

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020
TOGETHER WITH
INDEPENDENT AUDITOR'S REVIEW REPORT**

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020**

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Qatar Gas Transport Company Limited (Nakilat) (Q.P.S.C.) (the 'Company') and its subsidiaries (together the 'Group') as at June 30, 2020 and the related interim condensed consolidated statement of income, comprehensive income, changes in equity and cash flows for the six month period ended June 30, 2020 and notes to the interim condensed consolidated financial statements. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at and for the six months period ended June 30, 2020 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

July 15, 2020
Doha
State of Qatar

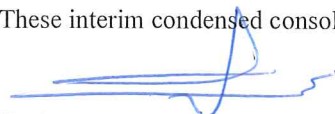



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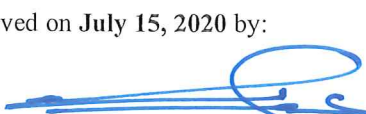
QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.P.S.C.)
DOHA – QATAR
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020
(Amounts expressed in thousands of Qatari Riyals)

| | Note | June 30, 2020 (Reviewed) | December 31, 2019 (Audited) |
|--|------|--------------------------------|-----------------------------------|
| ASSETS | | | |
| Non-Current Assets: | | | |
| Property and equipment | 3 | 23,789,442 | 24,143,700 |
| Investment in joint venture companies | 4 | 4,260,279 | 4,378,222 |
| Loans to joint venture companies | | 735,854 | 229,235 |
| Equity investments | | 91,968 | 113,037 |
| Total Non-Current Assets | | 28,877,543 | 28,864,194 |
| Current Assets: | | | |
| Inventories | | 33,773 | 31,958 |
| Trade and other receivables | 14 | 1,217,212 | 1,006,316 |
| Cash and bank balances | 5 | 2,235,786 | 2,397,036 |
| Due from joint venture companies | | 71,477 | 79,171 |
| Total Current Assets | | 3,558,248 | 3,514,481 |
| Total Assets | | 32,435,791 | 32,378,675 |
| EQUITY AND LIABILITIES | | | |
| Equity: | | | |
| Share capital | 6 | 5,538,780 | 5,538,778 |
| Legal reserve | 7 | 961,389 | 961,389 |
| Fair value reserve | | (19,445) | 1,624 |
| Proposed cash dividend | | - | 554,026 |
| Retained earnings | | 2,937,324 | 2,388,245 |
| Equity before hedging reserve and non-controlling interests | | 9,418,048 | 9,444,062 |
| Hedging reserve | 8 | (3,356,736) | (2,592,852) |
| Equity after hedging reserve and before non-controlling interests | | 6,061,312 | 6,851,210 |
| Non-controlling interests | | 6,940 | 6,246 |
| Non-Current Liabilities: | | | |
| Borrowings | 9 | 19,874,300 | 20,080,012 |
| Fair value of interest rate swaps | 10 | 2,980,418 | 2,298,198 |
| Lease liability | | 90,727 | 101,227 |
| Provision for employees' end of service benefits | | 32,426 | 29,722 |
| Other liabilities | | 217,672 | 127,744 |
| Total Non-Current Liabilities | | 23,195,543 | 22,636,903 |
| Current Liabilities: | | | |
| Borrowings | 9 | 1,173,568 | 1,162,135 |
| Fair value of interest rate swaps | | 176,319 | 178,496 |
| Lease liability | | 25,009 | 23,770 |
| Accounts payable and accruals | | 1,791,183 | 1,511,415 |
| Due to joint venture companies | | 5,917 | 8,500 |
| Total Current Liabilities | | 3,171,996 | 2,884,316 |
| Total Equity and Liabilities | | 32,435,791 | 32,378,675 |

These interim condensed consolidated financial statements were approved on July 15, 2020 by:


Dr. Mohammed Bin Saleh Al Sada
Chairman


Ahmad Saif Al-Sulaiti
Vice Chairman


Abdullah Fadhlah Al-Sulaiti
Chief Executive Officer

The accompanying notes 1-17 form an integral part of these interim condensed consolidated financial statements.

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020
(Amounts expressed in thousands of Qatari Riyals)**

| | <u>Note</u> | <u>Six Month Period Ended June 30, 2020 (Reviewed)</u> | <u>Six Month Period Ended June 30, 2019 (Reviewed)</u> |
|---|-------------|--|--|
| <u>Income:</u> | | | |
| Revenue from wholly owned vessels | | 1,747,695 | 1,512,547 |
| Share of results from joint ventures | 4 | 200,526 | 218,982 |
| Income from marine and agency services | | 28,716 | 25,859 |
| Interest income on loans to joint venture companies | | 10,342 | 6,154 |
| Interest, dividend and profit from Islamic banks | | 23,105 | 40,240 |
| Other income | | 10,600 | 12,218 |
| Total Income | | <u>2,020,984</u> | <u>1,816,000</u> |
| <u>Expenses:</u> | | | |
| Operating costs | | (375,214) | (327,190) |
| General and administrative expenses | | (54,840) | (62,083) |
| Depreciation of property and equipment | 3 | (445,725) | (374,277) |
| Finance charges | | (595,432) | (576,393) |
| Total Expenses | | <u>(1,471,211)</u> | <u>(1,339,943)</u> |
| Profit for the period | | <u>549,773</u> | <u>476,057</u> |
| Profit for the period attributable to: | | | |
| Owners of the Company | | 549,079 | 475,578 |
| Non-controlling interests | | 694 | 479 |
| Total | | <u>549,773</u> | <u>476,057</u> |
| Basic and diluted earnings per share (expressed in QR per share) | 12 | <u>0.10</u> | <u>0.09</u> |

The accompanying notes 1-17 form an integral part of these interim condensed consolidated financial statements.

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020
(Amounts expressed in thousands of Qatari Riyals)**

| | Six Month Period Ended June 30, 2020 (Reviewed) | Six Month Period Ended June 30, 2019 (Reviewed) |
|--|--|--|
| Profit for the period | 549,773 | 476,057 |
| <u>Other comprehensive income / (loss)</u> | | |
| <i>Items that will not be reclassified to statement of income:</i> | | |
| Changes in fair value of equity investments | (21,069) | (16,790) |
| <i>Items that may be reclassified subsequently to statement of income:</i> | | |
| Changes in fair value of cash flow hedges | (680,043) | (472,623) |
| Group's share of joint ventures' changes in fair value of cash flow hedges | (83,841) | (57,130) |
| Total comprehensive income /(loss) for the period | <u>(235,180)</u> | <u>(70,486)</u> |
| Total comprehensive income /(loss) for the period attributable to: | | |
| Owners of the Company | (235,874) | (70,965) |
| Non-controlling interests | 694 | 479 |
| Total | <u>(235,180)</u> | <u>(70,486)</u> |

The accompanying notes 1-17 form an integral part of these interim condensed consolidated financial statements.

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020
(Amounts expressed in thousands of Qatari Riyals)**

| | Share Capital | Legal Reserve | Fair Value Reserve | Proposed Cash Dividend | Retained Earnings | Equity Before Hedging Reserve and Non-Controlling Interest | Hedging Reserve | Non- Controlling Interest |
|---|------------------|------------------|-----------------------|------------------------------|----------------------|--|--------------------|---------------------------------|
| Balance as of January 01, 2019 (Audited) | 5,538,717 | 861,196 | 33,049 | 554,026 | 2,033,638 | 9,020,626 | (2,087,704) | 5,205 |
| Profit for the period | - | - | - | - | 475,578 | 475,578 | - | 479 |
| <u>Other comprehensive income /(loss) for the period</u> | | | | | | | | |
| -Changes in fair value of equity investments | - | - | (16,790) | - | - | (16,790) | - | - |
| -Changes in fair value of cash flow hedges | - | - | - | - | - | - | (472,623) | - |
| -Group's share of joint ventures' changes in fair value of cash flow hedges | - | - | - | - | - | - | (57,130) | - |
| Total comprehensive income /(loss) for the period | - | - | (16,790) | - | 475,578 | 458,788 | (529,753) | 479 |
| Dividend declared for 2018 | - | - | - | (554,026) | - | (554,026) | - | - |
| Balance as of June 30, 2019– (Reviewed) | <u>5,538,717</u> | <u>861,196</u> | <u>16,259</u> | <u>-</u> | <u>2,509,216</u> | <u>8,925,388</u> | <u>(2,617,457)</u> | <u>5,684</u> |
| Balance as of January 01, 2020 (Audited) | 5,538,778 | 961,389 | 1,624 | 554,026 | 2,388,245 | 9,444,062 | (2,592,852) | 6,246 |
| Profit for the period | - | - | - | - | 549,079 | 549,079 | - | 694 |
| <u>Other comprehensive income /(loss) for the period</u> | | | | | | | | |
| -Changes in fair value of equity investments | - | - | (21,069) | - | - | (21,069) | - | - |
| -Changes in fair value of cash flow hedges | - | - | - | - | - | - | (680,043) | - |
| -Group's share of joint ventures' changes in fair value of cash flow hedges | - | - | - | - | - | - | (83,841) | - |
| Total comprehensive income /(loss) for the period | - | - | (21,069) | - | 549,079 | 528,010 | (763,884) | 694 |
| Dividend declared for 2019 | - | - | - | (554,026) | - | (554,026) | - | - |
| Proceeds from issue of shares against capital | 2 | - | - | - | - | 2 | - | - |
| Balance as of June 30, 2020– (Reviewed) | <u>5,538,780</u> | <u>961,389</u> | <u>(19,445)</u> | <u>-</u> | <u>2,937,324</u> | <u>9,418,048</u> | <u>(3,356,736)</u> | <u>6,940</u> |

The accompanying notes 1-17 form an integral part of these interim condensed consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.P.S.C.)
DOHA – QATAR
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020
(Amounts expressed in thousands of Qatari Riyals)

| | Note | Six Month Period Ended June 30, 2020 (Reviewed) | Six Month Period Ended June 30, 2019 (Reviewed) |
|--|-------------|--|--|
| Cash Flows from Operating Activities: | | | |
| Profit for the period | | 549,773 | 476,057 |
| Adjustments for: | | | |
| Depreciation of property and equipment | 3 | 445,725 | 374,277 |
| Finance charges | | 595,432 | 576,393 |
| IFRS 16 lease classification | | 13,008 | 13,326 |
| Share of results from joint ventures | 4 | (200,526) | (218,982) |
| Interest income on loans to joint venture companies | | (10,342) | (6,154) |
| Interest, dividend and profit from Islamic banks | | (23,105) | (40,240) |
| Other income | | (10,600) | (12,218) |
| Provision for employees' end of service benefits | | 3,410 | 3,404 |
| | | <u>1,362,775</u> | <u>1,165,863</u> |
| Working Capital Changes: | | | |
| Inventories | | (1,815) | (417) |
| Trade and other receivables | | (215,790) | (734,707) |
| Accounts payable and accruals | | 217,820 | 763,400 |
| Other liabilities | | 89,928 | (5,867) |
| Due from joint venture companies | | 4,502 | 37,391 |
| Due to joint venture companies | | (2,583) | 14,227 |
| Cash generated from operations | | <u>1,454,837</u> | <u>1,239,890</u> |
| Finance charges paid | | (588,338) | (551,094) |
| Employees' end of service benefits paid | | (706) | (2,173) |
| Net Cash from Operating Activities | | <u>865,793</u> | <u>686,623</u> |
| Cash Flows from Investing Activities: | | | |
| Additional investment in a joint venture | 4 | (13,656) | - |
| Loans to joint venture companies-net | | (517,607) | 11,720 |
| Dividend income received from joint ventures | 4 | 294,251 | 57,365 |
| Acquisition of property and equipment | 3 | (102,470) | (138,983) |
| Time deposits maturing after ninety days | | (59,198) | 779,873 |
| Investment income received | | 49,926 | 50,863 |
| Net Cash (used in) /from Investing Activities | | <u>(348,754)</u> | <u>760,838</u> |
| Cash Flows from Financing Activities: | | | |
| Proceeds from issue of shares against capital | | 2 | - |
| Dividend paid to shareholders | | (525,396) | (534,104) |
| Unpaid dividend transferred to separate bank account | | (32,044) | (27,779) |
| Payment of lease liability | | (11,265) | (11,265) |
| Costs incurred on additional borrowings | | (1,821) | - |
| Proceeds from borrowings | | 364,153 | - |
| Repayment of borrowings | | (564,114) | (428,043) |
| Net Cash used in Financing Activities | | <u>(770,485)</u> | <u>(1,001,191)</u> |
| Net (Decrease) /Increase in Cash and Cash Equivalents | | <u>(253,446)</u> | <u>446,270</u> |
| Cash and Cash Equivalents at Beginning of the Period | | <u>1,052,775</u> | <u>1,051,213</u> |
| Cash and Cash Equivalents at End of the Period | 5.1 | <u>799,329</u> | <u>1,497,483</u> |

The accompanying notes 1-17 form an integral part of these interim condensed consolidated financial statements.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020
(Amounts expressed in thousands of Qatari Riyals)**

1. Reporting Entity:

Qatar Gas Transport Company Limited (Nakilat) (Q.P.S.C.) ('QGTC' or 'the Company') is a Public Shareholding Company, incorporated in the State of Qatar on June 9, 2004, under Commercial Registration Number 28566 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.

These interim condensed consolidated financial statements incorporate the financial statements of the Company and its subsidiaries together referred to as the "Group" and the Group's interests in jointly controlled entities.

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

2. Basis of Preparation and Significant Accounting Policies:

2.1 Basis of preparation:

The accompanying interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard IAS 34 – "Interim Financial Reporting" under the historical cost convention except for certain financial instruments which have been stated at fair value. They do not include all of the information required for full annual financial statements, therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2019. In addition, results for the six month period ended June 30, 2020 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2020.

2.2 Risk management, judgements and estimates:

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2019.

The financial risk management objectives and policies of the Group are consistent with those disclosed in the Group's annual consolidated financial statements as at and for the year ended 31 December 2019.

2.3 Significant accounting policies:

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements, as at and for the year ended 31 December 2019.

Standards, amendments, or interpretations issued but not yet effective:

Certain standards or amendments that have been issued and effective have been adopted in preparing these interim condensed consolidated financial statements. However, they did not have any significant impact in these financial statements.

Certain standards are also available for early adoption but have not been early adopted.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020

(Amounts expressed in thousands of Qatari Riyals)

| 3. <u>Property and Equipment:</u> | <u>Vessels</u> | <u>Equipment</u> | <u>Furniture and Fixtures</u> | <u>Right of use Assets</u> | <u>Others</u> | <u>Total</u> |
|--|-------------------|------------------|-----------------------------------|--------------------------------|-----------------|-------------------|
| Cost: | | | | | | |
| At January 01, 2019 (Audited) | 27,614,387 | 14,328 | 41,263 | - | 390,162 | 28,060,140 |
| Additions during the year | - | - | - | - | 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 | (366,442) | - | - | - | (67,744) | (434,186) |
| At December 31, 2019 (Audited) | 31,431,515 | 15,134 | 41,263 | 143,039 | 367,743 | 31,998,694 |
| Additions during the period | 56,080 | - | - | - | 46,390 | 102,470 |
| Transfer from capital work in progress | 39,390 | - | - | - | (39,390) | - |
| Disposals / adjustment during the period | (40,947) | (53) | - | - | (21,836) | (62,836) |
| At June 30, 2020 (Reviewed) | 31,486,038 | 15,081 | 41,263 | 143,039 | 352,907 | 32,038,328 |
| Accumulated Depreciation: | | | | | | |
| At January 01, 2019 (Audited) | 6,056,610 | 11,621 | 17,769 | - | 134,134 | 6,220,134 |
| Charge for the year | 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 | (366,442) | - | - | - | (67,744) | (434,186) |
| At December 31, 2019 (Audited) | 7,622,493 | 13,457 | 23,908 | 22,006 | 173,130 | 7,854,994 |
| Charge for the period | 438,056 | 650 | 3,070 | 11,003 | 3,949 | 456,728 |
| Disposals / adjustment during the period | (40,947) | (53) | - | - | (21,836) | (62,836) |
| At June 30, 2020 (Reviewed) | 8,019,602 | 14,054 | 26,978 | 33,009 | 155,243 | 8,248,886 |
| Net Carrying Amount: | | | | | | |
| At June 30, 2020 (Reviewed) | 23,466,436 | 1,027 | 14,285 | 110,030 | 197,664 | 23,789,442 |
| At December 31, 2019 (Audited) | 23,809,022 | 1,677 | 17,355 | 121,033 | 194,613 | 24,143,700 |

* Depreciation amounting to QR 11 million (December 31, 2019: QR 22 million) is allocated to general and administrative expenses.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020
(Amounts expressed in thousands of Qatari Riyals)**

4. Investment in Joint Venture Companies:

| | <u>QR '000'</u> |
|---|-------------------------|
| Balance – January 01, 2019 (Audited) | 4,613,158 |
| Investment in a joint venture | 437 |
| Derecognition of a joint venture | (402,987) |
| Share of results for the year | 558,229 |
| Gain on derecognition of previously held interest in a joint venture | (167,560) |
| Bargain purchase gain | (120,362) |
| Loss adjusted against loan to joint ventures | 32,042 |
| Adjustment against additional liability for losses from a joint venture | 90,712 |
| Share of hedging reserve for the year* | (53,366) |
| Dividend received during the year | (172,081) |
| Balance – December 31, 2019 (Audited) | 4,378,222 |
| Additional investment in a joint venture | 13,656 |
| Share of results for the six month period ended June 30, 2020 | 200,526 |
| Loss adjusted against loan to joint ventures | 11,041 |
| Adjustment against additional liability for losses from a joint venture | 34,979 |
| Share of hedging reserve for the six month period ended June 30, 2020* | (83,894) |
| Dividend received during the six month period ended June 30, 2020 | (294,251) |
| Balance – June 30, 2020 (Reviewed) | <u>4,260,279</u> |

* This excludes the share of gain on the hedging reserve from joint ventures amounting to a total of **QR 53 thousand** (2019: QR 1.8 million gain) adjusted against the loan to the respective joint venture.

5. Cash and Bank Balances:

| | June 30, 2020 (Reviewed) | December 31, 2019 (Audited) |
|--|---|--|
| Cash on hand | 504 | 325 |
| Cash at bank – Call and current accounts | 830,359 | 859,585 |
| Cash at bank-Time deposits * | 1,237,185 | 1,398,009 |
| Other bank balances (a) | 20,343 | 20,352 |
| Other bank balances (b) | 147,395 | 118,765 |
| Total | <u>2,235,786</u> | <u>2,397,036</u> |

* The effective interest and profit rates on the time deposits varies between **0.27% to 2.45%** (2019: 2.4% to 3.25%).

5.1 Cash and Cash Equivalents:

| | Six Month Period Ended June 30, 2020 (Reviewed) | Six Month Period Ended June 30, 2019 (Reviewed) |
|---|--|--|
| Cash and bank balances | 2,235,786 | 2,149,328 |
| Less: | | |
| -Other bank balances (a) | (20,343) | (20,422) |
| -Other bank balances (b) | (147,395) | (129,744) |
| -Time deposits maturing after ninety days | (1,041,082) | (501,679) |
| -Restricted cash | (227,637) | - |
| | <u>799,329</u> | <u>1,497,483</u> |

(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.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020
(Amounts expressed in thousands of Qatari Riyals)**

6. Share Capital:

| | June 30, 2020 (Reviewed) | December 31, 2019 (Audited) |
|--|---|--|
| | Number of Shares | Number of Shares |
| Issued & subscribed share capital | <u>5,540,263,600</u> | <u>5,540,263,600</u> |
| | <u>Amount</u> | <u>Amount</u> |
| Issued, subscribed and paid up share capital with a par value of QR 1 each. | <u>5,538,780</u> | <u>5,538,778</u> |

At **June 30, 2020**, a total of **2,968,140** issued shares are 50% paid (2019: 2,971,960 issued shares were 50% paid).

7. Legal Reserve:

The Articles of Association of the Company require the Company to provide for a legal reserve at 10% of net profit for each year until it reaches 50% of paid up share capital. This reserve is not available for distribution except for circumstances specified in the Articles of Association. No legal reserve has been computed for the purpose of these interim condensed consolidated financial statements.

8. Hedging Reserve:

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

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9. Borrowings:

These consist of the following:

| | June 30, 2020 (Reviewed) | December 31, 2019 (Audited) |
|--|---|-----------------------------------|
| Loan 1 | 1,798,005 | 1,820,765 |
| Senior bank facilities | 11,185,674 | 11,407,953 |
| Subordinated bank facilities | 1,277,094 | 1,302,458 |
| Senior bonds – Series “A” | 3,095,299 | 3,095,299 |
| Subordinated bonds – Series “A” | 806,355 | 825,222 |
| KEXIM Facility | 79,164 | 158,327 |
| KSURE Covered Facility | 249,366 | 356,237 |
| Loan 2 | 910,383 | 546,230 |
| Loan 3 | 1,754,945 | 1,843,756 |
| Less: Issuance cost of bonds | (18,915) | (19,615) |
| Less: Transaction costs of refinancing | (12,836) | (14,003) |
| Less: Costs incurred for loan 1 | (5,287) | (5,985) |
| Less: Costs incurred for loan 2 | (3,822) | (2,702) |
| Less: Costs incurred for loan 3 | (9,283) | (11,158) |
| Less: Fair value gain under business combination | (58,274) | (60,637) |
| Total | 21,047,868 | 21,242,147 |
| Classified as: | | |
| Payable within one year | 1,173,568 | 1,162,135 |
| Payable after one year | 19,874,300 | 20,080,012 |

The weighted average interest rate on short / long term facilities (excluding hedge), loans and bonds as above at **June 30, 2020** is **3.27046%** (December 31, 2019: 4.02128%).

10. Fair Value of Interest Rate Swaps:

The Group has entered into interest rate swap agreements with several financial institutions. As at **June 30, 2020** the outstanding notional amount of swap agreements is **QR 11,089 million** (2019: QR 11,534 million) and net fair value is negative **QR 3,157 million** (2019: QR 2,477 million).

11. Related Party Transactions:

| | Six Month Period Ended June 30,2020 (Reviewed) | Six Month Period Ended June 30, 2019 (Reviewed) |
|---|---|--|
| Loans to joint ventures (net) | (517,607) | 11,720 |
| Interest income on loans to joint venture companies | 10,342 | 6,154 |
| Compensation of key management personnel | 4,583 | 4,532 |
| Board of Directors’ remuneration accrued | 2,950 | 2,950 |

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12. Earnings Per Share:

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

| | Six Month Period Ended June 30,2020 (Reviewed) | Six Month Period Ended June 30, 2019 (Reviewed) |
|--|---|--|
| Profit for the period attributable to the owners of the Company | <u>549,079</u> | <u>475,578</u> |
| Weighted average number of shares outstanding during the period | <u>5,538,779,530</u> | <u>5,538,717,480</u> |
| <i>Basic and diluted earnings per share (expressed in QR per share)</i> | <u>0.10</u> | <u>0.09</u> |

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

13. Fair Values:

Fair Value of Financial Instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Loans to joint ventures, trade and other receivables, due from joint venture companies, bank balances, interest bearing loans and borrowings and account payable are not included in the table below since their carrying amount is a reasonable approximation of fair value.

The fair value of equity investments is derived from quoted market prices in an active market. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows quoted by the respective swap counter parties. The fair value of other financial instruments approximates their carrying value.

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13. Fair Values (continued):

Fair Value of Financial Instruments (continued)

Fair Value Hierarchy

As at June 30, the Group held the following financial instruments measured at fair value. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

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

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

| | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|------------------|---------|------------------|
| June 30, 2020: | | | | |
| Financial assets measured at fair value: | | | | |
| Equity investments | <u>91,968</u> | - | - | <u>91,968</u> |
| Financial liabilities measured at fair value: | | | | |
| Interest rate swaps used for hedging | - | <u>3,156,737</u> | - | <u>3,156,737</u> |
| December 31, 2019: | | | | |
| Financial assets measured at fair value: | | | | |
| Equity investments | <u>113,037</u> | - | - | <u>113,037</u> |
| Financial liabilities measured at fair value: | | | | |
| Interest rate swaps used for hedging | - | <u>2,476,694</u> | - | <u>2,476,694</u> |

14. Trade and other receivables:

This includes advances which pertain to unbilled invoices which has corresponding advances from customers (classified as trade and other payables) which will be offset against each other upon billing of the invoices.

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15. Commitments and Contingencies:

(A) *Swap Commitments:*

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

(B) *Guarantees, Letter of Credit and Commitments:*

(i) *Cross Guarantees*

The Company has issued cross guarantees to the various banks with regard to loans and interest rate swaps.

(ii) Bank Guarantees at **June 30, 2020 amounted to **QR 8.6 million** (2019: QR 7.6 million).**

(iii) Letters of Credits and Guarantees including the share from joint ventures at **June 30, 2020 amounted to **QR 68.4 million** (2019: QR 49.8 million).**

(iv) Capital commitments including the share from joint ventures at **June 30, 2020 amounted to **QR 1,082 million** (2019: QR 16.2 million).**

(C) *Time Charter:*

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

16. Tax executive regulation:

On 12 December 2019, a new Income Tax Executive Regulations (ER) were introduced. The Group has performed its preliminary assessment and concluded that the income tax provision will not be materially affected, hence, tax expenses are not separately disclosed in the interim condensed consolidated statement of income. However, a detailed impact assessment will be performed in 2020 and any financial impact will be trued up in the year end accounts.

17. 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 does not affect the previously reported net profits or net assets. The current year's information is not fully comparable with the comparative in the interim condensed consolidated statement of income due to first time full consolidation of Nakilat Maritime Corporation (OSG Nakilat).