

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017
TOGETHER WITH
INDEPENDENT AUDITOR'S REVIEW REPORT**

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017**

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



KPMG
25 C Ring Road
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4442 5626
Website: www.kpmg.com.qa

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

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

Introduction

We have reviewed the accompanying 30 June 2017 interim condensed consolidated financial statements of Qatar Gas Transport Company Limited (Nakilat) (Q.P.S.C.) (the "Company"), which comprises:

- the interim condensed consolidated statement of financial position as at 30 June 2017;
- the interim condensed consolidated statement of income for the six month period ended 30 June 2017;
- the interim condensed consolidated statement of comprehensive income for the six month period ended 30 June 2017;
- the interim condensed consolidated statement of changes in equity for the six month period ended 30 June 2017;
- the interim condensed consolidated statement of cash flows for the six month period ended 30 June 2017; 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 2017 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Emphasis of matter

Without qualifying our review conclusion, we draw attention to note – 14 to the interim condensed consolidated financial statements related to recognition of a claim, the Company is currently in discussion for recovery of the claim and believe that it is fully recoverable.

July 24, 2017
Doha
State of Qatar

Gopal Balasubramaniam
Qatar Auditors' Registry No. 251
KPMG

Licensed by QFMA: External
Auditor's License No 120153



QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.P.S.C.)
DOHA – QATAR
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2017
(Amounts expressed in thousands of Qatari Riyals)

		June 30, 2017 (Reviewed)	December 31, 2016 (Audited)
<u>ASSETS</u>	Note		
Non-Current Assets:			
Property and equipment	3	22,776,510	23,161,476
Investment in joint venture companies	4	3,914,176	4,017,934
Loans to joint venture companies		129,915	135,458
Available-for-sale investments		109,067	133,596
Total Non-Current Assets		26,929,668	27,448,464
Current Assets:			
Inventories		24,241	22,742
Trade and other receivables	14	317,879	326,677
Due from joint venture companies		38,525	30,537
Cash and bank balances	5	2,461,356	2,492,560
Total Current Assets		2,842,001	2,872,516
Total Assets		29,771,669	30,320,980
<u>EQUITY AND LIABILITIES</u>			
Equity:			
Share capital	6	5,538,717	5,538,717
Legal reserve	7	687,463	687,463
Fair value reserve		62,599	87,128
Proposed cash dividend		-	554,026
Retained earnings		2,045,893	1,637,605
Equity before hedging reserve and non-controlling interests		8,334,672	8,504,939
Hedging reserve	8	(3,202,366)	(3,245,278)
Equity after hedging reserve and before non-controlling interests		5,132,306	5,259,661
Non-controlling interests		3,619	4,146
Non-Current Liabilities:			
Borrowings	9	20,206,937	20,616,455
Fair value of interest rate swaps	10	2,797,051	2,819,165
Provision for employees' end of service benefits		25,621	23,064
Other liabilities		141,371	165,216
Total Non-Current Liabilities		23,170,980	23,623,900
Current Liabilities:			
Borrowings	9	817,318	803,631
Accounts payable and accruals		644,279	628,345
Due to joint venture companies		3,167	1,297
Total Current Liabilities		1,464,764	1,433,273
Total Equity and Liabilities		29,771,669	30,320,980



These interim condensed consolidated financial statements were approved on July 24, 2017 by.


H.E 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.P.S.C.)
DOHA – QATAR

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017
(Amounts expressed in thousands of Qatari Riyals)

	Note	Six Month Period Ended June 30, 2017 (Reviewed)	Six Month Period Ended June 30, 2016 (Reviewed)
<u>Income:</u>			
Revenue from wholly owned vessels		1,516,951	1,530,384
Share of results from joint ventures	4	185,605	241,254
Income from marine and agency services		26,840	28,348
Interest income on loans to joint venture companies		4,780	4,942
Interest, dividend and profit from Islamic banks		28,508	23,249
Other income		17,668	16,188
Total Income		1,780,352	1,844,365
<u>Expenses:</u>			
Operating costs		(339,850)	(336,076)
General and administrative expenses		(67,845)	(64,670)
Depreciation of property and equipment	3	(381,635)	(348,472)
Finance charges		(582,136)	(594,272)
Total Expenses		(1,371,466)	(1,343,490)
Profit for the period		408,886	500,875
Profit for the period attributable to:			
Owners of the Company		408,288	500,305
Non-controlling interests		598	570
Total		408,886	500,875
Basic and diluted earnings per share (expressed in QR per share)	12	0.74	0.90

The accompanying notes 1-15 form an integral part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017
(Amounts expressed in thousands of Qatari Riyals)

	Six Month Period Ended June 30, 2017 (Reviewed)	Six Month Period Ended June 30, 2016 (Reviewed)
Profit for the period	408,886	500,875
<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	(24,529)	(15,456)
Changes in fair value of cash flow hedges	22,115	(700,113)
Group's share of joint ventures' changes in fair value of cash flow hedges	20,797	(45,908)
Total comprehensive income / (loss) for the period	<u>427,269</u>	<u>(260,602)</u>
Total comprehensive income / (loss) for the period attributable to:		
Owners of the Company	426,671	(261,172)
Non-controlling interests	598	570
Total	<u>427,269</u>	<u>(260,602)</u>

The accompanying notes 1-15 form an integral part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017
(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, 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	-	-	-	-	-	(15,456)	-	-
-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
Balance as of January 01, 2017 (Audited)	5,538,717	687,463	87,128	554,026	1,637,605	8,504,939	(3,245,278)	4,146
Profit for the period	-	-	-	-	408,288	408,288	-	598
Other comprehensive income /(loss) for the period	-	-	(24,529)	-	-	(24,529)	-	-
-Changes in fair value of available-for-sale investments	-	-	(24,529)	-	-	(24,529)	-	-
-Changes in fair value of cash flow hedges	-	-	-	-	-	-	22,115	-
-Group's share of joint ventures' changes in fair value of cash flow hedges	-	-	-	-	-	-	20,797	-
Total comprehensive income /(loss) for the period	-	-	(24,529)	-	408,288	383,759	42,912	598
Dividend declared for 2016	-	-	-	(554,026)	-	(554,026)	-	(1,125)
Balance as of June 30, 2017– (Reviewed)	5,538,717	687,463	62,599	-	2,045,893	8,334,672	(3,202,366)	3,619

The accompanying notes 1-15 form an integral part of these interim condensed consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.P.S.C.)
DOHA – QATAR
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017
(Amounts expressed in thousands of Qatari Riyals)

	Note	Six Month Period Ended June 30, 2017 (Reviewed)	Six Month Period Ended June 30, 2016 (Reviewed)
Cash Flows from Operating Activities:			
Profit for the period		408,886	500,875
Adjustments for:			
Depreciation of property and equipment	3	381,635	348,472
Finance charges		582,136	594,272
Share of results from joint ventures	4	(185,605)	(241,254)
Interest income on loans to joint venture companies		(4,780)	(4,942)
Interest, dividend and profit from Islamic banks		(28,508)	(23,249)
Other income		(17,668)	(16,188)
Loss on disposal of asset		-	149
Provision for employees' end of service benefits		3,650	3,573
		<u>1,139,746</u>	<u>1,161,708</u>
Working Capital Changes:			
Inventories		(1,499)	(584)
Trade and other receivables		15,064	(46,472)
Accounts payable and accruals		(22,099)	(44,118)
Other liabilities		(23,845)	(21,412)
Due from joint venture companies		(7,465)	3,224
Due to joint venture companies		1,870	5,035
Cash generated from operations		<u>1,101,772</u>	<u>1,057,381</u>
Finance charges paid		(582,557)	(591,042)
Employees' end of service benefits paid		(1,093)	(2,223)
Net Cash from Operating Activities		<u>518,122</u>	<u>464,116</u>
Cash Flows from Investing Activities:			
Loans to joint venture companies-net		8,900	30,790
Return of investment from joint venture		220,240	-
Dividend income received from joint ventures	4	115,187	20,554
Adjustment in / (acquisition of) property and equipment	3	3,331	(21,629)
Sale proceed from disposal of property and equipment		-	535
Time deposits maturing after ninety days		(852,605)	(643,148)
Investment income received		44,167	46,397
Net Cash used in Investing Activities		<u>(460,780)</u>	<u>(566,501)</u>
Cash Flows from Financing Activities:			
Proceeds from issue of share capital		-	205
Dividend paid to shareholders		(532,761)	(659,222)
Dividend paid against non-controlling interests		(1,125)	(1,500)
Unpaid dividend transferred to separate bank account		(30,082)	(43,202)
Repayment of borrowings		(398,396)	(385,680)
Net Cash used in Financing Activities		<u>(962,364)</u>	<u>(1,089,399)</u>
Net Decrease in Cash and Cash Equivalents		<u>(905,022)</u>	<u>(1,191,784)</u>
Cash and Cash Equivalents at Beginning of the Period		<u>1,614,207</u>	<u>1,488,752</u>
Cash and Cash Equivalents at End of the Period	5.1	<u>709,185</u>	<u>296,968</u>

The accompanying notes 1-15 form an integral part of these interim condensed consolidated financial statements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017
(Amounts expressed in thousands of Qatari Riyals)

1. Reporting Entity:

Qatar Gas Transport Company Limited (Nakilat) (Q.P.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, 2016. In addition, results for the six month period ended June 30, 2017 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2017.

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 2016.

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 2016.

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, 2016, and the notes attached thereto, except for the adoption of certain new, revised standards and interpretations that became effective as of January 01, 2017. 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.P.S.C.)
DOHA – QATAR

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017
(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 2017 and have not been early adopted in preparing these interim condensed consolidated financial statements.

3. Property and Equipment:

	<u>Vessels</u>	<u>Equipment</u>	<u>Furniture and Fixtures</u>	<u>Others</u>	<u>Total</u>
Cost:					
At January 01, 2016 (Audited)	27,441,909	11,343	1,212	453,487	27,907,951
Additions/(adjustments)during the year	(6,971)	691	29	53,815	47,564
Transfer from CWIP during the year	92,650	3,473	40,170	(136,293)	-
Disposal during the year	-	(1,719)	(481)	-	(2,200)
At December 31, 2016 (Audited)	27,527,588	13,788	40,930	371,009	27,953,315
Additions/(adjustments)during the period	(4,101)	-	-	770	(3,331)
Disposal during the period	-	(485)	-	-	(485)
At June 30, 2017 (Reviewed)	27,523,487	13,303	40,930	371,779	27,949,499
Accumulated Depreciation:					
At January 01, 2016 (Audited)	3,911,720	7,835	878	105,263	4,025,696
Charge for the year	751,672	2,080	5,108	8,799	767,659
Disposal during the year	-	(1,035)	(481)	-	(1,516)
At December 31, 2016(Audited)	4,663,392	8,880	5,505	114,062	4,791,839
Charge for the period	372,591	1,139	3,056	4,849	381,635
Disposal during the period	-	(485)	-	-	(485)
At June 30, 2017 (Reviewed)	5,035,983	9,534	8,561	118,911	5,172,989
Net Carrying Amount:					
At June 30, 2017 (Reviewed)	22,487,504	3,769	32,369	252,868	22,776,510
At December 31, 2016 (Audited)	22,864,196	4,908	35,425	256,947	23,161,476

4. Investment in Joint Venture Companies:

	QR '000'
Balance – January 01, 2016 (Audited)	3,422,374
Share of results for the year	553,367
Adjustment against additional distribution by a joint venture	(26,944)
Loss adjusted against loan to joint ventures	70,090
Additional liability for losses from a joint venture	70,591
Share of hedging reserve for the year*	25,060
Dividend received during the year	(96,604)
Balance – December 31, 2016 (Audited)	4,017,934
Return of investment from joint venture	(220,240)
Share of results for the six month period ended June 30, 2017	185,605
Loss adjusted against loan to joint ventures	1,220
Additional liability for losses from a joint venture	28,624
Share of hedging reserve for the six month period ended June 30, 2017*	16,220
Dividend received during the six month period ended June 30, 2017	(115,187)
Balance – June 30, 2017 (Reviewed)	3,914,176

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

DOHA – QATAR

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017
(Amounts expressed in thousands of Qatari Riyals)**

4. Investment in Joint Venture Companies (continued):

- * This excludes the share of gain on the hedging reserve from joint ventures amounting to a total of **QR 4.6 million** (2016: QR 2.2 million gain) adjusted against the loan to the respective joint venture.

5. Cash and Bank Balances:

	June 30, 2017 (Reviewed)	December 31, 2016 (Audited)
Cash on hand	322	323
Cash at bank – Call and current accounts	699,068	707,395
Cash at bank – Time deposits *	1,620,931	1,665,020
Other bank balances (a)	20,729	20,781
Other bank balances (b)	120,306	99,041
Total	2,461,356	2,492,560

* The effective interest and profit rates on the time deposits varies between **1.52% to 3.2%** (2016: 0.4% to 3.13%).

5.1 Cash and Cash Equivalents:

	Six Month Period Ended June 30, 2017 (Reviewed)	Six Month Period Ended June 30, 2016 (Reviewed)
Cash and bank balances	2,461,356	2,220,145
Less:		
-Other bank balances (a)	(20,729)	(20,965)
-Other bank balances (b)	(120,306)	(121,706)
-Time deposits maturing after ninety days	(1,611,136)	(1,780,506)
	709,185	296,968

- (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, 2017 (Reviewed)	December 31, 2016 (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.	5,538,717	5,538,717

During the six-month period ended June 30, 2017, the Company has received **QR Nil thousands** (2016: QR 227 thousands) as the balance 50% amount in relation to shares which were 50% paid. At **June 30, 2017**, a total of **309,224** issued shares are 50% paid (2016: 309,224 issued shares were 50% paid).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017
(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, 2017 (Reviewed)	December 31, 2016 (Audited)
Loan	1,820,765	1,820,765
Senior bank facilities	12,393,427	12,570,776
Subordinated bank facilities	1,411,132	1,430,457
Senior bonds – Series “A”	3,095,299	3,095,299
Subordinated bonds – Series “A”	911,329	927,017
KEXIM Facility	554,146	633,310
KSURE Covered Facility	890,592	997,463
Less: Issuance cost of bonds	(23,118)	(23,818)
Less: Costs incurred for financing	(9,479)	(10,178)
Less: Transaction costs of refinancing	(19,838)	(21,005)
Total	21,024,255	21,420,086
Classified as:		
Payable within one year	817,318	803,631
Payable after one year	20,206,937	20,616,455

The weighted average interest rate on short / long term facilities (excluding hedge), loans and bonds as above at **June 30, 2017** is **3.03553%** (December 31, 2016: 2.64894%).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017
(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, 2017** the outstanding notional amount of swap agreements is **QR 11,456 million** (2016: QR 11,793 million) and net fair value is negative **QR 2,797 million** (2016: QR 2,819 million).

11. Related Party Transactions:

	Six Month Period Ended June 30, 2017 (Reviewed)	Six Month Period Ended June 30, 2016 (Reviewed)
Loans to joint ventures (net)	8,900	30,790
Interest income on loans to joint venture companies	4,780	4,942
Compensation of key management personnel	3,986	4,202
Board of Directors' remuneration accrued	2,950	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, 2017 (Reviewed)	Six Month Period Ended June 30, 2016 (Reviewed)
Profit for the period attributable to the owners of the Company	408,288	500,305
Weighted average number of shares outstanding during the period	553,871,748	553,869,513
Basic and diluted earnings per share (expressed in QR per share)	0.74	0.90

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, 2017:

	Carrying amount	Fair value
Financial assets:		
Loans to joint ventures	129,915	129,915
Available-for-sale investments	109,067	109,067
Total non-current	238,982	238,982
Trade and other receivables	317,879	317,879
Due from joint venture companies	38,525	38,525
Cash and bank balances	2,461,356	2,461,356
Total current	2,817,760	2,817,760
Total financial assets	3,056,742	3,056,742

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017
(Amounts expressed in thousands of Qatari Riyals)

13. Fair Values (continued):

	Carrying amount	Fair value
Financial liabilities:		
Interest bearing loans and borrowings	21,024,255	21,024,255
Fair value of interest rate swaps	2,797,051	2,797,051
Total non-current	23,821,306	23,821,306
Accounts payable	520,005	520,005
Due to joint venture companies	3,167	3,167
Total current	523,172	523,172
Total financial liabilities	24,344,478	24,344,478

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, 2017:				
Financial assets measured at fair value:				
Available-for-sale investments	109,067	-	-	109,067
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	-	2,797,051	-	2,797,051
December 31, 2016:				
Financial assets measured at fair value:				
Available-for-sale investments	133,596	-	-	133,596
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	-	2,819,165	-	2,819,165

14. Trade and other receivables:

This includes an amount of QR 39 million on account of a claim on loss of charter hire revenue, due to an incident during the period. The company has taken all required and needed legal actions toward claiming back all losses of charter hire revenue. Thus, based on all the available facts and advices received from the Company's legal counsel, the Company is certain of recovery of the amount of claim.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017
(Amounts expressed in thousands of Qatari Riyals)

15. 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 **June 30, 2017 amounted to **QR 1.76 million** (2016: QR 1.75 million).**

(iii) Letters of Credits and Guarantees including the share from joint ventures at **June 30, 2017 amounted to **QR 54.9 million** (2016: QR 78.3 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 JV Company terminated the Leases on December 22, 2014. However, the JV Company still has an obligation to the lessor to maintain the lessor's agreed after-tax margin from the commencement of the lease to the lease termination date.

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