ANNUAL**REPORT**

2014

NAKILAT ناقلات

QATAR GAS TRANSPORT COMPANY LTD.
(NAKILAT) Q. S. C.

A Qatari Shareholding Company

Capital of the Company
The authorized capital of the Company amounts to QR 5,600,000,000 (five billion and six hundred million Qatari Riyals) divided into 560,000,000 (five hundred and sixty million) shares.

Nominal Value of the Stock
QR 10 (Ten Qatari Riyals)

Headquarters of the Company
The headquarters and registered office of the Company are in the city of Doha, State of Qatar.
Tel: + 974 4499 8111
Fax: + 974 4448 3111
P. O. Box 22271, Doha, State of Qatar.
www.nakilat.com.qa

Term of the Company
The fixed term of the Company is 50 Gregorian years, commencing from July 18, 2004, the date of issuance of the decision of the Minister of Business and Trade of Qatar authorizing its establishment. The term may be extended by a decision of a Company's extraordinary general assembly.

Financial Year of the Company
The Financial Year of the Company commences on January 1 and ends on December 31.

Listing of the Company's Stocks on Qatar Exchange
The Company's shares are listed on the Qatar Exchange, and the dealing of such shares is in accordance with the regulations of the Qatar Exchange and Qatar Financial Markets Authority.

IN THE NAME OF ALLAH MOST MERCIFUL
AND MOST GRACIOUS

His Highness
Sheikh Hamad Bin Khalifa Al-Thani
The Father Emir of the State of Qatar

His Highness
Sheikh Tamim Bin Hamad Al-Thani
The Emir of the State of Qatar

VISION

To be the world's leading owner and operator of vessels for the transportation of liquefied natural gas (LNG) and associated products, and to be the provider-of-choice for ship repair and construction services, as measured by customer satisfaction; financial profitability; growth; operational efficiency; and high standards of safety, health, environment and quality.

MISSION

To maximize shareholder value by:

Optimizing investment in core businesses of transporting LNG and associated products through stringent cost controls, effective risk management and innovative financing.

Establishing "centers of excellence" for the repair and maintenance of very large LNG carriers and other vessels, and for the construction of small, high value ships, thereby providing assets for the State of Qatar.

Providing a fully integrated logistics service to vessels.

Identifying and capturing synergies.

Recruiting, developing and retaining the highest quality personnel in the industry.

Complying fully with all applicable legislation, regulations and relevant marine industry standards.

Demonstrating the highest ethical standards for integrity in all business relationships.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY POLICY

At Nakilat, we value our people, partners, shareholders, customers, suppliers, community and the environment. We believe in and are committed to establishing a world-class company by:

Placing Safety, Health, Environment and Quality (SHEQ) at the top of our agenda, with the aim of causing no harm to people and the environment.

Setting targets for SHEQ improvement, and measure, appraise and report SHEQ performance to drive continual improvement.

Providing adequate resources and leadership to effectively implement the company SHEQ management system and achieve SHEQ objectives.

Maintain the highest level of integrity with all stakeholders.

Treating employees, partners and customers with respect and dignity.

Encouraging teamwork and collaboration in order to support the achievement of our mission goals.

Recognizing and rewarding accomplishments.

Striving to be innovative and continually improve performance, by sharing best practices and implementation of lessons learnt.

Encouraging entrepreneurship and empowering individuals to lead and take responsibility.

Openly communicating and sharing related information within the corporation.

Complying with applicable SHEQ, Legal and other requirements related to our activities.

CONTENTS

BOARD OF DIRECTORS

HE Dr. Mohammed Bin Saleh Al Sada
Chairman

Mr. Khalid Bin Khalifa Al-Thani
Vice Chairman

Dr. Abdullah Bin Ali Bin Seoud Al-Thani
Member

Mr. Hitmi Ali Al-Hitmi
Member

Mr. Ali Ahmad Al-Kuwari
Member

Ms. Aisha Fahad S A Al-Nuaimi
Member

Mr. Ismail Omar Al-Dafa
Member

HE Dr. Mohammed Bin Saleh Al Sada
Minister of Energy & Industry
Chairman of Nakilat

BOARD OF DIRECTORS' REPORT

On behalf of Nakilat's Board of Directors, it gives me great pleasure to introduce Nakilat's Annual Report 2014, representing a year full of positive developments and growth for the company. We can be proud of Nakilat's achievements as its continued expansion supports the strengthening of the State of Qatar's position as a world leader in LNG, at the same time boosting our country's capabilities and reputation for state-of-the-art marine activities.

Nakilat's LNG fleet continues to be one of the world's youngest and largest. In 2014 agreements were put in place for the expansion of Maran Nakilat Co. Ltd, our joint venture with Maran Gas. Ltd. After delivery of a further two new-build vessels during the first half of 2015, the joint venture will have a total of 11 vessels, increasing Nakilat's fleet to ownership in a total of 61 vessels in service by mid-2015.

Nakilat also grew its vessel management activities during 2014. Wholly-owned subsidiary Nakilat Shipping Qatar Limited (NSQL) assumed ship management responsibility for four Q-Flex LNG vessels, which are owned by the OSG-Nakilat joint venture, bringing the number of gas vessels fully managed by NSQL to eight. Supported by a detailed and in depth management of change plan, the transition was seamless. This development is yet another milestone in Nakilat's journey to taking on the ship management responsibilities of more of its LNG vessels.

The commercial management of the four LPG carriers that Nakilat owns jointly with Milaha was also brought in-house in 2014. Focusing on term charters, Nakilat has been successful in chartering the vessels to major industry players, locking in strong revenue for a minimum of two years.

Nakilat's fleet is also making headway in terms of sea staff. A total of 18 young Qataris are currently enrolled in marine officer training through Nakilat's Marine Cadet Program.

By capitalizing on new opportunities, forging ahead with the Qatarization of its operations, and further widening its scope to encompass even more international business, Nakilat is enabling the State of Qatar's shipping industry to make significant progress. In addition to fulfilling its role as our country's 'floating pipeline', carrying Qatari LNG to world destinations, Nakilat is continually developing its operations and continuously enhancing its reputation as a shipping company of international standing and renown.

Erhama Bin Jaber Al Jalahma Shipyard, which is being developed and operated by Nakilat and its joint ventures, also continues to expand and strengthen the State of Qatar's marine industrial capabilities in the Port of Ras Laffan. In November 2014 the floating dock Laffan arrived at the shipyard for final outfitting, testing, commissioning and installation. Laffan is one of the world's largest floating docks, capable of accommodating the world's largest LNG carriers. The addition of this floating dock further extends the capabilities of Nakilat's ship repair joint venture, Nakilat-Keppel Offshore & Marine (N-KOM), and reaffirms Erhama Bin Jaber Al Jalahma Shipyard's position as a shipyard of unparalleled scope.

In 2014 N-KOM celebrated the signing of several significant contracts. Gulf Drilling International (GDI) chose N-KOM for two important projects: the build of a customized lift boat — the first such vessel to be constructed entirely in Qatar — and the repair and maintenance of GDI's existing fleet of jack-up rigs operating in the Middle East for a period of six years. The lift boat will be delivered at the end of 2015 and the two contracts are worth a total of US $110 million. GDI's confidence in N-KOM highlights the strength of Erhama Bin Jaber Al Jalahma Shipyard's offering and the continued growth of Qatar's offshore industry.

Qatar Primary Materials Company (QPMC) also awarded N-KOM with a contract worth US $19 million for the construction of a floating jetty, which is due for completion in early 2015. In addition N-KOM signed agreements with DNV GL and with MAN Diesel & Turbo for collaboration on gas projects, including the world's first low-speed marine diesel engine to be converted to use LNG as a fuel. In total N-KOM has now completed over 300 projects for the marine, offshore and onshore industry and has expanded its regional market share from 16% to 18%.

The activities of fellow Nakilat joint venture and shipyard operator, Nakilat Damen Shipyards Qatar (NDSQ) have been no less dynamic in 2014. NDSQ has now delivered a total of 19 vessels to Milaha. Two vessels have also been delivered to Nakilat SvitzerWijsmuller (NSW), the Nakilat joint venture specializing in towage and marine support services. NDSQ will deliver a further five vessels to NSW in 2015. The vessels are destined for use at the Port of Ras Laffan.

In March 2014 the biennial DIMDEX event provided the perfect platform for NDSQ to promote its defense capabilities. During the event, NDSQ signed two Memoranda of Understanding to build seven vessels for the Qatar Armed Forces (QAF).

NDSQ also received an order for 11 vessels for the New Port Project in 2014. In addition, work continues on the construction of two 71m-long fast luxury vessels at NDSQ. Due for delivery in 2017 the two vessels are the first superyachts ever to be built in Qatar.

It is clear that Nakilat, via its shipyard joint ventures, is ably fulfilling a crucial and central role in the continued enrichment of Qatar's marine industrial capabilities. Through the broadening of operations at Erhama Bin Jaber Al Jalahma Shipyard, Nakilat is committed to supporting the ongoing diversification of Qatar's economy. The diversification of Nakilat's operations to include the marine industrial capabilities at Ras Laffan are intended not only to bring benefit to our country in the short-term, but also in the long-term.

We can also be proud of the ongoing achievements of Nakilat's marine services, including the activities of NSW, Nakilat Agency Company (NAC) and the Vessel Support Unit, at the Ports of Ras Laffan and Mesaieed, at Halul Island, and in Qatari waters. The safety achievements of Nakilat and its joint venture operations are also notable and commendable.

Outstanding achievements were clearly reflected on the financial results of Nakilat during 2014, which in return contributed to the strengthening of the financial position of the company and to achieve attractive returns for shareholders. The Company's net profit for 2014 reached QR 895 million compared to QR 730 million achieved for the year 2013, with an increase of 23%.

Nakilat Board of Directors is pleased to recommend the General Assembly to distribute cash dividends equivalent to (One Riyal and Twenty Dirhams) per share for year 2014.

Indeed in every area of its operations, Nakilat can be commended for a solid performance in 2014.

Nakilat's Board of Directors would like to express its deepest thanks to HH Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar, and to HH Sheikh Hamad Bin Khalifa Al Thani, the Father Emir of the State of Qatar for the vision that has enabled Nakilat's development. Through strong leadership and wise guidance of HH the Emir and HH the Father Emir have allowed Nakilat to grow into a diversified marine company making an important contribution to Qatar's transport and industrial sectors.

The Board of Directors also offers its appreciation to Qatar Petroleum (QP) for its ongoing support of Nakilat's activities, and to QP Industrial Cities for its cooperation with Erhama Bin Jaber Al Jalahma Shipyard. We would also like to extend our gratitude to Nakilat's partners, shareholders, management and employees for their continued dedication. Our ongoing success is possible only with your support.

Eng. Abdullah Fadhalah Al Sulaiti
Managing Director of Nakilat

MANAGING DIRECTORS' REVIEW

2014 marked Nakilat's 10th year of operation. Consistent with previous years, Nakilat has achieved growth, development and broadening of its activities during 2014. I am therefore proud to present to you our Annual Report 2014, detailing these accomplishments.

The expansion and consolidation of our shipping activities has been a major achievement for Nakilat in 2014. Highlights include the expansion of Nakilat's LNG fleet to 61 vessels in operation by mid-2015 and the assumption of operations and management responsibilities by wholly-owned subsidiary Nakilat Shipping Qatar Limited (NSQL) for the first four LNG vessels.

Operations at Erhama Bin Jaber Al Jalahma Shipyard also experienced strong growth and important developments in 2014. Ship repairer Nakilat-Keppel Offshore & Marine (N-KOM) signed several significant contracts and has now completed more than 300 projects. Shipbuilder Nakilat Damen Shipyards Qatar (NDSQ) has finalized the delivery of 19 new-build vessels to Milaha, delivered the first workboats of a seven-vessel order for fellow Nakilat joint venture Nakilat SvitzerWijsmuller (NSW), and continues to work on the construction of the first two superyachts ever to be built in Qatar.

We are proud of our operational progress, but we must also acknowledge the sound bedrock upon which our activities are built. Nakilat and its joint ventures are committed to operating safely and with the highest respect for the welfare of our people. We are therefore also keen to share with you our achievements related to safety, health, environment and quality (SHEQ).

The transfer of the four LNG vessels to ship management under NSQL in 2014 was seamless. This can be attributed to the flawless execution of a detailed and in depth management of change plan. As part of the preparations for the transition, Nakilat also successfully underwent an audit by Qatargas to qualify for management of the vessels.

The four LPG vessels that have been under NSQL management since 2012 also continue to operate with the highest of SHEQ standards. Both the Nakilat-managed LPG and LNG vessels have achieved a total of one million total recordable case (TRC)-free man-hours and 2.5 million lost time injury (LTI)-free man-hours. Indeed the NSQL-managed fleet has been LTI-free from the date of commencement of ship management in February 2012.

In terms of benchmarking, Nakilat's LNG fleet has achieved a lost time injury frequency (LTIF) of 0.41 and a total recordable case frequency (TRCF) of 0.54, while the NSQL-managed LNG fleet has achieved LTIF of 0.00 and TRCF of 0.00. These figures are well below the industry average and are among the best in the shipping industry.

This strong safety track record has helped attract the attention of world-leading organizations. In October 2014 ExxonMobil conducted a successful review of NSQL, meaning that NSQL-managed vessels are now eligible for ExxonMobil service. This significant milestone underlines Nakilat's position as a ship owner and manager of the highest quality.

Also in 2014 Nakilat successfully underwent external audits to verify compliance with ISO 9001 and OHSAS 18001 standards and with ISM certification for the Fleet. Nakilat completed the certification audit and obtained ISO 14001 certification for Nakilat's corporate office and for NSQL. Our joint ventures N-KOM and NDSQ were also certified for international standards in 2014.

Onshore in our corporate offices we are no less attentive to the safety and security of our personnel. In 2014 Nakilat published the SHEQ Essentials Handbook as part of its safety culture enhancement program. The handbook contains essential SHEQ advice and guidance in a user-friendly format for use at work and at home. Monthly quizzes test our employees' engagement and awareness of the essentials of SHEQ.

Every year our SHEQ achievements are consolidated in our Sustainable Development Report. In 2014 Nakilat submitted its third annual report to Qatar Petroleum, receiving a Certificate of Appreciation from HE Minister of Energy and Industry for our participation in the Sustainable Development Industry Reporting Initiative. This report is essential for documenting Nakilat's ongoing commitment and contribution to the goals of the country as outlined in the Qatar National Vision (QNV) 2030.

In addition to our pride in our operational and SHEQ achievements, we are of course pleased to share with you Nakilat's financial results for the year 2014.

FINANCIAL RESULTS HIGHLIGHTS FOR THE YEAR ENDED 31ST DECEMBER 2014

The Company's net profit for 2014 reached to QR 895.0 million compared to QR 730.0 million achieved for the year 2013, with an increase of 23%. This is mainly due to the addition of a number of LNG vessels to Nakilat's fleet during 2014 and the remarkable improvement of liquefied petroleum gas (LPG) vessels' performance. In addition, the increase in the operating activities at the shipyard facilities which contributed to these positive results.

Total Assets of Nakilat as of 31st December 2014 was QR 31.1 billion compared to QR 30.7 billion as of 31st December 2013. Current assets, including cash and bank balances stood at QR 3.2 billion as of 31st December 2014. Non-current assets, consisting mainly of investments in LNG carriers, property and equipment and other assets were QR 27.8 billion as of 31st December 2014. As of 31st December 2014, total assets of Nakilat, including Nakilat's share of its joint ventures assets was over QR 45 billion. In addition, Nakilat also has an economic interest, full operational and management responsibilities in the QR 10.6 billion Erhama Bin Jaber Al Jalahma Shipyard, with funding by Qatar Petroleum in the Port of Ras Laffan, giving total assets value of QR 55.6 billion managed by Nakilat.

Total borrowings as of 31st December 2014 was QR 22.9 billion compared to QR 23.1 billion as of 31st December 2013 reflecting repayments of the borrowings.

Total equity before hedging reserve and non-controlling interests as of 31st December 2014 was QR 8.0 billion compared to QR 7.8 billion as of 31st December 2013. Negative hedging reserve as of 31st December 2014 increased at QR 4.2 billion compared to QR 3.4 billion as of December 31 2013 due primarily to an increase in the year end mark to market value resulting in an increase in the liability that reflects increased swap rates. The negative hedging reserve represents an accounting transaction from the revaluation to fair value of interest rate swaps. The hedging reserve is expected to decrease over time as loans are repaid and the notional amounts of the swaps decrease. The hedging reserve is not expected to impact either income statement or retained earnings. The negative hedging reserve arises on interest rate swaps that relate to variable interest bearing loans taken to build ships. The Company also enters into long-term time charter agreements to lock-in the future cash inflows from ships. This strategy is expected to result in a more stable stream of cash flows in the future and minimize uncertainties associated with shipping spot rate movements or interest rate movements.

2014 HIGHLIGHTS

FINANCE

- Nakilat assisted its joint venture Maran Nakilat Co. Ltd. in closing two refinancing transactions worth US $807.4m and US $669m, enabling the joint venture to increase its LNG fleet from six vessels to 11.
- Major ratings agencies reaffirmed Nakilat's ratings for 2014 with stable outlook.

FLEET

- Nakilat took over technical management of four Q-Flex LNG vessels.
- Further expansion of joint venture Maran Nakilat Co. Ltd. will grow Nakilat's total LNG fleet to 61 vessels by mid - 2015.
- Nakilat took over commercial management of its four VLGC vessels co-owned with Milaha.
- A total of 343 sea-staff are directly employed by Nakilat's wholly-owned subsidiary QGTCMI at the close of 2014.

NAKILAT-KEPPEL OFFSHORE & MARINE (N-KOM)

- N-KOM won the Safety & Security Award at The Maritime Standard (TMS) Middle East and Indian Subcontinent Awards 2014.
- Gulf Drilling International (GDI) awarded two contracts worth US $110 million to N-KOM.
- Qatar Primary Materials Company (QPMC) awarded a contract worth US $19 million to N-KOM.
- N-KOM signed a Memorandum of Understanding (MoU) for the conversion of Greek ferries.
- American Petroleum Institute (API) presented N-KOM with certifications for API 4F and API 6A.
- N-KOM signed a contract with MAN Diesel & Turbo for collaboration on the ME-GI conversion of a Q-Max LNG carrier in 2015.
- DNV GL and N-KOM signed a contract to co-operate on LNG and gas solutions projects.

NAKILAT DAMEN SHIPYARDS QATAR (NDSQ)

- NDSQ completed 13 repair, maintenance and refit projects on mega yachts.
- Two 71m-long fast luxury yachts are currently under construction.
- NDSQ successfully delivered 19 vessels to Milaha on time and according to specification.
- Two vessels from a seven-vessel order for fellow Nakilat joint venture Nakilat SvitzerWijsmuller (NSW) have been delivered.
- Qatar's New Port Project (NPP) ordered 11 vessels from NDSQ.
- NDSQ signed two (MoUs) to build seven vessels for Qatar Armed Forces (QAF).
- DIMDEX 2014 and the Qatar International Boat Show were among events in which NDSQ participated during 2014.
- NDSQ was re-certified by Lloyd's Register for ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.
- NDSQ has entered into a contract for building one yacht support Stan Tender 2606 vessel.

MARINE SERVICES

- Nakilat SvitzerWijsmuller (NSW) took delivery of the first two vessels of a seven-vessel order for operation at the Port of Ras Laffan.
- Two additional mooring teams were introduced in Ras Laffan.
- Nakilat Agency Company (NAC) continued to provide agency services to all vessels calling Ras Laffan and hydrocarbon vessels calling at Mesaieed without any delays or lost time injury (LTI).
- NAC received certificates of appreciation from Bourbon Gulf and from N-KOM.
- The agency licenses for Ras Laffan and Mesaieed were extended by one year.
- Agreements were signed with external clients for the arrangement of logistics by NAC.
- In collaboration with Qatar Customs Authorities, Nakilat successfully implemented the Ship Spares in Transit process for the import of all future ship spare-parts.

SHEQ

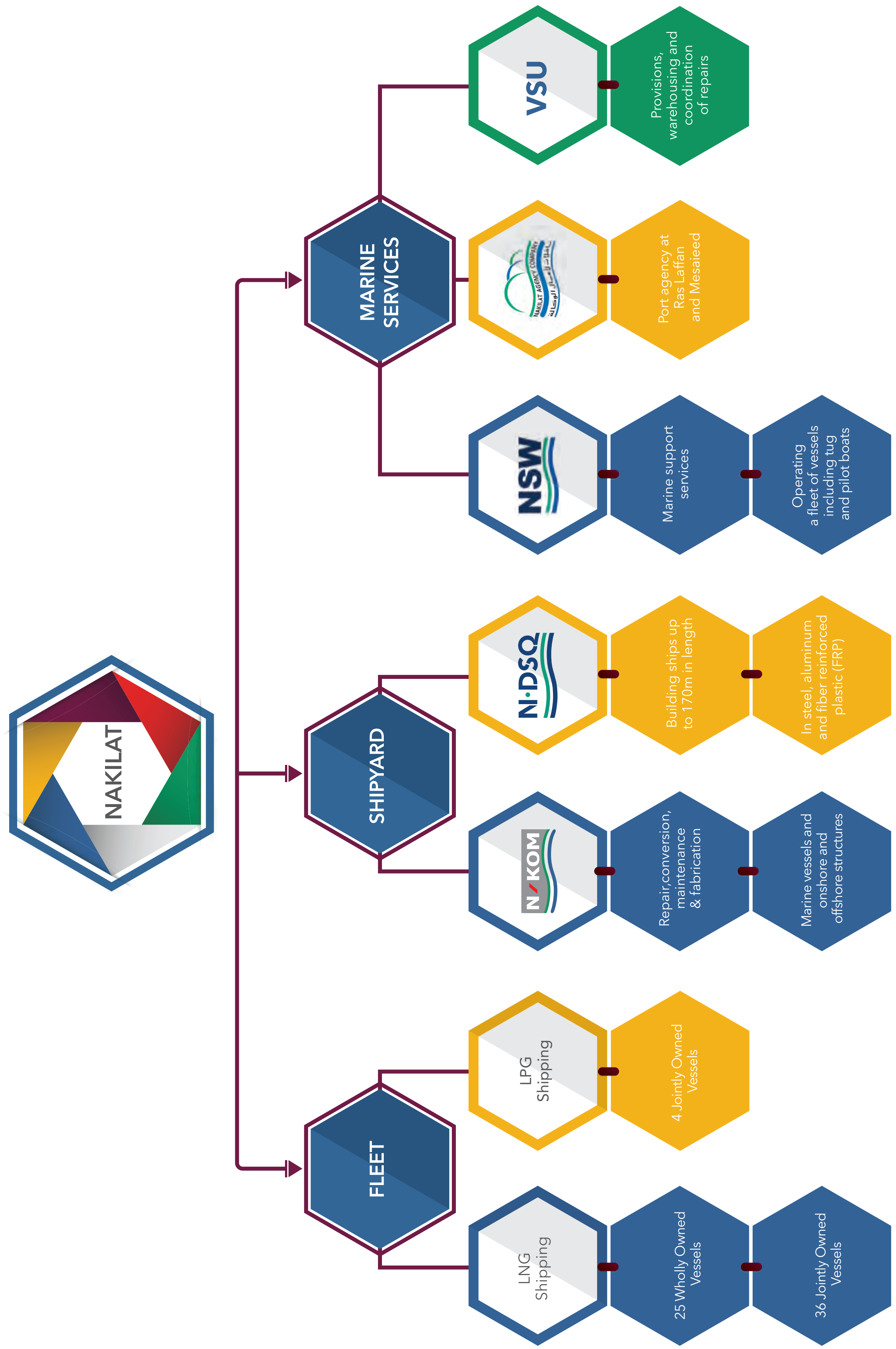
- Supported the transfer of four LNG vessels to ship management under Nakilat Shipping Qatar Limited (NSQL), which was executed flawlessly.
- An audit by Qatargas and a TMSA review by ExxonMobil were completed successfully.
- Nakilat successfully underwent external audits to verify compliance ISO 9001, OHSAS 18001 standards and ISM certification for the Fleet.
- Nakilat completed the certification audit and obtained ISO 14001 certification for Nakilat's corporate office and NSQL.
- Nakilat's LNG fleet and Nakilat-managed LNG fleet achieved lost time injury frequency (LTIF) and total recordable case frequency (TRCF) well below the industry average.
- The Nakilat-managed LPG and LNG vessels achieved one million total recordable case (TRC)-free man-hours and 2.5 LTI-free man-hours.
- Nakilat submitted its fourth Annual Sustainability Report to Qatar Petroleum and received a Certificate of Appreciation from HE Minister of Energy and Industry.

CORPORATE PROFILE

Nakilat is a Qatari marine company providing the essential transportation link in the State of Qatar's LNG supply chain. Its LNG shipping fleet is the largest in the world, growing to 61 LNG vessels in 2015. In addition, via wholly-owned subsidiary Nakilat Shipping Qatar Limited (NSQL), Nakilat manages and operates four very large LPG carriers, which Nakilat jointly owns with Milaha. NSQL also manages and operates four LNG carriers.

Via two strategic joint ventures – Nakilat-Keppel Offshore & Marine (N-KOM) and Nakilat Damen Shipyards Qatar (NDSQ) – Nakilat operates the ship repair and construction facilities at Erhama Bin Jaber Al Jalahma Shipyard in the State of Qatar's Port of Ras Laffan.

Nakilat also provides port agency services through Nakilat Agency Company (NAC) for the Ports of Ras Laffan and Mesaieed and warehousing for vessels in Qatari waters via Nakilat's Vessel Support Unit (VSU). Joint venture Nakilat SvitzerWijsmuller (NSW) offers marine support services at the Port of Ras Laffan and at the State of Qatar's offshore activity around Halul Island.



STRENGTHS

PART OF THE QATARI LNG VALUE CHAIN

Qatar is the world's single largest supplier of LNG: it is the world's leading LNG exporter (source: US Energy Information Administration). The State of Qatar liquefies 77 million tons per annum of LNG from the North Field gas reserve. Under the auspices of Qatar Petroleum and through its Qatargas and RasGas operations, the LNG produced in the State of Qatar is sold to customers around the world typically via long-term contracts, which provides stable revenues. The entire value chain enjoys strong sponsorship from the State of Qatar. Nakilat provides the essential transportation link in this value chain.

LONG-TERM STABILITY

The State of Qatar's LNG sales are on long-term contracts in multiple markets throughout the world and Qatari ventures have ownership interest or long-term contracted capacity in regasification terminals in selected key markets.

Nakilat's revenues are stable due to the majority of our vessels being chartered on 25-year, fixed-rate time charters with Qatargas and RasGas.

SOLID CREDIT RATINGS

The two major credit rating agencies, Standard & Poor's and Moody's, rate the Nakilat Inc. senior debt as AA- and Aa3 and the Nakilat Inc. subordinated debt as A+ and A1 respectively. Both Standard & Poor's and Moody's rate Nakilat Inc. only one notch below the State of Qatar which is rated as AA and Aa2.

Nakilat Inc. continues to be rated by the agencies as highly as any non-governmental entity in the State of Qatar could be rated. This is indicative of the company's very low credit risk, its very strong capacity to meet financial commitments and high credit quality. The Fitch rating agency also rates Nakilat Inc.'s senior debt as A+ and its subordinated debt as A-. All Nakilat's ratings stated above were reaffirmed with a stable outlook in 2014.

LOW RISK DEVELOPMENT STRATEGY

Nakilat has established a proven track record with Qatargas and RasGas in successfully delivering results of ambitious projects via prudent development strategies.

WORLD-CLASS PARTNERS

A strategic alliance with Shell International Trading and Shipping Company Ltd. (STASCO), a leading international vessel operator with extensive experience in operating gas vessels, currently oversees operations and management of Nakilat's wholly-owned LNG ships.

Nakilat has formed joint ventures with leading ship repairer Keppel Offshore & Marine and with premier shipbuilder Damen Shipyards Group to operate Erhama Bin Jaber Al Jalahma Shipyard in Ras Laffan. To offer a full spectrum of marine services in Qatari waters, Nakilat has partnered with Svitzer, a global market leader in towage and emergency response.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY

Nakilat is firmly committed to prioritizing safety, health, the environment and quality in all of its operations and activities. As a Qatari company with a wide international reach, our responsibilities and obligations are many and diverse. By placing care of people and of the environment at the top of our agenda, we are able to fulfil our duties towards our stakeholders and communities both at home and abroad.

INTERNATIONAL CODES AND STANDARDS

All Nakilat-managed vessels are in full compliance with all international codes and standards such as International Safety Management code, International Ship Security and Port Facility code, Maritime Labor Convention, SOLAS and MARPOL. Nakilat is also certified ISO 9001 for Quality Management, OHSAS 18001 for Occupational Health and Safety, and ISO 14001 for Environmental Management. All ISO and OHSAS certifications are awarded by Lloyd's Register Quality Assurance (LRQA).

DEDICATED POLICY

Alongside Nakilat's Vision and Mission statements, our company Safety, Health, Environment and Quality (SHEQ) Policy provides a set of priorities and principles to guide our every decision and action as a company. As stated in the policy, our ultimate aims are no harm to people and protection of the environment.

REGULAR TRAINING, DRILLS AND PARTICIPATION

Nakilat participates in a program of routine drills involving collaboration with local and international companies, which helps the company maintain a high level of preparedness in the event of an emergency. Frequent drills, regular training and awareness sessions are organized for our employees, covering areas such as fire safety and defensive driving. Nakilat and our joint venture companies are also active participants in initiatives to raise awareness of health, safety and environmental issues in the State of Qatar.

QUALITY MANAGEMENT

In line with our ISO 9001 certification, internal and external auditors control the quality of Nakilat's operations and management systems through regular audit sessions, carried out by both internal and external auditors.

SUSTAINABLE DEVELOPMENT

The Qatar National Vision 2030 guides Nakilat's growth and development in a manner aligned with the future aims of the State of Qatar. In 2014 Nakilat made its third consecutive annual contribution to the Sustainable Development Industry Report, published by the HSE Regulations and Enforcement Directorate (DG) to showcase the achievements and benchmark the activities of companies in the State of Qatar's Energy and Industry sector.

2014 ACHIEVEMENTS

- Nakilat's continuous attention to SHE elements and quality systems was demonstrated by the seamless transfer of four LNG vessels into ship management under Nakilat Shipping Qatar Limited (NSQL), a wholly-owned subsidiary of Nakilat. This was the result of a detailed and in depth management of change plan that was executed flawlessly.
- To qualify for managing the LNG vessels Nakilat had to undergo an audit by Qatargas. This was completed successfully permitting the transition of the management to NSQL.
- NSQL LPG vessels continue to operate at the highest SHE standards. The quality of the vessel operations has attracted the attention of industry leading corporations such as Shell and ExxonMobil. ExxonMobil conducted a TMSA review of NSQL in October 2014, which has made NSQL vessels eligible for ExxonMobil service. This is a significant milestone in Nakilat's continued operations as a high quality owner and ship manager.
- Nakilat successfully underwent external audits to verify compliance with ISO 9001, OHSAS 18001 standards and ISM certification for the Fleet. Nakilat also completed the certification audit and obtained ISO 14001 certification for Nakilat Corporate Office and NSQL.

- Nakilat's continued emphasis on safety, health and environment programs has resulted in the continuation of our remarkable safety record and vessel reliability. Nakilat's LNG fleet has achieved a lost time injury frequency (LTIF) of 0.36 and total recordable case frequency (TRCF) of 0.54, while the Nakilat-managed LPG and LNG fleet has achieved LTIF of 0.00 and TRCF of 0.00. These figures are well below the industry average LTIF of 1.11 and TRCF of 2.25 and are among the best in the shipping industry.
- The Nakilat-managed LPG and LNG vessels have achieved one million total recordable case (TRC)-free man-hours and 2.5 million lost time injury (LTI)-free man-hours. The fleet has been LTI-free from the date of commencement of ship management in February 2012.
- Nakilat submitted its fourth Annual Sustainability Report to Qatar Petroleum and received a Certificate of Appreciation from HE Minister of Energy and Industry for participating in the Sustainable Development Industry Reporting Initiative. Nakilat has initiated a comprehensive effort companywide to enhance and improve performance in the identified areas, with a view to enhancing business sustainability in line with the Qatar National Vision 2030.
- As part of its safety culture enhancement program, Nakilat published the Nakilat SHEQ Essentials Handbook, containing all essential SHEQ elements presented in a user friendly document for use in the office and at home.
- Nakilat commenced monthly safety quizzes requiring participation of all staff within the company.
- The first safety culture survey was conducted, which will form the basis for monitoring the status and progress of Nakilat's safety culture. The safety survey revealed an encouraging 76% of respondents gave Nakilat's safety culture the highest rating of 'good'.
- NDSQ was recertified for the ISO 9001, ISO 14001 and OHSAS 18001 management standards.
- N-KOM won the Safety & Security Award at The Maritime Standard (TMS) Middle East and Indian Subcontinent Awards 2014.
- N-KOM launched its Safety Excellence 2020 campaign, aimed at enhancing safety awareness among its workforce.

HISTORY

2004

JUNE
Nakilat established.

2005

Two LNG vessels delivered to Nakilat
APRIL
Floatation of Nakilat shares on Qatar Exchange.
MAY
Nakilat Agency Company (NAC) Ltd. formed.

2006

Two LNG vessels delivered to Nakilat
APRIL
Nakilat awarded 25-year time charter by Qatargas 2 for six Q-Max vessels.
Construction begins on the Shipyard in Ras Laffan.
SEPTEMBER
Nakilat awarded 25-year time charter by Qatargas 3 for 10 large LNG carriers.
Towage joint venture with Svitzer incorporated.
OCTOBER
Nakilat-Svitzer joint venture awarded 22- year service contract by Qatar Petroleum for the Port of Ras Laffan.
NOVEMBER
Nakilat awarded additional Q-Max vessel by RasGas 3 charterer.
Nakilat formed a strategic alliance with Shell Trading and Shipping Company Limited (STASCO) for the management of 25 wholly-owned LNG carriers.

2007

Eight LNG vessels delivered to Nakilat
FEBRUARY
Nakilat awarded 25-year time charter by Qatargas 4 for eight large LNG carriers.
APRIL
Steel cutting for first Q-Max.
NOVEMBER
Delivery of first Q-Flex, Al Gattara.
DECEMBER
First Q-Flex vessel at Ras Laffan carrying Qatargas cargo.

2008

21 LNG vessels delivered to Nakilat
SEPTEMBER
Delivery of first Q-Max, Mozah.
NOVEMBER
Joint venture Nakilat-Keppel Offshore & Marine (N-KOM) incorporated.

2009

18 LNG vessels delivered to Nakilat
MARCH
All four LPG ships delivered.

2010

Three LNG vessels delivered to Nakilat
JANUARY
Joint venture Nakilat Damen Shipyards Qatar (NDSQ) created.
NOVEMBER
Erhama Bin Jaber Al Jalahma Shipyard inaugurated.
N-KOM and NDSQ begin operations.

2011

APRIL
Nakilat receives ISO 9001:2008 and OHSAS 18001:2007 certification.
N-KOM completes first LNG dry-docking project, Simaisma.
Gulf Drilling International and N-KOM sign major contract.
MAY
N-KOM receives first Qatargas vessel, Al Wakrah.
NDSQ receives ISO 9001:2008 certification.

2012

JUNE
Nakilat assumes management of its four LPG carriers.
AUGUST
Nakilat closes US $380 million Islamic financing.
SEPTEMBER
NDSQ completes construction of its first vessel, a 140m load-out and recovery barge.
First Qatari marine cadets sign with Nakilat.
NOVEMBER
NDSQ launches first three mooring boats of a 19-vessel order.
DECEMBER
Nakilat secures US $200 million of financing for Gulf LPG.

2013

MARCH
NDSQ signs contract to build two 71m fast luxury vessel.
Nakilat signs MoU with Algerian state energy company Sonatrach.
JUNE
Nakilat Inc. arranges refinancing worth US $917 million.
JULY
Nakilat increases its ownership in Maran Nakilat Co. Ltd.
OCTOBER
NSW signs a contract variation with QP for the provision of additional marine services at Ras Laffan.
NDSQ and NSW sign a shipbuilding contract for seven new vessels with NSW to operate the vessels on delivery.
NDSQ certified ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.
NOVEMBER
Eng. Abdullah Al Sulaiti is appointed as Managing Director of Nakilat.
N-KOM wins ‘Ship Repair Shipyard’ award for the second consecutive year at the Seatrade Middle East & Indian Subcontinent Awards 2013.
N-KOM re-certified for ISO 14001 and OHSAS 18001.
Nakilat arranges a US $160 million bank financing transaction for N-KOM and NDSQ.

2014

JANUARY
N-KOM signs a contract with MAN Diesel & Turbo to collaborate on the ME-GI project.
MARCH
NDSQ signs two MoUs worth a total of QAR 3.1bn with Qatar Armed Forces.
APRIL
A deal is completed to further expand the Maran-Nakilat joint venture by adding three LNG vessels.
JUNE
N-KOM signs a MoU with HeLenGi Engineering for the conversion of Greek ferries.
JULY
N-KOM is awarded two contracts worth US $110 million by Gulf Drilling International.
N-KOM signs a contract worth US $19 million with Qatar Primary Materials Company.
Four LNG vessels are brought under the management of NSQL.
AUGUST
NDSQ delivers the first two workboats to NSW.
OCTOBER
Nakilat decides to bring commercial management of its jointly owned VLGC vessels in-house and focus on term charters.
NOVEMBER
N-KOM wins the Safety & Security Award at The Maritime Standard.
Middle East and Indian Subcontinent Awards 2014.
N-KOM signs a contract with DNV GL to co-operate on LNG and gas solutions projects.
N-KOM received certifications from American Petroleum Institute.

SHAREHOLDERS

QATAR PETROLEUM

Qatar Petroleum (QP) is a state-owned public corporation established by Emiri Decree No. 10 in 1974. It is responsible for all phases of the oil and gas industry in the State of Qatar.

The principal activities of QP, its subsidiaries and joint ventures are the exploration, production, local and international sale of crude oil, natural gas and gas liquids, refined products, synthetic fuels, petrochemicals, fuel additives, fertilizers, liquefied natural gas (LNG), steel and aluminium.

QP's strategy of conducting hydrocarbon exploration and development is through Exploration and Production Sharing Agreements (EPSA) and Development and Production Sharing Agreements (DPSA) concluded with major international oil and gas companies.

The operations and activities of QP and its affiliates are conducted at various onshore locations, including Doha, Dukhan and the Mesaieed and Ras Laffan Industrial Cities, as well as offshore areas, including Halul Island, offshore production stations, drilling platforms and the North Field.

Thriving on a spirit of enterprise, each of our joint ventures is underpinned by transparency, innovation and high standards of quality and service. At Qatar Petroleum, we are committed to one thing above all: excellence.

QATAR SHIPPING COMPANY SPC

Qatar Shipping is a diversified Qatar-based shipping company offering comprehensive services to meet specific needs in the shipment of LPG, LNG, crude and clean oil. Qatar Shipping is currently owned by Qatar Navigation QSC (Milaha) as one of its business arms in the local and global market.

QATAR NAVIGATION (MILAHA) QSC

Milaha is a diversified Qatar-based shipping company offering, among other things, marine transportation in gas, petroleum products, containers and bulk; offshore support services; port management and operations; logistics services; shipyard; trading agencies; real estate investments; and asset management. Milaha owns a large fleet of container vessels, general cargo vessels, barges and tugs.

QATAR FOUNDATION

Qatar Foundation is an independent, private, non-profit, chartered organization founded in 1995 by Emiri decree to support centers of excellence that develop people's abilities through investments in human capital, innovative technology, state of the art facilities and partnerships with elite organizations, thus raising the competency of people and the quality of life.

MILITARY PENSION FUND AND QATAR EDUCATION & HEALTH FUND

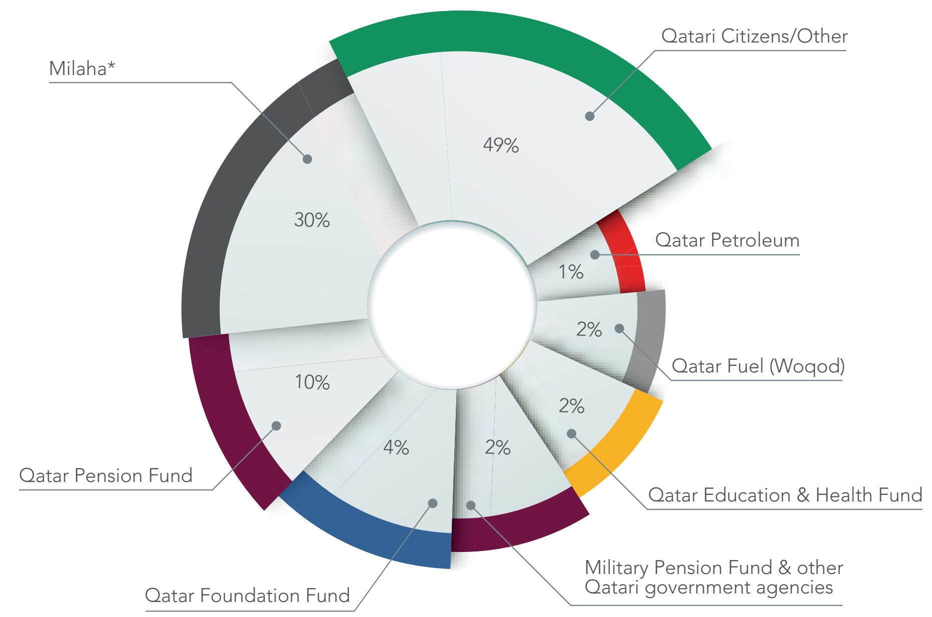
Investment funds control the shares attributed to the Military Pension Fund and the Qatar Education & Health Fund.

QATAR FUEL (WOQOD)

Qatar Fuel (Woqod) is a public share company listed on the Doha Securities Market since 2002. The company is responsible for the distribution of all fuels within the State of Qatar. This includes diesel, gasolines and aviation fuel through a fleet of more than 150 road tankers. The company trades in ship-to-ship bunkering, bitumen importation and distribution, lubricants, and modern service stations. Woqod also distributes all LPG in the State of Qatar.

QATAR PENSION FUND

Qatar Pension Fund is a legal entity with an independent budget set within the general budget of the State. It is directly attached to the Council of Ministers. The authority aims to secure honorable life for pensioners and their dependents in accordance with the pension and retirement law. It is responsible for managing and investing the financial resources of the retirement fund and is run by a board of directors.



* Milaha is the new identity for the two combined companies Qatar Navigation and Qatar Shipping.

CHARTERERS

QATARGAS

Qatargas was established in 1984, and pioneered the Liquefied Natural Gas (LNG) industry in Qatar. Today, Qatargas is the largest LNG producing company in the world, with an annual LNG production capacity of 42 million tonnes per annum (MTA) and is realising its vision to become the world's premier LNG company. Qatargas' Ras Laffan Terminal Operations team operates all the oil products tank farms and related marine terminals at Ras Laffan Industrial City in Qatar. Ras Laffan is the largest LNG and oil products export terminal in the world.

RASGAS

RasGas Company Limited (RasGas) is a Qatari joint stock company established in 2001 by Qatar Petroleum and ExxonMobil RasGas Inc. RasGas acts as the operating company for and on behalf of the owners of the liquefied natural gas (LNG) projects RL, RL (II) and RL3 (Project Owners). With operations facilities based in Ras Laffan Industrial City, Qatar, RasGas' principal activities are to extract, process, liquefy, store and export LNG and its derivatives from Qatar's North Field. RasGas, on behalf of the Project Owners, exports to countries across Asia, Europe and the Americas. It has a total LNG production capacity of approximately 37 million tonnes per annum.

For pipeline sales gas to the domestic market, RasGas also operates the Al Khaleej Gas Projects, AKG1- and AKG2- supplying approximately 2.0 billion standard cubic feet (Bscf) per day. RasGas is currently adding production capacity by building the Barzan Gas Project which when fully operational, is expected to supply approximately 1.4 Bscf of additional sales gas per day to the Qatari market to meet growing demand for energy at power stations and downstream industries.

RasGas currently operates the Ras Laffan Helium Plant which was established in 2003 and came on stream in 2005. The plant extracts, purifies and liquefies helium from the North Field. The second helium plant entered production in June 2013 bringing the total liquid Helium production capacity to 1.96 Bscf per year.
www.rasgas.com

FLEET

Nakilat's core business of shipping Qatari liquefied natural gas (LNG) to global markets is key to our company's strength. Our fleet, growing to 61 wholly- and jointly-owned vessels, represents one of the world's youngest and largest LNG fleets, with all vessels incorporating state-of-the-art technology to ensure the safe, environmentally sound and cost-effective transportation of LNG. The ships represent a total investment of approximately US $11 billion and have a combined aggregate carrying capacity of nearly nine million cubic meters of LNG cargo space.

Nakilat LNG ships are utilized in meeting the transportation requirements of the State of Qatar's LNG industry, providing the country and the world with a strategically important 'floating pipeline' of clean energy. Nakilat's LNG vessels are chartered through long-term time (25 years) charter agreements with Qatargas and RasGas and some of our most recent vessel additions in 2014 are on mid-term charters to BG through our joint venture with Maran Gas. Nakilat's four LPG carriers are chartered for between two and four years to Shell, Clearlake (Guvnor) and ExxonMobil. Our 25 wholly-owned LNG vessels are operated via a strategic alliance with Shell International Trading and Shipping Company Ltd. (STASCO). Nakilat's 36 jointly-owned LNG vessels (including two vessels to be delivered first-half 2015) are operated by the vessel's co-owners, which include many of the world's leading ship owning and operating companies.

In addition to the 61 LNG carriers, Nakilat also jointly-owns four liquefied petroleum gas (LPG) carriers through Gulf LPG, a joint venture owned 50 per cent by Nakilat and 50 per cent by Milaha. Gulf LPG's four very large LPG carriers are fully operated and managed by Nakilat Shipping Qatar Limited (NSQL), a wholly-owned subsidiary of Nakilat. NSQL also manages and operates four LNG carriers.

2014 ACHIEVEMENTS

LNG SHIP MANAGEMENT
In 2014 NSQL assumed ship management responsibility for the four Nakilat / OSG Q-Flex LNG vessels in a challenging timeframe, commencing in February and completing in July of the same year, bringing the number of gas vessels fully managed by NSQL to eight. As part of the company's long-term strategic vision for growth, Nakilat intends to take on further ship management responsibilities for more of its LNG vessels.

EXPANSION OF MARAN JOINT VENTURE FLEET
In April 2014, Nakilat, together with its joint venture partner Maran Gas, agreed to increase the venture by adding three additional LNG vessels to its fleet. One vessel added was a modern steam ship currently in service while the other two will be delivered during the first half of 2015 following completion of their construction in Korea.

The three new vessels added, together with the four vessels added last year, are for international service and carry cargo for producers all around the world, not just from Qatar. After delivery of the two newbuilds during the first half of 2015, the Maran-Nakilat joint venture will have a total of 11 vessels and Nakilat will have ownership in a total of 61 vessels in service by mid-2015.

LPG COMMERCIAL SHIP MANAGEMENT
With the dissolution of the commercial LPG pool in which the four Very Large Gas Carriers (VLGCs) were operating, Nakilat decided to bring the commercial management of these vessels in-house and focus on term charters. Nakilat was successful in chartering the vessels to major industry players and thus locking in strong revenue for a minimum of two years.

RECRUITMENT OF QATARI MARINE CADETS
Nakilat currently has 18 Qatari nationals on its Marine Cadet Program. Nakilat sponsors its marine cadets through a four- to five-year degree course at the International Maritime College of Oman (IMCO), including 12 months of sea time spent aboard Nakilat ships. Upon completion of the program, the cadets will be qualified as deck officers or marine engineers with secured jobs aboard Nakilat vessels.

Nakilat plans to continue to dispatch its marine cadets to study in Oman and other countries in schools with high maritime standards, until the State of Qatar's own international maritime academy is established.

EMPLOYMENT OF SEA STAFF
Officers and engineers for Nakilat's 25 wholly-owned LNG vessels operated by STASCO and eight LNG and LPG vessels operated by NSQL total some 808 seafarers. Since 2011 Nakilat's wholly-owned subsidiary QGTC Shipping (M.I.) Inc. (QGTCMI) has been employing all the new Officer recruits and seeking the novation of other officers from Shell's employment to QGTCMI's. At the close of 2014, 343 officers were employed by QGTCMI.

QATAR'S FLOATING PIPELINE

14 LNG Vessels | Conventional (145,000m³ - 170,000m³)

31 LNG Vessels | Q-Flex (210,000m³ - 216,000m³)

14 LNG Vessels | Q-Max (263,000m³ - 266,000m³)

Nakilat's Fleet

- Transportation is integral to Qatar's ability to connect massive gas reserves to markets around the world
- LNG is critical to Qatar Petroleum and the State of Qatar
- RasGas and Qatargas are vital to Qatar Petroleum and international oil company partners
- Qatar produces 77 million tonnes per annum (MTA) of LNG
- Nakilat was established to play a key role in shipping for Qatari LNG projects
- Nakilat vessels represent of nearly nine million cubic meters of LNG cargo space

Fleet Composition

- LNG
- 14 Q-Max
- 31 Q-Flex
- 14 Conventional
- 2 Conventional under construction for delivery in H1 2015

- LPG
- 4 VLGC

LNG Carriers

- 25 wholly-owned vessels
- 14 Q-Max (capacity: 263,000m³ - 266,000m³)
- 11 Q-Flex (capacity: 210,000m³ - 217,000m³)

- 36 jointly-owned vessels
- Nakilat ownership ranges from 20-60 per cent, with an aggregate average of 45 per cent
- 16 Conventional (capacity: 145,000m³ - 170,000m³)
- 20 Q-Flex (capacity: 216,000m³)

Q-Max and Q-Flex

- Q-Max and Q-Flex are the world's largest and most advanced LNG vessels.
- In service since 2007.
- Q-Flex: approximately 50 per cent more cargo capacity than conventional LNG carriers.
- Q-Max: approximately 80 per cent more cargo capacity than conventional LNG carriers.

SHIPYARD

In 2007 Nakilat mandated to manage the design and construction of a world-class ship repair and construction yard in the State of Qatar's Port of Ras Laffan. Nakilat operates the shipyard via two joint ventures that were established with world-leading companies – Nakilat Keppel Offshore & Marine (N-KOM), which specializes in ship repair and conversions, and Nakilat Damen Shipyards Qatar (NDSQ), focusing on shipbuilding. In line with the Emiri vision, N-KOM and NDSQ continue to forge ahead with developing a strong and dynamic marine industry in the State of Qatar.

2014 ACHIEVEMENTS

- In November 2014, one of the world's largest floating docks arrived for final outfitting, testing, commissioning and installation in Erhama Bin Jaber Al Jalahma Shipyard. Floating dock Laffan, capable of dry docking a VLCC or Q-Max LNG carrier, was constructed by Hyundai Samho Heavy Engineering in South Korea, from where it was towed the 6,500 nautical miles to Ras Laffan. Nakilat has been responsible for the design and supervision of construction of the dock, on behalf of QP. The floating dock will increase N-KOM's ship repair capabilities.

- Five large jib cranes were delivered to Erhama Bin Jaber Al Jalahma Shipyard in October 2014: two are to be installed on the Very Large Floating Dock, Laffan, one has been installed on an existing pier, while the remaining two have been installed on the new pier, currently under construction, against which Laffan will be moored.

NAKILAT-KEPPEL OFFSHORE & MARINE (N-KOM)

Established: 2007.
Ownership: N-KOM is owned 79 per cent by Nakilat, 20 per cent by KS Investments Ltd, a wholly-owned subsidiary of Keppel Offshore & Marine, and one percent by Qatar Petroleum.
Area of yard: 50.8 hectares.
Facilities: Two dry docks (360m x 66m and 400m x 80m); piers and quays totaling 2,750m in length, equipped with cranes of 100m outreach; a complete range of support facilities, such as steel shop, machine shop, electrical shop, pipe shop, mechanical shop, cryogenic cleanrooms and large stores. The facility for small vessel repairs has four tower cranes of 25-tonne lifting capacity each, two mobile boat hoists (300-tonne and 1,100-tonne), a floating quay of 200m, dry berth area as well as a production support facility. The addition of a 6,250-tonne lift capacity handy-size floating dock (163m x 26m) and a Q-Max floating dock (405m x 66m) with 120,000-tonne lifting capacity, is planned for 2015.
Activities: N-KOM focuses on the repair, conversion and maintenance of marine vessels and conversion as well as fabrication of offshore and onshore structures, such as jack-up drilling rigs, lift-boats land rigs and their components.
Accreditations: American Petroleum Institute (API) ISO 9001; API OHSAS 18001; API ISO 14001; API Spec Q1, 2B, 4F, 6A and API ISO/TS 29001; American Society of Mechanical Engineers (ASME) Certification Audit for Pressure Vessels Certification; ASME Stamps U, U2, S and PP; National Board R Stamp.

2014 ACHIEVEMENTS

- N-KOM won the Safety & Security Award at The Maritime Standard (TMS) Middle East and Indian Subcontinent Awards 2014.

- N-KOM was awarded two contracts worth US $110 million by Gulf Drilling International (GDI). The first contract is for the construction of a customized lift-boat (LB310) based on N-KOM's Class LB300 design, due for delivery by end 2015. The keel-laying of the lift-boat was completed in 2014. The second contract is a six-year repair and maintenance agreement for GDI's existing fleet of jack-up rigs operating in the Middle East.

- N-KOM was awarded a contract worth US $19 million by Qatar Primary Materials Company (QPMC) for the construction of a floating jetty, involving marine civil engineering and major steel fabrication work.

- N-KOM signed a memorandum of understanding (MoU) with HeLenGi Engineering of Greece for the conversion of Greek ferries as part of the European Union's Poseidon-Med project.

- N-KOM received certifications from American Petroleum Institute (API) for API 4F (Derricks, Masts & Substructures) and API 6A.

- N-KOM signed a contract with MAN Diesel & Turbo in January 2014 to collaborate on the ME-GI conversion of a Q-Max LNG carrier in 2015.

- N-KOM signed a contract with DNV GL to co-operate on LNG and gas solutions projects.

- N-KOM's Q-Max floating dock arrived at the shipyard in 2014 and is currently ongoing commissioning and testing works. In-house fabrication of the Handymax floating dock continues on schedule. Both floating docks are expected to be in operation by Q3 2015.

- N-KOM has increased its regional market share from ~16% in 2013 to ~18% in 2014.

- N-KOM has successfully undertaken more than 300 projects for the marine, offshore and onshore industry.

- N-KOM once again collaborated with Qatar Petroleum's HSE department and held a successful beach clean-up at the Northern Beach in Ras Laffan Industrial City during Turtle Beach Clean-Up Day.

- N-KOM and The Youth Company Qatar co-hosted a visit-cum-dinner with elderly patients at the Enaya Specialized Care Centre during Ramadan.

- N-KOM collaborated with Al Haya Engineering to introduce tank cleaning services (demucking / deslopping) to attract more tanker repairs at the facility.

SHIPYARD

NAKILAT DAMEN SHIPYARDS QATAR (NDSQ)

Established: 2010.
Ownership: NDSQ is owned 70 per cent by Nakilat and 30 per cent by Damen Shipyards Group of the Netherlands.
Area of yard: 18 hectares.
Facilities: Construction hall of 270m in length by 65m wide; assembly hall of 180m in length consisting of four bays; finishing and refit hall for high-value vessels, 180m long x 70m wide x 50m high, divided into two separate bays that are independently climate controlled; outfitting pier of 400m in length equipped with a 30-tonne crane; load-out and recovery (LOR) barge with 10,500 tonnes lifting capacity; workshops, stores and other support facilities.
Activities: NDSQ focuses on the construction of steel, aluminum and fiber reinforced plastic (FRP) boats, of up to 170m in length. Its production capability includes a wide range of commercial vessels (such as tugs, offshore supply boats and cargo vessels), naval vessels and superyachts. NDSQ can also undertake the refit of superyachts and naval vessels.
Accreditations: ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

2014 ACHIEVEMENTS

- NDSQ has completed thirteen repair, maintenance and refit projects on megayachts.
- NDSQ is constructing two 71m-long fast luxury yachts, which will be built entirely in Qatar. The customized vessels are based on the proven axe-bow hull of Damen's Sea-Axe navy, coastguard and yacht support vessels. The vessels will be equipped with the latest technology and will reach speeds of up to 20 knots.
- NDSQ has successfully delivered 19 vessels to Milaha on time and according to specification. All 19 vessels are currently in service at Qatar's Port of Mesaieed.
- NDSQ has delivered two 15-ton bollard pull (BP) twin-screw mooring boats from a seven-vessel order for fellow Nakilat joint venture Nakilat SvitzerWijsmuller (NSW). The other five vessels — two 60-ton BP azimuth stern drive (ASD) tugs, two 45-ton BP ASD tugs and one pilot boat — will be ready for service at the Port of Ras Laffan in 2015.
- NDSQ received an order to build 11 vessels for Qatar's New Port Project (NPP).
- NDSQ has signed two Memoranda of Understanding (MoUs) to build seven vessels for the Qatar Armed Forces (QAF).
- NDSQ participated at events including DIMDEX and the Qatar International Boat Show (QIBS).
- NDSQ has been re-certified by Lloyds Register for ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.
- NDSQ has entered into a contract for building one yacht support Stan Tender 2606 vessel.

MARINE SERVICES

Nakilat offers a comprehensive range of marine services to vessels operating in Qatari waters and for those calling at the Ports of Ras Laffan and Mesaieed. These services were established to provide an integrated solution for ships requiring supplies and amenities off the Qatari coast.

NAKILAT SVITZERWIJSMULLER (NSW)
NSW is a joint venture company established in 2006 and owned 70 per cent by Nakilat and 30 per cent by Svitzer Middle East Ltd., part of international towage operator Svitzer, which is wholly-owned by Danish shipping group A. P. Moller (Maersk). NSW operates a fleet of 30 vessels, including 25 NSW-owned vessels. The fleet comprises tug boats, pilot boats, line boats, crew boats and other harbor craft, based at the Port of Ras Laffan as well as operating in the offshore fields off Halul Island. NSW offers a range of services including towing, escorting, berthing, pilot support, line handling services afloat and ashore, emergency response, and marine maintenance support.

2014 ACHIEVEMENTS

- In August the two first additional vessels in the new build series of seven vessels were delivered and promptly entered into service at Ras Laffan.
- Also in August two additional mooring gangs were implemented to enhance the ability of the port in handling multiple vessels simultaneously at Ras Laffan.

NAKILAT AGENCY COMPANY (NAC)
Nakilat Agency Company Ltd. (NAC) is owned 95 per cent by Nakilat and five per cent by Qatar Petroleum. NAC has been appointed by, and operates as sole agent under the Qatar Petroleum Port Agency Licenses for the Ports of Ras Laffan and Mesaieed, representing all vessels calling at Ras Laffan and all hydrocarbon vessels calling at Mesaieed. NAC acts on behalf of and offers port and shipping agency services to ship owners, shippers, ship operators, charterers, local manufacturers, receivers, other agencies, shipping customers and services providers, liaising with the Ports of Ras Laffan and Mesaieed. NAC deals with an average of 3,400 vessels per annum.

Since May 2005 NAC has been the licensed agent for the Port of Ras Laffan and in September 2013 NAC took over the agency operations for all hydrocarbon vessels calling at Mesaieed. NAC's key role is the effective turnaround of vessels calling at Ras Laffan and Mesaieed. As part of its services, NAC provides assistance for communication and co-ordination of activities between the ship and shore parties to ensure safe and on- time berthing, loading and discharge operations. Other core elements of NAC's duties include correct execution of shipping documentation, customs formalities, immigration requirements, port and government regulatory matters, provision of supplies and services including catering to the needs of crew.

2014 ACHIEVEMENTS

- NAC continues to provide agency services to all vessels calling Ras Laffan and hydrocarbon vessels calling Mesaieed without any delays or lost time injury (LTI).
- NAC received a certificate of appreciation from N-KOM for streamlining their immigration and all government services.
- NAC received a certificate of appreciation from Bourbon Gulf for NAC's readiness to help and for the very prompt response to requests for all services rendered to them.
- The agency licenses for Ras Laffan and Mesaieed were extended for period of one year.
- Agreements were signed with external clients for their logistics arrangements by NAC. This service includes issuing business visas, customs formalities and providing transport as required.

MARINE SERVICES

VESSEL SUPPORT SERVICES

Nakilat's Vessel Support Unit (VSU) offers a complete range of supply and support services to all ships operating in Qatari waters, 24 hours a day, seven days a week. The VSU aims to cover the widest range of clients' needs.

The VSU offers the ability to manage, store, preserve and maintain any ship materials and provide provision of a broad range of material supplies, liaison for repair and maintenance services at Ras Laffan and in the region. The VSU has its own wholly-owned warehousing facilities, including dehumidified, climate-controlled storage with options such as refrigeration and freezing, inventory management services, capacity for short and long term storage of ship spares, and a 24-hour delivery service. The VSU handles all import and export processes interfacing with the Qatar Customs Authorities and other Qatari government entities to ease material movement processes.

2014 ACHIEVEMENTS

- Nakilat's VSU initiated and executed the Ship Spares in Transit process with the support of the Qatar Customs Authorities.
- The Ship Spares in Transit process has been successfully utilized for the import of materials for Nakilat.
- The VSU provided services to around 270 vessels during 2014 with an increase of 18% in total revenue.
- The VSU continued to provide assistance to N-KOM, NDSQ, NSW, NAC, Nakilat's fleet of vessels and Erhama Bin Jaber Al Jalahma Shipyard throughout 2014.
- The VSU provided logistical support for the successful import of the five jib cranes and the Q-Max floating dock for the expansion of the shipyard facilities in Ras Laffan.
- The VSU implemented Logistics Execution Module and the Plant Maintenance Module to enhance its use of the SAP software and improve business efficiency.
- Nakilat has developed and implemented a contract strategy for the supply and service contracts to support Nakilat's LNG vessel management.
- Nakilat re-negotiated and executed a five-year lube oil supply contract in order to drive down costs and maximize efficiencies.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

CONTENTS

To
The Shareholders
Qatar Gas Transport Company Limited (Nakilat) Q.S.C.
Doha
State of Qatar

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Qatar Gas Transport Company Limited (Nakilat) Q.S.C. ("the Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and applicable provisions of Qatar Commercial Companies Law and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Qatar Gas Transport Company Limited (Nakilat) Q.S.C. at December 31, 2014 and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

We are also of the opinion that proper books of account were maintained by the Company and physical inventory verification has been duly carried out. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies Law No. 5 of 2002 and the Company's Articles of Association were committed during the year which would materially affect the Group's activities or its financial position.

Doha – Qatar
February18, 2015

For Deloitte & Touche
Qatar Branch

Muhammad Bahemia
Partner
License No. 103

(Amount Expressed in Thousands of Qatari Riyals)

	Note	December 31, 2014	December 31, 2013
ASSETS			
Non-Current Assets:			
Property and equipment	4	**24,455,004**	24,855,318
Investment in joint venture companies	5	**2,872,025**	2,641,403
Loans to joint venture companies	6	**342,961**	804,651
Available-for-sale-investments	7	**177,293**	175,865
Total Non-Current Assets		**27,847,283**	28,477,237
Current Assets:			
Inventories		**26,028**	25,730
Trade and other receivables	8	**278,166**	237,947
Due from joint venture companies	17(b)	**15,943**	20,993
Cash and bank balances	9	**2,901,610**	1,930,976
Total Current Assets		**3,221,747**	2,215,646
Total Assets		**31,069,030**	30,692,883

	Note	December 31, 2014	December 31, 2013
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	10	**5,538,483**	5,538,458
Legal reserve	11	**493,815**	404,457
Fair value reserve		**130,825**	129,397
Translation reserve		**-**	28,626
Proposed cash dividend	10.1	**664,832**	609,429
Retained earnings		**1,189,744**	1,072,687
Equity before hedging reserve and non-controlling interests		**8,017,699**	7,783,054
Hedging reserve	12	**(4,225,498)**	(3,443,428)
Equity after hedging reserve and before non-controlling interests		**3,792,201**	4,339,626
Non-Controlling Interests		**8,254**	6,842
Non-Current Liabilities:			
Borrowings	13	**22,187,929**	22,273,733
Fair value of interest rate swaps	14	**3,627,748**	2,824,135
Provision for employees' end of service benefits		**22,104**	18,144
Other liabilities		**178,963**	39,088
Total Non-Current Liabilities		**26,016,744**	25,155,100
Current Liabilities:			
Borrowings	13	**752,521**	843,964
Accounts payable and accruals	15	**497,050**	342,526
Due to joint venture companies	17(b)	**2,260**	4,825
Total Current Liabilities		**1,251,831**	1,191,315
Total Equity and Liabilities		**31,069,030**	30,692,883

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on **February 18, 2015**.

Khaled Bin Khalifa Al Thani **Vice Chairman**	**Ali Ahmad Al-Kuwari** **Board Member**	**Abdullah Fadhalah Al-Sulaiti** **Managing Director**

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2014	For the Year Ended December 31, 2013
Income:			
Revenue from wholly owned vessels		**3,040,313**	3,015,138
Share of profits from joint ventures	5	**435,203**	300,753
Income from marine and agency services		**58,345**	47,108
Interest income on loans to joint ventures	17	**13,432**	19,687
Interest, dividend and profit from Islamic banks		**25,734**	17,259
Vessels sub-chartering and other income		**16,268**	21,234
Total Income		**3,589,295**	3,421,179
Expenses:			
Operating costs	25	**(676,287)**	(650,301)
General and administrative		**(111,428)**	(103,407)
Depreciation of property and equipment	4	**(661,029)**	(606,129)
Finance charges		**(1,245,552)**	(1,305,597)
Total Expenses		**(2,694,296)**	(2,665,434)
Profit from operations		**894,999**	755,745
Loss on derivative instruments from a joint venture	5	**-**	(25,713)
Profit for the year		**894,999**	730,032
Attributable to:			
Owners of the Company		**893,587**	729,026
Non-controlling interests		**1,412**	1,006
Total		**894,999**	730,032
Basic and diluted earnings per share (expressed in QR per share)	19	**1.61**	1.32

The accompanying notes 1-25 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2014	For the Year Ended December 31, 2013
Profit for the year		**894,999**	730,032
Other comprehensive income			
Items that may be reclassified subsequently to statement of income			
Reversal of translation reserve		**(28,626)**	-
Changes in fair value of available-for-sale investments	7	**1,428**	30,829
Changes in fair value of cash flow hedging derivatives		**(803,612)**	1,951,691
Group's share of joint ventures' changes in fair value of cash flow hedging derivatives		**21,542**	441,335
Total comprehensive income for the year		**85,731**	3,153,887
Total comprehensive income for the year attributable to:			
Owners of the Company		**84,319**	3,152,881
Non-controlling interests		**1,412**	1,006
Total		**85,731**	3,153,887

The accompanying notes 1-25 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014
(Amount Expressed in Thousands of Qatari Riyals)

	Share Capital	Legal Reserve	Fair Value Reserve	Translation Reserve	Proposed Cash Dividend	Retained Earnings	Equity Before Hedging Reserve and Non-Controlling Interests	Hedging Reserve	Non-Controlling Interests
Balance as of January 1, 2013	5,538,456	331,554	98,568	28,626	554,026	1,044,219	7,595,449	(5,836,454)	5,836
Profit for the year 2013	-	-	-	-	-	729,026	729,026	-	1,006
Other comprehensive income for the year 2013									
-Changes in fair value of available- for- sale investments	-	-	30,829	-	-	-	30,829	-	-
-Changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	1,951,691	-
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	441,335	-
Total comprehensive income for the year 2013	-	-	30,829	-	-	729,026	759,855	2,393,026	1,006
Transfer to legal reserve	-	72,903	-	-	-	(72,903)	-	-	-
Social and sports fund contribution 2013 **(note 16)**	-	-	-	-	-	(18,226)	(18,226)	-	-
Dividend declared for 2012	-	-	-	-	(554,026)	-	(554,026)	-	-
Proposed cash dividend for 2013	-	-	-	-	609,429	(609,429)	-	-	-
Capital contribution	2	-	-	-	-	-	2	-	-
Balance as of December 31, 2013	5,538,458	404,457	129,397	28,626	609,429	1,072,687	7,783,054	(3,443,428)	6,842
Profit for the year 2014	**-**	**-**	**-**	**-**	**-**	**893,587**	**893,587**	**-**	**1,412**
Other comprehensive income for the year 2014									
-Reversal of translation reserve	**-**	**-**	**-**	**(28,626)**	**-**	**-**	**(28,626)**	**-**	**-**
-Changes in fair value of available- for- sale investments	**-**	**-**	**1,428**	**-**	**-**	**-**	**1,428**	**-**	**-**
-Changes in fair value of cash flow hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(803,612)**	**-**
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**21,542**	**-**
Total comprehensive income for the year 2014	**-**	**-**	**1,428**	**(28,626)**	**-**	**893,587**	**866,389**	**(782,070)**	**1,412**
Transfer to legal reserve	**-**	**89,358**	**-**	**-**	**-**	**(89,358)**	**-**	**-**	**-**
Social and sports fund contribution 2014 **(note 16)**	**-**	**-**	**-**	**-**	**-**	**(22,340)**	**(22,340)**	**-**	**-**
Dividend declared for 2013	**-**	**-**	**-**	**-**	**(609,429)**	**-**	**(609,429)**	**-**	**-**
Proposed cash dividend for 2014	**-**	**-**	**-**	**-**	**664,832**	**(664,832)**	**-**	**-**	**-**
Capital contribution	**25**	**-**	**-**	**-**	**-**	**-**	**25**	**-**	**-**
Balance as of December 31, 2014	**5,538,483**	**493,815**	**130,825**	**-**	**664,832**	**1,189,744**	**8,017,699**	**(4,225,498)**	**8,254**

The accompanying notes 1-25 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Amount Expressed in Thousands of Qatari Riyals)

	Note	**For the year ended December 31, 2014**	For the year ended December 31, 2013
Cash Flows from Operating Activities:			
Profit for the year		**894,999**	730,032
Adjustments for:			
Depreciation of property and equipment	4	**661,029**	606,129
Finance charges		**1,245,552**	1,305,597
Share of profits from joint ventures	5	**(435,203)**	(300,753)
Loss on derivative instruments from a joint venture	5	**-**	25,713
Interest income on loans to joint ventures	17	**(13,432)**	(19,687)
Interest, dividend and profit from Islamic banks		**(25,734)**	(17,259)
Other income		**(17,036)**	(7,195)
Provision for doubtful receivables		**-**	150
Provision for employees' end of service benefits		**5,460**	4,713
		2,315,635	2,327,440
Working Capital Changes:			
Inventories		**(298)**	(678)
Trade and other receivables		**(39,061)**	83,871
Accounts payable and accruals		**87,468**	(15,905)
Other liabilities		**139,875**	38,738
Due from joint venture companies		**3,301**	(7,364)
Due to joint venture companies		**(2,565)**	3,135
Cash generated from operations		**2,504,355**	2,429,237
Finance charges paid		**(1,237,930)**	(1,304,493)
Employees' end of service benefits paid		**(1,500)**	(1,234)
Net Cash From Operating Activities		**1,264,925**	1,123,510
Cash Flows from Investing Activities:			
Loans to joint venture companies-net		**471,718**	296,844
Investment in a joint venture company		**-**	(153,213)
Dividend income received from joint ventures	5	**248,593**	191,309
Acquisition of property and equipment	4	**(260,715)**	(269,391)
Investment income received		**56,793**	39,766
Time deposits maturing after 90 days		**(707,170)**	-
Net Cash (Used in) / From Investing Activities		**(190,781)**	105,315
Cash Flows from Financing Activities:			
Proceeds from issue of share capital		**25**	2
Dividend paid to shareholders		**(603,611)**	(546,990)
Unpaid dividend transferred to separate bank account		**(22,287)**	(26,457)
Proceeds from borrowings		**1,820,765**	3,339,540
Repayments of borrowings		**(1,997,097)**	(4,137,124)
Transaction costs of refinancing		**(14,021)**	(29,174)
Net Cash Used in Financing Activities		**(816,226)**	(1,400,203)
Net Increase / (Decrease) in Cash and Cash Equivalents		**257,918**	(171,378)
Cash and Cash Equivalents at Beginning of the Year		**1,837,658**	2,009,036
Cash and Cash Equivalents at End of the Year	9.1	**2,095,576**	1,837,658

The accompanying notes 1-25 form an integral part of these consolidated financial statements.

1. *Reporting Entity:*

Qatar Gas Transport Company Limited (Nakilat) (QSC) ("QGTC" or "the Company'') is a Public Shareholding Company, incorporated in the State of Qatar on June 9, 2004, under Commercial Registration Number 28566 in accordance with Article No. 68 of the Qatar Commercial Companies Law No. 5 of year 2002. The approval for the formation of the Company was made under decision No. 70 of the Ministry of Business and Trade. The Company is governed by its Memorandum and Articles of Association and Qatar Commercial Companies Law No. 5 of 2002. The shares of the Company started trading in the Qatar Exchange on April 7, 2005.

The main purpose of the Company is to work in the industry of gas transport either through direct acquisition of ocean going vessels or by investing in joint ventures with other parties.

The Company operates either directly or through its subsidiaries and joint venture companies (collectively referred to as the **"Group"**). The operations of the Group are conducted within the economic environment in the State of Qatar.

Although mostly the joint venture entities are located abroad, their trading activities are mainly derived from contracts with local companies in Qatar. The Group can be therefore viewed to provide services within the same economic environment and subject to the same economic risk.

2. *Application of new and revised International Financial Reporting Standards (IFRSs):*

2.1 New and revised IFRSs affecting amounts reported in the consolidated financial statements

The following are the revised IFRSs that were effective in the current year and have been applied in the preparation of these consolidated financial statements:

(i) Revised Standards

Effective for annual periods beginning on or after January 1, 2014

- IAS 32 (Revised) — *Financial Instruments: Presentation – Amendments to clarify existing application issues relating to the offsetting requirements.*
- IFRS 10, IFRS 12 and IAS 27 (Revised) — *Amendments to introduce an exception from the requirement to consolidate subsidiaries for an investment entity.*
- IAS 36 (Revised) — *Amendments arising from recoverable amount disclosures for non-financial assets.*
- IAS 39 (Revised) — *Amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.*

(ii) New Interpretations

Effective for annual periods beginning on or after January 1, 2014

- IFRIC 21 — *Levies*

The adoption of these new and revised standards had no significant effect on the consolidated financial statements of the Group for the year ended December 31, 2014, other than certain presentation and disclosure changes.

2. *Application of new and revised International Financial Reporting Standards (IFRSs) (Continued):*

2.2 New and revised IFRSs in issue but not yet effective (Early adoption allowed)

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

(i) New Standards

Effective for annual periods beginning on or after January 1, 2016

- IFRS 14 — *Regulatory Deferral Accounts.*

Effective for annual periods beginning on or after January 1, 2017

- IFRS 15 — *Revenue from Contracts with Customers.*

Effective for annual periods beginning on or after January 1, 2018

- IFRS 9 — *Financial Instruments.*

(ii) Revised Standards

Effective for annual periods beginning on or after July 1, 2014

- IAS 19 (Revised) — *Amendments to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.*
- Annual improvements to IFRSs 2010-2012 cycle — *Amendments to issue clarifications on IFRSs- IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.*
- Annual Improvements 2011-2013 Cycle — *Amendments to issue clarifications on IFRSs- IFRS 1, IFRS 3, IFRS 13 and IAS 40.*

Effective for annual periods beginning on or after January 1, 2016

- Annual Improvements 2012-2014 Cycle — *Amendments to issue clarifications and add additional/specific guidance to IFRS 5, IFRS 7, IAS 19 and IAS 34.*
- IFRS 10 & IAS 28 (Revised) — *Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture*
- IFRS 11 (Revised) — *Amendments regarding the accounting for acquisitions of an interest in a joint operation.*
- IFRS 16 (Revised) — *Amendments regarding the clarification of acceptable methods of depreciation and amortization and amendments bringing bearer plants into the scope of IAS 16.*
- IFRS 38 (Revised) — *Amendments regarding the clarification of acceptable methods of depreciation and amortization.*
- IFRS 41 (Revised) — *Amendments bringing bearer plants into the scope of IAS 16.*

Effective for annual periods beginning on or after January 1, 2016

- IAS 27 (Revised) — *Amendments reinstating the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements.*

Effective for annual periods beginning on or after January 1, 2018 (on application of IFRS 9)

- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments requiring disclosures about the initial application of IFRS 9.*

2. Application of new and revised International Financial Reporting Standards (IFRSs) (Continued):

2.2 New and revised IFRSs in issue but not yet effective (Early adoption allowed) (continued)

(ii) Revised Standards (continued)

- IAS 39 (Revised) *Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception.*

Management anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the consolidated financial statements of the Group in the period of initial application, other than certain presentation and disclosure changes.

3. Basis of Preparation and Significant Accounting Policies:

3.1 Basis of Preparation

a) Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) and Qatar Commercial Companies' Law of 2002.

b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for available-for-sale investments and cash flow hedging derivatives which are carried at fair value.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

c) Functional and presentation currency

The consolidated financial statements are presented in Qatari Riyals, which is also the Company's functional currency. All financial information presented in Qatari Riyals has been rounded to the nearest thousands, except when otherwise indicated.

d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in **note 23** to these consolidated financial statements.

3.2 Significant Accounting Policies

The following significant accounting policies have been applied in the preparation of these consolidated financial statements.

a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) and its share of movements in equity of joint venture entities collectively referred to as the "Group". Refer to **notes no. 5 and 18** for details.

3 Basis of Preparation and Significant Accounting Policies (continued)

3.2 Significant Accounting Policies (continued)

a) Basis of Consolidation (continued)

i) Investment in Subsidiary Companies

Subsidiaries are entities controlled by the Company. Control is achieved when the Company;

- has power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to effect its returns.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.
Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the Group are eliminated in full on consolidation.

ii) Investment in Joint Ventures

A joint venture is a joint arrangement 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 results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), 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 venture. When necessary, the entire carrying amount of the investment 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.

b) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, including the capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in consolidated statement of income as the expense is incurred. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in consolidated statement of income in the year the asset is derecognized. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If any such indication exists and where the carrying value of an asset exceeds the estimated recoverable amount, the asset is written down to its recoverable amount.

Dry-docking costs incurred on the leased vessels are capitalized and amortised over a period of five years.

3 Basis of Preparation and Significant Accounting Policies (continued)

3.2 Significant Accounting Policies (continued)

b) Property and Equipment (continued)

Depreciation is charged following the straight-line method over the estimated useful lives of the related assets as follows:

Vessels	2.5%
Computer equipment	33.33%
Plant equipment	20%
Office equipment	15%
Telecom equipment	20%
Furniture and fixtures	15%
Vehicles	20%
SAP	20%
Dry docking costs	20%

c) Borrowing costs

Borrowing costs are finance and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Interest income earned on the temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization. All the other borrowing costs are charged to statement of income.

d) Financial Instruments

Financial instruments represent the Group's financial assets and liabilities. Financial assets and financial liabilities are recognized on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial instruments also include commitments not recognized but adequately disclosed in the respective notes to the consolidated financial statements.

Non-derivative financial assets and liabilities

Non-derivative financial assets include available-for-sale investments, loans to joint ventures, trade and other receivables, due from joint venture companies and cash and bank balances. Non derivative financial liabilities comprise accounts payable, borrowings and due to related parties.

i) Available-for-Sale Investments

Available-for-sale investments are non-derivative financial assets that are designated as available for sale and are not classified as an investment at fair value through profit or loss or held to maturity or loans or receivables. Available-for-sale investments are equity securities and are initially recognised at cost, being the fair value of the consideration given plus any directly attributable transaction costs. After initial recognition, they are remeasured at fair value. Unrealised gains and losses are recognized in other comprehensive income and presented as a separate component of equity until the investment is disposed of or the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the consolidated profit or loss for the year.

For investments traded in active markets, fair value is determined by reference to quoted market bid prices at the close of business on the date of the statement of financial position.

ii) Trade and Other Receivables

Trade receivables are stated at original invoice amount less provisions for amounts estimated to be doubtful receivables. An estimate of doubtful receivables is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Amount Expressed in Thousands of Qatari Riyals)

3. Basis of Preparation and Significant Accounting Policies (continued)

3.2 Significant Accounting Policies (continued)

d) Financial Instruments (continued)

iii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, current and call accounts with banks and bank deposits having maturities of less than 90 days.

iv) Accounts Payable and Accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received whether billed by the supplier or not.

v) Interest bearing Loans and Borrowings

Interest bearing loans and borrowings are recognized initially at fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, interest bearing loans and borrowings are measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Installments due within one year at amortized cost are shown as a current liability.

De-recognition of financial assets

A financial asset is de-recognized where:

- the right to receive cash flows from the asset have expired or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and
- either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in the consolidated statement of income.

e) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method. Net realisable value is based on estimated replacement cost.

f) Provisions

Provisions are recognized when the Group has an obligation either legal or constructive arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

g) Employees' End of Service Benefits and Pension Contributions

Employees' end of service benefits represent terminal gratuity and are provided for services rendered based on entitlements stipulated in the employees' contracts of employment and their length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The Group has no expectation of settling its end of service benefits obligations in near term and hence classified this as a non-current liability.

Under Law No. 24 of 2002 on Retirement and Pension, contributions by the Company to a Government Fund Scheme for Qatari employees are calculated as a percentage of the Qatari employees' salaries. The Company's obligations are limited to its contributions which are expensed when due and remitted to the General Retirement and Pension Authority on a monthly basis.

3. ***Basis of Preparation and Significant Accounting Policies (continued)***

3.2 ***Significant Accounting Policies (continued)***

h) ***Revenue and other income***

Revenue for time charter is recognized on the accrual method in line with agreements entered into with charter parties under the operating lease as risks and rewards relating to the ownership of the vessels have not been transferred.

Revenue from marine and agency services is recognized as and when the services are rendered.

Revenue from vessel sub-chartering is recognized on the accrual basis.

Interest income is recognized on an accrual basis, taking into account the interest rate applicable and principal outstanding.

Dividend income from investments is recognized when the shareholder's right to receive payment is established.

i) ***Impairment***

Impairment of Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. All impairment losses are recognized in consolidated statement of income. Any cumulative loss in respect of available-for-sale investments recognized previously in other comprehensive income is transferred to consolidated statement of income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized in consolidated statement of income, whenever the carrying amount of an asset exceeds its recoverable amount.

The impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 or amortization, if no impairment loss had been recognized.

j) ***Foreign Currencies***

Foreign currency transactions are recorded in Qatari Riyals at the rate of exchange prevailing at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Qatari Riyals at the rate of exchange prevailing at the year end. The resultant exchange difference is included in the consolidated statement of income.

The individual financial statements of subsidiaries and joint ventures in the Group are presented in the currency of the primary economic environment in which they operate (functional currency). For the purpose of these consolidated financial statements, the results and financial position of each entity are expressed in the presentation currency of the parent company.

3. ***Basis of Preparation and Significant Accounting Policies (continued) :***

3.2 ***Significant Accounting Policies (continued)***

j) ***Foreign Currencies (continued)***

Exchange differences arising, are recognized in other comprehensive income, and presented in translation reserve in equity. Such exchange differences are reclassified to consolidated statement of income, as part of the gain or loss on disposal, in the period in which the foreign operation is disposed of.

k) ***Derivative Financial Instruments and Hedging Activities***

The Group entered into a variety of derivative financial instruments to manage its exposure against adverse movement in interest rate.

Derivatives are initially recognized at fair value on the date the derivative contracts are entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has designated its interest rate swaps as hedges of the exposure to variability in cash flows (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

In circumstances where derivative financial instruments do not qualify as effective hedges, they are marked to market at each period end and changes in fair value are recorded in consolidated statement of income.

l) ***Vessels Under Construction***

Vessels under construction which include the ship builders' costs, interest capitalized and other costs relating to the vessels are initially recorded at cost. Once vessels are placed in service, the total cost is transferred to the property and equipment and depreciated to their estimated salvage value on a straight line basis over their estimated useful lives.

m) ***Leases***

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
c) there is a change in the determination of whether fulfilment is dependent on a specified asset; or
d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting commences or ceases from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

The Group as lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(Amount Expressed in Thousands of Qatari Riyals)

4. *Property and Equipment:*

	Vessels	*SAP*	*Equipments*	*Furniture and Fixtures*	*Others*	*Total*
Cost:						
At January 1, 2013	26,924,357	44,010	6,195	983	286,757	27,262,302
Additions during the year 2013	256,240	-	901	-	12,250	269,391
At December 31, 2013	27,180,597	44,010	7,096	983	299,007	27,531,693
Additions during the year 2014	**200,394**	**335**	**275**	**-**	**59,711***	**260,715**
At December 31, 2014	**27,380,991**	**44,345**	**7,371**	**983**	**358,718**	**27,792,408**
Accumulated Depreciation:						
At January 1, 2013	1,995,380	33,553	4,833	583	35,897	2,070,246
Charge for the year 2013	589,650	7,369	727	140	8,243	606,129
At December 31, 2013	2,585,030	40,922	5,560	723	44,140	2,676,375
Charge for the year 2014	**648,671**	**3,118**	**670**	**109**	**8,461**	**661,029**
At December 31, 2014	**3,233,701**	**44,040**	**6,230**	**832**	**52,601**	**3,337,404**
Net Carrying Amount:						
At December 31, 2014	**24,147,290**	**305**	**1,141**	**151**	**306,117**	**24,455,004**
At December 31, 2013	24,595,567	3,088	1,536	260	254,867	24,855,318

*This includes capital work in progress amounting to QR 54.8 million.

5. *Investment in Joint Ventures Companies:*

	QR
Balance – January 1, 2013	2,018,819
Additional investment in a joint venture company	153,213
Share of profit for the year	300,753
Loss on derivative instruments from a joint venture	(25,713)
Gain adjusted against loan to joint ventures	(6,327)
Share of hedging reserve for the year *	391,967
Dividend received	(191,309)
Balance – December 31, 2013	2,641,403
Share of profit for the year	**435,203**
Additional distribution by a joint venture	**61,122**
Gain adjusted against loan to joint ventures	**(9,227)**
Share of hedging reserve for the year *	**20,743**
Reversal of translation reserve	**(28,626)**
Dividend received	**(248,593)**
Balance – December 31, 2014	**2,872,025**

* This excludes the share of gains on the hedging reserve from joint ventures amounting to a total of **QR 0.8 million** (2013: QR 10.4 million gains) adjusted against the loan to the respective joint venture.

Details of the Group's joint venture companies at **December 31, 2014** are as follows:

Name of Joint Ventures	*Place of Incorporation*	*Proportion of Ownership Interest*	*Principal Activity*
Maran Nakilat Company Ltd.	Cayman Islands	40%	Chartering of vessels
J5 Nakilat No. 1 Ltd.	Marshall Islands	40%	Chartering of vessels
J5 Nakilat No. 2 Ltd.	Marshall Islands	40%	Chartering of vessels
J5 Nakilat No. 3 Ltd.	Marshall Islands	40%	Chartering of vessels
J5 Nakilat No. 4 Ltd.	Marshall Islands	40%	Chartering of vessels
J5 Nakilat No. 5 Ltd.	Marshall Islands	40%	Chartering of vessels
J5 Nakilat No. 6 Ltd.	Marshall Islands	40%	Chartering of vessels
J5 Nakilat No. 7 Ltd.	Marshall Islands	40%	Chartering of vessels
J5 Nakilat No. 8 Ltd.	Marshall Islands	40%	Chartering of vessels
Peninsula LNG Transport No. 4 Ltd.	Marshall Islands	30%	Chartering of vessels
Teekay Nakilat Corporation	Marshall Islands	30%	Chartering of vessels
Pronav:			
- Neptana Schiffsbetriebsgesellschaft mbH & Co. TS "Alexandra" KG	Germany	45%	Chartering of vessels
- Nausola Schiffsbetriebsgesellschaft mbH & Co. TS "Britta" KG	Netherlands	45%	Chartering of vessels
-Nauranto Schiffsbetriebsgesellschaft mbH & Co. TS "Gabriela" KG	Marshall Islands	45%	Chartering of vessels
-Neptora Schiffsbetriebsgesellschaft mbH & Co. TS "Julia" KG	Liberia	45%	Chartering of vessels

(Amount Expressed in Thousands of Qatari Riyals)

5. *Investment in Joint Ventures Companies (continued):*

Name of Joint Ventures	*Place of Incorporation*	*Proportion of Ownership Interest*	*Principal Activity*
Teekay Nakilat (III) Corporation **	Marshall Islands	60%	Chartering of vessels
OSG Nakilat Corporation **	Marshall Islands	50.1%	Chartering of vessels
India LNG Transport Company No.3 Limited	Malta	20%	Chartering of vessels
Nakilat Svitzerwijsmuller WLL **	Qatar	70%	Chartering of vessels
Gulf LPG Transport Company WLL	Qatar	50%	Chartering of vessels
Nakilat-Keppel Offshore & Marine Limited**	Qatar	80%	Operate and maintain the Ship Repair Yard.
Nakilat Damen Shipyards Qatar Limited**	Qatar	70%	Design, construct & operate the Ship Building Yard.

** Although the Group holds more than half of the equity shares in these entities, it does not exercise control over the entities. Decisions need unanimous consent of both parties. The Group does not have any contractual rights to the assets and obligations for the liabilities relating to these joint ventures. Consequently the above joint ventures are accounted for using equity method in these consolidated financial statements.

5.1 Summarized financial information in respect of the Group's joint venture companies represents amounts shown in the financial statements of respective joint ventures prepared in accordance with International Financial Reporting Standards (adjusted by the Group for equity accounting purposes).

	December 31, 2014	December 31, 2013
Total assets	**29,730,306**	29,132,830
Total liabilities	**(23,518,845)**	(23,352,311)
Net assets	**6,211,461**	5,780,519
Group's share of joint venture's net assets	**2,872,025**	2,641,403

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2013
Revenue	**4,287,366**	3,617,790
Profit for the year	**927,859**	580,218
Group's share of joint venture result for the year	**435,203**	275,040

6. *Loans to Joint Venture Companies:*

	December 31, 2014	December 31, 2013
India LNG Transport Company No. 3 Limited*	**35,763**	41,058
Teekay Nakilat Corporation	**-**	48,367
Nakilat Svitzerwijsmuller WLL*	**105,466**	52,729
Gulf LPG Transport Company WLL*	**96,797**	158,703
Nakilat-Keppel Offshore & Marine Limited*	**73,982**	403,738
Nakilat Damen Shipyards Qatar Limited*	**30,953**	100,056
Total	**342,961**	804,651

* These interest bearing loans have been given to the joint ventures and repayment is subject to liquidity of the joint venture companies. The weighted average interest rate at **December 31, 2014** is **2.41%** (2013: 2%).

7. *Available-for-Sale Investments:*

	December 31, 2014	December 31, 2013
Balance at January 1	**175,865**	145,036
Changes in fair value	**1,428**	30,829
Balance at December 31	**177,293**	175,865

Available for sale investments represent investment in listed securities in the Qatar Exchange.

8. *Trade and Other Receivables:*

	December 31, 2014	December 31, 2013
Trade receivables	**26,439**	18,482
Less: Provision for doubtful receivables	**(1,495)**	(1,495)
	24,944	16,987
Accrued income	**3,920**	2,842
Other receivables*	**249,302**	218,118
Total	**278,166**	237,947

The Group has provided fully for all receivables where collection of the amount is no longer probable.

The average credit period is approximately 60 days.

* Other receivables include an amount of **QR 66.1 million** (2013: QR 53.6 million) relating to the excess of dry-dock costs over the originally estimated budgeted costs for dry-docking. The Group is currently negotiating with the Charterer to recover this amount and believes that it is recoverable from the Charterer.

As at **December 31, 2014** the ageing of trade receivables and movement in the provision for doubtful receivables are as follows:

(i) *Ageing of neither past due nor impaired*	**December 31, 2014**	December 31, 2013
Less than 60 days	**21,091**	12,653

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8. *Trade and Other Receivables (continued):*

	December 31, 2014	December 31, 2013
(ii) Ageing of past due but not impaired		
61-90 days	**696**	1,450
91-120 days	**936**	492
Over 120 days	**2,221**	2,392
Total	**3,853**	4,334
(iii) Ageing of impaired trade receivables		
Over 120 days	**1,495**	1, 495
(iv) Movement in the provision for doubtful receivables:		
Balance at the beginning of the year	**1,495**	1,345
Additional provision during the year	**-**	150
Balance at end of the year	**1,495**	1,495

9. *Cash and Bank Balances:*

	December 31, 2014	December 31, 2013
Cash on hand	**344**	274
Cash at bank-Call and current accounts	**455,895**	1,420,761
Cash at bank-Time deposits*	**2,346,507**	416,623
Other bank balances **(a)**	**21,985**	22,257
Other bank balances **(b)**	**76,879**	71,061
Total	**2,901,610**	1,930,976

* The effective interest and profit rates on the time deposits varies between **0.22%** to **1.6%** (2013: 0.13% to 1.6%).

9.1 *Cash and Cash Equivalents:*

	December 31, 2014	December 31, 2013
Cash and bank balances	**2,901,610**	1,930,976
Less:		
Other bank balances **(a)**	**(21,985)**	(22,257)
Other bank balances **(b)**	**(76,879)**	(71,061)
Time deposits maturing after 90 days	**(707,170)**	-
	2,095,576	1,837,658

(a) Cash payable to shareholders for unclaimed proceeds of their shares auctioned related to the second IPO call.

(b) Cash payable to shareholders for unclaimed dividend.

10. *Share Capital:*

	December 31, 2014	December 31, 2013
	Number of Shares	Number of Shares
Authorized share capital	**560,000,000**	560,000,000
Issued share capital	**554,026,360**	554,026,360
	Amount	Amount
Issued and Paid up share capital with a par value of QR 10 each	**5,538,483**	5,538,458

At **December 31, 2014**, a total of **356,092** issued shares are 50% paid (2013: 361,080 issued shares were 50% paid).

10.1 *Proposed Cash Dividend:*

The Board of Directors has proposed a cash dividend of **QR 665 million** for the current year (2013: QR 609 million) which is subject to the approval of shareholders in the Annual General Meeting. The cash dividend for 2013 was approved by the shareholders at the Annual General Meeting held on March 18, 2014.

11. *Legal Reserve:*

The Articles of Association of the Company require the Company to provide for a legal reserve at 10% of net profit for each year until it reaches 50% of paid up share capital. This reserve is not available for distribution except for circumstances specified in the Articles of Association.

12. *Hedging Reserve:*

This represents the Group's share of the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedge that was recognized by one of its subsidiaries and its share from the joint venture companies.

The negative hedging reserve represents an accounting entry from the revaluation to fair value the interest rate swaps. The hedging reserve is expected to decrease over time as loans are repaid and the notional amount of the swaps decreases. The reserve on designated hedges is not expected to impact either consolidated statement of income or retained earnings. The negative hedge reserve arises on interest rate swaps that relate to variable interest bearing loans taken to build vessels. The Group also enters into long-term time charter agreements to lock-in the future cash inflows from vessels. This strategy is expected to result in a more stable stream of cash flows in the future and minimize uncertainties associated with shipping spot rate movements or interest rate movements.

13. *Borrowings:*

These consist of the following:

	December 31, 2014	December 31, 2013
Loan - **note (a)**	**1,820,765**	1,268,457
Senior bank facilities - **note (b)**	**13,227,771**	13,525,666
Subordinated bank facilities - **note (c)**	**1,501,836**	1,534,020
Senior bonds – Series "A" - **note (d)**	**3,095,299**	3,095,299
Subordinated bonds Series "A" - **note (e)**	**985,135**	1,011,627
KEXIM Facility - **note (f)**	**949,964**	1,108,291
KSURE Covered Facility - **note (g)**	**1,424,946**	1,638,688
Less: Issuance costs of bonds	**(26,621)**	(28,022)
Less: Costs incurred for new /Islamic financing	**(12,972)**	(8,322)
Less: Transaction costs of refinancing	**(25,673)**	(28,007)
Total	**22,940,450**	23,117,697

13. *Borrowings (Continued):*

	December 31, 2014	December 31, 2013
Classified as:		
Payable within one year	**752,521**	843,964
Payable after one year	**22,187,929**	22,273,733

Note (a):
Represents USD 500 million against the refinancing of the USD 348.3 million to the higher stated amount. The repayment will begin from June 2019 and will end in June 2024.

Note (b) :
Represents USD 2,022 million against the senior bank facility Tranche I, USD 857.8 million against the senior bank facility Tranche II and USD 752.2 million against senior bank facility Tranche IV. The repayment of Tranche I began from December 2010 and will end in December 2025. The repayment of Tranche II began from June 2011 and will end in December 2025. The repayment of Tranche IV began from December 2013 and will end in December 2025.

Note (c) :
Represents USD 158.8 million against the subordinated bank facility Tranche I, USD 115.5 million against the subordinated bank facility Tranche II and USD 138.1 million against subordinated bank facility Tranche IV. The repayment of Tranche I began from December 2010 and will end in December 2025. The repayment of Tranche II began from June 2011 and will end in December 2025. The repayment of Tranche IV began from December 2013 and will end in December 2025.

Note (d) :
Represents the senior bonds issued under the Tranche I financing program. The repayment will begin from June 2021 and will end in December 2033.

Note (e) :
Represents the subordinated bonds issued under the Tranche I financing program. The repayment began from December 2010 and will end in December 2033.

Note (f) :
Represents the drawdown against the KEXIM facility Tranche I. The repayment began from December 2009 and will end in December 2020.

Note (g) :
Represents USD 117.2 million against the KSURE facility Tranche I and USD 273.9 million against the KSURE facility Tranche II. The repayment of Tranche I began from December 2009 and will end in December 2020. The repayment of Tranche II began from December 2010 and will end in December 2021.

The weighted average interest rate on short / long term facilities (excluding hedge), loans and bonds as above at **December 31, 2014** is **2.1550%** (2013: 2.3438%).

The bank facilities and bonds have been used to finance the acquisition of the vessels.

The Group's obligation under the facilities is secured by a charge over the vessels and guarantees issued by each of the Company's subsidiaries who have irrevocably and unconditionally guaranteed the punctual payments of the debts.

The bank facilities and bonds are further secured against accounts and all permitted investments made from the funds received against the initial draw down, shares in each of the subsidiary, all the insurance policies entered by the Company or any of the subsidiary and insurance proceeds. These are also secured by Company's right, title and interest in any contract, intercompany loans and floating charges over the Company's other assets and any other contract in which each of the subsidiary is a party .

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13. *Borrowings (continued):*

All these securities are subject to first priority to senior debts and bonds and second priority to subordinated debts and bonds.

14. *Fair Value of Interest Rate Swaps:*

The Group has entered into interest rate swap agreements with several financial institutions. As at **December 31, 2014** the outstanding notional amount of swap agreements is **QR 13,050 million** (2013: QR 13,653 million) and net fair value is negative **QR 3,628 million** (2013: negative QR 2,824 million).

15. *Accounts Payable and Accruals:*

	December 31, 2014	December 31, 2013
Accounts payable	**135,039**	102,075
Advances from customers	**78,203**	65,516
Payable to shareholders **(1)**	**21,985**	22,257
Other accruals	**63,739**	52,633
Deferred income **(2)**	**37,743**	10,758
Social and sports fund contribution **(note 16)**	**22,340**	18,226
Dividend payable	**76,879**	71,061
Deferred liabilities **(3)**	**61,122**	-
Total	**497,050**	342,526

(1) Cash payable to shareholders for unclaimed proceeds of their shares auctioned related to the second IPO call.
(2) This is relating to the excess of dry dock costs over the originally estimated budgeted costs for dry docking. This will be amortized over the life of the dry docking costs.
(3) This represents excess distribution by one of the joint venture, and will be adjusted with the realized future profits of the same joint venture.

16. *Social and Sports Fund Contribution:*

Qatar Law no. 13 of 2008 requires Qatari listed shareholding companies with IPO to pay 2.5% of net profit to a social and sports fund. In pursuant to this Law and further clarifications for the Law issued in 2010, the Group has made an appropriation of **QR 22,340** thousands representing 2.5% of the net consolidated profit of the Group for the year ended **December 31, 2014** (December 31, 2013: QR 18,226 thousand). This appropriation has been presented in the consolidated statement of changes in equity.

17. *Related Party Transactions:*

		For the year ended December 31, 2014	For the year ended December 31, 2013
(a)	Transactions with related parties during the year are as follows:		
	Repayment of joint ventures' loans	**471,718**	296,844
	Interest income on loans to joint ventures	**13,432**	19,687
(b)	Balances with related parties are as follows:		
	Due from joint venture companies	**15,943**	20,993
	Due to joint venture companies	**2,260**	4,825
(c)	Key management compensation:		
	Compensation of key management personnel	**4,768**	3,032
	Board of Directors' remuneration accrued	**3,850**	3,850

18. *Subsidiaries:*

Details of the Company's subsidiaries at **December 31, 2014** are as follows:

Name of Subsidiaries	*Place of Incorporation (or registration)*	*Proportion of Ownership & Voting Interest*	*Principal Activity*
Nakilat Agency Company Limited (Q.S.C.)	Qatar	95%	Agency services
Nakilat Inc.	Marshall Islands	100%	Holding Company
-Nakilat Haloul Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat Umm Slal Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat Bu Samra Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1694 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1695 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1696 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1697 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat H.H.I 1908 Inc	Marshall Islands	100%	Chartering of vessels
-Nakilat H.H.I. 1909 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat H.H.I 1910 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat Al Ghuwairiya Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat Lijmiliya Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat Al Samriya Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat DSME 2264 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat DSME 2265 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat DSME 2266 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1726 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1751 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1752 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1753 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1754 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat DSME 2283 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat DSME 2284 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat DSME 2285 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat DSME 2286 Inc.	Marshall Islands	100%	Chartering of vessels
QGTC Nakilat (1643-6) Holding Corporation *	Marshall Islands	100%	Holding Company
QGTC Nakilat (2245-8) Investment Limited *	Marshall Islands	100%	Holding Company
Nakilat Marine Services Limited *	Marshall Islands	100%	Holding Company
Nakilat Shipping (Qatar) Limited	Qatar	100%	Ship Management Company
QGTC Shipping (M.I.) Inc.	Marshall Islands	100%	Shipping Company

* Share capital in these subsidiaries was issued at no par value.

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19. *Earnings Per Share:*

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

	For the year ended December 31, 2014	For the year ended December 31, 2013
Profit for the year attributable to the owners of the Company	**893,587**	729,026
Weighted average number of shares outstanding during the year	**553,848,314**	553,845,820
Basic and diluted earnings per share (expressed in QR per share)	**1.61**	1.32

There were no potentially dilutive shares outstanding at any time during the year and hence the diluted earnings per share are equal to the basic earnings per share.

20. *Financial Risk Management:*

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

I Market risk
II Liquidity risk
III Credit 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, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and internal audit activities.

I *Market Risk*

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments.

(a) *Interest Rate Risk*

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by the use of interest rate swap contracts. The Group's policy is to use interest rate swap instruments on certain of its borrowings. The difference between the fixed-rate interest cost (payment) and the variable-rate interest cost (receipt) is settled periodically.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge interest rate fluctuation risk exposure. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on interest rate risk, credit risk and the use of financial derivatives. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Treasury function reports periodically to the Group's management that monitors risks and policies implemented to mitigate risk exposures.

(i) *Interest Rate Sensitivity Analysis*

The Group is exposed to interest rate risk on its bank balances, loans to joint ventures and borrowings. The table below demonstrates the sensitivity of the Group's profit to reasonably possible changes on the Group's profit for one year, based on the floating interest rate of financial assets and liabilities held at **December 31, 2014**.

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20. *Financial Risk Management (continued):*
I *Market Risk (continued)*
(a) *Interest Rate Risk (continued)*
(i) *Interest Rate Sensitivity Analysis (continued)*

With the exception of certain term loans amounting to **QR 13,050 million** (2013 : QR 13,653 million), which are covered by interest rate swap contracts **(Note 14)**, a portion of the Group's financial assets and liabilities as of **December 31, 2014** are exposed to interest rate fluctuations. The Group's exposure to interest rate risk and the effective interest rates on its financial assets and liabilities are summarized below:

	December 31, 2014				December 31, 2013			
	Fixed interest rate	***Floating interest rate***	***Non-interest bearing***	***Total***	*Fixed interest rate*	*Floating interest rate*	*Non-interest bearing*	*Total*
Financial assets								
Bank balances and cash	**-**	**2,642,807**	**258,803**	**2,901,610**	-	678,145	1,252,831	1,930,976
Loans to joint ventures	**-**	**342,961**	**-**	**342,961**	-	804,651	-	804,651
	-	**2,985,768**	**258,803**	**3,244,571**	-	1,482,796	1,252,831	2,735,627
Financial liabilities								
Interest bearing loans and borrowings	**(4,053,813)**	**(5,836,745)**	**-**	**(9,890,558)**	(4,078,904)	(5,385,838)	-	(9,464,742)
Interest rate swap	**(13,049,892)**	**-**	**-**	**(13,049,892)**	(13,652,955)	-	-	(13,652,955)
	(17,103,705)	**(5,836,745)**	**-**	**(22,940,450)**	(17,731,859)	(5,385,838)	-	(23,117,697)
Net financial assets/ (liabilities)	**(17,103,705)**	**(2,850,977)**	**258,803**	**(19,695,879)**	(17,731,859)	(3,903,042)	1,252,831	(20,382,070)

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the net effect on the profit for the year ended **December 31, 2014** would be an increase / decrease by **QR 14.3 million** (December 31, 2013: QR 19.5 million).

20. *Financial Risk Management (continued):*
I *Market Risk (continued)*
(a) *Interest Rate Risk (continued)*

(ii) Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows quoted by the respective swap counter parties.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Cash flow hedges

Outstanding receive floating Pay fixed contracts	***Average contracted fixed interest rate***		***Notional principal amount outstanding***		***Fair value***	
	2014	2013	**2014**	2013	**2014**	2013
	%	%	**QR (million)**	QR (million)	**QR (million)**	QR (million)
Less than 1 year	**--**	--	--	--	--	--
1 to 2 years	**--**	--	--	--	--	--
2 to 5 years	**--**	--	--	--	--	--
5 years and above	**5.58**	5.58	**13,050**	13,653	**(3,628)**	(2,824)

In addition to the above, the Group has also accounted for its share of the negative fair value of interest rate swaps relating to Joint Ventures amounting to **QR 598 million** as of **December 31, 2014** (2013: negative fair value of QR 619 million).

The interest rate swap settles semi annually. The floating rate on interest rate swaps is LIBOR. The Group will settle the difference between the fixed and floating rate on a net basis.

The majority of interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously.

(b) *Equity price risk*

The Group is subject to equity price risk in relation to available-for-sale investments. The Group evaluates the current market value and other factors including normal volatility in share price for quoted equities and other relevant factors in order to manage its market risk.

A 10% increase or decrease in market value of the Group's portfolio of available-for-sale investments at the reporting date is expected to result in an increase or decrease of **QR 17.7 million** (2013 : QR 17.5 million) in the assets and equity of the Group.

(c) *Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The significant foreign currency transactions are denominated in United States Dollar ("USD") which is pegged with the functional currency of the Company. Therefore the Management is of the opinion that the Group's exposure to currency risk is minimal.

20. *Financial Risk Management (continued):*

II *Liquidity Risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of non-derivative financial liabilities including finance cost payments and excluding the impact of netting agreements, if any:

Non-Derivative Financial Liabilities

31 December 2014	**Carrying Amounts**	**Less than 1 year**	**1-5 years**	**Over 5 Years**
Borrowings	**22,940,450**	**752,521**	**3,341,566**	**18,846,363**
Accounts payable	**433,311**	**433,311**	**-**	**-**
	23,373,761	**1,185,832**	**3,341,566**	**18,846,363**

31 December 2013	Carrying Amounts	Less than 1 year	1-5 years	Over 5 Years
Borrowings	23,117,697	843,964	4,319,646	17,954,087
Accounts payable	289,893	289,893	-	-
	23,407,590	1,133,857	4,319,646	17,954,087

III *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, and arises principally from the Group's receivables from customers, loans and receivable from joint venture companies and bank balances.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. Credit evaluations are performed on all customers requiring credit and are approved by the Group's management.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Bank balances are held with reputed banks in and outside Qatar. Given these reputation management do not expect these banks to fail on their obligations.

The Group maintains a provision for doubtful receivable; the estimation of such provision is reviewed periodically and established on a case by case basis. Please refer to **note 8** for trade receivables ageing.

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20. *Financial Risk Management (continued):*

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows.

	Note	Carrying amount	
		December 31, 2014	December 31, 2013
Loans to joint venture companies	6	**342,961**	804,651
Available-for-sale investments	7	**177,293**	175,865
Due from joint venture companies	17(b)	**15,943**	20,993
Trade and other receivables	8	**278,166**	237,947
Bank balances	9	**2,901,266**	1,930,702
Total		**3,715,629**	3,170,158

Fair Value of Financial Instruments

The fair value of available-for-sale investments are derived from quoted market prices in an active market. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows quoted by the respective swap counter parties. The fair value of other financial instruments approximates their carrying value.

Fair Value Hierarchy

As at December 31, the Group held the following financial instruments measured at fair value.

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.

31 December 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Available-for-sale investments	**177,293**	**-**	**-**	**177,293**
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	**-**	**3,627,748**	**-**	**3,627,748**
31 December 2013				
Financial assets measured at fair value:				
Available-for-sale investments	175,865	-	-	175,865
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	-	2,824,135	-	2,824,135

21. *Capital Management:*

The Group manages its capital to ensure that it will continue as a going concern while maximizing the return to stakeholders through the optimization of invested capital. The capital structure of the Group consists of debt and equity comprising issued share capital, legal reserve, fair value reserve, non-controlling interests, hedging reserve and retained earnings.

(Amount Expressed in Thousands of Qatari Riyals)

21. *Capital Management (continued):*

Gearing ratio

The Group's management reviews the capital structure on a regular basis. The gearing ratio at the year-end was as follows:

	Note	December 31, 2014	December 31, 2013
Total debt (Borrowings)	13	**22,940,450**	23,117,697
Cash and cash equivalents	9.1	**(2,095,576)**	(1,837,658)
Net debt		**20,844,874**	21,280,039
Equity before hedging reserve and non-controlling interests		**8,017,699**	7,783,054
Add: Non-controlling interests		**8,254**	6,842
Adjusted Equity (i)		**8,025,953**	7,789,896
Net debt to adjusted equity ratio		**260%**	273%

(i) Adjusted equity includes all equity except negative cash flow hedge reserve of the Group.

22. *Commitments and Contingencies:*

(A) Swap Commitments:

The Group has entered into several interest rate swap contracts in respect of interest payable on the variable interest rate bearing loans.

(B) Guarantees and Letter of Credit:

(i) *Cross Guarantees*

The Company has issued cross guarantees to the various banks with regard to loans and interest rate swaps.

(ii) Bank Guarantees at **December 31, 2014** amounted to **QR 0.95 million** (2013: QR 0.85 million).

(iii) Letters of Credits and Guarantees at **December 31, 2014** amounted to **QR 163.9 million** (2013: QR 63.1 million).

(C) Time Charter:

The Group entered into various time charter agreements with two time charterer parties for the time charter of its vessels for an initial term of approximately 25 years from delivery date of each vessel with an option to renew.

(D) Tax Contingency:

One of the joint ventures of the Company was the lessee under finance lease arrangements for its LNG carriers. Lease payments under the lease arrangements were based on certain tax and financial assumptions at the commencement of the leases and subsequently adjusted to maintain its agreed after-tax margin. The Company terminated the Leases on December 22, 2014. However, the Company still has an obligation to the lessor to maintain the lessor's agreed after-tax margin from the commencement of the lease to the lease termination date. The joint venture believes that the matter with the tax authorities is at a stage of First Tribunal and taxing authority would not be successful in this matter. If the tax authorities is successful, the joint venture could be subject to additional costs. The Company estimates its share of the potential exposure of these additional costs to be QR 92.85 million.

23. *Critical Accounting Estimates and Judgments:*

In application of the Group's accounting policies, which are described in **note 3** management is required to make certain judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The associated assumptions are based on factors that are considered to be relevant. Actual results may differ from these estimates. The underlying assumptions are reviewed on an ongoing basis.

The following critical judgments were made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements.

(i)Useful life of property and equipment:

As described in **note 3.2(b)**, the Group's management reviews the estimated useful life of the property and equipment at the end of each annual reporting period.

Management estimates the useful lives for the Group's vessels based on historical experience and other factors, including the expectation of the future events that are believed to be reasonable under the circumstances.

(ii) Impairment of receivables:

An estimate of the collectible amount of trade accounts receivable and due from related parties is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis.

At the reporting date, there was no allowance for impairment of due from related parties or other receivables as the Group does not have collection concern with regards to its receivables from its related parties.

(iii)Hedge effectiveness:

Management reviews its hedging relationship between the interest rate swaps and the underlying loans on a regular basis. The hedge was found to be highly effective. As result, the fair value of the derivative (negative **QR 3,628 million**) is recorded in equity under hedging reserve.

(iv)Impairment of available-for-sale equity investments:

The Group treats available -for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. The Group evaluates the investments on a case by case basis taking into account normal volatility in share price for quoted equities.

(v) Classification of lease:

Lease classification is determined by Management at the inception of the lease. Changes to the particulars of a lease after inception, other than by renewing the lease, which would have resulted in a different classification of the lease had the revised terms been in effect at the inception of the lease, should be considered as the inception of a revised agreement over the remaining term.

(Amount Expressed in Thousands of Qatari Riyals)

23. *Critical Accounting Estimates and Judgments (continued):*

(v) Classification of lease (continued):

Management has applied judgments for the classification of its lease arrangements based on the following primary indicators;

- transfer of ownership of the asset at the end of the lease term;
- option to purchase the leased asset at a price that is sufficiently lower than the fair value at the date of the purchase;
- term of the lease is for the major part of the economic life of the asset;
- present value of the minimum lease payments which is calculated based on rate of return implicit in the lease and fair value of the leased asset;
- nature of the asset including its specialization, purpose of creation for the lessee and requirements for major modification to be used by other lessee;

Key estimates used by Management include calculation of IRR, useful life and salvage value.

24. *Operating Lease:*

The Company has various lease agreements for wholly owned LNG vessels. The charter revenue of these vessels are accounted for as operating leases. The future minimum rentals under non-cancellable operating leases are as follows:

	December 31, 2014	December 31, 2013
Not later than 1 year	**3,053,942**	3,022,774
Later than 1 year but not later than 5 years	**12,224,132**	12,099,374
Later than 5 years	**44,452,005**	47,011,336
Total	**59,730,079**	62,133,484

25. *Operating Costs:*

Operating cost mainly includes running and maintenance costs for vessels.