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, 2018 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, 2018

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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.P.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.P.S.C.) (the "Company") as at June 30, 2018 and the related interim condensed consolidated statement of income, comprehensive income, changes in equity and cash flows for the six month period ended June 30, 2018 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.

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at and for the six months period ended June 30, 2018 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

July 11, 2018
Doha
State of Qatar

Gopal Balasubramaniam
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QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.P.S.C.)
DOHA – QATAR
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2018
(Amounts expressed in thousands of Qatari Riyals)

ASSETS	Note	June 30, 2018 (Reviewed)	December 31, 2017 (Audited)
Non-Current Assets:			
Property and equipment	3	22,043,626	22,392,337
Investment in joint venture companies	4	4,340,089	4,143,938
Loans to joint venture companies		86,605	98,774
Equity investments		118,984	109,230
Total Non-Current Assets		26,589,304	26,744,279
Current Assets:			
Inventories		24,131	23,805
Trade and other receivables	14	498,530	340,311
Due from joint venture companies		24,778	35,665
Cash and bank balances	5	2,370,968	2,775,377
Total Current Assets		2,918,407	3,175,158
Total Assets		29,507,711	29,919,437
EQUITY AND LIABILITIES			
Equity:			
Share capital	6	5,538,717	5,538,717
Legal reserve	7	772,082	772,082
Fair value reserve		7,571	(2,183)
Proposed cash dividend		-	554,026
Retained earnings		2,261,967	1,823,992
Equity before hedging reserve and non-controlling interests		8,580,337	8,686,634
Hedging reserve	8	(2,294,551)	(2,765,048)
Equity after hedging reserve and before non-controlling interests		6,285,786	5,921,586
Non-controlling interests		4,782	4,216
Non-Current Liabilities:			
Borrowings	9	19,345,661	19,789,344
Fair value of interest rate swaps	10	2,106,621	2,478,222
Provision for employees' end of service benefits		28,372	28,743
Other liabilities		100,340	119,287
Total Non-Current Liabilities		21,580,994	22,415,596
Current Liabilities:			
Borrowings	9	866,409	832,243
Accounts payable and accruals		739,385	699,078
Due to joint venture companies		30,355	46,718
Total Current Liabilities		1,636,149	1,578,039
Total Equity and Liabilities		29,507,711	29,919,437

شركة قطر لنقل الغاز المحدودة (ناقلات) (ش.م.ق)
(NAKILAT) (ناقلات)
Qatar Gas Transport Company Ltd. (NAKILAT) (Q.S.C.)

These interim condensed consolidated financial statements were approved on **July 11, 2018** by:

Ahmad Saif Al-Sulaiti
Vice Chairman

Abdullah Fadhalah Al-Sulaiti
Chief Executive Officer

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, 2018
(Amounts expressed in thousands of Qatari Riyals)

	Note	Six Month Period Ended June 30, 2018 (Reviewed)	Six Month Period Ended June 30, 2017 (Reviewed)
Income:			
Revenue from wholly owned vessels		**1,526,459**	1,516,951
Share of results from joint ventures	4	**191,674**	185,605
Income from marine and agency services		**27,628**	26,840
Interest income on loans to joint venture companies		**5,268**	4,780
Interest, dividend and profit from Islamic banks		**37,825**	28,508
Other income		**18,185**	17,668
Total Income		**1,807,039**	1,780,352
Expenses:			
Operating costs		**(339,560)**	(339,850)
General and administrative expenses		**(65,683)**	(67,845)
Depreciation of property and equipment	3	**(376,727)**	(381,635)
Finance charges		**(580,405)**	(582,136)
Total Expenses		**(1,362,375)**	(1,371,466)
Profit for the period		**444,664**	408,886
Profit for the period attributable to:			
Owners of the Company		**444,098**	408,288
Non-controlling interests		**566**	598
Total		**444,664**	408,886
Basic and diluted earnings per share (expressed in QR per share)	12	**0.80**	0.74

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2018
(Amounts expressed in thousands of Qatari Riyals)

	Six Month Period Ended June 30, 2018 (Reviewed)	Six Month Period Ended June 30, 2017 (Reviewed)
Profit for the period	**444,664**	408,886
Other comprehensive income / (loss)		
Items that will not be reclassified to statement of income:		
Changes in fair value of equity investments	**9,754**	(24,529)
Items that may be reclassified subsequently to statement of income:		
Changes in fair value of cash flow hedges	**371,601**	22,115
Group's share of joint ventures' changes in fair value of cash flow hedges	**98,896**	20,797
Total comprehensive income for the period	**924,915**	427,269
Total comprehensive income for the period attributable to:		
Owners of the Company	**924,349**	426,671
Non-controlling interests	**566**	598
Total	**924,915**	427,269

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, 2018
(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, 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								
-Changes in fair value of equity 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
Balance as of January 01, 2018 (Audited)	**5,538,717**	**772,082**	**(2,183)**	**554,026**	**1,823,992**	**8,686,634**	**(2,765,048)**	**4,216**
Adjustment on initial application of new IFRS	-	-	-	-	(6,123)	(6,123)	-	-
Adjusted Balance as of January 01, 2018	**5,538,717**	**772,082**	**(2,183)**	**554,026**	**1,817,869**	**8,680,511**	**(2,765,048)**	**4,216**
Profit for the period	-	-	-	-	**444,098**	**444,098**	-	**566**
Other comprehensive income /(loss) for the period								
-Changes in fair value of equity investments	-	-	**9,754**	-	-	**9,754**	-	-
-Changes in fair value of cash flow hedges	-	-	-	-	-	-	**371,601**	-
-Group's share of joint ventures' changes in fair value of cash flow hedges	-	-	-	-	-	-	**98,896**	-
Total comprehensive income /(loss) for the period	-	-	**9,754**	-	**444,098**	**453,852**	**470,497**	**566**
Dividend declared for 2017	-	-	-	**(554,026)**	-	**(554,026)**	-	-
Balance as of June 30, 2018– (Reviewed)	**5,538,717**	**772,082**	**7,571**	**-**	**2,261,967**	**8,580,337**	**(2,294,551)**	**4,782**

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, 2018
(Amounts expressed in thousands of Qatari Riyals)

	Note	Six Month Period Ended June 30, 2018 (Reviewed)	Six Month Period Ended June 30, 2017 (Reviewed)
Cash Flows from Operating Activities:			
Profit for the period		**444,664**	408,886
Adjustments for:			
Depreciation of property and equipment	3	**376,727**	381,635
Finance charges		**580,405**	582,136
Share of results from joint ventures	4	**(191,674)**	(185,605)
Interest income on loans to joint venture companies		**(5,268)**	(4,780)
Interest, dividend and profit from Islamic banks		**(37,825)**	(28,508)
Other income		**(18,185)**	(17,668)
Provision for employees' end of service benefits		**3,794**	3,650
		1,152,638	1,139,746
Working Capital Changes:			
Inventories		**(326)**	(1,499)
Trade and other receivables		**(155,968)**	15,064
Accounts payable and accruals		**62,115**	(22,099)
Other liabilities		**(18,947)**	(23,845)
Due from joint venture companies		**12,919**	(7,465)
Due to joint venture companies		**(16,363)**	1,870
Cash generated from operations		**1,036,068**	1,101,772
Finance charges paid		**(578,823)**	(582,557)
Employees' end of service benefits paid		**(4,165)**	(1,093)
Net Cash from Operating Activities		**453,080**	518,122
Cash Flows from Investing Activities:			
Loans to joint venture companies-net		**5,618**	8,900
Return of investment from joint venture		**-**	220,240
Dividend income received from joint ventures	4	**58,508**	115,187
(Acquisition of) / adjustment in property and equipment	3	**(28,016)**	3,331
Restricted cash towards an investment	5.1	**(67,395)**	-
Time deposits maturing after ninety days		**(470,676)**	(852,605)
Investment income received		**56,995**	44,167
Net Cash used in Investing Activities		**(444,966)**	(460,780)
Cash Flows from Financing Activities:			
Dividend paid to shareholders		**(531,960)**	(532,761)
Dividend paid against non-controlling interests		**-**	(1,125)
Unpaid dividend transferred to separate bank account		**(28,596)**	(30,082)
Repayment of borrowings		**(412,084)**	(398,396)
Net Cash used in Financing Activities		**(972,640)**	(962,364)
Net Decrease in Cash and Cash Equivalents		**(964,526)**	(905,022)
Cash and Cash Equivalents at Beginning of the Period		**1,542,211**	1,614,207
Cash and Cash Equivalents at End of the Period	5.1	**577,685**	709,185

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.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 issued by the Ministry of Economy and Commerce. 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, 2017. In addition, results for the six month period ended June 30, 2018 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2018.

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 2017.

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 2017.

2.3 *Significant accounting policies:*

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements, as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

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

2.3 *Significant accounting policies (continued):*

Changes in accounting policies

During the current period, the Group adopted the below new and amended International Financial Reporting Standards ("IFRS") and improvements to IFRS that are effective for annual periods beginning on 1 January 2018:

- *IFRS 15 "Revenue from Contracts with Customers"*
- *IFRS 9 "Financial Instruments"*
- *Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"*
- *Amendments to IAS 40 "Transfers of Investment Property"*
- *Annual improvements to IFRSs 2014-2016 Cycle "Amendments to IFRS 1 and IAS 28"*
- *IFRIC 22 Foreign Currency Transactions and Advances consideration.*

A. IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *"Revenue"* and related interpretations.

The Group is predominantly generating revenue from leasing vessels, hence, is not materially affected by the adoption of IFRS 15.

B. IFRS 9 "Financial Instruments"

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces IAS 39 "Financial Instruments: Recognition and Measurement".

The Group has adopted IFRS 9 Financial Instruments on its effective date 1 January 2018. Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using cumulative effect method. The Group has taken an exemption not to restate comparative information of prior periods. Net impact in the carrying amounts of the financial assets of QR 6,123 thousands resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available-for-sale financial assets.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

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

2.3 *Significant accounting policies (continued):*

On initial recognition a financial asset is classified as:

- Amortised cost;
- Fair Value Through Other Comprehensive Income (FVOCI) debt investment;
- Fair Value Through Other Comprehensive Income (FVOCI) equity investment; or
- Fair Value Through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the Group has irrevocably elected to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis, the Group is in the process of formally getting this approved by the Board.

The following accounting policies apply to the subsequent measurement of the Group's financial assets:

Financial assets at amortised cost

These assets are subsequently measured at amortised costing using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of receivables and prepayments and cash and cash equivalents under IFRS 9, and loss allowances are measured on either of the following bases:

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

2.3 *Significant accounting policies (continued):*

- *12-month ECLs:* these are ECLs that result from possible default events within the 12 months after the reporting date.
- *lifetime ECLs:* these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure loss allowances for its financial assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 to 120 days past due. The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 to 120 days past due.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses the financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to receivables and prepayments are presented under general and administrative expenses in the condensed consolidated statement of income.

Impact of the new impairment model

For financial assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance of QR 6,123 thousands.

(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 2018 and have not been early adopted in preparing these interim condensed consolidated financial statements.

3. ***Property and Equipment:***

	Vessels	*Equipment*	*Furniture and Fixtures*	*Others*	*Total*
Cost:					
At January 01, 2017 (Audited)	27,527,588	13,788	40,930	371,009	27,953,315
Additions/(adjustments)during the year	(5,608)	-	-	4,402	(1,206)
Disposal during the year	-	(486)	-	-	(486)
At December 31, 2017 (Audited)	27,521,980	13,302	40,930	375,411	27,951,623
Additions during the period	**11,630**	-	-	**16,386**	**28,016**
Disposal /(adjustment) during the period	**(10,633)**	**(1,106)**	-	-	**(11,739)**
At June 30, 2018 (Reviewed)	**27,522,977**	**12,196**	**40,930**	**391,797**	**27,967,900**
Accumulated Depreciation:					
At January 01, 2017 (Audited)	4,663,392	8,880	5,505	114,062	4,791,839
Charge for the year	749,851	2,246	6,114	9,722	767,933
Disposal during the year	-	(486)	-	-	(486)
At December 31, 2017(Audited)	5,413,243	10,640	11,619	123,784	5,559,286
Charge for the period	**367,757**	**809**	**3,044**	**5,117**	**376,727**
Disposal /(adjustment) during the period	**(10,633)**	**(1,106)**	-	-	**(11,739)**
At June 30, 2018 (Reviewed)	**5,770,367**	**10,343**	**14,663**	**128,901**	**5,924,274**
Net Carrying Amount:					
At June 30, 2018 (Reviewed)	**21,752,610**	**1,853**	**26,267**	**262,896**	**22,043,626**
At December 31, 2017 (Audited)	22,108,737	2,662	29,311	251,627	22,392,337

4. ***Investment in Joint Venture Companies:***

	QR '000'
Balance – January 01, 2017 (Audited)	4,017,934
Return of investment from a joint venture	(220,240)
Share of results for the year	339,006
Loss adjusted against loan to joint ventures	11,631
Additional liability for losses from a joint venture	86,491
Share of hedging reserve for the year*	134,247
Dividend received during the year	(225,131)
Balance – December 31, 2017 (Audited)	4,143,938
Share of results for the six month period ended June 30, 2018	**191,674**
Loss adjusted against loan to joint ventures	**9,129**
Net gain adjusted against additional liability created for joint ventures' losses in prior year	**(42,463)**
Share of hedging reserve for the six month period ended June 30, 2018*	**96,319**
Dividend received during the six month period ended June 30, 2018	**(58,508)**
Balance – June 30, 2018 (Reviewed)	**4,340,089**

(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 2.6 million** (2017: QR 5 million gain) adjusted against the loan to the respective joint venture.

5. *Cash and Bank Balances:*

	June 30, 2018 (Reviewed)	December 31, 2017 (Audited)
Cash on hand	**294**	322
Cash at bank –Call and current accounts	**598,371**	661,856
Cash at bank-Time deposits *	**1,632,492**	1,995,434
Other bank balances **(a)**	**20,477**	20,497
Other bank balances **(b)**	**119,334**	97,268
Total	**2,370,968**	2,775,377

* The effective interest and profit rates on the time deposits varies between **2.1% to 3.25%** (2017: 1.21% to 3.25%).

5.1 *Cash and Cash Equivalents:*

	Six Month Period Ended June 30, 2018 (Reviewed)	Six Month Period Ended June 30, 2017 (Reviewed)
Cash and bank balances	**2,370,968**	2,461,356
Less:		
-Other bank balances **(a)**	**(20,477)**	(20,729)
-Other bank balances **(b)**	**(119,334)**	(120,306)
-Restricted cash towards an investment **(c)**	**(67,395)**	-
-Time deposits maturing after ninety days	**(1,586,077)**	(1,611,136)
	577,685	709,185

(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.

(c) Restricted bank balance has been allocated towards an investment in a newly set up joint venture.

6. *Share Capital:*

	June 30, 2018 (Reviewed) Number of Shares	December 31, 2017 (Audited) Number of Shares
Issued & paid up share capital	**554,026,360**	554,026,360

(Amounts expressed in thousands of Qatari Riyals)

6. ***Share Capital (continued):***

	Amount	Amount
Issued and paid up share capital with a par value of QR 10 each.	**5,538,717**	5,538,717

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, 2018 (Reviewed)	December 31, 2017 (Audited)
Loan	**1,820,765**	1,820,765
Senior bank facilities	**12,021,616**	12,210,374
Subordinated bank facilities	**1,370,555**	1,391,164
Senior bonds – Series "A"	**3,095,299**	3,095,299
Subordinated bonds – Series "A"	**878,468**	895,150
KEXIM Facility	**395,819**	474,982
KSURE Covered Facility	**676,850**	783,721
Less: Issuance cost of bonds	**(21,717)**	(22,417)
Less: Costs incurred for financing	**(8,081)**	(8,780)
Less: Transaction costs of refinancing	**(17,504)**	(18,671)
Total	**20,212,070**	20,621,587
Classified as:		
Payable within one year	**866,409**	832,243
Payable after one year	**19,345,661**	19,789,344

The weighted average interest rate on short / long term facilities (excluding hedge), loans and bonds as above at **June 30, 2018** is **3.52284%** (December 31, 2017: 3.10214%).

(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, 2018** the outstanding notional amount of swap agreements is **QR 10,801 million** (2017: QR 11,136 million) and net fair value is negative **QR 2,107 million** (2017: QR 2,478 million).

11. *Related Party Transactions:*

	Six Month Period Ended June 30,2018 (Reviewed)	Six Month Period Ended June 30, 2017 (Reviewed)
Loans to joint ventures (net)	**5,618**	8,900
Interest income on loans to joint venture companies	**5,268**	4,780
Compensation of key management personnel	**7,226**	3,986
Board of Directors' remuneration accrued	**2,950**	2,950

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 30,2018 (Reviewed)	Six Month Period Ended June 30, 2017 (Reviewed)
Profit for the period attributable to the owners of the Company	**444,098**	408,288
Weighted average number of shares outstanding during the period	**553,871,748**	553,871,748
Basic and diluted earnings per share (expressed in QR per share)	**0.80**	0.74

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, 2018:

	Carrying amount	**Fair value**
Financial assets:		
Loans to joint ventures	**86,605**	**86,605**
Equity investments	**118,984**	**118,984**
Total non-current	**205,589**	**205,589**
Trade and other receivables	**498,530**	**498,530**
Due from joint venture companies	**24,778**	**24,778**
Cash and bank balances	**2,370,968**	**2,370,968**
Total current	**2,894,276**	**2,894,276**
Total financial assets	**3,099,865**	**3,099,865**

(Amounts expressed in thousands of Qatari Riyals)

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

	Carrying amount	Fair value
Financial liabilities:		
Interest bearing loans and borrowings	20,212,070	20,212,070
Fair value of interest rate swaps	2,106,621	2,106,621
Total non-current	22,318,691	22,318,691
Accounts payable	560,673	560,673
Due to joint venture companies	30,355	30,355
Total current	591,028	591,028
Total financial liabilities	22,909,719	22,909,719

Fair Value of Financial Instruments

The fair value of equity investments is 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, 2018:				
Financial assets measured at fair value:				
Equity investments	118,984	-	-	118,984
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	-	2,106,621	-	2,106,621
December 31, 2017:				
Financial assets measured at fair value:				
Equity investments	109,230	-	-	109,230
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	-	2,478,222	-	2,478,222

14. ***Trade and other receivables:***

i) This includes an amount of QR 51.9 million (December 31, 2017: QR 51.9 million) on account of a claim on loss of charter hire revenue, due to an accident during the prior year. The company has taken all required and needed legal actions toward claiming back all losses of charter hire revenue. Thus, based on all available facts and advices received from the Company's legal counsel, the Company is certain of recovery of the amount of claim.

14. *Trade and other receivables (continued):*

ii) This also includes QR 63.2 million (December 31, 2017: QR 28.2 million) which pertain to unbilled invoices which has corresponding advances from customers (classified as trade and other payables) which will be offset against each other upon billing of the invoices.

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, Letter of Credit and Commitments:

(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, 2018** amounted to **QR 2.5 million** (2017: QR 1.51 million).

(iii) Letters of Credits and Guarantees including the share from joint ventures at **June 30, 2018** amounted to **QR 44.2 million** (2017: QR 55.8 million).

(iv) Capital commitments including the share from joint ventures at **June 30, 2018** amounted to **QR 44.8 million** (2017: QR 39.9 million).

(v) Contingent claims including the share from joint ventures at **June 30, 2018** amounted to **QR 2.4 million** (2017: QR 2.4 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:

As at 31 December 2017, there was a tax contingency related to one of the joint ventures of the Company arising from finance lease arrangements for its LNG carriers. In the light of communication with tax authorities during the current period, the management has set up an adequate provision in these interim condensed consolidated financial statements while continue to defend its position with tax authorities.