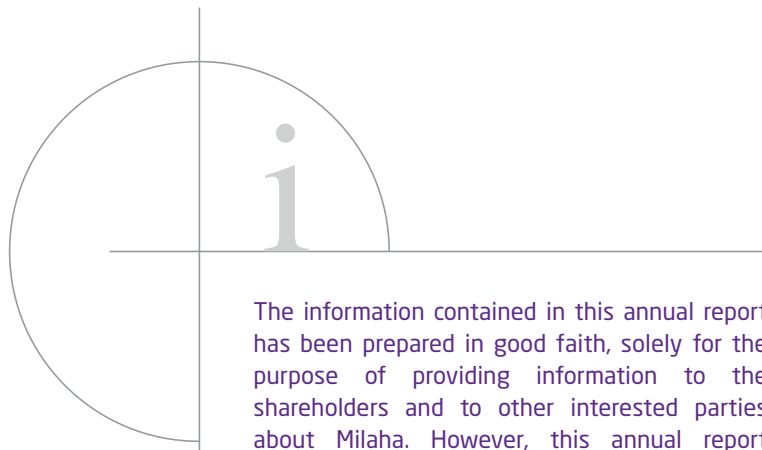


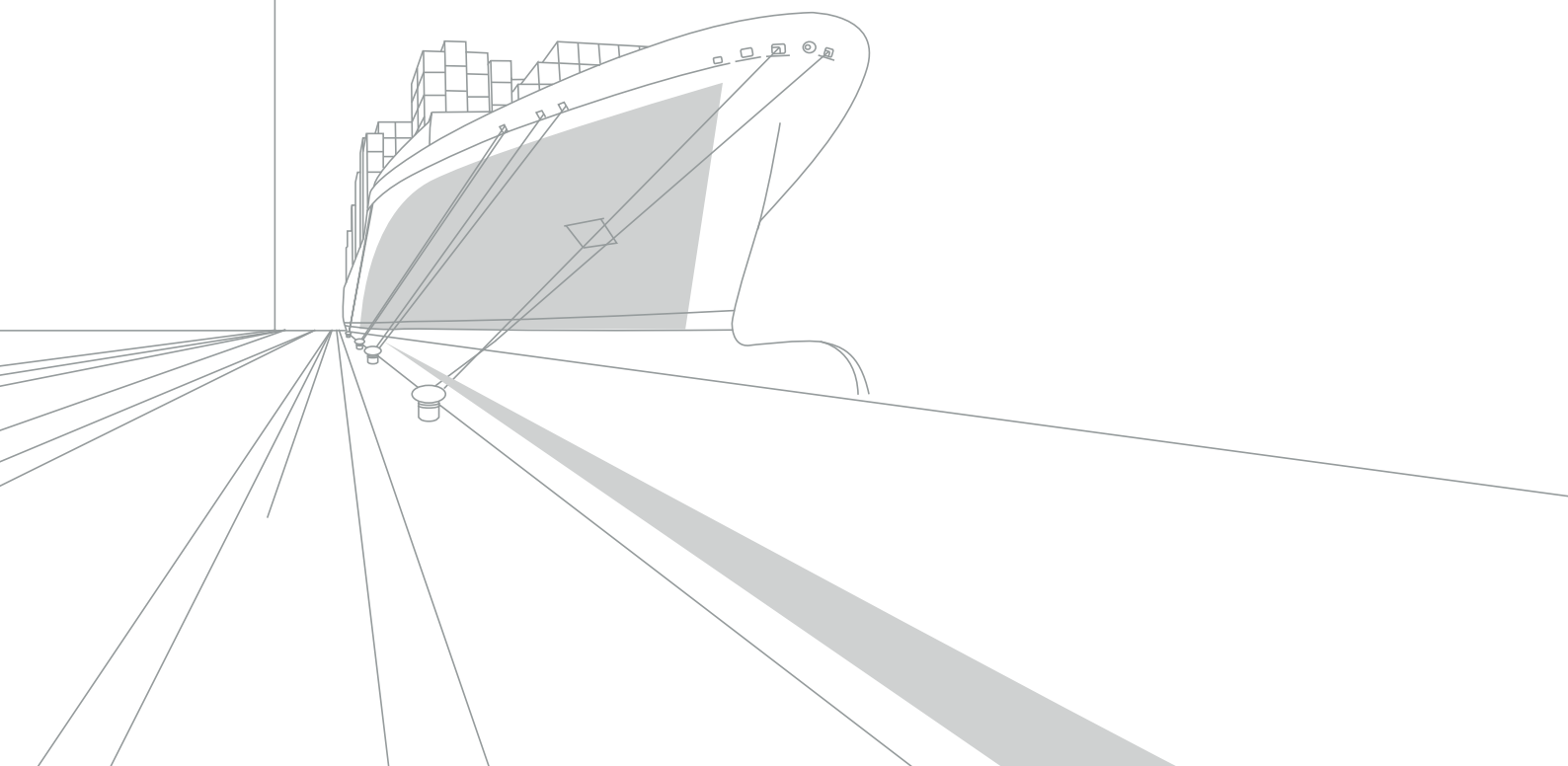
# ANNUAL —2020— REPORT





The information contained in this annual report has been prepared in good faith, solely for the purpose of providing information to the shareholders and to other interested parties about Milaha. However, this annual report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond Milaha's control, may cause actual developments and results to differ materially from expectations contained in the annual report.

No representation is made or guarantee given (either expressed or implied) as to the completeness or accuracy of the said forward-looking statements.



**His Highness  
Sheikh Hamad Bin Khalifa Al Thani**  
Father Amir



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

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# About Milaha

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

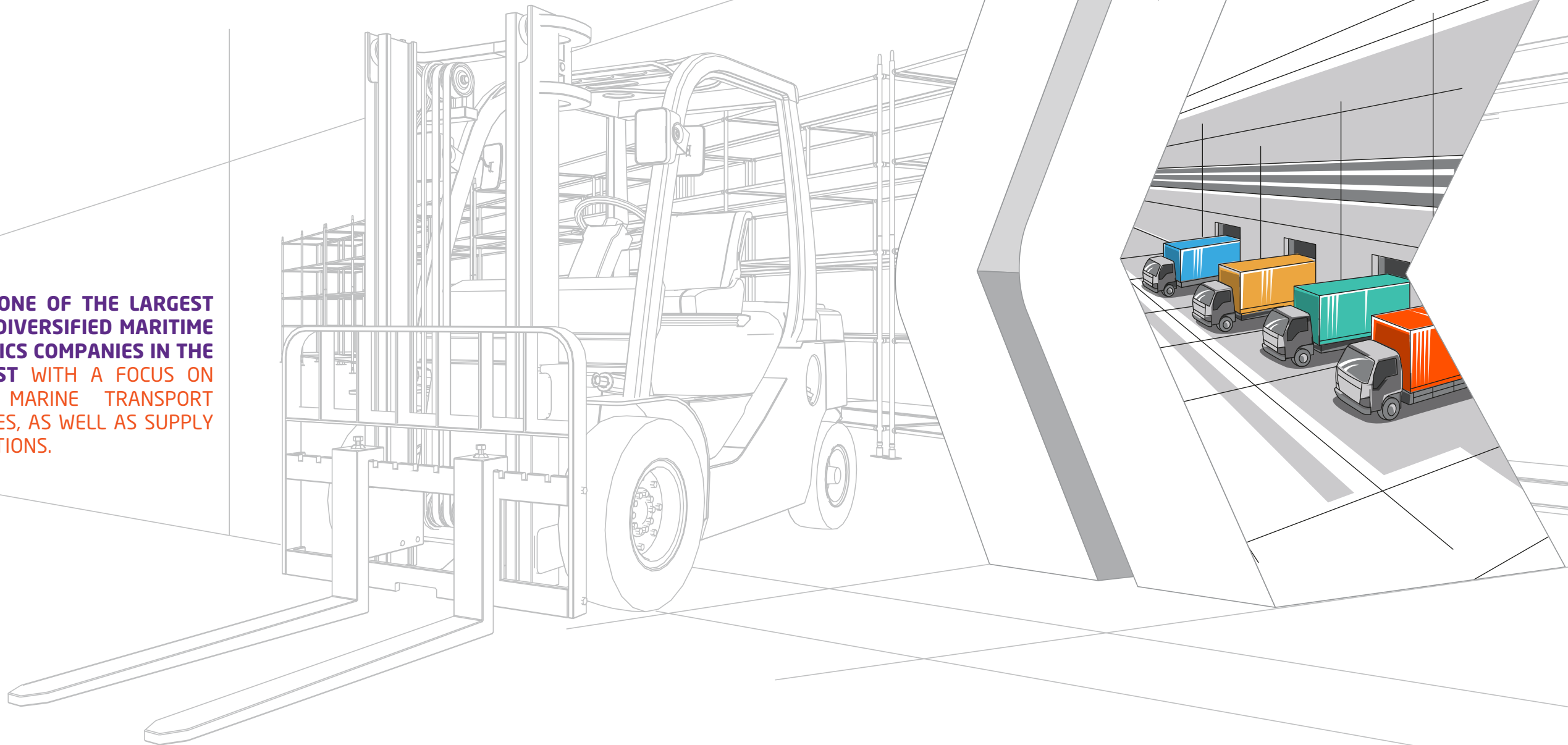
## » mission

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

## » vision

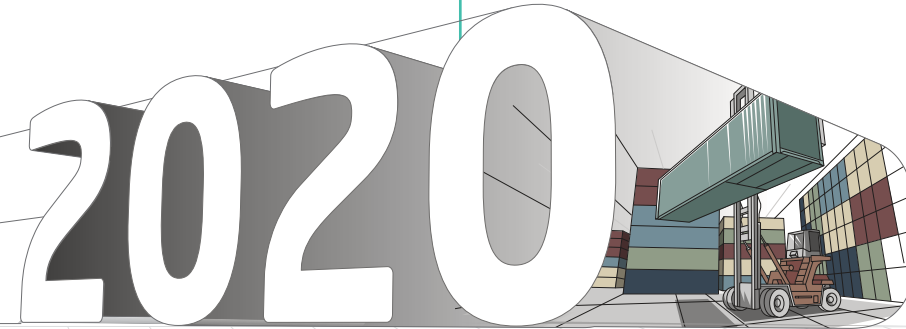
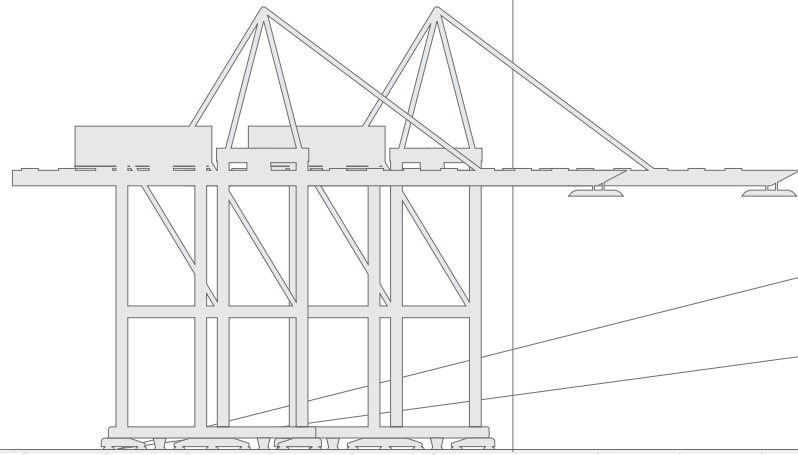
To be the partner of choice in the maritime & logistics sector, with a dominant share in our home market and a strong international presence; to deliver sustainable growth to our shareholders

» **MILAHA IS ONE OF THE LARGEST AND MOST DIVERSIFIED MARITIME AND LOGISTICS COMPANIES IN THE MIDDLE EAST WITH A FOCUS ON PROVIDING MARINE TRANSPORT AND SERVICES, AS WELL AS SUPPLY CHAIN SOLUTIONS.**





# History and Milestones



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

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

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

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

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

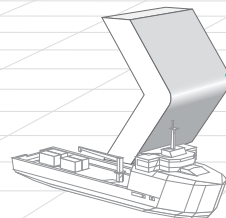
Milaha promoted its investments to complete the digital transformation process, by expanding its partnership with Microsoft

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



## 1957

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



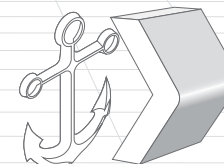
## 1974

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



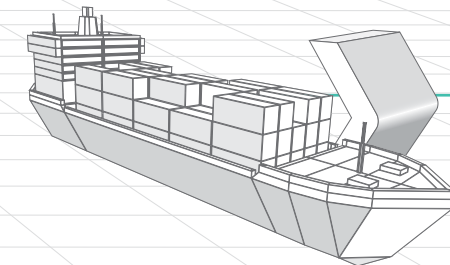
## 1978

Opened a regional branch



## 1982

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

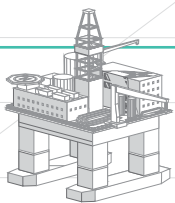


## 1992

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

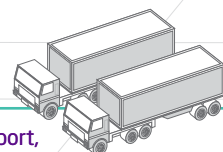
## 2000

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



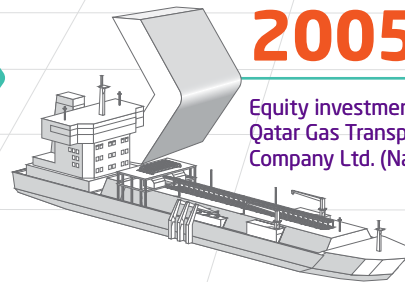
## 2001

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



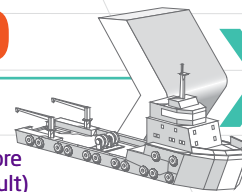
## 2005

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



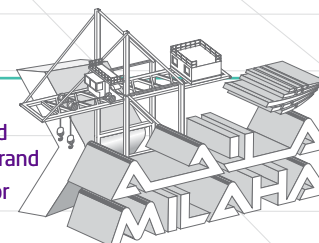
## 2010

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



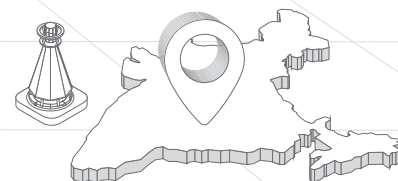
## 2011

Strategic transformation and launch of Milaha brand  
Appointed operator of Doha Port



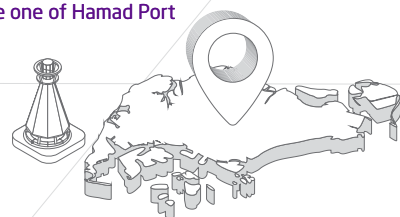
## 2015

Launch of first direct container service between Qatar and India



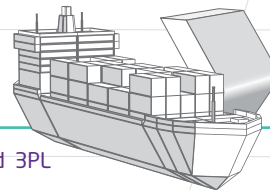
## 2016

Launch of Singapore office for Milaha Offshore  
QTerminals begins managing phase one of Hamad Port



## 2017

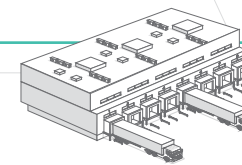
Launch of warehousing and 3PL services in Oman  
Launch of service between Qatar and Oman  
Launch of direct container service between Qatar and Kuwait  
Enhancement of service between Qatar and India



Launch of the fastest container service between Pakistan and Qatar  
Launch of regular reefer service between Qatar and Turkey  
Launch of feeder service between Sri Lanka and Bangladesh  
Launch of NVOCC tracking app

## 2018

Added Majd, our largest container ship to date, to our already expanding fleet  
Inaugurated and started operations of Milaha Logistics City  
Launched our first ever container service between Qatar and Iraq



Awarded the Five Star Occupational Health and Safety rating by the British Safety Council  
Started a major digital transformation initiative such as RPA & Oracle Cloud platform



Awarded six Swords of Honor for improved health & safety, and two Globes of Honor for environmental sustainability by the British Safety Council (BSC)  
Milaha completed its deployment of Robotic Process Automation Solutions

## 2019

Milaha expanded its geographic footprint into the Black Sea and Mediterranean region through new container shipping services  
Milaha invested in newer, fit-for-purpose assets, from vessels to trucks and further optimizing of the asset base  
Partnered with Microsoft to build a smart-logistic platform using Artificial Intelligence and Internet of Things elements from Microsoft's cloud ecosystem

# Board of Directors



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



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



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



**H.E. Mr. Ali Ahmad Al Kuwari**  
Board Member



**H.E. Sheikh Suhaim Khaled H A Al-Thani**  
Board Member



**Mr. Adel Ali Bin Ali**  
Board Member



**Mr. Saad Mohammad Saad Al Romaihi**  
Board Member



**Mr. Hamad bin Mohammad Al Mana**  
Board Member



**Dr. Mazen Jassim Jaidah**  
Board Member



**Mr. Salman Abdullah Abdulghani Al Abdulghani**  
Board Member

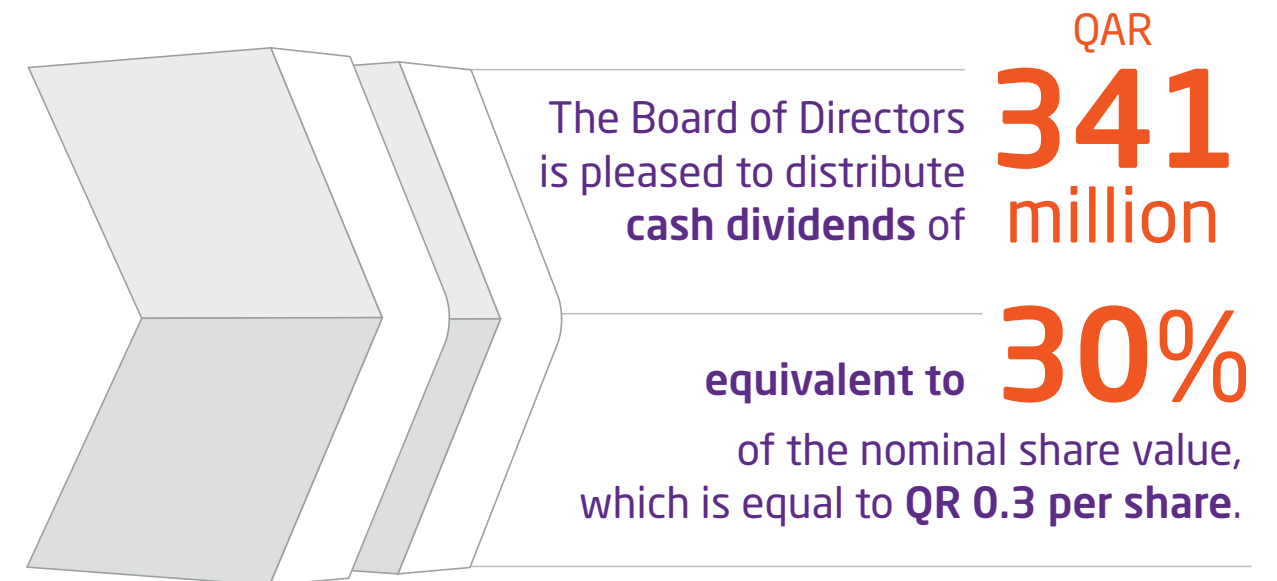


**Mr. Hitmi Ali Khalifa Al Hitmi**  
Board Member

# Chairman of the Board of Directors' Message



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



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

On behalf of Milaha's Board of Directors, I am pleased to present the Annual Report for the year 2020, which highlights the Company's annual performance.

2020 was an extraordinary year. The global pandemic had a significant impact on the global economy, society, people and thus also on Milaha.

We took effective and successful countermeasures early on to ensure that we protect the health of our people, our top priority, and to maintain business continuity and operational stability. As a result, Milaha was recognized by the British Safety Council for having undertaken leading best practices in the management of the pandemic.

Despite the increase in operating expenses due the pandemic, we effectively managed our liquidity and continued to invest in future growth opportunities.

Milaha also provided critical support to the State of Qatar's efforts to provide stable and sustainable supply

chains during the pandemic, by securing the flow of goods and enhancing import and export operations using its full suite of end-to-end marine and logistics services.

The shipping markets in the past few years have been going through significant challenges. This was made worse in 2020 by the COVID-19 Pandemic, which also significantly impacted vessel valuations. Accordingly, Milaha's vessel valuations decreased and non-recurring impairment charges were made that reduced our profitability in 2020.

Milaha's net profit for 2020 was QAR 59 million. The strong underlying operating performance in these difficult market conditions is a testament to the Company's efforts over the past few years to build a more stable, profitable and sustainable foundation for future growth.

The continued strong underlying operating performance is part of the group strategy to refocus its activities in

core marine and logistics sectors and in that regard, Milaha added a fourth core business pillar, Marine & Technical Services, with a focus on end-to-end service offerings for vessel owners and operators.

In addition, Milaha's Offshore Marine pillar expanded its service offerings with new value-add services for the offshore oil and gas sector, including well-intervention and subsea services.

Milaha continued to make progress on divesting underperforming and under-utilized assets, including vessels and equipment, in line with its strategy to drive greater returns through less asset-intensive and more value-add services.

Milaha also exited a number of underperforming non-core activities and investments in order to facilitate redeployment of resources towards the core businesses.

Considering the Company's financial results achieved in 2020, which were impacted by the pandemic, the

financing requirements of the current projects, and future investment plans, Milaha's Board of Directors is pleased to recommend the General Assembly to distribute cash dividends of 341 million Qatari Riyal, equivalent to 30% of the nominal share value, which is equal to QR 0.3 per share.

Finally, I would like to express my gratitude to HH Sheikh Tamim Bin Hamad Al Thani, the Amir of the State of Qatar, and to HH Sheikh Hamad Bin Khalifa Al Thani, the Father Amir, for their wise leadership and continued support, that empowered Milaha to contribute to Qatar's transition towards a diversified and sustainable economy in line with Qatar National Vision 2030.

I also wish to thank our Shareholders for their continued trust and support, and to extend my sincere appreciation and gratitude to all Milaha employees for their dedication and commitment to excellence.



# President and CEO's Message



**Abdulrahman Essa Al-Mannai**  
President & CEO

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

## Distinguished Shareholders,

As part of the Annual Report, I am pleased to present Milaha's main achievements and financial results for the year 2020.

2020 was a very challenging year and was a true test of our operational strength, our financial muscle and our resilience. Despite the significant challenges and the resulting disruptions across many parts of our business, I am proud to say that we have successfully overcome these COVID-19 related challenges.

We established an Emergency Response Team under my direct supervision to closely monitor the impact of events on our people and our business, and to ensure operational continuity for our customers and for the State of Qatar. We left no stone unturned to maintain the health and safety of our staff, both onshore and on board our fleet of vessels.

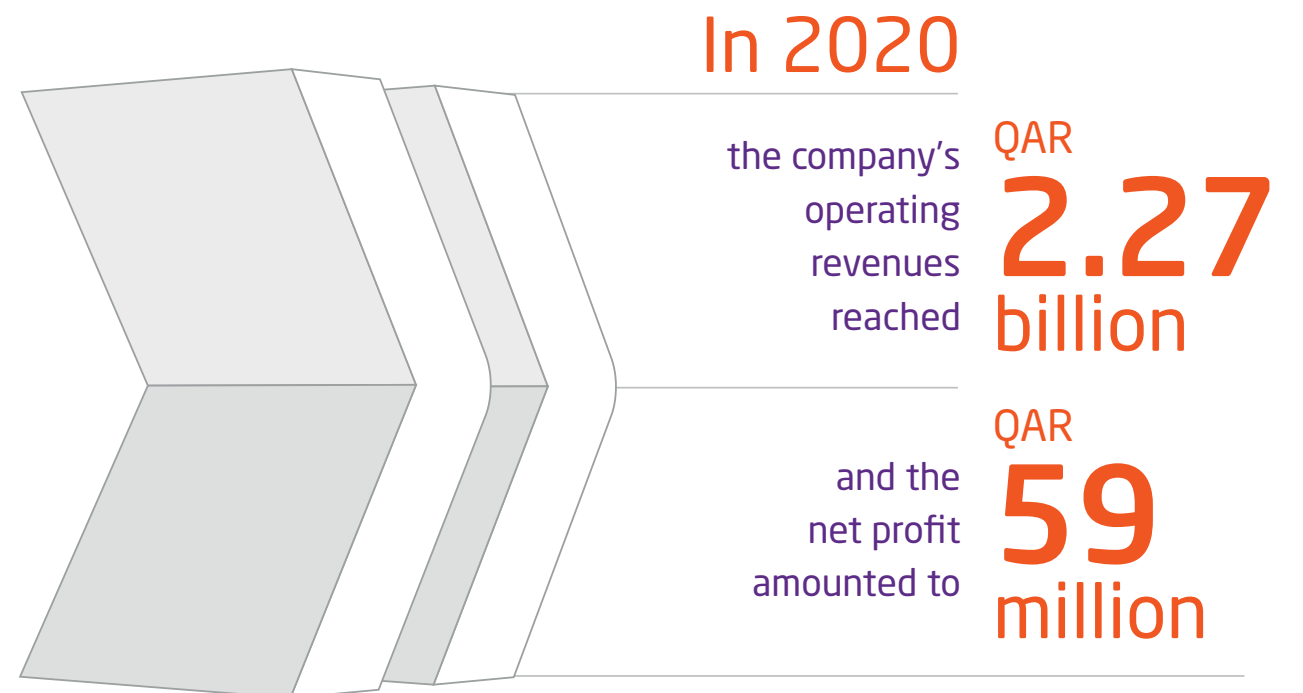
Despite the disruptions, we continued to execute our ambitious strategy by expanding the focus on our core activities and enhancing our service offerings to the market, particularly in Qatar.

We expanded our presence in the offshore oil and gas sector with the addition of new service capabilities to our offshore services portfolio, including support operations related to well services as well as subsea surveys, maintenance and installation.

As part of our effort to enhance Qatar's position as a leading maritime hub in the region, we invested in the improvement and refurbishment of our forty-year-old shipyard in Mesaieed, with the acquisition of a new floating dock able to accommodate vessels up to 230m in length and up to 30,000-tonne lifting capacity, with a view to better serve both commercial vessels as well as leisure crafts and Navy vessels.

We took important first steps towards developing a professional ship chandlery capabilities in Qatar with the aim of expanding services to vessels operating or calling ports in Qatar. These steps are part of our long-term strategy to develop complete end-to-end services and solutions for vessel owners and operators, to which end we created a dedicated new core pillar, Marine & Technical Services, that includes our ship management, shipyard, ship agencies and ship chandlery and husbandry capabilities. The integrated services and solutions to be offered locally in Qatar will help our customers achieve greater asset efficiency and lower operational costs.

Milaha continued to play an important role in developing and maintaining strong and stable supply chains for the State of Qatar. During the pandemic, demand for our warehousing and 3PL capabilities increased significantly resulting in increased utilization at our Milaha Logistics City to over 80% during the year.



Further, our container shipping activities recovered profitability across various regional networks due to our continuous optimization efforts as well as improved market conditions. Our success during the pandemic reflects the market's trust in our strength and ability to serve our clients regardless of the situation.

In line with our strategy and focus on core business, we also divested from non-productive investments and under-performing assets and exited the travel agency business.

With a view to foster a strong safety culture, Milaha intensified its efforts to ensure the highest standards of health, safety, and environmental sustainability. In recognition of its excellence in this field, Milaha received 'double' prestigious awards from the British Safety Council for the second successive year: four Sword of Honour and four Globe of Honour awards.

Milaha's ability to adapt quickly and seamlessly to the disruptions in 2020 was also aided by our commitment and investment in technology and digitalization of our business. This included both significant upgrades to our platforms, systems and digital tools to enhance connectivity, mobility and efficiency.

As part of Qatar's efforts to strengthen cybersecurity and tackle cybercrime, Milaha also enhanced its capabilities to comply with the International Information Security Management Standard (ISO 27001) and the National Information Security Standards.

We were successful in managing and mitigating the potential impact of the COVID-19 pandemic, as we continued to execute our business plans, and to serve our clients and support the economy. These efforts were demonstrated in our financial results, where the company's operating revenues reached QAR 2.27 billion in 2020, and a net profit amounting to QAR 59 million.

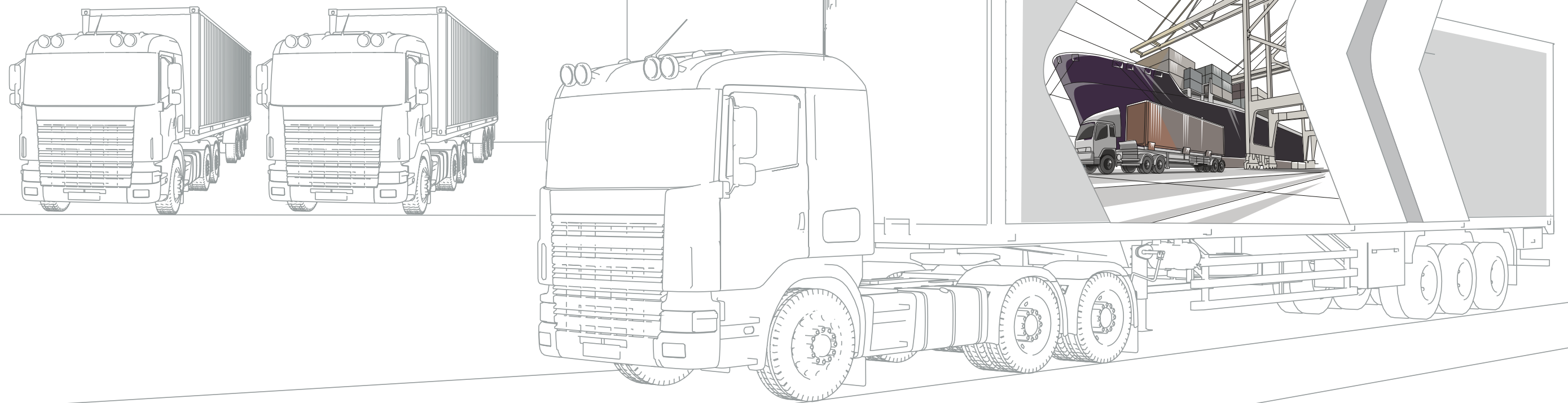
We reaffirm our commitment to implementing Milaha's vision and strategic plans for the expansion of its service offerings, and to enhance its leading position in the maritime and logistics sectors. By this, we aim to support Qatar National Vision 2030 to build a diversified economy based on expanding industries and competitive services.

On this occasion, I would like to extend my sincerest gratitude and appreciation to His Highness Sheikh Tamim bin Hamad Al-Thani, the Amir, His Highness the Father Emir Sheikh Hamad bin Khalifa Al-Thani, and our esteemed Government for their continued support and sound guidance.

I would also like to express my deepest thanks to Milaha's partners and our Shareholders for the trust they have placed in us, as well as our sincere thanks to Milaha's Board of Directors for its support and constant encouragement, and to all colleagues for their sustained efforts and dedication in support of Milaha's success and prosperity.

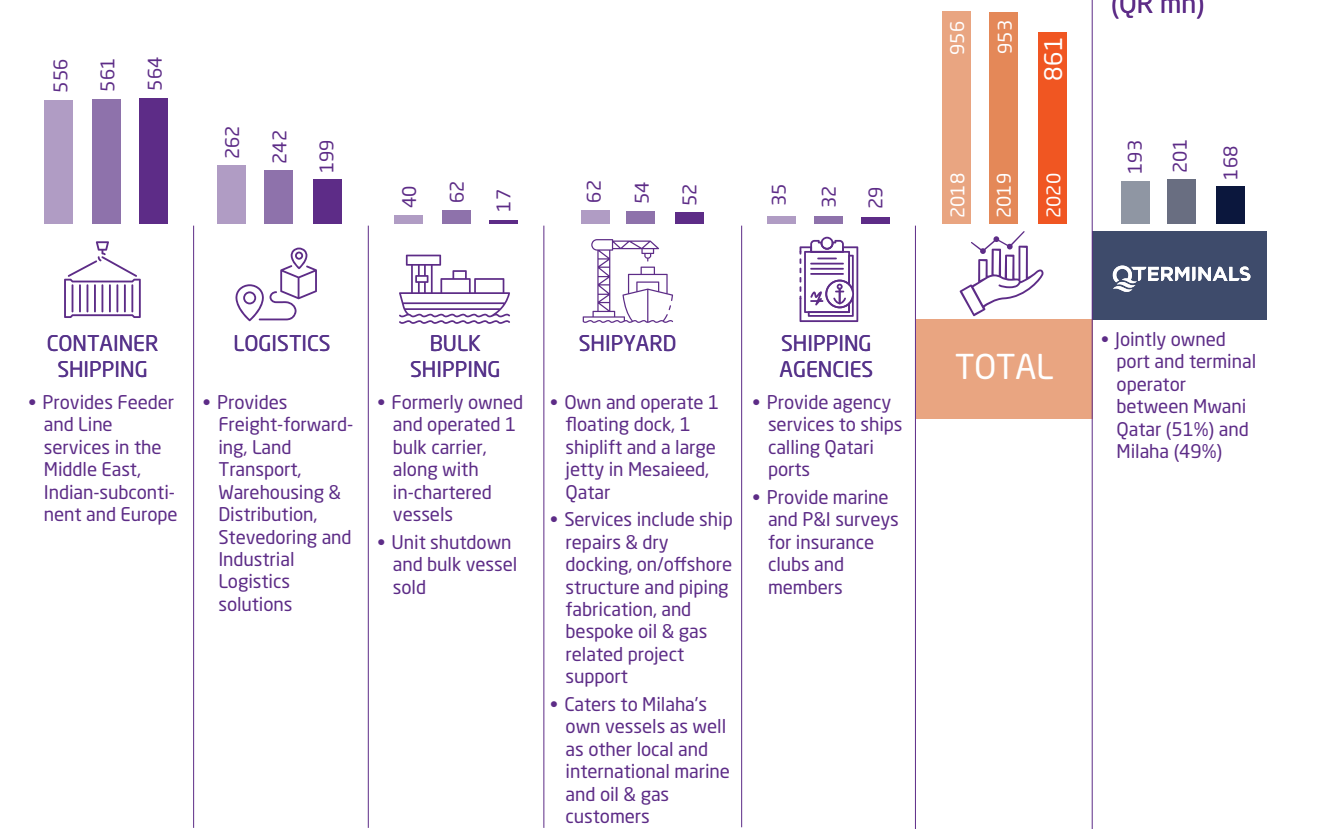


# Board of Directors' Report on Milaha's Performance 2020



## Maritime & Logistics

Operating Revenue (QR mn)



### Fleet

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

### 2020 Review

Maritime & Logistics was severely impacted overall by the COVID19 pandemic, with increased expenses related to health & safety and reduced top line revenues due to client shutdowns and reduced demand. The segment posted QAR 861 million in revenue as compared to QAR 953 million in 2019, for a drop of 10%. Net profit came in at QAR 78 million, an QAR 8 million decline versus 2019.

The Container Shipping business performed well in 2020, generating volumes in a challenging market while executing its network optimization and cost reduction plans. 2020 also saw significant improvements in performance management (including new processes, tools, metrics) and investment in ongoing digitization projects.

Our Logistics unit had mixed results, with some major customers being severely impacted by COVID19. On the positive side, our warehousing & distribution activity grew significantly, and we secured new clients and projects. Numerous cost reduction initiatives were successfully executed over 2020 and will continue into 2021.

The Bulk Shipping unit has closed. Early on in 2020 we discontinued chartering activities, and in February 2021 sold our sole dry bulk vessel, effectively shutting operations down.

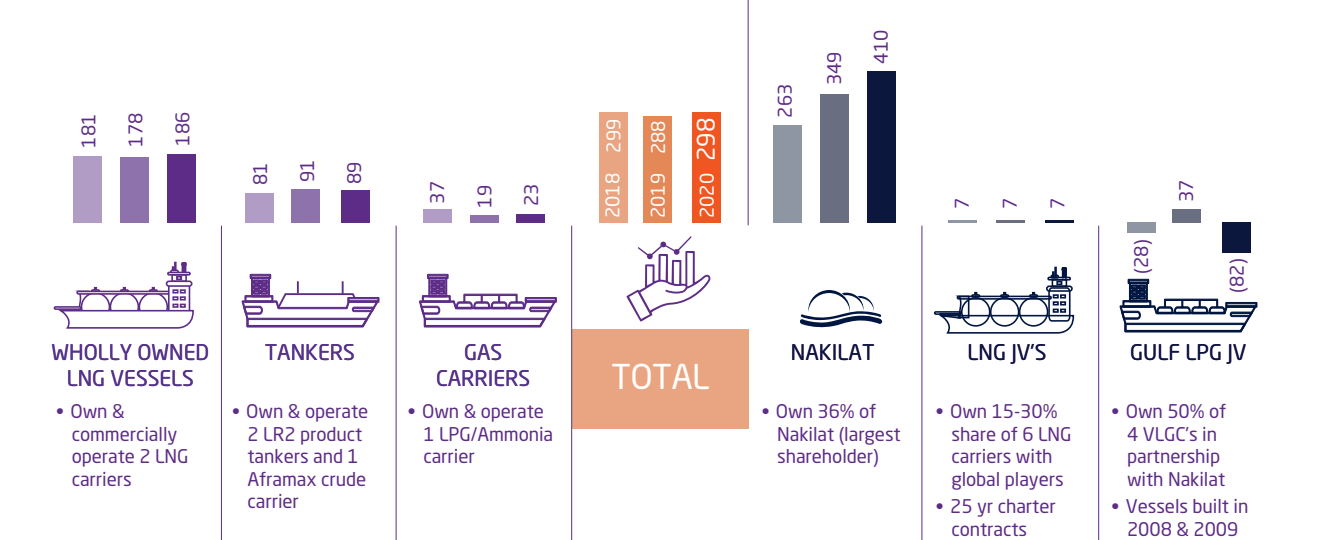
The Shipyard continued with the planned development and enhancement of the facilities to support the business expansion in the Oil & Gas sector and to increase its dry docking/repair capacity. Despite the very challenging environment in 2020, the unit maintained its focus on operational efficiency, safety, customer satisfaction, and personnel training as key elements to support the long-term strategy. Shipyard investments will continue into 2021-22 where a major upgrade will take place to enhance the marine facilities and construct a new jetty.

Shipping Agencies witnessed large drops in crew handling, due to strict COVID19 entry restrictions to the country. Container shipments also dropped as both import and export volumes handled decreased.

Our QTerminals joint arrangement posted QAR 168 million profit versus QAR 201 million in 2019, with increased COVID19 health & safety costs being a driving factor behind the drop.

## Gas & Petrochem

Operating Revenue (QR mn)



### Fleet

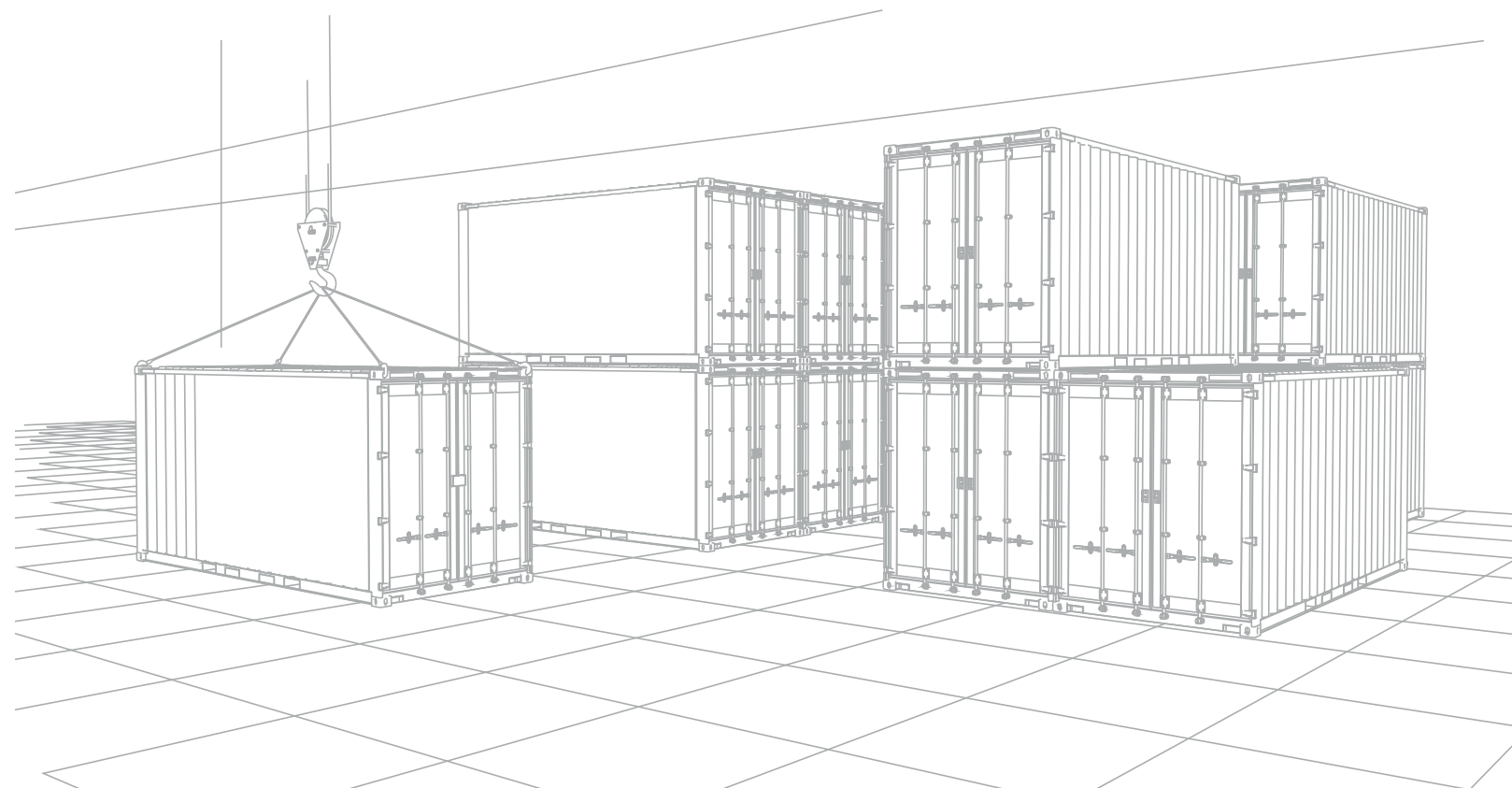
Business Unit	Type	No.	Year Built	Capacity
Tankers	Product	2	2006	106,000 (DWT)
	Crude	1	2006	106,000 (DWT)
Gas Carriers	LPG/Ammonia	1	2004	22,500 (CBM)
LNG Vessels	LNG	1	2004	138,273 (CBM)
	LNG	1	2006	145,602 (CBM)

### 2020 Review

The Gas & Petrochem segment ended the year with net profit of QAR 423 million, very much in line with 2019's net profit of QAR 427 million, even with challenges faced from the COVID19 pandemic.

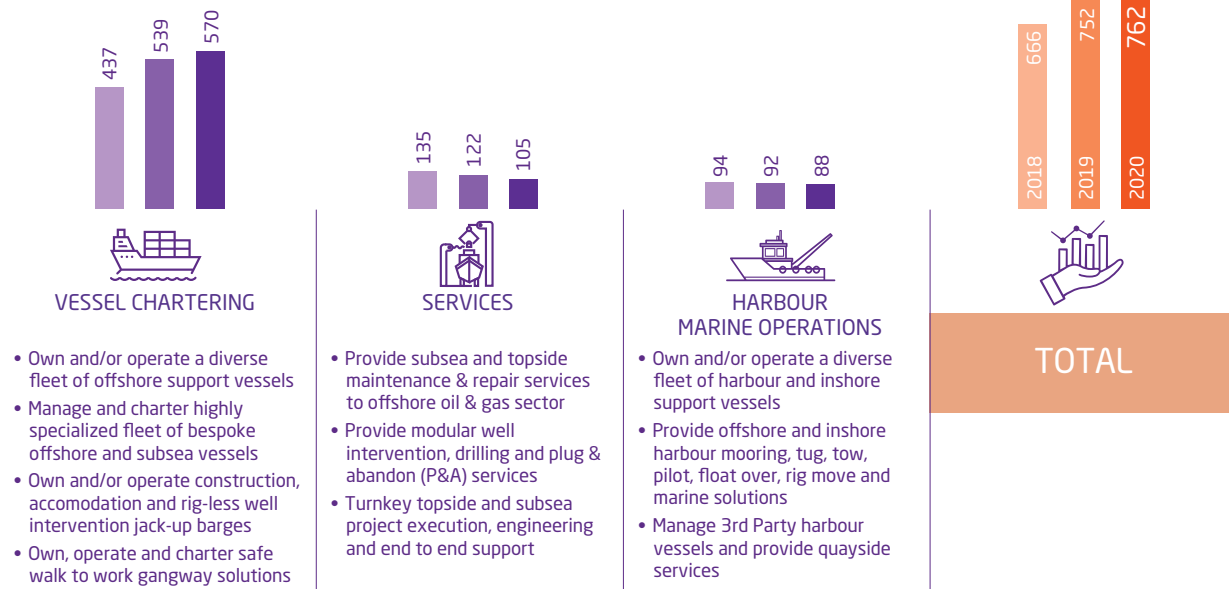
Operating profit margins increased substantially from 18% to 38% as a result of higher freight rates increasing the top line, coupled with a large reduction in expenses. In 2019, the Company sold off 3 under-performing vessels, which in 2020 had a marginal impact on revenue, but a large impact on expenses.

On the Non-Operating side, our 36% share in Nakilat contributed to a QAR 61 million increase in Associates income, but this was more than offset by an QAR 82 million loss posted against Gulf LPG. Gulf LPG is a joint venture whereby Milaha owns 50% of 4 VLGC vessels. The JV recorded impairments in 2020 against the vessels, with Milaha's share of those impairments being QAR 127 million.



## Offshore

### Operating Revenue (QR mn)



#### Fleet

Type	# Year Built			
	2002 - 2008	2009 - 2015	2015 - 2019	Total
Safety Standby Vessels	4			4
Anchor Handling Towing Supply Vessels	5			5
DP1 Anchor Handling Towing Supply Vessels	3	1		4
Construction Support Vessels		3		3
Diving Support Vessels		2		2
DP2 Platform Support Vessels		5	4	9
DP2 Anchor Handling Towing Supply Vessels		5	1	6
DP2 Well Stimulation Vessel			1	1
DP2 Anchor Handling Towing Vessels		1		1
Anchor Handling Towing Vessels			1	1
Wireline Support Vessels	4			4
Multi-Purpose Support Vessels		2	1	3
Fast Supply Intervention Vessels			2	2
Liftboat Vessels			1	1
<b>Total</b>	<b>16</b>	<b>19</b>	<b>11</b>	<b>46</b>

#### Fleet

Business Unit	Type	No.	Year Built
Harbour Marine Operations	Pilot Boats	1	2000
	Harbour Towage Tugs	3	2001
	Tanker Berthing Assistance Tugs	1	2004
	Pilot Boats	1	2007
	Service Boats	1	2013
	Mooring Boats	6	2013
	Harbour Towage Tugs	3	2013
	Pilot Boats	4	2014
	Harbour Towage Tugs	5	2014

#### 2020 Review

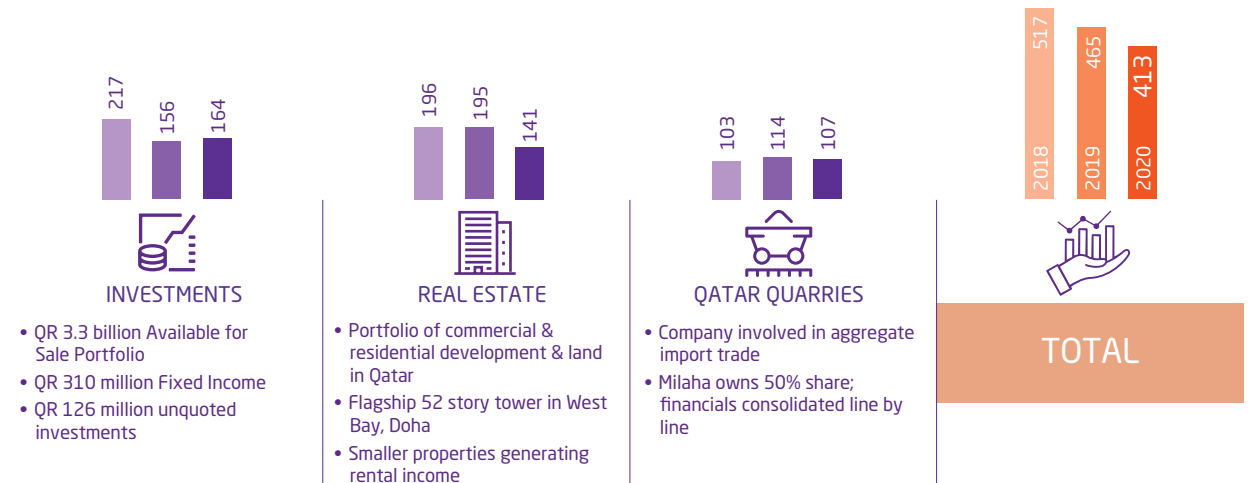
Milaha Offshore recorded revenue growth of QAR 10 million versus 2019, however the bottom line came in at a loss of QAR 556 million.

Revenue growth was driven by increased vessel capacity whereby the segment earned more from chartered-in 3rd party vessels, as well as the addition of a new vessel added to the fleet in 2020. Overall services revenue dropped as a result of COVID19 outbreaks on some vessels which caused temporary offhires. Excluding those outbreaks, the segment saw increased demand for diving, subsea surveying & MMO projects that resulted in the awarding of several new contracts and services. These services were a focus area of the company in 2020 and will continue to expand going forward.

Vessel impairments totaling QAR 571 million offset operational gains and improvements.

## Capital

### Operating Revenue (QR mn)



#### 2020 Review

Capital recorded a QAR 125 million net profit for 2020 as compared to QAR 247 million for 2019. Investment income was up slightly, with an QAR 8 million increase versus 2019. During the year, the unit focused on yield enhancement which helped offset lower dividend income.

Milaha Capital's Real Estate arm completed construction of 178 villa residential compound and maintained high occupancy rates at existing properties - 97% Residential, 94% Commercial - despite COVID19 challenges. The unit's results were hampered, however by lower rental income as a result of market conditions, and a one-time QAR 163 million impairment at our warehousing facility.

## Trading

### Operating Revenue (QR mn)



#### 2020 Review

The Trading segment had a challenging year with much of the retail outlets under complete lockdown during much of the 2nd Quarter of 2020 due to COVID19, and depressed demand the rest of the year. The segment posted an QAR 11 million loss, flat with 2019.

Despite lower sales volumes of bunker, heavy equipment, and marine lubricants impacting the financials, the team was busy focusing on growth opportunities, cost management and restructuring for the future. During 2020, the Travel & Tourism unit was shut down, a merger of our service & repair center and asset management departments was complete, and new services launched as part of a multi-year expansion plan.



# Assurance Reports

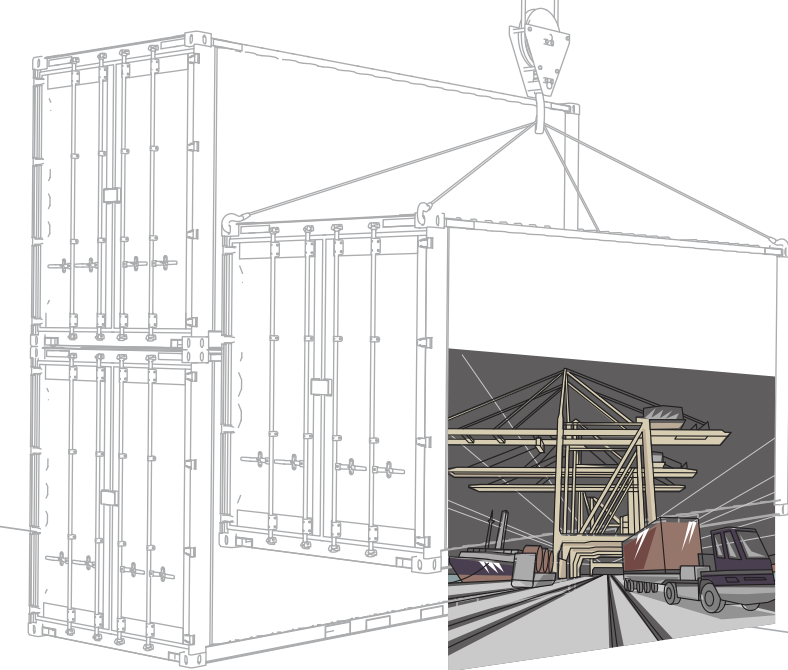
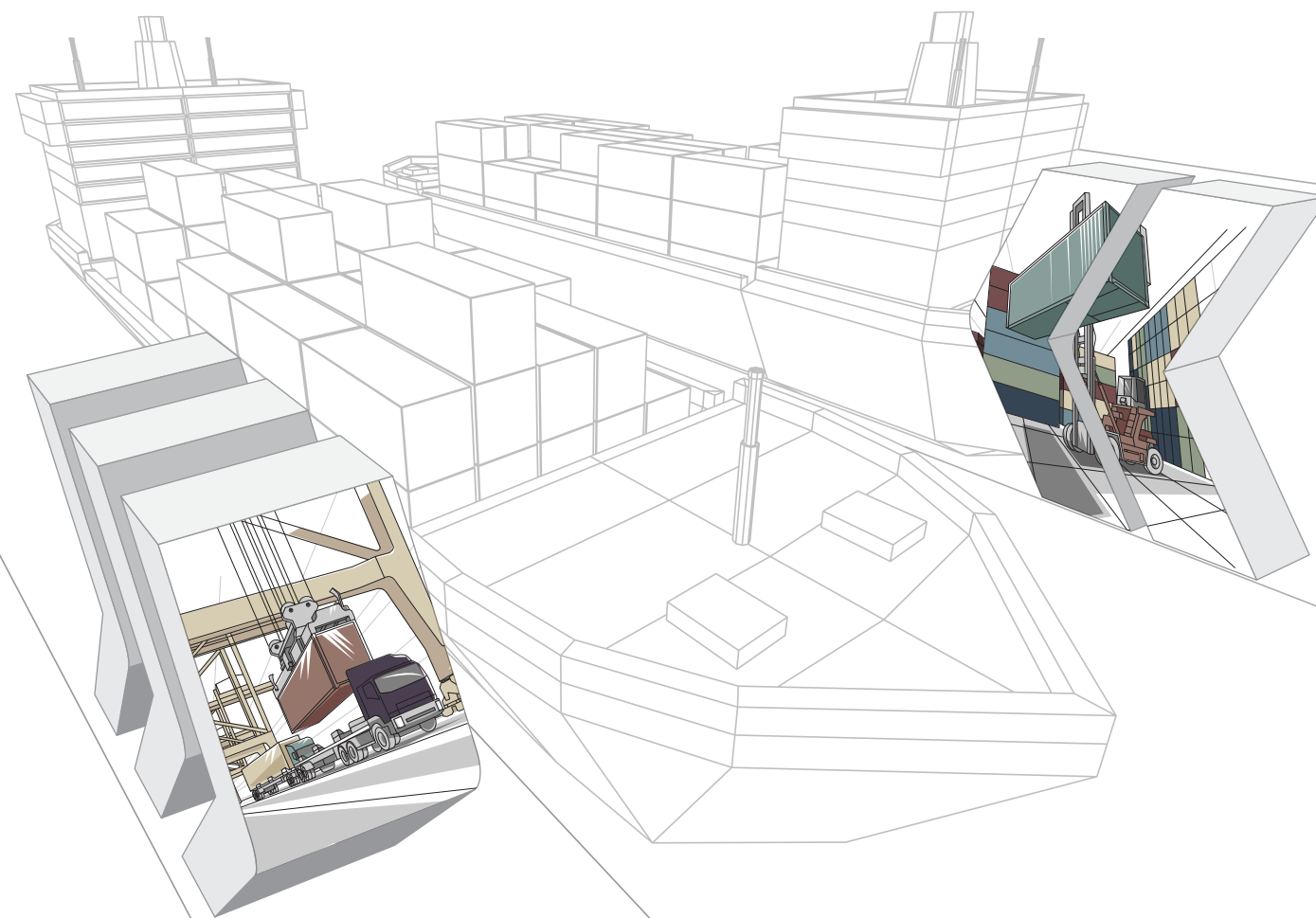
Independent Limited Assurance Report

Compliance Assessment by Milaha 2020

Corporate Governance Report

Independent Reasonable Assurance Report

Management Assessment of Internal Control  
over Financial Reporting (ICOFR)





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

# Compliance Assessment by Milaha 2020

To

KPMG Qatar  
25 C-Ring Road  
PO Box 4473  
Doha, State of Qatar

February 23, 2021

Dear Sirs,

Qatar Navigation Q.P.S.C. ("the Company") carried out an assessment of its compliance with its Articles of Association, and the provisions of the Qatar Financial Markets Authority (QFMA)'s law and regulations and other relevant legislation, applicable to the Company, including the provisions of Governance code for Companies & Legal Entities Listed on the Main Market (The "Code") published on 15th May, 2017 and concluded that the Company has a process to ensure compliance with its Articles of Association, and the provisions of the QFMA's law and regulations and other relevant legislation, and is in compliance with the provisions of the Code as of 31 December 2020.

Summary of the assessment of the Company compliance completed by Management is Annexed below.

**Mr. AbdulRahman Essa Al Mannai**  
President & CEO

**Summary of assessment of the Company's compliance with its Articles of Association, and the provisions of the QFMA 's law and regulations and other relevant legislation, including the provisions of the Code completed by Management.**

## **A. Assessment of compliance with the Articles of association, and the provisions of the QFMA 's law and regulations and other relevant legislation**

The following is a description of the processes that are in place to ensure compliance with the Articles of Association, and the provisions of the QFMA's law and regulations and other relevant legislation:

The Company maintains a robust corporate governance framework to ensure compliance with its Articles of Association, and the provisions of the QFMA's law and regulations and other relevant legislation. The framework is in place to institutionalize corporate governance and includes the following components:

- The Articles of Association;
- The Corporate Governance Framework;
- The Board Charter;
- The Board Secretariat;
- The Code of Conduct;
- The Compliance Policy;
- The Board Committees;
- The Independent Control Functions;
- The Board Membership and Remuneration Arrangements;
- The disclosure of the related party transactions.

The legislation that are relevant to the Company includes:

1. The QFMA Law No. 8/2012;
2. All QFMA's applicable and relevant regulations including the provisions of the Code.

## **B. Assessment of compliance with the Code**

#	Code Reference	Compliant	Non-Compliant	Not Applicable	Description of Non-Compliance
1.	Article (2)	x			
2.	Article (3)	x			
3.	Article (4)	x			
4.	Article (5)	x			
5.	Article (6)	x			
6.	Article (7)	x			
7.	Article (8)	x			
8.	Article (9)	x			
9.	Article (10)	x			
10.	Article (11)	x			
11.	Article (12)	x			
12.	Article (13)	x			
13.	Article (14)	x			
14.	Article (15)	x			
15.	Article (16)	x			
16.	Article (17)	x			
17.	Article (18)	x			
18.	Article (19)	x			
19.	Article (20)	x			
20.	Article (21)	x			
21.	Article (22)	x			
22.	Article (23)	x			
23.	Article (24)	x			
24.	Article (25)	x			
25.	Article (26)	x			
26.	Article (27)	x			
27.	Article (28)	x			
28.	Article (29)	x			
29.	Article (30)	x			
30.	Article (31)	x			
31.	Article (32)	x			
32.	Article (33)	x			
33.	Article (34)	x			
34.	Article (35)	x			
35.	Article (36)	x			
36.	Article (37)	x			
37.	Article (38)	x			
38.	Article (39)	x			

# Corporate Governance Report

for the financial year ending 31 December 2020

## Ladies and Gentlemen, Respected Shareholders,

It honors me to present to this meeting the Corporate Governance Report of Qatar Navigation Q.P.S.C. ("Milaha" or "the Company") covering the fiscal year ending 31 December 2020. The Corporate Governance Report has been prepared in accordance with the requirements of Articles (1 - 4) of the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the Qatar Financial Markets Authority (QFMA) on 10th November 2016 and other relevant laws and regulations of the State of Qatar. A full copy of the Corporate Governance Report is available on Milaha's official website.

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

Thank you,

**Jassim bin Hamad bin Jassim Jaber Al-Thani**  
Chairman

## Brief History

- Qatar Navigation Q.P.S.C ("Milaha" or "the Company") was incorporated on 5th July 1957 as a Qatari Shareholding Company; its shares are publicly traded in Qatar Exchange. The Company's operational and commercial activities include marine transport, shipping agency for foreign shipping lines, provision of overseas services, selling of transport vehicles and industrial equipment, ship repair and fabrication and installation of offshore facilities, land transport activities, vessel chartering, and investing in real estate. In 2016, the Company's Extraordinary General Assembly approved the activity of "Truck trading, and owning, selling, hiring, and leasing of all types of trucks." The Company already has branches in some GCC countries engaged in some activities of Milaha.
- The Company acquired all the shares of Qatar Shipping Company in 2010. Before that, the company was holding 15% of Qatar Shipping Company. Then, Milaha acquired the remaining 85% of the share capital of Qatar Shipping Company.
- As a result of the acquisition, Milaha gained full ownership of Milaha Offshore Support Services (Previously, Halul Offshore Services Company).
- The authorized and fully paid up capital of the Company amounts to Qatari Riyals 1.145.252.000 distributed over 1.145.252.000 shares. Currently, the total number of employees approximates 4,329.

thereby boost the confidence of debtors and lenders in the Company and encourage them to enter into transactions with the Company in line with their strategies. Qatar Navigation believes that applying a proper Corporate Governance framework and principles is essential to assist the Company in achieving its goals and realizing better performance. Moreover, this would improve its working environment internally and externally, safeguard the Shareholders' interests, assist the Company in assigning the roles and responsibilities perfectly, and will inevitably lead to substantiating the exact meaning of the principle of prioritizing public interest, Company's interest, and Stakeholders' interest before any other interest.

## 1. Introduction

- The Company's Corporate Governance requires ratification of certain regulations and processes necessary for implementing the policies, procedures and measures that will establish relations between the Management and the Stakeholders, and lead to maximizing the returns to the Stakeholders and various parties through exercising effective guidance on and control over the Company's activities, while maintaining integrity and objectivity. In broader terms, governance describes why developing of an organizational structure can enable a company to better manage its resources within a legal framework. It also ensures that adopting the international standards will enable the Company to realize transparency, integrity, and trust in the Company's financial statements and

## 2. Compliance with Governance Principles

- Milaha is committed to strengthening its Corporate Governance practices in line with local and global standards. The Board of Directors is developing proper governance rules, which involve the highest standards of independence, supervision, and transparency in order to maintain the confidence of current and future Investors. In order to substantiate this commitment, the Board sought the help of an External Audit firm to develop a mechanism for monitoring the adherence to Corporate Governance practices as dictated by the new QFMA Corporate Governance Code and use it for improving the control on a regular basis. The Governance Report sheds light on the main elements of the control system, which have been designed and implemented for the fiscal year from 1 January 2020 to 31 December 2020.
- Further, the Board is committed to periodically review its policies, charters, and internal processes, which should be followed by the Board Member, Executive Management, and employees.
- The Company, as part of its method for protecting the Company's Stakeholders and in compliance with the Corporate Governance Code issued by QFMA, has established a separate section for Risk Management with the aim of monitoring and analyzing the risks and developing the internal control environment for ensuring the realization of all objectives of the Company.
- The Company also continued to pursue a succession plan of Milaha employees, in the year 2020 according to the agreed goals.
- The Company also has a list of policies and procedures that are applied to ensure the effectiveness of the Corporate System of Milaha, including:
  1. Enterprise Risk Management Policy.
  2. Dividends Distribution & Remuneration Policy.
  3. Insiders Trading Policy.
  4. Conflict of Interest & Contracting with Related Parties Policy.
  5. Board of Directors Nomination Procedures.
  6. Induction and Training Policy.
  7. Compliance Policy.
  8. Stakeholders Right Management Policy.
  9. Board Evaluation Policy.
  10. Disclosure Policy.
  11. Shareholders Rights Policy.
  12. Record Governance Policy.

## 3. Board of Directors

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

### 3.1 Formation of the Board of Directors

- The Board of Directors consists of eleven members, all of them are non-executive members and more than a third of the Board are independent members; the term of membership for each Director is three years. A Board Member may be reelected more than once as per the Company's Articles of Association and the Commercial Companies Law. The current term of the Board started 18/3/2018 for the years 2018, 2019, and 2020. The Board of Directors next term (2021-2023) will start after the re-election of the Board Members that will take place in Milaha's General Assembly Meeting on 16th March 2021.



The following table shows information about the Board Members:

No.	Board Member and Entity he Represents	Position in Milaha Board	Number of Shares Represented	Other Information
1.	H.E Sheikh Jassim bin Hamad bin Jassim Jaber Al-Thani	Chairman	1,444,030	H.E Sheikh Jassim bin Hamad bin Jassim Jaber Al-Thani has occupied the position of Milaha Board's Member since 2000. Besides, he is the Chairman of QIB, and a Board Member of Qatar Insurance Company. H.E. is a graduate of Sandhurst Military Academy. In addition to several professional courses in the Arts of Administration and Finance. <b>[Non-executive, Non- independent member]</b>
2.	H.E Sheikh Khalid bin Khalifa bin Jassim Fahad Al-Thani, representing Qatar Petroleum	Vice-Chairman	98,639,640	H.E Sheikh Khalid bin Khalifa bin Jassim Fahad Al Thani has occupied the position of Milaha Board's Member since 2012; besides, he is the Chief Executive Officer of Qatar Gas Company, Chairman of Qatari Diar Company, and Board Member of Gulf International Services Company. <b>[Non-executive, Non- independent member]</b>
3.	H.E Sheikh Abdulrahman bin Saud Al Thani	Board Member	2,522,480	H.E Sheikh Abdul Rahman bin Saud Al Thani has occupied the position of Milaha Board's Member in 2018. Besides, he is a Minister of State in the Government of Qatar. He is a Board Member in each of Qatar National Bank and Qatar Insurance Company. Previously, H.E occupied the position of Chief of Staff of the Amiri Diwan. He is holding an MA in International Relations. <b>[Non-executive, independent member]</b>
4.	H.E Mr. Ali Ahmed Al Kuwari	Board Member	1,211,588	Mr. Ali Ahmad Al-Kuwari has occupied his position as Milaha Board's Member since 2005. H.E has been appointed Minister of Commerce and Industry in November 2018. He also occupies the position of Chairman of QDB, and the position of Vice-Chairmen in both QFMA and QE. Besides, he is a Board Member in QP, Nakilat (representing Milaha), and QRDI Council. Previously H.E was the CEO of QNB Group from 2013 to 2018. H.E. is holding a Master's in Management Information System and a Bachelor's in Mathematics and Computer Science. <b>[Non-executive, Non- independent member]</b>
5.	Mr. Adel Ali Bin Ali, representing M/s Ali bin Ali Establishment	Board Member	18,630,340	Mr. Adel Ali Bin Ali has occupied his position as Milaha Board's Member since 1994; besides, he is the President of Ali Bin Ali Establishment, and a Board Member of each of Doha Insurance and QEWC. He is holding a Bachelor's in Electrical Engineering. <b>[Non-executive, Non-independent member]</b>
6.	Mr. Saad Mohammad Saad Al-Romaihi	Board Member	460,000	Mr. Saad Mohammad Saad Al-Romaihi has occupied the position of Milaha Board's Member since 2010; besides, he is a Board Member of Qatar Manufacturing Industries Co. He is holding a Bachelor's in Trade and Economics. <b>[Non-executive, independent member]</b>

### 3. Board of Directors (continued)

#### 3.1 Formation of the Board of Directors (continued)

No.	Board Member and Entity he Represents	Position in Milaha Board	Number of Shares Represented	Other Information
7.	Mr. Hamad bin Mohammad Al-Mana	Board Member	414,990	Mr. Hamad bin Mohammad Al-Mana has occupied the position of Milaha Board's Member since 2009; besides, he is the Vice-Chairman & Managing Director of Mohamed Hamad Al-Mana Group. Also, he is Chairman of the Board of Qatar Insurance & Reinsurance Company. He is holding a University degree in Business Administration. <b>[Non-executive, independent member]</b>
8.	Dr. Mazen Jassim Jaidah	Board Member	3,295,120	Dr. Mazen Jassim Jaidah has occupied the position of Milaha Board's Member since 2009; besides, he is the President of the Executive Council of Jaidah Holding. Also, he is a Board Member in Qatar Foundation. He is holding a PhD. Degree in Commercial Economy & Middle East History. <b>[Non-executive, independent member]</b>
9.	Mr. Salman Abdullah Abdulghani Al Abdulghani	Board Member	848,240	Mr. Salman Abdullah Abdulghani has occupied the position of Milaha Board's Member since 2015; besides, he is Project Consultant of the Board of Directors of Hadara, President of the Council of Trustees of same, and a Board Member of QEWC representing Qatar Navigation. He is the Vice-Chairman of the Board at Qatar First Bank. He is holding a Bachelor's in Engineering. <b>[Non-executive, independent member]</b>
10.	Mr. Hitmi Ali Khalifa Al Hitmi, representing Ali bin Khalifa Al Hitmi & Partners Co.	Board Member	6,500,000	Mr. Hitmi Ali Khalifa Al Hitmi has occupied the position of Milaha Board's Member in 2018, representing Ali bin Khalifa Al Hitmi & Partners. Besides, he is a Board Member of Ali bin Khalifa Al Hitmi & Partners Group. Previously, he was a Board Member of Doha Insurance, Nakilat, and Barwa Real Estate Company. He is a Chairman of the Board at Al Hitmi Property Development. Also, he is a Member of the Board of Directors of Al Meera Group. Mr. Hitmi is holding a Bachelor's in Business Administration. <b>[Non-executive, Non- independent member]</b>
11.	H.E Sheikh Suhaim bin Khaled bin Hamad Al-Thani	Board Member	6,114,920	H.E Sheikh Suhaim bin Khaled bin Hamad Al-Thani has occupied the position of Board Member in Milaha since November 2020. He is also a Board Member in Qatar Central Markets Company. Besides, he previously occupied the position of Chairman of the Board in Dlala Holding. H.E is holding a Bachelor's in Business Administration. <b>[Non-executive, independent member]</b>

- H.E. Sheikh Suhaim bin Khaled Al-Thani has been accepted as a successor to Mr. Sulaiman Haidar who resigned as Board Member on 26\10\2020.



The following table shows information about the Executive Management Members:

No.	Name of the Executive Management Member	Position of Executive Management Member in the Company	Number of Shares Represented	Other Information
1.	<b>Mr. Abdulrahman Essa Al-Mannai</b>	President & CEO		Mr. Abdulrahman Essa Al-Mannai has been the President and CEO of Milaha Group (Qatar Navigation) since September 2015. He leads all the business areas of Milaha. In addition, He is on the board of Nakilat (largest LNG Shipping Co in the world) and QTerminals (a joint venture between Mwani and Milaha). Prior to joining Milaha, Mr. Al-Mannai held various leadership positions at Qatargas, the world's largest liquefied natural gas company, where he oversaw the largest LNG supply chain, Europe's largest regasification terminal, South Hook LNG Terminal, amongst other roles. Throughout his career, Mr. Al-Mannai developed extensive experience in multiple fields, including shipping, energy markets, and commercial activities, achieving a strong record of success. Mr. Al-Mannai has a degree in Aeronautical Engineering.
2.	<b>Mr. Saleh Al-Haroon</b>	EVP – Support Services		Mr. Saleh Abdulla Al-Haroon has been EVP, Support Services in Milaha Group (Qatar Navigation) since 2017. Prior to joining Milaha, he held Senior Management positions with Gulf Air & Qatar Airways. Mr. Al-Haroon holds a Degree in Political Science & Economics
3.	<b>Mr. Mohammed Abdulla Al Aqeedi</b>	EVP – Milaha Offshore & Marine		Mr. Mohammed Abdulla Al Aqeedi has been EVP, Offshore & Marine in Milaha Group (Qatar Navigation) since 2018. Prior to becoming EVP, Mr. Al Aqeedi occupied the position of Vice President of Operations at Halul Offshore Services Company in 2014 and the position of Senior Commercial Manager at the Halul Offshore Services Company as well. Mr. Al Aqeedi holds a Degree in Maritime Management.
4.	<b>Mr. Akram Iswaisi</b>	EVP – Finance & Investment		Mr. Akram Bashir Iswaisi has been EVP, Finance & Investment in Milaha Group (Qatar Navigation) since 2015. He is on the Board of QTerminals (A joint venture between Mwani & Milaha). He is also the Vice Chairman of the Board of United Arab Chemical Carriers as well as Chairman of the Audit Committee. Mr. Iswaisi holds a Degree in Accounting from Kennesaw State University, USA.
5.	<b>Mr. Rahul Bhargava</b>	Acting EVP – Milaha Gas & Petrochem		Mr. Rahul Bhargava has been Acting EVP, Gas & Petrochem in Milaha Group (Qatar Navigation) since 2020. Prior to joining Milaha, Mr. Bhargava occupied the position of Senior Technical Manager at Qatar Shipping Company Limited. Mr. Bhargava holds a Degree in Electrical Engineering.
6.	<b>Mr. Anders Lund Kristensen</b>	EVP – Milaha Maritime & Logistics		Mr. Anders Lund Kristensen has been the EVP, Maritime & Logistics in Milaha Group (Qatar Navigation) since 2018. Prior to joining Milaha, Mr. Kristensen occupied various leadership positions in different Companies, such as CEO of Damco in Sweden and COO of Maersk Line in The Netherlands and Singapore. He also occupied the position of Director of A.P. Moller-Maersk in Denmark, Product Manager & General Manager of Maersk Logistics in China, Trade Manager of Maersk Line in Denmark. Mr. Kristensen holds a Degree in International Shipping Management and a Degree in International Management & Economics.

No.	Name of the Executive Management Member	Position of Executive Management Member in the Company	Number of Shares Represented	Other Information
7.	<b>Mr. Gautam Bellur</b>	EVP – Corporate Development & Strategy		Mr. Gautam Bellur has been EVP, Corporate Development & Strategy in Milaha Group (Qatar Navigation) since 2010. Prior to joining Milaha, Mr. Bellur held the position of Associate Partner in Oliver Wyman in USA and UAE. Also, he occupied the position of Consultant in Kestnbaum Consulting in the US. Mr. Bellur holds a Degree in Economics.
8.	<b>Mr. Asem Al Naser</b>	Chief Internal Auditor		Mr. Asem Al Naser has been the Chief Internal Auditor in Milaha Group (Qatar Navigation) since 2014. Mr. Al Naser has been working as Head of Internal Audit in MASDAR, UAE. He also occupied the position of Internal Audit Manager of Dunai World (Istithmar, Dubai Customs, Limitless, Kingdom Hotel Investment Co., El Ajou Holding Co.) and Senior Auditor of Deloitte and Touche M.E. in Saudi Arabia in 2004. He holds a Degree of Business Administration.

### 3.2 Powers of the Board of Directors

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

### 3.3 Duties of the Chairman

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

### 3.4 Meetings of the Board

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

A meeting of the Board shall be held upon an invitation from the Chairman or from the Vice-Chairman in his absence. Meeting shall also be invited to when two Board Members request a Board meeting to be held. Such invitations should be sent at least seven days ahead of the scheduled meeting date along with a detailed agenda of the meeting. In the financial year ending 31 December 2020, the Board of Directors held six meetings, in addition to some resolutions adopted off-meeting and all Board Members were obligated to attend all meetings according to the requirements.

### 3.5 Secretary of the Board

The Board has appointed a Board Secretary working under the direct supervision of the Chairman. The Secretary has a Certified Accountant Certificate, extensive work experience in both Milaha's affairs and the listed companies, in addition to his experience in Corporate Governance processes and Board of Directors Secretariat, for example preparing the Board meeting agenda, ensuring that the invitations for Board meetings are delivered to all Board Members. As well as recording, maintaining, and distributing the Board resolutions to the competent departments after Board's approval. The Secretary is also required to follow up on the execution of the Board resolutions and shall present a report on the results to the Board in every meeting for review and ensuring that all resolutions issued by the Board has been executed, otherwise he shall provide the reasons of failure of executing the resolution(s). The Secretary is also responsible for distributing the relevant Company information demanded by Members of the Board.

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

### 3.6 Board of Directors Remuneration

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

### 3.7 Duties and Other Obligations of the Board

- The Board shall ensure that Members of the Strategic & Investment Committee, Nomination & Remuneration Committee, Audit Committee, the Internal Auditors, and representatives of the External Auditors to attend the General Assembly Meetings.
- The Board shall hold induction session for the new Board Members including a

visual display in order to ensure that they understand the Company's activities and operations and become fully aware of their obligations.

- The Board Members are responsible for understanding their roles and duties and for having knowledge about the financial, commercial, and industrial issues, and about the operations and activities of the Company. For this purpose, the Board shall approve and implement adequate official training courses aimed at enhancing the skills and knowledge of the Board Members.
- The Board members should always be aware of the latest developments in the area of Governance and of the best relevant practices.
- The Board Members are committed to attending the meetings of the Board regularly. In the event of absence, the provisions of Article No. (36) of the Company's Articles of Association and the Board's Charter shall be applied.

### 3.8 Appointing of Board Members

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

- Nomination and appointment of the Board Members should take place in accordance with the procedures stated in the Commercial Companies Law and the Company Articles of Association.
- The Board of Directors formed a Nomination Committee in 2014, which has been reformed after election of the Board of Directors on 18/3/2018. The Nomination Committee verifies the applications for nomination to the Membership of the Board of Directors, ensures the applications' conformity with the conditions provided for in the Commercial Companies Law, Company's Articles of Association, as well as the stipulation of Article No. (5) of the Governance Charter. (Nomination through the Committee does not prevent any Shareholder of the Company from standing by himself or from being nominated to the election).
- The Nomination Committee should take into consideration, among other things, the ability to give the candidates enough time for carrying out their duties as Board Members, in addition to their skill, knowledge, experience, and their professional, technical and academic qualifications, and personality. The Nomination Committee should also take into consideration "the appropriate guidelines for nominating the Board Members" which are subject to changes by the Authority from time to time.

## 4. Board of Directors Committees

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

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

### 4.1 The Strategic & Investment Committee

This Committee was initially formed in March 2009, then it has been reformed in the subsequent terms of the Board, and last formation occurred after election of the new Board of Directors on 18/3/2018. According to the Strategic & Investment Committee's Charter, the most important duties of the Committee is overseeing the investment activities exceeding the value limit authority of the Chairman and the Chief Executive Officer, for protecting the interests of the Company from any future risks, and the Committee raises its recommendations in this regard to the Board. The Committee held six meetings in the year 2020. Below are the Members of the Strategic & Investment Committee:

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

### 4.2 Audit Committee

This Committee was initially established in 2003, and then has been repeatedly reformed in all subsequent terms of the Board, and last formation occurred after election of the new Board of Directors on 18/3/2018. The duties of the Committee include assisting the Board in carrying out its supervisory responsibilities by reviewing internal controls on financial reporting to ensure that the financial data presented to the Shareholders and other relevant parties are free from material misstatement and monitoring the findings and comments in the Audit Reports prepared by the Internal Audit and External Auditors. The Committee ensures the compliance of the departments and employees with the Board Policies, applicable laws, regulations, and instructions. The Committee submits to the Board periodical reports about the results of its activities. The Committee does not include any Member who was previously employed by the Company's External Auditor. The Committee held six meetings in the year 2020. Below are the Members of the Audit Committee:

No.	Name of the Member	Position
1	Dr. Mazen Jassim Jaidah	Board Member - President of Audit Committee
2	Mr. Salman Abdullah Abdulghani	Board Member - Member of Audit Committee
3	H.E Sheikh Suhaim bin Khalid Al-Thani	Board Member - Member of Audit Committee

- H.E Sheikh Suhaim bin Khaled Al-Thani has been accepted as a successor to Mr. Sulaiman Haidar who resigned as Board Member on 26\10\2020.
- The Board has updated the Audit Committee's Charter for incorporating the changes required by the QFMA new Governance Code.

#### 4.3 The Nomination & Remuneration Committee

- The Nomination Committee has been merged with the Incentives & Remuneration Committee in 2018 to become one Committee named Nomination & Remuneration Committee. The Nomination duties are represented in verifying the nomination applications submitted by Shareholders for participation in the election of Members of the Board of Directors and ensuring that the applications are meeting the prescribed conditions and controls under Qatar's Commercial Companies Law, Company's Articles of Association, and QFMA Corporate Governance Code. The Committee presents its recommendation on these applications for election in the General Assembly Meeting.
- The Remuneration Committee duties include setting the policies for Remunerating the Board Members, Executive Management, and Company employees, and ensuring proper implementation of these policies. The remuneration for the Executive Management will be based on the profit recognized at the end of the financial year, and the Committee raises its recommendations in this regard to the Board of Directors, the Committee also submits an Annual Evaluation Report to the Board of Directors. The Committee held three meetings in the year 2020.

Below are the members of the Nomination and Remuneration Committee:

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

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

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

### 5. Internal Audit

#### 5.1 Internal Audit Plan

- Before the beginning of every financial year, the Chief Internal Auditor prepares a risk based Internal audit plan, including the Audit program and the proposed related budget, and presents both to the Audit Committee for approval.
- The Audit plan covers the Company and all its business units, and no activity is excluded from the scrutiny of Internal Audit. The Internal Audit Staff Members have full access to examine any documents or records they deem necessary for carrying out their responsibilities.
- The Internal Audit Department is responsible for executing the Audit plans approved by the Audit Committee and submitting periodic reports, which include their observations and recommendations to the Audit Committee. The Audit Committee periodically presents reports to the Board on significant audit issues and provides assurance to the Board about the design and effectiveness of the internal control system in the Company.

#### 5.2 Roles and Responsibilities of the Internal Audit Department

- The Internal Audit Department is responsible, in connection with disclosing the procedures followed in identifying the risks, for providing Milaha's Board of Directors with reasonable assurance on the effectiveness of the Governance System, Internal Controls, and Risk Management process in Milaha and all its applicable subsidiaries.
- The Internal Audit Department is fully independent, functions without limitation and express its opinion objectively, through reporting directly to the Audit Committee formed by Milaha Board of Directors. The Management of Milaha is supporting the Internal Audit Department for ensuring its independence.
- The Internal Audit Department is responsible for performing an independent review on the Company's financial and operational process, and the related records, regulations, procedures, and internal policies in the Company's head office or any other premises and submitting the findings to the Audit Committee.
- The Internal Audit Department is responsible for evaluating the design and effectiveness of internal controls applied for preventing the misuse of the Company's assets and properties. The Internal Audit Department also conducts surprise warehouse inventory stock taking and cash counts at different locations. These activities are conducted to verify the existence of the fixed assets and ensure that they are recorded properly. The Internal Audit is responsible for ensuring that the operational processes are in line with approved policies and procedures, which involve robust internal controls corresponding to each process of operations. The Internal Audit plays a role in strengthening the integrity and effectiveness of all business units of the Company.
- The Internal Audit Department is responsible for ensuring that all activities of the Company are matching with the Company's policies and procedures, applicable laws in the State of Qatar, and the obligations arising from the contracts signed by the Company, and also responsible for ensuring that the Company follows the best business standards and practices.

- The Internal Audit Department is responsible for evaluating the Company's operational procedures for identifying how the results are matching with set targets and identifying how the procedures implemented are in line with the approved plans.
- The Internal Audit Department is responsible for evaluating the designs of the Company's electronic data processing systems, and for making essential modifications to the current systems required for determining the efficiency and effectiveness of the internal control system.

### 6. The External Auditors

- The External Auditors are appointed by the General Assembly upon recommendations of the Board of Directors. In the General Assembly meeting held on 22 March 2020 the Shareholders approved the appointment of M/s KPMG as the Company's External Auditor for the year 2020, which is the fifth year in a row. KPMG is a licensed and accredited audit firm working independently from the Board of Directors and the Company's Management.
- The Company usually ensures the nonexistence of any conflict of interests between the Company and the External Auditors before appointing them. If it appears, after their appointment, that the matter had been otherwise, the External Auditor shall be replaced. The External Auditor or any of his staff may not be a Member of the Board or occupy any position in the Company.
- The External Auditors perform an Independent Audit of the annual financial statements and a review of the half yearly financial statements prepared in accordance with the International Financial Reporting Standards (IFRS), in addition to the requirements of Qatar Financial Markets Authority (QFMA) and in accordance with the Governance System. The financial reports are published in local newspapers in both Arabic and English languages and are posted on the websites of both the Company and Qatar Exchange in order to allow the Shareholders and the public in general to access the Company's information.
- The External Auditors have the right to examine any records, books, and documents in the Company and to ask for any information deemed necessary for carrying out their duty as Auditor.
- Further, the External Auditors are eligible to have meetings with the Audit Committee and with the Board. They also attend the General Assembly meetings for answering questions raised by the Shareholders regarding the Company's financial statements.



## 7. The Disclosure

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

### 7.1 Disclosure of Qatar Navigation Achievements in 2020

- In May, Milaha Demonstrates Digital Transformation with First-Ever Virtual Town Hall.
- In July, Milaha expands partnership with Microsoft to drive operational excellence and transform supply chain industry.
- In September, Milaha Signs Key Deal with Major Oilfield Services Firm.
- In October, Milaha Obtains "ISO 27001" Certification for Information Security Management System.
- Finally, in December, Milaha Obtained the British Safety Council COVID-19 Assurance Assessment Certificate.

### 7.2 We Disclose Below the Number of Shares Held by the Members of the Board and by Major Shareholders as of 31/12/2020:

- Number of shares held by the Board Members: 140,081,348
- Number of shares held by Major Shareholders: 404,750,691

### 7.3 Capital Structure, Shareholders Rights, and Major Transactions

- The Capital structure of Milaha is disclosed in the Company's Annual Report, which is presented to the Shareholders General Assembly according to the International Accounting and Auditing Standards. The Company's authorized and fully paid-up capital amounts to QR 1,145,252,000 distributed over 1.145,252,000 shares.
- In the event that substantial transactions are approved, against which the Minority Shareholders vote, the Board of Directors should ensure the protection of the Minority Shareholders.
- The Board is compliant with the stipulation of Article (7) of the Company's Articles of Association through a mechanism ensuring equal rights to all Shareholders in the sense that ownership of a single Shareholder, whether a natural or legal person, may not exceed 10 % of the share capital.

## 7.4 Conflict of Interest and Third Party Trading

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

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

## 7.5 Legal Claims

- The Company's Legal Department is following up on the legal claims filed against the Company and those filed by the Company against other persons. None of the claims referred above has material impact on the company.

## 8. Rights of Other Stakeholders

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

## 9. Shareholders Rights

- The Shareholders surely enjoy the rights secured to them by the Commercial Companies Law and the Articles of Association, and Governance Charter of Milaha. Each Shareholder attending the General Assembly Meeting has the right to discuss the topics listed in the agenda and direct questions to the Board Members and to the Auditors. The Board Members must answer the questions and queries raised by the Shareholders without endangering the Company's interest.
- The Shareholders may also exercise their voting rights at the General Assembly Meeting and may delegate their voting rights to another member who is attending the meeting.
- The Annual General Assembly Meeting of Shareholders is held in accordance with Articles (46), (47), (48), and (49) of the Company's Articles of Association and the provisions of the Commercial Companies Law. The Shareholders

will receive notification of this meeting in advance. The notification shall be sent to the Stakeholders, Qatar Exchange, and QFMA and shall be published in the local newspapers and the Company's website. Copies of the Annual Report and the financial statements shall be provided to the Shareholders before the meeting date in order to enable them to participate in the discussions about the contents of the report with the Board of Directors.

### 9.1 Shareholder Rights Regarding Distribution of Dividends

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

### 9.2 Obtaining of Information

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

## 10. The Records of Shareholdings

- 10.1 The Company maintains correct and up-to-date records of the Shareholdings based on information we get from Qatar Exchange.
- 10.2 According to the instructions issued by Qatar Exchange to Listed Companies, the Shareholder records are deposited with Qatar Central Securities Depository Company, which is the party responsible for Shareholder Affairs. The Company has delegated to Qatar Central Securities Depository Company the task of maintaining and organizing this record, under Articles (159) and (160) of the Commercial Companies Law. Any Shareholder has the right to approach Qatar Central Securities Depository Company for viewing the record book as per the controls issued by Qatar Financial Markets Authority.



## 11. Investor Relations

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

## 12. Corporate Social Responsibility Policy

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

### 12.1 Governance of Corporate Social Responsibility

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

### 12.2 Corporate Social Responsibility Focus Areas

- Environment
- Milaha is working diligently to mitigate the negative impacts on environment through continuous attempts for power saving, encouraging the recycling of used materials, and adopting "Green" initiatives in the workplace.

## - HSSEQ

Milaha is committed to protecting the safety and health of all individuals associated to the Company by providing a safe, secure, and healthy work environment. Our objective is to conduct our operations with ensuring employee safety and zero accidents, mitigate the negative impacts through encouragement to practicing the activities with due responsibility and stimulate improvements through initiatives such as:

- ✓ COVID-19 Awareness Campaign.
- ✓ COVID-19 Precautions and Procedures Guidelines.
- ✓ Blood Donation Day.
- ✓ "Stay Safe This Ramadan" Campaign amid the COVID-19 pandemic.
- ✓ Breast Cancer Awareness Campaign.
- ✓ Mental Health Care Campaign.
- ✓ Sports Day Event.
- ✓ Safety and Health at Work Campaign.

## - Employee Welfare

Milaha employees are viewed as its most valuable assets. We are completely complying with Labor Laws and Regulations relevant to the Company. We also set internal rules and controls for protecting the legal rights and interests of all our employees, care for our employees' affairs, and provide comfortable facilities for healthy and safe work environment.

## - Equal Employment Opportunities

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

## 13. Compliance with Laws and Regulatory Regulations

The Company is fully compliant with all laws and regulations applicable in the State of Qatar.

# Independent Reasonable Assurance Report

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

## Report on Internal Controls over Financial Reporting

In accordance with Article 24 of the Corporate Governance Code for Companies and Legal entities Listed on the Main Market ("the Code") Issued by the Qatar Financial Markets Authority ("QFMA"), we were engaged by the Board of Directors of Qatar Navigation Q.P.S.C (Milaha) ("the Company") and its subsidiaries (together referred to as "the Group") to carry out a reasonable assurance engagement over Board of Directors' description of the processes and internal controls and assessment of the suitability of the design, implementation and operating effectiveness of the Company's internal controls over financial reporting (the 'ICOFR') as at 31 December 2020 (the "Statement").

## Responsibilities of the Board of Directors

The Board of Directors are responsible for fairly stating that the Statement is free from material misstatement and for the information contained therein.

The Statement, signed by the Group President & CEO and Board of Directors Chairman, which was shared with KPMG on 23 February 2021 and is to be included in the annual report of the Group includes the following:

- the Board of Directors' assessment of the suitability of design, implementation and operating effectiveness of the ICOFR;
- the description of the process and internal controls over financial reporting for the processes of:
  - Investments;
  - General ledger & financial reporting;
  - Information technology;
  - Entity level controls;
  - Human resources and payroll;
  - Cash & treasury;
  - Revenue, receivable & receipts;
  - Purchasing, payables & payment; and
  - Property, plant & equipment.
- Inventories
- Disclosures
- designing, implementing and testing controls to achieve the stated control objectives;
- identification of control gaps and failures, how they are remediated, and procedures set to prevent such failures or to close control gaps; and

- planning and performance of the management's testing, and identification of the control deficiencies.

The Board of Directors is responsible for establishing and maintaining internal controls over financial reporting based on the criteria established in Internal Control - Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO" or "COSO Framework").

This responsibility includes designing, implementing, maintaining and testing internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error. It also includes developing the control objectives in line with the COSO Framework; designing, implementing and testing controls to achieve the stated control objectives; selecting and applying policies, making judgments and estimates that are reasonable in the circumstances, and maintaining adequate records in relation to the appropriateness of the Group's ICOFR.

The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

The Board of Directors is also responsible for compliance with all applicable laws and regulations applicable to its activities.

## Our Responsibilities

Our responsibility is to examine the Statement prepared by the Group and to issue a report thereon including an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Statement is fairly presented, in all material respects, in accordance with the control objectives set out therein.

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

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Statement whether due to fraud or error.

Our engagement included assessing the appropriateness of the Group's ICOFR, and the suitability of the control objectives set out by the Group in preparing and presenting the Statement in the circumstances of the engagement. Furthermore, evaluating the overall presentation of the Statement, and whether the internal controls over financial reporting are suitably designed and implemented and are operating effectively as of 31 December 2020 based on the COSO Framework.

The procedures performed over the Statement include, but are not limited to, the following:

- Conducted inquiries with management of the Group to gain an understanding of the risk assessment and scoping exercise conducted by management;
- Examined the in-scope areas using materiality at the Group's consolidated financial statement level;
- Assessed the adequacy of the following:
  - Process level control documentation and related risks and controls as summarized in the Risk & Control Matrix ("RCM");
  - Entity level controls documentation and related risks and controls as summarized in the RCM;
  - Information Technology risks and controls as summarized in the RCM;
  - Disclosure controls as summarized in the RCM.
- Obtained an understanding of the methodology adopted by management for internal control design and implementation testing;

- Inspected the walkthrough and design and implementation testing completed by management and conducted independent walkthrough testing, on a sample basis, as deemed necessary;
- Assessed the significance of any internal control weaknesses identified by management;
- Assessed the significance of any additional gaps identified through the procedures performed.
- Examined the management plans for testing the operating effectiveness to evaluate the reasonableness of tests with respect to the nature, extent and timing thereof, and whether the testing responsibilities have been appropriately assigned;
- Examined the management's testing documents to assess whether the operating effectiveness testing of key controls has been performed by the management in accordance with the management testing plan; and
- Re-performed tests on key controls to gain comfort on the management testing of operating effectiveness.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Statement nor of the underlying records or other sources from which the Statement was extracted.

We have made such enquiries of the auditors of significant components within the Group concerned and have reviewed their work to the extent necessary to form our conclusion. We remain solely responsible for our conclusion.

#### Other information

The other information comprises the information to be included in the Group's annual report which are expected to be made available to us after the date of this report. The Statement and our reasonable assurance report thereon will be included in the annual report. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

#### Characteristics and Limitations of the Statement

The Group's internal controls over financial reporting, because of their nature, may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met.

Historic evaluation of design, implementation and operating effectiveness of an internal control system may not be relevant to future periods if there is a change in conditions or that the degree of compliance with policies and procedures may deteriorate.

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

#### Criteria

The criteria for this engagement are the control objectives set out therein against which the design, implementation and operating effectiveness of the controls is measured or evaluated. The control objectives have been internally developed by the Group, based on the criteria established in the COSO Framework.

#### Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

In our opinion, based on the results of our reasonable assurance procedures, the Board of Directors' Statement fairly presents that the Group's ICOFR was properly designed and implemented and are operating effectively as at 31 December 2020.

#### Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Group and QFMA for any purpose or in any context. Any party other than the shareholders of the Group and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Group and QFMA for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Group and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Group's own internal purposes) or in part, without our prior written consent.

23 February 2021  
Doha  
State of Qatar

Yacoub Hobeika  
KPMG  
Qatar Auditor's Registration No.289  
Licensed by QFMA:  
External  
Auditor's License No. 120153

Attachment: Management Statement on ICOFR

# Management Assessment of Internal Control over Financial Reporting (ICOFR)

## General

The Board of Directors of Qatar Navigation Q.P.S.C. and its consolidated subsidiaries (together "the Group") is responsible for establishing and maintaining adequate internal control over financial reporting ("ICOFR") as required by Qatar Financial Markets Authority ("QFMA"). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICOFR also includes our disclosure controls and procedures designed to prevent misstatements.

## Risks in Financial Reporting

The main risks in financial reporting are that either the consolidated financial statements are not presented fairly due to inadvertent or intentional errors or the publication of consolidated financial statements is not done on a timely basis. A lack of fair presentation arises when one or more financial statement accounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make based on the consolidated financial statements.

To confine those risks of financial reporting, the Group has established ICOFR with the aim of providing reasonable but not absolute assurance against material misstatements. We have also assessed the design, implementation and operating effectiveness of the Group's ICOFR based on the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design and evaluate the adequacy of a control system. As a result, in establishing ICOFR, management has adopted the following financial statement objectives:

- Existence / Occurrence - assets and liabilities exist and transactions have occurred;
- Completeness - all transactions are recorded account balances are included in the consolidated financial statements;
- Valuation / Measurement - assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts;

- Rights and Obligations and ownership - rights and obligations are appropriately recorded as assets and liabilities; and
- Presentation and disclosures - classification, disclosure and presentation of financial reporting is appropriate.

However, any internal control system, including ICOFR, no matter how well designed and operated, can provide only reasonable, but not absolute assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for ICOFR may not prevent all errors and fraud. Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

## Organization of the Internal Control System

### Functions Involved in the System of Internal Control over Financial Reporting

Controls within the system of ICOFR are performed by all business and support functions with an involvement in reviewing the reliability of the books and records that underlie the consolidated financial statements. As a result, the operation of ICOFR involves staff based in various functions across the organization.

### Controls to Minimize the Risk of Financial Reporting Misstatement

The system of ICOFR consists of a large number of internal controls and procedures aimed at minimizing the risk of misstatement of the consolidated financial statements. Such controls are integrated into the operating process and include those which:

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties;
- operate on a periodic basis such as those which are performed as part of the annual consolidated financial statement preparation process;
- are preventative or detective in nature;
- have a direct or indirect impact on the consolidated financial statements themselves. Controls which have an indirect effect on the consolidated financial statements include entity level controls and Information Technology general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item; and

- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

### Measuring Design, Implementation and Operating Effectiveness of Internal Control

For the financial year 2020, the Group has undertaken a formal evaluation of the adequacy of the design, implementation and operating effectiveness of the system of ICOFR considering:

- The risk of misstatement of the consolidated financial statement line items, considering such factors as materiality and the susceptibility of the financial statement item to misstatement;
- The susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.

These factors, in aggregate, determine the nature, timing and extent of evidence that management requires in order to assess whether the design,

implementation and operating effectiveness of the system of ICOFR is effective. The evidence itself is generated from pro-cedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the ICOFR evaluation. Information from other sources also form an important component of the evaluation since such evidence may either bring additional control issues to the attention of management or may corroborate findings.

The evaluation has included an assessment of the design, implementation, and operating effectiveness of controls within various processes including Revenue, Receivable and Receipts, Procurement to Pay, Treasury, Inventories, Investments, Human Resources and Payroll, Property, Plant and Equipment, General ledger and Financial Reporting. The evaluation also included an assessment of the design, implementation, and operating effectiveness of Entity Level Controls, Information Technology General Controls, and Disclosure Controls.

As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented, and operated effectively as of December 31, 2020.

**Jassim bin Hamad bin Jassim Jaber Al-Thani**  
Chairman

**Abdulrahman Essa Al-Mannai**  
President & CEO



# Consolidated Financial Statements

# Independent Auditor's Report

To the Shareholders of Qatar Navigation Q.P.S.C.  
Doha, State of Qatar

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Qatar Navigation Q.P.S.C. (the "Company") and its subsidiaries (together with the Company, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated income statement, consolidated statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes comprising significant accounting policies and other explanatory information, as set out on pages 51 to 100.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for Opinion

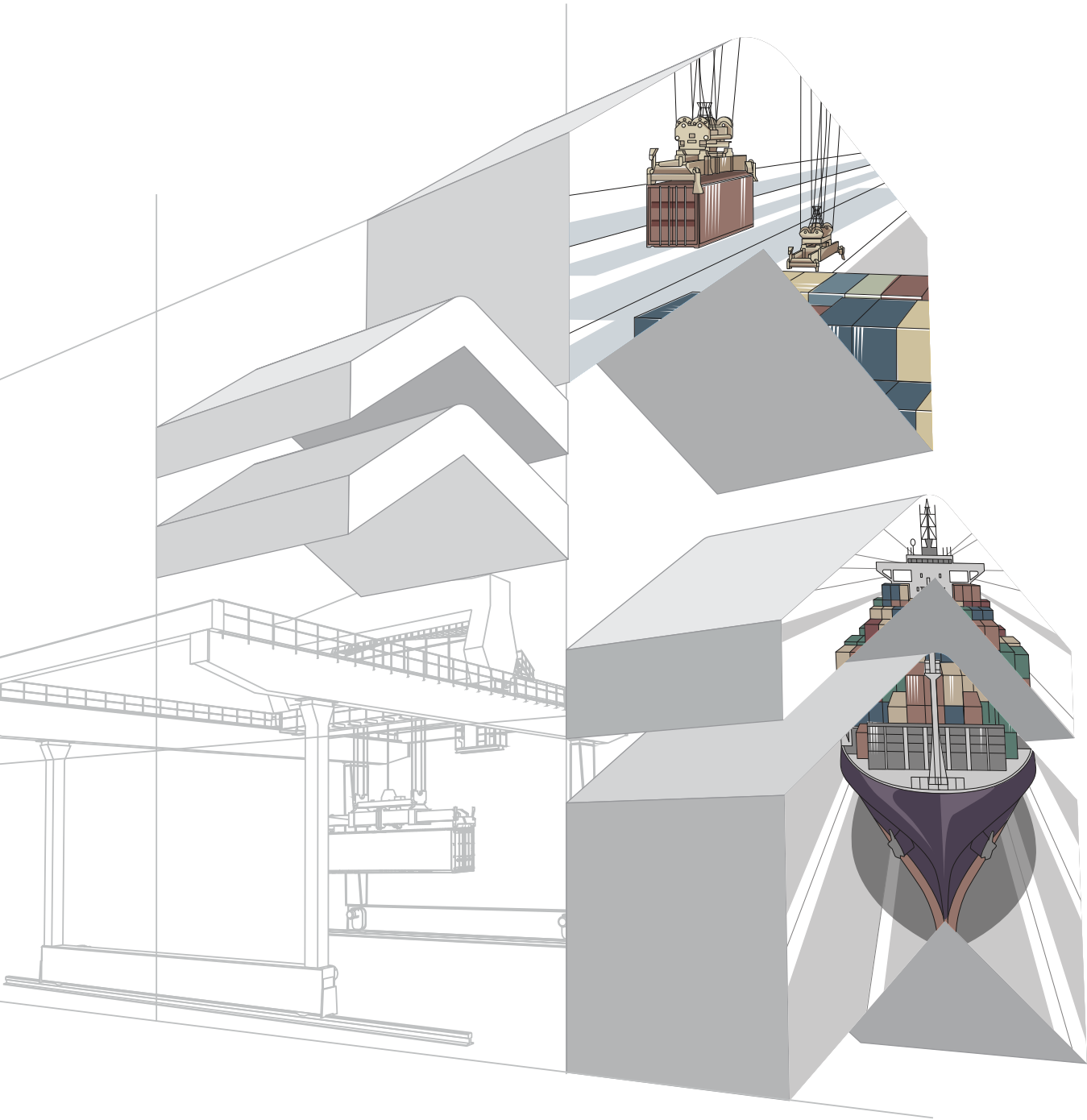
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further

described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the Company's consolidated financial statements in the State of Qatar, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

"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 period. 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.

Description of key audit matters	How the matter was addressed in our audit
<p>Carrying value of vessels (including vessels under construction), containers and barges - refer note 3, 7 and 38 in the consolidated financial statements</p> <p>We focused on this area because:</p> <ul style="list-style-type: none"><li>• The carrying value of the Group's vessels (including vessels under construction), containers and barges, that are included within "Property, vessels and equipment" shown on the consolidated statement of financial position, represent 16% of the Group's total assets and the related depreciation charge represents 10.5% of the Group' total expenses;</li><li>• General downturn of the global economy and the coronavirus ("COVID-19") pandemic has brought about uncertainties in the global economic environment and deceleration of the shipping industry, caused by unprecedented volatility in oil prices and rates;</li></ul>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"><li>• challenging the management's assessment of possible internal and external indicators of impairment in relation to the vessels, such as obsolescence, decline in market value, operating losses., based on our knowledge and experience of the shipping industry;</li><li>• involving our own valuation specialists to assist us in evaluating/challenging:<ul style="list-style-type: none"><li>- the appropriateness of the methodology used by management to assess the impairment;</li><li>- the Group's inputs and assumptions used in calculating the estimated cash flows, including the value-in-use estimates of future sales volumes (utilization of vessels) and prices (based on spot or chartered rates of vessels), operating costs, the terminal value growth rates, and the weighted-average cost of capital (discount rate);</li></ul></li></ul>





Independent Auditor’s Report (Continued)

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

Key Audit Matters (Continued)

<ul style="list-style-type: none"><li>• The impairment assessments of these assets, where performed, involved:<ul style="list-style-type: none"><li>- increased complexity in forecasting future cash flows due to the cyclical nature of the operation in the shipping industry; and</li><li>- Significant judgements for determining the assumptions to be used in estimating the recoverable amounts of these assets.</li></ul></li><li>• The life of the vessels (including vessels under construction), containers and barges and the estimation of residual values for the purpose of depreciation charge, are reviewed annually by management with reference to the available facts and circumstances. This involves a significant degree of management judgement and estimates, hence we considered this to be a key audit matter.</li></ul>	<ul style="list-style-type: none"><li>• testing the design and implementation of key controls around the processes of estimating useful lives and residual values;</li><li>• evaluating management’s assertions and estimates regarding estimated useful lives and residual values based on our knowledge and experience of the shipping industry;</li><li>• Recalculating the depreciation charge, and comparing it with the depreciation charge reported in the consolidated financial statements; and</li><li>• evaluating the adequacy of the disclosures in the consolidated financial statements, including the disclosures of key assumptions, judgments and estimates.</li></ul>
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Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company’s annual report (the “Annual Report”), but does not include the consolidated financial statements and our auditor’s report thereon. Prior to the date of this auditor’s report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are 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 have 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.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of

the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

Independent Auditor’s Report (Continued)

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors’ 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, then 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 the Board of Directors 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current year 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

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of Company’s inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company’s Articles of Association and any amendments thereto having occurred during the year which might have had a material effect on the Company’s consolidated financial position or performance as at and for the year ended 31 December 2020.

23 February 2021

Doha  
State of Qatar

Yacoub Hobeika

KPMG  
Qatar Auditor’s Registration No. 289  
Licensed by QFMA:  
External Auditor’s License No. 120153

# Consolidated Income Statement

For the year ended 31 December 2020

	Notes	2020 QR'000	2019 QR'000
Operating revenues	4	2,267,329	2,424,647
Salaries, wages and other benefits		(580,744)	(588,500)
Operating supplies and expenses		(840,329)	(1,001,382)
Rent expenses		(5,147)	(6,888)
Depreciation and amortization		(366,879)	(361,777)
Provision for impairment of trade and other receivables	16	(26,127)	(6,995)
Other operating expenses	5	(169,324)	(176,507)
<b>OPERATING PROFIT</b>		<b>278,779</b>	282,598
Finance cost		(83,839)	(102,656)
Finance income		20,746	24,059
Net gain on disposal of investment property		73,646	-
Net gain on disposal of property, vessels and equipment		13,796	16,088
Share of results of joint arrangements	11	85,422	238,697
Share of results of associates	12	418,323	360,759
Net loss on foreign exchange transactions		(1,274)	(821)
Impairment on property, vessels and equipment	7	(741,420)	(271,765)
<b>PROFIT BEFORE TAX</b>		<b>64,179</b>	546,959
Tax expense		(4,957)	(1,008)
<b>PROFIT FOR THE YEAR</b>		<b>59,222</b>	545,951
Attributable to:			
Equity holders of the Parent		59,106	546,752
Non-controlling interests		116	(801)
		<b>59,222</b>	545,951
<b>BASIC AND DILUTED EARNINGS PER SHARE</b> (attributable to equity holders of the Parent expressed in QR per share)	6	<b>0.05</b>	0.48

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	2020 QR'000	2019 QR'000
<b>Profit for the year</b>	<b>59,222</b>	545,951
<b>Other comprehensive income (OCI):</b>		
Items that will not be reclassified subsequently to profit or loss		
Net change in fair value of financial assets at FVOCI	(394,821)	480
Equity-accounted investees - share of OCI	2,664	(11,164)
	<b>(392,157)</b>	(10,684)
Items that may be reclassified subsequently to profit or loss		
Net loss resulting from cash flow hedges	(36,474)	(37,618)
Cash flow hedge movement for equity-accounted investees	(127,891)	(161,453)
	<b>(164,365)</b>	(199,071)
Total	<b>(556,522)</b>	(209,755)
<b>Total comprehensive income</b>	<b>(497,300)</b>	336,196
Attributable to:		
Equity holders of the Parent	(497,505)	337,029
Non-controlling interests	205	(833)
	<b>(497,300)</b>	336,196

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

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



# Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	2020 QR'000	2019 QR'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, vessels and equipment	7	3,250,396	4,063,316
Investment property	8	798,839	822,773
Intangible assets	9	151,588	149,349
Right-of-use assets	10	227,913	154,830
Investments in joint arrangements	11	964,407	1,089,860
Investments in associates	12	6,001,739	5,914,000
Financial assets at FVOCI	13	3,741,019	4,099,187
Loans granted to LNG companies	14	124,111	129,247
Other assets		23,839	24,239
		<b>15,283,851</b>	16,446,801
<b>Current assets</b>			
Inventories	15	77,615	81,088
Trade and other receivables	16	764,356	741,104
Equity instruments at FVTPL	17	116,602	55,850
Loan to a related party	34	392,650	-
Investments in term deposits	18	70,701	168,221
Cash and cash equivalents	19	306,253	177,761
		<b>1,728,177</b>	1,224,024
<b>Total assets</b>		<b>17,012,028</b>	17,670,825
<b>EQUITY AND LIABILITIES</b>			
<b>Attributable to equity holders of the Parent</b>			
Share capital	20	1,145,252	1,145,252
Treasury shares	21	(73,516)	(73,516)
Legal reserve	22	4,693,986	4,693,986
General reserve	23	623,542	623,542
Fair value reserve		3,367,639	3,875,607
Hedging reserve		(96,138)	68,227
Retained earnings		4,042,530	4,210,029
<b>Equity attributable to equity holders of the Parent</b>		<b>13,703,295</b>	14,543,127
Non-controlling interests		55,089	54,884
<b>Total equity</b>		<b>13,758,384</b>	14,598,011
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	26	1,403,141	1,837,152
Advance from a customer	27	98,947	107,004
Lease liabilities	28	153,632	108,928
Provision for employees' end of service benefits	29	114,173	119,855
		<b>1,769,893</b>	2,172,939
<b>Current liabilities</b>			
Trade and other payables	30	674,681	576,063
Loans and borrowings	26	717,597	270,112
Lease liabilities	28	91,473	53,700
		<b>1,483,751</b>	899,875
<b>Total liabilities</b>		<b>3,253,644</b>	3,072,814
<b>Total equity and liabilities</b>		<b>17,012,028</b>	17,670,825

On 23 February 2021, the Company's Board of Directors authorised these consolidated financial statements for issue, which were signed on its behalf by the following:

**Jassim bin Hamad bin Jassim Jaber Al-Thani**  
Chairman

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

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

# Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 QR'000	2019 QR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		64,179	546,959
Adjustments for:			
Depreciation of property, vessels and equipment	7	256,707	265,604
Depreciation of investment property	8	30,057	51,285
Amortisation of intangible assets	9	10,999	10,168
Depreciation of right-of-use assets	10	69,116	34,720
Gain on disposal of investment property		(73,646)	-
Gain on disposal of property, vessels and equipment		(13,796)	(16,088)
Share of results of joint arrangements	11	(85,422)	(238,697)
Share of results of associates	12	(418,323)	(360,759)
Provision for employees' end of service benefits	29	17,071	24,156
Dividend income	4	(143,448)	(149,698)
Net fair value (gain) loss on equity instruments at FVTPL	4	(18,300)	1,771
Impairment on property, vessels and equipment	7	741,420	271,765
Provision for impairment of trade and other receivables	16	26,127	6,995
Reversal/Recovery of provision for slow moving inventories	15	(242)	(7,363)
Loss (Profit) on disposal of equity instruments at FVTPL	4	9,716	(7,664)
Finance cost		83,839	102,656
Finance income		(20,746)	(24,059)
Operating profit before working capital changes		<b>535,308</b>	511,751
Changes in:			
Inventories		3,715	47,828
Trade and other receivables		(48,974)	13,797
Trade and other payables		48,185	(3,650)
Cash flows generated from operating activities		<b>538,234</b>	569,726
Employees' end of service benefits paid	29	(18,249)	(15,532)
<b>Net cash flows from operating activities</b>		<b>519,985</b>	554,194
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, vessels and equipment	7	(221,458)	(139,435)
Purchase of investment property	8	(19,142)	(97,399)
Additions to intangible assets	9	(11,016)	(14)
Investment in securities measured at FVOCI		(292,000)	-
Investment in an associate	12	-	(610,639)
Net movement of loans granted to LNG companies		5,136	20,328
Net movement of investment in term deposits		97,520	409,323
Investment in securities measured at FVTPL		(98,160)	(96,179)
Loan to a related party		(392,650)	-
Proceeds from disposal of property, vessels and equipment		47,825	109,140
Proceeds from disposal of investment properties		86,665	-
Proceeds from disposal of financial asset at FVOCI		250,767	-
Proceeds from disposal of equity instruments at FVTPL		46,021	187,045
Dividends received from joint ventures	11	210,875	98,000
Dividends received from associates	12	205,357	233,352
Dividend received from investments	4	143,448	149,698
Finance income received		20,746	24,059
<b>Net cash flows from investing activities</b>		<b>79,934</b>	287,279
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to the Company's shareholders	25	(340,849)	(340,849)
Payments of lease liabilities	28	(60,213)	(31,531)
Net movement of loans and borrowings		13,474	(316,070)
Finance cost paid		(83,839)	(102,656)
<b>Net cash flows used in financing activities</b>		<b>(471,427)</b>	(791,106)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>128,492</b>	50,367
Cash and cash equivalents at 1 January		177,761	127,394
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	19	<b>306,253</b>	177,761

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





# Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to the equity holders of the Parent							Non-controlling interest	Total
	Share Capital (Note 20) QR'000	Treasury shares (Note 21) QR'000	Legal reserve (Note 22) QR'000	General reserve (Note 23) QR'000	Fair value reserve QR'000	Hedging reserve QR'000	Retained earnings QR'000		
At 31 December 2018	1,145,252	(73,516)	4,693,986	623,542	3,886,259	295,736	4,010,829	55,717	14,637,805
Adjustment on initial application of IFRS 16	-	-	-	-	-	-	(4,609)	-	(4,609)
<b>Adjusted balance at 1 January 2019</b>	<b>1,145,252</b>	<b>(73,516)</b>	<b>4,693,986</b>	<b>623,542</b>	<b>3,886,259</b>	<b>295,736</b>	<b>4,006,220</b>	<b>55,717</b>	<b>14,633,196</b>
Total comprehensive income:	-	-	-	-	-	-	546,752	(801)	545,951
Profit (loss) for the year	-	-	-	-	(10,652)	(199,071)	-	(32)	(209,755)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	-	(10,652)	(199,071)	546,752	(833)	336,196
Transactions with owners of the Company:	-	-	-	-	-	-	(340,849)	-	(340,849)
Dividends (Note 25)	-	-	-	-	-	-	-	-	-
Other equity movements:	-	-	-	-	-	-	-	-	-
Share of Associates' equity adjustment	-	-	-	-	-	(28,438)	11,575	-	(16,863)
Contribution to Social and Sports Fund (Note 31)	-	-	-	-	-	-	(13,669)	-	(13,669)
<b>At 31 December 2019 / 1 January 2020</b>	<b>1,145,252</b>	<b>(73,516)</b>	<b>4,693,986</b>	<b>623,542</b>	<b>3,875,607</b>	<b>68,227</b>	<b>4,210,029</b>	<b>54,884</b>	<b>14,598,011</b>
Total comprehensive income:	-	-	-	-	-	-	59,106	116	59,222
Profit (loss) for the year	-	-	-	-	(392,246)	(164,365)	-	89	(556,522)
Other comprehensive (loss) income	-	-	-	-	-	-	-	-	-
Total comprehensive (loss) income	-	-	-	-	(392,246)	(164,365)	59,106	205	(497,300)
Transactions with owners of the Company:	-	-	-	-	-	-	(340,849)	-	(340,849)
Dividends (Note 25)	-	-	-	-	-	-	-	-	-
Transfer of reserves on disposal of financial assets at FVTOCI	-	-	-	-	(115,722)	-	115,722	-	-
Other equity movement:	-	-	-	-	-	-	-	-	-
Share of Associates' equity adjustment	-	-	-	-	-	-	-	-	-
Contribution to Social and Sports Fund (Note 31)	-	-	-	-	-	-	(1,478)	-	(1,478)
<b>At 31 December 2020</b>	<b>1,145,252</b>	<b>(73,516)</b>	<b>4,693,986</b>	<b>623,542</b>	<b>3,367,639</b>	<b>(96,138)</b>	<b>4,042,530</b>	<b>55,089</b>	<b>13,758,384</b>

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

## Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2020

### 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 23 February 2021.

(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	
			2020	2019
Qatar Shipping Company W.L.L.	Qatar	Chartering of vessels and maritime services	100%	100%
Halul Offshore Services Company W.L.L.	Qatar	Chartering of vessels offshore services	100%	100%
Qatar Quarries and Building Materials Company Q.P.S.C. (i)	Qatar	Trading in building materials	50%	50%
Gulf Shipping Investment Company W.L.L.	Qatar	Cargo handling	100%	100%
Qatar Shipping Company (India) Private Limited	India	Own, hire, purchase, sale, operate and manage all types of ships	100%	100%
Ocean Marine Services W.L.L.	Qatar	Cargo handling, offshore support services	100%	100%
Halul United Business Services L.L.C.	Saudi	Offshore services	100%	100%
Milaha Trading Company W.L.L.	Qatar	Trading in industrial materials	100%	100%
Navigation Travel & Tourism W.L.L.	Qatar	Travel agency	100%	100%
Navigation Trading Agencies W.L.L.	Qatar	Trading in heavy equipment	100%	100%

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 1. Reporting Entity (Continued)

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

Name of the subsidiary	Country of incorporation	Principal activities	Group effective shareholding	
			2020	2019
Navigation Marine Service Center W.L.L.	Qatar	Marine services	100%	100%
Milaha Capital W.L.L.	Qatar	Investments	100%	100%
Milaha Real Estate Services W.L.L.	Qatar	Real estate maintenance	100%	100%
Milaha Integrated Maritime and Logistics W.L.L.	Qatar	Maritime and logistic services	100%	100%
Milaha Ras Laffan Verwaltungs GMBH	Germany	Managing the business activities of KG companies	100%	100%
Milaha Qatar Verwaltungs GMBH	Germany	Managing the business activities of KG companies	100%	100%
Milaha Real Estate Investment W.L.L.	Qatar	Real estate services	100%	100%
Milaha for Petroleum and Chemical Product W.L.L.	Qatar	Shipping services	100%	100%
Milaha Ras Laffan Gmbh & Co. KG (KG1)	Germany	LNG transportation	100%	100%
Milaha Qatar Gmbh & Co. KG (KG2)	Germany	LNG transportation	100%	100%
Milaha Offshore Holding Co. PTE LTD	Singapore	Offshore support services	100%	100%
Milaha Explorer PTE LTD	Singapore	Offshore support services	100%	100%
Milaha Offshore Services Co PTE LTD	Singapore	Offshore support services	100%	100%
Milaha (FZC) L.L.C.	Oman	Logistic services	100%	100%
Milaha Ship Management & Operation Company W.L.L.	Qatar	Fleet & Technical Services	100%	100%

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

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 1. Reporting Entity (Continued)

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

Name of Subsidiary	Company's ownership percentage	
	2020	2019
Milaha Technical & Logistics Services W.L.L.	100%	100%
Milaha Offshore Support Services Company W.L.L.	99.5%	99.5%
Milaha for Petroleum and Chemical Product W.L.L.	99.5%	99.5%
Milaha Warehousing W.L.L.	100%	100%
Milaha Capital Real Estate Complex W.L.L.	100%	100%
Milaha for Ships and Boats W.L.L.	100%	100%
Halul Ship Management & Operation W.L.L.	100%	100%
Halul 49 L.L.C.	100%	100%
Halul 68 L.L.C.	100%	100%
Halul 69 L.L.C.	100%	100%
Halul 70 L.L.C.	100%	100%
Halul 71 L.L.C.	100%	100%
Halul 80 L.L.C.	100%	100%
Halul 81 L.L.C.	100%	100%
Halul 82 L.L.C.	100%	100%
Halul 83 L.L.C.	100%	100%
Halul 90 L.L.C.	100%	100%
Halul 100 L.L.C.	100%	100%
Halul 101 L.L.C.	100%	100%
Aliago W.L.L.	100%	100%
Milaha Offshore Holdings (UK) Private Limited	100%	100%
Milaha Offshore MEX1 Limited	100%	100%
Milaha Offshore MIDAS1 Limited	100%	100%
Milaha Offshore Services (UK) Limited	100%	100%

All subsidiary undertakings are included in the consolidation.

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

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

The results and the assets and liabilities of the above branch have been combined 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.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 2. Basis of Preparation

#### a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Qatar Commercial Companies Law No. 11 of 2015.

#### b) Basis of measurement

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

#### c) Functional and presentation currency

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

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

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

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

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

#### d) Use of judgments and estimates

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

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

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

#### e) New currently effective IFRS requirements

The recent changes to International Financial Reporting Standards ("IFRS" or "standards") that are required to be applied by an entity with an annual reporting period beginning 1 January 2020 are enlisted below:

- Amendments to References to Conceptual Framework in IFRS standards
- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" of definition of material.
- Amendments to IFRS 3 "Business Combinations" of definition of business
- Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and measurement" and IFRS 7 "Financial Instruments: Disclosures" of Interest Rate Benchmark Return Reform

The new and amended standards and the interpretation to a standard listed in the table above do not have any or material effect on the Group's consolidated financial statements.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 2. Basis of Preparation (Continued)

#### f) IFRS requirements not yet effective, but available for early adoption

The table below lists the recent changes to International Financial Reporting Standards ("IFRS" or "standards") that are required to be applied by an entity with an annual reporting period beginning on or after 1 June 2020.

Effective for year beginning 1 June 2020	• Amendment to IFRS 16 "Leases" of COVID-19 Related Rent Concessions
Effective for year beginning 1 January 2021	• Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 of Interest rate Benchmark Reform
Effective for year beginning 1 January 2022	• Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" of Onerous Contracts - Cost of Fulfilling a Contract • Annual Improvements to IFRS Standards 2018-2020 • Amendments to IAS 16 "Property, Plant and Equipment" of Proceeds before Intended Use • Amendments to IFRS 3 "Business Combinations" of Reference to the Conceptual Framework
Effective for year beginning 1 January 2023	• Amendments to IAS 1 "Presentation of Financial Statements" of Classification of Liabilities as Current or Non-current
Effective date deferred indefinitely / available for optional adoption	• Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" on sale or contribution of assets between an investor and its associate or joint venture

Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have a significant impact on the Group's consolidated financial statements.

### 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.



## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 3. Significant Accounting Policies (Continued)

#### Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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 either in either profit or loss or as a change to OCI. 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.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 3. Significant Accounting Policies (Continued)

#### Business combination (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### Revenue from contracts with customers

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

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

The Group recognises revenue from the following major sources:

#### Chartering of vessels

Revenue from chartering of vessels, equipment and others is recognised on an accrual basis in accordance with the terms of the contract entered into with customers.

#### Sales of goods and services

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

#### Cargo transport and container barge income

The value of all work invoiced during the year as adjusted for uncompleted trips. Attributable profit on uncompleted trips is recognised over time, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, after making due allowance for future estimated losses.

#### Shipping agency income

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

#### Loading, clearance and land transport income

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

#### Ship repairs and fabrication income

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

#### Freight forwarding revenue

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

Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

3. Significant Accounting Policies (Continued)

Other operating revenues

Rental income

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

Investment income

Income from investments is accounted for on an accrual basis when the right to receive the income is established.

Dividend income

Dividend income is accounted for on an accrual basis when the right to receive the income is established.

Interest income

Interest income is recognised as interest accrues using the effective interest rate method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Expense recognition

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

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

Finance costs

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

Taxation

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

Property, vessels and equipment

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

Depreciation is provided on a straight-line basis on all property, vessels and equipment, except for freehold land which is not depreciated. The estimated residual value at the end of the estimated useful life is also considered in the depreciation of vessels. The rates of depreciation are based on the following estimated useful lives of the depreciable assets:

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

Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

3. Significant Accounting Policies (Continued)

Property, vessels and equipment (Continued)

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.

In addition, the carrying value of a right of use asset may be periodically adjusted for certain remeasurements of the related lease liability (see accounting policy “Lease liabilities”).

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.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 3. Significant Accounting Policies (Continued)

#### 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.

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.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 3. Significant Accounting Policies (Continued)

#### Investments in associates and joint ventures (Continued)

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence 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.

#### Joint operations

A jointly controlled operation is a venture, where the parties to the joint operation contribute towards a common objective. The consolidated financial statements include those assets contributed and controlled by the Group and recognizes liabilities that it incurs in the course of pursuing the joint operation. The expenses that the Group incurred and its share of the income that it earns is included as part of the share of results of joint arrangements.

#### Financial instruments

##### i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### 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.



## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

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

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

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

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

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

#### Business model assessment

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

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

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

#### Assessment whether contractual cash flows are SPPI

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

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

- 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).

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

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

#### Assessment whether contractual cash flows are SPPI (Continued)

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

#### Subsequent measurement

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

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

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

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

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

##### iv. Derecognition

#### Financial assets

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

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

#### 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.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

##### v. Offsetting

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

##### vi. Derivative financial instruments and hedging

###### *Derivative financial instruments and hedge accounting*

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

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

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

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

###### *Cash flow hedges*

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

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

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

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

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.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 3. Significant Accounting Policies (Continued)

#### Loans granted to LNG companies / related party

Loans and receivables are non-derivative financial assets with fixed or 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. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated income statement. The losses arising from impairment are recognised in the consolidated income statement.

#### 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 the financial assets, except for the cash at bank, 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.

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

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

###### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs 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 and other comprehensive income.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 3. Significant Accounting Policies (Continued)

#### Impairment (Continue)

##### i. Non-derivative financial assets (Continue)

###### Write-off

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

##### ii. Non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, as follows:

Stores, spares and goods for sale	- Purchase cost on a weighted average basis
Work in progress	- Cost of direct materials, labour and direct overheads

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### Cash and cash equivalents

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

#### Share capital

##### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

##### Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in its own equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented separately in the equity.

#### 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

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 3. Significant Accounting Policies (Continued)

#### Leases (Continue)

##### Leases - Group as a lessee (Continue)

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

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

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

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

##### Short-term leases and leases of low-value assets

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

##### Leases - Group as a lessor

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

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Under an operating lease, the asset is included in the statement of financial position as property and equipment. Lease income is recognized over the term of the lease on a straight-line basis. This implies the recognition of deferred income when the contractual day rates are not constant during the initial term of the lease contract.

#### 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.



## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 3. Significant Accounting Policies (Continued)

#### Provision for employees' end of service benefits

##### End of service gratuity plans

The Group provides end of service benefits to its eligible employees in accordance with employment contracts and Qatar Law No. 14 of 2004, the Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Management does not perform an actuarial valuation as required by International Accounting Standard 19 "Employee Benefits" as it estimates that such valuation does not result to a significantly different level of provision. The provision is reassessed by management at the end of each year, and any change to the provision for employees' end of service benefits is adjusted in the profit or loss.

##### Pension plan

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

##### Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange ruling at date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the exchange rate ruling at reporting date. Any gain or loss arising from changes in exchange rates is recognised in the consolidated income statement.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;
- 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
- 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.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 3. Significant Accounting Policies (Continued)

#### Current versus non-current classification

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

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

All other assets are classified as non-current.

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.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 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).

	2020 QR'000	2019 QR'000
<b>Disaggregation of revenue</b>		
Milaha Capital (1)	364,957	416,931
Milaha Maritime and Logistics	769,219	839,888
Milaha Offshore	762,156	752,479
Milaha Trading	73,015	126,967
Milaha Gas and Petrochem	297,982	288,382
	<b>2,267,329</b>	2,424,647

(1) Revenues of Milaha Capital comprise the following:

	2020 QR'000	2019 QR'000
Rental income	93,643	146,617
Dividend income	143,448	149,698
Revenue of Qatar Quarries and Building Material Company Q.P.S.C.	107,115	114,723
Net fair value gain (loss) on financial assets at FVTPL	18,300	(1,771)
(Loss) Profit on disposal of financial assets at FVTPL	(9,716)	7,664
Interest on bonds	12,167	-
	<b>364,957</b>	416,931

#### 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.

### 5. Other Operating Expenses

	2020 QR'000	2019 QR'000
Professional fees	34,655	53,019
Claims and insurance	29,748	30,890
Communication and utilities	23,643	26,666
Registration, certifications and formalities	14,539	14,919
Provision for slow moving inventories (Note 15)	630	614
Travel and entertainment	7,745	5,046
Security and safety	16,047	5,118
Office supplies and expenses	6,546	3,595
Marketing, sponsorship and gifts	3,771	4,017
Miscellaneous expenses	32,000	32,623
	<b>169,324</b>	176,507

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 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.

	2020	2019
Net profit for the year attributable to equity holders of the Parent (QR'000)	59,106	546,752
Weighted average number of shares (000's) (1)	1,136,165	1,136,165
Basic earnings per share (QR)	0.05	0.48

#### 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:

	2020	2019
Total number of shares outstanding (000's) (Note 20)	1,145,252	1,145,252
Adjustment for weighted average shares with respect to treasury shares (000's) (Note 21)	(9,087)	(9,087)
Weighted average numbers of shares during the year (000's)	1,136,165	1,136,165

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 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
<b>Cost</b>								
At 1 January 2019	894	338,962	5,758,887	317,259	46,293	71,758	216,713	6,750,766
Additions	-	2,783	42,429	6,328	563	190	87,142	139,435
Transfers and reclassifications	-	414,067	65,697	162,242	-	-	(74,526)	567,480
Disposals and write offs	-	-	(372,669)	(3,555)	(124)	(3,603)	-	(379,951)
Impairment (Note ii)	-	-	(271,765)	-	-	-	-	(271,765)
At 31 December 2019/ 1 January 2020	894	755,812	5,222,579	482,274	46,732	68,345	229,329	6,805,965
Additions	-	1,913	13,818	8,108	1,559	3,393	192,667	221,458
Transfers and reclassifications	-	3,076	66,379	(15,216)	(6,223)	-	(74,053)	(26,037)
Disposals and write offs	(501)	(2,734)	(210,700)	(11,695)	(724)	(4,751)	-	(231,105)
Impairment (Note ii & iii)	-	(163,000)	(447,277)	-	-	-	(131,143)	(741,420)
At 31 December 2020	393	595,067	4,644,799	463,471	41,344	66,987	216,800	6,028,861
<b>Accumulated depreciation</b>								
At 1 January 2019	-	158,991	2,166,388	290,520	42,249	61,130	-	2,719,278
Charge for the year	-	12,654	234,429	13,813	2,607	2,101	-	265,604
Transfers and reclassifications	-	28,028	-	16,638	-	-	-	44,666
Disposals and write offs	-	-	(280,565)	(3,174)	(68)	(3,092)	-	(286,899)
At 31 December 2019/ 1 January 2020	-	199,673	2,120,252	317,797	44,788	60,139	-	2,742,649
Charge for the year	-	24,991	208,546	19,963	1,046	2,161	-	256,707
Transfers and reclassifications	-	-	(1,932)	(15,772)	(6,111)	-	-	(23,815)
Disposals and write offs	-	(2,702)	(177,613)	(11,580)	(501)	(4,680)	-	(197,076)
At 31 December 2020	-	221,962	2,149,253	310,408	39,222	57,620	-	2,778,465
<b>Carrying amounts</b>								
At 31 December 2019	894	556,139	3,102,327	164,477	1,944	8,206	229,329	4,063,316
<b>At 31 December 2020</b>	<b>393</b>	<b>373,105</b>	<b>2,495,546</b>	<b>153,063</b>	<b>2,122</b>	<b>9,367</b>	<b>216,800</b>	<b>3,250,396</b>

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 7. Property, Vessels and Equipment (Continued)

Notes:

- (i) The encumbrances and liens on property, vessels and equipment are disclosed in Note 26.
- (ii) Impairment losses relate to 25 vessels, one building and 3 equipments under construction (2019: 27 vessels). The vessels, containers and barges were written down by QR 447 million (2019: QR 272 million), the building by QR 163 million (2019: Nil) and the equipment was written down by QR 131million (2019: Nil) following an exercise performed to compare the recoverable amount of the vessels and their respective carrying values at the reporting date. The values assigned reflect key assumptions which represent management's assessment of future trends in the shipping industry, cash flow projection of revenues and costs per vessel and the weighted average cost of capital to discount the future cash flows to present value. The key assumptions used in the estimation of the recoverable amount are set out in Note 38.
- (iii) The impairment charge is attributable to the continued drop in the values of assets as a result of the global economic conditions partly owing to the coronavirus ("COVID-19") pandemic which has brought about uncertainties in the global economic environment and the deceleration of the shipping industry caused by unprecedented volatility in oil prices and rates. The Group is closely monitoring the situation to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

### 8. Investment Property

	Land QR'000	Buildings QR'000	Investment properties under construction QR'000	Total QR'000
<b>Cost</b>				
At 1 January 2019	167,018	1,260,436	164,371	1,591,825
Additions during the year	-	4,060	93,339	97,399
Transfers and reclassifications	-	(567,395)	(85)	(567,480)
At 31 December 2019/ 1 January 2020	167,018	697,101	257,625	1,121,744
Additions during the year	-	299	18,843	19,142
Transfers and reclassifications	-	269,978	(264,067)	5,911
Disposals and write-off	(4,595)	(9,052)	-	(13,647)
At 31 December 2020	162,423	958,326	12,401	1,133,150
<b>Accumulated depreciation</b>				
At 1 January 2019	-	292,352	-	292,352
Charge for the year	-	51,285	-	51,285
Transfers and reclassifications	-	(44,666)	-	(44,666)
At 31 December 2019/ 1 January 2020	-	298,971	-	298,971
Charge for the year	-	30,057	-	30,057
Transfers and reclassifications	-	5,911	-	5,911
Disposals and write-off	-	(628)	-	(628)
At 31 December 2020	-	334,311	-	334,311
Carrying amounts				
At 31 December 2019	167,018	398,130	257,625	822,773
<b>At 31 December 2020</b>	<b>162,423</b>	<b>624,015</b>	<b>12,401</b>	<b>798,839</b>



## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 8. Investment Property (Continued)

Notes:

- (i) All investment properties are located in the State of Qatar.
- (ii) As at 31 December 2020 the fair value of investment properties at freehold land was QR 1,932,040,000 (2019: QR 2,164,270,000). 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 88,816,993 (2019: QR 138,341,732) from its investment properties. Direct operating expenses related to investment properties (including depreciation) amounting to QR 46,741,178 (2019: QR 50,213,324) have been included within operating expenses.
- (iv) As at 31 December 2020 the cost of investment properties built on leasehold land was QR 37,273,572 (2019: QR 37,273,572).

### 9. Intangible Assets

	Customer contracts QR'000	Computer software QR'000	Goodwill QR'000	Total QR'000
<b>Cost</b>				
At 1 January 2019	184,000	22,583	7,292	213,875
Additions	-	14	-	14
At 31 December 2019/				
At 1 January 2020	184,000	22,597	7,292	213,889
Additions	-	11,016	-	11,016
Disposals	-	(219)	-	(219)
Transfers	-	20,126	-	20,126
At 31 December 2020	184,000	53,520	7,292	244,812
<b>Amortisation</b>				
At 1 January 2019	32,880	21,492	-	54,372
Charge for the year	9,395	773	-	10,168
At 31 December 2019/				
At 1 January 2020	42,275	22,265	-	64,540
Charge for the year	9,394	1,605	-	10,999
Disposals	-	(219)	-	(219)
Transfers	-	17,904	-	17,904
At 31 December 2020	51,669	41,555	-	93,224
<b>Carrying amounts</b>				
At 31 December 2019	141,725	332	7,292	149,349
<b>At 31 December 2020</b>	<b>132,331</b>	<b>11,965</b>	<b>7,292</b>	<b>151,588</b>

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 10. Right-of-Use Assets

The right-of-use assets relate to leasehold lands, vessels, warehouses and offices, which are expiring within 1 to 15 years from the reporting date.

	2020 QR'000	2019 QR'000
<b>Cost</b>		
At 1 January, as previously reported	198,168	-
Adjustment on initial adoption of IFRS 16	-	83,279
Adjusted balance at 1 January	198,168	83,279
Additions	117,546	115,943
Adjustments for lease modifications	24,653	(1,054)
At 31 December	340,367	198,168
<b>Accumulated depreciation</b>		
At 1 January, as previously reported	43,338	-
Adjustment on initial adoption of IFRS 16	-	8,618
Adjusted balance at 1 January	43,338	8,618
Depreciation	69,116	34,720
At 31 December	112,454	43,338
<b>Carrying amounts</b>		
At 31 December	227,913	154,830

### 11. Investments in Joint Arrangements

#### Investments in joint ventures

The Group has following investments in Joint Ventures:

Name of the entity	Country of incorporation	Group effective shareholding	
		2020	2019
Qatar Ship Management Company W.L.L. (a)	Qatar	-	51%
Gulf LPG Transport Company W.L.L. (b)	Qatar	50%	50%
Qterminals L.L.C ( c )	Qatar	49%	49%

#### a) Qatar Ship Management Company W.L.L.

Qatar Ship Management Company W.L.L. ("QSMC") was a limited liability company, established together with Mitsui O.S.K. Lines Ltd, Japan (MOL), Nippon Yusen Kabushiki Kaisha, Japan (NYK), Kawasaki Kisen Kaisha Ltd, Japan (K-LINE) and Mitsui & Co. Japan. QSMC, with the objective of jointly operating and managing LNG vessels. During the year, this joint venture was liquidated by the shareholders.

#### b) 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.

#### c) 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.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 11. Investments in Joint Arrangements (Continued)

#### Investments in joint ventures (Continued)

Share of joint ventures' summarised statement of financial position:

	2020 (QR'000)			2019 (QR'000)		
	Qterminals	Gulf LPG Transport Company W.L.L	Total	Qterminals	Other joint ventures	Total
Current assets	951,039	62,158	1,013,197	450,531	76,183	526,714
Non-current assets	381,447	324,334	705,781	68,627	474,423	543,050
Current liabilities	(932,064)	(20,597)	(952,661)	(56,478)	(20,218)	(76,696)
Non-current liabilities	(17,900)	(200,118)	(218,018)	(100,844)	(218,472)	(319,316)
Net assets	382,522	165,777	548,299	361,836	311,916	673,752
Concession rights	416,108	-	416,108	416,108	-	416,108
Carrying value of investments	798,630	165,777	964,407	777,944	311,916	1,089,860

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

	2020 (QR'000)			2019 (QR'000)		
	Qterminals	Gulf LPG Transport Company W.L.L	Total	Qterminals	Other joint ventures	Total
Operating revenue	377,832	105,563	483,395	371,886	100,520	472,406
Operating supplies and expenses	(91,765)	(26,794)	(118,559)	(98,613)	(26,242)	(124,855)
Depreciation and amortisation	(22,688)	(25,306)	(47,994)	(20,794)	(24,983)	(45,777)
Impairment of vessels	-	(126,578)	(126,578)	-	-	-
Other operating expenses	(100,140)	(1,808)	(101,948)	(62,683)	(1,869)	(64,552)
Operating profit	163,239	(74,923)	88,316	189,796	47,426	237,222
Finance costs (net)	5,207	(6,368)	(1,161)	11,620	(10,892)	728
Income tax	(729)	(1,004)	(1,733)	-	-	-
Profit for the year	167,717	(82,295)	85,422	201,416	36,534	237,950

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

	2020 QR'000	2019 QR'000
At 1 January	1,089,860	949,910
Share of results of joint ventures (excludes results from joint operations)	85,422	237,950
Dividends received	(210,875)	(98,000)
<b>At 31 December</b>	<b>964,407</b>	<b>1,089,860</b>

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 11. Investments in Joint Arrangements (Continued)

#### Investments in joint ventures (Continued)

The composition of the share of results of joint arrangement disclosed as part of the consolidated income statement is as follows:

	2020 QR'000	2019 QR'000
Share of result from joint operations	-	747
Share of result from joint ventures	85,422	237,950
<b>Share of result of joint arrangements</b>	<b>85,422</b>	<b>238,697</b>

### 12. Investments in Associates

The Group has the following investment in associates:

	Country of incorporation	Ownership %		Profit Sharing %	
		2020	2019	2020	2019
Cargotec Qatar W.L.L. (i), (ix), (x)	Qatar	51.0%	51.0%	40.0%	40.0%
Iraq-Qatar Transport and Shipping Services Com. Ltd (ii), (ix), (x)	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), (ix), (x)	Qatar	51.0%	51.0%	40.0%	40.0%
Qatar Gas Transport Company Limited (NAKILAT) Q.P.S.C. (iv)	Qatar	36.3%	36.3%	36.3%	36.3%
Camartina Shipping INC. (v),(x)	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 1 Ltd. (vi),(x)	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 2 Ltd. (vi),(x)	Liberia	29.4%	29.4%	29.4%	29.4%
Peninsula LNG Transport No. 3 Ltd. (vi),(x)	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%
Navigation W.L.L.(viii),(ix), (x)	Qatar	51.0%	51.0%	35.0%	35.0%

Notes:

- 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.
- Iraq-Qatar Transport and Shipping Services Company Ltd. is engaged in providing transportation and shipping logistics and is yet to commence commercial operations.
- Hapag - Lloyd Qatar W.L.L. is engaged in providing cargo and shipping services.
- 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.
- Camartina Shipping INC. is engaged in operation of a time charter of 135,000 m<sup>3</sup> Liquefied Natural Gas (LNG) vessel.
- Peninsula LNG Transport Ltd No's 1, 2 & 3 were established to acquire, own, and operate a time charter Liquefied Natural Gas (LNG) vessel.
- Man Diesel & Turbo Qatar Navigation W.L.L. is engaged in trading and maintenance of marine engines, equipment's and spare parts.
- 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.
- The consolidated financial statements have been prepared based on the management accounts of these entities as of the reporting date.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 12. Investments in Associates (Continued)

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

	2020 QR'000	2019 QR'000
At 1 January	5,914,000	5,365,434
Share of results	418,323	360,759
Share of net movement in other comprehensive income	(125,227)	(172,617)
Dividends received	(205,357)	(233,352)
Additional investment in an associate	-	610,639
Share of Associates' equity adjustment	-	(16,863)
At 31 December	6,001,739	5,914,000

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:

	2020 (QR'000)			2019 (QR'000)		
	Nakilat	Other associates	Total	Nakilat	Other associates	Total
Current assets	1,415,875	139,258	1,555,133	1,273,648	158,361	1,432,009
Non-current assets	10,568,368	493,423	11,061,791	10,616,262	515,020	11,131,282
Current liabilities	(1,004,681)	(57,826)	(1,062,507)	(1,045,276)	(64,382)	(1,109,658)
Non-current liabilities	(8,254,054)	(335,492)	(8,589,546)	(8,203,614)	(372,888)	(8,576,502)
Interest in associate	2,725,508	239,363	2,964,871	2,641,020	236,111	2,877,131
Goodwill	3,036,868	-	3,036,868	3,036,869	-	3,036,869
Carrying value of investment	5,762,376	239,363	6,001,739	5,677,889	236,111	5,914,000

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

	2020 (QR'000)			2019 (QR'000)		
	Nakilat	Other associates	Total	Nakilat	Other associates	Total
Operating revenue	1,455,610	89,850	1,545,460	1,388,408	102,341	1,490,749
Profit *	409,950	8,373	418,323	349,382	11,377	360,759
Other comprehensive income	(119,898)	(5,329)	(125,227)	(160,555)	(12,062)	(172,617)
Dividends received	200,811	4,546	205,357	200,811	32,541	233,352

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

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 13. Financial Assets at FVOCI

The financial assets at FVOCI are analyzed as follows:

	2020 QR'000	2019 QR'000
Quoted equity investments in local companies (ii)	3,305,516	3,791,374
Unquoted equity investments in foreign companies	43,950	202,947
Unquoted equity investments in local companies (iii)	81,753	86,660
Investments in bonds	309,800	18,206
	3,741,019	4,099,187

(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	
	2020	2019	2020	2019
Banking & Insurance companies	2,186,516	2,760,145	83,391	88,097
Industrial sector companies	963,786	899,568	43,025	45,510
Other sectors	155,214	131,661	11,099	5,891
	3,305,516	3,791,374	137,515	139,498

(ii) Quoted shares in local companies with a fair value of QR 39,270,000 as of 31 December 2020 (2019: QR 35,398,000) are frozen for trading.

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

### 14. Loans Granted to LNG Companies

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

Name of LNG companies	Company operating the LNG companies
• India LNG Transport Company No.1 Ltd	• Shipping Corporation of India Ltd
• Camartina Shipping INC, Liberia	• Mitsui OSK Lines
• Qatar LNG Transport Ltd., 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:

	2020 QR'000	2019 QR'000
Loan principal	124,108	127,493
Accrued interest	3	1,754
	124,111	129,247



## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 15. Inventories

	2020 QR'000	2019 QR'000
Heavy vehicles and spare parts	43,383	40,531
Gabbro and aggregate	6,791	17,982
Stores & spares	35,017	30,393
	<b>85,191</b>	88,906
Provision for slow-moving inventories (1)	<b>(7,576)</b>	(7,818)
	<b>77,615</b>	81,088

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

	2020 QR'000	2019 QR'000
At 1 January	7,818	15,181
Provision made	630	614
Provision utilised	<b>(872)</b>	(7,977)
At 31 December	<b>7,576</b>	7,818

### 16. Trade and Other Receivables

	2020 QR'000	2019 QR'000
Trade receivables (gross)	378,617	416,110
Less: Provision for impairment of trade receivables (1)	<b>(100,356)</b>	(74,229)
Trade receivable (net)	<b>278,261</b>	341,881
Notes receivable	6,317	11,564
Unbilled income	166,840	140,964
Staff receivables (2)	45,994	35,597
Prepaid expenses	56,704	42,549
Advances made to suppliers	66,670	37,308
Receivables from related parties (Note 34)	8,464	23,855
Other receivables	135,106	107,386
	<b>764,356</b>	741,104

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

	2020 QR'000	2019 QR'000
At 1 January	74,229	68,136
Provision made	26,127	6,995
Provision utilised	-	(902)
At 31 December	<b>100,356</b>	74,229

(2) Staff receivables consists of loans obtained against end of service benefits.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 17. Equity Instruments At FVTPL

	2020 QR'000	2019 QR'000
Listed equity securities – held for trading:		
Qatar Stock Exchange	142	55,850
Venture capital investment in a joint venture (i)	<b>116,460</b>	-
	<b>116,602</b>	55,850

Notes:

(i) During December 2020, Group made an equity investment in a jointly controlled venture capital and accounted for this at FVTPL, applying the exemption of IAS 28 "Investments in Associates and Joint Ventures". As at the reporting date, the net asset value of the investee amounted to QR 122.8 million.

### 18. Investments In Term Deposits

	2020 QR'000	2019 QR'000
Term deposits with banks	201,189	239,597
Term deposits maturing before 90 days (Note 19)	<b>(130,488)</b>	(71,376)
Term deposits maturing after 90 days	<b>70,701</b>	168,221

Notes:

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

### 19. CASH AND CASH EQUIVALENTS

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

	2020 QR'000	2019 QR'000
Cash at bank	170,980	102,622
Cash in hand	4,785	3,763
	<b>175,765</b>	106,385
Term deposits maturing before 90 days (i) (Note 18)	<b>130,488</b>	71,376
Cash and cash equivalents	<b>306,253</b>	177,761

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

### 20. SHARE CAPITAL

	Number of shares ('000')	QR'000
<b>Authorised, issued and fully paid shares</b>		
At 31 December 2020 and 31 December 2019 : shares with nominal value of QR 1 each	<b>1,145,252</b>	1,145,252

(1) All shares have equal rights.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 21. Treasury Shares

During the year 2013, one of the subsidiaries of the Group, bought 9,087,250 shares amounting to QR 73,516,000 in the Parent which were transferred to the Parent Company during the year 2019. These treasury shares are recognised at cost and deducted from the equity.

### 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.

### 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

#### Hedging activities

#### Cash flow hedges:

At 31 December 2020, 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 2020, Halul Offshore Services Company W.L.L. had an interest rate swap agreement in place with a notional amount of USD 81,000,000 (translated to QR 295,650,000), 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. During the year, Group entered into another interest rate swap agreement for a loan with notional amount of USD 61,813,890 (translated to QR 225,620,698), 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 loss on its interest rate swaps of QR 17,201,791 as at 31 December 2020 within trade and other payables and in equity in respect of the effective portion of hedge. At 31 December 2020, the carrying value of the interest rate swaps amounts to QAR 21,673,878.

#### 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 97,524,718 (translated to QR 355,965,222) and USD 99,477,365 (translated to QR 363,092,381), 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

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 24. Derivative Financial Instruments (Continued)

#### Hedging activities (Continued)

#### Cash flow hedges (Continued)

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

to interest rate fluctuations on the loans. The loan facilities and the interest rate swaps have the same critical terms. These cash flow hedges are assessed to be highly effective. The fair value of the interest rate swaps are calculated by reference to the market valuation of the swap agreements.

KG1 and KG2 recognised fair value loss on its interest rate swaps of USD 2,613,853 (translated to QR 9,540,563) and USD 2,666,187 (translated to QR 9,731,583) as at 31 December 2020 within trade and other payables with a corresponding entry to the hedging reserve. As at 31 December 2020, the carrying values of the interest rate swaps for KG 1 and KG 2 amounts to negative USD 6,278,843 (translated to QR 22,917,777) and negative USD 6,404,558 (translated to QR 23,376,637).

### 25. Dividends

#### Dividend proposed

The Board of Directors have proposed a XX cash dividend of QR 0.3 per share totaling QR 341 million for the year 2020 which is subject to the approval of the equity holders at the Annual General Assembly.

#### Dividend declared for the year:

	2020 QR'000	2019 QR'000
Final Dividend (i)		340,849

- (i) During the year, following the approval at the Annual General Assembly held on 22 March 2020, the Company paid 30% cash dividend of QR 0.3 per share totaling QR 341 million relating to the year 2019. (2019: QR 0.3 per share, totaling QR 341 million relating to year 2018).

### 26. Loans and Borrowings

	Notes	Interest rate %	Maturity	2020 QR'000	2019 QR'000
Loan 1	(i)	LIBOR + 1.75	Jan 2021	37,519	68,838
Loan 2	(ii)	LIBOR + 1.75	Sep 2021	175,959	213,613
Loan 3	(iii)	LIBOR + 1.4	Dec 2024	278,594	335,070
Loan 4	(iv)	LIBOR+1.4	Mar 2025	225,621	254,336
Loan 5	(v)	LIBOR + 1.75	June 2022	208,780	243,820
Loan 6	(vi)	LIBOR + 1.7	Dec 2023	719,059	778,268
Loan 7	(vii)	LIBOR + 2.2	Oct 2023	176,009	215,755
Loan 8	(viii)	QMRL +0.7	-	300,000	-
				2,121,541	2,109,700
Less: Deferred financing costs				(803)	(2,436)
				2,120,738	2,107,264

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

Current portion	717,597	270,112
Non-current portion	1,403,141	1,837,152
	2,120,738	2,107,264

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 26. Loans and Borrowings (Continued)

Notes:

- (i) Loan 1 represents a dollar denominated Islamic financing facility obtained for the purpose of re-financing the loans obtained for container vessels. The facility has been secured against the related vessels. The loan is repayable in 32 quarterly installments of USD 2,145,161 (translated to QR 7,829,838) with a final payment of USD 8,361,485 (translated to QR 30,519,420).
- (ii) During the year 2013, the Group obtained a loan amounting to USD 123,000,000 (translated to QR 448,950,000) for the purpose of financing acquisition of vessels and refinancing the mortgaged vessels. This loan is repayable in 31 equal quarterly instalments of USD 2.57 million and a final balloon payment of QR 157.1 million. The loan is secured against the mortgage of the vessels for which the loan was obtained. The loan is secured against the mortgage of 8 vessels for which the loan was obtained.
- (iii) Loan 3 represents a facility of USD 135,000,000 (translated to QR 492,750,000). The full draw down of this facility was during March 2017. The repayment will be made in 35 equal quarterly instalments of USD 2,700,000 and a bullet payment for the remaining amount at the final instalment. At the reporting date, the full amount of the facility was utilized. The loan has been hedged against the interest rate exposure
- (iv) Loan 4 represents a Murabaha facility of USD 135,000,000 (translated to QR 492,750,000) initially taken to finance the construction of vessels which was subsequently reduced to USD 101 million at the request of the Group. The repayment will be made in 36 equal quarterly instalments of USD 1,966,806 and a bullet payment at maturity of the facility. At the reporting date, the facility was utilised to the extent of USD 101 million. This facility has a mortgage over 8 vessels. The loan has been hedged against the interest rate exposure.
- (v) Loan 5 was obtained to finance the construction of 19 vessels and is repayable in 27 equal quarterly instalments commencing from September 2015 and one final balloon payment of USD 40,400,000 (translated to QR 147 million) at the end of the loan period.
- (vi) These loans are recognised as a result of the business combination that occurred during the year 2015. These loans are repayable in 40 quarterly instalments over the period of ten years and a final balloon payment of approximately 50% of the principal borrowed. These loans are secured by the primary mortgage over the vessels (project financing) and a priority pledge of all the issued interest of the entity and issued shares of the General Partner, who manages the vessel operations. This loan has been hedged against interest exposure.
- (vii) In 2018 the subsidiary company availed a loan facility of USD 70 million. The repayment will be done in 18 quarterly instalments starting from April 2019 and a bullet payment at the end of the loan period. At the reporting date, the full amount of the facility was utilized. This facility has a mortgage over 11 vessels.
- (viii) During the current year, 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.

### 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 repayable 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 98,947,000 (2019: QR 107,004,000).

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 28. Lease Liabilities

The movements of finance lease liabilities were as follows:

	2020 QR'000	2019 QR'000
At 1 January, as previously reported	162,628	-
Lease liabilities recognised on transition to IFRS 16 on 1 January	-	79,270
Adjusted balance on 1 January	162,628	79,270
Additions	117,723	115,944
Modifications	24,967	(1,055)
Payments	(60,213)	(31,531)
<b>At 31 December</b>	<b>245,105</b>	<b>162,628</b>

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

	2020 QR'000	2019 QR'000
Non-current	153,632	108,928
Current	91,473	53,700
<b>At 31 December</b>	<b>245,105</b>	<b>162,628</b>

The total finance cost for 2020 arising from lease liabilities amounted to QR 11.4 million (2019: QR 5.4 million).

### 29. Provision for Employees' End of Service Benefits

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

	2020 QR'000	2019 QR'000
At 1 January	121,084	121,275
Provisions made	17,071	24,156
Provisions used	(18,249)	(15,532)
Provisions transferred (net)	-	(877)
Transferred to the pension fund	(5,442)	(7,938)
<b>At 31 December</b>	<b>114,464</b>	<b>121,084</b>
End of service benefits plans (i)	114,173	119,855
Pension plan (ii) (Note 30)	291	1,229
<b>At 31 December</b>	<b>114,464</b>	<b>121,084</b>

- (i) The Group has no expectation of settling its employees' end of service benefits obligation within 12 months from the reporting date and, therefore, it has classified the obligation within non-current liabilities in the statement of financial position. The provision is not discounted to present value as the effect of the time value of money is not expected to be significant.
- (ii) The Pension plan is a defined contribution pension plan and pension obligations that are payable on demand to a Government Pension Fund. Accordingly, these amounts have been disclosed as a current liability.



## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 30. Trade and Other Payables

	2020 QR'000	2019 QR'000
Trade accounts and notes payable	114,575	125,728
Accrued expenses	246,359	208,523
Advances received from customers	24,269	46,528
Payables to related parties (Note 34)	12,082	19,474
Negative fair value of interest rate swaps (Note 24)	67,968	31,009
Contribution to social and sports fund (Note 31)	1,478	13,669
Pension plan	291	1,229
Other payables (i)	207,659	129,903
	<b>674,681</b>	576,063

- (i) Other payables includes retention payable amounting to QR 44 million (2019: QR 41 million) and dividend payable of QR 49 million (2019 : QR 47 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 1.5 million (2019: QR 13.7 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

	2020 QR'000	2019 QR'000
<b>Capital commitments - Property, vessels and equipment</b>		
Estimated capital expenditure approved as at the reporting date	645,007	404,852

#### 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:

	2020 QR'000	2019 QR'000
Within one year	4,032	10,034
After one year but not more than five years	106	6,347
Total rentals committed for at the reporting date	<b>4,138</b>	16,381

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 33. Contingent Liabilities

At 31 December 2020, 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:

	2020 QR'000	2019 QR'000
Letters of guarantee	839,350	782,351
Letters of credit	9,521	6,676
	<b>848,871</b>	789,027

### 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:

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

	2019			
	Sales QR'000	Purchases QR'000	Interest income QR'000	Receipt of loan instalments QR'000
Associates	7,543	15,606	11,610	22,010

#### Related party balances

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

	2020		2019	
	Receivables QR'000	Payables QR'000	Receivables QR'000	Payables QR'000
Joint ventures	2,644	9,576	12,827	13,927
Associates	970	2,381	3,050	5,474
Directors	4,850	125	7,978	73
	<b>8,464</b>	<b>12,082</b>	23,855	19,474

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.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 34. Related Party Disclosures (Continued)

#### Loans granted to LNG companies

Loans to LNG companies amounting to QR 124,111,000 (2019: QR 129,247,000) is disclosed as part of Note 14.

#### Loan to a related party

During the year, the Group provided a loan to one of its jointly controlled investees amounting to QR 392 million. The loan is repayable on demand basis and carries an interest rate of 4% per annum.

#### Compensation of directors and other key management personnel

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

	2020 QR'000	2019 QR'000
Board of Directors remuneration – cash	12,400	13,950
Short-term benefits	12,810	11,873
Employees' end of service benefits	1,010	1,124
	<b>26,220</b>	26,947

### 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.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 35. Segment Information (Continued)

Year ended 31 December 2020

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

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 35. Segment Information (Continued)

Year ended 31 December 2019

	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	464,900	953,210	752,479	251,499	288,382	-	2,710,470	(285,823) (i)	2,424,647
Salaries, wages and other benefits	(6,574)	(346,987)	(71,359)	(15,704)	(26,445)	(121,431)	(588,500)	-	(588,500)
Operating supplies and expenses	(128,290)	(733,717)	(109,211)	(234,269)	(21,234)	(11,549)	(1,238,270)	236,888 (i)	(1,001,382)
Rent expenses	(520)	(42,720)	(1,653)	(1,965)	(418)	(8,103)	(55,379)	48,491 (i)	(6,888)
Depreciation and amortisation	(65,759)	(29,658)	(183,729)	(1,015)	(79,539)	(2,077)	(361,777)	-	(361,777)
Provision for impairment of trade receivables	(13)	(2,880)	(3,739)	(685)	-	322	(6,995)	-	(6,995)
Other operating expenses	(14,803)	(61,830)	(38,507)	3,862	(44,746)	(20,927)	(176,951)	444 (i)	(176,507)
Allocations relating to fleet and technical services	-	301,546	(250,184)	-	(51,362)	-	-	-	-
Allocations relating to Milaha Corporate	(13,797)	(108,044)	(16,424)	(13,045)	(12,390)	163,700	-	-	-
<b>OPERATING PROFIT</b>	<b>235,144</b>	<b>(71,080)</b>	<b>77,673</b>	<b>(11,322)</b>	<b>52,248</b>	<b>(65)</b>	<b>282,598</b>	-	<b>282,598</b>
Finance costs	(1,171)	(16,607)	(52,931)	-	(36,089)	-	(106,798)	4,142 (i)	(102,656)
Finance income	12,087	16	124	246	15,702	26	28,201	(4,142) (i)	24,059
Share of results of joint arrangements	-	201,419	-	-	37,278	-	238,697	-	238,697
Share of results of associates	732	3,242	-	-	356,785	-	360,759	-	360,759
Impairment of vessels and capital work in progress	-	(32,684)	(225,964)	-	(13,117)	-	(271,765)	-	(271,765)
Net gain on disposal of property, vessels and equipment	-	1,178	39	17	14,827	27	16,088	-	16,088
Net (loss) gain on foreign exchange	(13)	498	(1,180)	(13)	(125)	12	(821)	-	(821)
PROFIT BEFORE TAX	246,779	85,982	(202,239)	(11,072)	427,509	-	546,959	-	546,959
Tax expense	(102)	-	(196)	-	(710)	-	(1,008)	-	(1,008)
<b>PROFIT FOR THE YEAR</b>	<b>246,677</b>	<b>85,982</b>	<b>(202,435)</b>	<b>(11,072)</b>	<b>426,799</b>	<b>-</b>	<b>545,951</b>	<b>-</b>	<b>545,951</b>

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

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 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:

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

	2019				
	Qatar QR'000	Singapore QR'000	UAE QR'000	Germany QR'000	Total QR'000
Operating revenues	1,958,994	45,643	241,544	178,466	2,424,647
Profit for the year	530,029	1,661	(21,420)	35,681	545,951

### 36. Financial Risk and Capital Management

#### a) Financial risk management

##### Objective and policies

The Group's principal financial liabilities comprise loans and borrowings, trade payables and notes payable, payables to related parties, negative fair value of interest rate swaps and contribution to social and sports funds. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and notes receivable, receivables from related parties, loans granted to LNG companies, loan to a related party, financial assets at FVTPL, equity securities at FVOCI, staff and other receivables and cash and bank balances, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity price will affect the Group's income, equity or the value of its holdings of financial instruments. The management reviews and agrees policies for managing each of these risks which are summarised below.

##### Market risk

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and borrowings and short term deposits with floating interest rates.

To manage the risk of changes in floating interest rate on its interest bearing loans, the Group has entered into interest rate swaps as explained in Note 24. Under the swap agreements, the Group will pay an agreed fixed interest rate and receive a floating interest rate.



## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 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:

	2020 QR'000	2019 QR'000
Floating interest rate instruments		
Bank call accounts	6,052	31,489
Loans granted to LNG companies	9,644	9,669
Financial liabilities	(2,121,541)	(2,109,700)
	<b>(2,105,845)</b>	(2,068,542)
Fixed interest rate instruments		
Investments in term deposits	201,189	239,597
Loan to a related party	392,650	-
Investment in bonds	309,800	18,206
Loans granted to LNG companies	114,464	117,824
	<b>1,018,103</b>	375,627

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

	Changes basis points	Effect on in profit for the year QR'000
<b>2020</b>		
Floating interest rate instruments	+25	(5,264)
<b>2019</b>		
Floating interest rate instruments	+25	(5,171)

##### 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 and unlisted 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 7 thousand (2019: QR 3 million) 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 165 million (2019: QR 190 million) on the consolidated statement of changes in equity.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 36. Financial Risk and Capital Management (Continued)

#### a) Financial risk management (continued)

##### Market risk (continued)

##### Equity price risk (continued)

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.

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:

	2020 QR'000	2019 QR'000
Loans granted to LNG Companies (Note 14)	124,111	129,247
Loan to a related party (Note 34)	392,650	-
Trade receivable (Note 16)	278,261	341,881
Notes receivable (Note 16)	6,317	11,564
Unbilled income (Note 16)	166,840	140,964
Staff receivables (Note 16)	45,994	35,597
Receivables from related parties (Note 34)	8,464	23,855
Other receivables (Note 16)	135,106	107,386
Other assets	23,839	24,239
Term deposits with banks (Note 18)	201,189	239,597
Bank balance (Note 19)	170,980	102,622
	<b>1,553,751</b>	1,156,952

Trade receivables are non-interest bearing and generally have settlement terms within 30 to 90 days. As at 31 December 2020, trade receivable with nominal value of QR 100 million (2019: QR 74 million) were impaired.

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

	Total	Past due but not impaired				
		0 - 30 days QR'000	31 - 120 days QR'000	121 - 210 days QR'000	211 - 365 days QR'000	> 365 days QR'000
<b>2020</b>	<b>278,261</b>	<b>176,936</b>	<b>60,947</b>	<b>9,392</b>	<b>19,838</b>	<b>11,148</b>
2019	341,881	218,293	50,711	12,752	15,748	44,377

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 36. Financial Risk and Capital Management (Continued)

#### a) Financial risk management (continued)

##### Credit risk (continued)

Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

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

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

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

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

	Trade receivables - Days past due					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	
Expected credit loss rate	<b>1%</b>	<b>12%</b>	<b>37%</b>	<b>69%</b>	<b>96%</b>	<b>28%</b>
Estimated total gross carrying amount at default Lifetime ECL	<b>1,837</b>	<b>8,168</b>	<b>5,619</b>	<b>18,042</b>	<b>66,690</b>	<b>100,356</b>

##### 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.

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 36. Financial Risk and Capital Management (Continued)

#### a) Financial risk management (continued)

##### Liquidity risk (continued)

	On demand QR'000	Less than 1 year QR'000	1 to 5 years QR'000	Over 5 years QR'000	Total QR'000
<b>2020</b>					
Trade accounts and notes payable	-	<b>114,575</b>	-	-	<b>114,575</b>
Contribution to Social and Sport Fund	-	<b>1,478</b>	-	-	<b>1,478</b>
Accrued expenses	-	<b>246,359</b>	-	-	<b>246,359</b>
Lease liabilities	-	<b>96,542</b>	<b>141,837</b>	<b>32,714</b>	<b>271,093</b>
Loans and borrowings	-	<b>718,128</b>	<b>1,485,035</b>	-	<b>2,203,163</b>
Payables to related parties	-	<b>12,082</b>	-	-	<b>12,082</b>
Other payables	-	<b>207,659</b>	-	-	<b>207,659</b>
Interest rate swaps	-	<b>67,968</b>	-	-	<b>67,968</b>
<b>Total</b>	<b>-</b>	<b>1,464,791</b>	<b>1,626,872</b>	<b>32,714</b>	<b>3,124,377</b>
	On demand QR'000	Less than 1 year QR'000	1 to 5 years QR'000	Over 5 years QR'000	Total QR'000
<b>2019</b>					
Trade accounts and notes payable	-	125,728	-	-	125,728
Contribution to Social and Sport Fund	-	13,669	-	-	13,669
Accrued expenses	-	208,523	-	-	208,523
Lease liabilities	-	58,581	111,639	5,036	175,256
Loans and borrowings	-	349,560	2,009,422	-	2,358,982
Payables to related parties	-	19,474	-	-	19,474
Other payables	-	129,903	-	-	129,903
Interest rate swaps	-	31,009	-	-	31,009
<b>Total</b>	<b>-</b>	<b>936,447</b>	<b>2,121,061</b>	<b>5,036</b>	<b>3,062,544</b>

#### 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 2020 and 31 December 2019.

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:

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 36. Financial Risk and Capital Management (Continued)

#### b) Capital management (continued)

	2020 QR'000	2019 QR'000
Debt (i)	<b>2,120,738</b>	2,107,264
Less: Cash and cash equivalents (Note 19)	<b>(306,253)</b>	(177,761)
Less: Investments in term deposits (Note 18)	<b>(70,701)</b>	(168,221)
Net debt	<b>1,743,784</b>	1,761,282
Equity attributable to equity holders of the Parent	<b>13,703,295</b>	14,543,127
Gearing ratio	<b>12.7%</b>	12.1%

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

### 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	
	2020 QR'000	2019 QR'000	2020 QR'000	2019 QR'000
<b>Financial assets at fair value through profit or loss</b>				
Equity instruments at FVTPL	<b>116,602</b>	55,850	<b>116,602</b>	55,850
<b>Financial assets (liabilities) at fair value through other comprehensive income</b>				
Financial assets at FVOCI	<b>3,741,019</b>	4,099,187	<b>3,741,019</b>	4,099,187
Interest rate swaps (cash flow hedge)	<b>(67,968)</b>	(31,009)	<b>(67,968)</b>	(31,009)
	<b>3,673,051</b>	4,068,178	<b>3,673,051</b>	4,068,178

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:

## Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

### 37. Fair Values of Financial Instruments (Continued)

- Cash and cash equivalents, investment in term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of quoted equity securities at FVOCI and financial assets at fair value through profit or loss is derived from quoted market prices in active markets.
- Fair value of unquoted securities at FVOCI is estimated using appropriate valuation techniques.
- Loans granted to LNG companies are 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 at 31 December 2020, 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.

#### 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:

	2020 QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
<b>Assets measured at fair value</b>				
Equity instruments as FVTPL	<b>116,602</b>	<b>142</b>	-	<b>116,460</b>
<b>Fair value through other comprehensive income:</b>				
Quoted shares	<b>3,305,516</b>	<b>3,305,516</b>	-	-
Unquoted shares	<b>125,703</b>	-	-	<b>125,703</b>
Investments in corporate bonds	<b>309,800</b>	-	<b>309,800</b>	-
<b>Liabilities measured at fair value</b>				
Interest rate swaps	<b>67,968</b>	-	<b>67,968</b>	-
	2019 QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
<b>Assets measured at fair value</b>				
Equity instruments as FVTPL	55,850	55,850	-	-
<b>Fair value through other comprehensive income:</b>				
Quoted shares	3,791,374	3,791,374	-	-
Unquoted shares	289,607	-	-	289,607
Investments in corporate bonds	18,206	-	18,206	-
Liabilities measured at fair value				
Interest rate swaps	31,009	-	31,009	-



Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

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 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

Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

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

Estimates and assumptions (Continued)

Impairment of non-financial assets (Continued)

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.

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.

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.

# Notes to the Consolidated Financial Statements (Continued)

As at and for the year ended 31 December 2020

## 38. Significant Accounting Judgements, Estimates and Assumptions (Continued)

### Estimates and assumptions (Continued)

#### *Fair value of cash flow hedges*

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

#### *Provision for slow moving and obsolete inventories*

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

#### *Other provisions and liabilities*

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

#### *Legal proceedings*

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

#### *Going concern*

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

## 39. Comparative Information

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

## 40. SUBSEQUENT EVENTS

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

