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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014 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, 2014

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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 at June 30, 2014, 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".

Doha – Qatar
July 15, 2014

For Deloitte & Touche
Qatar Branch

ديلويت أند توش
محاسبون قانونيون
Public Accountants
DELOITTE & TOUCHE

Muhammad Bahemia
Partner
License No. 103

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.S.C.)
DOHA – QATAR
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2014
(Amounts expressed in thousands of Qatari Riyals)

	Note	June 30, 2014 (Reviewed)	December 31, 2013 (Audited)
ASSETS			
Non-Current Assets:			
Property and equipment	3	**24,583,189**	24,855,318
Investment in joint venture companies	4	**2,802,500**	2,641,403
Loans to joint venture companies		**406,281**	804,651
Available-for-sale investments		**187,408**	175,865
Total Non-Current Assets		**27,979,378**	28,477,237
Current Assets:			
Inventories		**26,293**	25,730
Trade and other receivables		**324,331**	237,947
Due from joint venture companies		**21,607**	20,993
Cash and bank balances	5	**2,411,419**	1,930,976
Total Current Assets		**2,783,650**	2,215,646
Total Assets		**30,763,028**	30,692,883
EQUITY AND LIABILITIES			
Equity:			
Share capital	6	**5,538,465**	5,538,458
Legal reserve	7	**404,457**	404,457
Fair value reserve		**140,940**	129,397
Translation reserve		**28,626**	28,626
Proposed cash dividend		**-**	609,429
Retained earnings		**1,517,540**	1,072,687
Equity before hedging reserve and non-controlling interests		**7,630,028**	7,783,054
Hedging reserve	8	**(3,961,489)**	(3,443,428)
Equity after hedging reserve and before non-controlling interests		**3,668,539**	4,339,626
Non-controlling interests		**7,490**	6,842
Non-Current Liabilities:			
Borrowings	9	**22,564,534**	22,273,733
Fair value of interest rate swaps	10	**3,321,029**	2,824,135
Provision for employees' end of service benefits		**20,482**	18,144
Other liabilities		**58,180**	39,088
Total Non-Current Liabilities		**25,964,225**	25,155,100
Current Liabilities:			
Borrowings	9	**740,566**	843,964
Accounts payable and accruals		**380,555**	342,526
Due to joint venture companies		**1,653**	4,825
Total Current Liabilities		**1,122,774**	1,191,315
Total Equity and Liabilities		**30,763,028**	30,692,883

These interim condensed consolidated financial statements were approved on **July 15, 2014** by:

HE Dr. Mohammed Bin Saleh Al-Sada
Chairman

Abdullah Fadhalah Al-Sulaiti
Managing Director

The accompanying notes 1-15 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, 2014
(Amounts expressed in thousands of Qatari Riyals)

	Note	Six Month Period Ended June 30, 2014 (Reviewed)	Six Month Period Ended June 30, 2013 (Reviewed)
Income:			
Revenue from wholly owned vessels		**1,496,683**	1,488,282
Share of profits from joint ventures	4	**197,479**	148,577
Income from marine and agency services		**28,860**	21,895
Interest income on loans to joint ventures		**6,744**	10,331
Interest, dividend and profit from Islamic banks		**17,401**	13,258
Vessels sub-chartering and other income		**6,806**	13,874
Total Income		**1,753,973**	1,696,217
Expenses:			
Operating costs		**(322,932)**	(309,028)
General and administrative		**(56,200)**	(51,896)
Depreciation of property and equipment	3	**(320,038)**	(296,441)
Finance charges		**(628,541)**	(664,148)
Total Expenses		**(1,327,711)**	(1,321,513)
Profit for the period from operations		**426,262**	374,704
Gain/(Loss) on derivative instruments from a joint venture	4	**19,239**	(15,125)
Profit for the period		**445,501**	359,579
Profit for the period attributable to:			
Owners of the Company		**444,853**	359,155
Non-controlling interests		**648**	424
Total		**445,501**	359,579
Basic and diluted earnings per share (expressed in QR per share)	12	**0.80**	0.65

The accompanying notes 1-15 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, 2014
(Amounts expressed in thousands of Qatari Riyals)

	Six Month Period Ended June 30, 2014 (Reviewed)	Six Month Period Ended June 30, 2013 (Reviewed)
Profit for the period	**445,501**	359,579
Other comprehensive income		
Items that may be reclassified subsequently to statement of income		
Changes in fair value of available-for-sale investments	**11,543**	18,061
Changes in fair value of cash flow hedging derivatives	**(496,894)**	1,402,036
Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	**(21,167)**	184,893
Total comprehensive (loss) / income for the perioc	**(61,017)**	1,964,569
Total comprehensive (loss) / income for the period attributable to:		
Owners of the Company	**(61,665)**	1,964,145
Non-controlling interests	**648**	424
Total	**(61,017)**	1,964,569

The accompanying notes 1-15 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, 2014
(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, 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 declared 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
Balance as of January 01, 2014 (Audited)	**5,538,458**	**404,457**	**129,397**	**28,626**	**609,429**	**1,072,687**	**7,783,054**	**(3,443,428)**	**6,842**
Profit for the period	-	-	-	-	-	**444,853**	**444,853**	-	**648**
Other comprehensive income for the period									
-Changes in fair value of available-for-sale investments	-	-	**11,543**	-	-	-	**11,543**	-	-
-Changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	**(496,894)**	-
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	**(21,167)**	-
Total comprehensive income for the period	-	-	**11,543**	-	-	**444,853**	**456,396**	**(518,061)**	**648**
Dividend declared for 2013	-	-	-	-	**(609,429)**	-	**(609,429)**	-	-
Capital contribution	7	-	-	-	-	-	7	-	-
Balance as of June 30, 2014– (Reviewed)	**5,538,465**	**404,457**	**140,940**	**28,626**	-	**1,517,540**	**7,630,028**	**(3,961,489)**	**7,490**

The accompanying notes 1-15 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, 2014
(Amounts expressed in thousands of Qatari Riyals)

	Note	Six Month Period Ended June 30, 2014 (Reviewed)	Six Month Period Ended June 30, 2013 (Reviewed)
Cash Flows from Operating Activities:			
Profit for the period		**445,501**	359,579
Adjustments for:			
Depreciation of property and equipment	3	**320,038**	296,441
Finance charges		**628,541**	664,148
Share of profits from joint ventures		**(197,479)**	(148,577)
(Gain)/Loss on derivative instruments from a joint venture		**(19,239)**	15,125
Interest income on loans to joint ventures		**(6,744)**	(10,331)
Interest, dividend and profit from Islamic banks		**(17,401)**	(13,258)
Other income		**(5,698)**	(4,638)
Provision for doubtful receivables		**-**	865
Provision for employees' end of service benefits		**3,040**	2,732
		1,150,559	1,162,086
Working Capital Changes:			
Inventories		**(563)**	(3,338)
Trade and other receivables		**(84,593)**	47,153
Accounts payable and accruals		**16,537**	(3,768)
Other liabilities		**19,092**	(1,149)
Due from joint venture companies		**1,893**	(8,571)
Due to joint venture companies		**(3,172)**	3,661
Cash generated from operations		**1,099,753**	1,196,074
Finance charges paid		**(619,876)**	(655,847)
Employees' end of service benefits paid		**(702)**	(75)
Net Cash from Operating Activities		**479,175**	540,152
Cash Flows from Investing Activities:			
Loans to joint venture companies-net		**397,703**	291,374
Investment in a joint venture company	4	**-**	(152,257)
Dividend income received from joint ventures	4	**35,120**	126,863
Acquisition of property and equipment	3	**(47,909)**	(8,757)
Time deposits maturing after ninety days		**(55,000)**	-
Investment income received		**25,545**	20,805
Net Cash from Investing Activities		**355,459**	278,028
Cash Flows from Financing Activities:			
Proceeds from issue of share capital		**7**	-
Dividend paid to shareholders		**(575,285)**	(514,428)
Unpaid dividend transferred to separate bank account		**(44,696)**	(52,720)
Transaction costs of refinancing		**(14,016)**	(26,327)
Proceeds from borrowings		**1,820,765**	3,339,540
Repayment of borrowings		**(1,629,885)**	(3,723,198)
Net Cash used in Financing Activities		**(443,110)**	(977,133)
Net Increase / (Decrease) in Cash and Cash Equivalents		**391,524**	(158,953)
Cash and Cash Equivalents at Beginning of the Period		**1,837,658**	2,009,036
Cash and Cash Equivalents at End of the Period	5.1	**2,229,182**	1,850,083

The accompanying notes 1-15 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 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.

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, 2013. In addition, results for the six month period ended June 30, 2014 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2014.

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, 2013 except for the adoption of new standards and interpretations effective as of January 01, 2014. However, they do not impact the interim condensed consolidated financial statements of the Group.

(i) Revised Standards

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

- IAS 32 (Revised) *Financial Instruments: Presentation – Amendments to clarify existing application issues relating to the offsetting requirements.*
- IFRS 10, 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.*

(Amounts expressed in thousands of Qatari Riyals)

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

2.2 *Significant accounting policies (continued):*

(ii) New Interpretation:

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

- IFRIC 21 *Levies*

3. *Property and Equipment:*

	Vessels	*Dry Docking Costs*	*SAP*	*Equipment*	*Furniture and Fixtures*	*Others*	*Total*
Cost:							
At January 01, 2013 (Audited)	26,898,132	26,225	44,010	6,195	983	286,757	27,262,302
Additions during the year	-	256,240	-	901	-	12,250	269,391
At December 31, 2013 (Audited)	26,898,132	282,465	44,010	7,096	983	299,007	27,531,693
Additions during the period	-	**42,533**	**56**	**-**	**-**	**5,320**	**47,909**
At June 30, 2014 (Reviewed)	**26,898,132**	**324,998**	**44,066**	**7,096**	**983**	**304,327**	**27,579,602**
Accumulated Depreciation:							
At January 01, 2013 (Audited)	1,994,032	1,348	33,553	4,833	583	35,897	2,070,246
Charge for the year	573,507	16,143	7,369	727	140	8,243	606,129
At December 31, 2013(Audited)	2,567,539	17,491	40,922	5,560	723	44,140	2,676,375
Charge for the period	**284,396**	**29,480**	**1,535**	**328**	**70**	**4,229**	**320,038**
At June 30, 2014 (Reviewed)	**2,851,935**	**46,971**	**42,457**	**5,888**	**793**	**48,369**	**2,996,413**
Net Carrying Amount:							
At June 30, 2014 (Reviewed)	**24,046,197**	**278,027**	**1,609**	**1,208**	**190**	**255,958**	**24,583,189**
At December 31, 2013 (Audited)	24,330,593	264,974	3,088	1,536	260	254,867	24,855,318

4. *Investment in Joint Venture Companies:*

	QR '000'
Balance – January 01, 2013 (Audited)	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 during the year	(191,309)
Balance – December 31, 2013 (Audited)	2,641,403
Share of profit for the six month period ended June 30, 2014	**197,479**
Gain on derivative instruments from a joint venture	**19,239**
Loss adjusted against loan to joint ventures	**666**
Share of hedging reserve for the six month period ended June 30, 2014*	**(21,167)**
Dividend received during the six month period ended June 30, 2014	**(35,120)**
Balance – June 30, 2014 (Reviewed)	**2,802,500**

* This excludes the share of losses on the hedging reserve from joint ventures amounting to a total of **QR Nil** (2013: QR 10.4 million gain) adjusted against the loans to the respective joint venture and **QR Nil** (2013: QR 38.9 million gain) adjusted against the fair value of interest rate swaps.

(Amounts expressed in thousands of Qatari Riyals)

5. *Cash and Bank Balances:*

	June 30, 2014 (Reviewed)	December 31, 2013 (Audited)
Cash on hand	**297**	274
Cash at bank –Call and current accounts	**429,191**	1,420,761
Cash at bank-Time deposits *	**1,854,694**	416,623
Other bank balances **(a)**	**22,032**	22,257
Other bank balances **(b)**	**105,205**	71,061
Total	**2,411,419**	1,930,976

* The effective interest and profit rates on the time deposits varies between **0.21% to 1.5%** (2013: 0.13% to 1.6%).

5.1 *Cash and Cash Equivalents:*

	Six Month Period Ended June 30, 2014 (Reviewed)	Six Month Period Ended June 30, 2013 (Reviewed)
Cash and bank balances	**2,411,419**	1,976,066
Less:		
-Other bank balances **(a)**	**(22,032)**	(22,360)
-Other bank balances **(b)**	**(105,205)**	(103,623)
-Time deposits maturing after ninety days	**(55,000)**	-
	2,229,182	1,850,083

(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, 2014 (Reviewed)	December 31, 2013 (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.	**5,538,465**	5,538,458

During the six month period ended June 30, 2014, the Company has received **QR 7 thousands** (2013: QR 2 thousands) as the balance 50% amount in relation to shares which were 50% paid. At **June 30, 2014**, a total of **359,791** issued shares are 50% paid (2013: 361,080 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, 2014 (Reviewed)	December 31, 2013 (Audited)
Loan*	**1,820,765**	1,268,457
Senior bank facilities	**13,379,169**	13,525,666
Subordinated bank facilities	**1,518,168**	1,534,020
Senior bonds – Series "A"	**3,095,299**	3,095,299
Subordinated bonds – Series "A"	**998,583**	1,011,627
KEXIM Facility	**1,029,127**	1,108,291
KSURE Covered Facility	**1,531,817**	1,638,688
Less: Costs incurred for new / Islamic financing*	**(13,667)**	(8,322)
Less: Issuance cost of bonds	**(27,321)**	(28,022)
Less: Transaction costs of refinancing	**(26,840)**	(28,007)
Total	**23,305,100**	23,117,697
Classified as:		
Payable within one year	**740,566**	843,964
Payable after one year	**22,564,534**	22,273,733

The weighted average interest rate on short / long term facilities (excluding hedge), loans and bonds as above at **June 30, 2014** is **2.1516%** (December 31, 2013: 2.3438%).

* 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, 2014** the outstanding notional amount of swap agreements is **QR 13,353 million** (2013: QR 13,653 million) and net fair value is negative **QR 3,321 million** (2013: QR 2,824 million).

11. *Related Party Transactions:*

	Six Month Period Ended June 30,2014 (Reviewed)	Six Month Period Ended June 30, 2013 (Reviewed)
Loans to joint ventures (net)	**397,703**	291,374
Interest income on loans to joint ventures	**6,744**	10,331
Compensation of key management personnel	**3,170**	1,546
Board of Directors' remuneration accrued	**1,925**	775

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 30,2014 (Reviewed)	Six Month Period Ended June 30, 2013 (Reviewed)
Profit for the period attributable to the owners of the Company	**444,853**	359,155
Weighted average number of shares outstanding during the period	**553,846,465**	553,845,577
Basic and diluted earnings per share (expressed in QR per share)	**0.80**	0.65

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, 2014:

	Carrying amount	**Fair value**
Financial assets:		
Loans to joint ventures	**406,281**	**406,281**
Available-for-sale investments	**187,408**	**187,408**
Total non-current	**593,689**	**593,689**
Trade and other receivables	**324,331**	**324,331**
Due from joint venture companies	**21,607**	**21,607**
Cash and bank balances	**2,411,419**	**2,411,419**
Total current	**2,757,357**	**2,757,357**
Total financial assets	**3,351,046**	**3,351,046**

(Amounts expressed in thousands of Qatari Riyals)

13. *Fair Values (continued):*

	Carrying amount	Fair value
Financial liabilities:		
Interest bearing loans and borrowings	23,305,100	23,305,100
Fair value of interest rate swaps	3,321,029	3,321,029
Total non-current	26,626,129	26,626,129
Accounts payable	267,248	267,248
Due to joint venture companies	1,653	1,653
Total current	268,901	268,901
Total financial liabilities	26,895,030	26,895,030

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 June 30, 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.

	Level 1	Level 2	Level 3	Total
June 30, 2014:				
Financial assets measured at fair value				
Available-for-sale investments	187,408	-	-	187,408
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	-	3,321,029	-	3,321,029
December 31, 2013:				
Financial assets measured at fair value				
Available-for-sale investments	175,865	-	-	175,865
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	-	2,824,135	-	2,824,135

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, 2014** amounted to **QR 0.85 million** (2013: QR 0.85 million).

(iii) Letter of Guarantee at **June 30, 2014** amounted to **QR 6.5 million** (2013: 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.

(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.

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, 2014**.

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, 2014** amounted to **QR 197 million** and **QR (21.1) million** respectively (2013: QR 148 million and QR 184.9 million).