ANNUAL REPORT 2016

NAKILAT ناقلات

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

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)

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.

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

IN THE NAME OF ALLAH
THE MERCIFUL AND THE GRACIOUS

His Highness

Sheikh Tamim Bin Hamad Al-Thani

The Emir of the State of Qatar

His Highness

Sheikh Hamad Bin Khalifa Al-Thani

The Father Emir of the State of Qatar

VISION

To be a global leader and provider of choice for energy transportation and maritime services.

MISSION

1- Safely, reliably and efficiently provide shipping and maritime services
2- Protect the environment wherever we work
3- Maximize shareholder return through optimized investment opportunities
4- Exceed customer expectations through strong partnerships
5- Foster passionate collaboration and capture synergies amongst the Nakilat Family
6- Invest in human capital; attracting, retaining and developing our workforce with an emphasis on national development
7- Contribute to and support the Qatar National Vision 2030

VALUES

PASSION	Strong commitment towards continuous improvement
SAFETY	Incident and Injury free
ENCOURAGEMENT	Be motivated and motivate people around you
RESPECT	Value others' diversity and perspective
INTEGRITY	Honesty with sound moral principles

CONTENT

ABOUT NAKILAT

BUSINESS OVERVIEW

FINANCIAL OVERVIEW

HE Dr. Mohammed Bin Saleh Al Sada
Chairman of the Board

BOARD MEMBERS

Mr. Ahmad Saif Al-Sulaiti
Vice Chairman

Sheikh. Ali Bin Jassim Bin Mohammad Al-Thani
Board Member

Mr. Ali Ahmed Al-Kuwari
Board Member

Sheikh. Faisal Bin Thani Al-Thani
Board Member

Ms. Aysha Fahad Salem Al-Anzan Al-Nuaimi
Board Member

Mr. Mubarak Hamdan Al-Arabeed
Board Member

BOARD OF DIRECTORS REPORT

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

On behalf of Nakilat's Board of Directors, it is my pleasure to introduce the 2016 Nakilat Annual Report. This past year has been characterized by a number of growth and development opportunities that have been successfully translated into defining milestones for the Company. Despite the challenging oil and gas market, Nakilat continues to excel on multiple fronts with its comprehensive range of shipping and maritime services, strengthening the State of Qatar's unrivalled position as the world's largest exporter of liquefied natural gas (LNG) and bolstering the country's rapidly growing maritime sector in line with National Vision 2030.

In today's increasingly volatile world economy, it is a necessity for businesses to adapt to survive. Our strategic business planning and investments has seen to this being successfully carried out at Nakilat, with the company growing beyond being just an LNG shipping company to a comprehensive maritime service provider in Qatar today, with ship repair and construction operations at the Erhama Bin Jaber Al Jalahma Shipyard as well as agency, towage and vessel support services.

Taking into consideration Nakilat's expanding business portfolio and the dynamic industry we operate in, a new set of Vision, Mission and Values was launched to better align with our environment and future aspirations. The new Vision statement succinctly captures the essence of Nakilat's business strategy and direction, while our Mission statements clearly spell out Nakilat's business objectives; both guided by five underlying core values that act as foundational pillars guiding our business operations and conduct.

Qatar's LNG sector is the backbone of the country's economy and Nakilat plays an integral role within this critical supply chain. With this comes the responsibility for us to fulfill our role in ensuring the integrity of the supply chain, which is essential in maintaining Qatar's reputation as a reliable supplier of LNG worldwide. In addition to sound strategic planning and prudent investments, the key to our continued success in these challenging times can be significantly attributed to the importance we place on safety.

At Nakilat, we recognize that safety is more than just an intrinsic core value embedded within our policies, procedures and systems; it also plays a vital role in determining the Company's success. Nakilat's strong emphasis on safety, health and environment programs has resulted in the continuation of our excellent safety record and vessel reliability, with a safety track record that consistently outperforms set industry norms.

Having a concrete safety foundation and unrivalled technical expertise in handling gas carriers paved the way for Nakilat to embark on its most significant achievement of 2016, that is to commence the transition of its wholly-owned LNG carriers to its in-house ship management arm, Nakilat Shipping Qatar Limited (NSQL). Months of detailed planning and careful preparations went into making this happen, including rounds of independent audits to ensure we had the capacity and capability to take on additional vessel management in-house. The transition of the first four Q-Max LNG carriers during the last quarter marked a pivotal strategic milestone towards Nakilat's ambition of establishing an integrated maritime industry in Qatar, as the company expands its role as a ship manager and its stake in managing these essential assets to Qatar's LNG supply chain.

Our joint ventures continue their healthy contribution in supporting the growth of Qatar's maritime sector, with major vessel deliveries by our joint ventures at the Erhama Bin Jaber Al Jalahma Shipyard. Nakilat-Keppel Offshore & Marine (N-KOM) constructed and delivered the first self-propelled and elevating liftboat built in Qatar to client Gulf Drilling International, while Nakilat Damen Shipyards Qatar (NDSQ) delivered eight vessels as part of an eleven-vessel order for the new Hamad Port. Nakilat Agency Company (NAC) received accreditation to extend its services to all ports and terminals in Qatar, thus making it one of the leading shipping agencies in the country.

Nakilat reaped the rewards of its technical and operational advancements made in 2015, with a number of prestigious local and regional accolades won in the areas of information technology, human resources (Qatarization initiative), environment and ship operation this year. Being honoured by so many different prestigious awarding bodies for our achievements on multiple fronts is testament to the passion for business excellence that is ingrained within Nakilat's employees, and with that, the goal of maximizing value for our shareholders.

Our outstanding achievements were clearly reflected in the financial results of Nakilat during 2016, which in return contributed to the strengthening of the financial position of the company and to achieve attractive returns for shareholders in spite of the challenging economic climate. The Company's net profit for 2016 reached QR 955 million compared to QR 984 million achieved for the year 2015. These healthy financial results reflect Nakilat's strategic development, the success of its joint ventures, and the company's resilience in the current market condition. Nakilat's Board of Directors is pleased to recommend the General Assembly to distribute cash dividends equivalent to "One Riyal" per share for the year 2016.

Despite the economic difficulties that the energy sector is undergoing with respect to decreased oil prices, we are certain that the Board of Directors of Nakilat will continue ahead with a strong market position financially and administratively. We are confident in Nakilat's ability to continue capitalizing on future opportunities.

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 and growth into a diversified marine company that significantly contributes towards 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 co-operation with the 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 and support.

Annual Report 2016
Board of Directors Report

MANAGING DIRECTOR'S MESSAGE

Eng. Abdullah Fadhalah Al Sulaiti
Managing Director of Nakilat

2016 was a year of stellar performance for the company, considering the fluctuating market conditions. As with previous years, Nakilat continued to surpass expectations and achieved growth and development across our various operations, capitalizing on the strength of our integrated businesses and talents within the organization to support the achievement of Nakilat's Vision: to be a global leader and provider of choice for energy transportation and maritime services.

The company has made great strides this past year, with the most significant being the expansion and consolidation of our shipping activities. Nakilat signed a landmark fleet transition agreement with Shell Trading and Shipping Company (STASCO) and assumed management responsibility for four of our wholly-owned Q-Max LNG carriers, thereby increasing our in-house managed fleet to twelve vessels (eight LNG and four LPG carriers). This transition was a remarkable feat for Nakilat as we took on more ship management responsibilities years ahead of plan, and goes to show the level of skilled expertise, dedication and commitment of our people towards the Company's success.

As part of our efforts to further strengthen our corporate safety culture, we have implemented an Injury and Incident Free (IIF) program throughout the organization, including across our local joint venture operations. By empowering our employees, we aim to further enhance our safety culture that will be the driving force not only for safety excellence across the organization but also, propel Nakilat forward as a safe, reliable and efficient provider of shipping and maritime services.

In today's progressively digitalized era, connectivity is one of the key elements that enables an organization to be responsive to dynamic global market evolutions and is an increasingly important aspect of crew welfare management. Nakilat's investments in satellite and VOIP technology onboard our vessels are a fine example of our advancement in the field of Information Technology infrastructure and has not only led to the enhancement of operational efficiencies, but also seen to Nakilat making headway in the industry with multiple invitations to share our expertise and experience at reputable local and regional forums.

It has been a year full of awards and accolades won by the Company for accomplishments in various areas, most notably our coup of two major awards at the prestigious Lloyd's List Middle East & Indian Subcontinent Awards 2016; a feat very few companies in the industry have ever achieved. Our efforts at operating in a safe and responsible manner, and success as an expanding ship operator, have been recognized, with Nakilat lauded as a leading company in the region on these two fronts.

In November, Nakilat together with our joint-ventures Nakilat-Keppel Offshore & Marine (N-KOM) and Nakilat Damen Shipyards Qatar (NDSQ) participated in two key regional events ('Made in Qatar' and ADIPEC) to showcase and promote our comprehensive range of shipping and maritime services to a global audience. Such strategic avenues of marketing our services not only promote the strength and scope of the maritime activities that we are operating and developing in Qatar, but also, position Nakilat as a comprehensive service provider for energy transportation and maritime services in the region.

Our participation in DIMDEX 2016 (Doha International Maritime Defence Exhibition and Conference) saw to Nakilat and NDSQ signing an MoU with the Qatar Emiri Naval Forces – the first was to establish and operate a national naval center for the training of navy officers and the second, for NDSQ to build a dive-support vessel in a contract worth QR 165 million. During the year, N-KOM also signed a Memorandum of Understanding (MoU) with McDermott International to co-operate on EPIC (Engineering, Procurement, Installation & Construction) offshore projects in Qatar, and another with prominent Greek shipping company Samos Steamship, to be the preferred regional shipyard for vessel repairs.

As evident from the above, Nakilat's commitment to the strengthening of the State of Qatar's marine industry through its extensive involvement across the maritime value chain is a clear expression of Nakilat's firm support of the Qatar National Vision 2030 and the sustainable development of our country through diversification of our economy.

Ever mindful of the global economic climate, Nakilat has embarked on an ambitious cost optimization program that epitomizes our ambition for continuous improvement and enhancing synergies across our joint venture operations in Qatar. The exercise saw to the consolidation of complementary services within the Nakilat group of companies, with the aim of realizing a better yield from our resources and eventually, higher monetization levels by operating in a lean and efficient manner.

Strategic decisions and successes across our business segments are based on a long-term view of the business and a commitment to effective risk management. We deliver growth in shareholder value by anticipating, planning for, and mitigating risks and uncertainty throughout our broad, diversified portfolio. Our investments are evaluated against a wide range of economic factors, including global natural gas prices and market demand, to ensure leading financial returns throughout the business cycle.

Against a challenging economic backdrop, Nakilat continues to thrive. Strong profit continues to demonstrate Nakilat's sound business strategy, and measured expansion has seen the company grow and prosper.

FINANCIAL RESULTS HIGHLIGHTS FOR THE YEAR ENDED 31ST DECEMBER 2016

- The company recorded an underlying net profit of QR 955 million compared to QR 984 million achieved for the year 2015
- Total Assets of Nakilat as of December 31, 2016 was QR 30.3 billion compared to QR 30.7 billion as of December 31, 2015. Current assets, including cash and bank balances stood at QR 2.9 billion as of December 31, 2016. Non-current assets, consisting mainly of investments in LNG carriers, property and equipment and other assets were QR 27.4 billion as of December 31, 2016. 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 a total assets value of QR 55.6 billion managed by Nakilat.
- Total borrowing as of December 31, 2016 was QR 21.4 billion compared to QR 22.2 billion as of December 31, 2015. This reflects repayments of the borrowings.
- Total equity before hedging reserve and non-controlling interests as of December 31, 2016 was QR 8.5 billion compared to QR 8.3 billion as of December 31, 2015. Negative hedging reserve as of December 31, 2016 decreased at QR 3.2 billion compared to QR 3.8 billion as of December 31, 2015 due to a decrease in the year end mark to market value resulting in a decrease in the liability that reflects increased swap rates.

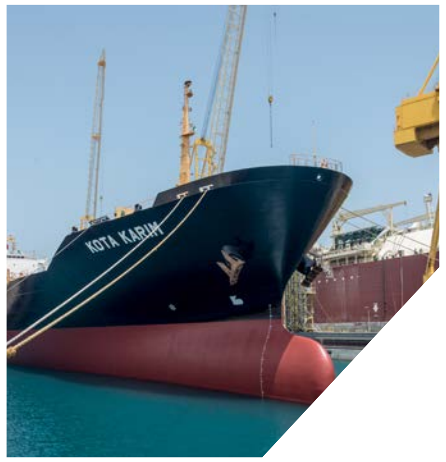
CORPORATE PROFILE

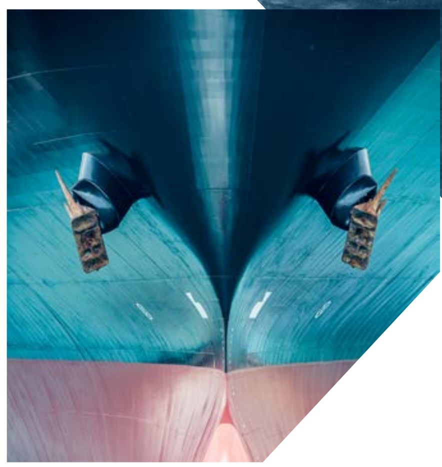
Nakilat is a Qatari shipping and maritime company providing the essential transportation link in the State of Qatar's LNG supply chain. Its LNG shipping fleet is the largest in the world, and has grown to 63 LNG vessels. In addition, via wholly-owned subsidiary Nakilat Shipping Qatar Limited (NSQL), Nakilat manages and operates four very large LPG carriers, which Nakilat jointly owns with Milaha. NSQL also manages and operates eight 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 all local ports 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.

WWW.NAKILAT.COM.QA





HISTORY

2004

Nakilat is established as the shipping arm of Qatar's liquefied natural gas (LNG) sector

2005

The company's first 2 LNG vessels are delivered

Floatation of Nakilat shares on Qatar Exchange

Nakilat Agency Company (NAC) Ltd. is formed, with Nakilat owning 95% of the shares

2006

Nakilat awarded 25-year time charter by Qatargas-2 for 6 Q-Max vessels

Nakilat awarded 25-year time charter by Qatargas-3 for 10 large LNG carriers

Construction begins on Erhama Bin Jaber Al Jalahma Shipyard in Ras Laffan Industrial City

Nakilat-Svitzer joint venture awarded 22- year service contract by Qatar Petroleum for the Port of Ras Laffan

Nakilat formed a strategic alliance with Shell Trading and Shipping Company Limited (STASCO) for the management of 25 wholly-owned LNG carriers

2007

8 LNG vessels are delivered to Nakilat

Nakilat takes delivery of its first Q-Flex, Al Gattara

The company is awarded 25-year time charter by Qatargas-4 for 8 large LNG carriers

Steel cutting for first Q-Max

First Q-Flex vessel at Ras Laffan carrying Qatargas cargo

2008

21 LNG vessels delivered to Nakilat

Delivery of first Q-Max, Mozah

Nakilat-Keppel Offshore & Marine (N-KOM) is established

2009

18 LNG vessels delivered to Nakilat

All 4 LPG ships delivered

2010

3 LNG vessels delivered to Nakilat

Joint venture Nakilat Damen Shipyards Qatar (NDSQ) created

Erhama Bin Jaber Al Jalahma Shipyard inaugurated

2011

Nakilat receives ISO 9001:2008 and OHSAS 18001:2007 certification

N-KOM and NDSQ begin operations

N-KOM completes first LNG dry-docking project, Simaisma

Gulf Drilling International and N-KOM sign major contract

N-KOM receives first Qatargas vessel, Al Wakrah

NDSQ receives ISO 9001:2008 certification

2012

Nakilat assumes management of its 4 LPG carriers

NDSQ completes construction of its first vessel, a 140m Load-Out and Recovery Barge

First Qatari marine cadets sign with Nakilat

NDSQ launches first 3 mooring boats of a 19-vessel order

2013

Nakilat increases its ownership in Maran Nakilat Co. Ltd

NDSQ signs contract to build 2 fast luxury vessels

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

N-KOM wins 'Ship Repair Shipyard' award for the second consecutive year at the Seatrade Middle East & Indian Subcontinent Awards 2013

2014

Nakilat decides to bring commercial management of its jointly owned LPG vessels in-house and focus on term charters

A deal is completed to further expand the Maran-Nakilat joint venture

N-KOM signs a contract with MAN Diesel & Turbo to collaborate on the ME-GI project

N-KOM signs a MoU with HeLenGi Engineering for the conversion of Greek ferries

N-KOM is awarded two contracts by Gulf Drilling International

N-KOM signs a contract with Qatar Primary Materials Company

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

NKOM wins Middle East and Indian Subcontinent Awards 2014

NDSQ signs two MoUs with Qatar Armed Forces

NDSQ delivers the first 2 workboats to NSW and 9 vessels to Q-Ship

4 LNG vessels are brought under the management of NSQL

2015

Nakilat expanded its joint venture with Maran Ventures Inc. with 2 new LNG carriers

Nakilat signed an MoU with QDB for financing and marine export credit insurance

Nakilat launched the talent management suite SuccessFactors

Nakilat won the prestigious CIO 100 Awards

Nakilat successfully completed world's first MEGI (Main Engine Gas Injection) retrofit for a Q-Max LNG carrier

Nakilat carried out a BWMS (Ballast Water Management System) installation onboard a Q-Max LNG carrier

N-KOM completes the repair of its 100th LNG carrier

N-KOM delivers 2 floating jetties constructed for Qatar Primary Materials Company

N-KOM won 3 regional awards and an award for improved Safety Culture

N-KOM signed a fleet agreement with the Angelicoussis Group to be the preferred yard for ship repairs

NDSQ delivered 4 vessels to NSW and 1 yacht support vessel

NDSQ wins contract to build 11 support vessels for the New Port

NAC reached the highest number of ad-hoc vessel calls attended, recording a 3% marginal increase to 3,007 vessels from 2,917 vessels in the year 2014

NSW extended offshore Halul contract for 5 vessels

2016 HIGHLIGHTS

NAKILAT ACHIEVED A NUMBER OF SIGNIFICANT BUSINESS MILESTONES AND ACCOLADES IN 2016, WHICH INCLUDED:

- Nakilat signed a fleet transition agreement with STASCO for the management takeover of its wholly-owned LNG vessels
- The company achieved a net profit of QR 955 million
- Nakilat Managing Director was honoured as one of the top 50 CEO's in the Gulf at the Top CEO Awards
- Nakilat won the Business Excellence Awards at the Qatar Today Business Excellence Awards (QTBEA)
- Nakilat won the 'CIO 100' Award at the 2nd annual CIO 100 Awards and Forum 2016 and the 'Top Project Execution of the Year' award at GEC Awards 2016
- Nakilat transitioned 4 wholly-owned vessels from STASCO to NSQL management
- Nakilat signed an MoU with the Qatar Emiri Naval Forces to establish and operate a national naval center for the training of navy officers
- Nakilat won the 'Ship Operator' and 'Environment' awards at the Lloyd's List Middle East & Indian Subcontinent Awards 2016
- Nakilat achieved regional recognition for its Nationalisation initiatives at the MENA HR Excellence Awards 2016
- Nakilat received a token of appreciation from Qatar University in recognition of its partnership in the student internship programme
- N-KOM delivered a newbuild lift boat to Gulf Drilling International
- N-KOM signed strategic MoU's with McDermott International, Samos Steamship and Goltens for expansion and provision of marine and offshore services
- NDSQ signed an MoU to build a dive-support vessel for Qatar Emiri Naval Forces
- NDSQ successfully delivered 8 vessels for the new Hamad Port and a support vessel for the State of Qatar
- NAC extended its services to vessels calling at Doha and Hamad Port

2016 ACHIEVEMENTS

FINANCE

- Fitch affirmed Nakilat Inc. rating as A+ with a stable outlook in July 2016
- Standard and Poor's confirmed Nakilat Inc. at AA- with a stable outlook in August 2016
- Evaluated company's hedging strategy and initiated implementation of resulting actions
- New Corporate Facility and additional Refinancing to improve the Company's Corporate Finance structure and create opportunity for profitable growth
- Explored new financing opportunities to internationally diversify the existing strong relationships in the Qatari banking sector

FLEET

- Vessel Safety standards continue to be at a high level as benchmarked with industry best practice
- Streamlining of Fleet operations in preparation for commencement of transition and in line with DNV-GL Peer Review recommendation
- Q-Flex vessels benchmarking was rolled out and proved to be a very effective tool primarily for all Q-Flex operators
- Achieved LNG Fleet utilization of 86%, with reliability maintained at 99.43% and 272 cargoes delivered to 16 countries and 31 different terminals. LPG Fleet utilization was at 97.86% with reliability maintained at 99.34%
- A fleet transition agreement was signed with Shell International Trading & Shipping Company (STASCO) for the management transition of Nakilat's wholly-owned LNG carriers to NSQL
- Four Q-Max LNG carriers (Mozah, Mekaines, Umm Slal and Al Ghuwairiya) were successfully transitioned from STASCO to NSQL-management
- 70% of SISS sea staff and 75% of BSM sea staff were novated to QGTC-MI (Qatar Gas Transport Company – Marshall Island) and QGTC-CY (Qatar Gas Transport Company – Cyprus) respectively in an effort to have virtually full complement employed by Nakilat-affiliated subsidiaries
- Q-Max re-liquefaction system reliability, long term solution being developed for counter current heat exchanger replacement and costs negotiated
- New challenging LNG terminals (i.e. Pakistan and Poland) cleared for Q-Flex trading. Completed ship/shore compatibility study for Port Qasim (Non-monsoon) and currently involved in a further 6 studies (Shenzen, Ruwais, Dunkirk, Zeebrugge Jetty 2, Sabine (Loading), Port Qasim (SWmonsoon)
- Successful Tanker Management and Self-Assessment (TMSA) and Document of Compliance (DOC) audit carried out without any observations demonstrating high level of performance within NSQL
- Paperless navigation passage planning developed and ongoing trials, with full implementation planned in 2017
- Drydocking synergies developed with joint venture operators to ensure maximum efficiencies for upcoming docking cycle
- Initiated a grand scale simulator training center project serving the training and assessment needs of large pool of marine officers and the Qatari maritime industry
- Optimization drives and synergies progressed well throughout the year, particularly on hull cleaning and cargo filling limits for the LNG vessels. Opportunities were developed with N-KOM for the larger fleet and with an aim of expanding activities for the 'marine cluster' in Ras Laffan. US$2.64 million of optimization savings delivered on NSQL fleet and US$17.8 million throughout the wholly-owned Fleet
- 11 Q-Flex LNG carriers (4 jointly-owned, 7 wholly-owned) and 4 Q-Max vessels have been converted to run on Low Sulphur Marine Gas Oil (LSMGO) in readiness for Emission Control Areas (ECA) cargoes (Poland)
- Initiated formation of a Ballast Water Treatment System working group with joint-ventures for developing common strategic approach and alignment on compliance with the upcoming regulations in 2017
- Reliability Improvement Project phase II data gathering completed and preliminary draft report received in 2016. Finalisation of report and distribution planned for 2017.
- Actively participated in the Qatar Petroleum sponsored Safety Enhancement Project
- Transfer of crew administration from SSML (Shell International Shipping Service Selandia) to BSM (Bernhard Schulte Ship Management) for the four NSQL-operated LPG carriers
- Initiated the first two combined LNG/LPG officers' Fleet Officer Meetings in April and September 2016
- Held the bi-annual Qatar Project Shipping Forum (QPSF) for our charterers, joint venture operators and partners

SAFETY, HEALTH, ENVIRONMENT & QUALITY

- Collaborated with the Ministry of Interior's Traffic Department to conduct a Road Traffic Safety Campaign in the corporate office, to promote road safety awareness among Nakilat employees
- Initiated consolidation of SHEQ Systems and processes onto a unified EHS (Environment, Health, Safety) platform for the centralization of key processes amongst Nakilat and its joint ventures. This would facilitate monitoring the compliance to local and international regulations across the organization
- NSQL-operated LNG carriers Al Hamal, Al Gattara and Al Gharaffa completed their second annual survey of the Green Award without non-compliances
- An IMS Awareness Program was conducted on NSQL-managed vessels. SHEQ department developed a training pack to familiarize all crew with and create awareness amongst them on the ISO 9001, 14001 and OHSAS 18001 standards and its requirements
- A "Safety Stand-Down" was conducted onboard all NSQL-managed vessels focusing on "Eye Injuries". Normal working routines were paused and the participation of all crew and of subcontractors was required to highlight the incidents, instigate discussion between personnel and review hazards, protective methods, and the company's safety policies, goals / expectations and raise awareness
- A Safety campaign on personnel safety while using power tools was conducted onboard NSQL-managed vessels, reiterating the need to risk assess and familiarize personnel with an aim to minimize injuries, meeting Nakilat's goal of 'Incident and Injury Free' operations
- SHEQ Quiz campaigns continued successfully during 2016 as well, with quizzes conducted monthly to ensure that essential Safety, Health, Environmental and Quality knowledge is imparted and retained by all staff members
- Nakilat Corporate SHEQ Department formed a work team, including members from our Joint Ventures (N-KOM, NDSQ & NSW), with the aim to promote cross-company knowledge and best practice sharing for the benefit of all Nakilat entities. The team regularly visits JVs' premises to conduct a walkthrough in and around the facility, identify areas of improvement and recommend enhancements where necessary. All such findings are submitted in the form of a formal report and strictly followed-up for closure actions
- A successful external audit by Lloyd's Register resulted in continuation of Nakilat's IMS Certifications (ISO 9001, ISO 14001 and OHSAS 18001). Overall the audit process was a value adding exercise confirming that Nakilat has a robust quality management system in place
- SHEQ and General Services Departments collaborated to achieve a 97% reduction of plastic waste (small water bottles) with a cost saving of QR 127,500 per annum by using water dispensers and 5-gallon bottles at the new corporate office premises (Shoumoukh Towers)
- A quarterly publication, Safety Siren, was launched to foster safety awareness, share knowledge and best practices to our personnel

RISK

- **Enterprise Risk Management (ERM) Governance Structure:** Established Risk Management Committee and Sub-Committees which brings a comprehensive visibility and coordinated response to Nakilat's top risks
- **ERM Manual:** Published ERM manual incorporating the ERM framework, governance structure, policies and procedures as well as roles and responsibilities
- **Top Risks:** Conducted a Risks survey for Directors regarding top corporate risks and identified the top 10 risks
- **Departmental Risk Registers:** Identified and consolidated the Nakilat risk profiles through the departmental risk registers
- **Risk Awareness:** Conducted risk management awareness program which included sending periodic insights to all staff and providing knowledge sharing sessions for all risk champions

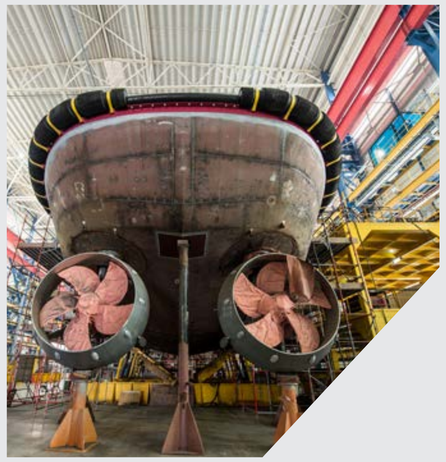
2016 ACHIEVEMENTS

NAKILAT-KEPPEL OFFSHORE & MARINE (N-KOM)

- N-KOM has completed more than 600 marine and offshore projects since its inception in 2011
- Successfully delivered the first liftboat built in Qatar to Gulf Drilling International (GDI)
- Completed the fabrication of the Forward Mount Base (FMB) jackets, piles & bridges for Qatar Petroleum's National Security Shield (NSS) project for Technip
- Successfully completed the fabrication of 16 bitumen tanks for client Woqod
- Signed a fleet agreement with Samos Steamships to be the preferred shipyard in the Middle East
- Signed an MoU with McDermott International Inc. for exclusive cooperation to pursue offshore engineering, procurement, construction and installation (EPCI) project within Qatari waters
- Signed an MoU with Goltens for repair and overhauling services of main engines and auxiliaries
- Launched its first dedicated safety training centre within the shipyard premises
- Worked together with Nakilat SHEQ to obtain consent to operate a Remotely Operated Vehicle (ROV) for hull cleaning service provision at Ras Laffan anchorage

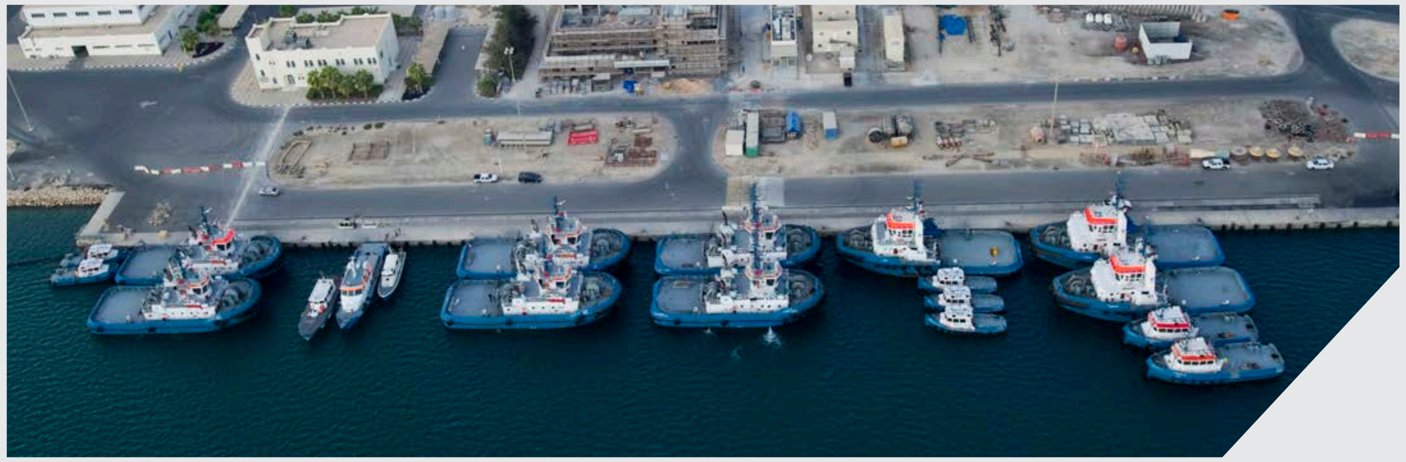
NAKILAT DAMEN SHIPYARDS QATAR (NDSQ)

- Since start of operation, NDSQ successfully delivered 35 vessels, and currently has 5 vessels under construction. The yard has also completed 23 yacht refit and minor repair projects
- NDSQ delivered 8 vessels out of an eleven-vessel order to the new Hamad Port
- During DIMDEX 2016, NDSQ signed a MoU worth QR165 million with the Qatar Emiri Naval Forces, to build a Diving Support Vessel (DSV)
- NDSQ successfully launched 2 offshore structures for the National Security Shield (NSS) project, using the Load Out and Recovery (LOR) Barge
- NDSQ has achieved 11.28 million hours without Lost Time Incident (LTI) since start of operation in 2011
- Two 71m-long fast luxury yachts are currently under construction
- NDSQ had successfully completed the fifth surveillance audit by Lloyd's Register against ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards



MARINE SERVICES

- Nakilat SvitzerWijsmuller (NSW) achieved more than 4 million exposure hours without any Lost Time Incident (LTI)
- NSW achieved a Total Recordable Case (TRC) rate of zero in 2016
- NSW implemented "OVMSA" (Offshore Vessel Management and Self-assessment, OCIMF) to heighten standards and performance levels
- NSW continuously carry out 12,500 tug jobs yearly in and off Ras Laffan securing no delays to Qatar's export of hydrocarbons, achieving an off-hire rate of less than 0.25%
- NAC maintained its excellent safety track record and remained LTI-free for the past 11 years since its inception
- 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 accreditation to provide services at Doha and Hamad Port
- NAC attended to 4,124 vessel calls in 2016
- NAC secured new short-and long-term agency contracts with major clients such as Gulf Drilling International, QP Marine, Dolphin Energy, Tasweeq, PWSC Offshore Service Joint Company and Technip
- NAC diversified its services to include customs clearance (single window) shipments, onshore and offshore support services as well as crew changes via heliport



2016 NAKILAT GROUP OVERVIEW

NAKILAT PLAYS AN INTEGRAL ROLE IN QATAR'S LNG VALUE CHAIN.

GROUP FACTS

PROFIT
QR 955 million

FLEET SIZE
67 vessels

CARGOES DELIVERED
580

VOLUME OF LNG SHIPPED
110, 704, 355
Cubic Meters

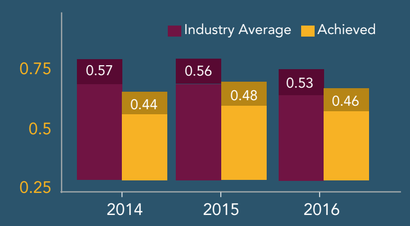
QATARIZATION RATE
37.6%

NO. OF AWARDS WON
7

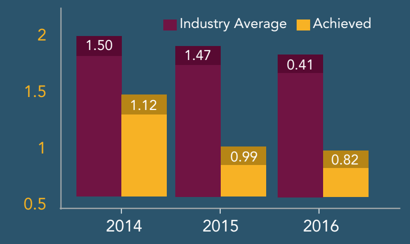
CORPORATE HSE ENGAGEMENT SCORE
3.84 out of 5 (* industry average: 3.56)
Results of Nakilat Safety Climate Survey 2016

SAFETY PERFORMANCE

LTIF (Lost Time Incident Frequency)
Data Considering Yearly Basis



TRCF (Total Recordable Case Frequency)
Data Considering Yearly Basis



N-KOM

Ship repair and conversion
Fabrication, repair and upgrading of offshore vessels and onshore structures

135 LNG carriers repaired 52 Offshore and onshore projects completed

NDSQ

*** Ship building up to 170m length:**
Construction of steel, aluminium,
Fiber Reinforced Plastics (FRP) boats, commercial and naval vessels

*** Repair and refit of yachts and super yachts**

35 Vessels delivered 5 Vessels under construction 23 Yacht refit and repairs

NSW

Provides services such as towing, escorting, berthing, pilot support, line-handling services afloat and ashore, emergency response, and marine maintenance support

26 Vessels operated by NSW

NAC

Provides comprehensive shipping agency services round the clock at all ports and terminals in Qatar

4,124 Calls attended by NAC during 2016

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.

INTERNATIONAL OUTREACH

Although Qatar is our core business, we are ever expanding our international reach by delivering cargoes unrelated to The State of Qatar. Through our Joint Venture shipping companies and our LPG fleet, LNG and LPG cargoes are delivered to customers all over the world. Nakilat plans to continue further expansion into international shipping markets in the years to come.

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.

Most of 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 three major credit rating agencies, Standard & Poor's, Moody's, and Fitch rate the Nakilat Inc. senior debt as AA-, Aa3, and A+. In addition, the Nakilat Inc. subordinated debt is rated as A+ by S&P and A1 by Moody's. 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.

In a report published by S&P in August 2016 and a recent full analysis report prepared in November 2016, the Rating Agency highlighted Nakilat's key strengths as being important to Qatar'sLNG strategy given Nakilat's ownership of the world's largestLNG fleet. Moreover, the report stated that Nakilat's consistent profitability which are linked to the long term highly favorable contract structure with Qatar's largest LNG producers and its reliable operating track record are two key elements among a variety for Nakilat's strong business profile.

VESSEL MANAGEMENT

Nakilat is steadily growing its expertise in technical management of vessels, with twelve LNG and LPG carriers managed in-house by NSQL at the end of 2016. This number is set to increase with the planned management transition of Nakilat's wholly-owned vessels from Shell International Trading and Shipping Company Ltd. (STASCO) taking place over the next few years. This transition will enhance our fleet performance in delivering clean energy in a safe, reliable and efficient manner worldwide.

Commercial management of the majority of our LNG and LPG shipping fleet is also carried out in-house by NSQL. Long term and short term chartering of vessels is managed from our offices in Doha. This allows our commercial teams to strategically leverage their strong relationships with our key domestic and international charterers and maximize returns for our operations.

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. Nakilat's strategy for growth targets longer term charters securing stable cash flows and a primary focus on LNG and LPG shipping.

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 the majority of Nakilat's wholly-owned LNG ships.

Nakilat has partnered with some of the world's leading shipping companies to form nine joint-venture shipping companies, managing our jointly-owned LNG carrier fleet. These joint-ventures deliver world class performance and a solid foundation for growth in international markets.

Nakilat has also formed local joint ventures with leading ship repairer Keppel Offshore & Marine and with premier ship builder 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

HUMAN ELEMENT

Nakilat's commitment to develop the human element is a consistent strategy and unwavering, as evident from our mission statement; to 'invest in human capital; attracting, retaining and developing our workforce with an emphasis on national development'. The organization is fully committed to Qatar's National Vision 2030, which places a strong emphasis on the development of Qatar's workforce.

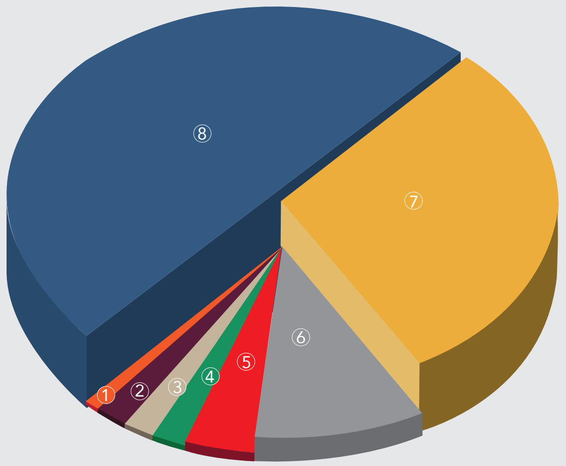
Qatarization at Nakilat involves the selection, recruitment, retention and development of talented Qatari men and women. National employees are recruited at all levels, and they are groomed and prepared for leadership roles.

In 2016, Nakilat achieved a Qatarization rate of 37.6%, thus contributing towards the realization of National Vision 2030.

The company's Marine Cadet Program, established in 2011, is a unique sponsorship program that offers Qataris the opportunity to become marine officers or engineers. Nakilat sponsors its cadets through a degree course at International Maritime Schools, including training onboard, in order to secure roles on Nakilat vessels.

Nakilat prides itself on offering each employee exceptional levels of support, and uninterrupted opportunities for improvement and advancement.

SHAREHOLDERS



(As of 31st December 2016)

1	Qatar Petroleum	1%
2	Qatar Fuel (Woqod)	2%
3	Qatar Pension Fund (Military)	2%
4	*Qatar Education & Health Fund	2%
5	*Qatar Foundation Fund	4%
6	Qatar Pension Fund (Civil)	10%
7	**Milaha	30%
8	Qatari Citizens / Other	49%

** The ownership and management of QEHF and QFF are vested to Qatar Investment Authority*

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

QATAR PETROLEUM

Qatar Petroleum is an integrated national oil corporation that stands at the forefront of efforts for the long-term development, utilization and monetization of oil and gas resources in the State of Qatar.

Its corporate vision is "to become one of the best national oil companies in the world, with roots in Qatar, and a strong international presence".

Qatar Petroleum's activities encompass the entire spectrum of the oil and gas value chain locally, regionally, and internationally, and include the exploration, refining, production, marketing and sales of oil and gas, liquefied natural gas, natural gas liquids, gas to liquids products, refined products, petrochemicals, fertilizers, steel and aluminum.

QP is committed to meeting today's economic needs, while safeguarding our environment and resources for generations to come. Thriving on innovation and excellence, QP is bound to the highest levels of sustainable human, socio-economic, and environmental development in Qatar and beyond.

WWW.QP.COM.QA

QATAR NAVIGATION (MILAHA) QSC

Milaha is a diversified shipping and logistics company, and was the first public shareholding company registered in Qatar. Milaha's activities include marine transportation in gas, petroleum products, containers and bulk; offshore marine services; port management and operations; logistics services; shipyard; trading agencies; real estate investments; and asset management. Milaha fully or partially owns a large and diverse fleet of container vessels, tankers, gas carriers, offshore support vessels and harbor / port support vessels.

WWW.MILAHA.COM

QATAR FUEL (WOQOD)

Qatar Fuel (WOQOD) is a downstream oil storage, distribution and marketing company, formed in 2002 as a joint stock company listed on the Qatar Exchange. Qatar Fuel (WOQOD) is exclusively responsible for the distribution of fuel needs within Qatar. This includes diesel, gasoline and aviation fuel. The company also trades in bunker fuels, ship-to- ship bunkering within Qatari waters, bitumen importation and distribution, LPG for cooking, and own-branded-lubricants. In addition, it builds modern branded service stations across Qatar.

WOQOD owns the subsidiaries: Qatar Jet Fuel Company (Q-JET), WOQOD Vehicle Inspection (FAHES), WOQOD Marine Services and WOQOD International for Foreign Investment.

WWW.WOQOD.COM

QATAR INVESTMENT AUTHORITY FUND

Based on the directions of H.H the Emir, Chairman of Supreme Council for Economic and Investment Affairs, the ownership and management of all assets and subsidiaries under Qatar Education and Health Fund "QEHF" and Qatar Foundation "QFF" have been transferred to Qatar Investment Authority "QIA".

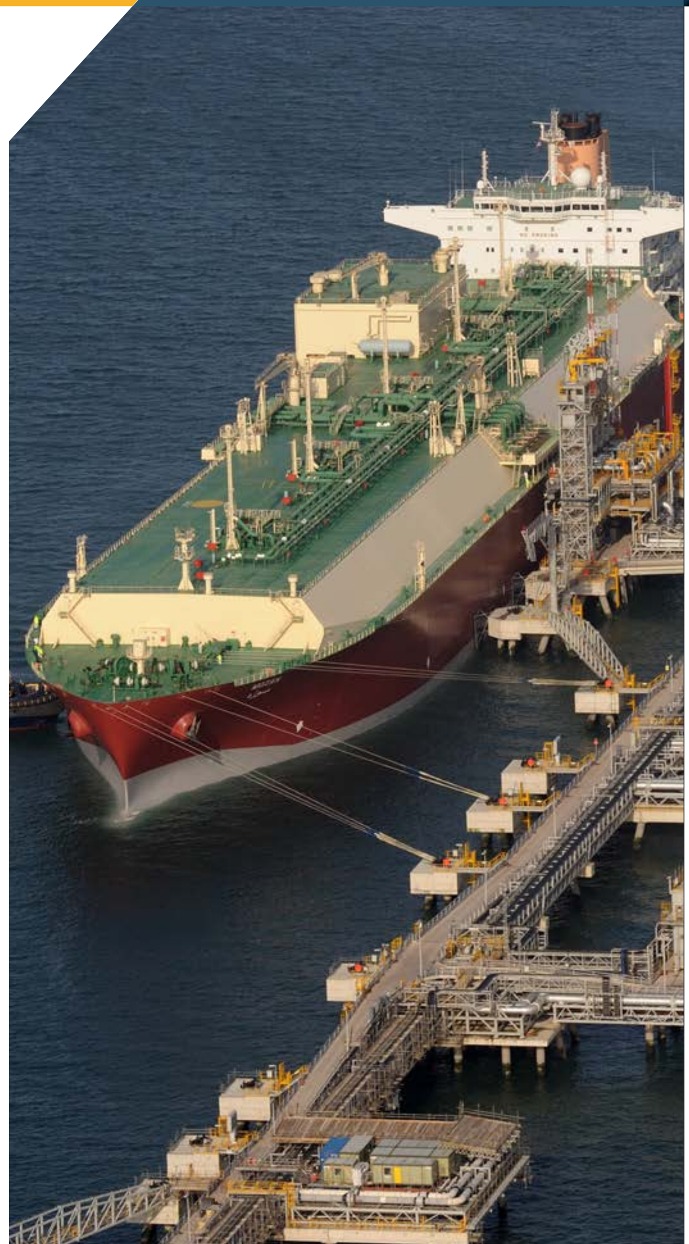
Qatar Investment Authority was established by the Emiri Decision No (22) of 2005, as amended the Emiri Decision No (73) of 2013.

Legal procedures have been taken to complete the transfer of ownership process.

GENERAL RETIREMENT & SOCIAL INSURANCE AUTHORITY

GRSIA is a legal entity with an independent budget set within the general budget of Minister of Finance. The authority is liable to apply Qatari Civil & Military Retirement & Pension Law. The authority aims to secure honorable life for Qatari Citizens and their dependents in accordance with the Pension and Retirement Law.

CHARTERERS LNG



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, AKG-1 and AKG-2 supplying approximately 2.0 billion standard cubic feet (Bscf) per day.

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

QATARGAS

Qatargas established in 1984, pioneered the Liquefied Natural Gas (LNG) industry in Qatar and today is the largest producer of LNG in the world, with an annual LNG production capacity of 42 million tonnes per annum (MTPA) from its world-class facilities in Ras Laffan Industrial City, Qatar. Since the first production in 1996, Qatargas has successfully delivered cargos to 28 countries and is committed to meeting the world's demand for safe, reliable and clean energy.

Through its operational excellence Qatargas is adding value to its production chain, contributing to the Qatari economy and Qatar's National Vision to ensure efficient energy supplies for the country, creating new markets and contributing to the local community. In addition to the LNG facilities, Qatargas operates the Jetty Boil-Off Gas facility, the two Laffan Refineries (among the largest condensate refineries in the world), and the Ras Laffan Terminal on behalf of all participants.

WWW.QATARGAS.COM

CHARTERERS LPG

Royal Dutch Shell was formed in 1907, headquarters are in The Hague, the Netherlands, and Chief Executive Officer is Ben van Beurden. The parent company of the Shell group is Royal Dutch Shell plc, which is incorporated in England and Wales. Shell's strategy seeks to reinforce the company's position as a leader in the oil and gas industry, while helping to meet global energy demand in a responsible way. Safety and environmental and social responsibility are at the heart of the company's activities. Shell believes that oil and gas will remain a vital part of the global energy mix for many decades to come. Their role is to ensure that they extract and deliver these energy resources profitably and in environmentally and socially responsible ways.

Shell seeks a high standard of performance, maintaining a strong and growing long-term position in the competitive environments in which they operate. They aim to work closely with their customers, their partners and policymakers to advance a more efficient and sustainable use of energy and natural resources. Shell operations are divided into five businesses: Upstream, Integrated Gas, Unconventional Resources, Downstream, and Projects & Technology.

In Upstream they focus on exploration for new liquids and natural gas reserves and on developing major new projects where our technology and know-how add value for resource holders. In Integrated Gas, they focus on liquefying natural gas (LNG) and converting gas to liquids (GTL) so that it can be safely stored and shipped to markets around the world. In Downstream, they focus on turning crude oil into a range of refined products, which are moved and marketed around the world for domestic, industrial and transport use. In addition, they produce and sell petrochemicals for industrial use worldwide. Shell Projects & Technology business is responsible for delivering new development projects and the research and development that leads to innovative and low-cost investments for the future.

WWW.SHELL.COM

Gunvor has evolved strategically to become one of the world's leading independent commodities trading houses in the world. Gunvor was founded in 2000 as a merchant of crude oil and oil products. From the very beginning they differentiated themselves by committing to long-term business relationships and the application of innovative trading solutions. By combining their regional market knowledge with global logistics they have earned a reputation for reliably acquiring, marketing and moving energy commodities from areas of surplus to those with greatest demand.

While Gunvor remains a physical trader at heart, they have strategically invested in upstream, midstream and downstream assets to create a platform for international expansion. Today, Gunvor serves an important role in helping to smooth worldwide energy markets. They source crude oil and refined oil products from more than 100 countries, have industrial assets worth in excess of US$ 1.4 billion, and work with more than 75 global financial institutions, balanced across Asia-Pacific, the Americas, the Middle East and Europe.

Gunvor investments and wholly-owned assets provide greater control over commodity sourcing and distribution, create a foundation for diversified income streams, and give them a significant competitive advantage in the worldwide marketplace.

WWW.GUNVORGROUP.COM

Energy is vital for modern life. It forms the foundation for economic prosperity: powering our homes, fueling transportation, and enabling communities to thrive.

But more than one billion people still lack access to reliable and affordable energy, meaning they live without basic essentials such as running water and electricity. It remains incumbent upon us to improve energy access and help eliminate poverty, while protecting the environment for future generations.

As the world's population continues to grow and the middle class expands, demand for energy will substantially increase. ExxonMobil provides the industry leadership needed to meet the world's growing energy needs. We continue to innovate and selectively invest across our integrated portfolio, creating long-term shareholder value by increasing energy supply in a safe, affordable, and environmentally responsible way.

Exploration, development, production, gas and power marketing, and research activities

ExxonMobil's Upstream business encompasses a portfolio of world-class projects, an industry-leading resource base, a diverse set of profitable producing assets, and high quality exploration opportunities across all resource types and geographies. We have an active exploration or production presence in 36 countries.

After adjusting for production, asset sales, and revisions to existing fields, the resource base totals approximately 91 billion oil-equivalent barrels. Proved reserves comprise approximately 27 percent of the resource base, or 25 billion oil-equivalent barrels. The size and diversity of ExxonMobil's global resource base, the largest held by any international oil company, provide us with unequaled investment flexibility to profitably develop new supplies of energy to meet future demand.

Refining and supply, fuels, lubricants and specialties marketing, and research and engineering

ExxonMobil's Downstream business has a diverse global portfolio of advantaged refining and distribution facilities, lubricant plants, marketing operations, and brands, supported by a world-class research and engineering organization. We are one of the world's largest refiners and lube basestocks manufacturers.

Chemical

ExxonMobil Chemical is one of the largest chemical companies in the world. Our unique portfolio of commodity and specialty businesses generates annual sales of nearly 25 million tonnes of prime products. We have world-scale manufacturing facilities in all major regions, and our products serve as the building blocks for a wide variety of everyday consumer and industrial products.

WWW.EXXONMOBIL.COM

SAFETY, HEALTH, ENVIRONMENT & QUALITY

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 Safety, Health, Environment and Quality improvement, and measure, appraise and report SHEQ performance to drive continual improvement
- 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 Safety, Health, Environment, Quality, Legal and other requirements related to our activities

Nakilat is committed to prioritizing Safety, Health, 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 fulfill 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 which include 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).

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 diverse areas such as fire safety and defensive driving.

SHEQ, in coordination with Learning & Development Section, conducted trainings with the aid of Short Learning Modules to create awareness among staff about various SHE Risks involved in their work areas and appropriate mitigating actions against the risks identified.

Nakilat and our joint venture companies are also active participants in initiatives to raise awareness of Safety, Health and Environmental issues in the State of Qatar.

INCIDENT & INJURY FREE (IIF) PROGRAM

In line with the company's commitment to Safety, Health, Environment & Quality, Nakilat has decided to embark an Incident and Injury Free (IIF) program throughout the organization, including our local joint venture companies. The purpose of Nakilat's IIF program is to challenge the perception that incidents and injuries are simply a "part of the job." The IIF Program includes working with leadership teams and employees at all levels to create a positive impact on people, processes, culture and organizations.

The intention of this program is to bring about transformation which results in a performance consistent with an authentic commitment to work without any injuries or incidents.

IIF combines the conventional techniques used to improve safety in the processes, practices and individual behaviors with an exploration into how people think about, feel about and relate themselves with safety. Strong belief in an IIF approach leads to a safer, healthier and more productive workforce with stronger relationships up and down the organization. In addition, IIF also helps in building a strong Safety culture amongst all employees.

INCIDENT AND INJURY FREE
Is My Responsibility

NAKILAT SAFETY CLIMATE SURVEY

As part of Nakilat's objective to create and sustain a safe working environment, the company has launched a Safety Climate Survey for all staff. This survey has been developed in coordination with the Health and Safety Laboratory (HSL) which is a part of Health & Safety Executive (HSE), UK. Nakilat SHEQ considers the views of all its staff to be important in assessing the company's overall Safety Climate. The survey will also help in identifying our HSE strengths and areas that require attention in order to improve our Safety Climate overall.

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 2016, Nakilat published its Fifth consecutive annual Sustainable Development Report for 2015.

RISK MANAGEMENT

NAKILAT HAS IMPLEMENTED AN ENTERPRISE RISK MANAGEMENT (ERM) AND INFORMATION SECURITY MANAGEMENT SYSTEM (ISMS) AS A COMMITMENT TO EFFECTIVELY MANAGE RISKS, FOSTER SECURITY CONSCIOUSNESS AND MAXIMIZE OPPORTUNITIES ACROSS THE ORGANIZATION THROUGH THE USE OF OUR INTERNATIONALLY RECOGNIZED STANDARDS SUCH AS ISO 31000 AND ISO 27001. NAKILAT STRIVES TO CREATE A MORE RISK-FOCUSED CULTURE TO PROVIDE REASONABLE ASSURANCE FOR THE ACHIEVEMENT OF ITS CORE STRATEGIC OBJECTIVES.

Enterprise Risk Management was implemented to equip Nakilat with best practices relating to the identification, assessment and mitigations of various risks and opportunities associated with our operations. Risk management is essential to Nakilat's business model as it provides a solid foundation for decision-making and enhance overall business performance.

Aside from ERM implementation, the Information Security Management System (ISMS) was also implemented to continuously provide assurance that our business is running in a safe and secure environment by assuring the confidentiality, integrity and availability of the company's information. Part of the Information Security initiatives that were accomplished during 2016 are:

- ISMS Manual:
  Published the ISMS manual that captures the policies and procedures implemented in Nakilat in order to protect all information assets from potential threats, whether internal or external, deliberate or accidental
- Information Classification:
  Identified Nakilat's information that defines the requirement protection measures according to its classification
- Business Impact Analysis:
  Evaluated Nakilat's critical processes that will help in developing a Business Continuity Plan
- Vulnerability Management Program:
  Implemented the vulnerability assessment solution for end-user computer, network and communication infrastructure
- Information Security Awareness:
  Conducted Information Security awareness programs which includes periodic awareness and inductions for staff and third parties

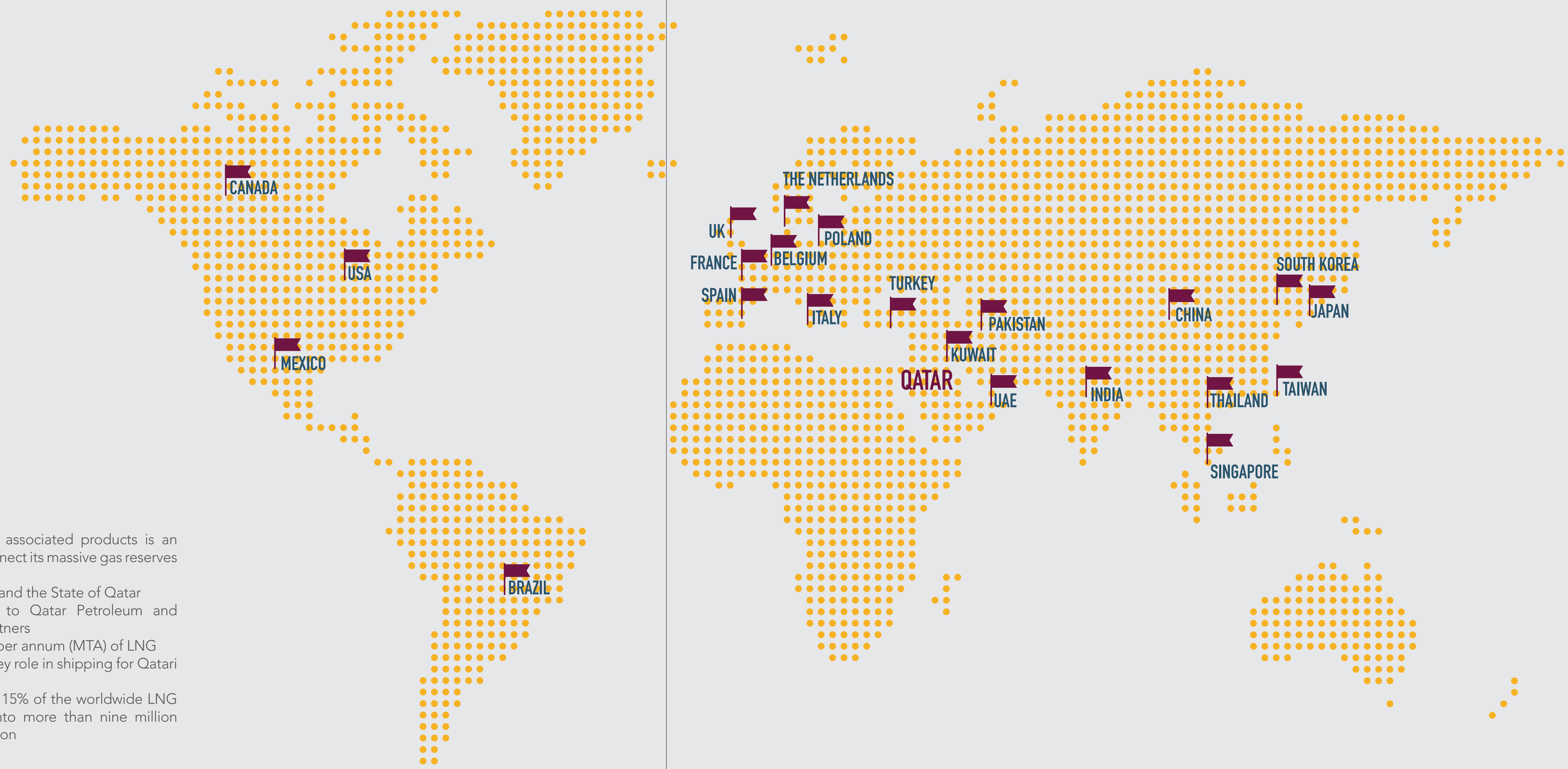
FLEET

Nakilat's strength is largely derived from its core business of shipping Qatari gas to global markets. Its fleet of 63 wholly-and jointly-owned LNG carriers and 4 LPG vessels comprise the world's newest and largest gas fleets, with all vessels incorporating modern technology to ensure the safe, environmentally sound and cost-effective transportation of gas.

The LNG vessels represent a total investment of approximately US $11 billion and have a combined carrying capacity of over 9 million cubic meters or 15% of the world capacity. The majority of Nakilat's LNG vessels are dedicated to meeting the transportation requirements of Qatar's massive LNG industry, providing the country and the world with a strategically important 'floating pipeline' of clean energy. These vessels are employed through long-term time charter agreements with Qatargas and RasGas. The remainder of the fleet is utilized in international shipping markets. Our jointly-owned LNG vessels are operated by the vessel's co-owners, which include many of the world's leading ship owning and operating companies.

Nakilat's wholly-owned subsidiary, Nakilat Shipping Qatar Ltd (NSQL), assumed full responsibility for the management and operations of Nakilat's 4 LPG vessels in 2012. In 2014, NSQL also assumed the full responsibility for the management and operations of 4 Nakilat/OSG jointly-owned Q-Flex LNG carriers. In 2016, Nakilat signed a fleet transition agreement with STASCO for the phased management takeover of its 25 wholly-owned vessels to NSQL-management over a period of time. During the fourth quarter of 2016, NSQL assumed management responsibility for 4 Q-Max LNG carriers from STASCO.

QATAR'S FLOATING PIPELINE



- Transportation of LNG and LNG associated products is an integral link to Qatar's ability to connect its 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 and associated products
- Nakilat's vessels represent around 15% of the worldwide LNG Fleet capacity which translates into more than nine million cubic meters of LNG transportation

FLEET COMPOSITION

NAKILAT WHOLLY OWNS 25 Q-FLEX AND Q-MAX LNG CARRIERS. NAKILAT HAS JOINT OWNERSHIP IN THE RANGE OF 20-60% OF A FURTHER 38 LNG CARRIERS, MAKING A TOTAL OF 63 LNG CARRIERS.

LNG

18 / Conventional:
(capacity: 145,000m³ – 170,000m³)

31 / Q-Flex:
(capacity: 210,000m³ – 217,000m³)
Approximately 50% more cargo capacity than Conventional LNG Carriers

14 / Q-Max:
(capacity: 263,000m³ – 266,000m³)
Approximately 80% more cargo capacity than Conventional LNG Carriers

LPG

Nakilat also jointly owns & operates 4 Very Large Gas Carriers

SHIPYARD

In 2007 Nakilat was 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 offshore fabrication, and Nakilat Damen Shipyards Qatar (NDSQ), focusing on ship building. In line with the Emiri's vision, N-KOM and NDSQ continued to forge ahead with developing a strong and dynamic marine industry in the State of Qatar.

NAKILAT-KEPPEL OFFSHORE & MARINE (N-KOM)

Established: 2007

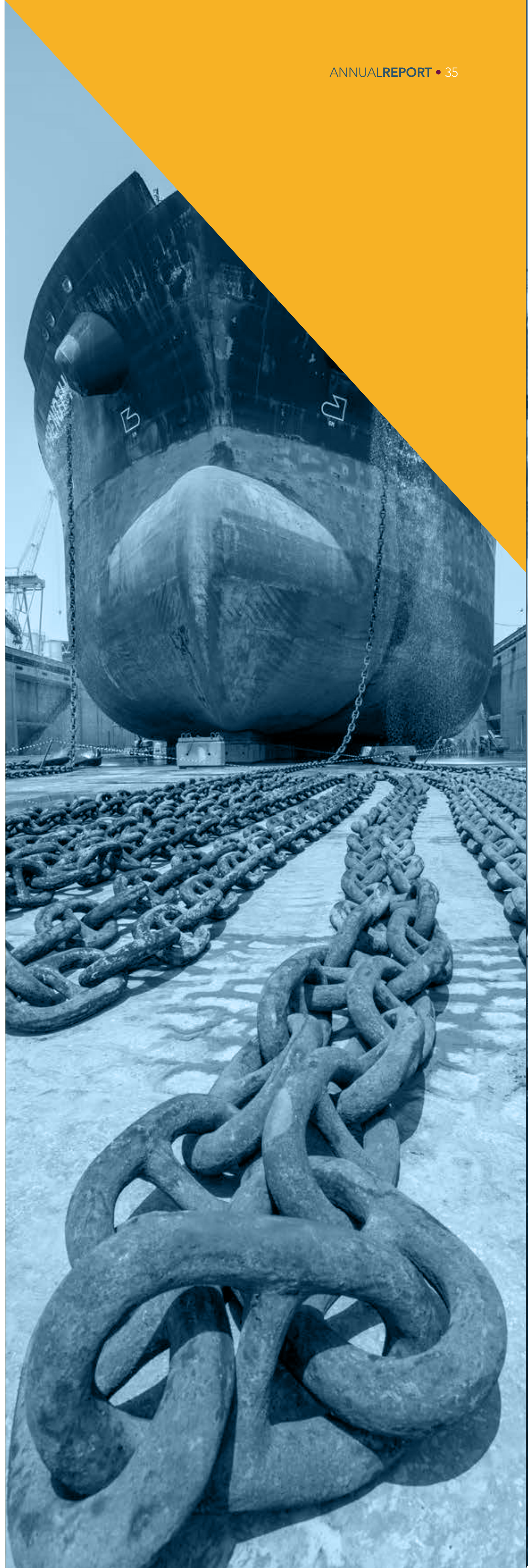
Ownership: N-KOM is owned 79 per cent by Nakilat, 20 per cent by KS Investments Ltd, a wholly-owned subsidiary of Keppel Offshore & Marine, and 1 percent by Qatar Petroleum.

Area of yard: 50.8 hectares

Facilities: Two graving docks (360m x 66m and 400m x 80m); and one floating dock (405m x 66m), piers and quays totaling 3,150m in length, equipped with 15 jib cranes of varying capacities (30, 50 and 100 tonnes); 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

Activities: N-KOM focuses on the repair, conversion and maintenance of marine and offshore vessels, including 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; American Society of Mechanical Engineers (ASME) Certification Audit for Pressure Vessels Certification; ASME Stamps U, U2, S and PP; National Board R Stamp



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 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

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 percent by Nakilat and 30 percent 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 26 vessels, comprising of 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.

NAKILAT AGENCY COMPANY (NAC)

Nakilat Agency Company Ltd. (NAC) is owned 95 per cent by Nakilat and 5 per cent by Qatar Petroleum. NAC is the appointed sole agent for the Port of Ras Laffan since May 2005, and from September 2013 for all hydrocarbon vessels calling at Mesaieed Port, under the Qatar Petroleum Port Agency Licenses. In 2016, NAC received further accreditation from Qatar Ports Management Company (Mwani) to attend vessels calling at Doha and Hamad Port, thereby allowing it to extend agency services effectively to all ports in Qatar.

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 4,400 vessels per annum.

The key function is the effective turnaround of all vessels. Communication and co-ordination of activities between the ship and shore parties to ensure safe on-time berthing, loading and discharge operations, correct execution of shipping documentation, customs formalities (single window), immigration requirements, port and government regulatory matters, provision of spare and supplies, crew needs and all other husbandry services are the key elements.

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 utilizing its unique "Ship Spares in Transit" process to ease material movement wherever possible.

The VSU also controls the Pool Sharing Agreement (PSA) where all pool participants as Nakilat and its partners are able to avail immediate utilization of stocked capital spares to ensure uninterrupted Fleet Operations.

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FINANCIAL RESULTS

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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CONTENT

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Of Qatar Gas Transport Company Limited (Q.S.C) ("Nakilat")

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Qatar Gas Transport Company Limited (Q.S.C) ("Nakilat") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2015, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 18 February 2016.

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Fair valuation and hedge effectiveness of cash flow hedges - refer to note 12 and note 14 to the consolidated financial statements	How the matter was addressed in our audit
We focused on this area because: • The Group entered into a number of interest rate swaps agreements to hedge its exposure to interest rate risk. These hedge transactions gave rise to derivative financial liabilities of QR 2,819,165 thousands (2015: QR 3,363,099 thousands). This represent 11.3% of the Group's total liabilities, hence a material portion of the consolidated financial position. • The hedging instruments are required to be fair valued at each reporting date. The valuation of the hedging instruments and testing of hedge effectiveness involve a significant degree of complexity and judgement.	Our audit procedures in this area included, among others: • evaluating the Group's controls around the hedge instruments and hedge accounting process; • assessing whether the hedge instruments are correctly classified as cash flow hedges by reference to the requirements of the relevant accounting standards. • using our own specialists to assess the appropriateness of the methodology used by the Group for hedge effectiveness testing on a sample basis; • assessing the appropriateness of hedge effectiveness documentation prepared by the Group on a sample basis; • obtaining confirmation of fair values and notional values of hedging instruments from counter parties; • re-confirming the counter parties' valuation from an independent source on a sample basis; and • assessing the adequacy of the Group's disclosures in relation to derivatives and hedge accounting by reference to the requirements of the relevant accounting standards.

Investments in joint ventures - refer to note 5 to the consolidated financial statements	How the matter was addressed in our audit
We focused on this area because: • The Company has investments in joint ventures whose operations are spread across Qatar and outside Qatar.	Our audit procedures in this area included among others: • assessing the financial information submitted by the joint ventures for consistency with the accounting policies of the Group;

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- The carrying value of investments in joint ventures and the Company's share of results in the joint ventures represent 13.3% and 57.9% of the Group's total assets and the net profit respectively, hence a material portion of the consolidated financial position and consolidated profit or loss.

- obtaining the Group's joint venture accounting schedule to confirm whether the Group's interests in the profits, other comprehensive income and net assets were accounted in accordance with the Group's participatory interests in the joint ventures; and

- assessing the adequacy of the Group's disclosures in relation to the investments in joint ventures by reference to the requirements of the relevant accounting standards.

Carrying value of property and equipment - refer to note 4 to the consolidated financial statements	How the matter was addressed in our audit
We focused on this area because: • The carrying value of the Group's property and equipment as at 31 December 2016 was QR 23,161,476 thousands (2015: QR 23,882,255 thousands) and the related depreciation charge for the year was QR 767,659 thousands (2015: QR 688,330 thousands) respectively. This represent 76.4% and 80.3% of the Group's total assets and the net profit respectively, hence a material portion of the consolidated financial position and consolidated profit or loss. • The life of the vessels including estimation of residual values for the purpose of depreciation charge are reviewed annually by the management with reference to the regular dry-docking of the vessels, current and forecast market values and other technical factors. This involves a significant degree of management judgement and estimates.	Our audit procedures in this area included among others: • evaluating the key controls around the property and equipment processes, including controls over recording of assets in the assets register, its classification and useful life; • evaluating the recognition criteria applied to the costs incurred and capitalised during the financial year against the requirements of the relevant accounting standards; • assessing the reasonableness of Group management's assertions and estimates regarding estimated useful lives and residual values; • recalculating the depreciation charge, on a test basis, for significant asset classes and comparing it with the depreciation charge reported in the consolidated financial statements; • challenging the Group's assessment of possible internal and external indicators of impairment in relation to the vessels, such as obsolescence, decline in market value, operating losses etc., based on our knowledge and experience of the industry and understanding of the Charter Hire Agreements; and • assessing the adequacy of the Group's disclosures in relation to vessels by reference to the requirements of the relevant accounting standards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Group's 2016 Annual Report (the 'Annual Report') but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the (consolidated) financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the provisions of the Qatar Commercial Companies Law No.11 of 2015 or the terms of the Company's Articles of Association and any amendments thereto having occurred during the year which might have had a material adverse effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2016.

20 February 2017
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

	Note	December 31, 2016	December 31, 2015
ASSETS			
Non-Current Assets:			
Property and equipment	4	**23,161,476**	23,882,255
Investment in joint venture companies	5	**4,017,934**	3,422,374
Loans to joint venture companies	6	**135,458**	266,313
Available-for-sale-investments	7	**133,596**	126,520
Total Non-Current Assets		**27,448,464**	27,697,462
Current Assets:			
Inventories		**22,742**	23,157
Trade and other receivables	8	**326,677**	265,081
Due from joint venture companies	17(b)	**30,537**	18,900
Cash and bank balances	9	**2,492,560**	2,735,838
Total Current Assets		**2,872,516**	3,042,976
Total Assets		**30,320,980**	30,740,438

The accompanying notes 1-27 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

	Note	December 31, 2016	December 31, 2015
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	10	**5,538,717**	5,538,490
Legal reserve	11	**687,463**	592,045
Fair value reserve		**87,128**	80,052
Proposed cash dividend	10.1	**554,026**	692,533
Retained earnings		**1,637,605**	1,356,725
Equity before hedging reserve and non-controlling interests		**8,504,939**	8,259,845
Hedging reserve	12	**(3,245,278)**	(3,816,518)
Equity after hedging reserve and before non-controlling interests		**5,259,661**	4,443,327
Non-Controlling Interests		**4,146**	4,427
Non-Current Liabilities:			
Borrowings	13	**20,616,455**	21,414,953
Fair value of interest rate swaps	14	**2,819,165**	3,363,099
Provision for employees' end of service benefits		**23,064**	22,044
Other liabilities	15.1	**165,216**	197,574
Total Non-Current Liabilities		**23,623,900**	24,997,670
Current Liabilities:			
Borrowings	13	**803,631**	778,119
Accounts payable and accruals	15	**628,345**	513,999
Due to joint venture companies	17(b)	**1,297**	2,896
Total Current Liabilities		**1,433,273**	1,295,014
Total Equity and Liabilities		**30,320,980**	30,740,438

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on **February 20, 2017**.

Ahmad Saif Al-Sulaiti	**Ali Ahmed Al-Kuwari**	**Abdullah Fadhalah Al-Sulaiti**
Vice Chairman	**Board Member**	**Managing Director**

The accompanying notes 1-27 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015
Income:			
Revenue from wholly owned vessels		**3,068,583**	3,045,939
Share of results from joint ventures	**5**	**553,367**	497,954
Income from marine and agency services		**55,201**	60,624
Interest income on loans to joint ventures	**17(a)**	**9,687**	10,334
Interest, dividend and profit from Islamic banks		**44,477**	33,559
Other income		**33,293**	33,013
Total Income		**3,764,608**	3,681,423
Expenses:			
Operating costs	**25**	**(717,948)**	(698,196)
General and administrative	**26**	**(135,908)**	(112,570)
Depreciation of property and equipment	**4**	**(767,659)**	(688,330)
Finance charges		**(1,187,695)**	(1,198,602)
Total Expenses		**(2,809,210)**	(2,697,698)
Profit for the year		**955,398**	983,725
Attributable to:			
Owners of the Company		**954,179**	982,302
Non-controlling interests		**1,219**	1,423
Total		**955,398**	983,725
Basic and diluted earnings per share (expressed in QR per share)	**19**	**1.72**	1.77

The accompanying notes 1-27 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015
Profit for the year		**955,398**	983,725
Other comprehensive income			
Items that may be reclassified subsequently to statement of income			
Changes in fair value of available-for-sale investments	**7**	**7,076**	(50,773)
Changes in fair value of cash flow hedging derivatives		**543,934**	264,649
Group's share of joint ventures' changes in fair value of cash flow hedging derivatives		**27,306**	144,331
Total comprehensive income for the year		**1,533,714**	1,341,932
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,532,495**	1,340,509
Non-controlling interests		**1,219**	1,423
Total		**1,533,714**	1,341,932

The accompanying notes 1-27 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, 2016

(Amount Expressed in Thousands of Qatari Riyals)

	Share Capital	Legal Reserve	Fair Value Reserve	Proposed Cash Dividend	Retained Earnings	Equity Before Hedging Reserve and Non-Controlling Interests	Hedging Reserve	Non-Controlling Interests
Balance as of January 01, 2015	5,538,483	493,815	130,825	664,832	1,189,744	8,017,699	(4,225,498)	8,254
Profit for the year 2015	-	-	-	-	982,302	982,302	-	1,423
Other comprehensive income for the year 2015								
-Changes in fair value of available- for- sale investments	-	-	(50,773)	-	-	(50,773)	-	-
-Changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	264,649	-
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	144,331	-
Total comprehensive income for the year 2015	-	-	(50,773)	-	982,302	931,529	408,980	1,423
Transfer to legal reserve	-	98,230	-	-	(98,230)	-	-	-
Social and sports fund contribution 2015 **(note 16)**	-	-	-	-	(24,558)	(24,558)	-	-
Dividend declared for 2014	-	-	-	(664,832)	-	(664,832)	-	(5,250)
Proposed cash dividend for 2015	-	-	-	692,533	(692,533)	-	-	-
Capital contribution	7	-	-	-	-	7	-	-
Balance as of December 31, 2015	**5,538,490**	**592,045**	**80,052**	**692,533**	**1,356,725**	**8,259,845**	**(3,816,518)**	**4,427**
Profit for the year 2016	-	-	-	-	**954,179**	**954,179**	-	**1,219**
Other comprehensive income for the year 2016								
-Changes in fair value of available- for- sale investments	-	-	**7,076**	-	-	**7,076**	-	-
-Changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	**543,934**	-
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	**27,306**	-
Total comprehensive income for the year 2016	-	-	**7,076**	-	**954,179**	**961,255**	**571,240**	**1,219**
Transfer to legal reserve	-	**95,418**	-	-	**(95,418)**	-	-	-
Social and sports fund contribution 2016 **(note 16)**	-	-	-	-	**(23,855)**	**(23,855)**	-	-
Dividend declared for 2015	-	-	-	**(692,533)**	-	**(692,533)**	-	**(1,500)**
Proposed cash dividend for 2016	-	-	-	**554,026**	**(554,026)**	-	-	-
Capital contribution	**227**	-	-	-	-	**227**	-	-
Balance as of December 31, 2016	**5,538,717**	**687,463**	**87,128**	**554,026**	**1,637,605**	**8,504,939**	**(3,245,278)**	**4,146**

The accompanying notes 1-27 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, 2016

(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the year ended December 31, 2016	For the year ended December 31, 2015
Cash Flows from Operating Activities:			
Profit for the year		**955,398**	983,725
Adjustments for:			
Depreciation of property and equipment	4	**767,659**	688,330
Finance charges		**1,187,695**	1,198,602
Share of results from joint ventures	5	**(553,367)**	(497,954)
Interest income on loans to joint ventures	17(a)	**(9,687)**	(10,334)
Interest, dividend and profit from Islamic banks		**(44,477)**	(33,559)
Other income		**(33,293)**	(33,013)
Loss on disposal of property and equipment		**149**	-
Provision for employees' end of service benefits		**5,992**	5,832
		2,276,069	2,301,629
Working Capital Changes:			
Inventories		**415**	2,871
Trade and other receivables		**(70,683)**	20,605
Accounts payable and accruals		**48,788**	31,029
Other liabilities		**(32,358)**	18,611
Due from joint venture companies		**(10,210)**	(8,936)
Due to joint venture companies		**(1,599)**	636
Cash generated from operations		**2,210,422**	2,366,445
Finance charges paid		**(1,178,569)**	(1,192,742)
Employees' end of service benefits paid		**(4,972)**	(5,892)
Net Cash From Operating Activities		**1,026,881**	1,167,811
Cash Flows from Investing Activities:			
Loans to joint venture companies-net		**63,012**	54,870
Dividend income received from joint ventures	5	**96,604**	79,551
Acquisition of property and equipment	4	**(47,564)**	(115,581)
Sale proceeds from disposal of property and equipment		**535**	-
Investment income received		**95,117**	74,323
Time deposits maturing after 90 days		**378,827**	(430,188)
Net Cash From / (Used in) Investing Activities		**586,531**	(337,025)
Cash Flows from Financing Activities:			
Proceeds from issue of share capital		**227**	7
Dividend paid to shareholders		**(681,887)**	(653,316)
Unpaid dividend transferred to separate bank account		**(26,678)**	(26,529)
Dividend paid against non-controlling interests		**(1,500)**	(5,250)
Repayments of borrowings		**(778,119)**	(752,522)
Net Cash Used in Financing Activities		**(1,487,957)**	(1,437,610)
Net Increase / (Decrease) in Cash and Cash Equivalents		**125,455**	(606,824)
Cash and Cash Equivalents at Beginning of the Year		**1,488,752**	2,095,576
Cash and Cash Equivalents at End of the Year	9.1	**1,614,207**	1,488,752

The accompanying notes 1-27 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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 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 Articles of Association and the provisions of Qatar Commercial Companies Law. 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 most of 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 new and revised IFRSs that were effective in the current year and have been applied in the preparation of these consolidated financial statements:

- IAS 1 (Revised) — *Amendments resulting from the disclosure initiative.*
- IAS 16 (Revised) — *Amendments regarding the clarification of acceptable methods of depreciation and amortization and amendments bringing bearer plants into the scope of IAS 16.*
- IAS 27 (Revised) — *Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.*
- IAS 38 (Revised) — *Amendments regarding the clarification of acceptable methods of depreciation and amortization.*
- IAS 41 (Revised) — *Amendments regarding bearer plants*
- IFRS 11 (Revised) — *Amendments regarding the accounting for acquisitions of an interest in a joint operation.*
- IFRS 14 — *Relating to accounting for rate regulated activities*
- IFRS 12 (Revised), IFRS 10 (Revised), and IAS 28 (Revised) — *Amendments regarding the application of the consolidation exception.*
- Annual Improvements to IFRSs 2012–2014 Cycle – various standards

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, 2016, other than certain presentation and disclosure changes.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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, 2018

- IFRS 15 — *Revenue from Contracts with Customers.*
- IFRS 9 — *Financial Instruments.*

Effective for annual periods beginning on or after January 1, 2019

- IFRS 16 — *Leases.*

(ii) Revised Standards

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

- IAS 12 — *Amended to clarify the treatment of recognition of deferred tax assets for unrealized losses*
- Disclosure Initiatives - Amendments to IAS 7

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

- IFRS 2 — *Amendments relating to classification and measurement of share-based payment transactions.*

Effective for annual periods beginning on or after a date to be communicated by IASB

- IFRS 10 (Revised) & IAS 28 (Revised) — *Amendments to clarify accounting for sale and contribution of assets between an Investor and its Associate or Joint Venture*

Management anticipates that these new and revised Standards will be adopted by the Group on the required effective dates and, except as described in the next paragraph, these 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.

Management, however, anticipates that IFRSs 9, 15 and 16 will be adopted in the Group's consolidated financial statements on the required effective dates. The application of these standards may have significant impact on amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements. The management is currently assessing the impact of the application of these new IFRSs on the consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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 the International Accounting Standard Board (IASB) and Qatar Commercial Companies' Law. A new Commercial Law issued on July 7, 2015 is extended to be adopted by August 06, 2017. The Group is in the process of assessing its compliance with the new Qatar Commercial Companies' Law.

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.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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 vessels are capitalized and amortised over a period of five years.
Residual value of vessels is calculated based on the tonnage value of vessels.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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%
Other assets	Up to 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 consolidated 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 and accruals, borrowings, due to related parties and other liabilities.

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 statement of income.

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, 2016
(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.
- the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in 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.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has an enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) *Inventories*

Inventories include spares and consumables and 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 represents 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.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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

3.2 *Significant Accounting Policies (continued)*

g) *Employees' End of Service Benefits and Pension Contributions (continued)*

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.

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.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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

3.2 *Significant Accounting Policies (continued)*

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) *Capital work in progress*

Capital work in progress includes direct cost incurred in building assets, interest capitalized and other costs necessary to bring the assets in the location and condition to be capable of operating in the manner intended by the management. The cost is transferred to property and equipment when the assets are ready for their intended use.

m) *Deferred income*

Amounts received to compensate the Group for the cost of dry docking and construction of an item of property and equipment is presented as "Other liabilities" in the consolidated statement of financial position.

The Group follows an income approach which requires the amounts to be recognized in the consolidated statement of income on a systematic basis over the periods in which the related cost is depreciated over its estimated useful life.

n) *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.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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

3.2 *Significant Accounting Policies (continued)*

n) *Leases (continued)*

The Group as lessee
Leases where the Company as a lessee does not obtain substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of income on a straight-line basis over the lease term.

o) *Operating Segments*

Wholly owned gas transportation vessels is the group's primary operating segment based on the nature of the services provided. Other segments including agency and marine services are immaterial and not reportable. These financial statements are therefore prepared on a single reportable segment basis.

4. *Property and Equipment:*

	Vessels	Equipment	Furniture and Fixtures	Others *	Total
Cost:					
At January 1, 2015	27,380,991	7,371	983	403,063	27,792,408
Additions during the year 2015	60,918	310	255	54,098	115,581
Transfer from capital work in progress during the year 2015	-	3,674	-	(3,674)	-
Disposals during the year 2015	-	(12)	(26)	-	(38)
At December 31, 2015	27,441,909	11,343	1,212	453,487	27,907,951
Additions/(Adjustments) during the year 2016	**(6,971)**	**691**	**29**	**53,815**	**47,564**
Transfer from capital work in progress during the year 2016	**92,650**	**3,473**	**40,170**	**(136,293)**	**-**
Disposals during the year 2016	**-**	**(1,719)**	**(481)**	**-**	**(2,200)**
At December 31, 2016	**27,527,588**	**13,788**	**40,930**	**371,009**	**27,953,315**
Accumulated Depreciation:					
At January 1, 2015	3,233,701	6,230	832	96,641	3,337,404
Charge for the year 2015	678,019	1,617	72	8,622	688,330
Disposals during the year 2015	-	(12)	(26)	-	(38)
At December 31, 2015	3,911,720	7,835	878	105,263	4,025,696
Charge for the year 2016	**751,672**	**2,080**	**5,108**	**8,799**	**767,659**
Disposals during the year 2016	**-**	**(1,035)**	**(481)**	**-**	**(1,516)**
At December 31, 2016	**4,663,392**	**8,880**	**5,505**	**114,062**	**4,791,839**
Net Carrying amount:					
At December 31, 2016	**22,864,196**	**4,908**	**35,425**	**256,947**	**23,161,476**
At December 31, 2015	23,530,189	3,508	334	348,224	23,882,255

*This includes capital work in progress amounting to **QR 2.1 million** (2015: QR 97.8 million).

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

5. *Investment in Joint Venture Companies:*

	QR
Balance – January 1, 2015	2,872,025
Share of results for the year	497,954
Adjustment against additional distribution by a joint venture	(34,178)
Loss adjusted against loan to joint ventures	21,310
Share of hedging reserve for the year *	144,814
Dividend received	(79,551)
Balance – December 31, 2015	3,422,374
Share of results for the year **	**553,367**
Adjustment against additional distribution by a joint venture	**(26,944)**
Loss adjusted against loan to joint ventures	**70,090**
Additional liability for losses from a joint venture	**70,591**
Share of hedging reserve for the year *	**25,060**
Dividend received	**(96,604)**
Balance – December 31, 2016	**4,017,934**

* This excludes the share of gain on the hedging reserve from joint ventures amounting to a total of **QR 2.2 million** (2015: QR 0.5 million loss) adjusted against the loan to the respective joint venture.
** This includes **QR 108.9 million** realized gain for effective hedge accounting of derivative instruments of one of the joint venture matured during the year.

Details of the Group's joint venture companies at **December 31, 2016** 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	Germany	45%	Chartering of vessels
-Nauranto Schiffsbetriebsgesellschaft mbH & Co. TS "Gabriela" KG	Germany	45%	Chartering of vessels
-Neptora Schiffsbetriebsgesellschaft mbH & Co. TS "Julia" KG	Germany	45%	Chartering of vessels
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

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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*
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 IFRS (adjusted by the Group for equity accounting purposes wherever the financial reporting framework is not IFRS).

As of December 31, 2016:	**J5 Joint Ventures**	**Maran Nakilat Company**	**Teekay Joint Ventures**	**OSG Nakilat**	**Gulf LPG**	**Other Joint Ventures**	**Total**
Current assets	883,483	200,284	902,670	154,503	133,499	1,079,838	**3,354,277**
Non-current assets	5,915,743	9,047,185	4,805,771	2,948,179	1,044,705	4,421,756	**28,183,339**
Current liabilities	(348,002)	(424,293)	(195,477)	(256,170)	(51,839)	(1,319,018)	**(2,594,799)**
Non-current liabilities	(4,329,308)	(6,785,478)	(3,981,241)	(2,362,980)	(547,076)	(3,104,691)	**(21,110,774)**
Net assets	**2,121,916**	**2,037,698**	**1,531,723**	**483,532**	**579,289**	**1,077,885**	**7,832,043**
Group's share of net assets	**848,767**	**896,125**	**914,067**	**242,250**	**297,673**	**819,052**	**4,017,934**
Revenues	588,176	1,187,801	615,661	424,410	215,098	1,288,143	**4,319,289**
Interest & other Income	-	1,067	4,191	2,582	-	8,276	**16,116**
Depreciation & Amortization	(23,293)	(254,823)	(67,554)	(109,496)	(48,457)	(217,424)	**(721,047)**
Finance Costs	(248,908)	(203,718)	(122,647)	(137,138)	(15,631)	(209,755)	**(937,797)**
Other expenses	(186,285)	(223,011)	(138,014)	(95,141)	(64,621)	(829,138)	**(1,536,210)**
Net profit	**129,690**	**507,316**	**291,637**	**85,217**	**86,389**	**40,102**	**1,140,351**
Other Comprehensive Income	**169,444**	**20,414**	**3,661**	**83,179**	**-**	**71,591**	**348,289**
Total Comprehensive Income	**299,134**	**527,730**	**295,298**	**168,396**	**86,389**	**111,693**	**1,488,640**
Group's share of net profit / (loss)	**51,876**	**202,918**	**250,127**	**42,694**	**43,195**	**(37,443)**	**553,367**
Group's share of other comprehensive income / (loss)	**67,777**	**8,166**	**(104,856)**	**41,673**	**-**	**14,546**	**27,306**
Other disclosures:							
Cash and cash equivalents	597,099	137,453	752,140	94,111	115,115	452,842	**2,148,760**
Interest bearing loans and borrowings	4,172,907	7,100,339	4,081,146	2,303,938	584,425	3,638,993	**21,881,748**
Group's share of dividend received	-	21,849	33,647	-	-	41,108	**96,604**

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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

As of December 31, 2015:	**J5 Joint Ventures**	**Maran Nakilat Company**	**Teekay Joint Ventures**	**OSG Nakilat**	**Gulf LPG**	**Other Joint Ventures**	**Total**
Current assets	780,204	496,428	396,004	110,728	26,034	894,935	2,704,333
Non-current assets	6,146,145	8,225,426	4,883,759	3,077,679	1,091,943	5,023,368	28,448,320
Current liabilities	(331,159)	(591,115)	(282,532)	(266,727)	(41,293)	(488,495)	(2,001,321)
Non-current liabilities	(4,772,409)	(6,566,148)	(3,704,721)	(2,606,544)	(583,784)	(4,338,824)	(22,572,430)
Net assets	**1,822,781**	**1,564,591**	**1,292,510**	**315,136**	**492,900**	**1,090,984**	**6,578,902**
Group's share of net assets	**729,113**	**706,891**	**829,387**	**157,883**	**254,477**	**744,623**	**3,422,374**
Revenues	597,133	1,007,662	617,862	418,116	209,522	1,571,348	4,421,643
Interest & other income	-	2,218	5,812	8,415	-	3,906	20,351
Depreciation & Amortization	(23,018)	(190,936)	(66,007)	(109,233)	(43,016)	(213,091)	(645,301)
Finance Costs	(261,669)	(143,545)	(167,368)	(144,384)	(15,191)	(200,954)	(933,111)
Other expenses	(203,909)	(172,853)	(144,068)	(88,266)	(65,853)	(1,000,466)	(1,675,415)
Net profit	**108,537**	**502,546**	**246,231**	**84,648**	**85,462**	**160,743**	**1,188,167**
Other Comprehensive Income / (loss)	115,271	(462)	66,920	49,475	-	73,031	304,235
Total Comprehensive Income / (loss)	**223,808**	**502,084**	**313,151**	**134,123**	**85,462**	**233,774**	**1,492,402**
Group's share of net profit	**43,415**	**203,368**	**113,457**	**42,409**	**42,731**	**52,574**	**497,954**
Group's share of other comprehensive income / (loss)	**46,108**	**(185)**	**40,152**	**24,787**	**-**	**33,468**	**144,330**
Other disclosures:							
Cash and cash equivalents	524,679	420,142	305,886	51,093	13,037	247,179	1,562,016
Interest bearing loans and borrowings	4,431,184	6,857,045	3,872,198	2,469,439	621,133	1,382,366	19,633,365
Tax payable	-	-	5,280	-	-	-	5,280
Group's share of dividend received	3,059	-	10,925	21,893	-	43,674	79,551

6. ***Loans to Joint Venture Companies:***

	December 31, 2016	December 31, 2015
India LNG Transport Company No. 3 Limited	**41,444**	38,739
Nakilat Svitzerwijsmuller WLL	**63,061**	113,448
Nakilat-Keppel Offshore & Marine Limited	**-**	83,173
Nakilat Damen Shipyards Qatar Limited	**30,953**	30,953
Total	**135,458**	266,313

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, 2016** is **2.77%** (2015: 2.52%).

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

7. ***Available-for-Sale Investments:***

	December 31, 2016	December 31, 2015
Balance at January 1	**126,520**	177,293
Changes in fair value	**7,076**	(50,773)
Balance at December 31	**133,596**	126,520

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

8. ***Trade and Other Receivables:***

	December 31, 2016	December 31, 2015
Trade receivables	**18,484**	25,004
Less: Provision for doubtful receivables	**(2,410)**	(2,410)
	16,074	22,594
Accrued income	**7,733**	13,516
Other receivables*	**302,870**	228,971
Total	**326,677**	265,081

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 59.5 million** (2015: QR 59.5 million) relating to the excess of dry-dock costs over the originally estimated budgeted costs for dry-docking. The Group will recover this amount, as an agreement is finalized with the Charterer during February 2017.

As at **December 31, 2016** the ageing of trade receivables and movement in the provision for doubtful receivables are as follows:

	December 31, 2016	December 31, 2015
(i) *Ageing of neither past due nor impaired*		
Less than 60 days	**2,879**	18,159
(ii) *Ageing of past due but not impaired*		
61-90 days	**1,356**	635
91-120 days	**2,236**	1,176
Over 120 days	**9,603**	2,624
Total	**13,195**	4,435
(iii) *Ageing of impaired trade receivables*		
Over 120 days	**2,410**	2,410
(iv) *Movement in the provision for doubtful receivables:*		
Balance at the beginning of the year	**2,410**	1,495
Additional provision during the year	**-**	1,042
Written off during the year	**-**	(127)
Balance at end of the year	**2,410**	2,410

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

9. ***Cash and Bank Balances:***

	December 31, 2016	December 31, 2015
Cash on hand	**323**	331
Cash at bank-Call and current accounts	**707,395**	1,318,312
Cash at bank-Time deposits*	**1,665,020**	1,307,467
Other bank balances **(a)**	**20,781**	21,333
Other bank balances **(b)**	**99,041**	88,395
Total	**2,492,560**	2,735,838

* The effective interest and profit rates on the time deposits varies between **0.4%** to **3.13%** (2015: 0.17% to 3.15%).

9.1 ***Cash and Cash Equivalents:***

	December 31, 2016	December 31, 2015
Cash and bank balances	**2,492,560**	2,735,838
Less:		
Other bank balances **(a)**	**(20,781)**	(21,333)
Other bank balances **(b)**	**(99,041)**	(88,395)
Time deposits maturing after 90 days	**(758,531)**	(1,137,358)
	1,614,207	1,488,752

(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, 2016	December 31, 2015
	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	**5,538,717**	5,538,490

At **December 31, 2016**, a total of **309,224** issued shares are 50% paid (2015: 354,695 issued shares were 50% paid).

10.1 ***Proposed Cash Dividend:***

The Board of Directors has proposed a cash dividend of **QR 554 million** for the current year (2015: QR 693 million) which is subject to the approval of shareholders in the Annual General Meeting. The cash dividend for 2015 was approved by the shareholders at the Annual General Meeting held on March 14, 2016.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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, 2016**	December 31, 2015
Loan - **note (a)**	**1,820,765**	1,820,765
Senior bank facilities - **note (b)**	**12,570,776**	12,909,973
Subordinated bank facilities - **note (c)**	**1,430,457**	1,467,355
Senior bonds – Series "A" - **note (d)**	**3,095,299**	3,095,299
Subordinated bonds Series "A" - **note (e)**	**927,017**	956,972
KEXIM Facility - **note (f)**	**633,310**	791,637
KSURE Covered Facility - **note (g)**	**997,463**	1,211,205
Less: Issuance costs of bonds	**(23,818)**	(25,220)
Less: Costs incurred for financing	**(10,178)**	(11,575)
Less: Transaction costs of refinancing	**(21,005)**	(23,339)
Total	**21,420,086**	22,193,072
Classified as:		
Payable within one year	**803,631**	778,119
Payable after one year	**20,616,455**	21,414,953

Note (a):
Represents USD 500 million drawdown against the financing facility. The repayment will begin from June 2019 and will end in June 2024.

Note (b):
Represents USD 1,917.7 million against the senior bank facility Tranche I, USD 817 million against the senior bank facility Tranche II and USD 717.4 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.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

13. *Borrowings (continued):*

Note (c):
Represents USD 150.6 million against the subordinated bank facility Tranche I, USD 109.8 million against the subordinated bank facility Tranche II and USD 132.4 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 78.3 million against the KSURE facility Tranche I and USD 195.7 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, 2016** is **2.64894%** (2015: 2.2225%).

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 Group'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.

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, 2016** the outstanding notional amount of swap agreements is **QR 11,793 million** (2015: QR 12,430 million) and net fair value is negative **QR 2,819 million** (2015: negative QR 3,363 million).

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

15. *Accounts Payable and Accruals:*

	December 31, 2016	December 31, 2015
Accounts payable	**123,526**	137,845
Advances from customers	**135,652**	100,083
Payable to shareholders **(1)**	**20,781**	21,333
Other accruals	**106,179**	65,694
Other liabilities-current portion **(note 15.1)**	**48,720**	49,147
Social and sports fund contribution **(note 16)**	**23,855**	24,558
Dividend payable	**99,041**	88,395
Deferred liabilities **(2)**	**70,591**	26,944
Total	**628,345**	513,999

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

(2) This represents excess losses from a joint venture and will be adjusted with the future profits of the same joint venture.

15.1 *Other Liabilities:*

This includes deferred income relating to excess dry docking costs and proceeds from MEGI project. The excess dry dock costs will be amortized over the life of the dry docking costs. The proceeds from MEGI project will be amortized over the useful life of related assets. The balance of non-current portion is **QR 165,216** thousands (2015: QR 197,574 thousands).

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 23,855** thousands representing 2.5% of the net consolidated profit of the Group for the year ended **December 31, 2016** (December 31, 2015: QR 24,558 thousand). This appropriation has been presented in the consolidated statement of changes in equity.

17. *Related Party Transactions:*

		For the year ended December 31, 2016	For the year ended December 31, 2015
(a)	Transactions with related parties during the year are as follows:		
	Repayment of joint ventures' loans	**63,012**	54,870
	Interest income on loans to joint ventures	**9,687**	10,334
(b)	Balances with related parties are as follows:		
	Due from joint venture companies	**30,537**	18,900
	Due to joint venture companies	**1,297**	2,896
(c)	Key management compensation:		
	Compensation of key management personnel	**6,123**	5,440
	Board of Directors' remuneration accrued	**5,900**	3,850

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

18. *Subsidiaries:*

Details of the Company's subsidiaries at **December 31, 2016** 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
-QGTC Cyprus Limited	Cyprus	100%	Shipping Company

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

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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, 2016	For the year ended December 31, 2015
Profit for the year attributable to the owners of the Company	**954,179**	982,302
Weighted average number of shares outstanding during the year	**553,871,748**	553,849,013
Basic and diluted earnings per share (expressed in QR per share)	**1.72**	1.77

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, 2016**.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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

The Group's sensitivity analysis has been determined based on exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating liabilities, the amount of the liability outstanding at the end of the reporting period was assumed outstanding for the whole year. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest on borrowings.
The Group's exposure to interest rate risk and the effective interest rates on its financial assets and liabilities are summarized below:

	December 31, 2016				December 31, 2015			
	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	-	**1,973,013**	**519,547**	**2,492,560**	-	1,621,372	1,114,466	2,735,838
Loans to joint ventures	-	**135,458**	-	**135,458**	-	266,313	-	266,313
	-	**2,108,471**	**519,547**	**2,628,018**	-	1,887,685	1,114,466	3,002,151
Financial liabilities								
Interest bearing loans and borrowings	**(3,998,498)**	**(5,628,583)**	-	**(9,627,081)**	(4,027,051)	(5,735,793)	-	(9,762,844)
Interest rate swap	**(11,793,005)**	-	-	**(11,793,005)**	(12,430,228)	-	-	(12,430,228)
	(15,791,503)	**(5,628,583)**	-	**(21,420,086)**	(16,457,279)	(5,735,793)	-	(22,193,072)
Net financial assets/ (liabilities)	**(15,791,503)**	**(3,520,112)**	**519,547**	**(18,792,068)**	(16,457,279)	(3,848,108)	1,114,466	(19,190,921)

If interest rates had been 50 basis points lower / higher and all other variables were held constant, the net effect on the profit for the year ended **December 31, 2016** would be an increase / decrease by **QR 17.6 million** (December 31, 2015: QR 19.2 million).

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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*	
	2016	2015	**2016**	2015	**2016**	2015
	%	%	**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	**11,793**	12,430	**(2,819)**	(3,363)

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 426 million** as of **December 31, 2016** (2015: negative fair value of QR 453 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 13.3 million** (2015: QR 12.6 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.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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 2016	**Carrying Amounts**	**Less than 1 year**	**1-5 years**	**Over 5 Years**
Borrowings	**21,420,086**	**803,631**	**3,703,063**	**16,913,392**
Accounts payable	**522,166**	**522,166**	**-**	**-**
	21,942,252	**1,325,797**	**3,703,063**	**16,913,392**

31 December 2015	Carrying Amounts	Less than 1 year	1-5 years	Over 5 Years
Borrowings	22,193,072	778,119	3,550,506	17,864,447
Accounts payable	448,305	448,305	-	-
	22,641,377	1,226,424	3,550,506	17,864,447

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 this 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.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

20. *Financial Risk Management (continued):*

Exposure to credit risk

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position as at December 31, 2016 and 2015 is the carrying amounts as illustrated below.

	Note	Carrying amount	
		December 31, 2016	December 31, 2015
Loans to joint venture companies	6	**135,458**	266,313
Available-for-sale investments	7	**133,596**	126,520
Due from joint venture companies	17(b)	**30,537**	18,900
Trade and other receivables	8	**326,677**	265,081
Bank balances	9	**2,492,237**	2,735,507
Total		**3,118,505**	3,412,321

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 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Available-for-sale investments	**133,596**	**-**	**-**	**133,596**
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	**-**	**2,819,165**	**-**	**2,819,165**
31 December 2015				
Financial assets measured at fair value:				
Available-for-sale investments	126,520	-	-	126,520
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	-	3,363,099	-	3,363,099

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.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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, 2016**	December 31, 2015
Total debt (Borrowings)	13	**21,420,086**	22,193,072
Cash and cash equivalents	9.1	**(1,614,207)**	(1,488,752)
Net debt		**19,805,879**	20,704,320
Equity before hedging reserve and non-controlling interests		**8,504,939**	8,259,845
Add: Non-controlling interests		**4,146**	4,427
Adjusted Equity (i)		**8,509,085**	8,264,272
Net debt to adjusted equity ratio		**233%**	251%

(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, 2016** amounted to **QR 1.75 million** (2015: QR 0.85 million).

(iii) Letters of Credits and Guarantees including the share from joint ventures at **December 31, 2016** amounted to **QR 78.3 million** (2015: QR 211.2 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 UK taxing authority (or HMRC) has been challenging the use of similar lease structures. One of those challenges was eventually decided in favour of HMRC (Lloyds Bank Equipment Leasing No. 1 or LEL1), with the lessor and lessee choosing not to appeal further. Initial indications are that HMRC will attempt to progress matters on other leases including the lease of the joint venture with the intent of asking the lessees to accept the LEL1 tax case verdict that Capital Allowances were not due, and if the joint venture was to be challenged by HMRC, it is not certain at this time whether the joint venture would eventually prevail in court. If the former lessor of the LNG Carriers were to lose on a similar claim from HMRC, the Company's estimate of share of potential exposure is estimated to be approximately QR 92.85 million. Such estimate is primarily based on information received from the lessor.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amount Expressed in Thousands of Qatari Riyals)

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 and residual value of the property and equipment at the end of each annual reporting period.

Management estimates the useful lives and residual value for the Group's vessels based on historical experience and other factors, including the tonnage value and 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 a result, the fair value of the derivative (negative **QR 2,819 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 at the inception of a revised agreement over the remaining term.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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 Revenue:*

The Group 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 receivables under non-cancellable operating leases are as follows:

	December 31, 2016	December 31, 2015
Not later than 1 year	**3,063,835**	3,091,325
Later than 1 year but not later than 5 years	**12,263,734**	12,339,962
Later than 5 years	**38,459,903**	41,793,144
Total	**53,787,472**	57,224,431

25. *Operating Costs:*

Operating cost mainly includes running and maintenance costs for vessels.

26. *General and administrative expenses:*

This includes expenses relating to payroll, rent and utilities, professional services etc.

27. *Events after the reporting date:*

There are no material events subsequent to the reporting date, which have a bearing on the understanding of these consolidated financial statements.