QATAR GAS TRANSPORT COMPANY LIMITED
(NAKILAT) (Q.S.C.)
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2013
TOGETHER WITH
INDEPENDENT AUDITOR'S REVIEW REPORT

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.S.C.)
DOHA – QATAR

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2013

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Independent Auditor's Review Report

To
The Board of Directors
Qatar Gas Transport Company Limited (Nakilat) (Q.S.C.)
Doha - Qatar

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Qatar Gas Transport Company Limited (Nakilat) (Q.S.C.) (the "Company''), and its subsidiaries and joint ventures (together referred as the "Group") as of June 30, 2013, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Other matters

The interim condensed consolidated financial statements for the six month period ended June 30, 2012 and the consolidated financial statements for the year ended December 31, 2012 were reviewed and audited by another auditor whose reports dated July 18, 2012 and March 10, 2013 expressed an unmodified conclusion and an unqualified opinion with an emphasis of matter on the interim condensed consolidated financial statements respectively.

For Deloitte & Touche

Muhammad Bahemia
License No. 103

Doha-Qatar
July 14, 2013

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.S.C.)
DOHA – QATAR
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2013
(Amounts expressed in thousands of Qatari Riyals)

ASSETS	Notes	June 30, 2013 (Reviewed)	December 31, 2012 (Audited)
Non-Current Assets:			
Property and equipment	3	**24,904,372**	25,192,056
Investment in joint venture companies	4	**2,317,017**	2,018,819
Loans to joint venture companies		**799,968**	1,084,733
Available-for-sale investments		**163,097**	145,036
Total Non-Current Assets		**28,184,454**	28,440,644
Current Assets:			
Inventories		**28,390**	25,052
Trade and other receivables		**274,654**	321,716
Due from joint venture companies		**24,543**	9,506
Cash and bank balances	5	**1,976,066**	2,095,928
Total Current Assets		**2,303,653**	2,452,202
Total Assets		**30,488,107**	30,892,846
EQUITY AND LIABILITIES			
Equity:			
Share capital	6	**5,538,456**	5,538,456
Legal reserve	7	**331,554**	331,554
Fair value reserve		**116,629**	98,568
Translation reserve		**28,626**	28,626
Proposed cash dividend		**-**	554,026
Retained earnings		**1,403,374**	1,044,219
Equity before hedging reserve and non-controlling interests		**7,418,639**	7,595,449
Hedging reserve	8	**(4,249,525)**	(5,836,454)
Equity after hedging reserve and before non-controlling interests		**3,169,114**	1,758,995
Non-controlling interests		**6,260**	5,836
Non-Current Liabilities:			
Borrowings	9	**22,698,702**	23,117,905
Fair value of interest rate swaps	10	**3,373,790**	4,814,759
Provision for employees' end of service benefits		**17,322**	14,665
Total Non-Current Liabilities		**26,089,814**	27,947,329
Current Liabilities:			
Borrowings	9	**833,017**	822,213
Accounts payable and accruals		**384,551**	356,783
Due to joint venture companies		**5,351**	1,690
Total Current Liabilities		**1,222,919**	1,180,686
Total Equity and Liabilities		**30,488,107**	30,892,846

These interim condensed consolidated financial statements were approved on **July 14, 2013** by:

HE Dr. Mohammed Bin Saleh Al-Sada	**Muhammad Ghannam**
Chairman	**Managing Director**

The accompanying notes 1-16 form an integral part of these interim condensed consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.S.C.)
DOHA – QATAR

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2013
(Amounts expressed in thousands of Qatari Riyals)

	Notes	**Six Month Period Ended June 30, 2013 (Reviewed)**	Six Month Period Ended June 30, 2012 (Reviewed)
Income:			
Revenue from wholly owned vessels		**1,488,282**	1,491,873
Share of profits from joint ventures	4	**148,577**	130,452
Income from marine and agency services		**21,895**	17,738
Interest income on loans to joint ventures		**10,331**	11,301
Interest, dividend and profit from Islamic banks		**13,258**	17,884
Vessels sub-chartering and other income		**13,874**	31,490
Total Income		**1,696,217**	1,700,738
Expenses:			
Operating costs		**(309,028)**	(291,283)
General and administrative		**(51,896)**	(34,059)
Depreciation of property and equipment	3	**(296,441)**	(294,896)
Finance charges		**(664,148)**	(695,060)
Total Expenses		**(1,321,513)**	(1,315,298)
Profit for the period from operations		**374,704**	385,440
Loss on derivative instruments from a joint venture	4	**(15,125)**	(4,639)
Profit for the period		**359,579**	380,801
Profit for the period attributable to:			
Owners of the Company		**359,155**	380,669
Non-controlling interests		**424**	132
Total		**359,579**	380,801
Basic and diluted earnings per share (expressed in QR per share)	12	**0.65**	0.69

The accompanying notes 1-16 form an integral part of these interim condensed consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.S.C.)
DOHA – QATAR

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2013
(Amounts expressed in thousands of Qatari Riyals)

	Six Month Period Ended June 30, 2013 (Reviewed)	Six Month Period Ended June 30, 2012 (Reviewed)
Profit for the period	**359,579**	380,801
Other comprehensive income		
Changes in fair value of available-for-sale investments	**18,061**	(7,411)
Changes in fair value of cash flow hedging derivatives	**1,402,036**	(199,297)
Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	**184,893**	29,445
Total comprehensive income for the period	**1,964,569**	203,538
Total comprehensive income for the period attributable to:		
Owners of the Company	**1,964,145**	203,406
Non-controlling interests	**424**	132
Total	**1,964,569**	203,538

The accompanying notes 1-16 form an integral part of these interim condensed consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.S.C.)
DOHA – QATAR

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2013
(Amounts expressed in thousands of Qatari Riyals)

	Share Capital	Legal Reserve	Fair Value Reserve	Translation Reserve	Proposed Cash Dividend	Retained Earnings	Equity Before Hedging Reserve and Non-Controlling Interest	Hedging Reserve	Non-Controlling Interest
Balance as of January 01, 2012 (Audited)	5,538,449	255,004	80,207	28,626	470,922	928,433	7,301,641	(5,843,176)	5,303
Profit for the period	-	-	-	-	-	380,669	380,669	-	132
Other comprehensive income for the period									
-Changes in fair value of available-for-sale investments	-	-	(7,411)	-	-	-	(7,411)	-	-
-Changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	(199,297)	-
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	29,445	-
Total comprehensive income for the period	-	-	(7,411)	-	-	380,669	373,258	(169,852)	132
Dividend paid for 2011	-	-	-	-	(470,922)	-	(470,922)	-	-
Capital contribution	7	-	-	-	-	-	7	-	-
Balance as of June 30, 2012– (Reviewed)	5,538,456	255,004	72,796	28,626	-	1,309,102	7,203,984	(6,013,028)	5,435
Balance as of January 01, 2013 (Audited)	**5,538,456**	**331,554**	**98,568**	**28,626**	**554,026**	**1,044,219**	**7,595,449**	**(5,836,454)**	**5,836**
Profit for the period	-	-	-	-	-	**359,155**	**359,155**	-	**424**
Other comprehensive income for the period									
-Changes in fair value of available-for-sale investments	-	-	**18,061**	-	-	-	**18,061**	-	-
-Changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	**1,402,036**	-
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	**184,893**	-
Total comprehensive income for the period	-	-	**18,061**	-	-	**359,155**	**377,216**	**1,586,929**	**424**
Dividend paid for 2012	-	-	-	-	**(554,026)**	-	**(554,026)**	-	-
Balance as of June 30, 2013– (Reviewed)	**5,538,456**	**331,554**	**116,629**	**28,626**	-	**1,403,374**	**7,418,639**	**(4,249,525)**	**6,260**

The accompanying notes 1-16 form an integral part of these interim condensed consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.S.C.)
DOHA – QATAR
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2013
(Amounts expressed in thousands of Qatari Riyals)

	Notes	Six Month Period Ended June 30, 2013 (Reviewed)	Six Month Period Ended June 30, 2012 (Reviewed)
Cash Flows from Operating Activities:			
Profit for the period		**359,579**	380,801
Adjustments for:			
Depreciation of property and equipments	3	**296,441**	294,896
Finance charges		**664,148**	695,060
Share of profits from joint ventures		**(148,577)**	(130,452)
Loss on derivative instruments from a joint venture		**15,125**	4,639
Interest income on loans to joint ventures		**(10,331)**	(11,301)
Interest, dividend and profit from Islamic banks		**(13,258)**	(17,884)
Other income		**(4,638)**	-
Provision for doubtful receivables		**865**	-
Provision for employees' end of service benefits		**2,732**	2,181
		1,162,086	1,217,940
Working Capital Changes:			
Inventories		**(3,338)**	587
Trade and other receivables		**47,153**	(42,703)
Accounts payable and accruals		**(4,917)**	(45,316)
Due from joint venture companies		**(8,571)**	7,708
Due to joint venture companies		**3,661**	1,843
Cash generated from operations		**1,196,074**	1,140,059
Finance charges paid		**(655,847)**	(692,140)
Employees' end of service benefits paid		**(75)**	(487)
Net Cash from Operating Activities		**540,152**	447,432
Cash Flows from Investing Activities:			
Loans to joint venture companies-net		**291,374**	16,749
(Investment) / refund of investment in a joint venture company	4	**(152,257)**	15,964
Dividend income received from joint ventures	4	**126,863**	30,932
Acquisition of property and equipments	3	**(8,757)**	(5,234)
Investment income received		**20,805**	28,218
Net Cash from Investing Activities		**278,028**	86,629
Cash Flows from Financing Activities:			
Proceeds from issue of share capital		**-**	7
Dividend paid to shareholders		**(514,428)**	(419,082)
Unpaid dividend transferred to separate bank account		**(52,720)**	(56,074)
Transaction costs of refinancing		**(26,327)**	-
Proceeds from borrowings		**3,339,540**	-
Repayment of borrowings		**(3,723,198)**	(486,195)
Net Cash used in Financing Activities		**(977,133)**	(961,344)
Net Decrease in Cash and Cash Equivalents		**(158,953)**	(427,283)
Cash and Cash Equivalents at Beginning of the Period		**2,009,036**	2,186,672
Cash and Cash Equivalents at End of the Period	5.1	**1,850,083**	1,759,389

The accompanying notes 1-16 form an integral part of these interim condensed consolidated financial statements.

1. *Reporting Entity:*

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

These interim condensed consolidated financial statements incorporate the financial statements of the Company and its subsidiaries together referred to as the "Group" and the Group's interests in jointly controlled entities.

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

2. *Basis of Preparation and Significant Accounting Policies:*

2.1 *Basis of preparation:*

The accompanying interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard IAS 34 – "Interim Financial Reporting" under the historical cost convention except for certain financial instruments which have been stated at fair value. They do not include all of the information required for full annual financial statements, therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2012. In addition, results for the six month period ended June 30, 2013 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2013.

2.2 *Significant accounting policies:*

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2012 except for the adoption of new standards and interpretations effective as of January 01, 2013.

In the current financial year, the Group has adopted certain new standards and amendments that include IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements,* IFRS 13 *Fair Value Measurement* and amendments to IAS 1 *Presentation of Financial Statements* which had no impact in the interim condensed consolidated financial statements of the Group other than certain additional disclosures.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the interim condensed consolidated financial statements of the Group.

(Amounts expressed in thousands of Qatari Riyals)

3. *Property and Equipment:*

	Vessels	*Dry Docking Costs*	*SAP*	*Equipments*	*Furniture and Fixtures*	*Others*	*Total*
Cost:							
At January 01, 2012 (Audited)	26,898,132	-	44,010	5,658	983	278,769	27,227,552
Additions during the year	-	26,225	-	537	-	7,988	34,750
At December 31, 2012 (Audited)	26,898,132	26,225	44,010	6,195	983	286,757	27,262,302
Additions during the period	-	**6,532**	-	**151**	-	**2,074**	**8,757**
At June 30, 2013 (Reviewed)	**26,898,132**	**32,757**	**44,010**	**6,346**	**983**	**288,831**	**27,271,059**
Accumulated Depreciation:							
At January 01, 2012 (Audited)	1,418,955	-	24,751	4,238	441	28,000	1,476,385
Charge for the year	575,077	1,348	8,802	595	142	7,897	593,861
At December 31, 2012(Audited)	1,994,032	1,348	33,553	4,833	583	35,897	2,070,246
Charge for the period	**284,396**	**2,569**	**4,401**	**316**	**71**	**4,688**	**296,441**
At June 30, 2013 (Reviewed)	**2,278,428**	**3,917**	**37,954**	**5,149**	**654**	**40,585**	**2,366,687**
Net Carrying Amount:							
At June 30, 2013(Reviewed)	**24,619,704**	**28,840**	**6,056**	**1,197**	**329**	**248,246**	**24,904,372**
At December 31, 2012(Audited)	24,904,100	24,877	10,457	1,362	400	250,860	25,192,056

4. *Investment in Joint Venture Companies:*

	QR '000'
Balance – January 01, 2012 (Audited)	1,809,991
Return of investment in a joint venture company	(15,964)
Share of profit for the year	253,654
Gain on derivative instruments from a joint venture	19,502
Loss adjusted against loan to joint ventures	70,906
Share of hedging reserve for the year*	(8,803)
Dividend received during the year	(110,467)
Balance – December 31, 2012 (Audited)	2,018,819
Investment in a joint venture company	**152,257**
Share of profit for the six month period ended 30 June 2013	**148,577**
Loss on derivative instruments from a joint venture	**(15,125)**
Gain adjusted against fair value of interest rate swaps	**(13,177)**
Gain adjusted against loan to joint ventures	**(4,518)**
Share of hedging reserve for the six month period ended 30 June 2013*	**157,047**
Dividend received during the six month period ended 30 June 2013	**(126,863)**
Balance – June 30, 2013 (Reviewed)	**2,317,017**

* This excludes the share of losses on the hedging reserve from joint ventures amounting to a total of **QR 2.1 million** (2012: QR 0.5 million loss) adjusted against the loans to the respective joint venture and **QR 25.8 million** (2012: QR 38.9 million loss) adjusted against the fair value of interest rate swaps.

(Amounts expressed in thousands of Qatari Riyals)

5. *Cash and Bank Balances:*

	June 30, 2013 (Reviewed)	December 31, 2012 (Audited)
Cash on hand	**257**	250
Cash at bank –Call and current accounts	**1,498,107**	1,447,787
Cash at bank-Time deposits *	**351,719**	560,999
Other bank balances **(a)**	**22,360**	22,866
Other bank balances **(b)**	**103,623**	64,026
Total	**1,976,066**	2,095,928

*All time deposits have a maturity of equal to or less than 90 days. The effective interest and profit rates on the time deposits varies between **1.25% to 1.53%** (2012: 0.17% to 2.2%).

5.1 *Cash and Cash Equivalents:*

	Six Month Period Ended June 30, 2013 (Reviewed)	Six Month Period Ended June 30, 2012 (Reviewed)
Cash and bank balances	**1,976,066**	1,860,739
Less:		
-Other bank balances **(a)**	**(22,360)**	(23,011)
-Other bank balances **(b)**	**(103,623)**	(78,339)
	1,850,083	1,759,389

(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.

6. *Share Capital:*

	June 30, 2013 (Reviewed)	December 31, 2012 (Audited)
	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.	**5,538,456**	5,538,456

During the six month period ended 30 June 2013, the Company has received **QR Nil** (2012: QR 7 thousands) as the balance 50% amount in relation to shares which were 50% paid. At **June 30, 2013**, a total of **361,566** issued shares are 50% paid (2012: 361,566 issued shares were 50% paid).

(Amounts expressed in thousands of Qatari Riyals)

7. *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. No legal reserve has been computed for the purpose of these interim condensed consolidated financial statements.

8. *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 profit or loss 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.

9. *Borrowings:*

These consist of the following:

	June 30, 2013 (Reviewed)	December 31, 2012 (Audited)
Loan	**1,326,119**	1,383,781
Senior bank facilities*	**13,667,886**	13,784,580
Subordinated bank facilities*	**1,549,390**	1,560,398
Senior bonds – Series "A"	**3,095,299**	3,095,299
Subordinated bonds – Series "A"	**1,024,267**	1,036,525
KEXIM Facility	**1,187,455**	1,266,619
KSURE Covered Facility	**1,745,559**	1,852,430
Less: Costs incurred for Islamic financing	**(9,207)**	(10,091)
Less: Issuance cost of bonds	**(28,722)**	(29,423)
Less: Transaction costs of refinancing	**(26,327)**	-
Total	**23,531,719**	23,940,118
Classified as:		
Payable within one year	**833,017**	822,213
Payable after one year	**22,698,702**	23,117,905

The weighted average interest rate on short / long term facilities (excluding hedge), loans and bonds as above at **June 30, 2013** is **2.4733%** (December 31, 2012: 2.6499%).

* During the period, the Group refinances one loan.

(Amounts expressed in thousands of Qatari Riyals)

10. *Fair Value of Interest Rate Swaps:*

The Group has entered into interest rate swap agreements with several financial institutions. As at **June 30, 2013** the outstanding notional amount of swap agreements is **QR 13,948 million** (2012: QR 14,240 million) and net fair value is negative **QR 3,374 million** (2012: QR 4,815 million).

11. *Related Party Transactions:*

	Six Month Period Ended June 30,2013 (Reviewed)	Six Month Period Ended June 30, 2012 (Reviewed)
Loans to joint ventures (net)	**291,374**	16,749
Interest income on loans to joint ventures	**10,331**	11,301
Compensation of key management personnel	**1,546**	1,442
Board of Directors' remuneration accrued	**775**	705

12. *Earnings Per Share:*

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

	Six Month Period Ended June 30,2013 (Reviewed)	Six Month Period Ended June 30, 2012 (Reviewed)
Profit for the period attributable to the owners of the Company	**359,155**	380,669
Weighted average number of shares outstanding during the period	**553,845,577**	553,845,577
Basic and diluted earnings per share (expressed in QR per share)	**0.65**	0.69

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

13. *Fair Values:*

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at June 30, 2013:

	Carrying amount	**Fair value**
Financial assets:		
Loans to joint ventures	**799,968**	**799,968**
Available-for-sale investments	**163,097**	**163,097**
Total non-current	**963,065**	**963,065**
Trade and other receivables	**274,654**	**274,654**
Due from joint venture companies	**24,543**	**24,543**
Cash and bank balances	**1,976,066**	**1,976,066**
Total current	**2,275,263**	**2,275,263**
Total financial assets	**3,238,328**	**3,238,328**

(Amounts expressed in thousands of Qatari Riyals)

13. ***Fair Values (continued):***

	Carrying amount	Fair value
Financial liabilities:		
Interest bearing loans and borrowings	23,531,719	23,531,719
Fair value of interest rate swaps	3,373,790	3,373,790
Total non-current	26,905,509	26,905,509
Accounts payable	300,039	300,039
Due to joint venture companies	5,351	5,351
Total current	305,390	305,390
Total financial liabilities	27,210,899	27,210,899

Fair Value of Financial Instruments

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

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows.

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

	Level 1	Level 2	Level 3	Total
June 30, 2013:				
Financial assets measured at fair value				
Available-for-sale investments	163,097	-	-	163,097
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	-	3,373,790	-	3,373,790
December 31, 2012:				
Financial assets measured at fair value				
Available-for-sale investments	145,036	-	-	145,036
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	-	4,814,759	-	4,814,759

14. ***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.

14. *Commitments and Contingencies (continued):*

(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 **June 30, 2013** amounted to **QR 0.7 million** (2012: QR 0.7 million).

(iii) Letter of Guarantee at **June 30, 2013** amounted to **QR 6.5 million** (2012: QR 6.5 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 is the lessee under finance lease arrangements for its LNG carriers. The lessor to these lease arrangements has requested the joint venture to enter into negotiations for a mutually agreed upon termination of these leases as the UK tax authority has been advising the lessor to terminate these finance lease arrangements. The joint venture believes that the matter is at a preliminary stage and taxing authority would not be successful in this matter. If the challenge was successful, the joint venture could be subject to additional costs. The Company estimates its share of the potential exposure of these additional costs to be QR 45.3 million.

(E) Other Contingencies:

(i) One of the joint ventures of the Company has received notification from the lessor relating to the credit rating downgrade of a bank that was providing the letter of credit to the joint venture's leases. As a result, the lessor has claimed an increase to the lease rentals over the remaining term of the Leases. The joint venture is at initial stage of challenging the claim. The joint venture is also considering other options to reduce the effect of the credit rating downgrade. The Company estimates its share of the potential exposure of these additional costs to be QR 16 million.

(ii) The Company head chartered a LNG Vessel from Head Owners for chartering business on back to back terms with Sub Charterer who entered into a further sub charter agreement on back to back terms with Sub-Sub Charterer. During the year the Vessel was rejected by Load Port authority and the Vessel was later withdrawn by Head Owners leading to disputes under the charters. Sub-Sub charterers are claiming approximately US$23.3 million. In turn the Sub-charter is claiming this plus loss of profit from the Company and the Company is claiming this plus their own loss of profit against Head Owner. A defense and counter claim has been served by Head Owner in April 2013. However, it is still too early to fully assess the position but on the present information the Company considers that the claims and potential counterclaims they may face will probably not require an outflow of resources. Although the Company recognizes that back to back contracts are not a guarantee that a party in the middle of such a chain of contracts is immune it is more likely that either the Head Owner at the top of the chain or the Sub-sub charterer at the bottom will bear the liabilities.

15. *Critical Accounting Judgments and Key Sources of Estimation Uncertainty:*

15.1 *Critical judgment in applying the Group's Accounting Policies*

In application of the Group's accounting policies, 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 at the time of preparing these interim condensed consolidated financial statements. Actual results may differ from these estimates. The underlying assumptions are reviewed on an ongoing basis.

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 is recorded in equity under hedging reserve.

Depreciation of Vessels

The depreciable cost (cost minus estimated salvage value) of vessels is depreciated over the estimated useful life, which is based on management's expectation of the usage of the asset, expected physical wear and tear, and the dry docking and repairs and maintenance program.

15.2 *Key sources of estimation uncertainty*

In the process of preparing these interim condensed consolidated financial statements, the management has made use of certain key assumptions that may have an impact on the current reported results.

Results of operations from joint venture entities

The Company uses the equity method of accounting to account for its joint ventures. Due to time constraints, the financial information of the joint ventures included in these interim condensed consolidated financial statements is based on the management accounts of these joint ventures for the six month period ended **June 30, 2013**.

The share of profits and the share of changes in fair value of cash flow hedging derivatives from the investments in joint ventures considered for the six month period ended **June 30, 2013** amounted to **QR 148 million** and **QR 184.9 million** respectively (2012: QR 130 million and QR 29.4 million).

16. *Comparative numbers:*

Certain comparative numbers have been reclassified to conform to the presentation adopted in the current period. However such reclassifications did not have any effect on the consolidated profit and consolidated equity for the comparative period.