

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

30 JUNE 2022

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the six-month period ended 30 June 2022

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Qatar Navigation Q.P.S.C. (the “Company”) and its subsidiaries (together referred to as the “Group”) as of 30 June 2022 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity, and cash flows for the six-month period then ended and explanatory information. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, 'Interim financial reporting' as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

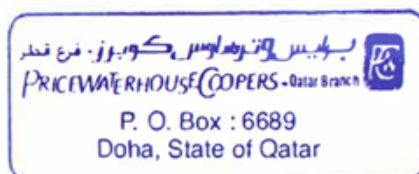
Conclusion

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

For and on behalf of PricewaterhouseCoopers – Qatar Branch
Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni

Auditor’s registration number 370
Doha, State of Qatar
10 August 2022



Qatar Navigation Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 June 2022

		<i>For the six-month period ended 30 June</i>	
		<i>2022</i>	<i>2021</i>
		<i>(Reviewed)</i>	
<i>Notes</i>		<i>QR'000</i>	<i>QR'000</i>
Operating revenues	4	1,773,744	1,373,367
Salaries, wages and other benefits		(312,642)	(304,669)
Operating supplies and expenses		(858,239)	(618,361)
Rent expenses		(3,525)	(3,273)
Depreciation and amortization		(184,801)	(183,040)
Provision for impairment of trade receivables		(23,322)	(11,011)
Other operating expenses		(80,900)	(108,620)
OPERATING PROFIT BEFORE IMPAIRMENTS		310,315	144,393
Impairment on property, vessels and equipment		-	(12,239)
Finance cost		(29,479)	(38,911)
Finance income		7,340	16,062
Net gain (loss) on disposal of property, vessels and equipment		859	(4,599)
Share of results of associates		275,292	226,257
Share of results of joint ventures		76,337	104,708
Net gain on foreign exchange		1,373	3,416
PROFIT FOR THE PERIOD		642,037	439,087
<i>Attributable to:</i>			
Equity holders of the parent		640,902	437,750
Non-controlling interest		1,135	1,337
		642,037	439,087
BASIC AND DILUTED EARNINGS PER SHARE			
<i>(attributable to equity holders of the parent)</i>			
<i>(expressed in QR per share)</i>	16	0.56	0.39



Report on review of condensed consolidated interim financial statements is set out on page 1.
The attached notes from 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE
INCOME

For the six-month period ended 30 June 2022

	<i>For the six-month period ended 30</i>	
	<i>June</i>	
	<i>2022</i>	<i>2021</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Profit for the period	<u>642,037</u>	<u>439,087</u>
Other comprehensive income (OCI):		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net gain (loss) on equity investments at FVOCI	98,769	(22,474)
Equity-accounted investees – share of OCI	9,823	7,910
	108,592	(14,564)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net gain resulting from cash flow hedges	46,719	18,522
Cash flow hedge movement for equity-accounted investees	432,115	180,207
	478,834	198,729
Total	<u>587,426</u>	<u>184,165</u>
Total comprehensive income for the period	<u>1,229,463</u>	<u>623,252</u>
<i>Attributable to:</i>		
Equity holders of the Parent	1,228,123	621,807
Non-controlling interests	1,340	1,445
	<u>1,229,463</u>	<u>623,252</u>



Report on review of condensed consolidated interim financial statements is set out on page 1.
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Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL
POSITION
At 30 June 2022

		30 June 2022 (Reviewed) QR'000	31 December 2021 (Audited) QR'000
ASSETS			
Non-current assets			
Property, vessels and equipment	5	3,016,833	3,005,027
Investment property	6	794,817	782,354
Intangible assets		87,733	90,788
Right-of-use assets		100,104	143,895
Investments in joint ventures		998,860	993,692
Investments in associates		7,081,565	6,605,230
Financial assets at FVOCI		2,739,254	3,556,869
Loans granted to LNG companies		126,341	125,196
Other assets		23,977	24,375
Total Non-current assets		14,969,484	15,327,426
Current assets			
Inventories		122,022	102,820
Trade and other receivables		1,017,368	879,120
Equity instruments at FVTPL		503,255	505,049
Investments in term deposits	7	1,236,245	350,102
Cash and cash equivalents		368,960	304,786
Total Current assets		3,247,850	2,141,877
Total Assets		18,217,334	17,469,303
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
Share capital	9	1,136,165	1,145,252
Treasury shares	10	-	(73,516)
Legal reserve		4,693,986	4,693,986
General reserve		623,542	623,542
Fair value reserve		2,690,761	3,407,966
Hedging reserve		757,478	278,644
Retained earnings		5,704,918	4,643,702
Equity attributable to equity holders of the parent		15,606,850	14,719,576
Non-controlling interests		40,179	40,089
Total Equity		15,647,029	14,759,665

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




Report on review of condensed consolidated interim financial statements is set out on page 1.
The attached notes from 1 to 18 form an integral part of these condensed consolidated interim financial statements.

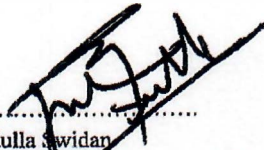
Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL
POSITION (CONTINUED)
At 30 June 2022

	<i>30 June 2022 (Reviewed) QR'000</i>	<i>31 December 2021 (Audited) QR'000</i>
EQUITY AND LIABILITIES (CONTINUED)		
Liabilities		
Non-current liabilities		
Loans and borrowings	969,931	1,056,660
Advance from a customer	86,890	90,821
Lease liabilities	52,580	62,987
Provision for employees' end of service benefits	<u>112,726</u>	<u>110,006</u>
Total Non-current liabilities	<u>1,222,127</u>	<u>1,320,474</u>
Current liabilities		
Trade and other payables	726,546	810,088
Loans and borrowings	562,780	485,267
Lease liabilities	<u>58,852</u>	<u>93,809</u>
Total Current liabilities	<u>1,348,178</u>	<u>1,389,164</u>
Total Liabilities	<u>2,570,305</u>	<u>2,709,638</u>
TOTAL EQUITY AND LIABILITIES	<u>18,217,334</u>	<u>17,469,303</u>

On 10th of August 2022, the Company's Board of Directors authorised these condensed consolidated interim financial statements for issue, which were signed on its behalf by the following:



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



.....
Mohammed Abdulla Swidan
 Interim President and Chief Executive Officer



Report on review of condensed consolidated interim financial statements is set out on page 1.
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Qatar Navigation Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2022

	Attributable to the equity holders of the Parent							Non-controlling interest QR'000	Total QR'000	
	Share capital QR'000	Treasury shares QR'000	Legal reserve QR'000	General reserve QR'000	Fair value reserve QR'000	Hedging reserve QR'000	Retained earnings QR'000			Total QR'000
Balance at 31 December 2021 (Audited)	1,145,252	(73,516)	4,693,986	623,542	3,407,966	278,644	4,643,702	14,719,576	40,089	14,759,665
Profit for the period	-	-	-	-	-	-	640,902	640,902	1,135	642,037
Other comprehensive income	-	-	-	-	108,387	478,834	-	587,221	205	587,426
Total comprehensive income	-	-	-	-	108,387	478,834	640,902	1,228,123	1,340	1,229,463
<i>Transactions with owners of the Group:</i>										
Dividends paid (Note 11)	-	-	-	-	-	-	(340,849)	(340,849)	(1,250)	(342,099)
<i>Other equity movement:</i>										
Reclassification on disposal of FVOCI	-	-	-	-	(825,592)	-	825,592	-	-	-
Reduction of share capital (Note 9, 10)	(9,087)	73,516	-	-	-	-	(64,429)	-	-	-
At 30 June 2022 (Reviewed)	1,136,165	-	4,693,986	623,542	2,690,761	757,478	5,704,918	15,606,850	40,179	15,647,029
	Attributable to the equity holders of the Parent							Non-controlling interest QR'000	Total QR'000	
	Share capital QR'000	Treasury shares QR'000	Legal reserve QR'000	General reserve QR'000	Fair value reserve QR'000	Hedging reserve QR'000	Retained earnings QR'000			Total QR'000
Balance at 31 December 2020 (Audited)	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
Profit for the period	-	-	-	-	-	-	437,750	437,750	1,337	439,087
Other comprehensive income	-	-	-	-	(14,672)	198,729	-	184,057	108	184,165
Total comprehensive (loss) income	-	-	-	-	(14,672)	198,729	437,750	621,807	1,445	623,252
<i>Transactions with owners of the Group:</i>										
Dividends paid (Note 11)	-	-	-	-	-	-	(340,849)	(340,849)	-	(340,849)
<i>Other equity movement:</i>										
Reclassification on disposal of FVOCI	-	-	-	-	(12,560)	-	12,560	-	-	-
At 30 June 2021 (Reviewed)	1,145,252	(73,516)	4,693,986	623,542	3,340,407	102,591	4,151,991	13,984,253	56,534	14,040,787

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

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



Qatar Navigation Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2022

	<i>For the six-month period ended 30</i>	
	<i>June</i>	
	<i>2022</i>	<i>2021</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	642,037	439,087
Adjustments for:		
Depreciation of property, vessels and equipment	117,974	112,662
Depreciation of investment property	20,833	19,639
Amortisation of intangible assets	4,704	6,097
Depreciation of right-of-use assets	41,290	44,642
Net (gain) loss on disposal of property, vessels and equipment	(859)	4,599
Share of results of associates	(275,292)	(226,257)
Share of results of joint arrangements	(76,337)	(104,708)
Provision for employees' end of service benefits	6,318	5,825
Dividend income	(121,191)	(103,045)
Net fair value loss on equity instruments at FVTPL	1,800	1,800
Impairment on property, vessels and equipment	-	12,239
Provision for impairment of trade receivables	23,322	11,011
Finance costs	29,479	38,911
Finance income	(7,340)	(16,062)
Operating profit before working capital changes:	406,738	246,440
<i>Changes in:</i>		
Inventories	(19,202)	(36,296)
Trade and other receivables	(161,172)	(69,043)
Trade and other payables	(40,967)	7,553
Cash flows from operating activities	185,397	148,654
Employees' end of service benefits paid	(3,598)	(7,422)
Net cash flows from operating activities	181,799	141,232
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, vessels and equipment	(143,827)	(128,050)
Purchases of investment property	(27,981)	(7,366)
Additions to intangible assets	(1,245)	-
Net movement of loans granted to LNG companies	(1,145)	1,747
Net movement of investments in term deposits	(886,143)	35,187
Investments in financial assets at FVOCI	(122,420)	-
Proceeds from disposal of property, vessels and equipment	9,186	132,957
Proceeds from disposal of financial assets at FVOCI	1,042,092	49,084
Dividends received from joint ventures	71,170	130,000
Dividends received from associates	240,973	220,892
Dividend received from investments	121,191	103,045
Finance income received	7,340	16,062
Net cash flows from investing activities	309,191	553,558

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

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

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



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

For the six-month period ended 30 June 2022

	Notes	<i>For the six-month period ended</i>	
		<i>30 June</i>	
		<i>2022</i>	<i>2021</i>
		<i>(Reviewed)</i>	
		<i>QR'000</i>	<i>QR'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to Company's shareholders	11	(340,849)	(340,849)
Dividends paid to Non-controlling interests		(1,250)	-
Payment of lease liabilities		(46,022)	(45,301)
Loans and borrowings settled		(155,216)	(288,052)
Loans and borrowings utilised		146,000	-
Finance costs paid		(29,479)	(38,911)
Net cash flows used in financing activities		(426,816)	(713,113)
Net increase (decrease) in cash and cash equivalents		64,174	(18,323)
Cash and cash equivalents at beginning of period		304,786	306,253
Cash and cash equivalents at end of period	8	368,960	287,930



Report on review of condensed consolidated interim financial statements is set out on page 1.
 The attached notes from 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six-month period ended 30 June 2022

1. REPORTING ENTITY

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

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

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

The structure of the Group has not changed since the last annual consolidated financial statements as at and for the year ended 31 December 2021 (the “latest annual financial statements”).

The condensed consolidated interim financial statements of the Group were authorised for issue by the Company’s Board of Directors on the 10th of August 2022.

2. BASIS OF CONSOLIDATION

2.1 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial reporting and are prepared in Qatari Riyals (“QR”), which is the Group’s functional and presentation currency, and all values are rounded to the nearest thousands (QR’000) except otherwise indicated.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2021. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty and Group’s financial risk management objectives and policies were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021 (except the changes mentioned in note 2.2).

2.2 New standards, interpretations and amendments adopted by the Group

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- Amendments regarding the classification of liabilities
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods on the Group’s financial statements.

Impact of new standards (issued but not yet adopted by the Group)

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

3. USE OF JUDGMENTS AND ESTIMATES

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the latest annual financial statements for the year ended 31 December 2021.

Measurement of fair values

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

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

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

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

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

4. OPERATING REVENUES

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

	<i>Six-month period ended 30</i>	
	<i>June</i>	
	<i>2022</i>	<i>2021</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Milaha Capital	290,490	209,626
Milaha Maritime and Logistics	693,567	451,766
Milaha Offshore	586,557	474,006
Milaha Trading	102,210	106,176
Milaha Gas and Petrochem	100,920	131,793
	<u>1,773,744</u>	<u>1,373,367</u>

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six-month period ended 30 June 2022

5. PROPERTY, VESSELS AND EQUIPMENT

	<i>30 June 2022 (Reviewed) QR'000</i>	<i>31 December 2021 (Audited) QR'000</i>
Net book value, beginning balance	3,005,027	3,250,396
Additions	143,827	222,601
Disposals and write off	(8,724)	(140,777)
Other transfers and reclassifications	(5,323)	(4,268)
Impairment of property, vessels and equipment	-	(98,625)
Depreciation charge for the period/ year	<u>(117,974)</u>	<u>(224,300)</u>
Net book value, ending balance	<u><u>3,016,833</u></u>	<u><u>3,005,027</u></u>

6. INVESTMENT PROPERTY

	<i>30 June 2022 (Reviewed) QR'000</i>	<i>31 December 2021 (Audited) QR'000</i>
At 1 January	782,354	798,839
Additions	27,981	20,497
Depreciation charge for the period/ year	(20,833)	(40,382)
Transfers and reclassifications	5,315	3,400
At 30 June / 31 December	<u><u>794,817</u></u>	<u><u>782,354</u></u>

7. INVESTMENTS IN TERM DEPOSITS

	<i>30 June 2022 (Reviewed) QR'000</i>	<i>31 December 2021 (Audited) QR'000</i>
Term deposits with banks	1,329,501	396,194
Less: Term deposits maturing before 90 days	<u>(93,256)</u>	<u>(46,092)</u>
Term deposits maturing after 90 days (i)	<u><u>1,236,245</u></u>	<u><u>350,102</u></u>

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

Qatar Navigation Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six-month period ended 30 June 2022

8. CASH AND CASH EQUIVALENTS

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

	30 June 2022 (Reviewed) QR'000	30 June 2021 (Reviewed) QR'000
Cash in hand	5,065	4,735
Bank balance – term deposits (i)	93,256	88,367
Bank balance	<u>270,639</u>	<u>194,828</u>
Cash and cash equivalents in the condensed consolidated statement of cash flows	<u>368,960</u>	<u>287,930</u>

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

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

9. SHARE CAPITAL

	Number of shares (‘000’)	QR'000
<i>Authorised, issued and fully paid shares</i>		
At 31 December 2021	1,145,252	1,145,252
Cancellation of treasury shares (Note 10)	<u>(9,087)</u>	<u>(9,087)</u>
At 30 June 2022	<u>1,136,165</u>	<u>1,136,165</u>

All shares have equal rights. During the period the Company cancelled shares equivalent to a par value of QR 9,087,250 representing 9,087,250 of shares at the Company’s registrar.

10. TREASURY SHARES

Following the extraordinary General Meeting held on 8 November 2021, approving the cancellation of the outstanding treasury shares and receiving subsequent approvals from the QFMA on the 9th of January 2022, treasury shares amounting to 9,087,250 was cancelled. This resulted in the reduction in the share capital amounting to QR 9,087,250 with the corresponding adjustment affecting the fair value of Treasury shares and the retained earnings.

11. DIVIDENDS

Dividend proposed and paid for the year 2021

The Board of Directors had proposed a 30% cash dividend of QR 0.3 per share totaling QR 341 million for the year 2021 which was approved by the share holders at the Annual General Assembly held on 6 March 2022.

12. COMMITMENTS

	30 June 2022 (Reviewed) QR'000	31 December 2021 (Audited) QR'000
Capital commitment:		
Estimated expenditure on property, vessels and equipment approved but not contracted for as of the reporting date	<u>660,565</u>	<u>829,166</u>

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13. CONTINGENT LIABILITIES

	<i>30 June</i> <i>2022</i> <i>(Reviewed)</i> <i>QR'000</i>	<i>31 December</i> <i>2021</i> <i>(Audited)</i> <i>QR'000</i>
Letters of guarantees	1,010,120	874,485
Letters of credits	<u>14,150</u>	<u>22,756</u>
	<u>1,024,270</u>	<u>897,241</u>

Legal case:

On 31 May 2021, the Group entered into an agreement with a third party buyer for the sale of one of its vessels. However, the agreement was cancelled due to a dispute between the parties. Following the cancellation, the Buyer initiated arbitration proceedings against the Company. The buyer is claiming return of the deposit and compensation for failure to have the vessel ready for delivery by the canceling date, together with interest on any awarded sum. Given that the matter is at a preliminary stage, the outcome of this proceeding cannot be reasonably assessed at the date of these financial statements.

In accordance with IAS 37.92 the Company does not provide further information on the legal process and the associated risks and contingent assets and liabilities for the Company, especially with regard to the measures taken and expected outcomes in this context, in order not to impair the outcome of the proceedings.

14. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Carrying amounts and fair values

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

	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>30 June</i> <i>2022</i> <i>(Reviewed)</i> <i>QR'000</i>	<i>31 December</i> <i>2021</i> <i>(Audited)</i> <i>QR'000</i>	<i>30 June</i> <i>2022</i> <i>(Reviewed)</i> <i>QR'000</i>	<i>31 December</i> <i>2021</i> <i>(Audited)</i> <i>QR'000</i>
Equity instruments at FVTPL	<u>503,255</u>	<u>505,049</u>	<u>503,255</u>	<u>505,049</u>
Financial assets (liabilities) at fair value through other comprehensive income				
Financial assets at FVOCI	2,739,254	3,556,869	2,739,254	3,556,869
Interest rate swaps (cash flow hedge)	<u>18,487</u>	<u>(28,045)</u>	<u>18,487</u>	<u>(28,045)</u>
	<u>2,757,741</u>	<u>3,528,824</u>	<u>2,757,741</u>	<u>3,528,824</u>

14. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**Measurement of fair values**

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

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

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

	<i>30 June</i> 2022	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Assets measured at fair value				
Equity instruments at FVTPL	503,255	172	-	503,083
Financial assets at FVOCI				
Quoted investments	2,223,134	2,223,134	-	-
Unquoted investments	81,603	-	-	81,603
Investments in corporate bonds	434,517	-	434,517	-
Trade and other receivables				
Interest rate swaps	18,487	-	18,487	-
	<i>31 December</i> 2021	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Assets measured at fair value				
Equity instruments at FVTPL	505,049	153	-	504,896
Financial assets at FVOCI				
Quoted investments	3,167,558	3,167,558	-	-
Unquoted investments	80,985	-	-	80,985
Investments in corporate bonds	308,326	-	308,326	-
Liabilities measured at fair value				
Interest rate swaps	28,045	-	28,045	-

14. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

During the six-month period ended 30 June 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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

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

15. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties during the six-month period ended 30 June 2022 and 2021, as well as balances with related parties as at 30 June 2022 and 31 December 2021:

Related party transactions

	<i>Six-month period ended 30 June</i>			
	<i>2022</i>		<i>2021</i>	
	<i>Sales</i>	<i>Purchases</i>	<i>Sales</i>	<i>Purchases</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Associates	<u>1,473</u>	<u>482</u>	<u>2,859</u>	<u>303</u>

Related party balances

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

	<i>30 June 2022</i>			<i>31 December 2021</i>		
	<i>Trade receivables</i>	<i>Trade payables (Reviewed)</i>	<i>Loans</i>	<i>Trade receivables</i>	<i>Trade payables (Audited)</i>	<i>Loans</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Joint ventures	859	11,513	126,341	1,232	15,264	125,196
Associates	147	187	-	2,864	467	-
Directors	524	152	-	1,987	153	-
	<u>1,530</u>	<u>11,852</u>	<u>126,341</u>	<u>6,083</u>	<u>15,884</u>	<u>125,196</u>

Compensation of directors and other key management personnel

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

	<i>Six-month period ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Salaries and allowances	5,584	5,734
Provision for employees' end of service benefits	384	401
Board of directors' remuneration – cash	6,975	6,975
	<u>12,943</u>	<u>13,110</u>

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16. BASIC AND DILUTED EARNINGS PER SHARE

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

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

	<i>Six-month ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
	<i>(Reviewed)</i>	
	<u> </u>	<u> </u>
Net profit for the period attributable to equity holders of the Parent (QR'000)	640,902	437,750
Weighted average number of shares (000's)	1,136,165	1,136,165
Basic and diluted earnings per share (QR)	0.56	0.39

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

	<i>Six-month ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
	<i>(Reviewed)</i>	
	<u> </u>	<u> </u>
Total number of shares outstanding (000's) (Note 9)	1,136,165	1,145,252
Adjustment for weighted average shares with respect to treasury shares purchased during year 2013 (000's) (i)	-	(9,087)
Weighted average numbers of shares during the period (000's)	1,136,165	1,136,165

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

17. SEGMENT INFORMATION

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

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

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

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

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17. SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2022 (Reviewed)

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

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17. SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2021 (Reviewed)

	<i>Milaha Capital QR'000</i>	<i>Milaha Maritime and Logistics QR'000</i>	<i>Milaha Offshore QR'000</i>	<i>Milaha Trading QR'000</i>	<i>Milaha Gas and Petrochem QR'000</i>	<i>Adjustments relating to Milaha Corporate QR'000</i>	<i>Total segments QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Consolidated QR'000</i>
Operating revenues	237,222	501,297	474,006	158,122	131,794	-	1,502,441	(129,074)	1,373,367
Salaries, wages and other benefits	(5,752)	(179,411)	(39,419)	(5,970)	(11,840)	(62,277)	(304,669)	-	(304,669)
Operating supplies and expenses	(71,224)	(354,685)	(120,109)	(146,113)	(25,154)	(4,972)	(722,257)	103,896	(618,361)
Rent expenses	(1,169)	(20,320)	(1,569)	(904)	(182)	(3,481)	(27,625)	24,352	(3,273)
Depreciation and amortisation	(32,863)	(12,448)	(101,059)	(760)	(34,662)	(1,248)	(183,040)	-	(183,040)
Provision for impairment of trade receivables	67	(3,520)	(7,651)	93	-	-	(11,011)	-	(11,011)
Other operating expenses	(3,018)	(42,626)	(34,347)	(1,505)	(9,191)	(18,759)	(109,446)	826	(108,620)
Allocations relating to fleet and technical services	-	159,403	(142,707)	-	(16,696)	-	-	-	-
Allocations relating to Milaha Corporate	(8,932)	(57,521)	(9,146)	(6,484)	(8,659)	90,742	-	-	-
OPERATING PROFIT	114,331	(9,831)	17,999	(3,521)	25,410	5	144,393	-	144,393
Finance cost	(4,361)	(2,871)	(18,009)	-	(15,618)	-	(40,859)	1,948	(38,911)
Finance income	11,920	-	71	53	5,953	13	18,010	(1,948)	16,062
Net loss on disposal of property, vessels and equipment	-	(141)	-	-	(4,458)	-	(4,599)	-	(4,599)
Share of results of associates	304	1,539	-	-	224,414	-	226,257	-	226,257
Share of results of joint arrangements	-	81,365	-	-	23,343	-	104,708	-	104,708
Impairment on property, vessels and equipment	-	-	(12,239)	-	-	-	(12,239)	-	(12,239)
Net gain (loss) on foreign exchange	2,952	302	32	140	8	(18)	3,416	-	3,416
PROFIT FOR THE PERIOD	125,146	70,363	(12,146)	(3,328)	259,052	-	439,087	-	439,087

18. COMPARATIVE FIGURES

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