

# **Qatar Navigation Q.P.S.C.**

## **UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2020**

Qatar Navigation Q.P.S.C.  
**INTERIM CONSOLIDATED INCOME STATEMENT**  
For the three months ended 31 March 2020

	<i>Notes</i>	<i>For the three months ended 31</i>	
		<i>March</i>	
		<i>2020</i>	<i>2019</i>
		<i>(Unaudited)</i>	
		<i>QR'000</i>	<i>QR'000</i>
Operating revenues	3	689,867	710,092
Salaries, wages and other benefits		(153,443)	(149,017)
Operating supplies and expenses		(202,477)	(218,173)
Rent expenses		(2,044)	(2,596)
Depreciation and amortisation		(92,264)	(92,520)
(Provision) recoveries for impairment of trade receivables		(9,687)	786
Other operating expenses		(30,092)	(32,275)
<b>OPERATING PROFIT</b>		<b>199,860</b>	<b>216,297</b>
Finance costs		(23,635)	(29,378)
Finance income		5,595	10,041
Gain on disposal of property, vessels and equipment		4,148	96
Gain on disposal of investment property		31,002	-
Share of results of associates		103,731	84,469
Share of results of joint arrangements		62,334	38,831
Net loss on foreign exchange		(917)	(216)
Impairment of vessels and capital work in progress		(98,601)	(41,835)
<b>PROFIT FOR THE PERIOD</b>		<b>283,517</b>	<b>278,305</b>
<i>Attributable to:</i>			
Equity holders of the parent		283,187	278,486
Non-controlling interest		330	(181)
		<b>283,517</b>	<b>278,305</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b> <i>(attributable to equity holders of the parent )</i> <i>(expressed in QR per share)</i>	4	<b>0.25</b>	<b>0.25</b>

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.P.S.C.  
 INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
 For the three months ended 31 March 2020

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	<i>For the three months ended 31</i>	
	<i>March</i>	
	<i>2020</i>	<i>2019</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Profit for the period	<u>283,517</u>	<u>278,305</u>
<b>Other comprehensive income (OCI):</b>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net loss on equity investments at Fair Value Through OCI	<span style="border: 1px solid black;">(671,051)</span>	<span style="border: 1px solid black;">(214,699)</span>
Equity-accounted investees – share of OCI	<span style="border: 1px solid black;">(13,296)</span>	<span style="border: 1px solid black;">(3,909)</span>
	<b>(684,347)</b>	<b>(218,608)</b>
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net loss resulting from cash flow hedges	<span style="border: 1px solid black;">(46,917)</span>	<span style="border: 1px solid black;">(14,721)</span>
Cash flow hedge movement for equity-accounted investees	<span style="border: 1px solid black;">(272,001)</span>	<span style="border: 1px solid black;">(91,242)</span>
	<b>(318,918)</b>	<b>(105,963)</b>
Total other comprehensive loss	<u><b>(1,003,265)</b></u>	<u><b>(324,571)</b></u>
<b>Total comprehensive loss</b>	<u><b>(719,748)</b></u>	<u><b>(46,266)</b></u>
<i>Attributable to:</i>		
Equity holders of the Parent	<u><b>(720,078)</b></u>	<u>(46,119)</u>
Non-controlling interest	<u><b>330</b></u>	<u>(147)</u>
	<u><b>(719,748)</b></u>	<u><b>(46,266)</b></u>

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.P.S.C.  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 At 31 March 2020

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		<i>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, vessels and equipment	5	3,942,838	4,063,316
Investment property	6	825,361	822,773
Intangible assets		147,030	149,349
Right-of-use assets	7	267,824	154,830
Investments in joint arrangements		1,005,194	1,089,860
Investments in associates		5,531,652	5,914,000
Financial assets at FVOCI		3,424,240	4,099,187
Loans granted to LNG companies		131,951	129,247
Other assets		23,994	24,239
		<u>15,300,084</u>	<u>16,446,801</u>
<b>Current assets</b>			
Inventories		90,581	81,088
Trade and other receivables		824,216	741,104
Financial assets at FVTPL		122	55,850
Investments in term deposits	8	139,481	168,221
Cash and cash equivalents		288,339	177,761
		<u>1,342,739</u>	<u>1,224,024</u>
<b>Total Assets</b>		<u>16,642,823</u>	<u>17,670,825</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Attributable to equity holders of the Parent</b>			
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		3,191,260	3,875,607
Hedging reserve		(250,691)	68,227
Retained earnings		4,152,367	4,210,029
<b>Equity attributable to equity holders of the Parent</b>		<u>13,482,200</u>	<u>14,543,127</u>
Non-controlling interest		55,214	54,884
<b>Total equity</b>		<u>13,537,414</u>	<u>14,598,011</u>

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

Qatar Navigation Q.P.S.C.  
 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)  
 At 31 March 2020

	<i>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>
<b>EQUITY AND LIABILITIES (CONTINUED)</b>		
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	1,720,997	1,837,152
Advance from a customer	104,991	107,004
Lease liabilities	7 201,155	108,928
Provision for employees' end of service benefits	113,650	119,855
	<u>2,140,793</u>	<u>2,172,939</u>
<b>Current liabilities</b>		
Trade and other payables	589,005	576,063
Loans and borrowings	300,575	270,112
Lease liabilities	7 75,036	53,700
	<u>964,616</u>	<u>899,875</u>
<b>Total liabilities</b>	<u>3,105,409</u>	<u>3,072,814</u>
<b>Total equity and liabilities</b>	<u>16,642,823</u>	<u>17,670,825</u>

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 Jassim bin Hamad bin Jassim Jaber Al-Thani  
 Chairman

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

**Qatar Navigation Q.P.S.C.**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the three months ended 31 March 2020

	<i>For the three months ended 31</i>	
	<i>March</i>	
	<i>2020</i>	<i>2019</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	<b>283,517</b>	278,305
Adjustment for:		
Depreciation and amortisation	<b>92,264</b>	92,520
Finance costs	<b>23,635</b>	29,378
Gain on disposal of property, vessels and equipment	<b>(4,148)</b>	(96)
Gain on disposal of investment property	<b>(31,002)</b>	-
Share of results of associates	<b>(103,731)</b>	(84,469)
Share of results of joint arrangements	<b>(62,334)</b>	(38,831)
Provision for employees' end of service benefits	<b>6,803</b>	5,729
Finance income	<b>(5,595)</b>	(10,041)
Dividend income	<b>(139,353)</b>	(148,608)
Impairment of vessels and capital work in progress	<b>98,601</b>	41,835
Provision (recoveries) for impairment of trade receivables	<b>9,687</b>	(786)
Net fair value loss on FVTPL	<b>-</b>	2,216
Loss (gain) on disposal of financial assets at FVTPL	<b>9,782</b>	(5,301)
Operating profit before working capital changes:	<b>178,126</b>	161,851
Inventories	<b>(9,493)</b>	14,107
Trade and other receivables	<b>(44,441)</b>	5,587
Trade and other payables	<b>(36,743)</b>	(19,984)
Cash flows from operating activities	<b>87,449</b>	161,561
Employees' end of service benefits paid	<b>(10,511)</b>	(6,464)
Net cash flows from operating activities	<b>76,938</b>	155,097
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, vessels and equipment	<b>(52,757)</b>	(35,460)
Dividend income	<b>139,353</b>	148,608
Finance income	<b>5,595</b>	10,041
Proceeds from disposal of property, vessels and equipment	<b>12,629</b>	100
Proceeds from disposal of investment property	<b>35,146</b>	-
Purchases of investment properties	<b>(13,783)</b>	(17,781)
Addition to intangible assets	<b>(247)</b>	(14)
Net movement in loans granted to LNG companies	<b>(2,704)</b>	(1,224)
Proceeds from disposal of financial assets at fair value through profit or loss	<b>-</b>	54,080
Additional investment in an associate	<b>-</b>	(610,639)
Dividends received from joint arrangements	<b>147,000</b>	98,000
Dividends received from associates	<b>200,811</b>	200,811
Net cash flows from (used in) investing activities	<b>471,043</b>	(153,478)

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.P.S.C.  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
For the three months ended 31 March 2020

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		<i>For the three months ended 31</i>	
		<i>March</i>	
		<u>2020</u>	<u>2019</u>
		<i>(Unaudited)</i>	
<i>Notes</i>		<i>QR'000</i>	<i>QR'000</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	11	<b>(340,849)</b>	(340,849)
		<b>(85,692)</b>	(73,531)
		<b>(23,635)</b>	(29,378)
	7	<b>(15,967)</b>	(5,220)
		<b><u>28,740</u></b>	<u>445,271</u>
		<b><u>(437,403)</u></b>	<u>(3,707)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>110,578</b>	(2,088)
		<b><u>177,761</u></b>	<u>127,394</u>
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>		<b><u>288,339</u></b>	<u>125,306</u>
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The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

Qatar Navigation Q.P.S.C.  
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the three months ended 31 March 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	-	-	-	-	-	-	283,187	283,187	330	283,517
Other comprehensive loss	-	-	-	-	(684,347)	(318,918)	-	(1,003,265)	-	(1,003,265)
Total comprehensive (loss) income	-	-	-	-	(684,347)	(318,918)	283,187	(720,078)	330	(719,748)
Dividends paid (Note 11)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
<b>Balance at 31 March 2020 (Unaudited)</b>	<b>1,145,252</b>	<b>(73,516)</b>	<b>4,693,986</b>	<b>623,542</b>	<b>3,191,260</b>	<b>(250,691)</b>	<b>4,152,367</b>	<b>13,482,200</b>	<b>55,214</b>	<b>13,537,414</b>
	<i>Attributable to the equity holders of the Parent</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>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	-	-	-	-	-	-	(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	-	-	-	-	-	-	278,486	278,486	(181)	278,305
Other comprehensive loss	-	-	-	-	(218,642)	(105,963)	-	(324,605)	34	(324,571)
Total comprehensive (loss) income	-	-	-	-	(218,642)	(105,963)	278,486	(46,119)	(147)	(46,266)
Dividends paid (Note 11)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
<b>Balance at 31 March 2019 (Unaudited)</b>	<b>1,145,252</b>	<b>(73,516)</b>	<b>4,693,986</b>	<b>623,542</b>	<b>3,667,617</b>	<b>189,773</b>	<b>3,943,857</b>	<b>14,190,511</b>	<b>55,570</b>	<b>14,246,081</b>

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

# Qatar Navigation Q.P.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 31 March 2020

### 1 REPORTING ENTITY

Qatar Navigation Q.P.S.C. (the “Company” or the “Parent”) was incorporated on 5 July 1957 as a Qatari Shareholding Company, with the Commercial Registration number 1 issued by the Ministry of Economy and Commerce. The registered office of the Company is located in 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”).

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 consolidated financial statements of the Group were authorised for issue by the Board of Directors on the 22<sup>nd</sup> of April 2020.

The Company has the following subsidiaries as at the current and the comparative reporting dates:

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Group effective shareholding</i>	
			<i>31 March 2020</i>	<i>31 December 2019</i>
Qatar Shipping Company W.L.L.	Qatar	Chartering of vessels and maritime services	100%	100%
Halul Offshore Services 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%

**Qatar Navigation Q.P.S.C.**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
As at and for the period ended 31 March 2020

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**1 REPORTING ENTITY (CONTINUED)**

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

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Group effective shareholding</i>	
			<i>31 March 2020</i>	<i>31 December 2019</i>
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 (ii)	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%

- (i) The Group controls Qatar Quarries Building Materials Company Q.P.S.C. through its power to control that company's Board of Directors.

# Qatar Navigation Q.P.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 31 March 2020

### 1 REPORTING ENTITY (CONTINUED)

The Company's shareholding in the above subsidiaries are the same as the Group effective shareholding except for the following material subsidiaries:

<i>Name of subsidiary</i>	<i>Company's ownership percentage</i>	
	<i>31 March 2020</i>	<i>31 December 2019</i>
Halul Offshore Services Company W.L.L.	50%	50%
Qatar Quarries and Building Materials Company Q.P.S.C.	25%	25%
Milaha Trading Company W.L.L.	99.5%	99.5%
Milaha Capital W.L.L.	99.5%	99.5%
Milaha Maritime and Logistics Integrated W.L.L.	99.5%	99.5%

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

<i>Name of subsidiary</i>	<i>Company's ownership percentage</i>	
	<i>2020</i>	<i>2019</i>
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%
Milaha Ship Management & Operation Company 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 subsidiaries undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent do not differ from the proportion of the ordinary shares held.

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

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

The results and the assets and liabilities of the above branch have been combined in the consolidated financial statements of the Group.

Qatar Navigation Q.P.S.C.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 As at and for the period ended 31 March 2020

**2 BASIS OF PREPARATION**

**2.1 Basis of preparation**

The interim condensed consolidated financial statements for the three months ended 31 March 2020 have been prepared in accordance with IAS 34 Interim Financial reporting and are prepared in Qatari Riyals (“QR”), which is the Group’s functional and presentation currency and all values are rounded to the nearest thousands (QR’000) except otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2019.

**2.2 New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective

**3 OPERATING REVENUES**

The operating revenues consist of the activities of the following Pillars:

	<i>Three months ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>(Unaudited)</i>	
	<i>QR’000</i>	<i>QR’000</i>
Milaha Capital	188,351	220,982
Milaha Maritime and Logistics	188,358	203,609
Milaha Offshore	202,569	188,126
Milaha Trading	32,151	17,869
Milaha Gas and Petrochem	78,438	79,506
	<b>689,867</b>	<b>710,092</b>

**4 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.

	<i>Three months ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>(Unaudited)</i>	
Net profit for the period attributable to equity holders of the parent (QR’000)	<b>283,187</b>	278,486
Weighted average number of shares (000’s)	<b>1,136,165</b>	1,136,165
<b>Basic and diluted earnings per share (QR)</b>	<b>0.25</b>	0.25

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

	<i>Three months ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>(Unaudited)</i>	
Total number of shares outstanding (000’s)	1,145,252	1,145,252
Adjustment for weighted average shares with respect to treasury shares purchased during the year 2013 (000’s)	<b>(9,087)</b>	(9,087)
Weighted average numbers of shares during the period (000’s)	<b>1,136,165</b>	1,136,165

Qatar Navigation Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 31 March 2020

**5 PROPERTY, VESSELS AND EQUIPMENT**

	<i>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>
Net book value, beginning balance	4,063,316	4,031,488
Additions	52,757	139,435
Disposals and write off	(8,481)	(93,052)
Transfers and reclassifications	-	522,814
Impairment of vessels and capital work in progress	(98,601)	(271,765)
Depreciation charge for the period/ year	(66,153)	(265,604)
Net book value, ending balance	<u>3,942,838</u>	<u>4,063,316</u>

**6 INVESTMENT PROPERTY**

	<i>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>
Net book value, beginning balance	822,773	1,299,473
Additions	13,783	97,399
Depreciation charge for the period/ year	(7,051)	(51,285)
Disposal and write offs	(4,144)	-
Transfers and reclassifications	-	(522,814)
Net book value, ending balance	<u>825,361</u>	<u>822,773</u>

**7 LEASES**

7.1 Right-of-use-assets

The right-of-use assets relate to leasehold lands, vessels, warehouses and offices, which are expiring within 15 to 20 years from the reporting date

	<i>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>
<b>Cost</b>		
Beginning balance	198,168	83,279
Additions	91,398	115,943
Adjustments for lease modifications	38,090	(1,054)
Ending balance	<u>327,656</u>	<u>198,168</u>
<b>Accumulated depreciation</b>		
Beginning balance	43,338	8,618
Depreciation	16,494	34,720
Ending balance	<u>59,832</u>	<u>43,338</u>
<b>Carrying amounts</b>		
Net book value, ending balance	<u>267,824</u>	<u>154,830</u>

**Qatar Navigation Q.P.S.C.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the period ended 31 March 2020

**7 LEASES (CONTINUED)**

7.2 Lease liabilities

	<i>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>
Beginning balance	162,628	79,270
New leases	91,394	115,944
Adjustment for lease modification	38,136	(1,055)
Payment	<u>(15,967)</u>	<u>(31,531)</u>
Ending balance	<u><u>276,191</u></u>	<u><u>162,628</u></u>

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

	<i>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>
Non-current	201,155	108,928
Current	<u>75,036</u>	<u>53,700</u>
	<u><u>276,191</u></u>	<u><u>162,628</u></u>

**8 INVESTMENTS IN TERM DEPOSITS**

	<i>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>
Term deposits with banks	172,616	239,597
Less: Term deposits maturing before 90 days	<u>(33,135)</u>	<u>(71,376)</u>
Term deposits maturing after 90 days (i)	<u><u>139,481</u></u>	<u><u>168,221</u></u>

Notes:

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

**9 CASH AND CASH EQUIVALENTS**

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

	<i>Three months ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>(Unaudited)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Cash in hand	3,045	1,696
Cash at bank – term deposits (i)	33,135	7,300
Cash at bank – current accounts	<u>252,159</u>	<u>116,310</u>
	<u><u>288,339</u></u>	<u><u>125,306</u></u>

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

## 10 SHARE CAPITAL

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

All shares have equal rights.

## 11 DIVIDENDS

### Dividend proposed and paid for the year 2019

The Board of Directors had proposed and paid a 30% cash dividend of QR 0.3 per share totaling QR 341 million for the year 2019 which was approved by the equity holders at the Annual General Assembly held on 22 March 2020.

### Dividend declared and paid:

	<i>2020 QR’000</i>	<i>2019 QR’000</i>
Final Dividend	<u>340,849</u>	<u>340,849</u>

## 12 CONTINGENT LIABILITIES

At 31 March 2020 and 31 December 2019, the Group had letters of guarantees and letters of credit from which it anticipates that no material liabilities will arise amounted to:

	<i>31 March 2020 (Unaudited) QR’000</i>	<i>31 December 2019 (Audited) QR’000</i>
Letters of guarantees	882,971	782,351
Letters of credits	<u>4,931</u>	<u>6,676</u>
	<u>887,902</u>	<u>789,027</u>

## 13 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

Financial assets consist of bank balances, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, 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. As at the reporting date the carrying values of the financial assets and financial liabilities were not materially different to the fair values.

**14 RELATED PARTY DISCLOSURES**

The following table provides the total amount of transactions that have been entered into with related parties during the three months ended 31 March 2020 and 2019, as well as balances with related parties as at 31 March 2020 and 31 December 2019:

**Related party transactions**

	<i>Three months ended 31 March</i>			
	<i>2020</i>		<i>2019</i>	
	<i>Sales</i>	<i>Purchases</i>	<i>Sales</i>	<i>Purchases</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Associate companies	<u>1,904</u>	<u>500</u>	<u>1,662</u>	<u>180</u>

**Related party balances**

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

	<i>31 March 2020</i>		<i>31 December 2019</i>	
	<i>Trade</i>	<i>Trade</i>	<i>Trade</i>	<i>Trade</i>
	<i>receivables</i>	<i>payables</i>	<i>receivables</i>	<i>payables</i>
	<i>(Unaudited)</i>		<i>(Audited)</i>	
<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Joint ventures	6,098	19,453	12,827	13,927
Associate companies	1,904	2,867	3,050	5,474
Directors	6,946	185	7,978	73
	<u>14,948</u>	<u>22,505</u>	<u>23,855</u>	<u>19,474</u>

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

The accrued remuneration of directors and the paid salaries and allowances to members of key management during the period was as follows:

	<i>Three months ended 31</i>	
	<i>March</i>	
	<i>2020</i>	<i>2019</i>
	<i>(Unaudited)</i>	
<i>QR'000</i>	<i>QR'000</i>	
Salaries and allowances	3,207	2,946
Provision for employees' end of service benefits	380	498
Board of directors remuneration	3,100	3,488
	<u>6,687</u>	<u>6,932</u>

**15 COMPARATIVE INFORMATION**

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

## 16 SEGMENT INFORMATION

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

- Milaha Capital provides corporate finance advisory services to the Parent and its subsidiaries, in addition to managing its proprietary portfolio of financial and real estate investments and holding the investment of Qatar Quarries and Building Material Company W.L.L.
- Milaha Maritime & Logistics delivers a comprehensive range of services to major importers, exporters and shipping companies in the region, including oil & gas majors. The activities include logistics services, container feeder shipping, non-vessel operating common carriers (NVOCC) operations, bulk shipping, shipping agencies, port management and operations, shipyard and steel fabrication.
- Milaha Offshore provides comprehensive offshore support services to the oil and gas industry across the region. The group currently operates a fleet of offshore service vessels, which include safety standby vessels, anchor handling tugs, crew boats, workboats and dynamic positioning (DP) vessels. It provides a complete range of diving services including saturation diving.
- Milaha Trading is engaged in trading trucks, heavy equipment, machinery and lubrication brands in Qatar. The segment markets its products and provides critical after sales service. Milaha 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.

Qatar Navigation Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 31 March 2020

16 SEGMENT INFORMATION (CONTINUED)

Three months period ended 31 March 2020 (Unaudited)

	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	199,592	248,046	202,569	56,421	78,438	-	785,066	(95,199) (i)	689,867
Salaries, wages and other benefits	(1,624)	(84,507)	(19,326)	(3,197)	(7,072)	(37,717)	(153,443)	-	(153,443)
Operating supplies and expenses	(27,600)	(179,351)	(22,658)	(50,055)	(3,494)	(2,641)	(285,799)	83,322 (i)	(202,477)
Rent expenses	(523)	(10,422)	(443)	(385)	(92)	(1,746)	(13,611)	11,567 (i)	(2,044)
Depreciation and amortisation	(15,456)	(7,678)	(51,201)	(264)	(17,267)	(398)	(92,264)	-	(92,264)
Recoveries (provision) of impairment of trade receivables	10	(5,191)	(3,775)	(711)		(20)	(9,687)	-	(9,687)
Other operating expenses	(1,606)	(14,051)	(9,340)	(591)	(560)	(4,254)	(30,402)	310 (i)	(30,092)
Allocations relating to fleet and technical services	-	65,921	(57,292)	-	(8,629)	-	-	-	-
Allocations relating to Milaha Corporate	(3,777)	(30,377)	(5,749)	(3,519)	(3,349)	46,771	-	-	-
<b>OPERATING PROFIT (LOSS)</b>	<b>149,016</b>	<b>(17,610)</b>	<b>32,785</b>	<b>(2,301)</b>	<b>37,975</b>	<b>(5)</b>	<b>199,860</b>	<b>-</b>	<b>199,860</b>
Finance costs	(153)	(3,105)	(12,799)	-	(8,590)	-	(24,647)	1,012 (i)	(23,635)
Finance income	2,808	-	122	39	3,638	-	6,607	(1,012) (i)	5,595
Gain on disposal of property, vessels and equipment	-	2,395	1,741	12	-	-	4,148	-	4,148
Gain on disposal of investment property	31,002	-	-	-	-	-	31,002	-	31,002
Share of results of associates	121	766	-	-	102,844	-	103,731	-	103,731
Share of results of joint arrangements	-	47,743	-	-	14,591	-	62,334	-	62,334
Net gain (loss) on foreign exchange	(14)	46	(947)	(7)	-	5	(917)	-	(917)
Impairment of vessels and capital work in progress	-	-	(98,601)	-	-	-	(98,601)	-	(98,601)
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>182,780</b>	<b>30,235</b>	<b>(77,699)</b>	<b>(2,257)</b>	<b>150,458</b>	<b>-</b>	<b>283,517</b>	<b>-</b>	<b>283,517</b>

Qatar Navigation Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 31 March 2020

16 SEGMENT INFORMATION (CONTINUED)

Three months period ended 31 March 2019 (Unaudited)

	<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	233,027	231,383	188,126	56,968	79,506	-	789,010	(78,918) (i)	710,092
Salaries, wages and other benefits	(1,183)	(87,941)	(16,041)	(4,000)	(6,489)	(33,363)	(149,017)	-	(149,017)
Operating supplies and expenses	(36,417)	(157,652)	(33,911)	(51,188)	(3,629)	(2,000)	(284,797)	66,624 (i)	(218,173)
Rent expenses	(370)	(10,928)	(834)	(517)	(92)	(2,026)	(14,767)	12,171 (i)	(2,596)
Depreciation and amortisation	(16,315)	(7,835)	(45,647)	(244)	(21,925)	(554)	(92,520)	-	(92,520)
Recoveries (provision) of impairment of trade receivables	208	2,338	(899)	(893)	-	32	786	-	786
Other operating expenses	(2,238)	(14,241)	(7,234)	(5)	(4,519)	(4,161)	(32,398)	123 (i)	(32,275)
Allocations relating to fleet and technical services	-	72,264	(58,433)	-	(13,831)	-	-	-	-
Allocations relating to Milaha Corporate	(3,654)	(27,387)	(4,338)	(3,317)	(3,377)	42,073	-	-	-
<b>OPERATING PROFIT (LOSS)</b>	173,058	1	20,789	(3,196)	25,644	1	216,297	-	216,297
Finance costs	(303)	(4,551)	(16,628)	-	(8,937)	-	(30,419)	1,041 (i)	(29,378)
Finance income	3,996	-	2,999	56	4,028	3	11,082	(1,041) (i)	10,041
Gain on disposal of property, vessels and equipment	-	96	-	-	-	-	96	-	96
Share of results of associates	39	1,945	-	-	82,485	-	84,469	-	84,469
Share of results of joint arrangements	-	47,753	-	-	(8,922)	-	38,831	-	38,831
Net gain (loss) on foreign exchange	-	11	(126)	(5)	(92)	(4)	(216)	-	(216)
Impairment of vessels	-	(4,344)	(24,374)	-	(13,117)	-	(41,835)	-	(41,835)
<b>PROFIT (LOSS) FOR THE PERIOD</b>	176,790	40,911	(17,340)	(3,145)	81,089	-	278,305	-	278,305

Note:

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