

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

30 JUNE 2020

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the six-month period ended 30 June 2020

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Independent auditor's report on review of condensed consolidated interim financial statements

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Qatar Navigation Q.P.S.C. (the "Company") as at 30 June 2020, the condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the six-month period then ended, and notes to the interim financial statements (the "condensed consolidated interim financial statements"). The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at and for the six-month ended 30 June 2020 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

28 July 2020
Doha
State of Qatar



Yacoub Hobeika
Qatar Auditors Registration No. 289
KPMG
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Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INCOME STATEMENT
For the six-month period ended 30 June 2020

	<i>Notes</i>	<i>For the six-month period ended 30 June</i>	
		<i>2020</i>	<i>2019</i>
		<i>(Reviewed)</i>	
		<i>QR'000</i>	<i>QR'000</i>
Operating revenues	5	1,224,714	1,261,036
Salaries, wages and other benefits		(292,390)	(292,286)
Operating supplies and expenses		(401,766)	(479,595)
Rent expenses		(2,790)	(5,079)
Depreciation and amortisation		(185,601)	(180,840)
Provision for impairment of trade receivables		(12,968)	(5,621)
Other operating expenses		(75,433)	(64,564)
OPERATING PROFIT		253,766	233,051
Finance cost		(44,371)	(58,626)
Finance income		10,018	18,378
Net gain on disposal of investment property		73,225	-
Net gain on disposal of property, vessels and equipment		6,288	7,363
Share of results of associates		206,647	172,416
Share of results of joint arrangements		120,772	97,327
Impairment on property, vessels and equipment		(324,697)	(154,360)
Net (Loss) / Gain on foreign exchange		(1,188)	153
PROFIT FOR THE PERIOD		300,460	315,702
<i>Attributable to:</i>			
Equity holders of the parent		299,925	316,137
Non-controlling interest		535	(435)
		300,460	315,702
BASIC AND DILUTED EARNINGS PER SHARE (attributable to equity holders of the parent) (expressed in QR per share)	16	0.26	0.28

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

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six-month period ended 30 June 2020

	<i>For the six-month period ended 30</i>	
	<i>June</i>	
	<i>2020</i>	<i>2019</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Profit for the period	<u>300,460</u>	<u>315,702</u>
Other comprehensive income (OCI):		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net loss on equity investments at FVOCI	(467,207)	(118,216)
Equity-accounted investees – share of OCI	(7,635)	(5,860)
	<u>(474,842)</u>	<u>(124,076)</u>
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net loss resulting from cash flow hedges	(50,292)	(37,508)
Cash flow hedge movement for equity-accounted investees	(284,470)	(193,386)
	<u>(334,762)</u>	<u>(230,894)</u>
Total	<u>(809,604)</u>	<u>(354,970)</u>
Total comprehensive income	<u>(509,144)</u>	<u>(39,268)</u>
<i>Attributable to:</i>		
Equity holders of the Parent	(509,509)	(38,860)
Non-controlling interests	365	(408)
	<u>(509,144)</u>	<u>(39,268)</u>

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

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2020

		30 June 2020 (Reviewed) QR'000	31 December 2019 (Audited) QR'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, vessels and equipment	6	3,708,737	4,063,316
Investment property	7	810,819	822,773
Intangible assets		144,500	149,349
Right-of-use assets		246,746	154,830
Investments in joint arrangements		1,027,132	1,089,860
Investments in associates		5,626,005	5,914,000
Financial assets at FVOCI		3,871,102	4,099,187
Loans granted to LNG companies		127,091	129,247
Other assets		23,751	24,239
		<u>15,585,883</u>	<u>16,446,801</u>
Current assets			
Inventories		96,524	81,088
Trade and other receivables		771,423	741,104
Financial assets at FVTPL		112	55,850
Investments in term deposits	8	102,529	168,221
Cash and cash equivalents		194,139	177,761
		<u>1,164,727</u>	<u>1,224,024</u>
TOTAL ASSETS		<u>16,750,610</u>	<u>17,670,825</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the Parent			
Share capital	10	1,145,252	1,145,252
Treasury shares		(73,516)	(73,516)
Legal reserve		4,693,986	4,693,986
General reserve		623,542	623,542
Fair value reserve		3,382,975	3,875,607
Hedging reserve		(266,535)	68,227
Retained earnings		4,187,065	4,210,029
		<u>13,692,769</u>	<u>14,543,127</u>
Equity attributable to equity holders of the Parent		<u>13,692,769</u>	<u>14,543,127</u>
Non-controlling interests		55,249	54,884
		<u>13,748,018</u>	<u>14,598,011</u>
Total equity		<u>13,748,018</u>	<u>14,598,011</u>

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

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


Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)
 At 30 June 2020

EQUITY AND LIABILITIES (CONTINUED)	<i>Notes</i>	30 June 2020 (Reviewed) QR'000	31 December 2019 (Audited) QR'000
Liabilities			
Non-current liabilities			
Loans and borrowings		1,713,908	1,837,152
Advance from a customer		102,976	107,004
Lease liabilities		184,646	108,928
Provision for employees' end of service benefits		<u>113,932</u>	<u>119,855</u>
		<u>2,115,462</u>	<u>2,172,939</u>
Current liabilities			
Trade and other payables		574,164	576,063
Loans and borrowings		240,270	270,112
Lease liabilities		<u>72,696</u>	<u>53,700</u>
		<u>887,130</u>	<u>899,875</u>
Total liabilities		<u>3,002,592</u>	<u>3,072,814</u>
TOTAL EQUITY AND LIABILITIES		<u>16,750,610</u>	<u>17,670,825</u>

On 28 July 2020, the Company's Board of Directors authorised these condensed consolidated interim financial statements for issue, which were signed on its behalf by the following:



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



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

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

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2020

	<i>For the six-month period ended 30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	300,460	315,702
Adjustments for:		
Depreciation of property, vessels and equipment	130,374	137,250
Depreciation of investment property	14,114	26,748
Amortisation of intangible assets	5,097	5,120
Depreciation of right-of-use assets	36,016	11,722
Net gain on disposal of investment property	(73,225)	-
Net gain on disposal of property, vessels and equipment	(6,288)	(7,363)
Share of results of associates	(206,647)	(172,416)
Share of results of joint arrangements	(120,772)	(97,327)
Provision for employees' end of service benefits	12,028	9,614
Dividend income	(143,448)	(149,609)
Net fair value loss on financial assets at FVTPL	-	2,507
Impairment on property, vessels and equipment	324,697	154,360
Provision for impairment of trade receivables	12,968	5,621
Loss / (Profit) on disposal of financial assets at FVTPL	9,718	(6,073)
Finance costs	44,371	58,626
Finance income	(10,018)	(18,378)
Operating profit before working capital changes:	329,445	276,104
<i>Changes in:</i>		
Inventories	(15,436)	20,073
Trade and other receivables	(42,801)	(6,112)
Trade and other payables	(60,902)	54,668
Cash flows from operating activities	210,306	344,733
Employees' end of service benefits paid	(13,284)	(10,197)
Net cash from operating activities	197,022	334,536
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, vessels and equipment	(131,130)	(82,261)
Purchases of investment property	(14,724)	(54,294)
Additions to intangible assets	(248)	(15)
Investment in an associate	-	(610,639)
Net movement of loans granted to LNG companies	2,156	9,750
Net movement of investments in term deposits	65,692	370,273
Investments in financial assets at FVOCI	(292,440)	(35,013)
Proceeds from disposal of investment property	85,789	-
Proceeds from disposal of property, vessels and equipment	36,926	58,386
Proceeds from disposal of financial assets at FVOCI	53,318	-
Proceeds from disposal of financial assets at FVTPL	46,021	91,758
Dividends received from joint ventures	183,500	98,000
Dividends received from associates	202,554	202,494
Dividend received from investments	143,448	149,609
Finance income received	10,018	18,378
Net cash flows from investing activities	390,880	216,426

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

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

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the six-month period ended 30 June 2020

	<i>Notes</i>	<i>For the six-month period ended</i>	
		<i>30 June</i>	
		<i>2020</i>	<i>2019</i>
		<i>(Reviewed)</i>	
		<i>QR'000</i>	<i>QR'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to Company's shareholders	11	(340,849)	(340,849)
Payment of lease liabilities		(33,218)	(12,698)
Net movement in loans and borrowings		(153,086)	(147,235)
Finance costs paid		(44,371)	(58,626)
Net cash flows used in financing activities		(571,524)	(559,408)
Net increase/ (decrease) in cash and cash equivalents		16,378	(8,446)
Cash and cash equivalents at beginning of period		177,761	127,394
Cash and cash equivalents at end of period	9	194,139	118,948

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

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June 2020

	<i>Attributable to the equity holders of the Parent</i>							<i>Non-controlling interest</i>	<i>Total</i>	
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Fair value reserve</i>	<i>Hedging reserve</i>	<i>Retained earnings</i>			<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Balance at 31 December 2019 (Audited)	1,145,252	(73,516)	4,693,986	623,542	3,875,607	68,227	4,210,029	14,543,127	54,884	14,598,011
Profit for the period	-	-	-	-	-	-	299,925	299,925	535	300,460
Other comprehensive income	-	-	-	-	(474,672)	(334,762)	-	(809,434)	(170)	(809,604)
Total comprehensive (loss) income	-	-	-	-	(474,672)	(334,762)	299,925	(509,509)	365	(509,144)
<i>Transactions with owners of the Group:</i>										
Dividends paid (Note 11)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
<i>Other equity movement:</i>										
Reclassification on disposal of FVOCI	-	-	-	-	(17,960)	-	17,960	-	-	-
At 30 June 2020 (Reviewed)	1,145,252	(73,516)	4,693,986	623,542	3,382,975	(266,535)	4,187,065	13,692,769	55,249	13,748,018
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Fair value reserve</i>	<i>Hedging reserve</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Non-controlling interest</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Balance at 31 December 2018 (Audited)	1,145,252	(73,516)	4,693,986	623,542	3,886,259	295,736	4,010,829	14,582,088	55,717	14,637,805
Adjustment on initial application of IFRS 16 (Audited)	-	-	-	-	-	-	(4,609)	(4,609)	-	(4,609)
Restated balance at 1 January 2019	1,145,252	(73,516)	4,693,986	623,542	3,886,259	295,736	4,006,220	14,577,479	55,717	14,633,196
Profit for the period	-	-	-	-	-	-	316,137	316,137	(435)	315,702
Other comprehensive income	-	-	-	-	(124,103)	(230,894)	-	(354,997)	27	(354,970)
Total comprehensive (loss) income	-	-	-	-	(124,103)	(230,894)	316,137	(38,860)	(408)	(39,268)
<i>Transactions with owners of the Group:</i>										
Dividends paid (Note 11)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
At 30 June 2019 (Reviewed)	1,145,252	(73,516)	4,693,986	623,542	3,762,156	64,842	3,981,508	14,197,770	55,309	14,253,079

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

Qatar Navigation Q.P.S.C.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the six-month period ended 30 June 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 condensed consolidated interim financial statements comprise the Company and its subsidiaries (collectively referred as the “Group” and individually as the “Group entities”) and the Group’s interests in equity-accounted investees.

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

The structure of the Group has not changed since the last annual consolidated financial statements as at and for the year ended 31 December 2019 (the “latest annual financial statements”).

The condensed consolidated interim financial statements of the Group were authorised for issue by the Company’s Board of Directors on 28 July 2020.

2. BASIS OF ACCOUNTING

These condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and should be read in conjunction with the Group’s latest annual financial statements. They do not include all the information required for a complete set of the financial statements prepared in accordance with International Financial Reporting Standards (IFRS). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

3. USE OF JUDGMENTS AND ESTIMATES

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

The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the latest annual financial statements.

Measurement of fair values

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

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

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

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

Qatar Navigation Q.P.S.C.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the six-month period ended 30 June 2020

3. USE OF JUDGMENTS AND ESTIMATES (CONTINUED)

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

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's last annual financial statements.

Following are the new and amended standards and interpretations that became effective during the period. They are not expected to have a significant impact on the Group's condensed consolidated interim financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8).
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

5. OPERATING REVENUES

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

	<i>Six-month period ended 30</i>	
	<i>June</i>	
	<i>2020</i>	<i>2019</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Milaha Capital	237,250	284,094
Milaha Maritime and Logistics	372,312	401,780
Milaha Offshore	408,155	366,364
Milaha Trading	40,663	65,767
Milaha Gas and Petrochem	166,334	143,031
	1,224,714	1,261,036

6. PROPERTY, VESSELS AND EQUIPMENT

	<i>30 June</i>	<i>31 December</i>
	<i>2020</i>	<i>2019</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Net book value, beginning balance	4,063,316	4,031,488
Additions	131,130	139,435
Disposals and write off (i)	(30,638)	(93,052)
Other transfers and reclassifications	-	522,814
Impairment of property, vessels and equipment (ii), (iii) and (iv)	(324,697)	(271,765)
Depreciation charge for the period/ year	(130,374)	(265,604)
Net book value, ending balance	3,708,737	4,063,316

- (i) During the current reporting period, the Group sold three vessels with a total net book value of QR 30 million (year ended 31 December 2019: QR 92 Million) and recognised a cumulative gain of QR 6 million (year ended 31 December 2019: QR 16 Million).

Qatar Navigation Q.P.S.C.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the six-month period ended 30 June 2020

6. PROPERTY, VESSELS AND EQUIPMENT (CONTINUED)

- (ii) The Group recognised impairment losses of QR 161 million (six-month period ended 30 June 2019: QR 154 million) in relation to six vessels and an equipment as part of capital work in progress. The impairment was recognised following an exercise performed by management which compared the recoverable amount against their respective carrying values at the reporting date. The values assigned to the key assumptions represent management's assessment of future trends in the shipping and oil industry, cash flow projection of revenues and costs and the weighted average cost of capital to discount the future cash flows to present value.
- (iii) In addition, Group also recognised an impairment loss of QR 163 million in relation to a warehousing facility following a comparison was between its recoverable amount and the net book value.
- (iv) 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.

7. INVESTMENT PROPERTY

	<i>2020</i> <i>(Reviewed)</i> <i>QR'000</i>	<i>2019</i> <i>(Audited)</i> <i>QR'000</i>
At 1 January	822,773	1,299,473
Additions	14,724	97,399
Depreciation charge for the period/ year	(14,114)	(51,285)
Disposals and write off	(12,564)	-
Transfers and reclassifications	-	(522,814)
At 30 June / 31 December	<u>810,819</u>	<u>822,773</u>

8. INVESTMENTS IN TERM DEPOSITS

	<i>30 June</i> <i>2020</i> <i>(Reviewed)</i> <i>QR'000</i>	<i>31 December</i> <i>2019</i> <i>(Audited)</i> <i>QR'000</i>
Term deposits with banks	150,913	239,597
Less: Term deposits maturing before 90 days	<u>(48,384)</u>	<u>(71,376)</u>
Term deposits maturing after 90 days (i)	<u>102,529</u>	<u>168,221</u>

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

9. CASH AND CASH EQUIVALENTS

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

	<i>30 June</i> <i>2020</i> <i>(Reviewed)</i> <i>QR'000</i>	<i>30 June</i> <i>2019</i> <i>(Reviewed)</i> <i>QR'000</i>
Cash in hand	5,207	3,307
Bank balance – term deposits (i)	48,384	31,787
Bank balance	<u>140,548</u>	<u>83,854</u>
Cash and cash equivalents in the condensed consolidated statement of cash flows	<u>194,139</u>	<u>118,948</u>

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

Qatar Navigation Q.P.S.C.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the six-month period ended 30 June 2020

10. SHARE CAPITAL

	<i>Number of shares (‘000’)</i>	<i>QR’000</i>
<i>Authorised, issued and fully paid shares</i>		
At 30 June 2020 and 31 December 2019 : shares with nominal value of QR 1 each	<u>1,145,252</u>	<u>1,145,252</u>

11. DIVIDENDS

The Board of Directors proposed a 30% (2019: 30%) cash dividend of QR 0.3 (2019: QR 0.3) per share totaling QR 341 million for the year 2019 (2019: QR 341 million for the year 2018) which was approved by the Company’s shareholders at the Annual General Assembly held on 22 March 2020 (2019: held on 18 March 2019).

12. COMMITMENTS

	<i>30 June 2020 (Reviewed) QR’000</i>	<i>31 December 2019 (Audited) QR’000</i>
Capital commitment:		
Estimated expenditure on property, vessels and equipment approved but not contracted for as of the reporting date	<u>279,407</u>	<u>404,852</u>

13. CONTINGENT LIABILITIES

	<i>30 June 2020 (Reviewed) QR’000</i>	<i>31 December 2019 (Audited) QR’000</i>
Letters of guarantees	841,910	782,351
Letters of credits	<u>2,864</u>	<u>6,676</u>
	<u>844,774</u>	<u>789,027</u>

14. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Financial assets consist of bank balances and cash, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, financial assets at amortised cost, loans granted to LNG companies and certain other receivables. Financial liabilities consist of loans and borrowings and certain other payables. Derivative financial instruments consist of interest rate swaps.

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14. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Carrying amounts and fair values

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

	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>30 June 2020 (Reviewed) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>	<i>30 June 2020 (Reviewed) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss	112	55,850	112	55,850
Financial assets (liabilities) at fair value through other comprehensive income				
Equity securities at FVOCI	3,561,099	4,080,981	3,561,099	4,080,981
Debt securities at FVOCI	310,003	18,206	310,003	18,206
Interest rate swaps (cash flow hedge)	(82,854)	(31,009)	(82,854)	(31,009)
	3,788,248	4,068,178	3,788,248	4,068,178

Measurement of fair values

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

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

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14. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	<i>30 June 2020</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Assets measured at fair value				
Financial assets at fair value through profit or loss	112	112	-	-
Financial assets at fair value through other comprehensive income:				
Quoted investments	3,271,907	3,271,907	-	-
Unquoted investments	289,192	-	-	289,192
Investments in corporate bonds	310,003	-	-	310,003
Liability measured at fair value				
Interest rate swaps	82,854	-	82,854	-
	<i>31 December 2019</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Assets measured at fair value				
Financial assets at fair value through profit or loss	55,850	55,850	-	-
Financial assets at fair value through other comprehensive income:				
Quoted investments	3,791,374	3,791,374	-	-
Unquoted investments	289,607	-	-	289,607
Investments in corporate bonds	18,206	-	-	18,206
Liabilities measured at fair value				
Interest rate swaps	31,009	-	31,009	-

During the six-month period ended 30 June 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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

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

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15. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties during the six-month period ended 30 June 2020 and 2019, as well as balances with related parties as at 30 June 2020 and 31 December 2019:

Related party transactions

	<i>Six-month period ended 30 June</i>			
	<i>2020</i>		<i>2019</i>	
	<i>Sales</i>	<i>Purchases</i>	<i>Sales</i>	<i>Purchases</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Associates	210	1,042	2,058	1,391

Related party balances

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

	<i>30 June 2020</i>			<i>31 December 2019</i>		
	<i>Trade receivables</i>	<i>Trade payables</i>	<i>Loans granted to LNG companies</i>	<i>Trade receivables</i>	<i>Trade payables</i>	<i>Loans granted to LNG companies</i>
	<i>(Reviewed)</i>			<i>(Audited)</i>		
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Joint ventures	6,724	7,395	-	12,827	13,927	-
Associates	1,829	3,253	127,091	3,050	5,474	129,247
Directors	7,059	97	-	7,978	73	-
	15,612	10,745	127,091	23,855	19,474	129,247

Compensation of directors and other key management personnel

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

	<i>Six-month period ended 30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Salaries and allowances	6,227	6,295
Provision for employees' end of service benefits	597	706
Board of directors' remuneration – cash	6,200	6,975
	13,024	13,976

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16. BASIC AND DILUTED EARNINGS PER SHARE

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

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

	<i>Six-month ended 30 June</i>	
	2020	2019
	<i>(Reviewed)</i>	
	<u> </u>	<u> </u>
Net profit for the period attributable to equity holders of the Parent (QR'000)	<u>299,925</u>	<u>316,137</u>
Weighted average number of shares (000's)	<u>1,136,165</u>	<u>1,136,165</u>
Basic and diluted earnings per share (QR)	<u>0.26</u>	<u>0.28</u>

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

	<i>Six-month ended 30 June</i>	
	2020	2019
	<i>(Reviewed)</i>	
	<u> </u>	<u> </u>
Total number of shares outstanding (000's) (Note 10)	<u>1,145,252</u>	<u>1,145,252</u>
Adjustment for weighted average shares with respect to treasury shares purchased during year 2013 (000's) (i)	<u>(9,087)</u>	<u>(9,087)</u>
Weighted average numbers of shares during the period (000's)	<u>1,136,165</u>	<u>1,136,165</u>

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

17. SEGMENT INFORMATION

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

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

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

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

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17. SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2020 (Reviewed)

	<i>Milaha Capital QR'000</i>	<i>Milaha Maritime and Logistics QR'000</i>	<i>Milaha Offshore QR'000</i>	<i>Milaha Trading QR'000</i>	<i>Milaha Gas and Petrochem QR'000</i>	<i>Adjustments relating to Milaha Corporate QR'000</i>	<i>Total segments QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Consolidated QR'000</i>
Operating revenues	260,206	437,330	397,039	88,981	164,915	-	1,348,471	(123,757)	1,224,714
Salaries, wages and other benefits	(3,634)	(166,575)	(36,452)	(6,252)	(13,888)	(65,589)	(292,390)	-	(292,390)
Operating supplies and expenses	(49,225)	(320,983)	(40,453)	(77,911)	(6,803)	(5,228)	(500,603)	98,837	(401,766)
Rent expenses	(647)	(20,840)	(848)	(716)	(185)	(3,439)	(26,675)	23,885	(2,790)
Depreciation and amortisation	(30,667)	(14,607)	(104,558)	(524)	(34,525)	(720)	(185,601)	-	(185,601)
Provision for impairment of trade receivables	(41)	(7,621)	(4,048)	(1,238)	-	(20)	(12,968)	-	(12,968)
Other operating expenses	(2,198)	(31,725)	(20,276)	(1,379)	(7,550)	(13,340)	(76,468)	1,035	(75,433)
Allocations relating to fleet and technical services	-	134,789	(116,355)	-	(18,434)	-	-	-	-
Allocations relating to Milaha Corporate	(6,961)	(58,537)	(10,289)	(6,684)	(5,848)	88,319	-	-	-
OPERATING PROFIT	166,833	(48,769)	63,760	(5,723)	77,682	(17)	253,766	-	253,766
Finance cost	(312)	(5,421)	(23,627)	-	(17,025)	-	(46,385)	2,014	(44,371)
Finance income	4,673	-	212	84	7,050	13	12,032	(2,014)	10,018
Net gain on disposal of investment property	73,225	-	-	-	-	-	73,225	-	73,225
Net gain on disposal of property, vessels and equipment	-	4,536	1,739	13	-	-	6,288	-	6,288
Share of results of associates	285	1,670	-	-	204,692	-	206,647	-	206,647
Share of results of joint arrangements	-	94,403	-	-	26,369	-	120,772	-	120,772
Impairment of property, vessels and equipment	(163,000)	-	(161,697)	-	-	-	(324,697)	-	(324,697)
Net gain (loss) on foreign exchange	-	(147)	(1,013)	(11)	(21)	4	(1,188)	-	(1,188)
PROFIT FOR THE PERIOD	81,704	46,272	(120,626)	(5,637)	298,747	-	300,460	-	300,460

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17. SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2019 (Reviewed)

	<i>Milaha Capital QR'000</i>	<i>Milaha Maritime and Logistics QR'000</i>	<i>Milaha Offshore QR'000</i>	<i>Milaha Trading QR'000</i>	<i>Milaha Gas and Petrochem QR'000</i>	<i>Adjustments relating to Milaha Corporate QR'000</i>	<i>Total segments QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Consolidated QR'000</i>
Operating revenues	308,023	458,878	366,364	139,753	143,031	-	1,416,049	(155,013)	1,261,036
Salaries, wages and other benefits	(2,975)	(173,854)	(33,120)	(7,928)	(13,083)	(61,326)	(292,286)	-	(292,286)
Operating supplies and expenses	(65,011)	(335,920)	(60,409)	(134,682)	(9,072)	(5,111)	(610,205)	130,610	(479,595)
Rent expenses	(740)	(21,996)	(1,625)	(1,021)	166	(4,052)	(29,268)	24,189	(5,079)
Depreciation and amortisation	(32,509)	(15,043)	(89,203)	(488)	(42,518)	(1,079)	(180,840)	-	(180,840)
Provision for impairment of trade receivables	208	(1,697)	(2,508)	(1,656)	-	32	(5,621)	-	(5,621)
Other operating expenses	(4,186)	(28,479)	(17,211)	6,430	(11,885)	(9,447)	(64,778)	214	(64,564)
Allocations relating to fleet and technical services	-	145,444	(117,743)	-	(27,701)	-	-	-	-
Allocations relating to Milaha Corporate	(6,856)	(53,346)	(8,183)	(6,388)	(6,190)	80,963	-	-	-
OPERATING PROFIT	195,954	(26,013)	36,362	(5,980)	32,748	(20)	233,051	-	233,051
Finance cost	(655)	(8,914)	(32,921)	-	(18,217)	-	(60,707)	2,081	(58,626)
Finance income	6,417	-	5,929	115	7,982	16	20,459	(2,081)	18,378
Net gain on disposal of property, vessels and equipment	-	772	-	17	6,574	-	7,363	-	7,363
Share of results of associates	53	2,489	-	-	169,874	-	172,416	-	172,416
Share of results of joint arrangements	-	100,969	-	-	(3,642)	-	97,327	-	97,327
Impairment of property, vessels and equipment	-	(4,344)	(136,899)	-	(13,117)	-	(154,360)	-	(154,360)
Net gain (loss) on foreign exchange	-	303	(101)	10	(63)	4	153	-	153
PROFIT FOR THE PERIOD	201,769	65,262	(127,630)	(5,838)	182,139	-	315,702	-	315,702

Note : Inter-segment revenues are eliminated on consolidation.

18. COMPARATIVE FIGURES

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