

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016
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, 2016**

Contents	Page(s)
Independent Auditor's Review Report	1-2
<i><u>Interim Condensed Consolidated Financial Statements</u></i>	
Interim Condensed Consolidated Statement of Financial Position	3
Interim Condensed Consolidated Statement of Income	4
Interim Condensed Consolidated Statement of Comprehensive Income	5
Interim Condensed Consolidated Statement of Changes in Equity	6
Interim Condensed Consolidated Statement of Cash Flows	7
Notes to the Interim Condensed Consolidated Financial Statements	8 – 14



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Independent Auditor's Report on Review of Interim Condensed Consolidated Financial Statements

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

Introduction

We have reviewed the accompanying 30 June 2016 interim condensed consolidated financial statements of Qatar Gas Transport Company Limited (Nakilat) (Q.S.C.) (the "Company"), which comprises:

- the interim condensed consolidated statement of financial position as at 30 June 2016;
- the interim condensed consolidated statement of income for the six month period ended 30 June 2016;
- the interim condensed consolidated statement of comprehensive income for the six month period ended 30 June 2016;
- the interim condensed consolidated statement of changes in equity for the six month period ended 30 June 2016;
- the interim condensed consolidated statement of cash flows for the six month period ended 30 June 2016; and
- notes to the interim condensed consolidated financial statements.

The Board of Directors of the Company is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 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 30 June 2016 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Other Matter

The Company's comparative consolidated financial statements as at and for the year ended 31 December 2015 were audited by another auditor, whose audit report dated 18 February 2016 expressed an unmodified audit opinion on those consolidated financial statements.

The Company's comparative interim condensed consolidated financial statements as at and for the half year ended 30 June 2015 were reviewed by the same auditors, whose review report dated 14 July 2015 expressed an unmodified review conclusion on those interim condensed consolidated financial statements.

July 13, 2016
Doha
State of Qatar




Gopal Balasubramaniam
KPMG

Qatar Auditors' Registry No. 251

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.S.C.)
DOHA – QATAR
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016
(Amounts expressed in thousands of Qatari Riyals)

		June 30, 2016 (Reviewed)	December 31, 2015 (Audited)
ASSETS	Note		
Non-Current Assets:			
Property and equipment	3	23,554,728	23,882,255
Investment in joint venture companies	4	3,626,058	3,422,374
Loans to joint venture companies		195,780	266,313
Available-for-sale investments		111,064	126,520
Total Non-Current Assets		27,487,630	27,697,462
Current Assets:			
Inventories		23,741	23,157
Trade and other receivables		308,008	265,081
Due from joint venture companies		17,203	18,900
Cash and bank balances	5	2,220,145	2,735,838
Total Current Assets		2,569,097	3,042,976
Total Assets		30,056,727	30,740,438
EQUITY AND LIABILITIES			
Equity:			
Share capital	6	5,538,695	5,538,490
Legal reserve	7	592,045	592,045
Fair value reserve		64,596	80,052
Proposed cash dividend		-	692,533
Retained earnings		1,857,030	1,356,725
Equity before hedging reserve and non-controlling interests		8,052,366	8,259,845
Hedging reserve	8	(4,562,539)	(3,816,518)
Equity after hedging reserve and before non-controlling interests		3,489,827	4,443,327
Non-controlling interests		3,497	4,427
Non-Current Liabilities:			
Borrowings	9	21,019,123	21,414,953
Fair value of interest rate swaps	10	4,070,474	3,363,099
Provision for employees' end of service benefits		23,394	22,044
Other liabilities		176,162	197,574
Total Non-Current Liabilities		25,289,153	24,997,670
Current Liabilities:			
Borrowings	9	790,836	778,119
Accounts payable and accruals		475,483	513,999
Due to joint venture companies		7,931	2,896
Total Current Liabilities		1,274,250	1,295,014
Total Equity and Liabilities		30,056,727	30,740,438



These interim condensed consolidated financial statements were approved on **July 13, 2016** by:


Ahmad Saif Al-Sulaiti
Vice Chairman


Abdullah Fadhlah Al-Sulaiti
Managing Director

The accompanying notes 1-14 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, 2016
(Amounts expressed in thousands of Qatari Riyals)

	Note	Six Month Period Ended June 30, 2016 (Reviewed)	Six Month Period Ended June 30, 2015 (Reviewed)
<u>Income:</u>			
Revenue from wholly owned vessels		1,530,384	1,497,984
Share of results from joint ventures	4	241,254	231,065
Income from marine and agency services		28,348	28,522
Interest income on loans to joint venture companies		4,942	5,347
Interest, dividend and profit from Islamic banks		23,249	18,939
Other income		16,188	15,206
Total Income		1,844,365	1,797,063
<u>Expenses:</u>			
Operating costs		(336,076)	(309,948)
General and administrative expenses		(64,670)	(57,006)
Depreciation of property and equipment	3	(348,472)	(340,552)
Finance charges		(594,272)	(598,731)
Total Expenses		(1,343,490)	(1,306,237)
Profit for the period		500,875	490,826
Profit for the period attributable to:			
Owners of the Company		500,305	490,195
Non-controlling interests		570	631
Total		500,875	490,826
Basic and diluted earnings per share (expressed in QR per share)	12	0.90	0.89

The accompanying notes 1-14 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, 2016
(Amounts expressed in thousands of Qatari Riyals)

	Six Month Period Ended June 30, 2016 (Reviewed)	Six Month Period Ended June 30, 2015 (Reviewed)
Profit for the period	500,875	490,826
<u>Other comprehensive income / (loss)</u>		
<i>Items that may be reclassified subsequently to statement of income</i>		
Changes in fair value of available-for-sale investments	(15,456)	(24,395)
Changes in fair value of cash flow hedges	(700,113)	329,808
Group's share of joint ventures' changes in fair value of cash flow hedges	(45,908)	20,571
Total comprehensive (loss) / income for the period	<u>(260,602)</u>	<u>816,810</u>
Total comprehensive (loss) / income for the period attributable to:		
Owners of the Company	(261,172)	816,179
Non-controlling interests	570	631
Total	<u>(260,602)</u>	<u>816,810</u>

The accompanying notes 1-14 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, 2016
(Amounts expressed in thousands of Qatari Riyals)

	Share Capital	Legal Reserve	Fair Value Reserve	Proposed Cash Dividend	Retained Earnings	Equity Before Hedging Reserve and Non-Controlling Interest	Hedging Reserve	Non-Controlling Interest
Balance as of January 01, 2015 (Audited)	5,538,483	493,815	130,825	664,832	1,189,744	8,017,699	(4,225,498)	8,254
Profit for the period	-	-	-	-	490,195	490,195	-	631
Other comprehensive income/(loss) for the period								
-Changes in fair value of available-for-sale investments	-	-	(24,395)	-	-	(24,395)	-	-
-Changes in fair value of cash flow hedges	-	-	-	-	-	-	329,808	-
-Group's share of joint ventures' changes in fair value of cash flow hedges	-	-	-	-	-	-	20,571	-
Total comprehensive income/(loss) for the period	-	-	(24,395)	-	490,195	465,800	350,379	631
Dividend declared for 2014	-	-	-	(664,832)	-	(664,832)	-	-
Capital contribution	1	-	-	-	-	1	-	-
Balance as of June 30, 2015– (Reviewed)	5,538,484	493,815	106,430	-	1,679,939	7,818,668	(3,875,119)	8,885
Balance as of January 01, 2016 (Audited)	5,538,490	592,045	80,052	692,533	1,356,725	8,259,845	(3,816,518)	4,427
Profit for the period	-	-	-	-	500,305	500,305	-	570
Other comprehensive income/(loss) for the period								
-Changes in fair value of available-for-sale investments	-	-	(15,456)	-	-	(15,456)	-	-
-Changes in fair value of cash flow hedges	-	-	-	-	-	-	(700,113)	-
-Group's share of joint ventures' changes in fair value of cash flow hedges	-	-	-	-	-	-	(45,908)	-
Total comprehensive income/(loss) for the period	-	-	(15,456)	-	500,305	484,849	(746,021)	570
Dividend declared for 2015	-	-	-	(692,533)	-	(692,533)	-	(1,500)
Capital contribution	205	-	-	-	-	205	-	-
Balance as of June 30, 2016– (Reviewed)	5,538,695	592,045	64,596	-	1,857,030	8,052,366	(4,562,539)	3,497

The accompanying notes 1-14 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, 2016
(Amounts expressed in thousands of Qatari Riyals)

	Note	Six Month Period Ended June 30, 2016 (Reviewed)	Six Month Period Ended June 30, 2015 (Reviewed)
Cash Flows from Operating Activities:			
Profit for the period		500,875	490,826
Adjustments for:			
Depreciation of property and equipment	3	348,472	340,552
Finance charges		594,272	598,731
Share of results from joint ventures	4	(241,254)	(231,065)
Interest income on loans to joint venture companies		(4,942)	(5,347)
Interest, dividend and profit from Islamic banks		(23,249)	(18,939)
Other income		(16,188)	(15,206)
Loss on disposal of asset		149	-
Provision for employees' end of service benefits		3,573	3,089
		<u>1,161,708</u>	<u>1,162,641</u>
Working Capital Changes:			
Inventories		(584)	417
Trade and other receivables		(46,472)	(111,054)
Accounts payable and accruals		(44,118)	29,074
Other liabilities		(21,412)	43,881
Due from joint venture companies		3,224	(2,012)
Due to joint venture companies		5,035	14,432
Cash generated from operations		<u>1,057,381</u>	<u>1,137,379</u>
Finance charges paid		(591,042)	(595,256)
Employees' end of service benefits paid		(2,223)	(2,555)
Net Cash from Operating Activities		<u>464,116</u>	<u>539,568</u>
Cash Flows from Investing Activities:			
Loans to joint venture companies-net		30,790	29,609
Dividend income received from joint ventures	4	20,554	27,852
Acquisition of property and equipment	3	(21,629)	(80,551)
Sale proceed from disposal of property and equipment		535	-
Time deposits maturing after ninety days		(643,148)	(80,603)
Investment income received		46,397	27,330
Net Cash used in Investing Activities		<u>(566,501)</u>	<u>(76,363)</u>
Cash Flows from Financing Activities:			
Proceeds from issue of share capital		205	1
Dividend paid to shareholders		(659,222)	(629,133)
Dividend paid against non-controlling interests		(1,500)	-
Unpaid dividend transferred to separate bank account		(43,202)	(45,086)
Repayment of borrowings		(385,680)	(373,354)
Net Cash used in Financing Activities		<u>(1,089,399)</u>	<u>(1,047,572)</u>
Net Decrease in Cash and Cash Equivalents		<u>(1,191,784)</u>	<u>(584,367)</u>
Cash and Cash Equivalents at Beginning of the Period		<u>1,488,752</u>	<u>2,095,576</u>
Cash and Cash Equivalents at End of the Period	5.1	<u>296,968</u>	<u>1,511,209</u>

The accompanying notes 1-14 form an integral part of these interim condensed consolidated financial statements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016

(Amounts expressed in thousands of Qatari Riyals)

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 Qatar Commercial Companies Law No. 5 of year 2002. The approval for the formation of the Company was made under decision No. 70 of the Ministry of Business and Trade. The Company is governed by its Articles of Association and the provisions of Qatar Commercial Companies Law. The shares of the Company started trading in the Qatar Exchange on April 7, 2005.

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

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

2. 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, 2015. In addition, results for the six month period ended June 30, 2016 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2016.

2.2 Risk management, judgements and estimates:

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual consolidated financial statements for the year ended 31 December 2015.

The financial risk management objectives and policies of the Group are consistent with those disclosed in the Group’s annual consolidated financial statements as at and for the year ended 31 December 2015.

2.3 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, 2015, and the notes attached thereto, except for the adoption of certain new, revised standards and interpretations that became effective as of January 01, 2016. Some of these new, revised standards and interpretations are changes in terminology only, and some are substantive. However, they do not impact the interim condensed consolidated financial statements of the Group.

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

DOHA – QATAR

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016
(Amounts expressed in thousands of Qatari Riyals)**

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

2.3 Significant accounting policies (continued):

Standards, amendments and interpretations issued but not yet effective:

Certain new, revised standards and interpretations that have been issued are not yet effective for the six month period ended 30 June 2016 and have not been early adopted in preparing these interim condensed consolidated financial statements.

3. Property and Equipment:

	<i>Vessels</i>	<i>SAP</i>	<i>Equipment</i>	<i>Furniture and Fixtures</i>	<i>Others</i>	<i>Total</i>
Cost:						
At January 01, 2015 (Audited)	27,380,991	44,345	7,371	983	358,718	27,792,408
Additions during the year	60,918	513	310	255	53,585	115,581
Transfer from CWIP during the year	-	-	3,674	-	(3,674)	-
Disposal during the year	-	-	(12)	(26)	-	(38)
At December 31, 2015 (Audited)	27,441,909	44,858	11,343	1,212	408,629	27,907,951
Additions/adjustments during the period	(999)	-	46	30	22,552	21,629
Transfer from CWIP during the period	-	410	2,364	36,738	(39,512)	-
Disposal during the period	-	-	(1,071)	-	-	(1,071)
At June 30, 2016 (Reviewed)	27,440,910	45,268	12,682	37,980	391,669	27,928,509
Accumulated Depreciation:						
At January 01, 2015 (Audited)	3,233,701	44,040	6,230	832	52,601	3,337,404
Charge for the year	678,019	163	1,617	72	8,459	688,330
Disposal during the year	-	-	(12)	(26)	-	(38)
At December 31, 2015 (Audited)	3,911,720	44,203	7,835	878	61,060	4,025,696
Charge for the period	340,890	126	982	2,244	4,230	348,472
Disposal during the period	-	-	(387)	-	-	(387)
At June 30, 2016 (Reviewed)	4,252,610	44,329	8,430	3,122	65,290	4,373,781
Net Carrying Amount:						
At June 30, 2016 (Reviewed)	23,188,300	939	4,252	34,858	326,379	23,554,728
At December 31, 2015 (Audited)	23,530,189	655	3,508	334	347,569	23,882,255

4. Investment in Joint Venture Companies:

	QR '000'
Balance – January 01, 2015 (Audited)	2,872,025
Share of results for the year	497,954
Adjustment against additional distribution by a joint venture	(34,178)
Loss adjusted against loan to joint ventures	21,310
Share of hedging reserve for the year*	144,814
Dividend received during the year	(79,551)
Balance – December 31, 2015 (Audited)	3,422,374
Share of results for the six month period ended June 30, 2016	241,254
Adjustment against additional distribution by a joint venture	(18,114)
Loss adjusted against loan to joint ventures	39,744
Share of hedging reserve for the six month period ended June 30, 2016*	(38,646)
Dividend received during the six month period ended June 30, 2016	(20,554)
Balance – June 30, 2016 (Reviewed)	3,626,058

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

DOHA – QATAR

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016**

(Amounts expressed in thousands of Qatari Riyals)

4. Investment in Joint Venture Companies (continued):

- * This excludes the share of excess loss on the hedging reserve from a joint venture amounting to a total of **QR 7.2 million** recorded as a liability under fair value of interest rate swaps. (2015: QR 0.5 million losses were adjusted against the loans to the joint venture).

5. Cash and Bank Balances:

	June 30, 2016 (Reviewed)	December 31, 2015 (Audited)
Cash on hand	320	331
Cash at bank –Call and current accounts	296,648	1,318,312
Cash at bank-Time deposits *	1,780,506	1,307,467
Other bank balances (a)	20,965	21,333
Other bank balances (b)	121,706	88,395
Total	2,220,145	2,735,838

* The effective interest and profit rates on the time deposits varies between **0.9% to 2.95%** (2015: 0.17% to 3.15%).

5.1 Cash and Cash Equivalents:

	Six Month Period Ended June 30, 2016 (Reviewed)	Six Month Period Ended June 30, 2015 (Reviewed)
Cash and bank balances	2,220,145	2,433,188
Less:		
-Other bank balances (a)	(20,965)	(21,628)
-Other bank balances (b)	(121,706)	(112,578)
-Time deposits maturing after ninety days	(1,780,506)	(787,773)
	296,968	1,511,209

- (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, 2016 (Reviewed)	December 31, 2015 (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.	5,538,695	5,538,490

During the six-month period ended June 30, 2016, the Company has received **QR 205 thousands** (2015: QR 7 thousands) as the balance 50% amount in relation to shares which were 50% paid. At **June 30, 2016**, a total of **313,695** issued shares are 50% paid (2015: 354,695 issued shares were 50% paid).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016
(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 statement of income or retained earnings. The negative hedge reserve arises on interest rate swaps that relate to variable interest bearing loans taken to build vessels. The Group also enters into long-term time charter agreements to lock-in the future cash inflows from vessels. This strategy is expected to result in a more stable stream of cash flows in the future and minimize uncertainties associated with shipping spot rate movements or interest rate movements.

9. Borrowings:

These consist of the following:

	June 30, 2016 (Reviewed)	December 31, 2015 (Audited)
Loan	1,820,765	1,820,765
Senior bank facilities	12,743,228	12,909,973
Subordinated bank facilities	1,449,203	1,467,355
Senior bonds – Series “A”	3,095,299	3,095,299
Subordinated bonds – Series “A”	942,224	956,972
KEXIM Facility	712,473	791,637
KSURE Covered Facility	1,104,334	1,211,205
Less: Issuance cost of bonds	(24,519)	(25,220)
Less: Costs incurred for financing	(10,876)	(11,575)
Less: Transaction costs of refinancing	(22,172)	(23,339)
Total	21,809,959	22,193,072
Classified as:		
Payable within one year	790,836	778,119
Payable after one year	21,019,123	21,414,953

The weighted average interest rate on short / long term facilities (excluding hedge), loans and bonds as above at **June 30, 2016** is **2.5893%** (December 31, 2015: 2.2225%).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016
(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 which are designated as cash flow hedges. As at **June 30, 2016** the outstanding notional amount of swap agreements is **QR 12,114 million** (2015: QR 12,430 million) and net fair value is negative **QR 4,070 million** (2015: QR 3,363 million).

11. Related Party Transactions:

	Six Month Period Ended June 30, 2016 (Reviewed)	Six Month Period Ended June 30, 2015 (Reviewed)
Loans to joint ventures (net)	30,790	29,609
Interest income on loans to joint venture companies	4,942	5,347
Compensation of key management personnel	4,202	3,814
Board of Directors' remuneration accrued	1,925	1,925

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, 2016 (Reviewed)	Six Month Period Ended June 30, 2015 (Reviewed)
Profit for the period attributable to the owners of the Company	500,305	490,195
Weighted average number of shares outstanding during the period	553,869,513	553,848,372
Basic and diluted earnings per share (expressed in QR per share)	0.90	0.89

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, 2016:

	Carrying amount	Fair value
Financial assets:		
Loans to joint ventures	195,780	195,780
Available-for-sale investments	111,064	111,064
Total non-current	306,844	306,844
Trade and other receivables	308,008	308,008
Due from joint venture companies	17,203	17,203
Cash and bank balances	2,220,145	2,220,145
Total current	2,545,356	2,545,356
Total financial assets	2,852,200	2,852,200

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016
(Amounts expressed in thousands of Qatari Riyals)

13. Fair Values (continued):

	Carrying amount	Fair value
Financial liabilities:		
Interest bearing loans and borrowings	21,809,959	21,809,959
Fair value of interest rate swaps	4,070,474	4,070,474
Total non-current	25,880,433	25,880,433
Accounts payable	342,896	342,896
Due to joint venture companies	7,931	7,931
Total current	350,827	350,827
Total financial liabilities	26,231,260	26,231,260

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, 2016:				
Financial assets measured at fair value:				
Available-for-sale investments	111,064	-	-	111,064
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	-	4,070,474	-	4,070,474
December 31, 2015:				
Financial assets measured at fair value:				
Available-for-sale investments	126,520	-	-	126,520
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	-	3,363,099	-	3,363,099

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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016

(Amounts expressed in thousands of Qatari Riyals)

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, 2016 amounted to **QR 1.35 million** (2015: QR 0.85 million).

(iii) Letters of Credits and Guarantees including the share from joint ventures at **June 30, 2016** amounted to **QR 131 million** (2015: QR 211.2 million).

(C) *Time Charter:*

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

(D) *Tax Contingency:*

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