GULF INTERNATIONAL SERVICES Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED

31 DECEMBER 2020

GULF INTERNATIONAL SERVICES Q.P.S.C.

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Gulf International Services Q.P.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gulf International Services Q.P.S.C (the 'Company'), and its subsidiaries (together the 'Group') which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information, as set out on pages 8 to 74.

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 (ISA). 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 Group's consolidated financial statements in the State of Qatar, and we have fulfilled our other 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.

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INDEPENDENT AUDITOR'S REPORT - Gulf International Services Q.P.S.C. (continued)

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matter	How the matter was addressed in our audit
Impairment of property and equipment – refer to note 6 of the consolidated financial statements. We focused on this area because: • The carrying value of the Group's drilling rig related assets and aircraft that are subject to impairment testing and included within "Property and equipment" as at 31 December 2020 is QR 5,478 million. This represents 55% of the Group's total assets, hence a material portion of the consolidated statement of financial position. • There is increased complexity and involves significant judgments in forecasting future cash flows in the drilling and aircraft industries due to the nature of their operations and prevailing market conditions, hence we considered this to be a key audit matter.	Our audit procedures in this area included, among others: • Understanding the Group's process of identifying indicators of impairment in drilling rig related assets and aircraft; • Assessing the competence and capabilities of the staff in the Group who performed the technical assessment of recoverable amounts; • Involving our own valuation specialists to support us in challenging the recoverable amounts derived by the Group, in particular: - Assessing the appropriateness of the methodology used by the Group to assess impairment; and - Assessing the appropriateness of the key assumptions used in the impairment model including utilization of rig related assets and aircraft, growth rates, operating profit margins, discount rate, etc. • Evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions and judgements.

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INDEPENDENT AUDITOR'S REPORT - Gulf International Services Q.P.S.C. (continued)

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

Key Audit Matters (continued)

Description of key audit matter	How the matter was addressed in our audit
Valuation of insurance contract liabilities – refer to note 13 of the consolidated financial statements. We focused on this area because: • The Group's insurance contract liabilities represent 18% of its total liabilities relating to claims reported unsettled, claims incurred but not reported and unearned premiums. • The valuation of these insurance contract liabilities involves significant judgements regarding uncertainty in the estimation of future benefits payments and assessment of frequency and severity of claims. Estimating the reserves for claims incurred but not reported ('IBNR') and unearned premium reserves ('UPR) involves undertaking significant judgements and assumptions along with the use of actuarial projections and techniques hence, we considered this to be a key audit matter.	Our audit procedures in this area included, among others: • Testing the design and operating effectiveness of the key controls around reserving process, reported claims, unreported claims and unearned premiums; • Testing a sample of outstanding claims and related reinsurance recoveries, focusing on those with most significant impact on the consolidated financial statements, to assess whether claims and related recoveries are appropriately estimated; • Assessing the competence and capabilities of the management's expert appointed by the Group; • Engaging our own actuarial specialist to evaluate appropriateness of the methodology and the actuarial estimates of the management's expert, in particular: - Assessing and challenging the key reserving assumptions including loss ratios, frequency and severity of claims, and reasonableness of estimates made by the Group; and - Evaluating whether reserving was consistent in approach, with sufficient justification for changes in assumptions. • Evaluating the historical accuracy of the development of outstanding claims and IBNR by performing a review of retrospective historical performance of the estimates and judgements made by the Group; and • Evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions and judgements.

INDEPENDENT AUDITOR'S REPORT - Gulf International Services Q.P.S.C. (continued)

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

Key Audit Matters (continued)

Description of key audit matter	How the matter was addressed in our audit
Impairment of goodwill – refer to note 7 of the consolidated financial statements. The Group has recognized goodwill in the amount of QR 303 million. The goodwill arises as a result of acquisition of a subsidiary which is a separate cash-generating unit (CGU) of the Group. The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGU, which is based on the higher of the value-in-use or fair value less costs to sell, has been derived from discounted forecast cash flow model. This model uses several key assumptions, including estimates of projected cash flows, terminal value growth rates, margins, growth rates and the weighted-average cost of capital (discount rate).	Our audit procedures in this area included, among others: • Assessing the competence and capabilities of the staff within the Group who performed the impairment testing; • Involving our own valuation specialists to support us in challenging the recoverable amount derived by the Group, in particular: - Assessing the appropriateness of the methodology used by the Group to assess impairment; and - Assessing the appropriateness of the key assumptions used in impairment model including projected cash flows, terminal value growth rate, margins, growth rates and the weighted-average cost of capital (discount rate) etc. which included comparing these inputs with externally derived data as well as our knowledge of the client and the industry; • Evaluating the adequacy of the consolidated financial statement disclosures including the disclosures of key assumptions and judgments.

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.

INDEPENDENT AUDITOR'S REPORT - Gulf International Services Q.P.S.C. (continued)

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

Other Information (continued)

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 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks 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.

INDEPENDENT AUDITOR'S REPORT - Gulf International Services Q.P.S.C. (continued)

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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 those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

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INDEPENDENT AUDITOR'S REPORT - Gulf International Services Q.P.S.C. (continued)

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 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.

18 February 2021
Doha
State of Qatar

Gopal Balasubramaniam
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GULF INTERNATIONAL SERVICES Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

In thousands of Qatari Riyals

	Note	2020	2019
ASSETS			
Non-current assets			
Property and equipment	6	5,828,631	6,421,124
Goodwill	7	303,559	303,559
Right-of-use assets	8	45,352	68,659
Contract assets	25 (c)	14,959	7,381
Equity-accounted investees	9	14,593	5,235
Financial investments	10	369,496	288,316
Total non-current assets		6,576,590	7,094,274
Current assets			
Inventories	11	238,301	215,491
Contract assets	25 (c)	410	9,529
Due from related parties	24 (b)	658,091	501,237
Financial investments	10	365,457	342,220
Trade and other receivables	12	620,926	766,322
Reinsurance contract assets	13	806,130	929,964
Short term investments	14	229,034	482,638
Cash and bank balances	15	461,538	425,191
Total current assets		3,379,887	3,672,592
TOTAL ASSETS		**9,956,477**	10,766,866
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	1,858,409	1,858,409
Legal reserve	17	371,389	366,295
General reserve	18	74,516	74,516
Foreign currency translation reserve		(25,712)	(11,578)
Fair value reserve		22,475	(1,095)
Retained earnings		951,292	1,294,376
Equity attributable to owners of the Company		3,252,369	3,580,923
Non-controlling interests		(52)	-
Total equity		3,252,317	3,580,923
LIABILITIES			
Non-current liabilities			
Lease liabilities	8	25,682	45,456
Loans and borrowings	19	3,702,262	3,862,016
Contract liabilities	25 (c)	306	5,741
Provision for decommissioning costs	20	41,598	41,598
Provision for employees' end of service benefits	21	91,388	91,281
Total non-current liabilities		3,861,236	4,046,092
Current liabilities			
Bank overdraft	15	14	8
Lease liabilities	8	28,238	27,478
Dividends payable	23	75,238	78,488
Loans and borrowings	19	743,127	825,212
Trade and other payables	22	713,432	841,857
Due to related parties	24 (c)	45,264	33,299
Insurance contract liabilities	13	1,228,652	1,317,242
Contract liabilities	25 (c)	8,959	16,267
Total current liabilities		2,842,924	3,139,851
Total liabilities		6,704,160	7,185,943
TOTAL EQUITY AND LIABILITIES		**9,956,477**	10,766,866

These consolidated financial statements were approved by the Board of Directors of the Company and signed on its behalf by the following on 18 February 2021:

Khalid Bin Khalifa Al-Thani
Chairman

Saad Rashid Al-Muhannadi
Board member

The notes on pages 13 to 74 are an integral part of these consolidated financial statements.

GULF INTERNATIONAL SERVICES Q.P.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020 In thousands of Qatari Riyals

	Note	**2020**	2019
Revenue	25	2,998,325	3,010,812
Direct costs	26	(2,666,097)	(2,604,708)
Gross profit		332,228	406,104
Other income	27	43,783	58,756
Other expenses, net	28	(348,462)	(20,356)
General and administrative expenses	29	(212,853)	(197,525)
Operating (loss) / profit		(185,304)	246,979
Finance income		30,198	32,826
Finance costs		(162,388)	(236,922)
Net finance costs		(132,190)	(204,096)
Group's share of profit in equity-accounted investees, net of tax	9	9,356	705
(Loss) / profit before tax		**(308,138)**	43,588
Income tax expense	30	(10,623)	-
(Loss) / profit for the year		**(318,761)**	43,588
Other comprehensive (loss) / income			
Items that will not be reclassified to profit or loss			
Equity investments at Fair Value Through Other Comprehensive Income (FVOCI) – net change in fair value		13,745	6,441
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		(14,137)	(77)
Other comprehensive (loss) / income for the year		**(392)**	6,364
Total comprehensive (loss) / income for the year		**(319,153)**	49,952
(Loss) / profit attributable to:			
Owners of the Company		(318,525)	43,588
Non-controlling interests		(236)	-
		(318,761)	43,588
Total comprehensive (loss) / income attributable to:			
Owners of the Company		(318,914)	49,952
Non-controlling interests		(239)	-
		(319,153)	49,952
(Loss) / Earnings per share			
Basic and diluted (loss) / earnings per share (Qatari Riyal)	32	**(0.171)**	0.023

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The notes on pages 13 to 74 are an integral part of these consolidated financial statements.

GULF INTERNATIONAL SERVICES Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

In thousands of Qatari Riyals

	Attributable to owners of the Company								
	Share capital	**Legal reserve**	**General reserve**	**Foreign currency translation reserve**	**Fair value reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2019	1,858,409	364,698	74,516	(11,501)	(7,536)	1,253,475	3,532,061	-	3,532,061
Total comprehensive income:									
Profit for the year	-	-	-	-	-	43,588	43,588	-	43,588
Other comprehensive income	-	-	-	(77)	6,441	-	6,364	-	6,364
Total comprehensive income for the year	-	-	-	(77)	6,441	43,588	49,952	-	49,952
Social fund contribution	-	-	-	-	-	(1,090)	(1,090)	-	(1,090)
Transfer to legal reserve	-	1,597	-	-	-	(1,597)	-	-	-
Balance at 31 December 2019	1,858,409	366,295	74,516	(11,578)	(1,095)	1,294,376	3,580,923	-	3,580,923
Balance at 1 January 2020	1,858,409	366,295	74,516	(11,578)	(1,095)	1,294,376	3,580,923	-	3,580,923
Other adjustments	-	-	-	-	-	(9,640)	(9,640)	-	(9,640)
Acquisition of a subsidiary with non-controlling interests (Note 31)	-	-	-	-	-	-	-	187	187
Total comprehensive income:									
Loss for the year	-	-	-	-	-	(318,525)	(318,525)	(236)	(318,761)
Other comprehensive income / (loss)	-	-	-	(14,134)	13,745	-	(389)	(3)	(392)
Total comprehensive income / (loss) for the year	-	-	-	(14,134)	13,745	(318,525)	(318,914)	(239)	(319,153)
Transfer to legal reserve	-	5,094	-	-	-	(5,094)	-	-	-
Fair value reserve transferred to retained earnings	-	-	-	-	9,825	(9,825)	-	-	-
Balance at 31 December 2020	**1,858,409**	**371,389**	**74,516**	**(25,712)**	**22,475**	**951,292**	**3,252,369**	**(52)**	**3,252,317**

The notes on pages 13 to 74 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

In thousands of Qatari Riyals

	Note	**2020**	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit for the year		(318,761)	43,588
Adjustments for:			
Depreciation of property and equipment	6	412,237	434,350
Depreciation of right-of-use assets	8	23,307	26,423
Impairment loss on property and equipment	6	308,262	-
Provision for employees' end of service benefits	21	20,017	22,403
(Gain) / loss on sale of property and equipment		(75)	5,870
Write-off of property and equipment		-	8,545
Net change in fair value of financial investments at FVTPL		4,315	(29,995)
Net gain from sale of financial investments	27	(12,327)	(7,892)
Provision for slow-moving and obsolete inventories, net of reversals	11	4,408	3,245
Provision for impairment of financial assets	12 (a)	5,901	1,179
Profit distribution from managed investment funds	27	(3,822)	(3,891)
Share of profit of equity-accounted investees	9	(9,356)	(705)
Impairment of goodwill	28	7,328	-
Finance income		(30,198)	(32,826)
Finance costs		162,388	243,452
Dividend income	27	(4,361)	(4,332)
Gain on remeasurement of an equity-accounted investee	27	(1,157)	-
		568,106	709,414
Changes in:			
- Inventories		(27,218)	21,018
- Contract assets		1,541	11,012
- Trade and insurance receivables, prepayments and due from related parties		112,930	(528,560)
- Contract liabilities		(12,743)	(30,680)
- Trade and insurance payables, accruals and due to related parties		(205,050)	640,452
Cash generated from operating activities		**437,566**	822,656
Employees' end of service benefits paid	21	(19,966)	(11,339)
Net cash generated from operating activities		**417,600**	811,317
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	6	(149,226)	(177,597)
Acquisition of financial investments		(528,454)	(236,771)
Net movement in short-term investments		253,604	(224,018)
Finance income received		30,198	32,826
Proceeds from sale and maturity of financial investments		434,153	166,293
Proceeds from sale of property and equipment		75	2,918
Net movement in cash at banks – restricted for dividends		3,250	7,976
Profit distribution from managed investment funds		3,822	3,891
Cash received from acquisition of a subsidiary	31	1,395	-
Dividends received		4,361	4,332
Investment in equity-accounted investee		(2)	(3,650)
Net cash generated from / (used in) investing activities		**53,176**	(423,800)

Continued on page 12

The notes on pages 13 to 74 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

In thousands of Qatari Riyals

	Note	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities	8	(22,750)	(26,829)
Proceeds from loans and borrowings	19	496,860	618,800
Repayment of loans and borrowings	19	(744,815)	(934,667)
Dividends paid	23	(3,250)	(7,976)
Finance costs paid		(158,652)	(232,249)
Net cash used in financing activities		**(432,607)**	(582,921)
Net increase / (decrease) in cash and cash equivalents		**38,169**	(195,404)
Effect of movements in exchange rates on cash held		1,301	216
Cash and cash equivalents at 1 January		346,817	542,005
Cash and cash equivalents at 31 December	15	**386,287**	346,817

The notes on pages 13 to 74 are an integral part of these consolidated financial statements.

1. REPORTING ENTITY

Gulf International Services Q.P.S.C. (the "Company") is a Company incorporated on 13 February 2008 in the State of Qatar under the commercial registration number 38200 as a Qatari Shareholding Company. The principal activity of the Company is to operate as a holding company. As per the Extra Ordinary General Assembly Resolution and in accordance with the new Qatar Commercial Companies Law No 11 of 2015, the legal form of the Company has been changed to Qatari Public Shareholding Company (Q.P.S.C.) in 2018. The registered office of the Company is situated in Doha, State of Qatar.

These consolidated financial statements comprise of the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in provision of drilling, aviation, insurance and reinsurance and catering services (refer Note 34).

The Company was initially incorporated by Qatar Petroleum ("QP") as a sole shareholder with an initial capital of QR 5 million on 13 February 2008 which is the date of incorporation of the Company.

On 26 May 2008, QP listed 70% of the Company's issued share capital on Qatar Exchange. An extraordinary general assembly held on 4 November 2012 approved the amendments to the Articles of Association in which it increased the ownership limit of General Retirement and Social Insurance Authority ("GRSIA"). Subsequently, as per the instructions of the Supreme Council of Economic Affairs, QP divested 20% of its stake in the Company to GRSIA. However, QP is the ultimate parent of the Company as it holds special share and thus controls the Company.

These consolidated financial statements comprise the financial statements of the Company and below stated unlisted wholly owned direct subsidiaries as at the end of the reporting date:

			Percentage of holding	
Name of the company	**Relationship**	**Country of incorporation**	**2020**	**2019**
Al Koot Insurance & Reinsurance Company P.J.S.C.	Subsidiary	Qatar	100%	100%
Amwaj Catering Services Limited. (Qatari Private Shareholding Company)	Subsidiary	Qatar	100%	100%
Gulf Helicopters Company (Qatari Private Shareholding Company)	Subsidiary	Qatar	100%	100%
Gulf Drilling International Limited (Qatari Private Shareholding Company)	Subsidiary	Qatar	100%	100%

These consolidated financial statements fully consolidate indirect subsidiaries held through above subsidiaries on a line by line basis and also include the share of profit / loss and other comprehensive income from joint ventures accounted for using equity method:

			Beneficial ownership interest	
Entity	**Relationship**	**Country of Incorporation**	**2020**	**2019**
Gulf Drill L.L.C.(1)	Joint venture	Qatar	50%	-
Air Ocean Maroc	Joint venture	Morocco	49%	49%
Gulf Med Aviation Services Limited	Joint venture	Malta	49%	49%
United Helicharters Private Limited (UHPL)(2)	Subsidiary / joint venture	India	90%	62%
Al Maha Aviation Company	Indirect subsidiary	Libya	100%	100%
Redstar Havacilik Hizmetleri A.S.	Indirect subsidiary	Turkey	100%	100%
Gulf Helicopters Investment & Leasing Company	Indirect subsidiary	Morocco	100%	100%

(1) Group has made an investment in a joint venture, Gulf Drill L.L.C. (50%) which is registered in the State of Qatar (Note 9).

1. REPORTING ENTITY (CONTINUED)

(2) During the current year, the Group acquired additional 28% of the shares and voting interests in UHPL. As a result, the Group's equity interest in UHPL increased from 62% to 90%, granting it the control of UHPL and accordingly it is classified as a subsidiary (Note 31).

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those used by the Group. All intra-group transactions, balances, income and expenses were eliminated on consolidation.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial investments that are measured at fair value at the end of each reporting period.

c) Functional and presentational currency

These consolidated financial statements are presented in Qatari Riyal, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d) Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's 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 of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described as follows:

Revenue from contracts with customers
Judgments have been applied to determine the performance obligations and timing of transfer of control (point in time or over time) over goods or services to a customer.

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 extension 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.

2. BASIS OF PREPARATION (CONTINUED)

d) Use of judgments and estimates (continued)

Going concern
The Group's management has made an assessment of the Group'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 Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Depreciation of property and equipment
Items of property and equipment are depreciated over their estimated individual useful lives. The determination of useful lives is based on the expected usage of the asset, physical wear and tear, technological or commercial obsolescence and impacts the annual depreciation charge recognized in the consolidated financial statements. Management reviews annually the residual values and useful lives of these assets. Future depreciation charge could be materially adjusted where management believes the useful lives differ from previous estimates.

Impairment assessment of non-financial assets (other than inventories)
The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there are any indications of impairment. The determination of what can be considered impaired requires judgement. As at the reporting date, management identified evidence from external factors and internal reporting indicating impairment of an asset or class of assets. The recoverable amounts of CGUs have been determined as higher of fair value less cost to sell and value-in-use. These calculations require the use of significant estimates and assumptions about the future, which could impact the recoverable amount and resultant impairment losses recognized.

Goodwill impairment assessment
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 4(c). The recoverable amounts of CGUs have been determined as higher of fair value less cost to sell and value-in-use. These calculations require the use of significant estimates and assumptions about the future, which could impact the recoverable amounts of CGUs and the conclusion that no goodwill impairment is required.

Provision for expected credit losses of trade and other receivables
The Group uses a provision matrix to calculate Expected Credit Loss (ECL) for its trade and other receivables (including accrued income and related parties). The provision rates are based on days past due for the Group's various customer segments that have similar loss pattern.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Provision for decommissioning
As part of the identification and measurement of assets and liabilities, the Group has recognised a provision for decommissioning obligations associated with a leased land and buildings. In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to dismantle and remove the assets from the site.

2. BASIS OF PREPARATION (CONTINUED)

e) Use of judgments and estimates (continued)

Provision for outstanding claims

Considerable judgement by management is required in the estimation of amounts due to policyholders and third parties arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. In particular, estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the end of the reporting period. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends and loss ratios to predict future claims settlement trends with the support of external activities for certain line of business. Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred, and claims incurred but not reported (IBNR) on a half-yearly basis.

The Group does not cover pandemics and is not liable to COVID-19 claims. However, for health insurance, actuary has factored in the potential impact of the COVID-19 pandemic and allowed for a 15% margin on IBNR for the possible delay in reporting and deferment of medical services related to non-COVID claims as a result of the pandemic.

The outbreak of COVID-19 continues to progress and evolve. The outbreak has had an impact on the demand and supply of healthcare services across the globe. New data on the spread of COVID-19 is still emerging. In addition, actions taken by governmental authorities and the healthcare system related to the COVID-19 pandemic are rapidly changing. Due to the limited information available on the pandemic, any analysis is subject to a substantially greater than usual level of uncertainty. These developments could impact estimated provisions and the assumptions may be revised significantly in 2021.

The management has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the provision for outstanding claims this has resulted in recognition of provision as at 31 December 2020.

Unearned premiums

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. Unearned premiums are calculated on a daily pro rata basis.

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 4e). 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.

2. BASIS OF PREPARATION (CONTINUED)

d) Use of judgments and estimates (continued)

Provision for employees' end of service benefits

Management has measured the Group's obligation for the post-employment benefits of its employees based on the provisions of applicable labour laws. 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 calculation of the provision is performed by management at the end of each year, and any change to the projected benefit obligation at the year-end is adjusted in the provision for employees' end of service benefits in profit or loss.

Provision for slow moving and obsolete inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its realisable value are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues. Based on the above factors, the Group has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

3. NEW STANDARDS AND AMENDMENTS

3.1 Amendments to standards effective from 1 January 2020

During the current year, the Group adopted the below amended International Financial Reporting Standards ("IFRS") that are effective for the financial year ended 31 December 2020:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

The adoption of these amendments had no significant impact on these consolidated financial statements.

3. NEW STANDARDS AND AMENDMENTS (CONTINUED)

3.2 New and amended standards not yet effective, but available for early adoption

The below new and amended International Financial Reporting Standards ("IFRS" or "standards") that are not yet effective but available for early adoption, have not been applied in preparing these consolidated financial statements.

Effective for year beginning 1 January 2021	Interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16)
Effective for year beginning 1 January 2022	-Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) -Annual Improvements to IFRS Standards 2018-2020 -Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) -Reference to the Conceptual Framework (Amendments to IFRS 3)
Effective for year beginning 1 January 2023	-IFRS 17 Insurance Contracts -Classification of liabilities as current or non-current (Amendments to IAS 1)
Effective date deferred indefinitely / available for optional adoption	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Management does not expect that the adoption of the above new and amended standards, except IFRS 17 'Insurance Contracts', will have a significant impact on the Group's consolidated financial statements. Management is yet to assess the impact due to adoption of IFRS 17 'Insurance Contracts' on its consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

a) Basis of consolidation

Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests ('NCI')
NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of Consolidation (continued)

Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

b) Property and equipment

Recognition and measurement

Items of property and equipment are recognized at cost of acquisition and measured thereafter at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of an asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis. Land is not depreciated.

	Useful life in years
Buildings	4 - 20 years
Aircraft	10 - 20 years
Plant and machinery	2 - 7 years
Rigs	15 - 30 years
Other property and equipment:	
Ground and radio equipment and tools	4 - 6 years
Motor vehicles	4 - 5 years
Furniture, fixtures and office equipment	3 - 7 years
Computers	3 years

The asset's residual values, useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each reporting date.

Capitalised maintenance expenditures represent major overhaul and inspections costs to aircraft, engines and gearboxes. The expenditures are depreciated over the estimated flying hours based on the nature of the overhaul and type of aircraft.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Property and equipment (continued)

Derecognition

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Profit and loss on disposals of items of property and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts, and are recognised net within profit or loss.

Capital work-in-progress

Capital work-in-progress is stated at cost. When the asset is ready for its intended use, it is transferred from capital work-in-progress to appropriate category and is carried out in accordance with the Group's policies.

Replacement costs

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off when overhaul is completed. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in profit or loss as the expense is incurred.

c) Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Inventories

Inventories are measured at the lower of cost and net realisable value after taking an allowance for any slow moving or obsolete items. Cost comprises the purchase price, import duties, transportation handling and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the following methods:

- Drilling related inventories are calculated using weighted average method;
- Aviation related inventories are calculated using specific identification method; and
- Catering related inventories are calculated using First-in-First Out (FIFO) method.

e) Financial instruments

i. Recognition and initial measurement

Trade receivables 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 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

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets – 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:

- 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.

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.

Financial assets – assessment whether contractual cash flows are solely payments of principal and interest:

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 solely payments of principal and interest, 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;
- 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 solely payments of principal and interest 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 paramount, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets – subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
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 profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at 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 profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss 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 reclassified to profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

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 profit or loss. 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 profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. 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 consolidated 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial instruments (continued)

iii. Derecognition (continued)

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 profit or loss.

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.

f) Impairment

i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets, if any.

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.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than the credit days past due as per agreement.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than contractual days past due.

The Group considers a debt security, if any, to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Impairment (continued)

i) Non-derivative financial assets (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result 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).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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 assets.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI if any 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 past due more than the credit period;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to the consolidated statement profit or loss and is recognised in Other Comprehensive Income.

Write-off

The gross carrying amount of a financial assets 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Impairment (continued)

ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (property and equipment and right-of-use assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs").

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

An impairment loss is recognized if the carrying amount of an asset or the CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

g) Claims and expense recognition

Claims incurred consist of amounts payable to policyholders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to the consolidated statement of profit or loss as incurred.

Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the end of the reporting period, whether reported or not. Provisions for reported claims, but not settled as at the end of the reporting period, are made on the individual case estimates. In addition, a provision based on a range of historical trends, empirical data and current assumptions is maintained for the cost of settling claims incurred but not reported at the end of the reporting period.

Reinsurers' share of claims

Reinsurers' share of claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

h) Liability adequacy test

At the end of each reporting period, the Group assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future claims flows, the entire deficiency is immediately recognized in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Reinsurance

The Group enters into agreements with other parties for reinsurance purposes, in order to minimize insurance risk exposure from large claims and to ensure the risk management policy of the Group, in the normal course of business for all of its business classes. Reinsurance contract assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

Premiums and claims on assumed reinsurance are recognised as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsurance business.

Reinsurance assets are reviewed for impairment at the end of each reporting period or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measureable impact on the amounts that the Group will receive from the reinsurance companies. The impairment loss is recorded in profit or loss.

Reinsurance contract liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

j) Deferred acquisition costs (DAC)

DAC are amortised over the period in which the related revenues are earned. The reinsurers’ share of deferred acquisition costs is amortised in the same manner as the underlying asset amortisation is recorded in profit or loss, the deferred portion of the acquisition costs is included in the consolidated statement of financial position.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. DAC are included as a part of the liability adequacy test for each reporting period.

DAC are derecognised when the related contracts are either settled or disposed off.

k) Insurance contract liabilities

Insurance contract liabilities include the provision for outstanding claims, provision for claims incurred but not reported and the provision for unearned premium. Insurance contact liabilities are recognized when contracts are entered into and premiums are charged. The provision for outstanding claims is recognized for claims reported but not settled and accounts for the liability for unpaid loss and loss adjustment expense amounts based on the management's and loss adjusters' best estimate.

The provision for claims incurred but not reported is calculated based on empirical data, historical trends and patterns and appropriate assumption with the application of widely acceptable actuarial techniques. The provision for unearned premium represents the portion of premium which relates to risks that have not expired as the reporting date. The provision for unearned premium is calculated based on the insurance service pattern provided by the insurance contract and is recognized as income over the term of the contract.

The Group reviews the adequacy of the provision for unearned premium to cover costs associated with liability arising from unexpired risk at each reporting date. Where the provision is considered inadequate to cover future contractual obligations for unexpired risks, a provision for premium deficiency is established and recognized.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Cash and bank balances

Cash and bank balances comprise cash at banks, cash in hand and short-term deposits. Short-term deposits held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, capable of being readily convertible to a known amount of cash and with an insignificant risk of changes in value are classified as cash and bank balances.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances as defined above, net of any outstanding bank overdrafts, unclaimed dividend balances and restricted deposits.

m) Share capital

Ordinary shares issued by the Company are classified as equity.

n) Provisions

A provision is recognised when:

- The Group has a present obligation (legal or constructive) as a result of a past event;
- It is probable that the Group will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting to present value the future expenditures expected to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed annually to reflect current best estimates of the expenditure required to settle the obligations.

Provision for decommissioning costs is recognized for the future renovation costs, costs of dismantling installations and restoring leased labour camps.

o) Employees' end of service benefits and pension entitlements

The Group provides end of service benefits to its employees in accordance with employment contracts and the applicable labour laws. 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, and are payable to the employees on termination of their employment with the Group. The expected costs of these benefits are accrued over the period of employment. The Group 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 calculation of the provision is performed by management at the end of each year, and any change to the projected benefit obligation at the year-end is adjusted in the provision for employees' end of service benefits in profit or loss.

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 consolidated statement of financial position.

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.

p) Revenue recognition

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.

Below is the information about the Group's accounting policies relating to contracts with customers and revenue from insurance contracts.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Revenue recognition (continued)

Revenue from contracts with customers

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.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of services	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition policy
Catering, manpower accommodation and housekeeping, and other revenue	The Group provides catering, manpower, accommodation and cleaning services to customers. Length of the contract depends on the customers' requirement. Revenue is recognised over the period of contract based on the output.	Revenue is recognised over time as the services are provided. Transfer of control of the service is assessed based on the service performed.
Function or events sales	Revenue is recognized based on the goods delivered.	Revenue is recognised point in time when the foods were delivered to the customers based on the rates agreed with the customer.
Helicopter transportation services	As these services are provided “over time”, revenue is recognized accordingly. Invoices are normally issued on a monthly basis and are usually payable within 30-60 days.	Revenue is recognised over time as the services are provided. Transfer of control of the service is assessed based on the service performed.
Air Ambulance Services, Supply of spares, maintenance, repair operation services and Training services.	Revenue is recognized based on the actual services rendered and goods delivered. Invoices are normally issued as and when the service is performed and are usually payable within 30-60 days.	Revenue was recognised at point in time when the services were delivered to the customers based on the rates agreed with the customer.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Revenue recognition (continued)

Performance obligations and revenue recognition policies (continued)

<table>
<tr><th>Type of services</th><th>Nature, timing of satisfaction of performance obligations, significant payment terms</th><th>Revenue recognition policy</th></tr>
<tr><td>Drilling and related services</td><td>Customers generally contract for a comprehensive agreement to provide integrated services to operate a rig and drill a well. The Group is seen by the operators as the overseer of all services and are compensating the Group to provide that entire suite of services. In identifying performance obligations, IFRS 15 series guidance states that a contract may contain a single performance obligation composed of a series of distinct goods or services if:

a) each distinct good or service is substantially the same and would meet the criteria to be a performance obligation satisfied over time; and

b) each distinct good or service is measured using the same method as it relates to the satisfaction of the overall performance obligation.</td><td>The Group determined that the delivery of day rate drilling services is within the scope of the series guidance as both criteria are met:

- each distinct increment of service (i.e. hour available to drill) that the Group promises to transfer represents a performance obligation that would meet the criteria for recognizing revenue over time; and
- the Group would use the same method for measuring progress toward satisfaction of the performance obligation for each distinct increment of service in the series.

Consideration for activities that are not distinct within the scope of contracts, such as mobilization, demobilization and upgrade/modification, and do not align with a distinct time increment within the contract term are allocated across the single performance obligation and are recognized over the expected recognition period in proportion to the passage of each hour available to drill. Consideration for activities which align with a distinct time increment within the contract term is recognized in the period when the services are performed.

Drilling services are consumed as the services are performed and generally enhance a well site which the customer controls. Work performed on a well site does not create an asset with an alternative use to the contractor since the well/asset being worked on is owned by the customer. Therefore, the Group's measure of progress for a drilling contract is hours available to drill over the contracted duration.</td></tr>
</table>

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Revenue recognition (continued)

Revenue from insurance contracts

Premiums and reinsurance premiums are taken into income over the terms of the policies to which they relate. Gross insurance and reinsurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences.

Unearned premiums represent the portion of net premiums written relating to the unexpired period of coverage calculated at actual number of days method (daily pro-rata basis). The change in the provision for unearned premium is taken to the statement of income in order that revenue is recognised over the period of risk.

q) Expenses 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 it 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 consolidated statement of financial position as an asset, such as in the case of asset impairments.

r) 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. An operating segment’s results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (see Note 34).

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the parent company assets and related general and administrative expenses and goodwill recognized on business combination.

s) Foreign currency

i) Foreign currency transactions
Transactions in foreign currencies are translated into the functional currency of the respective group entity at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are recognized in profit or loss. The Group does not have non-monetary assets and liabilities denominated in foreign currencies at the end of the reporting period.

ii) Foreign operations
The assets and liabilities of foreign operations, including goodwill, if any and fair value adjustments arising on acquisition, are translated into Qatari Riyals at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Qatari Riyals at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

u) Social fund contribution

Qatar Law no.13 of 2008 and the related clarifications issued in 2011 requires Qatari listed shareholding companies to pay 2.5% of its net profit to The Social Contribution Fund (Daam). In pursuant to this Law and further clarifications, the Group has not made an appropriation during the year due to losses. (31 December 2019: QR 1,090).

v) Dividend distributions

Dividend distributions are at the discretion of the Group. A dividend distribution to the Group’s shareholders is accounted for as a deduction from retained earnings. A declared dividend is recognised as a liability in the period in which it is approved by the shareholders.

w) Equity-accounted investees

An equity-accounted investee can be an associate, an entity where the Group has significant influence, or a joint venture whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. 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 Group has investments in joint ventures.

The results and assets and liabilities of the equity-accounted investees are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an equity-accounted investee is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group’s share of profit or loss and other comprehensive income of the joint venture. When the Group’s share of losses of an equity-accounted investee exceeds the Group’s interest in that investee, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 ‘Impairment of Assets’ as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. If a gain or loss previously recognised in OCI by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, then Group also reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

x) Income tax

Current tax

The Company is exempt from tax. Current tax in these financial statements comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years related to the subsidiaries of the Company as per the tax laws and relevant subsequent executive regulations applicable in Qatar as at the reporting date. Refer to Note 30 for further details related to settlement mechanism of the above tax liabilities.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is 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.

y) Leases

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 uses the definition of a lease in IFRS 16 ‘Leases’.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

y) Leases (continued)

Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability 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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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.

The lease liability is measured at amortised cost using the effective interest method. It 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, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

y) Leases (continued)

Group as a lessee (continued)

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (less than USD 10,000) and short-term leases (one year or less). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

5. FINANCIAL RISK AND CAPITAL MANAGEMENT

a) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

i) Insurance risk;
ii) Credit risk;
iii) Liquidity risk; and
iv) Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group and to monitor risks.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

5. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

i) Insurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Frequency and amounts of claims
The frequency and amounts of claims can be affected by several factors. The Group underwrites mainly energy, fire and general accident, marine and medical risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Fire and general accident - Property
Property insurance is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holders could also receive compensation for the loss of earnings caused by the inability to use the insured properties.

For property insurance contracts the main risks are fire and business interruption.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims.

Marine
Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in total or partial loss of cargoes. For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

Health
Health insurances is insurance against the risk of incurring medical expenses among individuals or the employees of corporate bodies. The strategy for the health class of business is to ensure that policies are written within the group and by proper cession.

5. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

i) Insurance risk (continued)

Reinsurance risk
In common with other insurance companies, in order to minimize financial exposure arising from large claims, the Group, in the normal course of business, enters into agreements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimize its exposure to significant losses from reinsurance insolvencies, the Group evaluates the financial condition of its reinsurance companies and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurance companies.

Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders and as a result the Group remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

Concentration of risks
The Group's insurance risk relates to policies written in the State of Qatar only.

Sources of uncertainty in the estimation of future claim payments
Claims on general insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, a larger element of the claims provision relates to incurred but not reported claims (IBNR) which are settled over a short to medium term period.

There are several variables that affect the amount and timing of cash flows from these contracts, these mainly relate to the inherent risks of the business activities carried out by individual policyholders and the risk management procedures adopted. The compensation paid on these contracts is the monetary awards granted for the loss suffered by the policy holders or third parties (for third party liability covers).

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation values and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claim's exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises of provision for IBNR, provision for reported claims not yet paid and a provision for unexpired risks as at the reporting date. In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formula where greater weight is given to actual claims experience as time passes.

Claims development
The Group maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Further information about the Group's exposure to insurance risk is provided in Note 35 (a).

5. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty and arises principally from the Group's receivables from customers and financial investments in debt securities.

Further information about the Group's exposure to credit risk is provided in Note 35 (b).

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Further, information about the Group's exposure to liquidity risk is provided in Note 35 (c).

iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity prices and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the group entity's functional currency.

Interest rate risk
Interest rate risk arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Equity price risk
Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment in equity securities.

The Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each sector. The Group has no significant concentration of price risk.

Further information about the Group's exposure to market risk is provided in Note 35 (d).

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020 In thousands of Qatari Riyals

5. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

b) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base in order to support its business and to sustain future development of the business. Management monitors its capital structure and makes adjustments to it, in light of economic conditions.

The Group monitors capital using a ratio of 'net debt' to 'equity'. The Group's capital management policy remained unchanged since the previous year.

	2020	2019
Total borrowings (i)	4,445,389	4,687,228
Less: Cash and cash equivalents*	(615,321)	(829,455)
Net debt	3,830,068	3,857,773
Total equity (ii)	3,252,317	3,580,923
Net debt to equity ratio	**118%**	108%

* Cash and cash equivalents and short term investments in fixed deposits.

(i) Total borrowings are defined as short and long term borrowings (loan and borrowings) as detailed in Note 19.

(ii) Total equity includes all capital, retained earnings and reserves of the Group that are managed as capital.

In thousands of Qatari Riyals

6. PROPERTY AND EQUIPMENT

	Freehold land	Buildings	Rigs and machinery	Other property and equipment	Capital work-in- progress	Total
Cost:						
Balance at 1 January 2019	90,826	153,025	9,678,113	575,206	118,586	10,615,756
Additions	-	16,235	126,966	32,650	1,746	177,597
Transfers	-	(128)	19,675	4,563	(24,110)	-
Disposals	-	(3,588)	(274,402)	(17,020)	-	(295,010)
Write-offs	-	-	(19,482)	(9,343)	(2,399)	(31,224)
Transfer to other assets	-	-	-	-	(23,465)	(23,465)
Effect of movements in exchange rates	-	-	(1,742)	487	1	(1,254)
Balance at 31 December 2019 / 1 January 2020	90,826	165,544	9,529,128	586,543	70,359	10,442,400
Additions	-	4,751	82,919	37,713	23,843	149,226
Acquisition of a subsidiary (Note 31)	-	2,538	-	1,146	-	3,684
Transfers	-	-	-	3,161	(3,161)	-
Disposals	-	-	-	(409)	-	(409)
Write-offs	-	-	-	(5,409)	-	(5,409)
Transfer to other assets	-	-	-	-	(6,455)	(6,455)
Effect of movements in exchange rates	-	-	(16,898)	(1,157)	(104)	(18,159)
Balance at 31 December 2020	**90,826**	**172,833**	**9,595,149**	**621,588**	**84,482**	**10,564,878**
Accumulated depreciation:						
Balance at 1 January 2019	-	82,608	3,366,651	446,186	-	3,895,445
Depreciation charge for the year (Note 6.2)	-	7,814	370,274	56,262	-	434,350
Disposals	-	(3,588)	(265,321)	(16,926)	-	(285,835)
Write-offs	-	-	(13,336)	(9,343)	-	(22,679)
Effect of movements in exchange rates	-	-	54	(59)	-	(5)
Balance at 31 December 2019 / 1 January 2020	-	86,834	3,458,322	476,120	-	4,021,276
Depreciation charge for the year (Note 6.2)	-	7,215	354,103	50,919	-	412,237
Acquisition of a subsidiary (Note 31)	-	1,807	-	731	-	2,538
Impairment loss (Note 6.3)	-	-	306,680	1,582	-	308,262
Disposals	-	-	-	(409)	-	(409)
Write-offs	-	-	-	(5,409)	-	(5,409)
Effect of movements in exchange rates	-	79	(1,717)	(610)	-	(2,248)
Balance at 31 December 2020	-	**95,935**	**4,117,388**	**522,924**		**4,736,247**
Net carrying value:						
At 31 December 2020	**90,826**	**76,898**	**5,477,761**	**98,664**	**84,482**	**5,828,631**
At 31 December 2019	90,826	78,710	6,070,806	110,423	70,359	6,421,124

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6. PROPERTY AND EQUIPMENT (CONTINUED)

6.1 Freehold land mainly comprises of a plot of land acquired by Al Koot Insurance and Reinsurance Company P.J.S.C. for the purpose of setting up an administrative and operations office.

6.2 Depreciation charge for the year has been included in the consolidated statement of profit or loss as follows:

	2020	2019
Direct costs (Note 26)	405,049	431,460
General and administrative expenses (Note 29)	7,188	2,890
	412,237	434,350

6.3 As at 31 December 2020, the management has carried out an assessment of impairment of its aircraft and rigs in light of the external indicators, current economic conditions surrounding the oil prices and market rates of such assets. The Group considers each of its aircraft and drilling rig together with lift boat and accommodation barges as individual CGUs. Based on the assessment, recoverable amount of each CGU was found to be more than its carrying value except certain aircraft (Bell series) and rigs and accordingly, impairment loss of QR 308.2 million in respect of aircraft and rigs amounting to QR 87.1 and QR 221.1 respectively, has been recognised as at 31 December 2020. This impairment loss is included in ‘Other expenses’ in Note 28.

The Group has used contractual cash flows in determining the value-in use of each CGU (aircraft and rigs) discounted using the weight average cost of capital (WACC) of 9.1% and 10% respectively.

6.4 Certain buildings are constructed on a plot of land leased out from Civil Aviation Authority which had a carrying amount of QR 2,148,837 at reporting date (2019: QR 2,962,848).

7. GOODWILL

	2020	2019
Goodwill	**303,559**	303,559

On 31 May 2012, the Group acquired 100% shares of Amwaj Catering Services Limited (Qatari Private Shareholding Company) (“Amwaj”), a company incorporated in the State of Qatar, resulting in a goodwill of QR 303,559.

Goodwill related to the acquisition has been allocated to Amwaj operations as one CGU. Management of the Group performs an impairment assessment of this goodwill on each reporting date. The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the Board of Directors covering a five-year period. According to this exercise, recoverable value of CGU was estimated to be higher than its carrying amount and no impairment was required at the reporting date. The followings are the key assumptions used and significant judgments applied in determination of value-in-use:

	2020	2019
Description:		
Projection period	**5 years**	5 years
Terminal growth rate	**3%**	2%
Discount rate – pre-tax	**7.2%**	8.4%
Profit margins	**2% to 3.4%**	2.2% to 6.5%
Average revenue growth rate (over the projection period)	**4%**	8%

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7. GOODWILL (CONTINUED)

- Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by Board of Directors of Amwaj covering a five-year period.
- Cash flows beyond the five-year period are considered assuming that Amwaj will continue in business and term of Amwaj will be extended / renewed after the expiry.
- The terminal growth rate used does not exceed the long-term average growth rate for the catering industry in which Amwaj operates.
- The pre-tax discount rate applied is the weighted average cost of capital specific to the catering industry and is adjusted for debt equity ratio.
- Management determined budgeted margins based on past performance and its expectations of market development.
- The growth rates used are consistent with the forecasts approved by the Board of Directors.

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The movement of Group's right-of-use assets was as follows:

	2020	2019
Balance at 1 January	68,659	113,910
Depreciation charge for the year	(23,307)	(26,423)
Additions for the year	-	6,302
Adjustment due to lease modification	-	(25,130)
Balance at 31 December	**45,352**	68,659

Depreciation charge for the year has been included in the consolidated statement of profit or loss as follows:

	2020	2019
Direct costs (Note 26)	22,507	25,623
General and administrative expenses (Note 29)	800	800
	23,307	26,423

In relation to above right-of-use assets, the Group has recorded lease liabilities as below:

	2020	2019
Balance at 1 January	72,934	113,910
Additions	-	6,302
Adjustment due to lease modification	-	(25,130)
Finance cost for the year	3,736	4,681
Payments made during the year	(22,750)	(26,829)
	53,920	72,934

Lease liabilities are presented in consolidated statement of financial position as follows:

	2020	2019
Non-current liabilities	25,682	45,456
Current liabilities	28,238	27,478
	53,920	72,934

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9. EQUITY-ACCOUNTED INVESTEES

	2020	2019
Investment in joint ventures	**14,593**	5,235

The Group has investment in below joint ventures at the reporting date:

i. Gulf Drill L.L.C.
ii. Gulf Med Aviation Services Limited
iii. Air Ocean Maroc

Gulf Drill L.L.C. (GD):

The Group has entered into a joint venture arrangement with Seadrill Jack Up Holding Limited to form Gulf Drill L.L.C ("GD"), an entity registered in the State of Qatar in accordance with the provisions of the QFC. As per the joint venture agreement, the Group has 50% interest in GD.

GD is structured as a separate entity and the Group has a residual interest in the net assets of this entity. Accordingly, the Group has classified its interest in GD as a joint venture.

Gulf Med Aviation Services Limited (GASL):

GASL is a joint venture in which the Group has joint control and a 49% (2019: 49%) beneficial ownership interest. GASL is one of the Group's customers and is principally engaged in helicopter Services in Malta. GASL is not publicly listed.

GASL is structured as a separate entity and the Group has a residual interest in the net assets of GASL Accordingly, the Group has classified its interest in GASL as a joint venture.

Air Ocean Maroc (AOM):

AOM is a joint venture in which the Group has joint control and a 49% (2019: 49%) beneficial ownership interest through one of its subsidiaries, Gulf Helicopters Investment & Leasing Company. AOM is principally engaged in helicopter Services in Morocco. AOM is not publicly listed.

AOM is structured as a separate entity and the Group has a residual interest in the net assets of AOM Accordingly, the Group has classified its interest in AOM as a joint venture.

United Helicharters Private Limited (UHPL):

The Group's 62% equity investment in UHPL registered in India was accounted as an equity-accounted investee in the previous year. During the year, the Group acquired additional shares in UHPL and as a result, the Group's equity interest in UHPL increased from 62% to 90%, granting it control over UHPL. Accordingly, UHPL has now been classified as a subsidiary (Note 31).

The following table summarises the financial information of UHPL (up to 2019), GD, GASL and AOM as included in their own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these joint ventures.

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9. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

31 December 2020	**GD**	**GASL**	**AOM**	**Total**
Percentage ownership interest	50%	49%	49%	
Non-current assets	532,977	1,324	757	**535,058**
Non-current liabilities	(170,970)	-	(2,877)	**(173,847)**
Current assets	84,864	32,641	10,445	**127,950**
Current liabilities	(431,640)	(26,089)	(5,513)	**(463,242)**
Net assets (100%)	15,231	7,876	2,812	**25,919**
Carrying amount of interest in joint ventures	7,615	3,827	3,151	**14,593**
Investments made during year	2	-	-	**2**
Revenue	161,243	55,565	12,270	**229,078**
Expenses	146,016	50,375	13,902	**210,293**
Profit /(loss) for the year and other comprehensive income	15,227	5,190	(1,632)	**18,785**
Group's share of profit / (loss) and other comprehensive income	7,613	2,543	(800)	**9,356**
Carrying amount of the investments	7,615	3,827	3,151	**14,593**

31 December 2019	**UHPL**	**GASL**	**AOM**	**Total**
Percentage ownership interest	62%	49%	49%	
Non-current assets	1,648	1,459	709	**3,816**
Current assets	6,195	9,795	11,579	**27,569**
Current liabilities	(7,247)	(8,832)	(7,502)	**(23,581)**
Net assets (100%)	596	2,422	4,786	**7,804**
Carrying amount of interest in joint ventures	-	1,284	3,951	**5,235**
Additional investments during year	-	-	3,650	**3,650**
Revenue	7,172	21,835	20,406	**49,413**
Expenses	(8,479)	(21,011)	(19,792)	**(49,282)**
(Loss) / profit for the year and other comprehensive income	(1,307)	824	614	**131**
Group's share of profit and other comprehensive income	-	404	301	**705**
Carrying amount of the investments	-	1,284	3,951	**5,235**

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9. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

Reconciliation of carrying amounts:

31 December 2020

	GD	**GASL**	**AOM**	**Total**
Balance at 1 January	-	1,284	3,951	**5,235**
Additional investment made during the year	2	-	-	**2**
Group's share of profit / (loss) for the year	7,613	2,543	(800)	**9,356**
Balance at 31 December	**7,615**	**3,827**	**3,151**	**14,593**

31 December 2019

	UHPL	GASL	AOM	Total
Balance at 1 January	-	880	-	880
Additional investment made during the year	-	-	3,650	3,650
Group's share of profit / (loss) for the year	-	404	301	705
Balance at 31 December	-	1,284	3,951	5,235

10. FINANCIAL INVESTMENTS

The carrying amounts of the Group's financial investments are as follows:

	2020	2019
Investments measured at fair value through profit or loss (FVTPL)		
- Quoted debt securities held with banks (i)	121,171	113,548
- Quoted equity securities held with banks (i)	131,040	132,405
- Quoted shares in Qatari public shareholding companies	135,886	106,156
	388,097	352,109
Investments measured at fair value through other comprehensive income (FVOCI)		
- Quoted shares in Qatari public shareholding companies	-	9,807
- Quoted debt securities (ii)	291,252	209,020
- Quoted managed investment funds	55,601	59,597
- Unquoted shares	3	3
	346,856	278,427
	734,953	630,536

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10. FINANCIAL INVESTMENTS (CONTINUED)

(i) These represent quoted debt and equity securities held with banks. These are acquired and incurred principally for the purpose of selling or repurchasing them in the near term or to take advantage of short term market movements.

(ii) Quoted debt securities at FVOCI are held with local commercial banks with original maturity of up to one to nine years and earn interest at 1.625% to 10.5% (2019: 2.63% to 10.5%).

(iii) Financial investments at FVTPL and FVOCI, except unquoted shares, have been valued using Level 1 measurement basis and there have been no transfers between Level 1 and Level 2 fair value measurements.

Financial investments are presented in the consolidated statement of financial position as follows:

	2020	2019
Non-current assets	369,496	288,316
Current assets	365,457	342,220
Total financial investments	**734,953**	630,536

11. INVENTORIES

	2020	2019
Ancillary spares	290,891	267,735
Catering inventories	14,356	14,520
Goods in transit	4,226	-
	309,473	282,255
Less: Provision for slow-moving and obsolete inventories	(71,172)	(66,764)
	238,301	215,491

Inventories consumed during the year are recognized as expenses in ‘Direct costs’ (Note 26).

Movement in provision for slow moving and obsolete inventories during the year were as follows:

	2020	2019
Balance at 1 January	66,764	63,519
Provision made during the year	4,408	3,338
Provision reversed during the year	-	(93)
Balance at 31 December	**71,172**	66,764

The net impact of the movement in provision for slow moving and obsolete inventories in shown under miscellaneous expenses in Note 29.

12. TRADE AND OTHER RECEIVABLES

	2020	2019
Trade and insurance receivables	514,935	630,703
Accrued income	48,217	37,165
Advances	49,253	97
Prepayments	10,912	42,771
Deposits	2,325	1,999
Other receivables	40,825	90,968
	666,467	803,703
Less: Provision for impairment of trade and other receivables (a)	(45,541)	(37,381)
	620,926	766,322

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12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Movement in provision for impairment of trade and other receivables is as follows:

	2020	2019
Balance at 1 January	37,381	39,254
Provision made during the year	17,191	3,898
Provision reversed during the year	-	(1,489)
Provision used during the year	(9,031)	(4,282)
Balance at 31 December	**45,541**	37,381

(b) Provision for impairment loss / (reversal of impairment) on financial assets included in 'Other expenses' (Note 28) is analysed as follows:

	2020	2019
Financial investments (Note 10)	-	(1)
Trade and other receivables, net (Note 12a)	17,191	2,409
Short-term investments (Note 14)	(228)	(907)
Cash and bank balances (Note 15)	(121)	87
Due from related parties, net (Note 24b)	(10,941)	(409)
	5,901	1,179

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13. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	2020			2019		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
	QR	**QR**	**QR**	QR	QR	QR
Balance at January 1						
Reported claims	847,872	(687,716)	160,156	545,742	(406,915)	138,827
Unearned premiums	214,390	(129,816)	84,574	155,837	(74,615)	81,222
IBNR and other technical reserves	254,980	(112,432)	142,548	242,683	(111,036)	131,647
Total	1,317,242	(929,964)	387,278	944,262	(592,566)	351,696
Movements during the year						
Reported claims	(261,520)	263,404	1,884	302,130	(280,801)	21,329
Unearned premiums	53,298	(24,392)	28,906	58,553	(55,201)	3,352
IBNR and other technical reserves	119,632	(115,178)	4,454	12,297	(1,396)	10,901
Total	(88,590)	123,834	35,244	372,980	(337,398)	35,582
Balance at December 31						
Reported claims	586,352	(424,312)	162,040	847,872	(687,716)	160,156
Unearned premiums	267,688	(154,208)	113,480	214,390	(129,816)	84,574
IBNR and other technical reserves	374,612	(227,610)	147,002	254,980	(112,432)	142,548
Total	**1,228,652**	**(806,130)**	**422,522**	1,317,242	(929,964)	387,278

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14. SHORT TERM INVESTMENTS

	2020	2019
Short term investments	**229,034**	482,638

As at 31 December 2020, the Group has fixed deposits with local banks with original maturity in excess of three months up to one year and earning interest at 1% to 3% per annum (2019: 2.45% to 3% per annum).

Movement in provision for impairment of short term investments is as follows:

	2020	2019
Balance at 1 January	228	1,135
Provision reversed during the year	(228)	(907)
Balance at 31 December	**-**	228

15. CASH AND BANK BALANCES

	2020	2019
Cash in hand	764	699
Cash at bank		
- Current accounts and call deposits	356,513	424,614
- Fixed and term deposits (1) & (2)	104,262	-
	461,539	425,313
ECL of bank balances	(1)	(122)
Cash and bank balances as per consolidated statement of financial position	**461,538**	425,191
Less: Cash at banks – restricted for dividend (Note 23)	(75,238)	(78,488)
Less: Bank overdraft (3)	(14)	(8)
Add: ECL of bank balances	1	122
	(75,251)	(78,374)
Cash and cash equivalents as per consolidated statement of cash flows	**386,287**	346,817

(1) These fixed deposits held with banks are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, capable of being readily convertible to a known amount of cash and with an insignificant risk of changes in value.

(2) As at 31 December 2020, these fixed deposits are held with local commercial banks with original maturity of up to three months earning interest at 0.65% to 1% per annum (2019: 2.76% to 3% per annum).

(3) The Group's bank overdraft has a credit limit of Euro 350,000 and bears interest at EURIBOR plus 2.75% per annum (2019: EURIBOR plus 2.75%).

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15. CASH AND BANK BALANCES (CONTINUED)

Movements in ECL of bank balances during the year were as follows:

	2020	2019
Balance at 1 January	122	35
Provision (reversed) / made during the year	(121)	87
Balance at 31 December	**1**	122

16. SHARE CAPITAL

	2020	2019
Issued and paid up capital	**1,858,409**	1,858,409

As per the instructions from the Qatar Financial Markets Authority, the Company's Annual General Assembly on 10 March 2019 approved a 10 for 1 share split i.e. 10 new shares with a par value of QR 1 each were exchanged for 1 old share with a par value of QR 10 each. This has led to an increase in the number of authorized shares from 200,000,000 to 2,000,000,000 and issued, subscribed and paid up shares from 185,840,869 to 1,858,408,690. The stock split was exercised on 27 June 2019.

The Company has an authorised share capital of QR 2,000 million, divided into 1 special share of nominal value of QR 1 and 1,999,999,999 ordinary shares of each of nominal value of QR 1. As at the reporting date, the Company had issued and paid up capital of QR 1,858,409 thousand (2019: QR 1,858,409 thousand) which consists of 1 special share of nominal value of QR 1 and 1,858,408,689 ordinary shares each of nominal value of QR 1 (2019: 1 special share of nominal value of QR 1 and 1,858,408,689 ordinary shares each of nominal value of QR 1). The special share is owned by Qatar Petroleum and may not be cancelled or redeemed without the consent of the QP. Special share may be transferred only to the Government, any Government Corporation or any QP affiliate. QP exercises the control over the Company by virtue of holding the Special Share. All ordinary shares carry equal rights.

17. LEGAL RESERVE

The legal reserve relates to the Company's subsidiaries and is calculated in accordance with the regulations of the Qatar Commercial Companies' Law No 11 of 2015. In accordance with the subsidiaries' Articles of Association, 10% of the net profits for the year is required to be transferred to the legal reserve until the reserve equals to the limit specified in the Articles of Association.

Further, the Articles of Association of the Company mentions the transfer to legal reserve based on the discretion of the Board of Directors. Legal reserve amount as per books includes the excess funds raised from public issue of shares over and above the issue costs incurred and in accordance with the terms of prospectus issued.

18. GENERAL RESERVE

The general reserve is maintained in accordance with the provisions of the Articles of Association of the Company's subsidiaries to meet any unforeseen future events. The balance under this reserve is not available for distribution, except in the circumstances specified in the Articles of Association of the respective subsidiaries.

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19. LOANS AND BORROWINGS

	2020	2019
Loans related to drilling segment (i)	4,310,020	4,439,577
Loans related to aviation segment (ii)	46,386	84,357
Other borrowings (iii)	99,840	180,267
	4,456,246	4,704,201
Less: Unamortised finance costs associated with raising finance	(10,857)	(16,973)
	4,445,389	4,687,228

The movements of loans and borrowings were as follows:

	2020	2019
At 1 January	4,687,228	4,996,565
Borrowings obtained during the year	496,860	618,800
Repaid during the year	(744,815)	(934,667)
Movement in unamortized finance costs	6,116	6,530
At 31 December	**4,445,389**	4,687,228

Presented in the consolidated statement of financial position as follows:

	2020	2019
Non-current portion	3,702,262	3,862,016
Current portion	743,127	825,212
	4,445,389	4,687,228

(i) These borrowings are related to the Company's subsidiary, Gulf Drilling International (Qatari Private Shareholding Company) ("GDI"). GDI has entered into various borrowing arrangements with different banks. All facilities bear interest at the rates varying between 3 months LIBOR plus 1.35% - 2.70% (2019: LIBOR plus 1.35% - 2.70%). Most of these loans are to be repaid in quarterly installments. The loans obtained by GDI are unsecured.

Further, loan balances of GDI also consist of a Master Murabaha facility agreement of US$ 925 million with a local Islamic Bank. The proceeds of the facility were utilized on general corporate purposes and the settlement or refinancing of various outstanding loan facilities. The loan is unsecured and has an effective interest of LIBOR plus 2.70%, and repayable in lump sum upon maturity on 31 December 2023. GDI has drawn down US$ 669.5 million from this facility as of 31 December 2020 (2019: US$ 533 million).

(ii) These borrowings are related to the Company's subsidiary, Gulf Helicopters Company (Qatari Private Shareholding Company) ("GHC"). GHC has entered into various borrowing arrangements with different banks. All facilities bear interest at the rates varying between 3 months LIBOR plus 1.35% - 2.75% (2019: LIBOR plus 1.35% - 2.75%). The loans are to be repaid in quarterly installments. The loans obtained are unsecured and do not have any financial covenants.

(iii) On 20 April 2014, the Company obtained syndicated Murabaha facility of US$ 80 million from a local Islamic Bank to finance the acquisition of the additional 30% shares of GDI. The effective profit rate is 6 months LIBOR plus 1.45% (2019: LIBOR plus 1.45%). The loan is repayable in 15 semi-annual instalments commencing from April 2015 and is unsecured.

Further, the Company obtained a loan of US$ 80 million from a local commercial bank to further finance the acquisition of the additional 30% of GDI. The effective interest rate is 6 months LIBOR plus 1.45% (2019: 6 months LIBOR plus 1.45%). The loan is repayable in 14 semi-annual installments starting from April 2015 and is unsecured.

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19. LOANS AND BORROWINGS (CONTINUED)

The maturity profiles of the loans are as follows:

As at 31 December 2020

	Nominal interest rate	**Year of maturity**	**1 year**	**1 – 5 years**	**Total**
Loans related to drilling segment	LIBOR+ (1.35% - 2.70%)	2021-2023	635,779	3,674,241	4,310,020
Loans related to aviation segment	LIBOR+ (1.35% - 2.75%)	2021-2022	33,037	13,349	46,386
Other borrowings	LIBOR + 1.45%	2021-2022	80,427	19,413	99,840
			749,243	**3,707,003**	**4,456,246**

As at 31 December 2019

	Nominal interest rate	Year of maturity	1 year	1 – 5 years	Total
Loans related to drilling segment	LIBOR+ (1.35% - 2.70%)	2021-2023	707,381	3,732,196	4,439,577
Loans related to aviation segment	LIBOR+ (1.35% - 2.75%)	2019-2022	37,971	46,386	84,357
Other borrowings	LIBOR + 1.45%	2019-2021	80,427	99,840	180,267
			825,779	3,878,422	4,704,201

The Group's loans are denominated in US Dollars.

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20. PROVISION FOR DECOMMISSIONING COSTS

	2020	2019
Balance at 31 December	41,598	41,598

The above provision is presented in the consolidated statement of financial position under non-current liabilities.

As per the contractual agreement with Qatar Petroleum (lessor), the Group is required to return the leased facilities in their original condition at the end of the lease term. The Group has assessed its contracts and recognized provisions for the costs of dismantling, installations and restoring leased labour camps. The labour camps mainly consists of land, accommodation and common areas including offices, mess halls and other associated facilities.

21. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2020	2019
At 1 January	91,281	80,217
Acquisition of a subsidiary (Note 31)	56	-
Provision made during the year (1)	20,017	22,403
Payments made during the year	(19,966)	(11,339)
At 31 December	**91,388**	91,281

(1) The provision for employees' end of service benefits is included in salaries and other benefits in the consolidated statement of profit or loss and other comprehensive income.

22. TRADE AND OTHER PAYABLES

	2020	2019
Trade payables	154,570	193,706
Accrued expenses	250,639	147,909
Payable to reinsurers	163,925	389,699
Deferred reinsurance commissions	13,892	13,941
Deposits and advances from customers	8,534	18,171
Accrued social fund contribution	-	1,090
Other payables	121,872	77,341
	713,432	841,857

23. DIVIDENDS PAYABLE

The Board of Directors has proposed no cash dividend for the year ended 31 December 2020.

Below is the movement in dividends payable balance during the year:

	2020	2019
Balance at 1 January	78,488	86,464
Dividends paid during the year	(3,250)	(7,976)
Balance at 31 December	**75,238**	78,488

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24. RELATED PARTIES

The Group, in the ordinary course of business, carries out transactions with other business enterprises that fall within the definition of related parties as per International Accounting Standard (IAS) 24 "Related Parties". The balances with related parties as at the year-end and the transactions during the year, are disclosed as follows:

a) Transactions with related parties

Transaction with related parties during the year were as follows:

Name of the entity	**Relationship**	**2020**		2019	
		Revenue	**Expenses**	Revenue	Expenses
Qatar Petroleum	Parent	1,048,249	38,643	1,107,109	97,314
QatarGas Operating Company Limited	Affiliate	426,523	-	400,376	-
Qatar Fuel Company (WOQOD) Q.P.S.C.	Affiliate	64,782	29,486	53,509	63,874
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.	Affiliate	30,765	-	19,146	63
Qatar Fertiliser Company (QAFCO) Q.P.S.C.	Affiliate	41,539	-	13,327	80
Oryx GTL Limited	Affiliate	-	-	14,316	-
Qatar Chemical Company	Affiliate	4,344	-	-	-
Seef Limited	Affiliate	-	-	1,298	-
North Oil Company	Affiliate	98,413	-	-	-
Rasgas Company Limited	Affiliate	-	-	67,317	13,555
Others	Affiliates	53,416	3,285	69,926	3,350
		1,768,031	71,414	1,746,324	178,236

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24. RELATED PARTIES (CONTINUED)

b) Due from related parties

Name of the entity	Relationship	2020	2019
Qatar Petroleum	Parent	181,336	250,928
Oryx GTL Limited	Affiliate	11,863	12,829
Qatargas Operating Company Limited	Affiliate	92,756	150,592
Gulf Drill L.L.C. (1)	Affiliate	322,049	-
United Helicharters Private Limited	Affiliate	-	13,729
Qatar Fuel Company (WOQOD) Q.P.S.C.	Affiliate	5,547	12,874
Seef Limited	Affiliate	255	-
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.	Affiliate	-	1,683
Qatar Fertiliser Company (QAFCO) Q.P.S.C.	Affiliate	21,232	1,256
Ras Laffan Olefins Limited	Affiliate	163	301
Gasal Q.S.C.	Affiliate	108	89
Others	Affiliates	28,102	73,217
		663,411	517,498
Less: Provision for impairment		(5,320)	(16,261)
		658,091	501,237

The above balances except (1) below, are of trading nature, bear no interest or securities and are receivable on due date as per respective contracts, which is less than 12 months from the reporting date. These balances also include accrued revenues which are not yet billed to customers at year end.

(1) The Group charges the interest of 5.75% per annum on the balance due from Gulf Drill L.L.C.

Movement in provision for impairment during the year was as follows:

	2020	2019
Balance at 1 January	16,261	16,670
Provision made during the year	750	342
Provision reversed during the year	(11,691)	(751)
Balance at 31 December	**5,320**	16,261

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24. RELATED PARTIES (CONTINUED)

c) Due to related parties

Name of the entity	Relationship	2020	2019
Qatar Petroleum	Parent	33,944	24,922
Qatar Fuel Company (WOQOD) Q.P.S.C.	Affiliate	6,291	3,525
Others (1)	Affiliates	5,029	4,852
		45,264	33,299

(1) This includes balance pertaining to accruals of Board of Directors' retainer and attendance allowance.

(2) Except (1), above balances are of trading nature, bear no interest or securities and are payable on demand.

d) Remuneration of key management personnel

	2020	2019
Board of Directors' allowances (1)	**2,660**	2,000
Other key management personnel	**34,080**	35,786

(1) This represents amount accrued for Board of Directors' retainer and attendance allowance.

25. REVENUE

A. Revenue streams

The Group mainly generates revenue from the catering, aviation, drilling and insurance and reinsurance services.

	2020	2019
Revenue from contracts with customers (1)	2,017,086	2,180,867
Revenue from insurance contracts (2)	981,239	829,945
	2,998,325	3,010,812

1 Revenues from contracts with customers

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary major products and service lines and timing of revenue recognition.

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25. REVENUE (CONTINUED)

1 Revenue from contracts with customers (continued)

B. Disaggregation of revenue from contracts with customers (continued)

Major products/ service lines	**2020**	2019
Revenue from drilling and ancillary services	923,143	1,164,210
Revenue from aviation services		
- Aviation revenue	608,264	537,331
- Maintenance and repair operation revenue	78,881	46,577
- Training revenue	1,082	2,133
	688,227	586,041
Revenue from catering and related services		
- Catering services	190,864	227,225
- Manpower services	153,669	143,333
- Accommodation and housekeeping services	37,330	28,452
- Function and events revenue	4,056	8,401
- Other revenue	19,797	23,205
	405,716	430,616
	2,017,086	2,180,867

Timing of revenue recognition	**2020**	2019
Products and services transferred at a point in time	208,423	109,669
Products and services transferred over time	1,808,663	2,071,198
Revenue from contracts with customers	**2,017,086**	2,180,867

C. Contract balances

The following table provides information about receivables, accrued revenues contract assets and contract liabilities from contracts with customers.

	2020	2019
Receivables, which are included in ‘trade and other receivables’	**301,157**	250,222
Receivables, which are included in ‘due from related parties’	**341,362**	454,863
Contract assets (i)	**15,369**	16,910
Contract liabilities (ii)	**(9,265)**	(22,008)

(i) Contract asset balances comprise primarily demobilization revenues which have been recognized during the period but are billable on future demobilization activities. Contract assets also include costs incurred for mobilization activities are direct costs to fulfil contracts and are expensed over the expected recognition period. Such costs are deferred and recorded as contract assets. No impairment losses were recognized on contract assets during the year.

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25. REVENUE (CONTINUED)

1 Revenue from contracts with customers (continued)

C. Contract balances (continued)

Contract assets are presented in the consolidated statement of financial position as follows:

	2020	2019
Non-current assets	14,959	7,381
Current assets	410	9,529
	15,369	16,910

(ii) Contract liabilities include payments received for mobilization activities which are allocated to the overall performance obligation and recognized ratably over the initial term of the contract. Contract liabilities also include expected costs to be incurred for demobilization activities are estimated at the contract inception and accrued over the expected contract period. Such accrued expected costs are recorded as contract liabilities.

Contract liabilities are presented in the consolidated statement of financial position as follows:

	2020	2019
Non-current liabilities	306	5,741
Current liabilities	8,959	16,267
	9,265	22,008

2 Revenue from insurance contracts

	2020	2019
Gross insurance revenue	**981,239**	829,945

The details of gross insurance revenue are as follows:

	2020	2019
Gross premiums (i)	1,032,548	890,788
Movement in unearned premium, gross (i)	(53,298)	(58,553)
Net commission income / (expense)	1,989	(2,290)
Gross insurance revenue	**981,239**	829,945

(i) The details of retained premiums and earned premium are as follows:

31 December 2020	**Gross**	**Reinsurance**	**Net**
Written premiums	1,032,548	(593,088)	439,460
Change in unearned premiums	(53,298)	24,392	(28,906)
	979,250	**(568,696)**	**410,554**

31 December 2019	Gross	Reinsurance	Net
Written premiums	890,788	(486,680)	404,108
Change in unearned premiums	(58,553)	55,201	(3,352)
	832,235	(431,479)	400,756

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26. DIRECT COSTS

	2020	2019
Direct costs of drilling and ancillary services	956,067	973,952
Direct costs of aviation services	434,614	414,757
Direct costs of catering and related services	395,079	400,481
Gross insurance expenses (Note 26.1)	880,337	815,518
	2,666,097	2,604,708

Direct costs include depreciation charge for the year on property and equipment and right-of-use assets amounting to QR 405,049 (2019: QR 431,460) (Note 6.2) and QR 22,507 (2019: QR 25,623) (Note 8) respectively.

26.1 Gross insurance expenses

	2020	2019
Reinsurance cession	590,309	483,349
Movement in unearned premium, reinsurance	(24,392)	(55,201)
Net claims incurred (Note 26.1.1)	300,709	375,265
Brokerage costs	13,711	12,105
	880,337	815,518

26.1.1 The details of net claims incurred are as follows:

31 December 2020	**Gross**	**Reinsurance**	**Net**
Claims settled	698,547	(404,176)	294,371
Outstanding claims adjustment	(261,520)	263,404	1,884
Incurred but not reported (IBNR)	119,632	(115,178)	4,454
	556,659	**(255,950)**	**300,709**

31 December 2019	Gross	Reinsurance	Net
Claims settled	609,832	(266,796)	343,036
Outstanding claims adjustment	302,130	(280,801)	21,329
Incurred but not reported (IBNR)	12,297	(1,397)	10,900
	924,259	(548,994)	375,265

27. OTHER INCOME

	2020	2019
Income tax benefit recognised pursuant to MOU*	10,623	-
Fair value gain on financial investments at FVTPL	3,331	29,995
Gain on sale of financial investments	12,327	7,892
Dividend income	4,361	4,332
Profit distribution from managed investment funds	3,822	3,891
Gain on remeasurement of an equity-accounted investee (Note 31)	1,157	-
Miscellaneous income	8,162	12,646
	43,783	58,756

* This represents the tax benefit that the Group has received during the year as a result of settlement of income tax of the Group's subsidiaries through a defined arrangement between Qatar Petroleum, Ministry of Finance and General Tax Authority as per the Memorandum of Understanding dated 4 February 2020, signed between the above mentioned parties (Note 30).

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28. OTHER EXPENSES, NET

	2020	2019
Loss on write-off of property and equipment	-	6,144
Fair value loss on financial investments at FVTPL	7,646	-
Impairment loss on property and equipment (Note 6)	308,262	
Provision for impairment of financial assets (Note 12.2)	5,901	1,179
Impairment of goodwill (Note 31)	7,328	-
Miscellaneous expenses	19,325	13,033
	348,462	20,356

29. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
Salaries and other benefits	126,498	137,214
Legal and professional fees	23,391	11,157
Management and administration costs	7,275	4,809
Depreciation of property and equipment (Note 6.2)	7,188	2,890
Communication expenses	5,369	6,099
Board of Directors' allowances	2,660	2,000
Rent expenses	-	2,418
Service fees	4,944	6,215
Depreciation of right-of-use assets (Note 8)	800	800
Provision for taxes related to foreign operations	2,344	4,170
Public relations and advertisement expenses	1,336	1,188
Repairs and maintenance expenses	1,281	2,912
Investment management fees	2,102	3,858
Qatar Exchange and QCSD fees	1,025	1,010
Travel expenses	750	2,914
Printing and stationery expenses	519	1,106
Miscellaneous expenses	25,371	6,765
	212,853	197,525

30. INCOME TAX EXPENSE

In light of the provisions of the Qatar Income Tax Law No. 24 of 2018 and subsequent Executive Regulations, on 4 February 2020 Qatar Petroleum (parent company), Ministry of Finance and the General Tax Authority (GTA) reached an agreement through a Memorandum of Understanding ("the MOU") which provided a mechanism for the settlement of the income tax liability of subsidiaries and joint ventures (included in the said MOU) of certain companies listed on Qatar Exchange. All four of the Group's local subsidiaries (Note 1) were included in the said MOU, according to which the income tax liability of the subsidiaries would ultimately be borne by Ministry of Finance. However, as per the MOU, the subsidiaries are required to calculate the income tax and pay such income tax amounts directly to the Company. Further, as per subsequent clarifications received from GTA during the year, the subsidiaries assessed that they are taxable only on the profits attributable to the foreign shareholders of the Company and the income tax rate applicable to the subsidiaries is 10% (effective tax rate – 1.425%). Accordingly, income tax applicable to the subsidiaries for the year ended 31 December 2020 and 2019 amounting to QR 7.63 million and QR 2.99 million respectively. The Group has recorded the total tax amount of QR 10.62 million as current tax expense for the year ended 31 December 2020.

Further, to recognise the tax benefit arising to the Group from the said MOU, the Group has recognised an income corresponding to this total tax charge for the year amounting to QR 10.62 million and is included under other income in profit or loss (Note 27).

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30. INCOME TAX EXPENSE (CONTINUED)

The tax expense reflected in the consolidated statement of profit or loss and other comprehensive income represents the income tax on taxable income as detailed below.

	2020
Current tax expense:	
Current year charge	7,627
Relating to prior year	2,996
	10,623

Reconciliation between the current tax expense and the product of accounting profit/(loss) multiplied by the effective tax rates is given below:

	2020
Loss before tax	(308,138)
Tax calculated at the rate 1.425%	(4,391)
Effect of tax rates in foreign jurisdictions	(267)
Tax effect of:	
Tax-exempt income	(1)
Non-deductible expenses, net	12,286
Current year charge	7,627
Tax related to prior year	2,996
Total current tax expense	**10,623**

31. ACQUISITION OF A SUBSIDIARY

On 2 February 2020, the Group acquired additional 28% of the shares and voting interests in United Helicharters Private Limited (UHPL). As a result, the Group’s equity interest in UHPL increased from 62% to 90%, granting it the control of UHPL.

Consideration transferred

Total consideration for additional shares	**7,851**

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

Property and equipment	1,146
Inventories	1,304
Trade and other receivables	3,708
Cash and bank balances	1,395
Provision for employees’ end of service benefits	(56)
Trade and other payables	(5,630)
Total identifiable net assets acquired	**1,867**

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31. ACQUISITION OF A SUBSIDIARY (CONTINUED)

Goodwill

Goodwill arising from the acquisition has been calculated as follows:

Consideration transferred	7,851
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of UHPL	187
Fair value of pre-existing interest in UHPL	1,157
Fair value of identifiable net assets acquired	(1,867)
Goodwill	**7,328**

The remeasurement to fair value of the Group's existing 62% interest in UHPL resulted in a gain of QR 1,157 and is included in 'Other income' (Note 27).

The Group has impaired the entire amount of goodwill during the year and is included in 'Other expenses' (Note 28).

The fair values of the assets and liabilities of the acquiree as at the date of acquisition approximately equal to their carrying amounts.

32. EARNINGS PER SHARE

Basic earnings per share has been calculated by dividing the profit for the year attributable to ordinary shareholders by the adjusted weighted average number of equity shares outstanding at the end of the reporting period.

The basic and diluted (loss) / earnings per share are the same as there were no dilutive effects on earnings.

	2020	2019
(Loss) / profit attributable to owners of the Company (QR '000)	**(318,525)**	43,588
Weighted average number of ordinary shares outstanding at 31 December (in shares) (Note 16)	1,858,408,690	1,858,408,690
Basic and diluted (loss) / earnings per share (expressed in QR per share)	**(0.171)**	0.023

33. CONTINGENCIES AND COMMITMENTS

a) Contingencies

	2020	2019
Contingent liabilities:		
Guarantees against performance bonds	**385,764**	385,463
Claim under dispute (1)	**7,797**	3,376
Group's share in contingencies of joint ventures	**-**	4,004

(1) The Group has ongoing litigations with certain former employees of the Group for which the Court has not given its final verdict as of the date authorization of these consolidated financial statements. The Group also has unsettled disputed claims with counterparties. Management of the Group believes that they have strong grounds to succeed in these lawsuits based on the proceedings so far. Hence, no provision has been set up in these consolidated financial statements.

33. CONTINGENCIES AND COMMITMENTS (CONTINUED)

a) Contingencies (continued)

(2) The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. As of the end of the reporting period, the result of the pending or threatened legal proceeding is unpredictable. No further disclosures are made to avoid prejudicing the position of the parties involved in the disputes.

b) Commitments

	2020	2019
Commitments:		
Capital commitments	**222,255**	213,765

It is not anticipated that any material liabilities will arise from the commitments which were issued in the normal course of business.

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34. OPERATING SEGMENTS

The Group has four reportable segments, as described below. The segments offer different products and services, and are managed separately because they require different technology and marketing strategies and also incorporated as separate legal entities. For each of the segments, the Board of Directors reviews internal management reports on at least a quarterly basis. The following summary describes the operations of each reportable segment:

Reportable segments	**Operations**
Insurance	Provides insurance and reinsurance services
Aviation	Provides helicopter transportation services throughout the Gulf Region, Libya, Turkey and Morocco and India. The aviation segment includes the information relating to Gulf Helicopters Company and its subsidiaries and joint ventures.
Catering	Provides catering, manpower and related services.
Drilling	Provides drilling and ancillary services.

For the year ended and as at 31 December 2020	**Insurance**	**Aviation**	**Catering**	**Drilling**	**Total**
Segment revenue	984,019	688,227	441,363	923,141	3,036,750
Inter-segment revenue	(2,779)	-	(35,646)	-	(38,425)
External revenues (Note 34.1)	**981,240**	**688,227**	**405,717**	**923,141**	**2,998,325**
Segment profit / (loss) before tax	52,016	383,305	(9,719)	(453,381)	(27,779)
Finance income	14,487	2,080	3,097	5,974	25,638
Finance costs	-	(2,927)	(2,144)	(155,395)	(160,466)
Depreciation and amortisation	(3,224)	(91,612)	(23,811)	(305,495)	(424,142)
Share of profit from equity-accounted investees	-	1,743	-	7,613	9,356
Other material non-cash items:					
(Provision) / reversal of impairment losses on financial assets	(7,029)	1,827	(699)	-	(5,901)
Impairment loss on property and equipment	-	(87,107)	-	(221,155)	(308,262)
Segment assets	2,137,378	1,463,151	329,042	5,506,766	9,436,337
Equity-accounted investees	-	6,978	-	7,615	14,593
Capital expenditures	6,833	73,222	2,107	67,064	149,226
Segment liabilities	1,452,284	242,427	218,228	4,710,615	6,623,554

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34. OPERATING SEGMENTS (CONTINUED)

For the year ended and as at 31 December 2019	**Insurance**	**Aviation**	**Catering**	**Drilling**	**Total**
Segment revenue	833,278	586,040	470,172	1,164,210	3,053,701
Inter-segment revenue	(3,333)	-	(39,556)	-	(42,889)
External revenues (Note 34.1)	829,945	586,040	430,616	1,164,210	3,010,812
Segment profit/ (loss) before tax	15,970	142,933	12,248	(101,810)	69,341
Finance income	17,720	4,446	3,145	383	25,694
Finance costs	-	(6,089)	(2,979)	(219,465)	(228,533)
Depreciation and amortisation	939	91,189	29,010	328,278	449,416
Share of loss from equity-accounted investees	-	705	-	-	705
Other material non-cash items:					
(Provision) / reversal of provision for impairment losses on financial assets	(2,522)	1,343	-	-	(1,179)
Segment assets	2,387,306	1,563,280	346,491	5,920,551	10,217,628
Equity-accounted investees	-	5,235	-	-	5,235
Capital expenditures	18,793	20,391	6,660	131,754	177,598
Segment liabilities	1,752,914	282,727	225,215	4,665,952	6,926,808

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34. OPERATING SEGMENTS (CONTINUED)

34.1 Reconciliation of reportable segments revenues

	2020	2019
Total revenues for reportable segments	3,036,750	3,053,701
Elimination of inter segment revenue	(38,425)	(42,889)
Consolidated revenue	**2,998,325**	3,010,812

34.2 Reconciliation of reportable segments direct costs

	2020	2019
Total direct costs for reportable segments	2,693,159	2,636,234
Elimination of inter segment direct costs	(38,425)	(42,889)
Other consolidation adjustments	11,363	11,363
Consolidated direct costs	**2,666,097**	2,604,708

34.3 Reconciliation of reportable segments profit or loss

	2020	2019
Total (loss) / profit for reportable segments before tax	(27,779)	69,341
Other unallocated profits or loss (Profits or loss of parent company)	446,245	147,257
Elimination of dividends from subsidiaries to parent company	(444,508)	(161,641)
Elimination of gain on transfer of land and building to parent company	(267,671)	-
Other consolidation adjustments	(14,425)	(11,369)
Consolidated (loss) / profit for the year before tax	**(308,138)**	43,588

34.4 Reconciliation of reportable segments total assets

	2020	2019
Total assets for reportable segments	9,436,337	10,217,628
Other un-allocable assets	3,067,687	2,716,207
Elimination of investments in subsidiaries	(2,574,398)	(2,574,398)
Assets relating to purchase price allocation	105,983	117,344
Asset relating to goodwill	303,559	303,559
Elimination of inter-segments assets	(115,020)	(13,474)
Elimination of fair value gain on assets transferred within the Group	(267,671)	-
Consolidated total assets	**9,956,477**	10,766,866

34.5 Reconciliation of reportable segments cash and bank balances

	2020	2019
Cash and bank balances for reportable segments	360,282	341,195
Other un-allocable assets	101,256	83,996
Consolidated cash and bank balances	**461,538**	425,191

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34. OPERATING SEGMENTS (CONTINUED)

34.6 Reconciliation of reportable segments total liabilities

	2020	2019
Total liabilities for reportable segments	6,623,554	6,926,808
Other un-allocable liabilities	203,769	298,534
Elimination of inter-segments liabilities	(123,163)	(39,399)
Consolidated total liabilities	**6,704,160**	7,185,943

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss or total assets or total liabilities since 31 December 2019.

35. FINANCIAL INSTRUMENTS

(a) Insurance risk

The Group does not have any single insurance contract or a small number of related contracts that cover low frequency, high-severity risks such as earthquakes, or insurance contracts covering risks for single incidents that expose the Group to multiple insurance risks. The Group has adequately reinsured for insurance risks that may involve significant litigation. A 10% change in the net claims incurred will have an increase/decrease of QR 30.07 million in profit or loss (2019: QR 37.53 million).

(b) Credit risk

The carrying value of financial assets represent the maximum credit exposure.

The table below summarizes the exposure to credit risk:

	2020	2019
Bank balances (including time deposits)	460,774	424,492
Financial investments in debt securities	468,024	382,165
Trade and other receivables	558,436	721,455
Due from related parties	658,091	501,237
Reinsurance contract assets	651,922	800,148
Short-term investments	229,034	482,638
	3,026,281	3,312,135

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk (continued)

Trade receivables (continued)
The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for all corporate customers.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group does not require collateral in respect of trade and other receivables. The group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers.

Loss rates are calculated using a simplified approach method defined under IFRS 9, which is based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The provision for impairment on financial assets as at reporting date includes specific provision of QR 15.95 million (2019: QR 16.12 million) and weighted average loss rate range between 1.3% to 11.7%.

Due from related parties
Management periodically reviews the expected credit loss of its receivables from related parties and provides for any amounts whose collection is no longer probable and writes-off any amounts whose recovery is unlikely.

Bank balances (including short term investments)
The Group held bank balances of QR 460,774 at 31 December 2020 (2019: QR 424,492) and short-term investments in fixed deposits of QR 229,034 (2019: QR 482,638). These bank balance and short-term investments are held with banks, which have good accredited credit ratings from independent international rating agencies.

ECL on bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for bank balances to those used for debt securities.

Financial investments
The Group manages credit risk on its investments in debt instruments by ensuring that investments are only made in counterparties that have a good credit rating.

Insurance contract receivables
The Group seeks to limit its credit risk in respect of insurance contract receivables by monitoring outstanding receivables. On the other hand, three reinsurer companies account for 61% (2019: 57%) of the reinsurance contract receivables as at 31 December 2020.

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35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

The table below summarizes the maturity profile of the financial liabilities of the Group as at 31 December based on remaining undiscounted contractual obligations.

	Carrying amount	Contractual cash flows	1 – 12 months	1 – 3 years	More than 3 years
At 31 December 2020					
Loans and borrowings	4,445,389	(4,457,579)	(750,032)	(3,707,547)	-
Insurance contract liabilities	960,964	(960,964)	(960,964)	-	-
Trade payables, accruals and other payables	527,081	(527,081)	(527,081)	-	-
Payable to reinsurers	163,925	(163,925)	(163,925)	-	-
Dividends payable	75,238	(75,238)	(75,238)	-	-
Due to related parties	45,264	(45,264)	(45,264)	-	-
Lease liabilities	53,920	(57,389)	(30,053)	(27,336)	-
Bank overdraft	14	(14)	(14)	-	-
	6,271,795	**(6,287,454)**	**(2,552,571)**	**(3,734,883)**	**-**

	Carrying amount	Contractual cash flows	1 – 12 months	1 – 3 years	More than 3 years
At 31 December 2019					
Loans and borrowings	4,687,228	(4,728,040)	(835,800)	(1,447,252)	(2,444,988)
Insurance contract liabilities	1,102,852	(1,102,852)	(1,102,852)	-	-
Trade payables, accruals and other payables	420,046	(420,046)	(420,046)	-	-
Payable to reinsurers	389,699	(389,699)	(389,699)	-	-
Dividends payable	78,488	(78,488)	(78,488)	-	-
Due to related parties	33,299	(33,299)	(33,299)	-	-
Lease liabilities	72,933	(79,954)	(30,498)	(49,456)	-
Bank overdraft	8	(8)	(8)	-	-
	6,784,553	(6,832,386)	(2,890,690)	(1,496,708)	(2,444,988)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(d) Market risk

(i) Interest rate risk

Interest rate risk arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk:

The interest rate profile of the Group's interest bearing financial instruments is as follows:

	2020	2019
Fixed rate instruments		
Financial assets		
Short term investments and term deposits	**333,295**	482,638
Variable rate instruments		
Financial liabilities		
Loans and borrowings	4,456,246	4,704,201
Bank overdraft	14	8
	4,456,260	4,704,209

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35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(i) Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A reasonably change of 100 basis points in interest rates at the reporting date would have increased or decreased loss by QR 44,562 (2019: QR 47,042). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(ii) Equity price risk

The Group is exposed to equity price risk, which arises from equity securities at FVOCI or FVTPL. The Group has investment primarily in shares which are listed on Qatar Stock Exchange and classified as FVOCI and FVTPL.

	2020	2019
Financial investments at FVTPL	**266,926**	238,561
Financial investments at FVOCI	**-**	9,807

Sensitivity analysis – Equity price risk

A 10% increase / decrease in the market price of the securities held at FVTPL at the reporting date would have increased / decreased equity by QR 26,693 (2019: QR 23,856). A 10% increase/ decrease in the market price of the securities held at FVOCI at the reporting date would have increased / decreased equity by QR Nil (2019: QR 981).

(iii) Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily Qatari Riyal and US Dollar. The currencies in which these transactions are primarily denominated are US Dollar, Euro and British Sterling Pound. The transactions of the Group in the US Dollar bear no foreign currency risk as the US Dollar is pegged with the Qatari Riyal. With respect to Euro and British Sterling Pound, management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

36. FINANCIAL INSTRUMENTS – FAIR VALUE

The fair value of financial investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities at the close of business at the end of the reporting period.

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm’s length transactions, reference to the current market value of another instrument which is substantially the same and/or discounted cash flow analysis. For discounted cash flow techniques, estimated future cash flows are based on management’s best estimates and the discount rate used is a market related rate for a similar instrument.

If the fair values cannot be measured reliably, these financial instruments are measured at cost.

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 carrying value of the financial assets and liabilities approximates their fair values. The estimated fair values of the Group’s major financial instruments are provided in the tables below:

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36. FINANCIAL INSTRUMENTS – FAIR VALUE (CONTINUED)

31 December 2020	FVTPL	FVOCI	Amortized cost	Total carrying value	Fair value
Assets					
Cash and bank balances	-	-	461,538	461,538	461,538
Short-term investments	-	-	229,034	229,034	229,034
Trade and other receivables	-	-	560,761	560,761	560,761
Reinsurance contract assets	-	-	651,922	651,922	651,922
Due from related parties	-	-	658,091	658,091	658,091
Financial investments	388,097	346,856	-	734,953	734,953
	388,097	**346,856**	**2,561,346**	**3,296,299**	**3,296,299**
Liabilities					
Loans and borrowings	-	-	4,445,389	4,445,389	4,445,389
Due to related parties	-	-	45,264	45,264	45,264
Trade payables, accruals and other liabilities	-	-	527,081	527,081	527,081
Insurance contract liabilities	-	-	960,964	960,964	960,964
Reinsurance premium payable	-	-	163,925	163,925	163,925
Dividend payable	-	-	75,238	75,238	75,238
Bank overdraft	-	-	14	14	14
	-	**-**	**6,217,875**	**6,217,875**	**6,217,875**

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36. FINANCIAL INSTRUMENTS – FAIR VALUE (CONTINUED)

31 December 2019	FVTPL	FVOCI	Amortized cost	Total carrying value	Fair value
Assets					
Cash and bank balances	-	-	425,191	425,191	425,191
Short-term investments	-	-	482,638	482,638	482,638
Trade and other receivables	-	-	723,454	723,454	723,454
Reinsurance contract assets	-	-	800,148	800,148	800,148
Due from related parties	-	-	501,237	501,237	501,237
Financial investments	352,109	278,427	-	630,536	630,536
	352,109	278,427	2,932,668	3,563,204	3,563,204
Liabilities					
Loans and borrowings	-	-	4,687,228	4,687,228	4,687,228
Due to related parties	-	-	33,299	33,299	33,299
Trade payables, accruals and other liabilities	-	-	420,046	420,046	420,046
Insurance contract liabilities	-	-	1,102,852	1,102,852	1,102,852
Reinsurance premium payable	-	-	389,699	389,699	389,699
Dividend payable	-	-	78,488	78,488	78,488
Bank overdraft	-	-	8	8	8
	-	-	6,711,620	6,711,620	6,711,620

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36. FINANCIAL INSTRUMENTS – FAIR VALUE (CONTINUED)

Fair value hierarchy

The fair value of financial instruments approximates their carrying values.

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

At the end of the year, the Group held the following financial investments measured at fair value.

	Level 1	Level 2	Level 3	Total
As at 31 December 2020				
Assets measured at fair value				
Financial investments at FVTPL	388,097	-	-	388,097
Financial investments at FVOCI	346,853	-	3	346,856
	734,950	**-**	**3**	**734,953**
As at 31 December 2019				
Assets measured at fair value				
Financial investments at FVTPL	352,109	-	-	352,109
Financial investments at FVOCI	278,424	-	3	278,427
	630,533	-	3	630,536

During the reporting year ended 31 December 2020 and 31 December 2019, 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.

37. IMPACT OF COVID-19

The COVID-19 pandemic caused slowdown in economic activities during the period from March 2020. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in the State of Qatar.

Although the Group has taken adequate measures to ensure business continuity during the pandemic period, business operations were impacted due to the circumstances arising from COVID-19 including the compression of demand for certain services provided by the Group and deceleration of the economic activities.

The management has assessed the accounting implications of these developments on these consolidated financial statements wherever applicable, including but not limited to expected credit losses under IFRS 9 ‘Financial Instruments’, the impairment of tangible assets under IAS 36, ‘Impairment of non-financial assets’, the net realisable value of inventories under IAS 2 ‘Inventories’ and contingent liabilities under IAS 37 ‘Provisions, contingent liabilities and contingent assets’. The management has ensured that all necessary steps have been taken to ensure smooth and adequate continuation of its business in order to maintain business performance despite the hindered economic activities.

37. IMPACT OF COVID-19 (CONTINUED)

Based on all the assessments and after considering all the adjustments, where necessary, the management of the Group is of the view that there is no material impact of COVID-19 on the carrying amounts of assets and liabilities as at 31 December 2020. Going forward, the management will continue to monitor the potential impact and take necessary steps to mitigate any effects.

38. COMPARATIVE FIGURES

During the year, the Group reassessed the classification of certain fixed and term deposits with original maturity of more than three months but less than one year to reflect more appropriate presentation. Accordingly, the Group has concluded and decided to reclassify for consistency the comparative amounts in the consolidated statement of financial position. As a result, an amount of QR 253 million was reclassified from ‘cash and bank balances’ to ‘short term investments’ as at 31 December 2019. Such reclassification does not affect the previously reported net profits, net assets or equity.

In addition to the above reclassification of prior year figures, certain other comparative financial figures for the previous year have also been reclassified, where necessary, in order to conform to the current year’s presentation. Such reclassifications do not affect the previously reported net profits, net assets or equity.

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INFORMATION RELATED TO COMPANY'S SEPARATE FINANCIAL STATEMENTS

This note provides certain information related to the Company's unconsolidated financial position, performance, cash flows and changes in equity as at and for the year ended 31 December 2020 and its comparative date/ year. The complete set of separate financial statements of the Company prepared in accordance with International Accounting Standard 27- Separate Financial Statements (IAS 27) are issued separately.

(a) Separate statement of financial position

	2020	2019
ASSETS		
Non-current assets		
Investment property	268,314	-
Investment in subsidiaries	2,574,398	2,574,398
Financial investments	22,640	9,891
Total non-current assets	2,865,352	2,584,289
Current assets		
Prepayments and other receivables	21	322
Due from related parties	83,950	-
Cash and bank balances	118,364	131,596
Total current assets	202,335	131,918
TOTAL ASSETS	**3,067,687**	2,716,207
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,858,409	1,858,409
Legal reserve	23,928	23,928
Retained earnings	981,581	535,336
Total equity	2,863,918	2,417,673
LIABILITIES		
Non-current liabilities		
Loans and borrowings	19,413	99,840
Total non-current liabilities	19,413	99,840
Current liabilities		
Loans and borrowings	80,427	80,427
Dividends payable	75,238	78,488
Accruals and other payables	3,663	5,641
Due to related parties	25,028	34,138
Total current liabilities	184,356	198,694
Total liabilities	203,769	298,534
TOTAL EQUITY AND LIABILITIES	**3,067,687**	2,716,207

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INFORMATION RELATED TO COMPANY'S SEPARATE FINANCIAL STATEMENTS (CONTINUED)

(b) Separate statement of profit or loss and other comprehensive income

	2020	2019
Dividend income	444,508	161,641
General and administrative expenses	(15,569)	(6,789)
Other income	17,157	423
Other expenses	(345)	(3,782)
Operating profit	**445,751**	151,493
Finance income	4,560	7,132
Finance costs	(4,066)	(11,368)
Profit for the year	**446,245**	147,257
Other comprehensive income	-	-
Total comprehensive income for the year	**446,245**	147,257
Earnings per share		
Basic and diluted unconsolidated earnings per share (Qatari Riyal)	**0.240**	0.079
Basic and diluted consolidated (loss) / earnings per share (Qatari Riyal)	**(0.171)**	0.023

(c) Separate statement of changes in equity

	Share capital	**Legal reserve**	**Retained earnings**	**Total**
Balance at 1 January 2019	1,858,409	23,928	389,169	2,271,506
Social fund contribution	-	-	(1,090)	(1,090)
Total comprehensive income:				
Profit for the year	-	-	147,257	147,257
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	147,257	147,257
Balance at 31 December 2019	1,858,409	23,928	535,336	2,417,673
Balance at 1 January 2020	1,858,409	23,928	535,336	2,417,673
Total comprehensive income:				
Profit for the year	-	-	446,245	446,245
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	446,245	446,245
Balance at 31 December 2020	**1,858,409**	**23,928**	**981,581**	**2,863,918**

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INFORMATION RELATED TO COMPANY'S SEPARATE FINANCIAL STATEMENTS (CONTINUED)

(d) Separate statement of cash flows

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	446,245	147,257
Adjustments for:		
Dividend income from financial investments	(423)	(423)
Dividend received in kind	(278,628)	-
Finance costs	4,066	11,368
Depreciation of investment property	896	-
Finance income	(4,560)	(7,132)
Change in fair value of financial investments	(3,331)	3,314
	164,265	154,384
Changes in:		
Prepayments and other receivables	33	(33)
Accruals and other payables	(754)	649
Due from related parties	(83,950)	-
Due to related parties	(9,110)	(22,476)
Net cash generated from operating activities	**70,484**	132,524
CASH FLOWS FROM INVESTING ACTIVITIES		
Finance income received	4,827	8,040
Movement in restricted funds	3,251	7,976
Net movement in deposits with maturities in excess of three months	47,600	(47,600)
Dividend received from financial investments	423	423
Net cash generated from / (used in) investing activities	**56,101**	(31,161)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of loans and borrowings	(80,427)	(162,933)
Dividends paid	(3,250)	(7,976)
Finance costs paid	(5,290)	(12,482)
Net cash used in financing activities	**(88,967)**	(183,391)
Net increase / (decrease) in cash and cash equivalents	**37,618**	(82,028)
Cash and cash equivalents at 1 January	5,508	87,536
Cash and cash equivalents at 31 December	**43,126**	5,508