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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Qatar Gas Transport Company Limited (QPSC) ("Nakilat")

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Qatar Gas Transport Company Limited (QPSC) ("Nakilat") and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Description of key audit matters	How the matter was addressed in our audit
Fair valuation and hedge effectiveness of cash flow hedges - refer to note 12 and note 14 to the consolidated financial statements We focused on this area because: • The Group entered into a number of interest rate swaps agreements to hedge its exposure to interest rate risk. These hedge transactions gave rise to derivative financial liabilities of QR 2,476,694 thousands (2018: QR 1,943,170 thousands). This represent 9.7% of the Group's total liabilities, hence a material portion of the consolidated financial position. • The hedging instruments are required to be fair valued at each reporting date. The valuation of the hedging instruments and forming a conclusion that hedge continues to be effective involve a significant degree of complexity and judgement, hence, we considered this to be a key audit matter.	Our audit procedures in this area included, among others: • Assessing whether the hedge instruments are correctly classified as cash flow hedges by reference to the requirements of the relevant accounting standards. • Involving our own valuation specialists to support us in challenging the valuations produced by the Group and assessing the appropriateness of the hedge effectiveness methodology. • Re-confirming the counter parties' valuation from an independent source on a sample basis; and • Evaluating the adequacy of the disclosures in the consolidated financial statements including disclosures of key assumptions, judgments and sensitivities.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Qatar Gas Transport Company Limited (QPSC) ("Nakilat")

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Description of key audit matters	How the matter was addressed in our audit
Carrying value of property and equipment - refer to note 4 to the consolidated financial statements We focused on this area because: • The carrying value of the Group's property and equipment as at 31 December 2019 was QR 24,143,700 thousands (2018: QR 21,840,006 thousands) and the related depreciation charge for the year was QR 882,644 thousands (2018: QR 757,653 thousands) respectively. This represents 74.6% and 88% of the Group's total assets and the net profit respectively, hence a material portion of the consolidated financial position and consolidated income. • The life of the vessels including estimation of residual values for the purpose of depreciation charge are reviewed annually by the management with reference to the available facts and circumstances. This involves a significant degree of management judgement and estimates, hence, we considered this to be a key audit matter.	Our audit procedures in this area included among others: • Testing the design and implementation of key controls around the processes of estimating useful lives and residual values; • Assessing the reasonableness of Group management's assertions and estimates regarding estimated useful lives and residual values based on our knowledge and experience of the industry; and • Challenging the Group's assessment of possible internal and external indicators of impairment in relation to the vessels, such as obsolescence, decline in market value, operating losses etc., based on our knowledge and experience of the industry and understanding of the charter hire agreements.

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Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Description of key audit matters	How the matter was addressed in our audit
Investments in joint ventures - refer to note 5 to the consolidated financial statements We focused on this area because: • The Company has investments in joint ventures whose operations are spread across Qatar and outside Qatar. • The carrying value of investments in joint ventures and the Company's share of results in the joint ventures represent 13.5% and 55.6% of the Group's total assets and the net profit respectively, hence a material portion of the consolidated financial position and consolidated income.	Our audit procedures in this area included among others: • Assessing the audited financial information submitted by the joint ventures for consistency with the accounting policies of the Group; • Obtaining the Group's joint venture accounting schedule to confirm whether the Group's interests in the profits, other comprehensive income and net assets were accounted in accordance with the Group's participatory interests in the joint ventures; and • Assessing the adequacy of the Group's disclosures in relation to the investments in joint ventures by reference to the requirements of the relevant accounting standards

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Qatar Gas Transport Company Limited (QPSC) ("Nakilat")

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Description of key audit matters	How the matter was addressed in our audit
Accounting for Step Acquisition of OSG Nakilat Corporation – Refer to Note 5 of the consolidated financial statements We focused on this area because: • On 6th October 2019, the Group acquired the remaining 49.9% shares of Nakilat Marine Corporation (previously OSG Nakilat Corporation ("OSG") for a consideration of QR 447,908 thousand. The acquisition of OSG was achieved in stages and management had accounted for the acquisition as a step acquisition in accordance with IFRS 3 "Business Combination". • The accounting for this transaction is complex due to the significant judgment and estimates that are required to determine the values of the consideration transferred and the identification and measurement of the fair values of the assets acquired and liabilities assumed. • Due to the size and complexity of the acquisition, we have considered this to be a key audit matter.	Our audit procedures in this area included among others: • Challenging the valuations produced by the Group and the methodology used to identify the assets and liabilities acquired; in particular, the methodologies adopted and key assumptions applied to key inputs such as growth rate, inflation rate and weighted average cost of capital etc. by comparing them with market information, sector average and our own assessment based on our knowledge of the client and industry; • Checking management computations of gain arising on derecognition of previously held interest in a joint venture upon step acquisition and a bargain purchase upon acquisition of remaining shares; and • Evaluating the adequacy of the financial statements disclosures, including disclosures of key assumptions, judgement and sensitivities.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Qatar Gas Transport Company Limited (QPSC) ("Nakilat")

Report on the Audit of the Consolidated Financial Statements (continued)

Other Information
The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report (the 'Annual Report') but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Qatar Gas Transport Company Limited (QPSC) ("Nakilat")

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Qatar Gas Transport Company Limited (QPSC) ("Nakilat")

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the Annual Report and the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the provisions of the Qatar Commercial Companies Law No.11 of 2015 or the terms of the Company's Articles of Association and any amendments thereto having occurred during the year which might have had a material adverse effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2019.

17 February 2020
Doha Qatar
State of Qatar

Gopal Balasubramaniam
Auditors' Registry No. 251
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QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019
(Amount Expressed in Thousands of Qatari Riyals)

	Note	December 31, 2019	December 31, 2018
ASSETS			
Non-Current Assets:			
Property and equipment	**4**	**24,143,700**	21,840,006
Investment in joint venture companies	**5**	**4,378,222**	4,613,158
Loans to joint venture companies	**6**	**229,235**	105,242
Equity investments	**7**	**113,037**	144,462
Total Non-Current Assets		**28,864,194**	26,702,868
Current Assets:			
Inventories		**31,958**	24,374
Trade and other receivables	**8**	**1,006,316**	278,301
Cash and bank balances	**9**	**2,397,036**	2,463,028
Due from joint venture companies	**17(b)**	**79,171**	95,532
Total Current Assets		**3,514,481**	2,861,235
Total Assets		**32,378,675**	29,564,103

The accompanying notes 1-29 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2019
(Amount Expressed in Thousands of Qatari Riyals)

	Note	December 31, 2019	December 31, 2018
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	10	5,538,778	5,538,717
Legal reserve	11	961,389	861,196
Fair value reserve		1,624	33,049
Proposed cash dividend	10.1	554,026	554,026
Retained earnings		2,388,245	2,033,638
Equity before hedging reserve and non-controlling interests		9,444,062	9,020,626
Hedging reserve	12	(2,592,852)	(2,087,704)
Equity after hedging reserve and before non-controlling interests		6,851,210	6,932,922
Non-Controlling Interests		6,246	5,205
Non-Current Liabilities:			
Borrowings	13	20,080,012	18,866,902
Fair value of interest rate swaps	14	2,298,198	1,642,951
Lease liability		101,227	-
Provision for employees' end of service benefits		29,722	27,514
Other liabilities	15.1	127,744	88,269
Total Non-Current Liabilities		22,636,903	20,625,636
Current Liabilities:			
Borrowings	13	1,162,135	927,575
Fair value of interest rate swaps	14	178,496	300,219
Lease liability		23,770	-
Accounts payable and accruals	15	1,511,415	763,503
Due to joint venture companies	17(b)	8,500	9,043
Total Current Liabilities		2,884,316	2,000,340
Total Equity and Liabilities		32,378,675	29,564,103

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on **February 17, 2020**.

Dr. Mohammed Bin Saleh Al Sada **Chairman**	**Ahmad Saif Al-Sulaiti** **Vice Chairman**	**Abdullah Fadhalah Al-Sulaiti** **Chief Executive Officer**

The accompanying notes 1-29 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Income:			
Revenue from wholly owned vessels		**3,165,797**	3,063,097
Share of results from joint ventures	**5**	**558,229**	396,442
Income from marine and agency services		**55,339**	53,949
Interest income on loans to joint ventures	**17(a)**	**16,247**	11,345
Interest, dividend and profit from Islamic banks		**66,785**	75,876
Other income		**21,445**	34,363
Total Income		**3,883,842**	3,635,072
Expenses:			
Operating costs	**25**	**(697,122)**	(678,612)
General and administrative	**26**	**(129,787)**	(134,059)
Depreciation of property and equipment	**4**	**(882,644)**	(757,653)
Finance charges		**(1,171,314)**	(1,172,559)
Total Expenses		**(2,880,867)**	(2,742,883)
Profit for the year		**1,002,975**	892,189
Attributable to:			
Owners of the Company		**1,001,934**	891,143
Non-controlling interests		**1,041**	1,046
Total		**1,002,975**	892,189
Basic and diluted earnings per share (expressed in QR per share)	**19**	**0.18**	0.16

The accompanying notes 1-29 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Profit for the year		**1,002,975**	892,189
Other comprehensive income / (loss)			
Items that will not be reclassified to statement of income:			
Changes in fair value of equity investments-at FVOCI	**7**	**(31,425)**	35,232
Items that may be reclassified subsequently to statement of income			
Changes in fair value of cash flow hedging derivatives		**(375,144)**	535,053
Group's share of joint ventures' changes in fair value of cash flow hedging derivatives		**(51,533)**	142,291
Total comprehensive income for the year		**544,873**	1,604,765
Total comprehensive income for the year attributable to:			
Owners of the Company		**543,832**	1,603,719
Non-controlling interests		**1,041**	1,046
Total		**544,873**	1,604,765

The accompanying notes 1-29 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019
(Amount 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 Interests	Hedging Reserve	Non-Controlling Interests
Balance as of January 01, 2018	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 IFRS 9	-	-	-	-	(16,078)	(16,078)	-	(57)
Adjusted Balance as of January 01, 2018	5,538,717	772,082	(2,183)	554,026	1,807,914	8,670,556	(2,765,048)	4,159
Profit for the year 2018	-	-	-	-	891,143	891,143	-	1,046
Other comprehensive income for the year 2018:								
-Changes in fair value of equity investments -at FVOCI	-	-	35,232	-	-	35,232	-	-
-Changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	535,053	-
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	142,291	-
Total comprehensive income for the year 2018	-	-	35,232	-	891,143	926,375	677,344	1,046
Transfer to legal reserve	-	89,114	-	-	(89,114)	-	-	-
Social and sports fund contribution 2018 **(note 16)**	-	-	-	-	(22,279)	(22,279)	-	-
Dividend declared for 2017 **(note 10.1)**	-	-	-	(554,026)	-	(554,026)	-	-
Proposed cash dividend for 2018 **(note 10.1)**	-	-	-	554,026	(554,026)	-	-	-
Balance as of December 31, 2018	**5,538,717**	**861,196**	**33,049**	**554,026**	**2,033,638**	**9,020,626**	**(2,087,704)**	**5,205**
Profit for the year 2019	**-**	**-**	**-**	**-**	**1,001,934**	**1,001,934**	**-**	**1,041**
Other comprehensive income for the year 2019:								
-Changes in fair value of equity investments -at FVOCI	**-**	**-**	**(31,425)**	**-**	**-**	**(31,425)**	**-**	**-**
-Changes in fair value of cash flow hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**(375,144)**	**-**
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**(51,533)**	**-**
Total comprehensive income for the year 2019	**-**	**-**	**(31,425)**	**-**	**1,001,934**	**970,509**	**(426,677)**	**1,041**
Transfer to legal reserve	**-**	**100,193**	**-**	**-**	**(100,193)**	**-**	**-**	**-**
Social and sports fund contribution 2019 **(note 16)**	**-**	**-**	**-**	**-**	**(25,048)**	**(25,048)**	**-**	**-**
Acquire through business combination	**-**	**-**	**-**	**-**	**31,940**	**31,940**	**(78,471)**	**-**
Dividend declared for 2018 **(note 10.1)**	**-**	**-**	**-**	**(554,026)**	**-**	**(554,026)**	**-**	**-**
Proposed cash dividend for 2019 **(note 10.1)**	**-**	**-**	**-**	**554,026**	**(554,026)**	**-**	**-**	**-**
Proceeds from issue of shares against capital	**61**	**-**	**-**	**-**	**-**	**61**	**-**	**-**
Balance as of December 31, 2019	**5,538,778**	**961,389**	**1,624**	**554,026**	**2,388,245**	**9,444,062**	**(2,592,852)**	**6,246**

The accompanying notes 1-29 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Amount Expressed in Thousands of Qatari Riyals)

	Note	**For the year ended December 31, 2019**	For the year ended December 31, 2018
Cash Flows from Operating Activities:			
Profit for the year		**1,002,975**	892,189
Adjustments for:			
Depreciation of property and equipment	**4**	**882,644**	757,653
Finance charges		**1,171,314**	1,172,559
IFRS 16 lease classification		**26,494**	-
Share of results from joint ventures	**5**	**(558,229)**	(396,442)
Interest income on loans to joint ventures	**17(a)**	**(16,247)**	(11,345)
Interest, dividend and profit from Islamic banks		**(66,785)**	(75,876)
Other income		**(21,445)**	(34,363)
Provision for expected credit loss		**957**	-
Provision for employees' end of service benefits		**6,284**	6,861
		2,427,962	2,311,236
Working Capital Changes:			
Inventories		**(7,584)**	(569)
Trade and other receivables		**(724,408)**	62,919
Accounts payable and accruals		**627,744**	51,211
Other liabilities		**39,475**	(31,018)
Due from joint venture companies		**25,009**	(59,198)
Due to joint venture companies		**(543)**	(37,675)
Cash generated from operations		**2,387,655**	2,296,906
Finance charges paid		**(1,132,912)**	(1,171,664)
Employees' end of service benefits paid		**(4,076)**	(8,090)
Net Cash from Operating Activities		**1,250,667**	1,117,152
Cash Flows from Investing Activities:			
Loans to joint venture companies-net		**(154,200)**	(922)
Investment in new joint ventures	**5**	**(437)**	(67,397)
Dividend income received from joint ventures	**5**	**172,081**	109,930
Acquisition of property and equipment	**4**	**(289,917)**	(205,322)
Acquisition of subsidiary through business combination		**(447,908)**	-
Investment income received		**91,265**	118,871
Time deposits maturing after 90 days		**299,668**	(166,151)
Net Cash Used in Investing Activities		**(329,448)**	(210,991)
Cash Flows from Financing Activities:			
Proceeds from issue of shares against capital		**61**	-
Dividend paid to shareholders		**(545,083)**	(541,472)
Unpaid dividend transferred to separate bank account		**(22,322)**	(23,444)
Payment of lease liability		**(22,531)**	-
Costs incurred for new financing		**(3,059)**	-
Proceeds from borrowings		**546,229**	-
Repayments of borrowings		**(872,952)**	(832,243)
Net Cash Used in Financing Activities		**(919,657)**	(1,397,159)
Net Increase /(Decrease) in Cash and Cash Equivalents		**1,562**	(490,998)
Cash and Cash Equivalents at Beginning of the Year		**1,051,213**	1,542,211
Cash and Cash Equivalents at End of the Year	**9.1**	**1,052,775**	1,051,213

The accompanying notes 1-29 form an integral part of these consolidated financial statements.

1. ***Reporting Entity:***

Qatar Gas Transport Company Limited (Nakilat) (QPSC) ("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 shares of the Company started trading in the Qatar Exchange on April 7, 2005.

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

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

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

2.1 Newly effective amendments and improvements to standards

The table below lists the recent changes to International Financial Reporting Standards ("IFRS" or "standards") that are required to be applied by an entity with an annual reporting period beginning 1 January 2019:

- IFRS 16 "Leases"
- Interpretation made by the International Financial Reporting Interpretation Council (IFRIC) 23 "Uncertainty over Tax Treatments"
- Amendments to IFRS 9 "Financial Instruments" on prepayment features with negative compensation
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" on long-term interests in associates and joint ventures
- Amendments to IAS 19 "Employee Benefits "on plan amendment, curtailment or settlement
- Amendments to various standards based on the Annual Improvements to IFRSs 2015-2017 Cycle

The Group initially adopted IFRS 16 "Leases" (hereafter "IFRS 16") on 1 January 2019. The other new and amended standards and the interpretation to a standard listed above do not have any or material effect on the Group's consolidated financial statements.

The effects of the adoption of IFRS 16 on the Group's consolidated financial statements are explained below:

IFRS 16

A. Definition of a lease

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives", and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

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

2.1 Newly effective amendments and improvements to standards (continued)

B. As a lessee

The Group leases several assets which includes office buildings, office equipment, properties (for accommodation) and vehicles. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right of use assets and lease liabilities for the leases- i.e. these leases are on statement of financial position.

On initial application of IFRS 16, for all leases, the Group:

- recognised in the statement of financial position right-of-use assets representing its right to use underlying assets and lease liabilities representing its obligation to make lease payments towards the right-of-use assets. Previously, the Group only recognized assets and liabilities to the extent that there was a timing difference between actual operating lease payments and the expense recognized.

The Group applied recognition exemptions to short-term leases. For leases of other assets, which were classified as operating under IAS 17, the Group recognised right-of-use assets and lease liabilities. Leases classified as operating leases under IAS 17 at transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases.

- recognised in the statement of income depreciation of right-of-use assets and interest on lease liabilities. Previously, these leases were accounted as operating leases for which the Group only recognized expense on a straight-line basis over the term of the lease: and
- separated in the statement of cash flows the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities). Previously, all lease payments on operating leases were presented as part of cash flows from operating activities.

Under IFRS 16, the Group applied the practical expedient to grandfather the definition of a lease on transition. This means that:

- all contracts entered into before 1 January 2019 that were not identified as leases in accordance with IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019;
- any leases with unexpired lease term on initial application date of less than 12 months or any leases relating to low value items, then the Group elected to use the short-term lease exemption; and
- the initial direct costs arising from the measurement of right-of-use asset at the date of initial application were excluded.

C. As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application. The Group does not have any sub leased assets.

(Amount Expressed in Thousands of Qatari Riyals)

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

2.1 Newly effective amendments and improvements to standards (continued)

D. Impacts on financial statements

Impact on the Group's financial statements for the year end 31 December 2019:

The following tables summarise the impacts of adopting IFRS 16 on the Group's statement of financial position as at 31 December 2019 and its statement of income for the year then ended for each of the line items affected. There was no material impact on the Group's statement of cash flows for the year ended 31 December 2019.

Statement of financial position:	QR'000
Assets:	
Right of use assets	121,033
Liabilities:	
Lease liabilities	124,997

Statement of income:	QR'000
Expenses:	
Depreciation of property and equipment	22,006
Finance charges	4,488
Profit for the year	26,494

2.2 New and amended standard not yet effective, but available for early adoption

The table below lists the recent changes to International Financial Reporting Standards ("IFRS" or "standards") that are required to be applied by an entity with an annual reporting period beginning on or after 1 January 2020.

Effective for year beginning 1 January 2020	• Amendments to references to conceptual framework in IFRS standards • Amendments to IFRS 3 "Business Combinations" of definition of business • Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" of definition of material.
Effective for year beginning 1 January 2021	• IFRS 17 "Insurance Contracts"
Effective date deferred indefinitely / available for optional adoption	• Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" on sale or contribution of assets between an investor and its associate or joint venture

Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have a significant impact on the Group's consolidated financial statements.

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

3.1 *Basis of Preparation*

a) *Statement of compliance*

These consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and in compliance with Qatar Commercial Law No. 11 of 2015, as applicable.

b) *Basis of measurement*

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

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

c) *Functional and presentation currency*

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

d) *Use of estimates and judgments*

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

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

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

3.2 *Significant Accounting Policies*

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

a) *Basis of Consolidation*

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

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

3.2 *Significant Accounting Policies (continued)*

a) ***Basis of Consolidation (continued)***

i) ***Investment in Subsidiary Companies***

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

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

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

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

ii) ***Investment in Joint Ventures***

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

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

b) ***Property and Equipment***

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

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

Dry-docking costs incurred on the vessels are capitalized and amortised over a period of five years.
Residual value of vessels is calculated based on the tonnage value of vessels.

(Amount Expressed in Thousands of Qatari Riyals)

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

3.2 *Significant Accounting Policies (continued)*

b) ***Property and Equipment (continued)***

Depreciation is charged following the straight-line method over the estimated useful lives of the related assets as follows:

Vessels	2.5%
Computer equipment	33.33%
Plant equipment	20%
Office equipment	15%
Telecom equipment	20%
Furniture and fixtures	15%
Vehicles	20%
Other assets	Up to 20%
Dry docking costs	20%

Favorable and unfavorable lease assets

Favorable and unfavorable lease terms consist of above and below market charters. When vessels are acquired with charters attached and the charter rate on such charters is above or below then-current market rates, fair value is allocated to these charters. The fair value is determined, where possible, using a third-party valuation of the vessel with and without the charter at the time of acquisition. If unavailable, the fair value is calculated as the present value of the difference between the contractual amount to be received over the term of the charter and management's estimate of the then-current market charter rate for an equivalent vessel at the time of acquisition. The asset or liability recorded is amortized over the remaining period of the charter.

c) ***Borrowing costs***

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

d) ***Financial Instruments***

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

Non-derivative financial assets and liabilities

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

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified at:

- *amortised cost* – if it meets both of the following conditions and is not designated as 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 (SPPI) on the principal amount outstanding.

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

3.2 *Significant Accounting Policies (continued)*

d) Financial Instruments (continued)

- *Fair Value Through Other Comprehensive Income (FVOCI)* - if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
  - its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.
- *Fair Value Through Profit or Loss (FVTPL)* – All financial assets not classified as measured at amortised cost or FVOCI as described above.

On initial recognition, the Group may irrecoverably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified on initial recognition its trade and other receivables and its cash at bank at amortised cost. The Group does not hold any other financial assets.

Financial assets – Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual cash flows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company’s continuing recognition of the assets.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

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

3.2 *Significant Accounting Policies (continued)*

d) Financial Instruments (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses:

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at Fair Value Through Profit or Loss (FVTPL)	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Company does not hold such assets.
Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI)	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. The Company does not hold such assets.
Equity investments at Fair Value Through Other Comprehensive Income (FVOCI)	These assets are subsequently measured at fair value. Dividends are recognised 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 recognised in OCI and are never derecognised to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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

3.2 *Significant Accounting Policies (continued)*

d) Financial Instruments (continued)

i) *Equity Investments*

Equity investments are non-derivative financial assets that are designated as an investment at fair value through other comprehensive income and are not classified as an investment at fair value through profit or loss. Equity investments are equity securities and are initially recognised at cost, being the fair value of the consideration given plus any directly attributable transaction costs. After initial recognition, they are remeasured at fair value. Unrealised gains and losses are recognized in other comprehensive income and presented as a separate component of equity.

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

ii) *Trade and Other Receivables*

Trade receivables is initially recognised at the transaction price i.e. original invoice amount which is subsequently reduced by impairment losses. The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. Loss allowances are always measured at an amount equal to lifetime ECLs. Bad debts are written off as incurred.

iii) *Cash and Cash Equivalents*

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

iv) *Accounts Payable and Accruals*

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

v) *Interest bearing Loans and Borrowings*

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

De-recognition of financial assets

A financial asset is de-recognized where:

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

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

3.2 *Significant Accounting Policies (continued)*

d) Financial Instruments (continued)

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is the consolidated statement of income.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has an enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) *Inventories*

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

f) *Provisions*

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

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

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

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

h) Revenue and other income

The Group accounts for time charter revenue under IFRS 16 – Leases. A time charter contract involves placing a vessel at the charterer's disposal for a period of time during which the charterer uses the vessel in return for the payment of a specified daily hire rate. Under time charters, operating cost such as for crews, maintenance and insurance are typically paid by the owner of the vessel. Charter income (net of any incentives given to lessees and any off-hire period) is recognized on a straight-line basis over the lease term of the respective time charter contract.

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

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

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

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

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

3.2. *Significant Accounting Policies (continued)*

i) *Impairment*

Impairment of Financial Assets

Non-derivative financial assets
The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. Loss allowances for trade and other receivables are always measured 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 Company 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 Company’s historical experience and informed credit risk assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- customer 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 360 days past due.

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The Group considers this to be Baa3 or higher per Moody’s Rating Agency.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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 whether 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.
Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the customer or issuer;
– a breach of contract such as a default or being more than 360 days past due; or
– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
– it is probable that the customer will enter bankruptcy or other financial reorganization.
– the disappearance of an active market for a security because of financial difficulties.

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

3.2 *Significant Accounting Policies (continued)*

i) *Impairment (continued)*

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Impairment of Non-Financial Assets

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

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

j) *Foreign Currencies*

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

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

k) *Derivative Financial Instruments and Hedging Activities*

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

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

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

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

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

3.2 *Significant Accounting Policies (continued)*

l) *Capital work in progress*

Capital work in progress includes direct cost incurred in building assets, interest capitalized and other costs necessary to bring the assets in the location and condition to be capable of operating in the manner intended by the management. The cost is transferred to property and equipment when the assets are ready for their intended use.

m) *Deferred income*

Amounts received to compensate the Group for the cost of dry docking and construction of an item of property and equipment is presented as “Other liabilities” in the consolidated statement of financial position.

The Group follows an income approach which requires the amounts to be recognized in the consolidated statement of income on a systematic basis over the periods in which the related cost is depreciated over its estimated useful life.

n) *Leases*

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

  • The Group has the right to operate the asset; or
  • the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

Group as a lessee
At commencement or on modification of a contract that contains a lease component, the Group allocated the consideration in the contract to each lease component on the basis of its relative standalone prices. The Group recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of lease liability adjusted for any lease payment made at or before the commencement date , plus any initial incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right of use reflects that the Group will exercise a purchase option. In that case, the right of use will be depreciated over the useful life of the underlying asset which is determined on the same basis as that of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

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

3.2 *Significant Accounting Policies (continued)*

n) *Leases (continued)*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Group 's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines it's incremental borrowing rate by obtaining interest rates from various financing sources and makes certain adjustments to reflect the terms of the lease and the asset leased.
Lease payments included in the measurement of lease liability comprise the following:

- Fixed payments, including in-substance fixed payments:
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of right of use asset has been reduced to zero.
The Group presents right of use assets in property and equipment.

Short term leases and leases of low-value assets
The Group has elected not to recognize right of use assets or lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as a lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

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

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

n) ***Leases (continued)***

Policy applicable before 1 January 2019

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

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

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

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

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

The Group as lessee
Leases where the Company as a lessee does not obtain substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of income on a straight-line basis over the lease term.

o) ***Operating Segments***

Wholly owned gas transportation vessels is the group’s primary operating segment based on the nature of the services provided. Other segments including agency and marine services are immaterial and not reportable. These financial statements are therefore prepared on a single reportable segment basis.

(Amount Expressed in Thousands of Qatari Riyals)

4. *Property and Equipment:*

	Vessels	*Equipment*	*Furniture and Fixtures*	*Right of Use Assets*	*Others **	*Total*
Cost:						
At January 1, 2018	27,521,980	13,302	40,930	-	375,411	27,951,623
Additions during the year 2018	104,671	40	-	-	100,611	205,322
Transfer from capital work in progress	83,435	2,092	333	-	(85,860)	-
Disposals /adjustments during the year 2018	(95,699)	(1,106)	-	-	-	(96,805)
At December 31, 2018	27,614,387	14,328	41,263	-	390,162	28,060,140
Additions during the year 2019	**-**	**-**	**-**	**-**	**289,917**	**289,917**
Acquired through business combination	**3,937,718**	**806**	**-**	**-**	**1,260**	**3,939,784**
Right of use asset under new IFRS	**-**	**-**	**-**	**143,039**	**-**	**143,039**
Transfer from capital work in progress	**245,852**	**-**	**-**	**-**	**(245,852)**	**-**
Disposals /adjustments during the year 2019	**(366,442)**	**-**	**-**	**-**	**(67,744)**	**(434,186)**
At December 31, 2019	**31,431,515**	**15,134**	**41,263**	**143,039**	**367,743**	**31,998,694**
Accumulated Depreciation:						
At January 1, 2018	5,413,243	10,640	11,619	-	123,784	5,559,286
Charge for the year 2018	739,066	2,087	6,150	-	10,350	757,653
Disposals /adjustments during the year 2018	(95,699)	(1,106)	-	-	-	(96,805)
At December 31, 2018	6,056,610	11,621	17,769	-	134,134	6,220,134
Charge for the year 2019 **	**768,404**	**1,361**	**6,139**	**22,006**	**106,740**	**904,650**
Acquired through business combination	**1,163,921**	**475**	**-**	**-**	**-**	**1,164,396**
Disposals /adjustments during the year 2019	**(366,442)**	**-**	**-**	**-**	**(67,744)**	**(434,186)**
At December 31, 2019	**7,622,493**	**13,457**	**23,908**	**22,006**	**173,130**	**7,854,994**
Net Carrying amount:						
At December 31, 2019	**23,809,022**	**1,677**	**17,355**	**121,033**	**194,613**	**24,143,700**
At December 31, 2018	21,557,777	2,707	23,494	-	256,028	21,840,006

*This includes capital work in progress amounting to **QR 30.3 million** (2018: QR 2.6 million).
** **QR 22 million** depreciation is classified under G&A.

Additions to vessels for year ended December 31, 2019 relates to the four Q-Flex liquefied natural gas (LNG) owned through the acquisition of the remaining 49.9% ownership interest in these vessels from International Seaways, Inc. ("INSW") Please refer to Note 5b.

The fair value of the newly acquired vessels was determined using a third-party valuation of the vessel with and without the charter at the time of acquisition. Favorable lease terms from the valuation of these vessels are analysed below:

	Cost	**Accumulated amortization**	**Net book value**
Favorable lease asset:			
Favorable charters acquired	226,104	4,320	221,784

(Amount Expressed in Thousands of Qatari Riyals)

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

	QR
Balance – January 1, 2018	4,143,938
Investment in a joint venture	67,397
Share of results for the year	396,442
Gain adjusted against loan to joint ventures	(1,125)
Adjustment against additional liability for losses from a joint venture	(21,435)
Share of hedging reserve for the year *	137,871
Dividend received	(109,930)
Balance – December 31, 2018	4,613,158
Investment in a joint venture **(a)**	**437**
Derecognition of a joint venture **(b)**	**(402,987)**
Share of results for the year	**558,229**
Gain on derecognition of previously held interest in a joint venture **(b)**	**(167,560)**
Bargain purchase gain **(b)**	**(120,362)**
Loss adjusted against loan to joint ventures	**32,042**
Adjustment against additional liability for losses from joint ventures	**90,712**
Share of hedging reserve for the year *	**(53,366)**
Dividend received	**(172,081)**
Balance – December 31, 2019	**4,378,222**

* This excludes the share of gain on the hedging reserve from joint ventures amounting to a total of **QR 1.8 million** (2018: QR 4.4 million gain) adjusted against the loan to the respective joint venture.

a. ***Formation of new joint ventures:***

During the year, Nakilat entered into a JV agreement with McDermott Middle East Inc. and established a joint-venture company "Qatar Fabrication Company" which will be engaging in fabrication activities. Moreover, one of the subsidiaries of Nakilat entered into a JV agreement with Maran Ventures Inc. and established a joint-venture company "Global Shipping Company Ltd." which will be engaged in chartering of vessels.

b. ***Step acquisition of Nakilat Maritime Corporation (previously OSG Nakilat Corporation):***

On 6 October 2019, the Group acquired the full ownership of four Q-Flex liquefied natural gas (LNG) carriers from its joint-venture partner, International Seaways, Inc. ("INSW") following execution of a sale and purchase agreement for the acquisition of the remaining 49.9% ownership interest in these vessels from INSW. As a result of the above, the Group's ownership and voting interests in OSG Nakilat Corporation, previously treated as an associate and accounted for under equity accounting method, increased from 50.1%% to 100%. Consequently, OSG Nakilat is fully consolidated within the Group's consolidated financial statements for the year ended 31 December 2019 starting from the date of control was obtained.

The Group has re-measured its previously held interests in OSG Nakilat Corporation at fair value and recognised a revaluation gain of QR 167.6 million in the consolidated statement of income. The revaluation of previously held interests was based on the same price that was paid for the additional controlling interests acquired during the year, after adjusting for control premium.

Since the acquisition date and up to 31 December 2019, OSG Nakilat Corporation contributed a net profit of QR 26.6 million.

(Amount Expressed in Thousands of Qatari Riyals)

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

b. ***Step acquisition of Nakilat Maritime Corporation (previously OSG Nakilat Corporation) (continued):***

The step acquisition details are further explained below:
In 2018, the following amounts were included in the Group's consolidated financial statements as a result of the equity accounting:

	2018 **QR '000'**
Current assets	**129,413**
Non- current assets	**2,798,616**
Current liabilities	**(255,760)**
Non- current liabilities	**(1,925,045)**
Net assets	**747,224**
Proportion of Group's interest in the associate' s net assets	**374,359**
The Group's share of total comprehensive income	**75,082**
	QR '000'
a) Identifiable assets acquired and liabilities assumed, and resulting gain on previously held fair values at the acquisition date:	
Total fair value of acquired identifiable assets at the date of acquisition	**3,129,616**
Total fair value of assumed liabilities at the date of acquisition	**(1,990,799)**
Fair value of net identifiable assets at the date of acquisition	**1,138,817**
Fair value of previously held interest in the acquired subsidiary	**570,547**
Less: carrying value of previously held interest in the acquired subsidiary	**(402,987)**
Gain on derecognition of previously held interest in a joint venture	**167,560**
	QR '000'
(b) Goodwill resulting on the step acquisition:	
Analysis of assets and liabilities acquired:	
Consideration paid	**447,908**
Fair value of previously held interest in the acquired subsidiary	**570,547**
Sub-total	**1,018,455**
Less: fair values of net identifiable assets at the date of acquisition	**(1,138,817)**
Bargain purchase gain	**(120,362)**

In 2019, the share of net profit of the joint venture amounting to QR 39.2 million was included in the Group's consolidated statement of income as a result of the equity accounting.
Further, the gain of QR 167,560 thousands and QR 120,362 thousands are non-operational but included in share of results of joint ventures on the grounds that it is connected in relation with joint venture.

(Amount Expressed in Thousands of Qatari Riyals)

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

Details of the Group's joint venture companies at **December 31, 2019** are as follows:

Name of Joint Ventures	*Place of Incorporation*	*Proportion of Ownership Interest*	*Principal Activity*
Maran Nakilat Company Ltd.	Cayman Islands	40%	Chartering of vessels
J5 Nakilat No. 1 Ltd.	Marshall Islands	40%	Chartering of vessels
J5 Nakilat No. 2 Ltd.	Marshall Islands	40%	Chartering of vessels
J5 Nakilat No. 3 Ltd.	Marshall Islands	40%	Chartering of vessels
J5 Nakilat No. 4 Ltd.	Marshall Islands	40%	Chartering of vessels
J5 Nakilat No. 5 Ltd.	Marshall Islands	40%	Chartering of vessels
J5 Nakilat No. 6 Ltd.	Marshall Islands	40%	Chartering of vessels
J5 Nakilat No. 7 Ltd.	Marshall Islands	40%	Chartering of vessels
J5 Nakilat No. 8 Ltd.	Marshall Islands	40%	Chartering of vessels
Peninsula LNG Transport No. 4 Ltd.	Marshall Islands	30%	Chartering of vessels
Teekay Nakilat Corporation	Marshall Islands	30%	Chartering of vessels
Pronav:			
- Neptana Schiffsbetriebsgesellschaft mbH & Co. TS "Alexandra" KG	Germany	45%	Chartering of vessels
- Nausola Schiffsbetriebsgesellschaft mbH & Co. TS "Britta" KG	Germany	45%	Chartering of vessels
-Nauranto Schiffsbetriebsgesellschaft mbH & Co. TS "Gabriela" KG	Germany	45%	Chartering of vessels
-Neptora Schiffsbetriebsgesellschaft mbH & Co. TS "Julia" KG	Germany	45%	Chartering of vessels
Teekay Nakilat (III) Corporation **	Marshall Islands	60%	Chartering of vessels
Nakilat Excelerate LLC **	Marshall Islands	55%	Chartering of vessels
Global Shipping Company Ltd **	Cayman Islands	60%	Chartering of vessels
India LNG Transport Company No.3 Limited	Malta	20%	Chartering of vessels
Nakilat Svitzerwijsmuller WLL **	Qatar	70%	Chartering of vessels
Gulf LPG Transport Company WLL	Qatar	50%	Chartering of vessels
Nakilat-Keppel Offshore & Marine Limited (QPJSC)**	Qatar	80%	Operate and maintain the Ship Repair Yard.
Nakilat Damen Shipyards Qatar Limited (QPJSC) ** **(1)**	Qatar	70%	Design construct & operate the Ship Building Yard.
Qatar Fabrication Company **	Qatar	60%	Fabrication activities

****** Although the Group holds more than half of the equity shares in these entities, it does not exercise control over the entities. Decisions need unanimous consent of both parties. The Group does not have any contractual rights to the assets and obligations for the liabilities relating to these joint ventures. Consequently, the above joint ventures are accounted for using equity method in these consolidated financial statements.

(1) The Group is in the process of winding down of the joint venture. The operation of the joint venture is non-significant to the consolidated financial statements.

(Amount Expressed in Thousands of Qatari Riyals)

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

5.1 *Summarized financial information of joint ventures:*

Summarized financial information in respect of the Group's joint venture companies represents amounts shown in the financial statements of respective joint ventures prepared in accordance with IFRS (adjusted by the Group for equity accounting purposes wherever the financial reporting framework is not IFRS).

As of December 31,2019:	**J5 Joint Ventures**	**Maran Nakilat Company**	**Teekay Joint Ventures**	**Other Shipping Joint Ventures**	**Shipyard, Towage & Fabrication Joint Ventures**	**Total**
Current assets	550,793	552,435	426,789	546,532	324,514	**2,401,063**
Non-current assets	5,679,319	9,854,847	4,453,115	5,429,409	559,791	**25,976,481**
Current liabilities	(3,453,581)	(611,945)	(251,217)	(658,849)	(430,875)	**(5,406,467)**
Non-current liabilities	(8,142)	(6,475,278)	(3,505,025)	(3,114,184)	(651,381)	**(13,754,010)**
Net assets	**2,768,389**	**3,320,059**	**1,123,662**	**2,202,908**	**(197,951)**	**9,217,067**
Group's share of net assets	**1,107,356**	**1,409,068**	**646,767**	**1,011,598**	**203,433**	**4,378,222**
Revenues	555,752	1,411,348	607,294	1,198,390	684,183	**4,456,967**
Interest & other Income	9,270	10,655	2,083	11,424	10,772	**44,204**
Depreciation & Amortization	(39,456)	(337,952)	(73,756)	(272,417)	(36,680)	**(760,261)**
Finance Costs	(203,464)	(321,751)	(186,366)	(307,164)	(35,780)	**(1,054,525)**
Other expenses	(192,056)	(264,135)	(142,325)	(313,343)	(667,717)	**(1,579,576)**
Net profit	**130,046**	**498,165**	**206,930**	**316,890**	**(45,222)**	**1,106,809**
Other Comprehensive Income	**61,413**	**(59,452)**	**(91,681)**	**(15,851)**	**-**	**(105,571)**
Total Comprehensive Income	**191,459**	**438,713**	**115,249**	**301,039**	**(45,222)**	**1,001,238**
Group's share of net profit / (loss)	**51,949**	**199,266**	**97,022**	**18,592**	**(96,522)**	**270,307**
Group's share of other comprehensive income / (loss)	**24,565**	**(23,781)**	**(45,945)**	**(6,372)**	**-**	**(51,533)**
Other disclosures:						
Cash and cash equivalents	162,780	440,501	324,522	391,064	49,051	**1,367,918**
Interest bearing loans and borrowings	3,302,071	6,908,561	3,654,512	3,617,348	699,081	**18,181,573**
Group's share of dividend received	-	-	92,254	51,827	28,000	**172,081**

(Amount Expressed in Thousands of Qatari Riyals)

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

5.1 *Summarized financial information of joint ventures (continued):*

As of December 31,2018:	**J5 Joint Ventures**	**Maran Nakilat Company**	**Teekay Joint Ventures**	**Other Shipping Joint Ventures**	**Shipyard & Towage Joint Ventures**	**Total**
Current assets	514,205	272,485	377,976	546,647	463,944	**2,175,257**
Non-current assets	5,897,701	10,207,573	4,625,610	8,195,333	560,165	**29,486,382**
Current liabilities	(372,822)	(771,021)	(232,355)	(1,267,005)	(378,719)	**(3,021,922)**
Non-current liabilities	(3,461,980)	(6,827,694)	(3,609,069)	(4,646,714)	(758,848)	**(19,304,305)**
Net assets	**2,577,104**	**2,881,343**	**1,162,162**	**2,828,261**	**(113,458)**	**9,335,412**
Group's share of net assets	**1,030,842**	**1,233,582**	**687,948**	**1,455,960**	**204,826**	**4,613,158**
Revenues	568,185	1,332,684	609,628	1,113,624	587,043	**4,211,164**
Interest & other Income	349	5,076	1,934	13,747	11,408	**32,514**
Depreciation & Amortization	(34,350)	(287,852)	(76,439)	(297,072)	(43,401)	**(739,114)**
Finance Costs	(212,982)	(318,259)	(183,137)	(344,407)	(35,695)	**(1,094,480)**
Other expenses	(187,914)	(281,563)	(321,729)	(313,012)	(458,840)	**(1,563,058)**
Net profit	**133,288**	**450,086**	**30,257**	**172,880**	**60,515**	**847,026**
Other Comprehensive Income	**142,196**	**19,817**	**29,064**	**134,152**	**-**	**325,229**
Total Comprehensive Income	**275,484**	**469,903**	**59,321**	**307,032**	**60,515**	**1,172,255**
Group's share of net profit / (loss)	**53,315**	**180,034**	**47,834**	**70,792**	**44,467**	**396,442**
Group's share of other comprehensive income / (loss)	**56,878**	**7,927**	**14,037**	**63,449**	**-**	**142,291**
Other disclosures:						
Cash and cash equivalents	106,528	156,535	290,616	398,042	175,245	**1,126,966**
Interest bearing loans and borrowings	3,632,468	7,248,393	3,818,792	5,580,303	832,839	**21,112,795**
Group's share of dividend received	-	-	32,337	77,593	-	**109,930**

6. *Loans to Joint Venture Companies:*

	December 31, 2019	December 31, 2018
India LNG Transport Company No. 3 Limited	**54,290**	52,452
Nakilat Svitzerwijsmuller WLL	**-**	14,629
Nakilat Damen Shipyards Qatar Limited	**-**	26,144
Teekay Nakilat Corporation	**12,017**	12,017
Global Shipping Company Limited	**162,928**	-
Total	**229,235**	105,242

These interest-bearing loans have been given to the joint ventures and repayment is subject to liquidity of the joint venture companies. The weighted average interest rate at **December 31, 2019** is **5.07%** (2018: 3.83%).

(Amount Expressed in Thousands of Qatari Riyals)

7. *Equity Investments:*

	December 31, 2019	December 31, 2018
Equity investments -at FVOCI	**144,462**	109,230
Changes in fair value	**(31,425)**	35,232
Balance at December 31	**113,037**	144,462

Equity investments represent investment in listed securities in the Qatar Exchange.

8. *Trade and Other Receivables:*

	December 31, 2019	December 31, 2018
Trade receivables	**79,967**	22,201
Less: Provision for doubtful receivables	**(1,484)**	(1,484)
	78,483	20,717
Less: Expected credit loss	**(2,092)**	(1,135)
Accrued income	**12,988**	9,044
Other receivables	**916,937**	249,675
Total	**1,006,316**	278,301

The Group has provided fully for all receivables where collection of the amount is no longer probable.
The average credit period is approximately 60 days.

As at **December 31, 2019** the ageing of trade receivables and movement in the provision for doubtful receivables are as follows:

	December 31, 2019	December 31, 2018
(i) ***Ageing of neither past due nor impaired***		
Less than 60 days	**55,259**	7,307
(ii) ***Ageing of past due but not impaired***		
61-90 days	**5,874**	2,832
91-120 days	**1,723**	3,831
Over 120 days	**15,627**	6,747
Total	**23,224**	13,410
(iii) ***Ageing of impaired trade receivables***		
Over 120 days	**1,484**	1,484
(iv) ***Movement in the provision for doubtful receivables:***		
Balance at the beginning of the year	**1,484**	1,484
Recovered during the year	**-**	-
Balance at end of the year	**1,484**	1,484

(Amount Expressed in Thousands of Qatari Riyals)

9. *Cash and Bank Balances:*

	December 31, 2019	December 31, 2018
Cash on hand	**325**	321
Cash at bank-Call and current accounts	**859,585**	327,479
Cash at bank-Time deposits*	**1,398,009**	2,004,965
Other bank balances **(a)**	**20,352**	20,441
Other bank balances **(b)**	**118,765**	109,822
Total	**2,397,036**	2,463,028

***** The effective interest and profit rates on the time deposits varies between **2.4%** to **3.25%** (2018: 2.6% to 3.9%).

9.1 *Cash and Cash Equivalents:*

	December 31, 2019	December 31, 2018
Cash and bank balances	**2,397,036**	2,463,028
Less:		
Other bank balances **(a)**	**(20,352)**	(20,441)
Other bank balances **(b)**	**(118,765)**	(109,822)
Time deposits maturing after 90 days	**(981,884)**	(1,281,552)
Restricted cash	**(223,260)**	-
	1,052,775	1,051,213

(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.

10. *Share Capital:*

	December 31, 2019	December 31, 2018
	Number of Shares	Number of Shares
Issued and subscribed share capital	**5,540,263,600**	5,540,263,600
	Amount	Amount
Issued, subscribed and Paid up share capital with a par value of QR 1 each	**5,538,778**	5,538,717

At **December 31, 2019**, a total of **2,971,960** issued shares are 50% paid (2018: 3,092,240 issued shares were 50% paid).

10.1 *Proposed Cash Dividend:*

The Board of Directors has proposed a cash dividend of **QR 554 million** for the current year (2018: QR 554 million) which is subject to the approval of shareholders in the Annual General Meeting. The cash dividend for 2018 was approved by the shareholders at the Annual General Meeting held on March 19, 2019.

10.2 As per the instructions from the Qatar Financial Markets Authority, the Company's Extraordinary General Assembly on 19 March 2019 approved a 10 for 1 share split i.e. 10 new shares with a par value of QAR 1 each were exchanged for 1 old share with a par value of QAR 10 each. This has led to an increase in the number of authorized shares from 554,026,360 to 5,540,263,600 and issued, subscribed and paid up shares from 553,877,762 to 5,538,777,620. The listing of the new shares on Qatar Exchange was effective from July 04, 2019. Consequently, weighted average number of shares outstanding has been retrospectively adjusted.

(Amount Expressed in Thousands of Qatari Riyals)

11. *Legal Reserve:*

The Articles of Association of the Company require the Company to provide for a legal reserve at 10% of net profit for each year until it reaches 50% of paid up share capital. This reserve is not available for distribution except for circumstances specified in the Articles of Association.

12. *Hedging Reserve:*

This represents the Group's share of the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedge that was recognized by 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.

13. *Borrowings:*

These consist of the following:	**December 31, 2019**	December 31, 2018
Loan - **note (a)**	**1,820,765**	1,820,765
Senior bank facilities - **note (b)**	**11,407,953**	11,826,065
Subordinated bank facilities - **note (c)**	**1,302,458**	1,349,188
Senior bonds – Series "A" - **note (d)**	**3,095,299**	3,095,299
Subordinated bonds Series "A" - **note (e)**	**825,222**	861,262
KEXIM Facility - **note (f)**	**158,327**	316,655
KSURE Covered Facility - **note (g)**	**356,237**	569,979
Loan -**note (h)**	**546,230**	-
Borrowings acquired through business combination -**note (i)**	**1,843,756**	-
Less: Issuance costs of bonds	**(19,615)**	(21,016)
Less: Costs incurred for financing under note (a)	**(5,985)**	(7,383)
Less: Transaction costs of refinancing	**(14,003)**	(16,337)
Less: Costs incurred for loan under note (h)	**(2,702)**	-
Less: Costs incurred for loan under note (i)	**(11,158)**	-
Less: Fair value gain under business combination	**(60,637)**	-
Total	**21,242,147**	19,794,477
Classified as:		
Payable within one year	**1,162,135**	927,575
Payable after one year	**20,080,012**	18,866,902

Note (a):
Represents USD 500 million drawdown against the financing facility. The repayment will begin from June 2020 and will end in June 2024.

Note (b):
Represents USD 1,734.7 million against the senior bank facility Tranche I, USD 744.7 million against the senior bank facility Tranche II and USD 653.3 million against senior bank facility Tranche IV. The repayment of Tranche I began from December 2010 and will end in December 2025. The repayment of Tranche II began from June 2011 and will end in December 2025. The repayment of Tranche IV began from December 2013 and will end in December 2025.

(Amount Expressed in Thousands of Qatari Riyals)

13. ***Borrowings (continued):***

Note (c):
Represents USD 136.2 million against the subordinated bank facility Tranche I, USD 99.8 million against the subordinated bank facility Tranche II and USD 121.6 million against subordinated bank facility Tranche IV. The repayment of Tranche I began from December 2010 and will end in December 2025. The repayment of Tranche II began from June 2011 and will end in December 2025. The repayment of Tranche IV began from December 2013 and will end in December 2025.

Note (d):
Represents the senior bonds issued under the Tranche I financing program. The repayment will begin from June 2021 and will end in December 2033.

Note (e):
Represents the subordinated bonds issued under the Tranche I financing program. The repayment began from December 2010 and will end in December 2033.

Note (f):
Represents USD 43.4 million against the KEXIM facility Tranche I. The repayment began from December 2009 and will end in December 2020.

Note (g):
Represents USD 19.6 million against the KSURE facility Tranche I and USD 78.3 million against the KSURE facility Tranche II. The repayment of Tranche I began from December 2009 and will end in December 2020. The repayment of Tranche II began from December 2010 and will end in December 2021.

Note (h):
Represents USD 150 million drawdown against the new financing facility. The balloon repayment will be due after five years i.e. May 2024.

Note (i):
The borrowing relates to new subsidiary which is acquired during the year as a result of business combination. The repayment began from July 2005 and will end in February 2023. The Group assumes refinancing of balloon payments as they fall due beyond 2021.

Note (j):
The table below shows the changes in liability arising from financing activities

Particulars	*As at 01 January 2019*	*Cash flow changes*	*Non-cash changes -Business acquisition & Transaction cost*	*As at 31 December 2019*
Borrowings	*19,794,477*	*(329,782)*	*1,777,452*	*21,242,147*

The weighted average interest rate on short / long term facilities (excluding hedge), loans and bonds as above at **December 31, 2019** is **4.02128%** (2018: 3.78179%).

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

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

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

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

14. ***Fair Value of Interest Rate Swaps:***

The Group has entered into interest rate swap agreements with several financial institutions. As at **December 31, 2019** the outstanding notional amount of swap agreements is **QR 11,534 million** (2018: QR 10,460 million) and net fair value is negative **QR 2,477 million** (2018: negative QR 1,943 million).

(Amount Expressed in Thousands of Qatari Riyals)

15. *Accounts Payable and Accruals:*

	December 31, 2019	December 31, 2018
Accounts payable	**206,600**	189,050
Advances from customers	**689,589**	73,159
Payable to shareholders **(1)**	**20,352**	20,441
Other accruals	**190,067**	167,087
Other liabilities-current portion **(note 15.1)**	**19,636**	31,018
Social and sports fund contribution **(note 16)**	**25,048**	22,279
Dividend payable	**118,765**	109,822
Deferred liabilities **(2)**	**241,358**	150,647
Total	**1,511,415**	763,503

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

(2) This represents excess losses from joint ventures and will be adjusted with the future profits of the same joint ventures.

15.1 *Other Liabilities:*

This includes deferred income relating to excess dry docking costs and proceeds from MEGI project. The excess dry dock costs will be amortized over the life of the dry docking costs. The proceeds from MEGI project will be amortized over the useful life of related assets. The balance of non-current portion is **QR 127,744** thousands (2018: QR 88,269 thousands).

16. *Social and Sports Fund Contribution:*

Qatar Law no. 13 of 2008 requires Qatari listed shareholding companies with IPO to pay 2.5% of net profit to a social and sports fund. In pursuant to this Law and further clarifications for the Law issued in 2010, the Group has made an appropriation of **QR 25,048** thousands representing 2.5% of the net consolidated profit of the Group for the year ended **December 31, 2019** (December 31, 2018: QR 22,279 thousand). This appropriation has been presented in the consolidated statement of changes in equity.

17. *Related Party Transactions:*

		For the year ended December 31, 2019	For the year ended December 31, 2018
(a)	Transactions with related parties during the year are as follows:		
	Additional loans to joint ventures-net	**(154,200)**	(922)
	Interest income on loans to joint ventures	**16,247**	11,345
(b)	Balances with related parties are as follows:		
	Due from joint venture companies	**79,171**	95,532
	Due to joint venture companies	**8,500**	9,043
(c)	Key management compensation:		
	Compensation of key management personnel	**10,092**	9,630
	Board of Directors' remuneration accrued	**5,900**	5,900

(Amount Expressed in Thousands of Qatari Riyals)

18. *Subsidiaries:*

Details of the Company's subsidiaries at **December 31, 2019** are as follows:

Name of Subsidiaries	*Place of Incorporation (or registration)*	*Proportion of Ownership & Voting Interest*	*Principal Activity*
Nakilat Agency Company Navigation Limited (Q.P.J.S.C.)	Qatar	95%	Agency services
Nakilat Inc.	Marshall Islands	100%	Holding Company
-Nakilat Haloul Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat Umm Slal Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat Bu Samra Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1694 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1695 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1696 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1697 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat H.H.I 1908 Inc	Marshall Islands	100%	Chartering of vessels
-Nakilat H.H.I. 1909 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat H.H.I 1910 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat Al Ghuwairiya Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat Lijmiliya Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat Al Samriya Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat DSME 2264 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat DSME 2265 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat DSME 2266 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1726 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1751 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1752 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1753 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat S.H.I. 1754 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat DSME 2283 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat DSME 2284 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat DSME 2285 Inc.	Marshall Islands	100%	Chartering of vessels
-Nakilat DSME 2286 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat Maritime Corporation	Marshall Islands	100%	Holding Company
-Overseas LNG H1 Corporation	Marshall Islands	100%	Chartering of vessels
-Overseas LNG H2 Corporation	Marshall Islands	100%	Chartering of vessels
-Overseas LNG S1 Corporation	Marshall Islands	100%	Chartering of vessels
-Overseas LNG S2 Corporation	Marshall Islands	100%	Chartering of vessels
QGTC Nakilat (1643-6) Holding Corporation *	Marshall Islands	100%	Holding Company
QGTC Nakilat (2245-8) Investment Limited *****	Marshall Islands	100%	Holding Company
Nakilat Marine Services Limited *****	Marshall Islands	100%	Holding Company
Nakilat Shipping (Qatar) Limited	Qatar	100%	Ship Management Company
QGTC Shipping (M.I.) Inc.	Marshall Islands	100%	Shipping Company
-QGTC Cyprus Limited	Cyprus	100%	Shipping Company

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

(Amount Expressed in Thousands of Qatari Riyals)

19. *Earnings Per Share:*

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

	For the year ended December 31, 2019	For the year ended December 31, 2018
Profit for the year attributable to the owners of the Company	**1,001,934**	891,143
Weighted average number of shares outstanding during the year	**5,538,777,620**	5,538,717,480
Basic and diluted earnings per share (expressed in QR per share)	**0.18**	0.16

There were no potentially dilutive shares outstanding at any time during the year and hence the diluted earnings per share are equal to the basic earnings per share.

20. *Financial Risk Management:*

The Group has exposure to the following risks from its use of financial instruments:

I Market risk
II Liquidity risk
III Credit risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework and internal audit activities. A risk management committee have been established which is responsible for developing and monitoring the Group’s risk management policies. The committee reports regularly to the CEO and the Board of Directors on its activities.

I *Market Risk*

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the Group’s income or the value of its holdings of financial instruments.

(a) *Interest Rate Risk*

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by the use of interest rate swap contracts. The Group’s policy is to use interest rate swap instruments on certain of its borrowings. The difference between the fixed-rate interest cost (payment) and the variable-rate interest cost (receipt) is settled periodically.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge interest rate fluctuation risk exposure. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on interest rate risk, credit risk and the use of financial derivatives. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Treasury function reports periodically to the Group's management that monitors risks and policies implemented to mitigate risk exposures.

(i) *Interest Rate Sensitivity Analysis*

The Group is exposed to interest rate risk on its bank balances, loans to joint ventures and borrowings. The table below demonstrates the sensitivity of the Group’s profit to reasonably possible changes on the Group’s profit for one year, based on the floating interest rate of financial assets and liabilities held at **December 31, 2019**.

(Amount Expressed in Thousands of Qatari Riyals)

20. *Financial Risk Management (continued):*
I *Market Risk (continued)*
(a) *Interest Rate Risk (continued)*
(i) *Interest Rate Sensitivity Analysis (continued)*

The Group's sensitivity analysis has been determined based on exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating liabilities, the amount of the liability outstanding at the end of the reporting period was assumed outstanding for the whole year. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest on borrowings. The Group's exposure to interest rate risk and the effective interest rates on its financial assets and liabilities are summarized below:

	December 31, 2019				December 31, 2018			
	Fixed interest rate	***Floating interest rate***	***Non-interest bearing***	***Total***	*Fixed interest rate*	*Floating interest rate*	*Non-interest bearing*	*Total*
Financial assets								
Bank balances and cash	**-**	**1,944,244**	**452,792**	**2,397,036**	-	2,316,141	146,887	2,463,028
Loans to joint ventures	**-**	**229,235**	**-**	**229,235**	-	105,242	-	105,242
	-	**2,173,479**	**452,792**	**2,626,271**	-	2,421,383	146,887	2,568,270
Financial liabilities								
Interest bearing loans and borrowings	**(3,900,906)**	**(5,807,281)**	**-**	**(9,708,187)**	(3,935,545)	(5,398,666)	-	(9,334,211)
Interest rate swap	**(11,533,960)**	**-**	**-**	**(11,533,960)**	(10,460,266)	-	-	(10,460,266)
	(15,434,866)	**(5,807,281)**	**-**	**(21,242,147)**	(14,395,811)	(5,398,666)	-	(19,794,477)
Net financial assets/ (liabilities)	**(15,434,866)**	**(3,633,802)**	**452,792**	**(18,615,876)**	(14,395,811)	(2,977,283)	146,887	(17,226,207)

If interest rates had been 50 basis points lower / higher and all other variables were held constant, the net effect on the profit for the year ended **December 31, 2019** would be an increase / decrease by **QR 18.2 million** (December 31, 2018: QR 14.9 million).

(Amount Expressed in Thousands of Qatari Riyals)

20. *Financial Risk Management (continued):*

I *Market Risk (continued)*

(a) *Interest Rate Risk (continued)*

(ii) Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows quoted by the respective swap counter parties.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Cash flow hedges

	Average contracted fixed interest rate		*Notional principal amount outstanding*		*Fair value*	
Outstanding receive floating Pay fixed contracts	**2019**	2018	**2019**	2018	**2019**	2018
	%	%	**QR (million)**	QR (million)	**QR (million)**	QR (million)
Less than 1 year	**--**	--	--	--	--	--
1 to 2 years	**--**	--	--	--	--	--
2 to 5 years	**--**	--	--	--	--	--
5 years and above	**5.255**	5.58	**11,534**	10,460	**(2,477)**	(1,943)

In addition to the above, the Group has also accounted for its share of the negative fair value of interest rate swaps relating to Joint Ventures amounting to **QR 117 million** as of **December 31, 2019** (2018: negative fair value of QR 145 million).

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

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

(b) *Equity price risk*

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

A 10% increase or decrease in market value of the Group's portfolio of equity investments at the reporting date is expected to result in an increase or decrease of **QR 11.3 million** (2018: QR 14.4 million) in the assets and equity of the Group.

(c) *Currency risk*

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

(Amount Expressed in Thousands of Qatari Riyals)

20. *Financial Risk Management (continued):*

II *Liquidity Risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of non-derivative financial liabilities including finance cost payments and excluding the impact of netting agreements, if any:

Non-Derivative Financial Liabilities

31 December 2019	**Carrying Amounts**	**Less than 1 year**	**1-5 years**	**Over 5 Years**
Borrowings	**21,242,147**	**1,162,135**	**7,374,314**	**12,705,698**
Accounts payable	**1,321,348**	**1,321,348**	**-**	**-**
	22,563,495	**2,483,483**	**7,374,314**	**12,705,698**

31 December 2018	Carrying Amounts	Less than 1 year	1-5 years	Over 5 Years
Borrowings	19,794,477	927,575	3,720,187	15,146,715
Accounts payable	596,416	596,416	-	-
	20,390,893	1,523,991	3,720,187	15,146,715

III *Credit risk*

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

(Amount Expressed in Thousands of Qatari Riyals)

20. *Financial Risk Management (continued):*

Exposure to credit risk

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position as at December 31, 2019 and 2018 is the carrying amounts as illustrated below.

	Note	Carrying amount	
		December 31, 2019	December 31, 2018
Loans to joint venture companies	**6**	**229,235**	105,242
Equity investments	**7**	**113,037**	144,462
Due from joint venture companies	**17(b)**	**79,171**	95,532
Trade and other receivables	**8**	**1,006,316**	278,301
Bank balances	**9**	**2,396,711**	2,462,707
Total		**3,824,470**	3,086,244

Bank balances

The bank balances are held with banks, which have good accredited credit ratings (not below BBB) from independent international rating agencies.

Impairment on cash and bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances have low credit risk based on the external credit ratings of the counterparties.

Therefore, the Group's cash at bank are held with credit worthy and reputable banks with high credit ratings. As a result, management believes that credit risk in respect of these balances is not material.

Loans and due from joint venture companies

The maximum exposure to credit risk for loans and due from related parties at the reporting date was equal to the amount disclosed in the consolidated statement of financial position. Management believes that there is limited credit risk from the receivable from related parties, because these counterparties are under the control of the ultimate parent company, who is financially healthy.

Trade receivables

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

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers.

Loss rates are calculated using a simplified approach method defined under IFRS 9, which is based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Fair Value of Financial Instruments

The fair value of equity 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.

(Amount Expressed in Thousands of Qatari Riyals)

20. *Financial Risk Management (continued):*

Fair Value Hierarchy

As at December 31, the Group held the following financial instruments measured at fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that is not based on observable market data.

31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Equity investments	**113,037**	**-**	**-**	**113,037**
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	**-**	**2,476,694**	**-**	**2,476,694**
31 December 2018				
Financial assets measured at fair value:				
Equity investments	144,462	-	-	144,462
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	-	1,943,170	-	1,943,170

21. *Capital Management:*

The Group manages its capital to ensure that it will continue as a going concern while maximizing the return to stakeholders through the optimization of invested capital. The capital structure of the Group consists of debt and equity comprising issued share capital, legal reserve, fair value reserve, non-controlling interests, hedging reserve and retained earnings.

Gearing ratio

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

	Note	**December 31, 2019**	December 31, 2018
Total debt (Borrowings)	**13**	**21,242,147**	19,794,477
Cash and cash equivalents	**9.1**	**(1,052,775)**	(1,051,213)
Net debt		**20,189,372**	18,743,264
Equity before hedging reserve and non-controlling interests		**9,444,062**	9,020,626
Add: Non-controlling interests		**6,246**	5,205
Adjusted Equity (i)		**9,450,308**	9,025,831
Net debt to adjusted equity ratio		**214%**	208%

(i) Adjusted equity includes all equity except negative cash flow hedge reserve of the Group.

22. ***Commitments and Contingencies:***

(A) Swap Commitments:

The Group has entered into several interest rate swap contracts in respect of interest payable on the variable interest rate bearing loans.

(B) Guarantees, 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 **December 31, 2019** amounted to **QR 7.6 million** (2018: QR 3.9 million).

(iii) Letters of Credits and Guarantees including the share from joint ventures at **December 31, 2019** amounted to **QR 49.8 million (**2018: QR 71.3 million).

(iv) Capital commitments including the share from joint ventures at **December 31, 2019** amounted to **QR 16.2 million** (2019: QR 9.2 million).

(v) Contingent claims including the share from joint ventures at **December 31, 2019** amounted to **QR Nil** (2018: 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.

23. ***Critical Accounting Estimates and Judgments:***

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

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

(i)Useful life, residual value and impairment of property and equipment:

As described in **note 3.2(b)**, the Group's management reviews the estimated useful life and residual value of the property and equipment at the end of each annual reporting period. Management also performs impairment test for property and equipment when there is an indicator for impairment.

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

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

(ii) Impairment of receivables:

The impairment model of IFRS 9 requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Accordingly, management has assigned probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgment; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

In the previous year, the impairment review on trade receivables was performed only for receivables for which management had an indication for impairment that also entailed significant judgment. It was determined with reference to past default experience of a counterparty and an analysis of the counterparty's financial situation.

(iii) Fair value and hedge effectiveness of cash flow hedges:

Fair value of hedges is derived based on confirmation from banks. Management performs an independent check to assess the accuracy of the fair values. Management also reviews its hedging relationship between the interest rate swaps and the underlying loans on a regular basis. The hedge was found to be highly effective. As a result, the fair value of the derivative (negative **QR 2,477 million**) is recorded in equity under hedging reserve.

(iv) Classification of lease:

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

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

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

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

(Amount Expressed in Thousands of Qatari Riyals)

24. *Operating Lease Revenue:*

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

	December 31, 2019	December 31, 2018
Not later than 1 year	**3,510,402**	3,071,106
Later than 1 year but not later than 5 years	**14,012,835**	12,292,837
Later than 5 years	**32,957,053**	32,402,705
Total	**50,480,290**	47,766,648

25. *Operating Costs:*

Operating cost mainly includes running and maintenance costs for vessels.

26. *General and administrative expenses:*

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Employees Costs	**77,733**	82,105
Rent and utilities	**1,760**	25,607
Depreciation	**22,006**	-
Professional fee-audit, legal & others	**7,641**	9,157
Directors' fee / AGM expenses	**6,761**	7,148
Others	**13,886**	10,042
Total	**129,787**	134,059

27. *Tax executive regulation:*

On 12 December 2019, a new Executive Regulations for tax was introduced which repeals and replaced the old Executive Regulations. The Group has performed its preliminary assessment and based on that; the management believes that it is not expected to materially affect the tax provision of the Group. However, a detailed impact assessment will be performed in 2020 and any financial impact will be trued up in that year.

28. *Events after the reporting date:*

There are no material events subsequent to the reporting date, which have a bearing on the understanding of these consolidated financial statements.

29. *Comparative amounts:*

The comparative figures for the previous period have been reclassified where necessary, in order to conform to the current year's presentation. Such reclassification do not affect the previously reported net profits or net assets. The current year's information is not fully comparable with the prior year due to first time consolidation of Nakilat Maritime (OSG Nakilat) as disclosed in note 5.