

Qatar Navigation Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2020

Qatar Navigation Q.P.S.C.
CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2020

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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 12 to 63.

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.

INDEPENDENT AUDITOR’S REPORT (CONTINUED)

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

Key Audit Matter (Continued)

Description of key audit matter	How the matter was addressed in our audit
<p><u>Carrying value of vessels (including vessels under construction), containers and barges</u> – 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"> • 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; • 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; • The impairment assessments of these assets, where performed, involved: <ul style="list-style-type: none"> - increased complexity in forecasting future cash flows due to the cyclical nature of the operation in the shipping industry; and - Significant judgements for determining the assumptions to be used in estimating the recoverable amounts of these assets. • 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. 	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • 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; • involving our own valuation specialists to assist us in evaluating/challenging: <ul style="list-style-type: none"> - the appropriateness of the methodology used by management to assess the impairment; - 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); • testing the design and implementation of key controls around the processes of estimating useful lives and residual values; • evaluating management’s assertions and estimates regarding estimated useful lives and residual values based on our knowledge and experience of the shipping industry; • Recalculating the depreciation charge, and comparing it with the depreciation charge reported in the consolidated financial statements; and • evaluating the adequacy of the disclosures in the consolidated financial statements, including the disclosures of key assumptions, judgments and estimates.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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 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.

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)

- 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

Qatar Navigation Q.P.S.C.
CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2020

	<i>Notes</i>	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)
OPERATING PROFIT		278,779	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)
PROFIT BEFORE TAX		64,179	546,959
Tax expense		(4,957)	(1,008)
PROFIT FOR THE YEAR		59,222	545,951
<i>Attributable to:</i>			
Equity holders of the Parent		59,106	546,752
Non-controlling interests		116	(801)
		59,222	545,951
BASIC AND DILUTED EARNINGS PER SHARE <i>(attributable to equity holders of the Parent expressed in QR per share)</i>	6	0.05	0.48

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

Qatar Navigation Q.P.S.C.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

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

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

Qatar Navigation Q.P.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 <i>QR'000</i>	2019 <i>QR'000</i>
ASSETS			
Non-current assets			
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		<u>23,839</u>	<u>24,239</u>
		<u>15,283,851</u>	<u>16,446,801</u>
Current assets			
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	<u>306,253</u>	<u>177,761</u>
		<u>1,728,177</u>	<u>1,224,024</u>
Total assets		<u>17,012,028</u>	<u>17,670,825</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the Parent			
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		<u>4,042,530</u>	<u>4,210,029</u>
Equity attributable to equity holders of the Parent		13,703,295	14,543,127
Non-controlling interests		<u>55,089</u>	<u>54,884</u>
Total equity		<u>13,758,384</u>	<u>14,598,011</u>

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

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

Qatar Navigation Q.P.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2020

	<i>Notes</i>	<i>2020</i> QR'000	<i>2019</i> <i>QR'000</i>
EQUITY AND LIABILITIES (CONTINUED)			
Liabilities			
Non-current liabilities			
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
		<u>1,769,893</u>	<u>2,172,939</u>
Current liabilities			
Trade and other payables	30	674,681	576,063
Loans and borrowings	26	717,597	270,112
Lease liabilities	28	91,473	53,700
		<u>1,483,751</u>	<u>899,875</u>
Total liabilities		<u>3,253,644</u>	<u>3,072,814</u>
Total equity and liabilities		<u>17,012,028</u>	<u>17,670,825</u>

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.

Qatar Navigation Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	<i>Notes</i>	<i>2020</i> QR'000	<i>2019</i> QR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		64,179	546,959
<i>Adjustments for:</i>			
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		535,308	511,751
<i>Changes in:</i>			
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		538,234	569,726
Employees' end of service benefits paid	29	(18,249)	(15,532)
Net cash flows from operating activities		519,985	554,194
CASH FLOWS FROM INVESTING ACTIVITIES			
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
Net cash flows from investing activities		79,934	287,279

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

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

Qatar Navigation Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2020

	<i>Notes</i>	2020 QR'000	2019 QR'000
CASH FLOWS FROM FINANCING ACTIVITIES			
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)
		<u>(471,427)</u>	<u>(791,106)</u>
Net cash flows used in financing activities		(471,427)	(791,106)
NET INCREASE IN CASH AND CASH EQUIVALENTS		128,492	50,367
Cash and cash equivalents at 1 January		<u>177,761</u>	<u>127,394</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	19	<u>306,253</u>	<u>177,761</u>

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

Qatar Navigation Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	<i>Attributable to the equity holders of the Parent</i>							<i>Non- controlling interests</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>(Note 20)</i> <i>QR'000</i>	<i>(Note 21)</i> <i>QR'000</i>	<i>(Note 22)</i> <i>QR'000</i>	<i>(Note 23)</i> <i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>			<i>QR'000</i>
At 31 December 2018	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)
Adjusted 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
<i>Total comprehensive income:</i>										
Profit (loss) for the year	-	-	-	-	-	-	546,752	546,752	(801)	545,951
Other comprehensive income	-	-	-	-	(10,652)	(199,071)	-	(209,723)	(32)	(209,755)
Total comprehensive income (loss)	-	-	-	-	(10,652)	(199,071)	546,752	337,029	(833)	336,196
<i>Transactions with owners of the Company:</i>										
Dividends (Note 25)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
<i>Other equity movements:</i>										
Share of Associates' equity adjustment	-	-	-	-	-	(28,438)	11,575	(16,863)	-	(16,863)
Contribution to Social and Sports Fund (Note 31)	-	-	-	-	-	-	(13,669)	(13,669)	-	(13,669)
At 31 December 2019 / 1 January 2020	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
<i>Total comprehensive income:</i>										
Profit (loss) for the year	-	-	-	-	-	-	59,106	59,106	116	59,222
Other comprehensive (loss) income	-	-	-	-	(392,246)	(164,365)	-	(556,611)	89	(556,522)
Total comprehensive (loss) income	-	-	-	-	(392,246)	(164,365)	59,106	(497,505)	205	(497,300)
<i>Transactions with owners of the Company:</i>										
Dividends (Note 25)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
Transfer of reserves on disposal of financial assets at FVTOCI	-	-	-	-	(115,722)	-	115,722	-	-	-
<i>Other equity movement:</i>										
Share of Associates' equity adjustment	-	-	-	-	-	-	-	-	-	-
Contribution to Social and Sports Fund (Note 31)	-	-	-	-	-	-	(1,478)	(1,478)	-	(1,478)
At 31 December 2020	1,145,252	(73,516)	4,693,986	623,542	3,367,639	(96,138)	4,042,530	13,703,295	55,089	13,758,384

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

Qatar Navigation Q.P.S.C.
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:

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Group effective shareholding</i>	
			<i>2020</i>	<i>2019</i>
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%

Qatar Navigation Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1 REPORTING ENTITY (CONTINUED)

- (a) The Group had the following active subsidiaries owned directly or indirectly, as at the current and the comparative reporting dates (continued):

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Group effective shareholding</i>	
			<i>2020</i>	<i>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	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.

Qatar Navigation Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1 REPORTING ENTITY (CONTINUED)

(b) 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%
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.

Qatar Navigation Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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:

<i>Name of subsidiary</i>	<i>Functional currency</i>
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.

Qatar Navigation Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2020

2 BASIS OF PREPARATION (CONTINUED)

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.

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.

<i>Effective for year beginning 1 June 2020</i>	• <i>Amendment to IFRS 16 “Leases” of COVID-19 Related Rent Concessions</i>
<i>Effective for year beginning 1 January 2021</i>	• <i>Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 of Interest rate Benchmark Reform</i>
<i>Effective for year beginning 1 January 2022</i>	• <i>Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” of Onerous Contracts – Cost of Fulfilling a Contract</i> • <i>Annual Improvements to IFRS Standards 2018-2020</i> • <i>Amendments to IAS 16 “Property, Plant and Equipment” of Proceeds before Intended Use</i> • <i>Amendments to IFRS 3 “Business Combinations” of Reference to the Conceptual Framework</i>
<i>Effective for year beginning 1 January 2023</i>	• <i>Amendments to IAS 1 “Presentation of Financial Statements” of Classification of Liabilities as Current or Non-current</i>
<i>Effective date deferred indefinitely / available for optional adoption</i>	• <i>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</i>

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated income statement and consolidated statement of other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

- 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combination (continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

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 recognises 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:
 - o it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - o its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- Fair Value Through Other Comprehensive Income (FVOCI) - if it meets both of the following conditions and is not designated as at FVTPL:
 - o it is held within a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
 - o 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 irreversibly 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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

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).

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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

Subsequent measurement (continued)

- 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment (continued)

i. Non-derivative financial assets (continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Leases – Group as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Where it is established that the Group is a lessee, a right-of-use asset (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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the year in which the dividends are appropriately authorized for payment.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Top Management (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

Current versus non-current classification

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

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

All other assets are classified as non-current.

Current versus non-current classification (continued)

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.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4 OPERATING REVENUES

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major revenue streams. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 “Operating Segments” (see Note 35).

	<i>2020</i> <i>QR'000</i>	<i>2019</i> <i>QR'000</i>
Disaggregation of revenue		
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
	<u>2,267,329</u>	<u>2,424,647</u>

(1) Revenues of Milaha Capital comprise the following:

	<i>2020</i> <i>QR'000</i>	<i>2019</i> <i>QR'000</i>
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	-
	<u>364,957</u>	<u>416,931</u>

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4 OPERATING REVENUES (CONTINUED)

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

	<i>2020</i> <i>QR'000</i>	<i>2019</i> <i>QR'000</i>
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	<u>32,000</u>	<u>32,623</u>
	<u><u>169,324</u></u>	<u><u>176,507</u></u>

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.

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

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:

	<i>2020</i>	<i>2019</i>
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)	<u>(9,087)</u>	<u>(9,087)</u>
Weighted average numbers of shares during the year (000's)	<u><u>1,136,165</u></u>	<u><u>1,136,165</u></u>

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7 PROPERTY, VESSELS AND EQUIPMENT

	<i>Land QR'000</i>	<i>Buildings QR'000</i>	<i>Vessels, containers and barges QR'000</i>	<i>Machinery, equipment and tools QR'000</i>	<i>Furniture and fittings QR'000</i>	<i>Motor vehicles QR'000</i>	<i>Capital work in progress QR'000</i>	<i>Total QR'000</i>
Cost								
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 (<i>Note ii</i>)	-	-	(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 (<i>Note ii & iii</i>)	-	(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
Accumulated depreciation								
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
Carrying amounts								
At 31 December 2019	894	556,139	3,102,327	164,477	1,944	8,206	229,329	4,063,316
At 31 December 2020	393	373,105	2,495,546	153,063	2,122	9,367	216,800	3,250,396

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.

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8 INVESTMENT PROPERTY

	<i>Land</i> <i>QR'000</i>	<i>Buildings</i> <i>QR'000</i>	<i>Investment</i> <i>property</i> <i>under</i> <i>construction</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Cost				
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	<u>162,423</u>	<u>958,326</u>	<u>12,401</u>	<u>1,133,150</u>
Accumulated depreciation				
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	<u>-</u>	<u>334,311</u>	<u>-</u>	<u>334,311</u>
Carrying amounts				
At 31 December 2019	<u>167,018</u>	<u>398,130</u>	<u>257,625</u>	<u>822,773</u>
At 31 December 2020	<u>162,423</u>	<u>624,015</u>	<u>12,401</u>	<u>798,839</u>

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).

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9 INTANGIBLE ASSETS

	<i>Customer contracts QR'000</i>	<i>Computer software QR'000</i>	<i>Goodwill QR'000</i>	<i>Total QR'000</i>
Cost				
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
Amortisation				
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
Carrying amounts				
At 31 December 2019	141,725	332	7,292	149,349
At 31 December 2020	132,331	11,965	7,292	151,588

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.

	<i>2020 QR'000</i>	<i>2019 QR'000</i>
Cost		
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
Accumulated depreciation		
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
Carrying amounts		
At 31 December	227,913	154,830

11 INVESTMENTS IN JOINT ARRANGEMENTS

Investments in joint ventures

The Group has following investments in Joint Ventures:

<i>Name of entity</i>	<i>Country of Incorporation</i>	<i>Group effective ownership</i>	
		<i>2020</i>	<i>2019</i>
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.

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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)
At 31 December	964,407	1,089,860

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
Share of result of joint arrangements	85,422	238,697

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12 INVESTMENTS IN ASSOCIATES

The Group has the following investment in associates:

	<i>Country of incorporation</i>	<i>Ownership %</i>		<i>Profit Sharing %</i>	
		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%

Notes:

- (i) Cargotec Qatar W.L.L. is engaged in providing maintenance and repair of marine, land based cargo access and control system to off-shore and on-shore oil services and gas facilities.
- (ii) Iraq-Qatar Transport and Shipping Services Company Ltd. is engaged in providing transportation and shipping logistics and is yet to commence commercial operations.
- (iii) Hapag – Lloyd Qatar W.L.L. is engaged in providing cargo and shipping services.
- (iv) Qatar Gas Transport Company Limited (NAKILAT) Q.P.S.C. is engaged in the sector of gas transportation either through its own ocean-going vessels or by investing in joint ventures with other parties.
- (v) Camartina Shipping INC. is engaged in operation of a time charter of 135,000 m³ Liquefied Natural Gas (LNG) vessel.
- (vi) Peninsula LNG Transport Ltd No's 1, 2 & 3 were established to acquire, own, and operate a time charter Liquefied Natural Gas (LNG) vessel.
- (vii) Man Diesel & Turbo Qatar Navigation W.L.L. is engaged in trading and maintenance of marine engines, equipment's and spare parts.
- (viii) Even though the share ownership in the companies listed in point (i), (ii), (iii) and (vii) is more than 50%, the Group has only a significant influence over financial and operating policies. Therefore these companies have not been considered as subsidiaries of the Group.
- (ix) The consolidated financial statements have been prepared based on the management accounts of these entities as of the reporting date.

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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)
	<u>6,001,739</u>	<u>5,914,000</u>
At 31 December	<u>6,001,739</u>	<u>5,914,000</u>

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)		
	<i>Nakilat</i>	<i>Other associates</i>	<i>Total</i>	<i>Nakilat</i>	<i>Other associates</i>	<i>Total</i>
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	<u>5,762,376</u>	<u>239,363</u>	<u>6,001,739</u>	<u>5,677,889</u>	<u>236,111</u>	<u>5,914,000</u>

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

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

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

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13 FINANCIAL ASSETS AT FVOCI

The financial assets at FVOCI are analyzed as follows:

	<i>2020</i> <i>QR'000</i>	<i>2019</i> <i>QR'000</i>
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
	<u>3,741,019</u>	<u>4,099,187</u>

(i) Equity securities at FVOCI comprise direct investments in shares and investments with fund managers. Below is the summary of quoted equity investments:

	<i>Fair value</i> <i>QR'000</i>		<i>Dividend received</i> <i>QR'000</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
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
	<u>3,305,516</u>	<u>3,791,374</u>	<u>137,515</u>	<u>139,498</u>

(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.

<i>Name of LNG companies</i>	<i>Company operating the LNG companies</i>
<ul style="list-style-type: none"> • India LNG Transport Company No.1 Ltd • Camartina Shipping INC, Liberia • Qatar LNG Transport Ltd., Liberia • India LNG Transport Company No.2 Ltd., Malta • Peninsula LNG Transport No. 1 Ltd, Liberia • Peninsula LNG Transport No. 2 Ltd, Liberia • Peninsula LNG Transport No. 3 Ltd, Liberia 	<ul style="list-style-type: none"> • Shipping Corporation of India Ltd • Mitsui OSK Lines • Mitsui OSK Lines • Shipping Corporation of India Ltd • NYK • K Line • Mitsui OSK Lines

The loans to the above LNG companies included the following:

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

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15 INVENTORIES

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

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

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

16 TRADE AND OTHER RECEIVABLES

	<i>2020</i> <i>QR'000</i>	<i>2019</i> <i>QR'000</i>
Trade receivables (gross)	378,617	416,110
Less: Provision for impairment of trade receivables (1)	<u>(100,356)</u>	<u>(74,229)</u>
Trade receivable (net)	278,261	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	<u>135,106</u>	<u>107,386</u>
	<u>764,356</u>	<u>741,104</u>

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

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

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

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17 EQUITY INSTRUMENTS AT FVTPL

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

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

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

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:

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

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

20 SHARE CAPITAL

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

(1) All shares have equal rights.

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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 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.

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24 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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 30% 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:

	<i>2020</i> <i>QR'000</i>	<i>2019</i> <i>QR'000</i>
Final Dividend (i)	<u>340,849</u>	<u>340,849</u>

- (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

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

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
	<u>2,120,738</u>	<u>2,107,264</u>

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.

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26 LOANS AND BORROWINGS (CONTINUED)

- (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).

28 LEASE LIABILITIES

The movements of finance lease liabilities were as follows:

	<i>2020</i> <i>QR'000</i>	<i>2019</i> <i>QR'000</i>
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)
At 31 December	245,105	162,628

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

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

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

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29 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

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

	<i>2020</i> <i>QR'000</i>	<i>2019</i> <i>QR'000</i>
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	<u>(5,442)</u>	<u>(7,938)</u>
At 31 December	<u>114,464</u>	<u>121,084</u>
End of service benefits plans (i)	114,173	119,855
Pension plan (ii) (Note 30)	<u>291</u>	<u>1,229</u>
At 31 December	<u>114,464</u>	<u>121,084</u>

(i) The Group has no expectation of settling its employees' end of service benefits obligation within 12 months from the reporting date and, therefore, it has classified the obligation within non-current liabilities in the statement of financial position. The provision is not discounted to present value as the effect of the time value of money is not expected to be significant.

(ii) The Pension plan is a defined contribution pension plan and pension obligations that are payable on demand to a Government Pension Fund. Accordingly, these amounts have been disclosed as a current liability.

30 TRADE AND OTHER PAYABLES

	<i>2020</i> <i>QR'000</i>	<i>2019</i> <i>QR'000</i>
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)	<u>207,659</u>	<u>129,903</u>
	<u>674,681</u>	<u>576,063</u>

(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.

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32 COMMITMENTS

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

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:

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

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:

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

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:

	<i>2020</i>			
	<i>Sales</i> <i>QR'000</i>	<i>Purchases</i> <i>QR'000</i>	<i>Interest</i> <i>income</i> <i>QR'000</i>	<i>Receipt of loan</i> <i>instalments</i> <i>QR'000</i>
Associates	<u>6,720</u>	<u>331</u>	<u>10,553</u>	<u>9,827</u>
	<i>2019</i>			
	<i>Sales</i> <i>QR'000</i>	<i>Purchases</i> <i>QR'000</i>	<i>Interest</i> <i>income</i> <i>QR'000</i>	<i>Receipt of loan</i> <i>instalments</i> <i>QR'000</i>
Associates	<u>7,543</u>	<u>15,606</u>	<u>11,610</u>	<u>22,010</u>

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34 RELATED PARTY DISCLOSURES (CONTINUED)

Related party balances

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

	<i>2020</i>		<i>2019</i>	
	<i>Receivables QR'000</i>	<i>Payables QR'000</i>	<i>Receivables QR'000</i>	<i>Payables QR'000</i>
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
	<u>8,464</u>	<u>12,082</u>	<u>23,855</u>	<u>19,474</u>

The amounts receivable and payable to related parties are disclosed in Note 16 and Note 30 respectively.

Sales to, purchases and other transactions from related parties are made at agreed basis. Outstanding balances at the year-end are unsecured, and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Loans granted to LNG companies

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 393 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:

	<i>2020 QR'000</i>	<i>2019 QR'000</i>
Board of Directors remuneration and benefits	2,200	13,950
Short-term benefits	12,810	11,873
Employees' end of service benefits	1,010	1,124
	<u>16,020</u>	<u>26,947</u>

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.

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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	-	-		-
OPERATING PROFIT	198,198	(80,403)	60,917	(11,488)	111,744	(189)	278,779			278,779
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)
PROFIT BEFORE TAX	125,594	77,568	(553,977)	(11,266)	426,260	-	64,179	-		64,179
Tax expense	(186)	(49)	(1,655)	(33)	(3,034)	-	(4,957)	-		(4,957)
PROFIT FOR THE YEAR	125,408	77,519	(555,632)	(11,299)	423,226	-	59,222	-		59,222

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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	-	-	-
OPERATING PROFIT	235,144	(71,080)	77,673	(11,322)	52,248	(65)	282,598	-	282,598
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)
PROFIT FOR THE YEAR	246,677	85,982	(202,435)	(11,072)	426,799	-	545,951	-	545,951

Note:

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

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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:

	<i>2020</i>				
	<i>Qatar QR'000</i>	<i>Singapore QR'000</i>	<i>UAE QR'000</i>	<i>Germany QR'000</i>	<i>Total QR'000</i>
Operating revenues	<u>1,818,499</u>	<u>44,672</u>	<u>216,116</u>	<u>188,042</u>	<u>2,267,329</u>
Profit for the year	<u>133,467</u>	<u>(107,080)</u>	<u>(20,691)</u>	<u>53,526</u>	<u>59,222</u>
	<i>2019</i>				
	<i>Qatar QR'000</i>	<i>Singapore QR'000</i>	<i>UAE QR'000</i>	<i>Germany QR'000</i>	<i>Total QR'000</i>
Operating revenues	<u>1,958,994</u>	<u>45,643</u>	<u>241,544</u>	<u>178,466</u>	<u>2,424,647</u>
Profit for the year	<u>530,029</u>	<u>1,661</u>	<u>(21,420)</u>	<u>35,681</u>	<u>545,951</u>

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.

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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:

	<i>2020</i> <i>QR'000</i>	<i>2019</i> <i>QR'000</i>
<i>Floating interest rate instruments</i>		
Bank call accounts	6,052	31,489
Loans granted to LNG companies	9,644	9,669
Financial liabilities	<u>(2,121,541)</u>	<u>(2,109,700)</u>
	<u>(2,105,845)</u>	<u>(2,068,542)</u>
<i>Fixed interest rate instruments</i>		
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	<u>114,464</u>	<u>117,824</u>
	<u>1,018,103</u>	<u>375,627</u>

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.

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

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.

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36 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

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:

	<i>2020</i>	<i>2019</i>
	<i>QR'000</i>	<i>QR'000</i>
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
	<u>1,553,751</u>	<u>1,156,952</u>

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:

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

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.

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36 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

Credit risk (continued)

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.

	<i>Trade receivables – Days past due</i>					<i>Total</i> QR'000
	<i>0 - 30</i>	<i>31 - 120</i>	<i>121 - 210</i>	<i>211 - 365</i>	<i>> 365</i>	
	<i>days</i> QR'000	<i>days</i> QR'000	<i>days</i> QR'000	<i>days</i> QR'000	<i>days</i> QR'000	
Expected credit loss rate	1%	12%	37%	69%	96%	28%
Estimated total gross carrying amount at default Lifetime ECL	1,837	8,168	5,619	18,042	66,690	100,356

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.

	<i>On demand</i> QR'000	<i>Less than 1 year</i> QR'000	<i>1 to 5 years</i> QR'000	<i>Over 5 years</i> QR'000	<i>Total</i> QR'000
2020					
Trade accounts and notes payable	-	114,575	-	-	114,575
Contribution to Social and Sport Fund	-	1,478	-	-	1,478
Accrued expenses	-	246,359	-	-	246,359
Lease liabilities	-	96,542	141,837	32,714	271,093
Loans and borrowings	-	718,128	1,485,035	-	2,203,163
Payables to related parties	-	12,082	-	-	12,082
Other payables	-	207,659	-	-	207,659
Interest rate swaps	-	67,968	-	-	67,968
Total	-	1,464,791	1,626,872	32,714	3,124,377

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36 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

Liquidity risk (continued)

	<i>On demand</i> <i>QR'000</i>	<i>Less than</i> <i>1 year</i> <i>QR'000</i>	<i>1 to 5</i> <i>years</i> <i>QR'000</i>	<i>Over 5 years</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
<i>2019</i>					
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
	<u>-</u>	<u>936,447</u>	<u>2,121,061</u>	<u>5,036</u>	<u>3,062,544</u>
Total	-	936,447	2,121,061	5,036	3,062,544

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:

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

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

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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:

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

Fair value of financial assets and liabilities other than those disclosed above approximates their carrying amounts at reporting date.

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

- Cash and cash equivalents, 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.

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37 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 31 December the Group held the following financial instruments measured at fair value:

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

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.

38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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 expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different Cash Generating Unites ("CGUs") include discount rates, operating cash flow, price inflation, expected utilisation and residual values of the assets. The impairment exercise is usually performed at the lowest CGU level, in case of vessels it is performed at the vessel's CGU level.

38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Estimates and assumptions (continued)

Depreciation of property, vessels and equipment and investment property

Items of property, vessels and equipment and investment property are depreciated over their estimated individual useful lives. Management exercises significant judgement for the determination of useful lives and residual values of these assets, including their expected usage, physical wear and tear, and technological or commercial obsolescence. Such estimates could have a significant impact on the annual depreciation charge recognized in consolidated income statement. Management reviews annually the residual values and useful lives of these assets. Future depreciation charge could be significantly adjusted where management believes the useful lives and / or the residual values differ from previous estimates. No such adjustment was made in the current year and the comparative year.

Impairment of receivables

The impairment model under IFRS-9 requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. In the previous year, the impairment review on trade receivables was performed only for receivables for which management had an indication for impairment. That also entailed significant judgement. It was determined by reference to past default experience of a counterparty and an analysis of the counterparty's financial situation, but the "incurred loss" model disregarded entirely the current and expected future conditions. As a result, it is expected that under the new impairment model credit losses will be recognised earlier.

Lease liabilities

Management assesses whether contracts entered by the Group for renting various assets contain a lease. The lease identification, including whether or not the Group has contracted to substantially all the economic benefits of the underlying asset, may require significant judgement. Establishing the lease term may also present challenges where a contract has an indefinite term or is subject to auto renewal or there are renewal options that are unclear if they will be exercised at the option date. The extent of the lease term significantly influences the value of the lease liability and the related right-of-use asset and arriving at a conclusion sometimes requires significant judgement calls. Furthermore, once the lease term is established, management needs to estimate the future cash flows payable over the lease term and discount them using the incremental borrowing rate that a lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. That also requires significant judgment and affects both the finance lease liability and the fair value of the underlying asset.

Fair valuation of investment property

The fair value of investment property is determined by valuations from an external professional real estate valuer using recognised valuation techniques and the principles of IFRS 13 "Fair Value Measurement". These valuations entail significant estimates and assumptions about the future, which could result in significant differences in the valuations.

Fair value of unquoted investments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Fair value of cash flow hedges

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

38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Estimates and assumptions (continued)

Provision for slow moving and obsolete inventories

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

Other provisions and liabilities

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

Legal proceedings

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

Going concern

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

39 COMPARATIVE INFORMATION

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

40 SUBSEQUENT EVENTS

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