NAKILAT ناقلات

ANNUAL REPORT 2020

QATAR GAS TRANSPORT COMPANY LTD.
"NAKILAT" (QPSC)

Capital of the Company
The issued and subscribed share capital of the Company amounts to 5,540,263,600 (five billion, five hundred and forty million, two hundred and sixty three thousand and six hundred Qatari Riyals) divided into 5,540,263,600 (five billion, five hundred and forty million, two hundred and sixty three thousand and six hundred) shares.

Nominal Value of the Stock
QR 1 (One Qatari Riyals)

Term of the Company
The fixed term of the Company is 50 Gregorian years, commencing from July 18, 2004, the date of issuance of the decision of the Minister of Business and Trade of Qatar authorizing its establishment.

The term may be extended by a decision of a Company's extraordinary general assembly.

Financial Year of the Company
The Financial Year of the Company commences on January 1 and ends on December 31.

Listing of the Company's Stocks on Qatar Exchange
The Company's shares are listed on the Qatar Exchange, and the dealing of such shares is in accordance with the regulations of the Qatar Exchange and Qatar Financial Markets Authority.

Headquarters of the Company
The headquarters and registered office of the Company are in the city of Doha, State of Qatar.

Tel: +974 4496 8811
P.O. Box 22271
Doha, State of Qatar
www.nakilat.com

IN THE NAME OF ALLAH
THE MERCIFUL AND THE GRACIOUS

His Highness
Sheikh Tamim Bin Hamad Al Thani
Amir of the State of Qatar

His Highness
Sheikh Hamad Bin Khalifa Al Thani
Father Amir

VISION, MISSION & VALUES

VISION

To be a global leader and provider of choice for energy transportation and maritime services.

MISSION

- Safely, reliably and efficiently provide shipping and maritime services
- Foster passionate collaboration and capture synergies amongst the Nakilat family
- Exceed customer expectations through strong partnerships
- Maximize shareholder return through optimized investment opportunities
- Protect the environment wherever we work
- Invest in human capital; attracting, retaining and developing our workforce with an emphasis on National Development
- Contribute to and support the Qatar National Vision 2030

VALUES

SAFETY
Incident and Injury free

PASSION
Strong commitment towards continuous improvement

INTEGRITY
Honesty with sound moral principles

RESPECT
Value others' diversity and perspective

ENCOURAGEMENT
Be motivated and motivate people around you

TABLE OF **CONTENTS**

BOARD OF DIRECTORS **REPORT**

H.E. Dr. Mohammed Bin Saleh Al Sada
Chairman of Nakilat Board

I am pleased to introduce Nakilat's 2020 Annual Report on behalf of Nakilat's Board of Directors.

This past year has been one unlike any other, with the COVID-19 global pandemic reshaping our definition of normal and creating a new 'normal' of living and working. Like the rest of the global shipping and maritime industry, the company has had to navigate unprecedented challenges to its operations. However, the company's solid business continuity plans and infrastructure enabled us to swiftly adapt to the situation and allowed us to remain focused on creating value for our shareholders and customers.

Nakilat remained committed in achieving its vision and delivered many noteworthy accomplishments during this challenging year. The company continued to deliver clean energy to worldwide destinations without any interruptions, upholding our commitment to operational excellence and customer satisfaction.

The safe completion of the second phase fleet management transition involving 7 LNG carriers, delivery of a MEGI LNG newbuild, as well as the first FSRU transition to NSQL-management, were all accomplished within less than a year, under trying circumstances and with many restrictions in place. These achievements are no mean feat for any shipping company and bear strong testament to our commitment in maintaining our leadership in energy transportation, while simultaneously supporting the country's position as the top exporter of clean energy worldwide.

Today, Nakilat stands proud with a fleet strength of 74 vessels, comprising of the world's largest LNG fleet with 69 LNG carriers, one Floating Storage Regasification Unit (FSRU) and four large LPG carriers. The majority of Nakilat's vessels are fixed with long-term world-class charterers, generating a steady and healthy cash flow for the company. Through our in-house ship management, Nakilat operates and manages 27 vessels comprising of 22 LNG, four LPG carriers and one FSRU.

Our local joint ventures at the Erhama Bin Jaber Al Jalahma Shipyard continue to contribute towards the development of the energy sector's supply chain, with the successful completion of a major offshore fabrication project for Qatargas' North Field Bravo (NFB) project delivered earlier this year. The project bore great significance as it was the first time that a major offshore living quarters structure was fabricated completely at a local yard in the country. This highlighted the company's capabilities in supporting the increasing demand for the construction of offshore and onshore structures in Qatar, and by extension, the country's efforts at localization.

Given the scale and rapid transmission of the COVID-19, health and safety became even more of a priority across all our operations, to safeguard our most vital assets - our people. We spared no effort in ensuring a safe workplace to protect the health of our workforce, by taking various measures to prevent the spread the virus and reduce risks to all our employees, contractors and visitors, be it at the office or onboard our vessels.

Nakilat's integrated shipping and maritime operations include ship repair, offshore fabrication as well as diverse maritime services, all of which contribute towards developing Qatar as a strategic shipping and maritime hub.

The Board is pleased to highlight achievements of our joint ventures this year

N-KOM successfully completed the fabrication of a brand-new offshore living quarters for Qatar Gas' North Field Brave (NFB) living quarters expansion project

NSW achieved 10 million exposure hours LTI free

NAC completed 1 year of global agency services and attended to more than 4,700 vessel calls locally and internationally in 2020

Our business continuity preparedness was proven with our ability to remotely work from home while delivering the same level of business excellence, further reinforcing our shareholder and customers' confidence in the company. Moving forward, the Board of Directors shall continue to demonstrate unwavering commitment towards upholding and implementing the highest standards of corporate governance as well as robust risk management, business continuity preparedness, and various internal measures throughout the organization to secure our employees' wellbeing as well as the company's sustainable business growth.

Despite the unique challenges faced by the company, the Board of Directors commends Nakilat for continuing to deliver robust financial performance and sustained operational excellence in 2020. With significant accomplishments achieved this past year, I am pleased to announce that we have achieved a net profit of QR 1,161 million for the year 2020, a 15.7% increase as compared to QR 1,003 million in 2019. As such, Nakilat's Board of Directors is pleased to recommend the General Assembly to distribute cash dividends equivalent to '0.11 Qatari Riyal' per share for the year 2020.

Nakilat's Board of Directors would like to express its gratitude to HH Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar, and to HH Sheikh Hamad Bin Khalifa Al Thani, the Father Emir the State of Qatar, for their wise leadership and vision that has enabled Nakilat's growth into a diversified shipping and maritime company that significantly contributes towards the development of Qatar's maritime as well as oil and gas sector.

The Board of Directors also offers its appreciation to HE Engineer Saad Sherida Al-Kaabi, Minister of State for Energy affairs, The President & CEO of Qatar Petroleum (QP) for the ongoing support of Nakilat's activities, as well as to QP including the industrial cities for the extended cooperation with the Erhama Bin Jaber Al Jalahma Shipyard.

We also extend appreciation to our long-term charterer Qatargas for their continued support towards Nakilat's operations. Finally, we would like to thank Nakilat's partners, shareholders, management, employees, Qatar Exchange and Qatar Financial Markets Authority (QFMA) for their continued dedication and support.

BOARD OF **DIRECTORS**

H.E. Dr. Mohammed Bin Saleh Al Sada
Chairman of Nakilat Board

Mr. Ahmad Saif Al-Sulaiti
Vice Chairman

H.E. Mr. Ali Ahmed Al-Kuwari
Board Member

H.E. Eng. Essa Hilal Al-Kuwari
Board Member

Mr. Abdulrahman Essa Al-Mannai
Board Member

Mr. Hamad Mubarak Al-Muhannadi
Board Member

Mr. Faisal Al Hamadi
Board Member

CEO MESSAGE

Eng. Abdullah Al-Sulaiti
Chief Executive Officer

2020 has been a challenging year for the entire world as we saw the beginning of the COVID-19 health crisis, which grew into a global pandemic impacting industries, economies and countries around the world. Amid the challenging business landscape, Nakilat remained steadfast in executing our strategies safely, sustaining operational efficiencies and ensuring fiscal discipline across all our shipping and maritime operations.

Nakilat continued to demonstrate great resilience, as reflected in our operational and financial performance for the year. Our outstanding financial performance in 2020 is a testament to our concerted efforts, as Nakilat recorded a net profit of QR 1,161 million, a 15.7% increase against the previous year at QR 1,003 million.

In the pursuit of long-term growth, below are some notable achievements this past year that have truly demonstrated the strength of our perseverance and robustness as an integrated shipping and maritime company:

- Nakilat achieved a 'Five-Star' audit grading and the Sword of Honour Award for the third consecutive year from the British Safety Council (BSC)
- Nakilat took delivery of a newbuild LNG carrier, "Global Energy", which is commercially and technically managed in-house
- Within a 6-months period, Nakilat completed the second phase of its fleet management transition from Shell International Trading and Shipping Company Limited (Shell), with a total of seven LNG carriers transitioned to its in-house technical and operational management
- Nakilat assumed full ship management and operations of Floating Storage and Regasification Unit (FSRU) Exquisite in December, the first FSRU to be managed in-house following its acquisition from Excelerate Energy back in 2018
- Nakilat was added to the Morgan Stanley Capital International ("MSCI") Emerging Markets Large Cap Index as a constituent of the MSCI Qatar Large Cap index, demonstrating the great confidence of capital markets in Nakilat

Complementing our growth on the LNG shipping front, our joint venture N-KOM marked an important milestone with the delivery of the first offshore fabrication living quarters to be constructed locally for our long-standing customer Qatargas' NFB Living Quarters Expansion project. The safe and timely project delivery not only indicates N-KOM's capability in handling complex offshore fabrication projects but also, further reinforces our position as a global leader and provider of choice for energy transportation and maritime services. These significant milestones achieved in a safe and timely manner, despite the global pandemic, is especially meaningful, and demonstrates our strong commitment to safety, reliability and efficiency.

Our outstanding financial performance in 2020 is a testament to our concerted efforts, as Nakilat recorded a net profit of QR 1,161 million, a 15.7% increase against the previous year at QR 1,003 million

During the early days of the global pandemic which were full of uncertainty, I was immensely proud that as a company, we were very well prepared to adapt to the crisis and implement rapid adjustments. Throughout the COVID-19 pandemic, the company has taken extensive measures to ensure the health and safety of all our employees, especially our crew onboard whom are integral assets to our global operations. The company took proactive measures to secure essential protective, medical supplies for seafarers including facilities modification and dissemination of COVID-19 Rapid Test Kits as part of our preparedness plan.

The requirement for physical distancing has brought about a necessary shift towards working remotely, having a huge impact on the way our operations are carried out. Despite the sudden adjustment to enhanced health and safety protocols, Nakilat managed to ensure seamless continuity of its operations, primarily due to the company-wide digital transformation that had taken place over the past few years. We had done significant upgrades to our digital infrastructures, systems enhancements and other security features at all worksites, including onboard our vessels, as part of our risk management and business continuity preparedness. In the midst of the pandemic, the company achieved the ISO 22301 certification for Business Continuity Management, further reinforcing shareholder and customer confidence in our commitment to ensure the safety and reliability of our operations.

While challenging, Nakilat enhanced our Crew Relief protocol to navigate issues surrounding repatriation and crew changes, with clear guidelines to mitigate the risk of seafarers introducing COVID-19 onboard the vessels and provide assurance to countries where crew changes were taking place. Our vessels have deviated from intended voyage routes and ferried crew to embark/disembark at lower risk ports to ensure smooth and safe crew relief. Having our vessels calling at Ras Laffan port proved advantageous, permitting ship to ship transfers to vessels calling their country of domicile or ports from where crew could be repatriated home. I would like to extend my appreciation to the relevant authorities in the country that facilitated the crew relief protocol, which ensured smooth transfers for our seafarers. Between May to December, over 1,200 crew changes have taken place for seafarers from 30 countries, with everyone safely repatriated to their home countries.I would like to take this opportunity to give a special mention to all our seafarers onboard our vessels, who have been operating our fleet at the highest levels of performance. Our seafarers faced many challenges during pandemic, having to work far from their home for a longer period than normal, and dealing with the various enhanced procedures to ensure safe operations. I extend my deepest appreciation for their continuous commitment and support to keep our operations running smoothly as normal.

With solid foundations of our vision, mission and shared values, Nakilat has adapted quickly to the new reality. The company showed tenacity and versatility in adopting the new standards of health and safety, and demonstrated its capabilities with great accomplishments. Despite the limitations, the managed to maintain the growth momentum to propel us forward in the coming years. The future holds much promise for Nakilat, and we are confident in continuing to deliver value for our shareholders while bringing the company to greater heights.

FINANCIAL **HIGHLIGHTS**

REVENUE 4,016.6 QAR million

PROFIT 1,160.9 QAR million

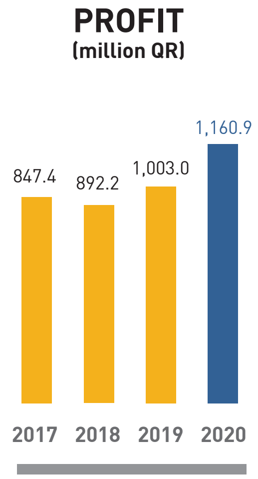
MSCI

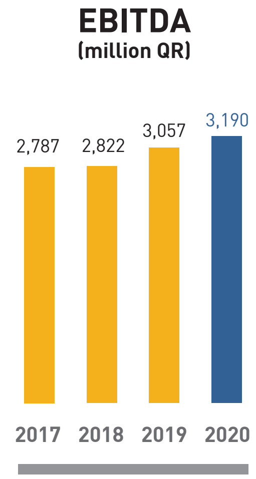
Added to Morgan Stanley Capital International
Emerging Markets Large Cap Index as a constituent of the MSCI Qatar Large Cap index

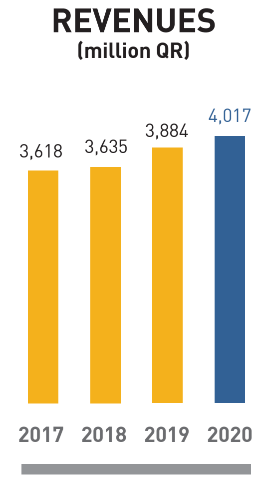
TOTAL ASSETS 32.7 QAR billion

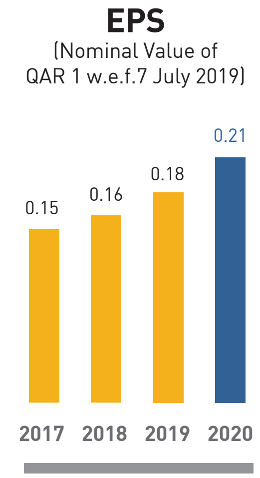
EARNINGS PER SHARE 0.21 QAR

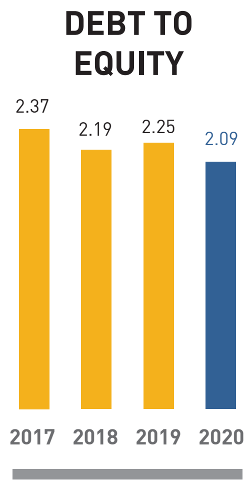
- The company recorded net profit of QAR 1,160.9 million, the highest since its inception; demonstrating its strength as key player in the global LNG transportation.
- Total assets of Nakilat as of December 31, 2020 were QAR 32.7 billion compared to QAR 32.4 billion as of December 31, 2019. Current assets, including cash and bank balances stood at QAR 3.9 billion as of December 31, 2020. Noncurrent assets, consisting mainly of investments in LNG carriers, property and equipment and other assets were QAR 28.7 billion as of December 31, 2020. Total assets of Nakilat, including share of its joint venture assets were QAR 45.4 billion. In addition, Nakilat also has an economic interest, full operational and management responsibilities in the QAR 10.6 billion Erhama Bin Jaber Al Jalahma Shipyard, with funding by Qatar Petroleum in the Port of Ras Laffan, giving a total assets value of QAR 56 billion managed by Nakilat.
- Total borrowing as of December 31, 2020 was QAR 20.9 billion compared to QAR 21.2 billion as of December 31, 2019. QAR 0.9 billion loan added for new business opportunities, while QAR 1.2 billion loan was repaid during 2020.
- Total equity before hedging reserve and non-controlling interests as of December 31, 2020 QAR 10.0 billion compared to QAR 9.4 billion as of of 31st December 2019.

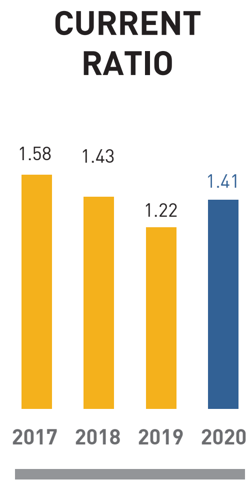


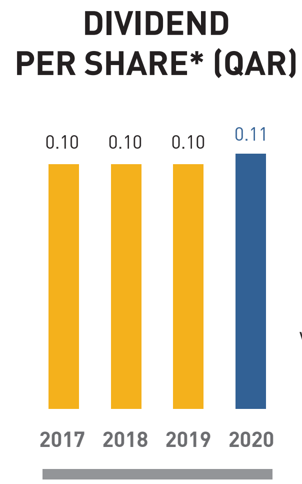












* 2016 to 2018 adjusted to nominal value of QAR1 per share w.e.f. 7 July 2019

CREDIT RATING

Nakilat Inc. Senior Debt

- A+ (Standard & Poor's)
- A1 (Moody's)
- A (Fitch)

Nakilat Inc. Subordinate Debt

- A (Standard & Poor's)
- A2 (Moody's)
- A- (Fitch)

The three major credit rating agencies, Standard & Poor's, Moody's and Fitch rate the Nakilat Inc. senior debt and Nakilat Inc. subordinate debt as strong investment grade debt. Standard & Poor's rates Nakilat Inc. senior debt as A+ which is one notch below State of Qatar. Moody's also rates Nakilat Inc. senior debt one notch below State of Qatar at A1.

Various reports published by the said Rating Agencies highlight Nakilat's key strengths as being vitally important to Qatar's LNG strategy given Nakilat's ownership of the world's largest LNG fleet.

Nakilat's consistent profitability linked to the long term highly favorable contract structure with Qatar's largest LNG producers and its reliable operating track record are significant elements among a variety of other factors that strengthen Nakilat's robust business profile.

2020 **HIGHLIGHTS**

1

Nakilat took delivery of a **newbuild LNG carrier, "Global Energy"**, which is being **commercially and technically managed in-house,** the first of four LNG carrier newbuilds to be delivered to Global Shipping Co. Ltd., a joint venture of Nakilat and Maran Ventures Inc.

2

Nakilat **completed the second phase of its fleet management transition from Shell International Trading and Shipping Company Limited (Shell),** with a total of seven LNG carriers transitioned to its in-house technical and operational management

3

Nakilat assumed full ship management and operations of Floating Storage and Regasification Unit (FSRU) Exquisite in December, **the first FSRU to be managed in-house by Nakilat Shipping Qatar Limited (NSQL)** following its acquisition from Excelerate Energy back in 2018

4

Nakilat was **added to the Morgan Stanley Capital International ("MSCI")** Emerging Markets Large Cap Index as a constituent of the MSCI Qatar Large Cap index

5

Nakilat-Keppel Offshore & Marine (N-KOM) successfully **completed a major fabrication project for Qatargas' North Field Bravo (NFB)**

6

Nakilat was awarded the **"Safety Excellence Award 2019"** for oil and gas sector during the launching ceremony of the Qatar Achievements on Vocational Safety Book & Safety Award

7

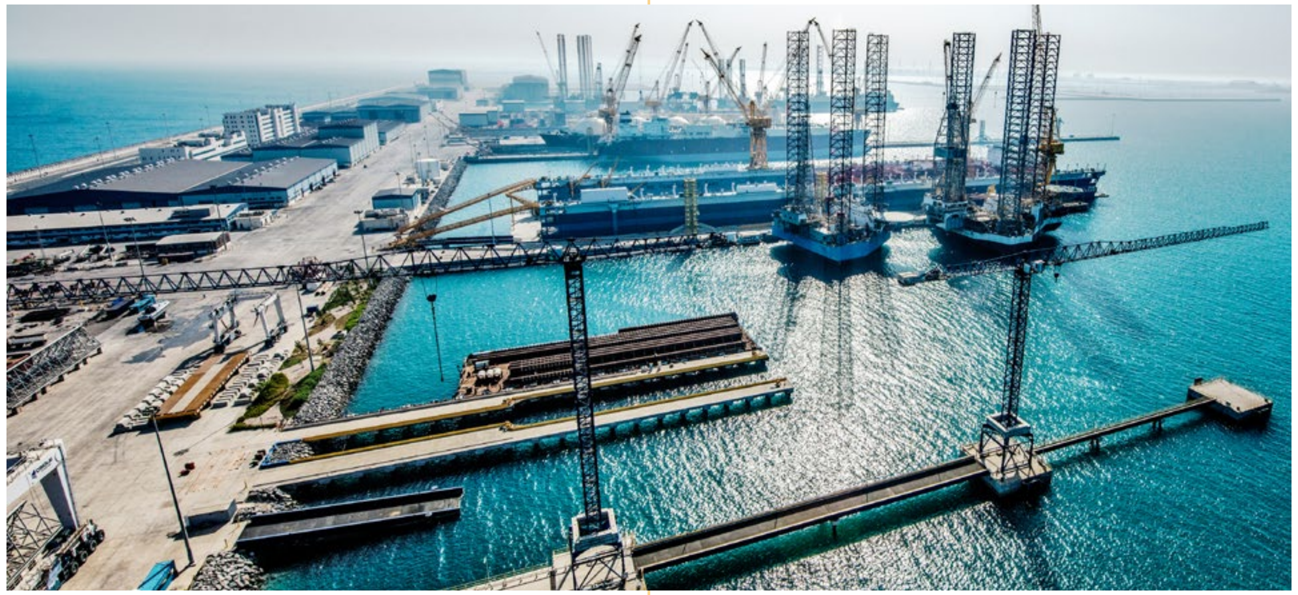
Nakilat was honored to be awarded **its third consecutive "Sword of Honour Award"** by British Safety Council UK, a prestigious recognition for organizations that have reached the pinnacle of excellence in health, safety and environmental management

CORPORATE **PROFILE**

Established in 2004, Nakilat is a shipping and maritime company based in the State of Qatar. With the world's largest Liquefied Natural Gas (LNG) shipping fleet comprising of 69 LNG carriers, the company provides the essential transportation link in Qatar's LNG supply chain. Through its wholly-owned subsidiary Nakilat Shipping Qatar Limited (NSQL), the company manages and operates 22 LNG, 4 LPG carriers and 1 Floating Storage Regasification Unit (FSRU).

In addition to its core shipping activities, Nakilat operates the Erhama Bin Jaber Al Jalahma Shipyard in Ras Laffan Industrial City, providing comprehensive ship repair and offshore fabrication services via strategic joint ventures: Nakilat-Keppel Offshore & Marine (N-KOM) and Qatar Fabrication Company (QFAB).

It also provides shipping agency services through Nakilat Agency Company (NAC) at all Qatari Ports and terminals, as well as towage and other marine support services through its joint venture Nakilat SvitzerWijsmuller (NSW). The company's Vessel Support Unit (VSU) offers chandlery, storage, logistics services for vessels operating in Qatari waters.



KEY STRENGTHS

74

Fleet Size

(*3 newbuilds)

Listed on QSE (since 2005)

World's largest LNG shipping fleet by capacity

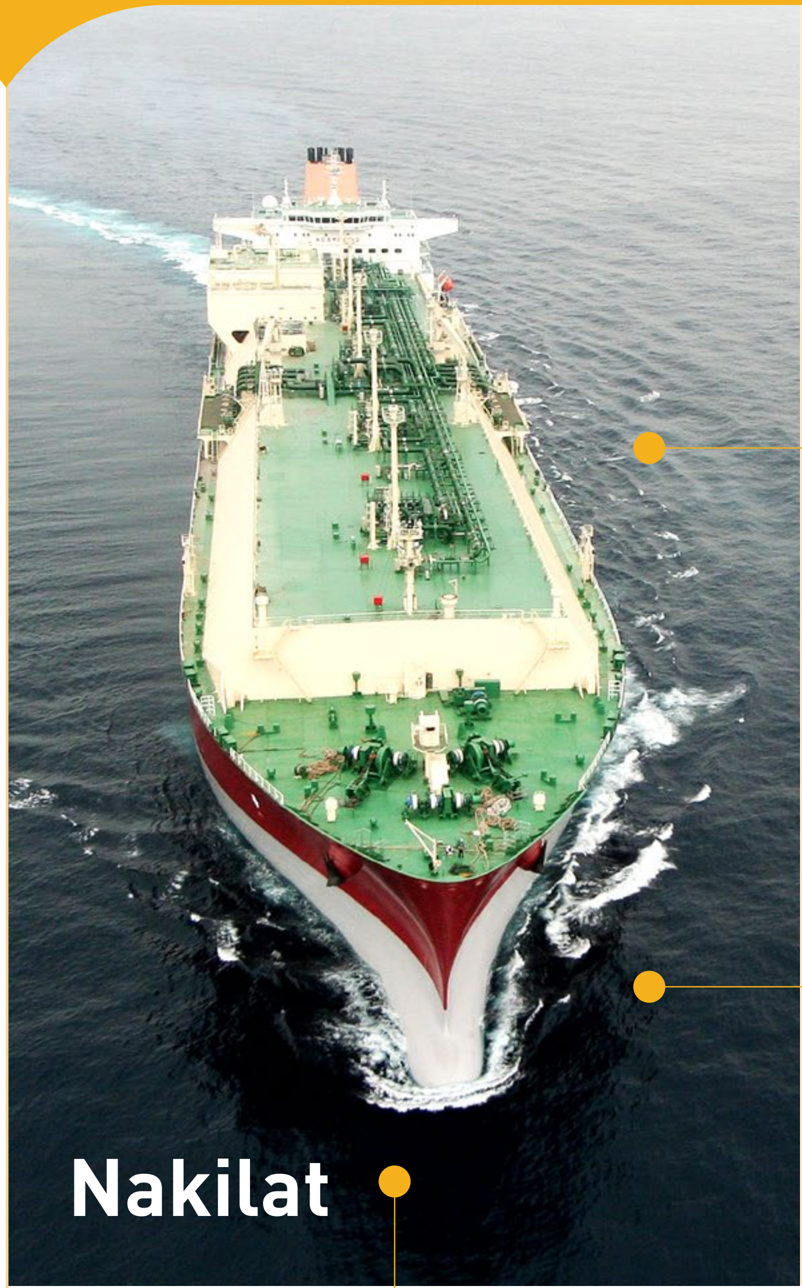
9

Vessels Transitioned

1 LNG carrier
newbuild delivery

7 LNG carriers
transitioned to in-house management

1 FSRU
transitioned to in-house management



Nakilat

Shipyard

NAKOM
Repair, conversion, maintenance & fabrication
Marine vessels & onshore and offshore structures

QFAB
Fabrication, construction & assembly of offshore and onshore structures

Nakilat Fleet

69	4	1
LNG CARRIERS	LPG CARRIERS	FSRU

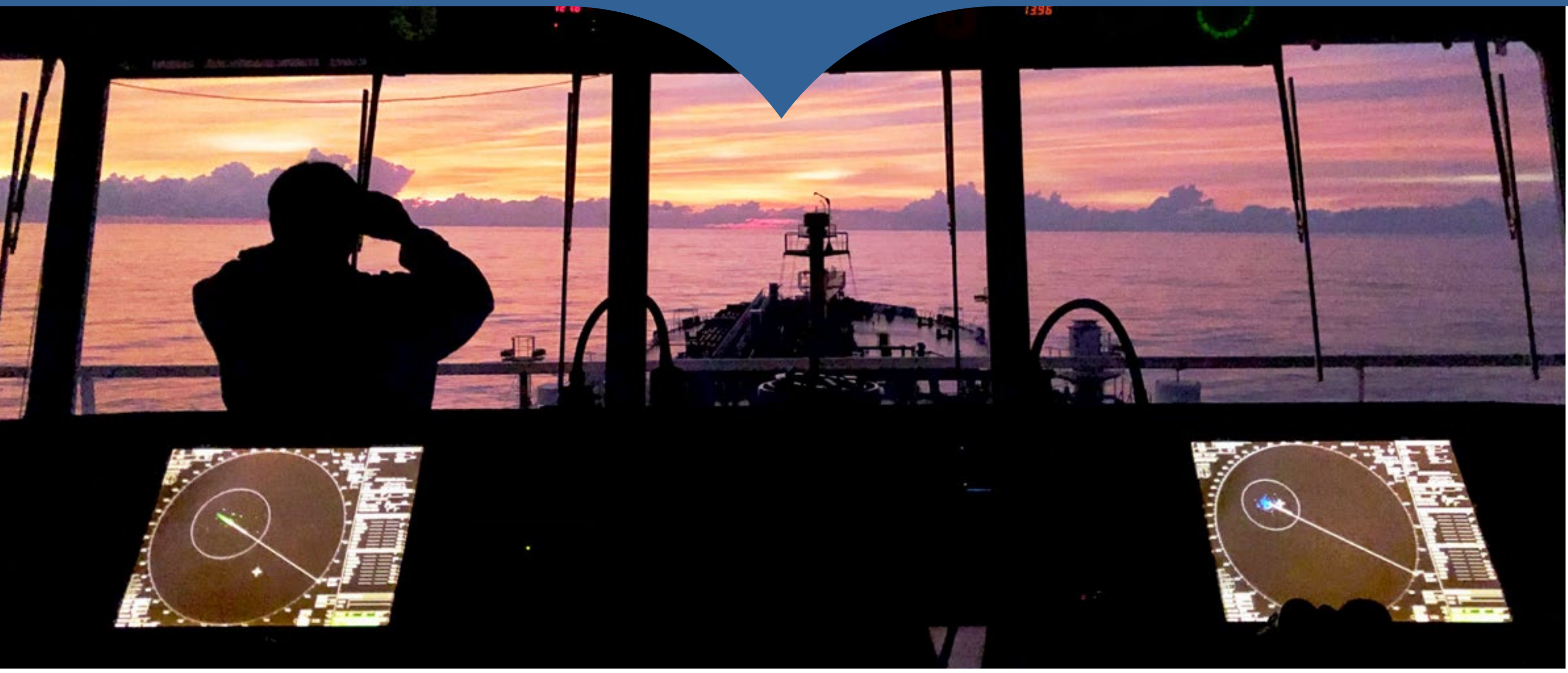
Marine Services

NSW
Towage & marine support services
Operating a fleet of vessels including tug & pilot boats

NAKILAT AGENCY COMPANY
Shipping agency, marine & logistics services
All ports & terminals in Qatar and globally through sub-agents

VSU
Provisions, materials logistics, warehousing & coordination of repairs

OUR **STRATEGY**



To ensure our focus on arriving at the strategic destination, four strategic themes were defined to serve as the architecture of Nakilat's strategy map. Three of the themes within the strategy map represent Nakilat's core activities, with each theme hosting a stream of strategic objectives plotted in an upward relational logic. Nakilat's strategic themes draw a bigger picture of the company's direction and portray our story in a concise manner.

Sustainable Growth

While we have achieved the largest global LNG shipping market share, we aspire to continue our profitable dominance in the industry landscape. We will achieve our growth targets through delivering integrated services that cover the maritime value chain. Our delivery model shall be reinforced by high-end market intelligence capabilities that will grant us competitive advantage in targeting our customers and fulfilling their needs.

Operational Excellence

We operate in a dynamic industry with fierce competition and high price elasticity where only top performers endure in the long run. Our field of play mandates the highest levels of operational and cost efficiency with no compromise on our standards of safety, reliability and quality. We aim to achieve excellence on the operational level through bespoke operational monitoring and evaluation while streamlining our core processes to deliver on our promise.

Customer Engagement

We believe that our brand is our identity and we understand that maintaining market dominance is a function of customer centricity. Our strategic focus revolves around instilling a culture of value creation for our customers, thereby reflecting that merit in our corporate image as a company that enriches customer experience and adds value in every aspect of the maritime services field. Our strategic formula relies on valuable customer engagement to elevate our brand value.

Organizational Performance Enablement

At Nakilat, we believe that our success has been, and shall continue to be, internally generated through a high-caliber workforce that constitutes our most valuable asset. Our corporate support functions will continue to be instrumental in delivering their services and provisions to support our core operations in the most efficient of manners. Whilst the entire organization shall be operating in harmony and alignment, our strategy will be our focus and our enabling compass that drives efficiency and effectiveness.

VISION

	Sustainable Growth	Operational Excellence	Customer Engagement
Outcome	• Boost profit • Increase market share	• Nakilat to be one of the top performers	• Improve brand value
Customer	**"Deliver complete/integrated energy transportation & maritime solutions"**	**"Provide a safe, reliable and cost-effective service"**	**"Add value to enrich customer experience"**
Internal	• Materialize profitable business opportunities • Build market intelligence capabilities to develop a growth strategy	• Improve cost efficiency • Streamline core operational processes • Enhance performance through effective monitoring & evaluation	• Promote corporate image • Establish a customer value-creation culture
	Organizational Performance Enablement		
Enablers	• Attract, retain & develop high quality employees	• Ensure lean, cost-efficient, and customer-oriented support functions	• Build a strategy focused organization

Values: Safety ▶ Respect ▶ Integrity ▶ Passion ▶ Encouragement

OUR **JOURNEY**

2004 – 2007

- Nakilat established as shipping arm of Qatar's LNG sector in 2004
- Nakilat's shares are listed on the Qatar Stock Exchange in 2005
- Nakilat takes delivery of its first LNG carrier in 2005
- NAC is established in 2005
- NSW is established in 2006, and awarded a 22-year service contract by Qatar Petroleum for services within the Ras Laffan Port
- Nakilat formed strategic alliance with STASCO in 2006 for management of its 25 wholly-owned LNG carriers
- Nakilat awarded a 25-year time charter contract by Qatargas for 24 LNG carriers

2008 – 2011

- 42 LNG carriers and 4 LPG carriers are delivered to Nakilat
- Nakilat takes delivery of first Q-Max LNG carrier, Mozah
- N-KOM is established in 2008
- NDSQ is established in 2010
- Erhama Bin Jaber Al Jalahma Shipyard inaugurated in 2010
- N-KOM completes first LNG dry-docking project in 2011

2012 – 2014

- NSQL formed in 2012 and assumes management of four LPG carriers
- NSQL assumes management of four LNG carriers in 2014
- First Qatari marine cadets signed on with Nakilat
- N-KOM wins two regional awards for 'Shipyard of the Year' in 2012 and one in 2013
- N-KOM wins Safety & Security regional award in 2014

2015 – 2017

- Nakilat expands joint venture with Maran Ventures Inc. with two new LNG carries in 2015
- Nakilat completes world's first MEGI conversion for a Q-Max LNG carrier in 2015
- Nakilat wins more than 15 awards between 2016-2017 for excellence in safety, business operations, Qatarization, corporate social responsibility, supply chain management, and information technology
- Nakilat and Shell signed a fleet transition agreement in 2016
- Nakilat completed the first phase of its fleet management transition with Shell in 2017, with 10 LNG carriers transitioned to NSQL management
- Nakilat signs MOU with Hoegh LNG to explore collaboration opportunities for FSRU projects in 2017

2018 – 2019

- Nakilat signs agreement with Excelerate Energy USA to acquire a majority stake in its first FSRU in 2018
- Nakilat established new joint venture companies in 2019:
  1. Qatar Fabrication Company, with McDermott International
  2. Global Shipping Company Limited, with partner Maran Ventures Inc.
- Nakilat signed agreement for full ownership of four Q-Flex LNG carriers from its joint venture partner International Seaways
- Nakilat wins 9 awards between 2018-2019 for excellence in safety, business operations, Qatarization, corporate social responsibility and information technology
- Successfully delivered Bul Hanine and North Field Bravo major offshore fabrication projects for Qatar Petroleum and Qatargas respectively
- World-class Erhama Bin Jaber Al Jalahma Shipyard crossed its 1,000th project milestone since establishment in 2010

Nakilat and its joint ventures (JVs) are committed to Qatar National Vision 2030, which outlines the development of a sustainable future for the State of Qatar. As an organization, we conduct various safety and internal development programs to ensure the creation of a safe and reliable workforce, while our robust corporate social responsibility (CSR) framework aims to enrich the lives of local communities and preserve our natural environment.

Safety

Nakilat places Safety, Health, Environment and Quality (SHEQ) at the top of our agenda to ensure that we operate in a safe, reliable and efficient manner within our society and natural environment. The fundamentals of how we deliver safe and reliable operations remain our number one priority.

We believe that all incidents and injuries are preventable, hence we strive to create an Incident & Injury Free (IIF) environment at both the workplace and home. Through significant investment in our people, processes, and equipment, Nakilat's safety performance continues to improve and has led to the achievement of better results in comparison to the benchmarked average of our peer group.

Extensive IIF Program

Nakilat continued to implement its Incident and Injury Free (IIF) campaign, a safety leadership program that empowers people to foster a safer working environment throughout the company. The campaign introduces effective intervention skills to challenge the status quo to achieve safe, Incident and Injury Free operations

- Nakilat continued conducting online e-learning and training programs as part of its commitment towards being IIF.
- A dedicated Nakilat Helpline Service with Interactive Voice Response System (IVR) was launched to assist staff requiring support related to key services like Health & Safety, Govt. Liaison, General Services, Employee Relations, and IT support.
- The company's efforts at being IIF was recognized, with Nakilat being awarded the Sword of Honor by the British Safety Council for the third consecutive year. This award represents the pinnacle of achievement in the world of Health & Safety Management, and is also a recognition for the company's commitment towards effectively managing its health and safety risks. Nakilat was one of 84 companies awarded worldwide.

Quality - Integrated Management System

Nakilat successfully underwent its first Integrated Management System surveillance audit post transition to the revised ISO standards (ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018).

• Nakilat Safety Climate Survey

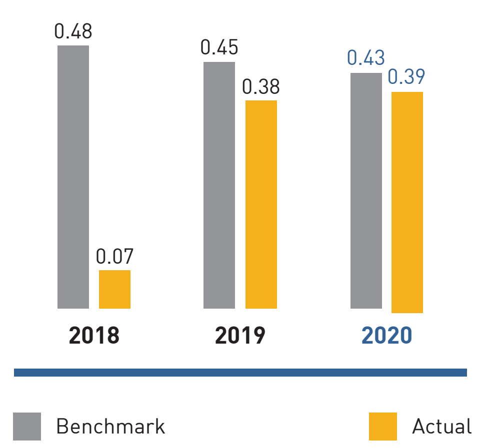
As a follow up to the third Safety Climate Survey conducted in November 2019, Nakilat diligently continued with action plans and implementation to further improve the company's Safety climate. The company's Safety climate remains among the highest in the benchmarked group.

• 5-star Audit

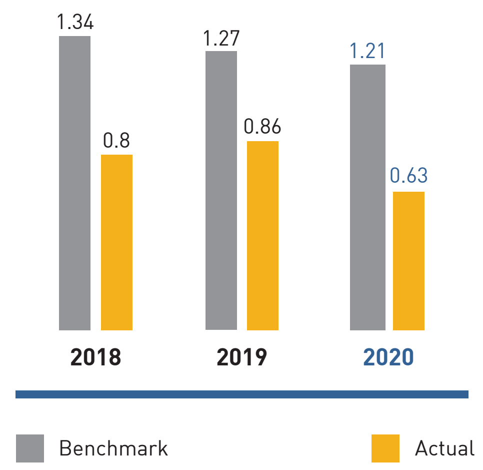
Nakilat achieved a 5-Star Rating by the British Safety Council for the third consecutive year with widened scope (NSQL included). The audit focused on key aspects of managing occupational health and safety in the workplace and offers a structured path for continual improvement towards best practice status. This audit is the most comprehensive, contemporary, quantified audit process available, which allows any organization to test their Health and Safety performance against the latest legislation, recognized standards and best practice techniques. It provides a quantified outcome with detailed recommendations against a contemporary best practice specification (including the requirements of ISO 45001) over and above the current Occupational Health & Safety Management Systems (OHSMS) standard requirements.

Safety performance track record for the Nakilat Group (Nakilat, NSQL, shore & fleet JVs and Nakilat wholly owned vessels).

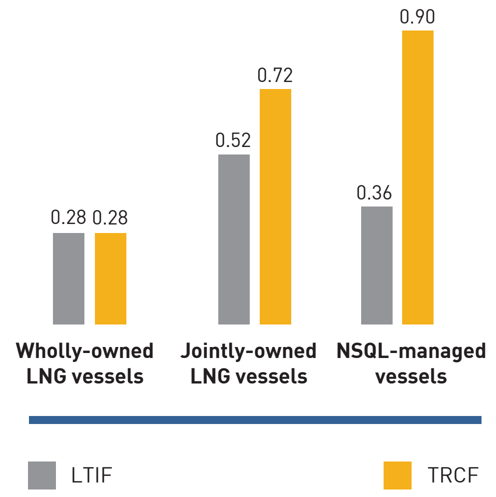
LTIF (Lost Time Injury Frequency)



TRCF (Total Recordable Case Frequency)



Fleet Safety Performance



SAFETY PERFORMANCE

The company's solid safety performance reflects the effort and dedication of staff both at sea and ashore. Nakilat's prime objective is to achieve an 'Incident and Injury Free (IIF)' work environment and our 2020 safety results greatly complement our commitment toward being IIF.

Nakilat's wholly-owned, joint-venture and in-house operated vessels have demonstrated first-class operational and safety performance despite the demanding operations worldwide. Key highlights of our industry-leading vessel safety performance are as follows:

Nakilat achieved an overall Lost Time Injury Frequency (LTIF) of 0.38 and a Total Recordable Case Frequency (TRCF) of 0.63, both below the benchmark averages of those metrics.

Nakilat

0.39 (LTIF)

0.63 (TRCF)

Nakilat Agency Company (NAC) continued its track record and remained LTI-free for 15 years since its inception.

Nakilat Agency Company (NAC)

15 years LTI-free

Nakilat SvitzerWijsmuller (NSW) accumulated more than 10 Million exposure hours with zero LTIs and TRCs in 2020.

Nakilat Svitzer-Wijsmuller (NSW)

10 million safe man-hours

0.28 (LTIF)

0.28 (TRCF)

8 vessels

Wholly-owned vessels
Our wholly owned vessels achieved a Lost Time Injury Frequency (LTIF) of 0.28 year-to-date and Total Recordable Case Frequency (TRCF) of 0.28 year-to-date

0.36 (LTIF)

0.90 (TRCF)

27 vessels

NSQL-managed vessels
Nakilat-managed LNG and LPG fleet achieved a Lost Time Injury Frequency (LTIF) of 0.36 year-to-date and Total Recordable Case Frequency (TRCF) of 0.90 year-to-date

0.52 (LTIF)

0.72 (TRCF)

36 vessels

Joint-venture LNG vessels
Our joint-venture LNG vessels have achieved a Lost Time Injury Frequency (LTIF) of 0.52 year-to-date and Total Recordable Case Frequency (TRCF) of 0.72 year-to-date

*as of 31 December 2020

Celebrating Excellence in Health, Safety & Environmental Management

Our sustainability commitment comprises several key elements, and among our highlights this year include:

HEALTH & WELLNESS INITIATIVES

As we navigate through the global COVID-19 pandemic, Nakilat and its joint ventures remains committed to first and foremost ensure the health, safety, and wellbeing of all our people, onshore and onboard the vessels. Since the onset of the virus outbreak, we have taken immediate measures and proactive steps to minimize the risk of exposure and reduce the risk of transmission to all our employees, contractors and clients, while ensuring no disruption to our daily operations, highlighting our business resilience.

CARING ABOUT OUR ENVIRONMENT

Employees of Nakilat and joint venture companies joined Ashghal in a tree-planting activity organized at Al Khor Coastal Road Development Project, along with their families and students from Al Khor Middle School for Boys. The activity comes as part of the "Qatar Beautification and Our Kids Planting Trees" campaign launched by the Supervisory Committee of Beautification of Roads and Public Places in Qatar, an excellent way to support the Ministry and Ashgal's efforts in creating a safe and healthy environment for citizens and residents in Qatar.

COVID-19 Preventive Measures Onshore & Onboard the Vessels

- Ensured smooth operations while maintaining 20% workforce in the office, in accordance with COVID-19 governmental guidelines
- Regular employee communications on the latest COVID-19 guidelines and precautionary measures
- Temperature screening for all employees, contractors and visitors across all our facilities (HQ, shipyard, Employee accommodation, onboard the vessels)
- Face-to-face meetings restriction, encouraging employees to conduct virtual online meetings
- Provision of necessary PPEs and adequate supplies of hand sanitizers are made available at all our working sites
- Regular and thorough disinfection exercise the employees' accommodations, workshops and all around the workplace areas
- Employee health declaration for all employees and contractors, including pre-embarkation for all seafarers
- Activation of special work arrangement for employees to work from home
- Contact tracing of positive cases and isolation of suspected cases; immediate liaising with Communicable Disease Center (CDC) for conducting COVID-19 tests for all suspected cases
- Personnel movement restriction to essential areas only at the shipyard
- Reinforce social distancing at all times; be it queuing during meal time, boarding transportation, or whilst on the transportation
- Mandatory installation of EHTERAZ application on all employees phones to support the country's efforts in combating COVID-19
- Organized a Seasonal Influenza Vaccination drive for staff at company HQ
- Held awareness sessions for employees on mental health and coping during COVID-19

"Nakilat's fleet maintained a COVID-free status throughout 2020, including throughout all crew changes. We continue to place the highest priority on the health & safety of our workforce, as well as protection of the environment and our assets wherever the company operates."

Human Capital & Capability Development

Conducted 4,025 hours (more than 200 training courses) online throughout COVID-19 pandemic in 2020

Professional and personal development of our most strategically important assets, our employees, remained in sharp focus during 2020. Nakilat continued to utilize our blended learning approach despite the challenges posed by COVID-19, utilizing digital platforms to continue the delivery of our trainings virtually.

Over 4,000 hours of training content was delivered by subject matter experts from across our business during NICE sessions. Innovative new virtual Masterclasses and webinars were also conducted, catering to a wide range of business topics with external training providers both in Qatar and overseas, including Harvard Business School. A new program designed and delivered this year by Nakilat-certified coaches was the ICON coaching program, which consisted of almost 100 virtual hours of one-to-one performance coaching to 13 young Qatari Nationals, in support of their career goals and alignment with our Qatarization strategy. Over 200 courses were delivered virtually during the year, fully utilizing the platforms and technologies at our disposal to ensure continued development of our employees.

Nakilat also welcomed three additional Qatari Nationals to the rank of Officer as Deck Officers (DOOW) and Engineering Officers (EOOW) during 2020, after having successfully completed their academic studies as well as all sea-training time and competence assessments.

In 2020, we continued our focus on developing the next level of leaders in our business through our succession planning process, which culminated in an agreed succession plan for 2021 for Nakilat. Facilitated by the creation of bespoke development plans for each successor, their advancement and growth will be the key focus for 2021, principally with the launch of our extensive and comprehensive Leadership Development Program.

NAKILAT FAMILY VIRTUAL MEETING WITH CEO

2020 Highlights

4 interns
Welcomed 4 university students as graduate interns

500+ NICE hours
Over 500+ learning hours on business-critical topics were delivered virtually in 27 Sessions to over 120 employees through the Nakilat Internal Capability Enhancement (NICE) Program

33.98%
Achieved Qatarization Rate

BEDAYA Campaign
Nakilat continued with the Thursday Majilis pre Covid19 restrictions facilitating new beginnings that will shape their career success.

204 Training Courses Delivered
Total of 4,025 hours of training conducted by staff.

Succession Planning
Nakilat have finalized a Succession Plan for 2021 with Critical Positions and Successors ratified by the SMT. Development actions will take place to facilitate readiness of successor for critical roles.

ICON Coaching Program
Nakilat HR delivered 100 hours of 1-2-1 performance coaching to 13 selected Nationals during a 16-week Program to support our Qatarization strategy and their growth and development.

3 Qatari Cadets
have completed the academic studies, sea-training time, and certificate of competence to conclude their Nakilat Cadetship Program. They will join our Fleet in the ranks of 3rd Officers and 4th Engineer.

Virtual Learning
Nakilat has delivered more than 200 courses virtually utilizing technology in complying with COVID-19 restrictions on gatherings in 2020.

CORPORATE **GOVERNANCE**

Nakilat profoundly believes that good corporate governance creates a business environment conducive to long-term growth. Nakilat employs a variety of policies and processes to uphold high ethical standards and promote transparency. Our efforts are underpinned by a board of directors that provides strategic and independent oversight of our corporation's affairs.

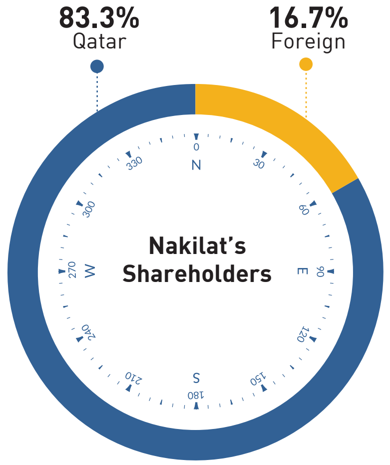
Recognizing the relationship between good governance and sound financial performance, Nakilat strives to adhere to leading governance practices and complies to Qatar Financial Markets Authority (QFMA) governance guidelines. Nakilat governance report has been prepared in compliance with QFMA governance code and its shared with all concerned stakeholders and the public on Nakilat's website.

Our Board of Directors considers the interests of our shareholders as well as our other stakeholders. We see no contradiction between pursuing our business interests and investing into our long-term sustainability. Engagement with our shareholders through our roadshows, investor meetings and analyst calls has sharpened our focus on our core priorities, strategic vision and governance. We continue to listen to all our shareholders and other stakeholders. We see governance as a framework to align the interests of all our stakeholders behind our purpose to unlock the power of delivering clean and reliable energy to enhance quality of life for everyone around the world.

Shareholder Base

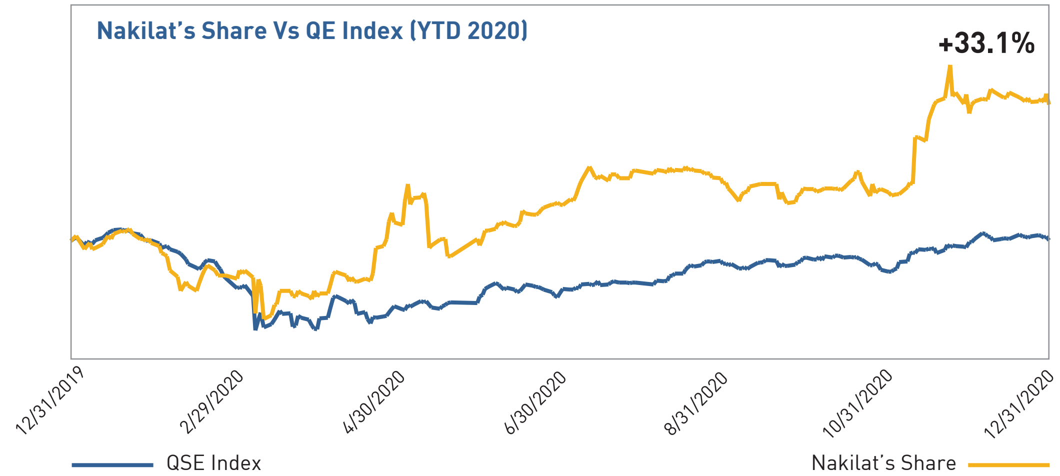
On 31 December 2020, the total number of shareholders reached 43,355.

The percentage of shares held by Qatari shareholders (being shareholders, either citizens or entities incorporated in Qatar) reached 83.3% of company's share capital.

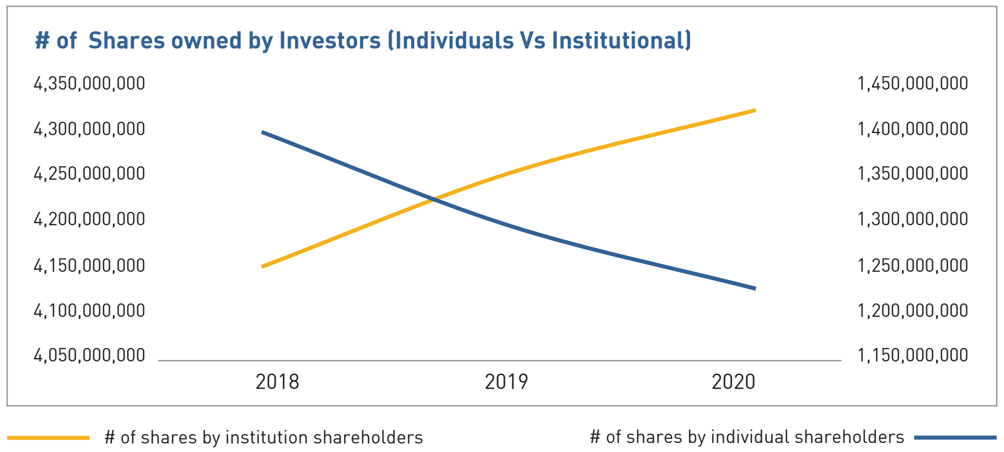


Share Price Movement

In the financial year ended 31 December 2020, Nakilat's share price increased by 33.1%.



As of 31 December 2020, the number of shares owned by institutional investors was 4,310,486,744 compared to 4,246,442,067 in 2019



RISK **MANAGEMENT**

ISO/IEC 27001 Certification
Information Security Management System

- Nakilat recertified
- NAC, NSW and QFAB certified

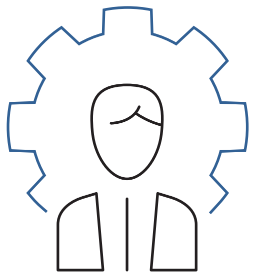
A recognition of our commitment towards information security maturity and demonstration of compliance according to best practices

ISO 22301 Certification
Business Continuity Management

- Nakilat, NSQL and NAC certified

Reaffirm our commitment to comply with international best practices, providing assurance to our stakeholders that we have the appropriate business continuity arrangements in place in mitigating the effects of any disruptive incidents. This is especially important as we expand our in-house fleet management, safeguarding the safety, reliability, efficiency and continuity of our operations.

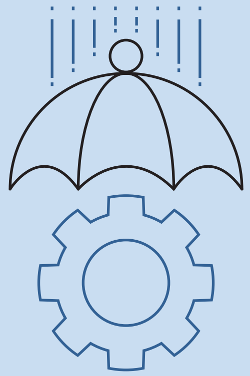
Nakilat's risk governance approach is continuously enhanced through the adoption of leading practices related to Enterprise Risk Management (ERM), Information Security Management, Business Continuity Management (BCM), and Compliance. Having robust governance enables Nakilat to shield the company from internal and external uncertainties and minimize any adverse impact or exposure on the company's performance. Nakilat aims to create a more risk-focused culture to provide reasonable assurance for the achievement of its core strategic objectives.



BUSINESS CONTINUITY MANAGEMENT (BCM)

Nakilat's BCM has been built and established at Nakilat to ensure organizational resiliency towards unexpected adverse events and opportunities, and excel in managing incidents, crises, and disasters. The Business Continuity Management System (BCMS) and Framework has geared the organization by ensuring the continuity of business operations with minimal disruption and retain stakeholder's confidence in Nakilat's services. This has been achieved by continuously evolving our BCM approach by identifying interdependencies among departments to create end-to-end Business Continuity Plans.

2020 has been an exceptionally challenging year but having a robust Business Continuity Management System has proven our organizational resiliency amidst a global pandemic. Consequently, a huge milestone has been achieved where Nakilat, Nakilat Shipping Qatar Ltd. (NSQL) and Nakilat Agency Company (NAC) have been certified for ISO 22301 Business Continuity Management System (BCMS) awarded by Lloyd's Register. The ISO 22301 is an international management systems standard that assists organizations to provide a systematic approach to strengthen the continuity and resilience of the company. This remarkable achievement reaffirms our commitment to comply with international best practices in business continuity management and recognizes the steps that Nakilat and its Subsidiaries have taken to implement processes and standards which provide continuity and organizational resiliency. Achieving this significant milestone during a global pandemic proves that our plans are effective to accommodate, mitigate, and minimize the effects of any disruptive and unexpected adverse events to our business operations and people, as well as providing assurance to our customers and investors, especially as we expand our in-house fleet management and operations, demonstrating our commitment towards safeguarding the safety, reliability, resiliency, and continuity of our operations.



ENTERPRISE RISK MANAGEMENT (ERM)

The ERM program in Nakilat is established to assist the strategic decision-making process that shall contribute to the achievement of Nakilat's strategic objectives, by evaluating, prioritizing, and managing potential risks to drive value creation. As part of Nakilat's continuous improvements towards enhancing the maturity level of its ERM program, an integrated link has been established between Nakilat's 5-year strategy and risk management. This integration encompasses the assessment of emerging and existing risks associated with strategic initiatives, new projects, and corporate and departmental objectives to ensure implementation of effective mitigation plans. The ERM function strives to oversee, adopt, and facilitate leading risk management practices to build confidence and assurance to Nakilat's stakeholders and help Nakilat's management in making informed business decisions.

INFORMATION SECURITY

Nakilat has maintained the Information Security Management System (ISMS) as a commitment to effectively foster security consciousness through the use of internationally recognized standards such as the ISO 27001. Nakilat has been recertified for ISO 27001:2013 while our joint ventures Qatar Fabrication Company (QFAB), Nakilat SvitzerWijsmuller (NSW) and Nakilat Agency Company (NAC) have achieved the initial certification from Lloyd's Register Quality Assurance (LRQA), which affirms our continuous efforts at managing information security risks and implementation of appropriate controls to collect, store and handle information, which could help to prevent potential data loss or information leakage. The implementation of the ISMS strives to continuously provide assurance that our business is running in a safe and secure environment by assuring the confidentiality, integrity and availability of the company's information. Adherence to such internationally recognized standards sends a valuable boost of confidence to our shareholders, partners and clients, especially in these challenging times as the world shifts to a virtual working environment and information security becomes more important than ever before.

COMPLIANCE

Nakilat is dedicated towards compliance with applicable rules, laws, regulations, standards, to ensure our business activities are always conducted in utmost conformity to avoid any potential negative impact on the company. Thus, Nakilat has established a Compliance function to provide holistic oversight of the compliance requirements in addition to existing risk disciplines such as Risk Management and Internal Audit. The Compliance function collaboratively works with all departments towards implementing the required measures, in order to identify existing or foreseen compliance prerequisites to gain valuable insight and drive better detection and resolution of issues.

FLEET AND **SHIPPING**

LNG SHIPPING MARKET

COVID-19 has affected the LNG shipping market from various aspects, such as decrease of demand, cargo cancellation and adding pressure to the charter rates. LNG trade continued to expand firmly in Q1 2020, with volumes growing by 10% YoY (year-on-year), driven by record US exports. However, as the impact from the pandemic intensified, global LNG trade trended lower with lesser demand due to the lockdown of major cities worldwide. The delivery of newbuild vessels was around 33, which is equivalent to 6% addition to the existing global fleet. Although down from a record of 60 in 2019, LNG carrier ordering remains robust, with 26 of the 32 having been contracted in 2H 2020.

The LNG charter market is unlikely to see fundamental shortages of vessels for the coming 1 or 2 years, considering the availability of fleet and the ramp-up of global LNG production capacity. The next major 'wave' of export capacity growth is expected in the mid-2020s, with support from projects in the US, Qatar, Russia and Mozambique.

As for the charter rate, the annual average spot rate for 174,000 cbm MEGI & X-DF vessels were USD 71,173 per day, a 13% decrease from previous year. Similarly, YTD (year to date) average 12 months term rate for the same ship size was USD 68,183 per day, a 35% decrease YoY which is reflective of the relatively weak sentiment of the market.

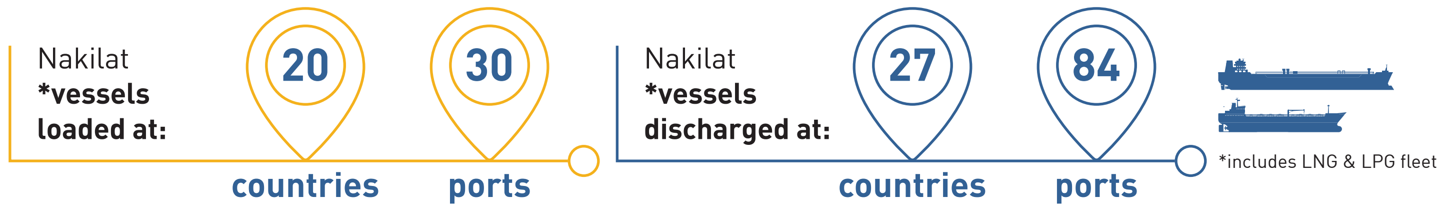
FLEET EXPANSION IN 2020

Despite the challenges brought about by COVID-19, Nakilat continued to demonstrate strong commitment to operational excellence by ensuring full compliance to the highest standards of quality and customer centricity, delivering safe, reliable and cost-effective services.

Several major ship management milestones were achieved this year, such as the safe completion of the 2nd Phase of Fleet Management Transition involving seven LNG carriers from Shell, taking delivery and technical management of a newbuild MEGI LNG carrier as well as an FSRU transition to NSQL management. These significant milestones demonstrate our commitment to maintain a strong leadership in energy transportation while simultaneously supporting the country's position as a top exporter of clean energy worldwide.

In alignment with the company's growth strategy, our fleet continues to grow apace, with three LNG carriers under construction at DSME shipyard in Korea to be delivered in 2021 and 2022. Once delivered, these vessels will be commercially and technically managed in-house by Nakilat.

The global pandemic presented significant challenges to the maritime industry, in particular, for crew change. Through close coordination with our charterer, terminal and port authorities, Nakilat managed to ensure this proceeded smoothly for our seafarers. We also proved our resilience by tackling challenges posed for third party inspections, vetting and maintenance of our vessels to remain in full service throughout the pandemic by applying swift contingency plans in ensuring safe and reliable fleet operations.



Countries where Nakilat vessels discharged/loaded at:

THE WORLD'S LARGEST GAS FLEET

Technologically Advanced Ships

Cost Efficient

Environmentally Sound

Majority on Long-Term Charter Agreements

74 vessels

69* LNG CARRIERS

4 LPG CARRIERS

1 FSRU

* include 3 newbuilds

NSQL OPERATED VESSELS

22 LNG CARRIERS

4 LPG CARRIERS

1 FSRU

2020 LNG FLEET DATA

768 Cargos shipped

61 million MT Volume of Shipped

26 Countries Delivered to

11.3% Global Shipping Capacity*

77 Ports Of Discharge Worldwide

*Global LNG Shipping Capacity this calculation excludes FSRUs

ERHAMA BIN JABER
AL JALAHMA SHIPYARD

NAKILAT-KEPPEL OFFSHORE & MARINE (N-KOM)

Established in 2008, N-KOM is owned 79% by Nakilat, 20% by KS Investments Ltd (a wholly-owned subsidiary of Keppel Offshore & Marine) and 1% by Qatar Petroleum. The extensive facility spans 50.8 hectares, offering the repair, conversion and maintenance of marine and offshore vessels. This includes fabrication of offshore and onshore structures such as jack up drilling rigs, lift-boats, land rigs and related components.

N-KOM is accredited by Lloyd's Register for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 and holds the American Society of Mechanical Engineers (ASME) Certification Audit for Pressure Vessels Certification; ASME Stamps U, U2, S and PP; National Board R Stamp and API 2B for tubular fabrication.

2020 OPERATIONAL HIGHLIGHTS

1	Completed more than **1,000 repairs** for a variety of vessels such as LNG, LPG, VLCC, tankers and small vessels to date
2	Completed more than **200 repairs** for LNG carriers to date
3	Completed more than **140 offshore repairs** including **88 rigs**, NFB topside fabrication for Qatar Gas and boat landing fabrication for Qatar Petroleum
4	Completed **23 projects** for BWTS and **5 Scrubbers** to date
5	Successfully secured ship repair projects from **14 new clients** for year 2020

QATAR FABRICATION COMPANY (QFAB)

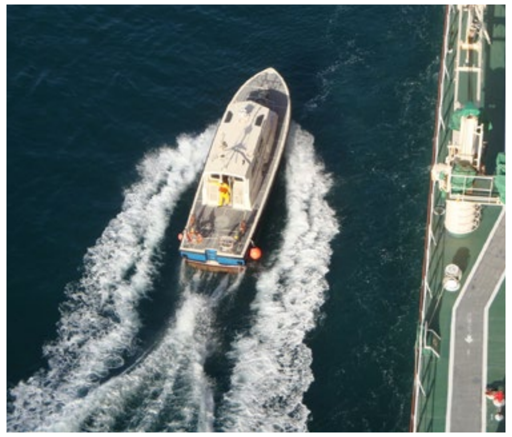
Established in 2019, Qatar Fabrication Company (QFAB) is a joint-venture company between Nakilat and McDermott, a fully integrated provider of technology, engineering and construction solutions. Strategically located within Erhama Bin Jaber Al Jalahma Shipyard, QFAB offers a robust range of services, such as the fabrication, construction and assembly of offshore and onshore structures at the heart of oil and gas activities in Ras Laffan Industrial City.

The facility is accredited by Bureau Veritas for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 and ISO/TS 29001:2010.

NSW

NAKILAT SVITZERWIJSMULLER (NSW)

NSW is a joint venture company established in 2006, owned 70% by Nakilat and 30% by Svitzer Middle East Ltd., part of international towage operator Svitzer which is wholly owned by Danish shipping group A. P. Moller (Maersk). NSW operates a fleet of 26 vessels, which includes 25 NSW owned vessels. The fleet comprises of tugboats, pilot boats, line boats, crew boats and other harbor crafts, based in the Port of Ras Laffan as well as operating in the offshore fields off Halul Island. NSW offers a range of services including towing, escorting, berthing, pilot support, line handling services afloat and ashore, emergency response, and marine maintenance support.



2020 OPERATIONAL HIGHLIGHTS

1	Performed a total of **13,083 tug jobs** for Ras Laffan Port
2	Appraised by Ras Laffan Port and Qatar Petroleum (QP) Marine for uninterrupted services throughout the pandemic, **maintaining 99.9% up time** across its fleet
3	Achieved **10 million safe man-hours** without Lost Time Injury (LTI)
4	Surpassed **60,000 COVID-free** man-days across NSW since the virus was first discovered in Qatar
5	Carried out docking of **9 NSW vessels** at N-KOM in Ras Laffan

NAKILAT AGENCY COMPANY (NAC)

Nakilat Agency Company Ltd (NAC) is a Qatari company, 95% owned by QGTC (Nakilat) and 5% by Qatar Petroleum. NAC was appointed by and operated under the Qatar Petroleum (QP) Port Agency Shipping License as an exclusive port agent in Ras Laffan and Mesaieed until 2016, representing all vessels calling and operating at Ras Laffan Port and the Hydrocarbon vessels at Mesaieed Port. NAC continues to provide agency services at the Ras Laffan and in Mesaieed ports as an QP accredited shipping agency since 2016. NAC is also accredited with Qatar Ports Management Company (Mwani) to provide agency services to all local ports under their management.

As a licensed shipping agency by the Ministry of Transport and Communication, NAC broadened its scope of agency services in 2016 to cover all ports and terminals in the State of Qatar and to support the offshore oil and gas industries. NAC acts on behalf, and offers port agency services to ship owners, shippers, ship operators, charterers, local manufacturers, receivers, other agencies, shipping customers and services providers.

2020 OPERATIONAL HIGHLIGHTS

1	NAC completed **15 years of operations** offering 24/7 agency services up to **60,000 vessels** without any service failures and Lost Time Incidents (LTIs)
2	Nakilat Agency Company was considered an **integral organization at Ras Laffan** port to continue the flow of operations during the pandemic
3	NAC completed **1 year of global agency services**, through international partnerships providing hub services and attend to vessels globally. In this short frame of time, NAC hub had attended to more than **1,400 port calls and channel transits**
4	NAC arranged around **1000 crew movements** including medical attendance, ship to ship crew transfers and crew changes in ports of Qatar during the year

2020 OPERATIONAL HIGHLIGHTS

1	Around **200 vessels** of various types have utilized VSU services at Ras Laffan, including Nakilat-owned, joint-venture and third-party vessels
2	**Uninterrupted supply and support service** from Ras Laffan during the lock down period, that ensured supply of essential items to vessels through VSU
3	**Clearance and delivery** of critical spares to Nakilat and JV vessels at Ras Laffan, an average of **120 movements** per month

VSU

VESSEL SUPPORT SERVICES

Nakilat's Vessel Support Unit (VSU) offers a complete range of chandlery services, storage facilities, logistics and related service support to all vessels operating in Qatari waters, 24 hours a day, seven days a week. With a team of experienced staff and a global network of suppliers, the VSU is able to provide a broad array of material and consumables' supplies and liaison support for repair and maintenance services at Ras Laffan.

The VSU handles all import and export processes interfacing with the Qatar Customs Authorities and other Qatari government entities through its unique "Ship Spares in Transit" process to ease material movement wherever possible.The VSU also controls the Pool Sharing Agreement (PSA) where all pool participants as Nakilat and its partners are able to avail immediate utilization of stocked capital spares to ensure uninterrupted Fleet Operations.

FINANCIAL **RESULTS**

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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CONTENTS

INDEPENDENT REASONABLE **ASSURANCE REPORT**

Report on Internal Controls over Financial Reporting

In accordance with Article 24 of the Governance Code for Companies Listed on the Main Market ("the Code") issued by the Qatar Financial Markets Authority ("QFMA"), we were engaged by the Board of Directors of the Qatar Gas Transport Company Limited (QPSC) ("Nakilat") and its subsidiaries (together referred to as "the Group") to carry out a reasonable assurance engagement over Board of Directors' description of the processes and internal controls and assessment of the suitability of the design, implementation and operating effectiveness of the Group's internal controls over financial reporting (the 'ICOFR') as at 31 December 2020 (the "Statement").

Responsibilities of the Board of Directors

The Board of Directors are responsible for fairly stating the Statement that is free from material misstatement and for the information contained therein.

The accompanying Statement of the Group includes:

- the Board of Directors' assessment of the suitability of design, implementation and operating effectiveness of the ICOFR;
- the description of the process and internal controls over financial reporting for the processes of revenue, operating expenses, treasury, inventory, property, plant and equipment, human resources and payroll, general ledger, financial reporting, entity level controls, information technology general controls, and disclosure controls;
- designing, implementing and testing controls to achieve the stated control objectives;
- identification of control gaps and failures, how they are remediated, and procedures set to prevent such failures or to close control gaps; and
- planning and performance of the management's testing, and identification of the control deficiencies.

The Board of Directors is responsible for establishing and maintaining internal controls over financial reporting based on the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO" or "COSO Framework").

This responsibility includes designing, implementing, maintaining and testing internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error. It also includes developing the control objectives in line with the COSO Framework; designing, implementing and testing controls to achieve the stated control objectives; selecting and applying policies, making judgments and estimates that are reasonable in the circumstances, and maintaining adequate records in relation to the appropriateness of the Group's ICOFR.

The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

The Board of Directors is also responsible for compliance with all applicable laws and regulations applicable to its activities.

Our Responsibilities

Our responsibility is to examine the Statement prepared by the Group and to issue a report thereon including an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Statement is fairly presented, in all material respects, in accordance with the control objectives set out therein.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of Parts A and B of the Code of Ethics for Professional Accountants, including independence, issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Statement whether due to fraud or error.

Our engagement included assessing the appropriateness of the Group's ICOFR, and the suitability of the control objectives set out by the Group in preparing and presenting the Statement in the circumstances of the engagement. Furthermore, evaluating the overall presentation of the Statement, and whether the internal controls over financial reporting are suitably designed, implemented and are operating effectively as of 31 December 2020 based on the COSO Framework. Reasonable assurance is less than absolute assurance.

- The procedures performed over the Statement include, but are not limited to, the following:
- conducted inquiries with management of the Group to gain an understanding of the risk assessment and scoping exercise conducted by management;
- examined the in-scope areas using materiality at the Group's consolidated financial statement level;
- assessed the adequacy of the following:
    - Process level control documentation and related risks and controls as summarized in the Risk and Control Matrix ("RCM");
    - Entity level controls documentation and related risks and controls as summarized in the RCM;
    - Information Technology risks and controls as summarized in the RCM;
    - Disclosure controls as summarized in the RCM.
- obtained an understanding of the methodology adopted by management for internal control design and implementation testing;
- examined the walkthrough and design and implementation testing completed by management and conducted independent walkthrough testing, on a sample basis, as deemed necessary;
- assessed the significance of any internal control weaknesses identified by management;
- assessed the significance of any additional gaps identified through the procedures performed.

- examined the management plans for testing the operating effectiveness to evaluate the reasonableness of tests with respect to the nature, extent and timing thereof, and whether the testing responsibilities have been appropriately assigned;
- examined the management's testing documents to assess whether the operating effectiveness testing of key controls has been performed by the management in accordance with the management testing plan; and
- re-performed tests on key controls to gain comfort on the operating effectiveness of management testing.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Statement nor of the underlying records or other sources from which the Statement was extracted.

We have made such enquiries of the auditors of significant components within the Group concerned and have reviewed their work to the extent necessary to form our conclusion. We remain solely responsible for our conclusion.

Other information

The other information comprises the information to be included in the Company's annual report or any other report. We have not obtained the other information to be included in the annual report or any other report which is expected to be made available to us after the date of this report. The Statement and our reasonable assurance report thereon will be included in the annual report. When we read the annual report or any other report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Characteristics and Limitations of the Statement

The Group's internal controls over financial reporting, because of their nature, may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met.

Historic evaluation of design, implementation and operating effectiveness of an internal control system may not be relevant to future periods if there is a change in conditions or that the degree of compliance with policies and procedures may deteriorate.

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

Criteria

The criteria for this engagement are the control objectives set out therein against which the design, implementation and operating effectiveness of the controls is measured or evaluated. The control objectives have been internally developed by the Group, based on the criteria established in the COSO Framework.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, based on the results of our reasonable assurance procedures, the Board of Directors' Statement fairly presents that the Group's ICOFR was properly designed and implemented and are operating effectively as at 31 December 2020.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Company and QFMA for any purpose or in any context. Any party other than the shareholders of the Company and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Company and QFMA for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Company and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

7 February 2021
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Auditor's Registration No. 251
Licensed by QFMA: External
Auditor's License No. 120153

MANAGEMENT ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

General

The Board of Directors of Qatar Gas Transport Company Limited (QPSC) ("Nakilat") and its consolidated subsidiaries (together "the Group") is responsible for establishing and maintaining adequate internal control over financial reporting ("ICOFR") as required by Qatar Financial Markets Authority ("QFMA"). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICOFR also includes our disclosure controls and procedures designed to prevent misstatements.

Risks in Financial Reporting

The main risks in financial reporting are that either the consolidated financial statements are not presented fairly due to inadvertent or intentional errors or the publication of consolidated financial statements is not done on a timely basis. A lack of fair presentation arises when one or more financial statement accounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make on the basis of the consolidated financial statements.

To confine those risks of financial reporting, the Group has established ICOFR with the aim of providing reasonable but not absolute assurance against material misstatements. We have also assessed the design, implementation and operating effectiveness of the Group's ICOFR based on the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design and evaluate the adequacy of a control system. As a result, in establishing ICOFR, management has adopted the following financial statement objectives:

Existence / Occurrence - assets and liabilities exist and transactions have occurred;

Completeness - all transactions are recorded, account balances are included in the consolidated financial statements;

Valuation / Measurement - assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts;

Rights and Obligations and ownership - rights and obligations are appropriately recorded as assets and liabilities; and

Presentation and disclosures - classification, disclosure and presentation of financial reporting is appropriate.

However, any internal control system, including ICOFR, no matter how well designed and operated, can provide only reasonable, but not absolute assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for ICOFR may not prevent all errors and fraud. Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Organization of the Internal Control System

Functions Involved in the System of Internal Control over Financial Reporting

Controls within the system of ICOFR are performed by all business and support functions with an involvement in reviewing the reliability of the books and records that underlie the consolidated financial statements. As a result, the operation of ICOFR involves staff based in various functions across the organization.

Controls to Minimize the Risk of Financial Reporting Misstatement

The system of ICOFR consists of a large number of internal controls and procedures aimed at minimizing the risk of misstatement of the consolidated financial statements. Such controls are integrated into the operating process and include those which:

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties;
- operate on a periodic basis such as those which are performed as part of the annual consolidated financial statement preparation process;
- are preventative or detective in nature;
- have a direct or indirect impact on the consolidated financial statements themselves. Controls which have an indirect effect on the consolidated financial statements include entity level controls and Information Technology general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item; and
- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

Measuring Design, Implementation and Operating Effectiveness of Internal Control

For the financial year 2020, the Group has undertaken a formal evaluation of the adequacy of the design, implementation and operating effectiveness of the system of ICOFR considering:

- The risk of misstatement of the consolidated financial statement line items, considering such factors as materiality and the susceptibility of the financial statement item to misstatement; and
- The susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.

These factors, in aggregate, determine the nature, timing and extent of evidence that management requires in order to assess whether the design, implementation and operating effectiveness of the system of ICOFR is effective. The evidence itself is generated from procedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the ICOFR evaluation. Information from other sources also form an important component of the evaluation since such evidence may either bring additional control issues to the attention of management or may corroborate findings.

The evaluation has included an assessment of the design, implementation, and operating effectiveness of controls within various processes including Revenue, Operating Expenses, Treasury, Property, Plant and Equipment, Human Resources and Payroll, General Ledger and Financial Reporting. The evaluation also included an assessment of the design, implementation, and operating effectiveness of Entity Level Controls, Information Technology General Controls, and Disclosure Controls.

As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented, and operated effectively as of December 31, 2020.

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

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Qatar Gas Transport Company Limited ("Nakilat") (QPSC) and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2020, 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 2020, 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (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 period. 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 2,762,905 thousands (2019: QR 2,476,694 thousands). This represent 10.8% 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.

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 2020 was QR 23,161,192 thousands (2019: QR 24,143,700 thousands) and the related depreciation charge for the year was QR 905,922 thousands (2019: QR 904,650 thousands) respectively. This represents 70.9% and 78.0% of the Group's total assets and the net profit respectively, hence a material portion of the consolidated financial position and consolidated income. • the useful 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 values, operating losses etc., based on our knowledge and experience of the industry and understanding of the charter hire agreements.

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 number of 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 12.8% and 33.6% 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 ventures 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.

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.

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 consolidated 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.

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, actions taken to eliminate threats or safeguards applied.

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 effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2020.

Date: February 07, 2021
Doha Qatar
State of Qatar

Gopal Balasubramaniam
Auditors' Registry No. 251
KPMG
Licensed by QFMA: External Auditor's
License No. 120153

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
(Amount Expressed in Thousands of Qatari Riyals)

	Note	December 31, 2020	December 31, 2019
ASSETS			
Non-Current Assets:			
Property and equipment	4	**23,161,192**	24,143,700
Investment in joint venture companies	5	**4,193,685**	4,378,222
Loans to joint venture companies	6	**1,270,571**	229,235
Equity investments	7	**120,386**	113,037
Total Non-Current Assets		**28,745,834**	28,864,194
Current Assets:			
Inventories		**36,639**	31,958
Trade and other receivables	8	**788,952**	1,006,316
Cash and bank balances	9	**2,995,463**	2,397,036
Due from joint venture companies	17(b)	**85,885**	79,171
Total Current Assets		**3,906,939**	3,514,481
Total Assets		**32,652,773**	32,378,675

The accompanying notes 1-28 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2020
(Amount Expressed in Thousands of Qatari Riyals)

	Note	December 31, 2020	December 31, 2019
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	10	**5,538,780**	5,538,778
Legal reserve	11	**1,077,411**	961,389
Fair value reserve		**8,973**	1,624
Proposed cash dividend	10.1	**609,429**	554,026
Retained earnings		**2,794,002**	2,388,245
Equity before hedging reserve and non-controlling interests		**10,028,595**	9,444,062
Hedging reserve	12	**(2,931,097)**	(2,592,852)
Equity after hedging reserve and before non-controlling interests		**7,097,498**	6,851,210
Non-Controlling Interests		**6,889**	6,246
Non-Current Liabilities:			
Borrowings	13	**19,834,726**	20,080,012
Fair value of interest rate swaps	14	**2,605,583**	2,298,198
Lease liability		**57,581**	101,227
Provision for employees' end of service benefits		**33,678**	29,722
Other liabilities	15.1	**244,518**	127,744
Total Non-Current Liabilities		**22,776,086**	22,636,903
Current Liabilities:			
Borrowings	13	**1,164,764**	1,162,135
Fair value of interest rate swaps	14	**157,322**	178,496
Lease liability		**8,088**	23,770
Accounts payable and accruals	15	**1,439,557**	1,511,415
Due to joint venture companies	17(b)	**2,569**	8,500
Total Current Liabilities		**2,772,300**	2,884,316
Total Equity and Liabilities		**32,652,773**	32,378,675

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on **February 07, 2021**.

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

The accompanying notes 1-28 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Income:			
Revenue from wholly owned vessels		**3,500,588**	3,165,797
Share of results from joint ventures	5	**390,142**	558,229
Income from marine and agency services		**46,307**	55,339
Interest income on loans to joint ventures	17(a)	**26,791**	16,247
Interest, dividend and profit from Islamic banks		**30,818**	66,785
Other income		**21,938**	21,445
Total Income		**4,016,584**	3,883,842
Expenses:			
Operating costs	25	**(733,561)**	(697,122)
General and administrative	26	**(93,448)**	(129,787)
Depreciation of property and equipment	4	**(891,491)**	(882,644)
Finance charges		**(1,137,228)**	(1,171,314)
Total Expenses		**(2,855,728)**	(2,880,867)
Profit for the year		**1,160,856**	1,002,975
Attributable to:			
Owners of the Company		**1,160,213**	1,001,934
Non-controlling interests		**643**	1,041
Total		**1,160,856**	1,002,975
Basic and diluted earnings per share (expressed in QR per share)	19	**0.21**	0.18

The accompanying notes 1-28 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Profit for the year		**1,160,856**	1,002,975
Other comprehensive income / (loss)			
Items that will not be reclassified to statement of income:			
Changes in fair value of equity investments-at FVOCI	7	**7,349**	(31,425)
Items that may be reclassified subsequently to statement of income			
Changes in fair value of cash flow hedging derivatives		**(286,212)**	(375,144)
Group's share of joint ventures' changes in fair value of cash flow hedging derivatives		**(52,033)**	(51,533)
Total comprehensive income for the year		**829,960**	544,873
Total comprehensive income for the year attributable to:			
Owners of the Company		**829,317**	543,832
Non-controlling interests		**643**	1,041
Total		**829,960**	544,873

The accompanying notes 1-28 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2019	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**
Profit for the year 2020	-	-	-	-	**1,160,213**	**1,160,213**	-	**643**
Other comprehensive income for the year 2020:								
-Changes in fair value of equity investments -at FVOCI	-	-	**7,349**	-	-	**7,349**	-	-
-Changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	**(286,212)**	-
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	**(52,033)**	-
Total comprehensive income for the year 2020	-	-	**7,349**	-	**1,160,213**	**1,167,562**	**(338,245)**	**643**
Transfer to legal reserve	-	**116,022**	-	-	**(116,022)**	-	-	-
Social and sports fund contribution 2020 **(note 16)**	-	-	-	-	**(29,005)**	**(29,005)**	-	-
Dividend declared for 2019 **(note 10.1)**	-	-	-	**(554,026)**	-	**(554,026)**	-	-
Proposed cash dividend for 2020 **(note 10.1)**	-	-	-	**609,429**	**(609,429)**	-	-	-
Proceeds from issue of shares against capital	**2**	-	-	-	-	**2**	-	-
Balance as of December 31, 2020	**5,538,780**	**1,077,411**	**8,973**	**609,429**	**2,794,002**	**10,028,595**	**(2,931,097)**	**6,889**

The accompanying notes 1-28 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the year ended December 31, 2020	For the year ended December 31, 2019
Cash Flows from Operating Activities:			
Profit for the year		**1,160,856**	1,002,975
Adjustments for:			
Depreciation of property and equipment	4	**891,491**	882,644
Finance charges		**1,137,228**	1,171,314
IFRS 16 lease classification		**17,591**	26,494
Share of results from joint ventures	5	**(390,142)**	(558,229)
Interest income on loans to joint ventures	17(a)	**(26,791)**	(16,247)
Interest, dividend and profit from Islamic banks		**(30,818)**	(66,785)
Other income		**(21,938)**	(21,445)
Gain on derecognition of lease liability		**(5,706)**	-
Provision for expected credit loss		**2,147**	957
Provision for employees' end of service benefits		**5,868**	6,284
		2,739,786	2,427,962
Working Capital Changes:			
Inventories		**(4,681)**	(7,584)
Trade and other receivables		**205,672**	(724,408)
Accounts payable and accruals		**(114,746)**	627,744
Other liabilities		**116,774**	39,475
Due from joint venture companies		**8,388**	25,009
Due to joint venture companies		**(5,931)**	(543)
Cash generated from operations		**2,945,262**	2,387,655
Finance charges paid		**(1,129,425)**	(1,132,912)
Employees' end of service benefits paid		**(1,912)**	(4,076)
Net Cash from Operating Activities		**1,813,925**	1,250,667
Cash Flows from Investing Activities:			
Loans to joint venture companies-net		**(1,055,123)**	(154,200)
Investment in new joint ventures	5	**(27,311)**	(437)
Dividend income received from joint ventures	5	**720,395**	172,081
Acquisition of property and equipment	4	**(116,718)**	(289,917)
Acquisition of subsidiary through business combination		**-**	(447,908)
Investment income received		**73,374**	91,265
Time deposits maturing after 90 days		**(25,384)**	299,668
Net Cash Used in Investing Activities		**(430,767)**	(329,448)
Cash Flows from Financing Activities:			
Proceeds from issue of shares against capital		**2**	61
Dividend paid to shareholders		**(537,304)**	(545,083)
Unpaid dividend transferred to separate bank account		**(25,196)**	(22,322)
Payment of lease liability		**(15,309)**	(22,531)
Costs incurred for new financing		**(5,699)**	(3,059)
Proceeds from borrowings		**910,383**	546,229
Repayments of borrowings		**(1,162,135)**	(872,952)
Net Cash Used in Financing Activities		**(835,258)**	(919,657)
Net Increase in Cash and Cash Equivalents		**547,900**	1,562
Cash and Cash Equivalents at Beginning of the Year		**1,052,775**	1,051,213
Cash and Cash Equivalents at End of the Year	9.1	**1,600,675**	1,052,775

The accompanying notes 1-28 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amount Expressed in Thousands of Qatari Riyals)

1. *Reporting Entity:*

Qatar Gas Transport Company Limited (Nakilat) (QPSC) ("QGTC" or "the Company'') is a Public Shareholdin Company, incorporated in the State of Qatar on June 9, 2004, under Commercial Registration Number 2856 issued by the Ministry of Economy and Commerce. The shares of the Company started trading in the Qata Exchange on April 7, 2005.

The main purpose of the Company is to work in the industry of gas transport either through direct acquisition o 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 (collectivel referred to as the **"Group"**). The operations of the Group are conducted within the economic environment in th State of Qatar.

Although most of the joint venture entities are located abroad, their trading activities are mainly derived fron contracts with local companies in Qatar. The Group can be therefore viewed to provide services within the sam 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

Listed below are the recent changes to International Financial Reporting Standards ("IFRS" or "standards") tha are required to be applied by an entity with an annual reporting period 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 IFRS 9 "Financial Instruments", of Interest Rate Benchmark Reform
- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes i Accounting Estimates and Errors" of definition of material.
- Amendments to IFRS 16 "Leases" on COVID-19-Related Rent Concessions

The new and amended standards listed above do not have any or material effect on the Group's consolidate financial statements.

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

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group' consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable when they become effective.

Effective date	New standards or amendments
1 January 2021	Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7 IFRS 4 and IFRS 16)
1 January 2022	- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) - Annual Improvements to IFRS Standards 2018–2020 - Property, Plant and Equipment: Proceeds before Intended Use (Amendment to IAS 16) - Reference to the Conceptual Framework (Amendments to IFRS 3)
1 January 2023	- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) - IFRS 17 Insurance Contracts
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventur (Amendments to IFRS 10 and IAS 28)

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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 Group 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 and due to related parties.

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:
  - o it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - o 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amount Expressed in Thousands of Qatari Riyals)

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:
  - o it is held within a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
  - o 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 Group has classified on initial recognition its trade and other receivables, loans to joint venture companies, due from joint venture companies and its cash at bank at amortised cost. The Group does not hold any other financial assets at amortised cost.

Financial assets – Business model assessment:

The Group 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 Group'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 Group 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 Group 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 Group'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 prepaymen 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 require 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 Group 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 Group 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 a 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 Group to a Government Fund Scheme for Qatari employees are calculated as a percentage of the Qatari employees' salaries. The Group'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 Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit 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 'BBB' or higher per accredited 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 consolidated 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*

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.

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)*

o) *Operating Segments*

Wholly owned gas transportation vessels are 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.

p) *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2019	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
Additions during the year 2020	**62,784**	**-**	**-**	**-**	**53,934**	**116,718**
Transfer from capital work in progress	**74,486**	**-**	**-**	**-**	**(74,486)**	**-**
Disposals /adjustments during the year 2020	**(70,312)**	**(89)**	**(228)**	**(74,482)**	**(172,332)**	**(317,443)**
At December 31, 2020	**31,498,473**	**15,045**	**41,035**	**68,557**	**174,859**	**31,797,969**
Accumulated Depreciation:						
At January 1, 2019	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
Charge for the year 2020 **	**875,272**	**1,298**	**6,137**	**14,431**	**8,784**	**905,922**
Disposals /adjustments during the year 2020	**(69,043)**	**(89)**	**(162)**	**(33,009)**	**(21,836)**	**(124,139)**
At December 31, 2020	**8,428,722**	**14,666**	**29,883**	**3,428**	**160,078**	**8,636,777**
Net Carrying amount:						
At December 31, 2020	**23,069,751**	**379**	**11,152**	**65,129**	**14,781**	**23,161,192**
At December 31, 2019	23,809,022	1,677	17,355	121,033	194,613	24,143,700

*This includes capital work in progress amounting to **QR 3.6 million** (2019: QR 30.3 million).

** **QR 14.4 million** depreciation is classified under G&A (2019: QR 22 million)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amount Expressed in Thousands of Qatari Riyals)

5. *Investment in Joint Venture Companies:*

	QR
Balance – January 01, 2019	4,613,158
Investment in a joint venture	437
Derecognition of a joint venture **(a)**	(402,987)
Share of results for the year **(a)**	558,229
Gain on derecognition of previously held interest in a joint venture **(a)**	(167,560)
Bargain purchase gain **(a)**	(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
Additional investment in a joint venture	**27,312**
Share of results for the year	**390,142**
Adjustment against write off	**150,496**
Loss adjusted against loan to joint ventures	**15,496**
Adjustment against additional liability for losses from joint ventures	**6,154**
Share of hedging reserve for the year *	**(53,742)**
Dividend received	**(720,395)**
Balance – December 31, 2020	**4,193,685**

* This excludes the share of gain on the hedging reserve from joint ventures amounting to a total of **QR 1.7 million** (2019: QR 1.8 million gain) adjusted against the loan to the respective joint venture.

(a) 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 a joint venture, and accounted for under equity accounting method, increased from 50.1%% to 100%. Consequently, OSG Nakilat was 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 had re-measured its previously held interests in OSG Nakilat Corporation at fair value and recognized 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 prior year, after adjusting for control premium.

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 was recorded which were non-operational but included in share of results of joint ventures on the grounds that it is connected in relation with joint venture.

Details of the Group's joint venture companies at **December 31, 2020** 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amount Expressed in Thousands of Qatari Riyals)

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

Name of Joint Ventures	*Place of Incorporation*	*Proportion of Ownership Interest*	*Principal Activity*
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 (1)	Marshall Islands	60%	Chartering of vessels
Nakilat Excelerate LLC (1)	Marshall Islands	55%	Chartering of vessels
Global Shipping Company Ltd (1)	Cayman Islands	60%	Chartering of vessels
India LNG Transport Company No.3 Limited	Malta	20%	Chartering of vessels
Nakilat Svitzerwijsmuller WLL (1)	Qatar	70%	Chartering of vessels
Gulf LPG Transport Company WLL	Qatar	50%	Chartering of vessels
Nakilat-Keppel Offshore & Marine Limited (QPJSC) (1)	Qatar	80%	Operate and maintain the Ship Repair Yard.
Nakilat Damen Shipyards Qatar Limited (QPJSC) (1) (2)	Qatar	70%	Design construct & operate the Ship Building Yard.
Qatar Fabrication Company (1)	Qatar	60%	Fabrication activities

(1) 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.

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

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amount Expressed in Thousands of Qatari Riyals)

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

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

As of December 31, 2020:	**Shipping Joint Ventures**	**Marine Joint Ventures**	**Shipyard Joint Ventures**	**Total**
Current assets	2,158,761	50,362	219,993	**2,429,11**
Non-current assets	25,570,145	244,300	267,250	**26,081,69**
Current liabilities	(1,831,904)	(7,638)	(441,139)	**(2,280,681**
Non-current liabilities	(17,164,011)	(348)	(636,968)	**(17,801,32**
Net assets	**8,732,991**	**286,676**	**(590,864)**	**8,428,80**
Group's share of net assets	**3,993,023**	**200,662**	**-**	**4,193,68**
Net profit / (loss)	**1,033,682**	**35,936**	**(102,918)**	**966,70**
Other Comprehensive Income /(loss)	**(103,985)**	**-**	**-**	**(103,98**
Group's share of net profit / (loss)	**389,952**	**25,666**	**(25,476)**	**390,14**
Group's share of other comprehensive income / (loss)	**(52,033)**	**-**	**-**	**(52,03**
Other disclosures:				
Revenues	**3,394,477**	**98,980**	**285,656**	**3,779,11**
Cash & Cash Equivalents	**1,456,948**	**20,364**	**25,720**	**1,503,03**

As of December 31, 2019:	**Shipping Joint Ventures**	**Marine Joint Ventures**	**Shipyard Joint Ventures**	**Total**
Current assets	2,076,549	41,880	282,634	**2,401,06**
Non-current assets	25,416,690	256,558	303,233	**25,976,48**
Current liabilities	(4,975,592)	(8,124)	(422,751)	**(5,406,46**
Non-current liabilities	(13,102,629)	(320)	(651,061)	**(13,754,01**
Net assets	**9,415,018**	**289,994**	**(487,945)**	**9,217,06**
Group's share of net assets	**4,174,789**	**202,996**	**437**	**4,378,22**
Net profit / (loss)	**1,152,030**	**37,381**	**(82,602)**	**1,106,80**
Other Comprehensive Income /(loss)	**(105,571)**	**-**	**-**	**(105,571**
Group's share of net profit / (loss)	**366,828**	**26,167**	**(122,688)**	**270,30**
Group's share of other comprehensive income / (loss)	**(51,533)**	**-**	**-**	**(51,53**
Other disclosures:				
Revenues	**3,772,784**	**98,934**	**585,249**	**4,456,96**
Cash & Cash Equivalents	**1,318,867**	**12,572**	**36,479**	**1,367,91**

6. ***Loans to Joint Venture Companies:***

	December 31, 2020	December 31, 2019
India LNG Transport Company No. 3 Limited	**61,109**	54,290
Teekay Nakilat Corporation	**-**	12,017
Global Shipping Company Limited	**1,209,462**	162,928
Total	**1,270,571**	229,235

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, 2020** is **1.92%** (2019: 5.07%).

7. *Equity Investments:*

	December 31, 2020	December 31, 2019
Equity investments -at FVOCI	**113,037**	144,462
Changes in fair value	**7,349**	(31,425)
Balance at December 31	**120,386**	113,037

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

8. *Trade and Other Receivables:*

	December 31, 2020	December 31, 2019
Trade receivables	**84,132**	79,967
Less: Provision for doubtful receivables	**(2,050)**	(1,484)
	82,082	78,483
Less: Expected credit loss	**(4,239)**	(2,092)
Accrued income	**4,121**	12,988
Other receivables*	**706,988**	916,937
Total	**788,952**	1,006,316

* Other receivables and related advances from the customers (note 15) mainly pertain to unbilled invoices, upon receipt of which, these balances will be offset against each other.

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, 2020** the ageing of trade receivables and movement in the provision for doubtful receivables are as follows:

	December 31, 2020	December 31, 2019
(i) ***Ageing of neither past due nor impaired***		
Less than 60 days	**22,776**	55,259
(ii) ***Ageing of past due but not impaired***		
61-90 days	**1,842**	5,874
91-120 days	**32,644**	1,723
Over 120 days	**24,820**	15,627
Total	**59,306**	23,224
(iii) ***Ageing of impaired trade receivables***		
Over 120 days	**2,050**	1,484
(iv) ***Movement in the provision for doubtful receivables:***		
Balance at the beginning of the year	**1,484**	1,484
Additions during the year	**782**	-
Written off during the year	**(216)**	-
Balance at end of the year	**2,050**	1,484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amount Expressed in Thousands of Qatari Riyals)

9. *Cash and Bank Balances:*

	December 31, 2020	December 31, 2019
Cash on hand	**501**	325
Cash at bank-Call and current accounts	**929,068**	859,585
Cash at bank-Time deposits*	**1,910,083**	1,398,009
Other bank balances **(a)**	**20,323**	20,352
Other bank balances **(b)**	**135,488**	118,765
Total	**2,995,463**	2,397,036

* The effective interest and profit rates on the time deposits varies between **0.26%** to **2.53%** (2019: 2.4% to 3.25%).

9.1 *Cash and Cash Equivalents:*

	December 31, 2020	December 31, 2019
Cash and bank balances	**2,995,463**	2,397,036
Less:		
Other bank balances **(a)**	**(20,323)**	(20,352)
Other bank balances **(b)**	**(135,488)**	(118,765)
Time deposits maturing after 90 days	**(1,007,268)**	(981,884)
Restricted cash	**(231,709)**	(223,260)
	1,600,675	1,052,775

(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, 2020	December 31, 2019
	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	**5,538,780**	5,538,778

At **December 31, 2020**, a total of **2,968,140** issued shares are 50% paid (2019: 2,971,960 issued shares were 50% paid).

10.1 *Proposed Cash Dividend:*

The Board of Directors has proposed a cash dividend of **QR 609 million** for the current year (2019: QR 554 million) which is subject to the approval of shareholders in the Annual General Meeting. The cash dividend for 2019 was approved by the shareholders at the Annual General Meeting held on March 10, 2020.

(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, 2020**	December 31, 2019
Loan - **note (a)**	**1,752,486**	1,820,765
Senior bank facilities - **note (b)**	**10,955,700**	11,407,953
Subordinated bank facilities - **note (c)**	**1,250,877**	1,302,458
Senior bonds – Series "A" - **note (d)**	**3,095,299**	3,095,299
Subordinated bonds Series "A" - **note (e)**	**786,898**	825,222
KEXIM Facility - **note (f)**	**-**	158,327
KSURE Covered Facility - **note (g)**	**142,495**	356,237
Loan -**note (h)**	**910,383**	546,230
Borrowings acquired through business combination -**note (i)**	**1,664,127**	1,843,756
Loan -**note (j)**	**546,230**	-
Less: Issuance costs of bonds	**(18,214)**	(19,615)
Less: Costs incurred for financing under note (a)	**(4,588)**	(5,985)
Less: Transaction costs of refinancing	**(11,670)**	(14,003)
Less: Costs incurred for loan under note (h)	**(3,334)**	(2,702)
Less: Costs incurred for loan under note (i)	**(7,409)**	(11,158)
Less: Costs incurred for loan under note (j)	**(3,878)**	-
Less: Fair value gain under business combination	**(55,912)**	(60,637)
Total	**20,999,490**	21,242,147
Classified as:		
Payable within one year	**1,164,764**	1,162,135
Payable after one year	**19,834,726**	20,080,012

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

Note (b):
Represents USD 1,665.8 million against the senior bank facility Tranche I, USD 717.4 million against the senior bank facility Tranche II and USD 625.3 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.

13. *Borrowings (continued):*

Note (c):
Represents USD 130.8 million against the subordinated bank facility Tranche I, USD 96.1 million against the subordinated bank facility Tranche II and USD 116.6 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 KEXIM facility Tranche I which was fully repaid during the year.

Note (g):
Represents USD 39.1 million against the KSURE facility Tranche II. The repayment of Tranche II began from December 2010 and will end in December 2021. Tranche I facility was fully repaid during the year.

Note (h):
Represents USD 250 million drawdown against the financing facility. The balloon repayment will be due in May 2024.

Note (i):
The borrowing relates to a subsidiary which was acquired last 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):
Represents USD 150 million against new loan facility. The repayment will begin from December 2023 and will end in December 2027.

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

Particulars	*As at 01 January 2020*	*Cash flow changes*	*Non-cash changes - Transaction cost*	*As at 31 December 2020*
Borrowings	*21,242,147*	*(257,451)*	*14,794*	*20,999,490*

The weighted average interest rate on short / long term facilities (excluding hedge), loans and bonds as above at **December 31, 2020** is **2.81498%** (2019: 4.02128%).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amount Expressed in Thousands of Qatari Riyals)

14. *Fair Value of Interest Rate Swaps:*

The Group has entered into interest rate swap agreements with several financial institutions. As at **December 31, 2020** the outstanding notional amount of swap agreements is **QR 10,635 million** (2019: QR 11,534 million) and net fair value is negative **QR 2,763 million** (2019: negative QR 2,477 million).

15. *Accounts Payable and Accruals:*

	December 31, 2020	December 31, 2019
Accounts payable	**156,165**	206,600
Advances from customers **(Note 8)**	**604,030**	689,589
Payable to shareholders **(1)**	**20,323**	20,352
Other accruals	**208,079**	190,067
Other liabilities-current portion **(note 15.1)**	**38,955**	19,636
Social and sports fund contribution **(note 16)**	**29,005**	25,048
Dividend payable	**135,488**	118,765
Deferred liabilities **(2)**	**247,512**	241,358
Total	**1,439,557**	1,511,415

(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, Ballast water treatment 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 & Ballast water treatment will be amortized over the useful life of related assets. The balance of non-current portion is **QR 244,518** thousands (2019: QR 127,744 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 29,005** thousands representing 2.5% of the net consolidated profit of the Group for the year ended **December 31, 2020** (December 31, 2019: QR 25,048 thousand). This appropriation has been presented in the consolidated statement of changes in equity.

17. *Related Party Transactions:*

		For the year ended December 31, 2020	For the year ended December 31, 2019
(a)	Transactions with related parties during the year are as follows:		
	Additional loans to joint ventures-net	**(1,055,123)**	(154,200)
	Interest income on loans to joint ventures	**26,791**	16,247
(b)	Balances with related parties are as follows:		
	Due from joint venture companies	**85,885**	79,171
	Due to joint venture companies	**2,569**	8,500
(c)	Key management compensation:		
	Compensation of key management personnel	**9,993**	10,092
	Board of Directors' remuneration accrued	**5,900**	5,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amount Expressed in Thousands of Qatari Riyals)

18. *Subsidiaries:*

Details of the Company's subsidiaries at **December 31, 2020** 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020	For the year ended December 31, 2019
Profit for the year attributable to the owners of the Company	**1,160,213**	1,001,934
Weighted average number of shares outstanding during the year	**5,538,779,530**	5,538,777,620
Basic and diluted earnings per share (expressed in QR per share)	**0.21**	0.18

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 possible changes on the Group's floating interest rate of financial assets and liabilities held on **December 31, 2020**.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)
DOHA – QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020				December 31, 2019			
	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	**-**	**2,587,591**	**407,872**	**2,995,463**	-	1,944,244	452,792	2,397,036
Loans to joint ventures	**-**	**1,270,571**	**-**	**1,270,571**	-	229,235	-	229,235
	-	**3,858,162**	**407,872**	**4,266,034**	-	2,173,479	452,792	2,626,271
Financial liabilities								
Interest bearing loans and borrowings	**(3,863,983)**	**(6,500,217)**	**-**	**(10,364,200)**	(3,900,906)	(5,807,281)	-	(9,708,187)
Interest rate swap	**(10,635,290)**	**-**	**-**	**(10,635,290)**	(11,533,960)	-	-	(11,533,960)
	(14,499,273)	**(6,500,217)**	**-**	**(20,999,490)**	(15,434,866)	(5,807,281)	-	(21,242,147)
Net financial assets/ (liabilities)	**(14,499,273)**	**(2,642,055)**	**407,872**	**(16,733,456)**	(15,434,866)	(3,633,802)	452,792	(18,615,876)

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, 2020** would be an increase / decrease by **QR 13.2 million** (December 31, 2019: QR 18.2 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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

Outstanding receive floating Pay fixed contracts	*Average contracted fixed interest rate*		*Notional principal amount outstanding*		*Fair value*	
	2020	2019	**2020**	2019	**2020**	2019
	%	%	**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**	5.255	**10,635**	11,534	**(2,763)**	(2,477)

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 169 million** as of **December 31, 2020** (2019: negative fair value of QR 117 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 12.04 million** (2019: QR 11.3 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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 2020	**Carrying Amounts**	**Less than 1 year**	**1-5 years**	**Over 5 Years**
Borrowings	**20,999,490**	**1,164,764**	**16,722,385**	**3,112,341**
Accounts payable	**1,231,478**	**1,231,478**	**-**	**-**
	22,230,968	**2,396,242**	**16,722,385**	**3,112,341**

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

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.

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, 2020 and 2019 is the carrying amounts as illustrated below.

	Note	Carrying amount	
		December 31, 2020	December 31, 2019
Loans to joint venture companies	**6**	**1,270,571**	229,235
Equity investments	**7**	**120,386**	113,037
Due from joint venture companies	**17(b)**	**85,885**	79,171
Trade and other receivables	**8**	**788,952**	1,006,316
Bank balances	**9**	**2,994,962**	2,396,711
Total		**5,260,756**	3,824,470

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.

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 joint venture companies 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Equity investments	**120,386**	**-**	**-**	**120,386**
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	**-**	**2,762,905**	**-**	**2,762,905**
31 December 2019				
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

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, 2020**	December 31, 2019
Total debt (Borrowings)	**13**	**20,999,490**	21,242,147
Cash and cash equivalents	**9.1**	**(1,600,675)**	(1,052,775)
Net debt		**19,398,815**	20,189,372
Equity before hedging reserve and non-controlling interests		**10,028,595**	9,444,062
Add: Non-controlling interests		**6,889**	6,246
Adjusted Equity (i)		**10,035,484**	9,450,308
Net debt to adjusted equity ratio		**193%**	214%

(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, 2020** amounted to **QR 7.9 million** (2019: QR 7.6 million).

(iii) Letters of Credits and Guarantees including the share from joint ventures at **December 31, 2020** amounted to **QR 29.4 million (**2019: QR 49.8 million).

(iv) Capital commitments including the share from joint ventures at **December 31, 2020** amounted to **QR 517.9 million** which mainly relates to acquisition of LNG vessels (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.

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 2,763 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.

(v) COVID-19:

The ongoing outbreak of the coronavirus disease (COVID-19) was declared a pandemic by the World Health Organization in March 2020. The underlying demand for the Group's services has been largely unaffected. However, the ultimate disruption which may be caused by the outbreak is uncertain. The management of the Group continues to closely monitor the COVID-19 situation although at this point in time, the management is not aware of any factors that are expected to change the impact of the pandemic on the Group's operations in the foreseeable future.

(Amount Expressed in Thousands of Qatari Riyals)

24. ***Operating Lease Revenue:***

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

	December 31, 2020	December 31, 2019
Not later than 1 year	**3,512,533**	3,510,402
Later than 1 year but not later than 5 years	**14,059,756**	14,012,835
Later than 5 years	**29,553,384**	32,957,053
Total	**47,125,673**	50,480,290

25. ***Operating Costs:***

Operating cost mainly includes running and maintenance costs for vessels.

26. ***General and administrative expenses:***

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Employees Costs	**63,170**	77,733
Rent, utilities & others	**2,774**	15,646
Depreciation	**14,431**	22,006
Professional fee-audit, legal & others	**6,330**	7,641
Directors' fee / AGM expenses	**6,743**	6,761
Total	**93,448**	129,787

27. ***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.

28. ***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 prior year due to full acquisition of Nakilat Maritime (OSG Nakilat) in the prior year as disclosed in note 5.