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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Qatar Gas Transport Company Limited (Nakilat) Q.S.C. ("the Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Qatar Gas Transport Company Limited (Nakilat) Q.S.C. at December 31, 2013 and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The consolidated financial statements of Qatar Gas Transport Company Limited (Nakilat) Q.S.C. for the year ended December 31, 2012, were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on March 10, 2013.

Report on other legal and regulatory requirements

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

Doha – Qatar
February 24, 2014

For Deloitte & Touche
Qatar Branch

S. Jaghoub

Samer Jaghoub
Managing Partner – Qatar
License No. 88

NJ SA

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013
(Amount Expressed in Thousands of Qatari Riyals)

	Note	December 31, 2013	December 31, 2012
ASSETS			
Non-Current Assets:			
Property and equipment	4	**24,855,318**	25,192,056
Investment in joint venture companies	5	**2,641,403**	2,018,819
Loans to joint venture companies	6	**804,651**	1,084,733
Available-for-sale-investments	7	**175,865**	145,036
Total Non-Current Assets		**28,477,237**	28,440,644
Current Assets:			
Inventories		**25,730**	25,052
Trade and other receivables	8	**237,947**	321,716
Due from joint venture companies	17(b)	**20,993**	9,506
Cash and bank balances	9	**1,930,976**	2,095,928
Total Current Assets		**2,215,646**	2,452,202
Total Assets		**30,692,883**	30,892,846

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

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2013
(Amount Expressed in Thousands of Qatari Riyals)

	Note	December 31, 2013	December 31, 2012
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	10	**5,538,458**	5,538,456
Legal reserve	11	**404,457**	331,554
Fair value reserve		**129,397**	98,568
Translation reserve		**28,626**	28,626
Proposed cash dividend	10.1	**609,423**	554,026
Retained earnings		**1,072,693**	1,044,219
Equity before hedging reserve and non-controlling interests		**7,783,054**	7,595,449
Hedging reserve	12	**(3,443,428)**	(5,836,454)
Equity after hedging reserve and before non-controlling interests		**4,339,626**	1,758,995
Non-Controlling Interests		**6,842**	5,836
Non-Current Liabilities:			
Borrowings	13	**22,273,733**	23,117,905
Fair value of interest rate swaps	14	**2,824,135**	4,814,759
Provision for employees' end of service benefits		**18,144**	14,665
Total Non-Current Liabilities		**25,116,012**	27,947,329
Current Liabilities:			
Borrowings	13	**843,964**	822,213
Accounts payable and accruals	15	**381,614**	356,783
Due to joint venture companies	17(b)	**4,825**	1,690
Total Current Liabilities		**1,230,403**	1,180,686
Total Equity and Liabilities		**30,692,883**	30,892,846

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on **February 24, 2014.**

HE Dr. Mohammed Bin Saleh Al-Sada	**Khaled Bin Khalifa Al Thani**	**Abdullah Fadhalah Al-Sulaiti**
Chairman	**Vice Chairman**	**Managing Director**

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

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012
Income:			
Revenue from wholly owned vessels		**3,015,138**	3,005,870
Share of profits from joint ventures	5	**300,753**	253,654
Income from marine and agency services		**47,108**	39,440
Interest income on loans to joint ventures	17	**19,687**	24,344
Interest, dividend and profit from Islamic banks		**17,259**	24,016
Vessels sub-chartering and other income		**21,234**	72,931
Total Income		**3,421,179**	3,420,255
Expenses:			
Operating costs	25	**(650,301)**	(621,657)
General and administrative		**(103,407)**	(71,230)
Depreciation of property and equipment	4	**(606,129)**	(593,861)
Finance charges		**(1,305,597)**	(1,386,977)
Total Expenses		**(2,665,434)**	(2,673,725)
Profit from operations		**755,745**	746,530
(Loss) / gain on derivative instruments from a joint venture	5	**(25,713)**	19,502
Profit for the year		**730,032**	766,032
Attributable to:			
Owners of the Company		**729,026**	765,499
Non-controlling interests		**1,006**	533
Total		**730,032**	766,032
Basic and diluted earnings per share (expressed in QR per share)	19	**1.32**	1.38

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

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012
Profit for the year		**730,032**	766,032
Other comprehensive income			
Items that may be reclassified subsequently to statement of income			
Changes in fair value of available-for-sale investments	7	**30,829**	18,361
Changes in fair value of cash flow hedging derivatives		**1,951,691**	55,005
Group's share of joint ventures' changes in fair value of cash flow hedging derivatives		**441,335**	(48,283)
Total comprehensive income for the year		**3,153,887**	791,115
Total comprehensive income for the year attributable to:			
Owners of the Company		**3,152,881**	790,582
Non-controlling interests		**1,006**	533
Total		**3,153,887**	791,115

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

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013
(Amount Expressed in Thousands of Qatari Riyals)

	Share Capital	Legal Reserve	Fair Value Reserve	Translation Reserve	Proposed Cash Dividend	Retained Earnings	Equity Before Hedging Reserve and Non-Controlling Interests	Hedging Reserve	Non-Controlling Interests
Balance as of January 1, 2012	5,538,449	255,004	80,207	28,626	470,922	928,433	7,301,641	(5,843,176)	5,303
Profit for the year 2012	-	-	-	-	-	765,499	765,499	-	533
Other comprehensive income for the year 2012									
-Changes in fair value of available- for- sale investments	-	-	18,361	-	-	-	18,361	-	-
-Changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	55,005	-
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	(48,283)	-
Total comprehensive income for the year 2012	-	-	18,361	-	-	765,499	783,860	6,722	533
Transfer to legal reserve	-	76,550	-	-	-	(76,550)	-	-	-
Social and sports fund contribution 2012 (note 16)	-	-	-	-	-	(19,137)	(19,137)	-	-
Dividend declared for 2011	-	-	-	-	(470,922)	-	(470,922)	-	-
Proposed cash dividend for 2012	-	-	-	-	554,026	(554,026)	-	-	-
Capital contribution	7	-	-	-	-	-	7	-	-
Balance as of December 31, 2012	5,538,456	331,554	98,568	28,626	554,026	1,044,219	7,595,449	(5,836,454)	5,836
Profit for the year 2013	-	-	-	-	-	**729,026**	**729,026**	-	**1,006**
Other comprehensive income for the year 2013									
-Changes in fair value of available- for- sale investments	-	-	**30,829**	-	-	-	**30,829**	-	-
-Changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	**1,951,691**	-
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	**441,335**	-
Total comprehensive income for the year 2013	-	-	**30,829**	-	-	**729,026**	**759,855**	**2,393,026**	**1,006**
Transfer to legal reserve	-	**72,903**	-	-	-	**(72,903)**	-	-	-
Social and sports fund contribution 2013 **(note 16)**	-	-	-	-	-	**(18,226)**	**(18,226)**	-	-
Dividend declared for 2012	-	-	-	-	**(554,026)**	-	**(554,026)**	-	-
Proposed cash dividend for 2013	-	-	-	-	**609,423**	**(609,423)**	-	-	-
Capital contribution	**2**	-	-	-	-	-	**2**	-	-
Balance as of December 31, 2013	**5,538,458**	**404,457**	**129,397**	**28,626**	**609,423**	**1,072,693**	**7,783,054**	**(3,443,428)**	**6,842**

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

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the year ended December 31, 2013	For the year ended December 31, 2012
Cash Flows from Operating Activities:			
Profit for the year		730,032	766,032
Adjustments for:			
Depreciation of property and equipment	4	606,129	593,861
Finance charges		1,305,597	1,386,977
Share of profits from joint ventures	5	(300,753)	(253,654)
Loss / (gain) on derivative instruments from a joint venture	5	25,713	(19,502)
Interest income on loans to joint ventures	17	(19,687)	(24,344)
Interest, dividend and profit from Islamic banks		(17,259)	(24,016)
Other income		(7,195)	(25,540)
Provision for doubtful receivables		150	-
Provision for employees' end of service benefits		4,713	4,150
		2,327,440	2,403,964
Working Capital Changes:			
Inventories		(678)	(23,973)
Trade and other receivables		83,871	18,901
Accounts payable and accruals		22,833	(12,617)
Due from joint venture companies		(7,364)	9,119
Due to joint venture companies		3,135	1,690
Cash generated from operations		2,429,237	2,397,084
Finance charges paid		(1,304,493)	(1,386,757)
Employees' end of service benefits paid		(1,234)	(1,187)
Net Cash From Operating Activities		1,123,510	1,009,140
Cash Flows from Investing Activities:			
Loans to joint venture companies-net		296,844	(37,661)
(Investment) / Refund of investment in a joint venture company		(153,213)	15,964
Dividend income received from joint ventures	5	191,309	110,467
Acquisition of property and equipment	4	(269,391)	(34,750)
Investment income received		39,766	78,572
Net Cash From Investing Activities		105,315	132,592
Cash Flows from Financing Activities:			
Proceeds from issue of share capital		2	7
Dividend paid to shareholders		(546,990)	(433,397)
Unpaid dividend transferred to separate bank account		(26,457)	(43,474)
Proceeds from borrowings		3,339,540	1,383,781
Repayments of borrowings		(4,137,124)	(2,215,666)
Transaction costs of refinancing		(29,174)	-
Costs incurred for Islamic financing		-	(10,619)
Net Cash Used in Financing Activities		(1,400,203)	(1,319,368)
Net Decrease in Cash and Cash Equivalents		(171,378)	(177,636)
Cash and Cash Equivalents at Beginning of the Year		2,009,036	2,186,672
Cash and Cash Equivalents at End of the Year	9.1	1,837,658	2,009,036

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

1. *Reporting Entity:*

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

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

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

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

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

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

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

(i) New Standards

Effective for annual periods beginning on or after January 1, 2013

- **IFRS 10*** — *Consolidated Financial Statements*
- **IFRS 11*** — *Joint Arrangements*
- **IFRS 12*** — *Disclosure of Interests in Other Entities*
- **IFRS 13** — *Fair Value Measurement*

(ii) Revised Standards

Effective for annual periods beginning on or after July 1, 2012

- **IAS 1 (Revised)** — *Presentation of Financial Statements - Amendments to introduce new terminology for the income statement and other comprehensive income.*

Effective for annual periods beginning on or after January 1, 2013

- **IFRS 1 (Revised)** — *First Time Adoption of International Financials Reporting Standards – Amendments to allow prospective application of IAS 39 or IFRS 9 and paragraph 10A of IAS 20 to government loans outstanding at the date of transition to IFRS.*
- **IFRS 7 (Revised)** — *Financial Instruments Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.*
- **IAS 19 (Revised)** — *Employee Benefits - Amended Standard to change the accounting for defined benefit plans and termination benefits.*
- **IAS 27 (Revised)*** — *Consolidated and Separate Financial Statements (Early adoption allowed) - Reissued as IAS 27 Separate Financial Statements.*
- **IAS 28 (Revised)*** — *Investments in Associates (Early adoption allowed) -Reissued as IAS 28 Investments in Associates and Joint Ventures.*
- **IFRS 10,11 and 12 amendments*** — *Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.*
- **Annual improvements to IFRSs 2009-2011 cycle** — *Amendments to issue clarifications on five IFRSs- IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.*

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

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

* In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011). These five standards are effective for annual periods beginning on or after January 1, 2013. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

(iii) New Interpretations

Effective for annual periods beginning on or after January 1, 2013

- **IFRIC 20** *Stripping Costs in the Production Phase of a Surface Mine*

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, 2013, other than certain presentation and disclosure changes.

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, 2017

- **IFRS 9** *Financial Instruments*

(ii) Revised Standards

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

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

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

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

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

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

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

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

(iii) New Interpretation

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

- **IFRIC 21** *Levies*

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

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

3.1 *Basis of Preparation*

a) *Statement of compliance*

These consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB).

b) *Basis of measurement*

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

c) *Functional and presentation currency*

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

d) *Use of estimates and judgments*

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

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

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

3.2 *Significant Accounting Policies*

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

a) *Basis of Consolidation*

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

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

3.2 *Significant Accounting Policies (continued)*

a) *Basis of Consolidation (continued)*

i) *Investment in Subsidiary Companies*

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the Group are eliminated in full on consolidation.

ii) *Investment in Joint Ventures*

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

b) *Property and Equipment*

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

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

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

(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%
SAP	20%
Dry docking costs	20%

c) *Borrowing costs*

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

d) *Financial Instruments*

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

Non-derivative financial assets and liabilities

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

i) *Available-for-Sale Investments*

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

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

ii) *Trade and Other Receivables*

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

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

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

d) ***Financial Instruments (continued)***

iii) ***Cash and Cash Equivalents***

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

iv) ***Accounts Payable and Accruals***

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

v) ***Interest bearing Loans and Borrowings***

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

De-recognition of financial assets

A financial asset is de-recognized where:

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

De-recognition of financial liabilities

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

e) ***Inventories***

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

f) ***Provisions***

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

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

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

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

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

3.2 *Significant Accounting Policies (continued)*

h) *Revenue and other income*

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

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

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

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

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

i) *Impairment*

Impairment of Financial Assets

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

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

Impairment of Non-Financial Assets

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

The impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

j) *Foreign Currencies*

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

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

The assets and liabilities of the foreign operations are expressed in Qatari Riyals using exchange rates prevailing at the reporting date. Income and expenses are translated at the average exchange rates for the year unless exchange rates fluctuated significantly during the year in which case the exchange rates at the dates of the transactions are used.

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

3.2 *Significant Accounting Policies (continued)*

j) *Foreign Currencies (continued)*

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

k) *Derivative Financial Instruments and Hedging Activities*

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

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

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

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

l) *Vessels Under Construction*

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

m) *Leases*

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

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

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

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

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

(Amount Expressed in Thousands of Qatari Riyals)

4. *Property and Equipment:*

	Vessels	*Dry Docking Costs*	*SAP*	*Equipments*	*Furniture and Fixtures*	*Others*	*Total*
Cost:							
At January 1, 2012	26,898,132	-	44,010	5,658	983	278,769	27,227,552
Additions during the year 2012	-	26,225	-	537	-	7,988	34,750
At December 31, 2012	26,898,132	26,225	44,010	6,195	983	286,757	27,262,302
Additions during the year 2013	-	**256,240**	-	**901**	-	**12,250**	**269,391**
At December 31, 2013	**26,898,132**	**282,465**	**44,010**	**7,096**	**983**	**299,007**	**27,531,693**
Accumulated Depreciation:							
At January 1, 2012	1,418,955	-	24,751	4,238	441	28,000	1,476,385
Charge for the year 2012	575,077	1,348	8,802	595	142	7,897	593,861
At December 31, 2012	1,994,032	1,348	33,553	4,833	583	35,897	2,070,246
Charge for the year 2013	**573,507**	**16,143**	**7,369**	**727**	**140**	**8,243**	**606,129**
At December 31, 2013	**2,567,539**	**17,491**	**40,922**	**5,560**	**723**	**44,140**	**2,676,375**
Net Carrying Amount:							
At December 31, 2013	**24,330,593**	**264,974**	**3,088**	**1,536**	**260**	**254,867**	**24,855,318**
At December 31, 2012	24,904,100	24,877	10,457	1,362	400	250,860	25,192,056

(Amount Expressed in Thousands of Qatari Riyals)

5. *Investment in Joint Ventures Companies:*

	QR
Balance – January 1, 2012	1,809,991
Refund 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	(110,467)
Balance – December 31, 2012	2,018,819
Additional investment in a joint venture company	**153,213**
Share of profit for the year	**300,753**
Loss on derivative instruments from a joint venture	**(25,713)**
Gain adjusted against loan to joint ventures	**(6,327)**
Share of hedging reserve for the year *	**391,967**
Dividend received	**(191,309)**
Balance – December 31, 2013	**2,641,403**

* This excludes the share of gains on the hedging reserve from joint ventures amounting to a total of **QR 10.4 million** (2012: QR 0.5 million loss) adjusted against the loan to the respective joint venture and **QR 38.9 million** (2012: QR 38.9 million loss) adjusted against the fair value of interest rate swaps.

Details of the Group's joint venture companies at **December 31, 2013** are as follows:

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

(Amount Expressed in Thousands of Qatari Riyals)

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

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

** Although the Group holds more than half of the equity shares in these entities, it does not exercise control over the entities. Decisions need unanimous consent of both parties. Consequently, the Group accounts for these as investments in joint ventures.

5.1 Summarized financial information in respect of the Group's joint venture companies are set out below:

	December 31, 2013	December 31, 2012
Total assets	**29,132,830**	28,374,491
Total liabilities	**(23,352,311)**	(23,719,047)
Net assets	**5,780,519**	4,655,444
Group's share of joint venture's net assets	**2,641,403**	2,018,819

	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012
Revenue	**3,617,790**	3,261,460
Profit for the year	**580,218**	702,524
Group's share of joint venture result for the year*	**275,040**	273,156

*After making the necessary adjustments to certain joint venture financial statements to comply with the Group accounting policies.

(Amount Expressed in Thousands of Qatari Riyals)

6. *Loans to Joint Venture Companies:*

	December 31, 2013	December 31, 2012
India LNG Transport Company No. 3 Limited **(1)**	**41,058**	30,842
Teekay Nakilat Corporation **(1)**	**48,367**	48,367
Nakilat Svitzerwijsmuller WLL **(1)**	**52,729**	69,721
Gulf LPG Transport Company WLL **(1)**	**158,703**	486,442
Nakilat-Keppel Offshore & Marine Limited **(1 & 2)**	**403,738**	356,588
Nakilat Damen Shipyards Qatar Limited **(1)**	**100,056**	92,773
Total	**804,651**	1,084,733

(1) 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, 2013** is **2%** (2012: 2.03%).

(2) The joint venture has obtained loans from the joint venture partners up till December 31, 2013 to complete the infrastructure for its state of art ship yard in the region, which is a part of the vision of State of Qatar, therefore no risk of impairment or indication of impairment on this loan.

7. *Available-for-Sale Investments:*

	December 31, 2013	December 31, 2012
Balance at January 1	**145,036**	126,675
Changes in fair value	**30,829**	18,361
Balance at December 31	**175,865**	145,036

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

8. *Trade and Other Receivables:*

	December 31, 2013	December 31, 2012
Trade receivables	**18,482**	22,574
Less: Provision for doubtful receivables	**(1,495)**	(1,345)
	16,987	21,229
Accrued income	**2,842**	2,697
Other receivables*	**218,118**	297,790
Total	**237,947**	321,716

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 53.6 million** (2012: QR 11.5 million) relating to the excess of dry-dock costs over the originally estimated budgeted costs for dry-docking. The Group is currently negotiating with the Charterer to recover this amount and believe that it is recoverable from the Charterer.

As at **December 31, 2013** the ageing of trade receivables and movement in the provision for doubtful receivables are as follows:

(i) *Ageing of neither past due nor impaired*	December 31, 2013	December 31, 2012
Less than 60 days	**12,653**	18,132

(Amount Expressed in Thousands of Qatari Riyals)

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

	December 31, 2013	December 31, 2012
(ii) ***Ageing of past due but not impaired***		
61-90 days	**1,450**	567
91-120 days	**492**	53
Over 120 days	**2,392**	2,477
Total	**4,334**	3,097
(iii) ***Ageing of impaired trade receivables***		
Over 120 days	**1,495**	1,345
(iv) ***Movement in the provision for doubtful receivables:***		
Balance at the beginning of the year	**1,345**	1,816
Additional provision during the year	**150**	-
Recovery of doubtful receivables during the year	**-**	(471)
Balance at end of the year	**1,495**	1,345

9. *Cash and Bank Balances:*

	December 31, 2013	December 31, 2012
Cash on hand	**274**	250
Cash at bank-Call and current accounts	**1,420,761**	1,447,787
Cash at bank-Time deposits*	**416,623**	560,999
Other bank balances **(a)**	**22,257**	22,866
Other bank balances **(b)**	**71,061**	64,026
Total	**1,930,976**	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 **0.13%** to **1.6 %** (2012: 0.17% to 2.2%).

9.1 *Cash and Cash Equivalents:*

	December 31, 2013	December 31, 2012
Cash and bank balances	**1,930,976**	2,095,928
Less:		
Other bank balances **(a)**	**(22,257)**	(22,866)
Other bank balances **(b)**	**(71,061)**	(64,026)
	1,837,658	2,009,036

(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.

(Amount Expressed in Thousands of Qatari Riyals)

10. *Share Capital:*

	December 31, 2013	December 31, 2012
	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	**5,538,458**	5,538,456

At **December 31, 2013**, a total of **361,080** issued shares are 50% paid (2012: 361,566 issued shares were 50% paid).

10.1 *Proposed Cash Dividend:*

The Board of Directors has proposed a cash dividend of **QR 609 million** for the current year (2012: QR 554 million) which is subject to the approval of shareholders in the Annual General Meeting. The cash dividend for 2012 was approved by the shareholders at the Annual General Meeting held on March 27, 2013.

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 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.

13. *Borrowings:*

These consist of the following:	December 31, 2013	December 31, 2012
Loan - **note (a)**	**1,268,457**	1,383,781
Senior bank facilities - **note (b)**	**13,525,666**	13,784,580
Subordinated bank facilities - **note (c)**	**1,534,020**	1,560,398
Senior bonds – Series "A" - **note (d)**	**3,095,299**	3,095,299
Subordinated bonds Series "A" - **note (e)**	**1,011,627**	1,036,525
KEXIM Facility - **note (f)**	**1,108,291**	1,266,619
KSURE Covered Facility - **note (g)**	**1,638,688**	1,852,430
Less: Issuance costs of bonds	**(28,022)**	(29,423)
Less: Costs incurred for Islamic financing	**(8,322)**	(10,091)
Less: Transaction costs of refinancing	**(28,007)**	-
Total	**23,117,697**	23,940,118

(Amount Expressed in Thousands of Qatari Riyals)

13. ***Borrowings (Continued):***

	December 31, 2013	December 31, 2012
Classified as:		
Payable within one year	**843,964**	822,213
Payable after one year	**22,273,733**	23,117,905

Note (a):
Represents USD 348.3 million against the Islamic finance facilities. The repayment began from March 2013 and will end in September 2018.

Note (b) :
Represents USD 2,070 million against the senior bank facility Tranche I, USD 876.2 million against the senior bank facility Tranche II and USD 767.8 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. During the year, Tranche III of USD 769.5 million was replaced by Tranche IV.

Note (c) :
Represents USD 162.5 million against the subordinated bank facility Tranche I, USD 118.1 million against the subordinated bank facility Tranche II and USD 140.6 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. During the year, Tranche III of USD 140.7 million was replaced by Tranche IV.

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 137 million against the KSURE facility Tranche I and USD 313 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, 2013** is **2.3438%** (2012: 2.6499%).

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

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

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

(Amount Expressed in Thousands of Qatari Riyals)

13. *Borrowings (continued):*

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

14. *Fair Value of Interest Rate Swaps:*

The Group has entered into interest rate swap agreements with several financial institutions. As at **December 31, 2013** the outstanding notional amount of swap agreements is **QR 13,653 million** (2012: QR 14,240 million) and net fair value is negative **QR 2,824 million** (2012: negative QR 4,815 million).

15. *Accounts Payable and Accruals:*

	December 31, 2013	December 31, 2012
Accounts payable	**102,075**	97,333
Advances from customers	**65,516**	82,709
Payable to shareholders **(1)**	**22,257**	22,866
Other accruals	**52,633**	59,605
Deferred income **(2)**	**49,846**	11,107
Social and sports fund contribution **(note 16)**	**18,226**	19,137
Dividend payable	**71,061**	64,026
Total	**381,614**	356,783

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

(2) This is relating to the excess of dry dock costs over the originally estimated budgeted costs for dry docking. This will be amortized over the life of the dry docking costs.

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 18,226** thousands representing 2.5% of the net consolidated profit of the Group for the year ended **December 31, 2013** (December 31, 2012: QR 19,137 thousand). This appropriation has been presented in the consolidated statement of changes in equity.

17. *Related Party Transactions:*

	For the year ended December 31, 2013	For the year ended December 31, 2012
(a) Transactions with related parties during the year are as follows:		
Loans to joint ventures (net)	**296,844**	(37,661)
Interest income on loans to joint ventures	**19,687**	24,344
(b) Balances with related parties are as follows:		
Due from joint venture companies	**20,993**	9,506
Due to joint venture companies	**4,825**	1,690
(c) Key management compensation:		
Compensation of key management personnel	**3,032**	2,711
Board of Directors' remuneration accrued	**3,850**	1,550

(Amount Expressed in Thousands of Qatari Riyals)

18. *Subsidiaries:*

Details of the Company's subsidiaries at **December 31, 2013** are as follows:

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

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

(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, 2013	For the year ended December 31, 2012
Profit for the year attributable to the owners of the Company	**729,026**	765,499
Weighted average number of shares outstanding during the year	**553,845,820**	553,845,577
Basic and diluted earnings per share (expressed in QR per share)	**1.32**	1.38

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, 2013**.

(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)*

With the exception of certain term loans amounting to **QR 13,653 million** (2012 : QR 14,240 million), which are covered by interest rate swap contracts **(Note 14)**, a portion of the Group's financial assets and liabilities as of **December 31, 2013** are exposed to interest rate fluctuations. The Group's exposure to interest rate risk and the effective interest rates on its financial assets and liabilities are summarized below:

	December 31, 2013				December 31, 2012			
	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	**-**	**678,145**	**1,252,831**	**1,930,976**	-	793,785	1,302,143	2,095,928
Loans to joint ventures	**-**	**804,651**	**-**	**804,651**	-	1,084,733	-	1,084,733
	-	**1,482,796**	**1,252,831**	**2,735,627**	-	1,878,518	1,302,143	3,180,661
Financial liabilities								
Interest bearing loans and borrowings	**4,042,575**	**5,422,167**	**-**	**9,464,742**	4,092,310	5,607,504	-	9,699,814
Interest rate swap	**13,652,955**	**-**	**-**	**13,652,955**	14,240,304	-	-	14,240,304
	17,695,530	**5,422,167**	**-**	**23,117,697**	18,332,614	5,607,504	-	23,940,118
Net financial assets/ (liabilities)	**(17,695,530)**	**(3,939,371)**	**1,252,831**	**(20,382,070)**	(18,332,614)	(3,728,986)	1,302,143	(20,759,457)

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the net effect on the profit for the year ended **December 31, 2013** would be an increase / decrease by **QR 19.7 million** (December 31, 2012: QR 18.6 million).

(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*	
	2013	2012	**2013**	2012	**2013**	2012
	%	%	**QR (million)**	QR (million)	**QR (million)**	QR (million)
Less than 1 year	--	--	--	--	--	--
1 to 2 years	--	--	--	--	--	--
2 to 5 years	--	--	--	--	--	--
5 years and above	**5.58**	5.58	**13,653**	14,240	**(2,824)**	(4,815)

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 619 million** as of **December 31, 2013** (2012: negative fair value of QR 1,061 million).

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

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

(b) *Equity price risk*

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

A 10% increase or decrease in market value of the Group's portfolio of available-for-sale investments at the reporting date is expected to result in an increase or decrease of **QR 17.5 million** (2012 : QR 14.5 million) in the assets and equity of the Group.

(c) *Currency risk*

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

(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 2013	**Carrying Amounts**	**Less than 1 year**	**1-5 years**	**Over 5 Years**
Borrowings	**23,117,697**	**843,964**	**4,319,646**	**17,954,087**
Accounts payable	**328,981**	**328,981**	**-**	**-**
	23,446,678	**1,172,945**	**4,319,646**	**17,954,087**

31 December 2012	Carrying Amounts	Less than 1 year	1-5 years	Over 5 Years
Borrowings	23,940,118	822,213	3,522,149	19,595,756
Accounts payable	297,178	297,178	-	-
	24,237,296	1,119,391	3,522,149	19,595,756

III *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, loans and receivable from joint venture companies and bank balances.

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

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

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

(Amount Expressed in Thousands of Qatari Riyals)

20. *Financial Risk Management (continued):*

Exposure to credit risk

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

	Note	Carrying amount	
		December 31, 2013	December 31, 2012
Loans to joint venture companies	6	**804,651**	1,084,733
Due from joint venture companies		**20,993**	9,506
Trade and other receivables	8	**237,947**	321,716
Bank balances	9	**1,930,702**	2,095,678
Total		**2,994,293**	3,511,633

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

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, translation reserve and retained earnings.

(Amount Expressed in Thousands of Qatari Riyals)

21. *Capital Management (continued):*

Gearing ratio

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

	Note	**December 31, 2013**	December 31, 2012
Total debt (Borrowings)	**13**	**23,117,697**	23,940,118
Cash and cash equivalents	**9.1**	**(1,837,658)**	(2,009,036)
Net debt		**21,280,039**	21,931,082
Equity before hedging reserve and non-controlling interests		**7,783,054**	7,595,449
Add: Non-controlling interests		**6,842**	5,836
Adjusted Equity (i)		**7,789,896**	7,601,285
Net debt to adjusted equity ratio		**273%**	288%

(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, 2013** amounted to **QR 0.85 million** (2012: QR 0.7 million).

(iii) Letter of Guarantee at **December 31, 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 52.98 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 13.44 million.

22. *Commitments and Contingencies (continued):*

(E) Other Contingencies (continued):

(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. 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. The charter party arbitration process is continuing. 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.

23. *Critical Accounting Estimates and Judgments:*

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

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

(i)Useful life of property and equipment:

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

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

(ii) Impairment of receivables:

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

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

(iii)Hedge effectiveness:

Management reviews its hedging relationship between the interest rate swaps and the underlying loans on a regular basis. The hedge was found to be highly effective. As result, the fair value of the derivative (negative **QR 2,824 million**) is recorded in equity under hedging reserve.

(Amount Expressed in Thousands of Qatari Riyals)

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

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

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

(v) Classification of lease:

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

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

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

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

24. *Operating Lease:*

The Company has various lease agreements for wholly owned LNG vessels. The charter revenue of these vessels are accounted for as operating leases. Future minimum rentals receivables under non-cancellable operating leases at 31 December are as follows:

	December 31, 2013	December 31, 2012
Lease Rentals Receivables:		
Not later than 1 year	**2,456,782**	2,456,782
Later than 1 year but not later than 5 years	**9,833,855**	9,833,855
Later than 5 years	**38,199,716**	40,656,498
Total	**50,490,353**	52,947,135

25. *Operating Costs:*

Operating cost mainly includes running and maintenance costs for vessels.