

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REVIEW REPORT**

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019**

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

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

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Qatar Gas Transport Company Limited (Nakilat) (Q.P.S.C.) (the 'Company') and its subsidiaries (together the 'Group') as at June 30, 2019 and the related interim condensed consolidated statement of income, comprehensive income, changes in equity and cash flows for the six month period ended June 30, 2019 and notes to the interim condensed consolidated financial statements. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of review**

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




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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at and for the six months period ended June 30, 2019 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

July 10, 2019  
Doha  
State of Qatar

  
Gopal Balasubramaniam  
Qatar Auditors' Registry No. 251  
KPMG  
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QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.P.S.C.)  
DOHA – QATAR  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2019  
(Amounts expressed in thousands of Qatari Riyals)

	Note	June 30, 2019 (Reviewed)	December 31, 2018 (Audited)
<b>ASSETS</b>			
<b>Non-Current Assets:</b>			
Property and equipment	3	21,736,748	21,840,006
Investment in joint venture companies	4	4,721,891	4,613,158
Loans to joint venture companies		82,524	105,242
Equity investments		127,672	144,462
<b>Total Non-Current Assets</b>		<b>26,668,835</b>	<b>26,702,868</b>
<b>Current Assets:</b>			
Inventories		24,791	24,374
Trade and other receivables	14	1,018,433	278,301
Due from joint venture companies		60,465	95,532
Cash and bank balances	5	2,149,328	2,463,028
<b>Total Current Assets</b>		<b>3,253,017</b>	<b>2,861,235</b>
<b>Total Assets</b>		<b>29,921,852</b>	<b>29,564,103</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity:</b>			
Share capital	6	5,538,717	5,538,717
Legal reserve	7	861,196	861,196
Fair value reserve		16,259	33,049
Proposed cash dividend		-	554,026
Retained earnings		2,509,216	2,033,638
<b>Equity before hedging reserve and non-controlling interests</b>		<b>8,925,388</b>	<b>9,020,626</b>
<b>Hedging reserve</b>	8	<b>(2,617,457)</b>	<b>(2,087,704)</b>
<b>Equity after hedging reserve and before non-controlling interests</b>		<b>6,307,931</b>	<b>6,932,922</b>
<b>Non-controlling interests</b>		<b>5,684</b>	<b>5,205</b>
<b>Non-Current Liabilities:</b>			
Borrowings	9	18,448,788	18,866,902
Fair value of interest rate swaps	10	2,058,360	1,642,951
Lease liability		134,097	-
Provision for employees' end of service benefits		28,745	27,514
Other liabilities		82,402	88,269
<b>Total Non-Current Liabilities</b>		<b>20,752,392</b>	<b>20,625,636</b>
<b>Current Liabilities:</b>			
Borrowings		920,213	927,575
Fair value of interest rate swaps		357,432	300,219
Accounts payable and accruals		1,554,930	763,503
Due to joint venture companies		23,270	9,043
<b>Total Current Liabilities</b>		<b>2,855,845</b>	<b>2,000,340</b>
<b>Total Equity and Liabilities</b>		<b>29,921,852</b>	<b>29,564,103</b>



These interim condensed consolidated financial statements were approved on July 10, 2019 by:

  
Dr. Mohammed Bin Saleh Al Sada  
Chairman

  
Ahmad Saif Al-Sulaiti  
Vice Chairman

  
Abdullah Fadhalah Al-Sulaiti  
Chief Executive Officer

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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019  
(Amounts expressed in thousands of Qatari Riyals)**

	Note	Six Month Period Ended June 30, 2019 (Reviewed)	Six Month Period Ended June 30, 2018 (Reviewed)
<b><u>Income:</u></b>			
Revenue from wholly owned vessels		1,512,547	1,526,459
Share of results from joint ventures	4	218,982	191,674
Income from marine and agency services		25,859	27,628
Interest income on loans to joint venture companies		6,154	5,268
Interest, dividend and profit from Islamic banks		40,240	37,825
Other income		12,218	18,185
<b>Total Income</b>		<b>1,816,000</b>	<b>1,807,039</b>
<b><u>Expenses:</u></b>			
Operating costs		(327,190)	(339,560)
General and administrative expenses		(62,083)	(65,683)
Depreciation of property and equipment	3	(374,277)	(376,727)
Finance charges		(576,393)	(580,405)
<b>Total Expenses</b>		<b>(1,339,943)</b>	<b>(1,362,375)</b>
<b>Profit for the period</b>		<b>476,057</b>	<b>444,664</b>
<b>Profit for the period attributable to:</b>			
Owners of the Company		475,578	444,098
Non-controlling interests		479	566
<b>Total</b>		<b>476,057</b>	<b>444,664</b>
Basic and diluted earnings per share (expressed in QR per share)	12	<b>0.09</b>	0.08

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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019  
(Amounts expressed in thousands of Qatari Riyals)**

	<b>Six Month Period Ended June 30, 2019 (Reviewed)</b>	<b>Six Month Period Ended June 30, 2018 (Reviewed)</b>
<b>Profit for the period</b>	<b>476,057</b>	444,664
<b><u>Other comprehensive income / (loss)</u></b>		
<i>Items that will not be reclassified to statement of income:</i>		
Changes in fair value of equity investments	<b>(16,790)</b>	9,754
<i>Items that may be reclassified subsequently to statement of income:</i>		
Changes in fair value of cash flow hedges	<b>(472,623)</b>	371,601
Group's share of joint ventures' changes in fair value of cash flow hedges	<b>(57,130)</b>	98,896
<b>Total comprehensive income /(loss) for the period</b>	<b><u>(70,486)</u></b>	<b><u>924,915</u></b>
<b>Total comprehensive income /(loss) for the period attributable to:</b>		
Owners of the Company	<b>(70,965)</b>	924,349
Non-controlling interests	<b>479</b>	566
<b>Total</b>	<b><u>(70,486)</u></b>	<b><u>924,915</u></b>

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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019  
(Amounts expressed in thousands of Qatari Riyals)**

	Share Capital	Legal Reserve	Fair Value Reserve	Proposed Cash Dividend	Retained Earnings	Equity Before Hedging Reserve and Non-Controlling Interest	Hedging Reserve	Non- Controlling Interest
<b>Balance as of January 01, 2018 (Audited)</b>	5,538,717	772,082	(2,183)	554,026	1,823,992	8,686,634	(2,765,048)	4,216
Adjustment on initial application of new IFRS	-	-	-	-	(6,123)	(6,123)	-	-
<b>Adjusted Balance as of January 01, 2018</b>	<u>5,538,717</u>	<u>772,082</u>	<u>(2,183)</u>	<u>554,026</u>	<u>1,817,869</u>	<u>8,680,511</u>	<u>(2,765,048)</u>	<u>4,216</u>
Profit for the period	-	-	-	-	444,098	444,098	-	566
<u>Other comprehensive income /(loss) for the period</u>								
-Changes in fair value of equity investments	-	-	9,754	-	-	9,754	-	-
-Changes in fair value of cash flow hedges	-	-	-	-	-	-	371,601	-
-Group's share of joint ventures' changes in fair value of cash flow hedges	-	-	-	-	-	-	98,896	-
Total comprehensive income /(loss) for the period	-	-	9,754	-	444,098	453,852	470,497	566
Dividend declared for 2017	-	-	-	(554,026)	-	(554,026)	-	-
<b>Balance as of June 30, 2018– (Reviewed)</b>	<u>5,538,717</u>	<u>772,082</u>	<u>7,571</u>	<u>-</u>	<u>2,261,967</u>	<u>8,580,337</u>	<u>(2,294,551)</u>	<u>4,782</u>
<b>Balance as of January 01, 2019 (Audited)</b>	<u>5,538,717</u>	<u>861,196</u>	<u>33,049</u>	<u>554,026</u>	<u>2,033,638</u>	<u>9,020,626</u>	<u>(2,087,704)</u>	<u>5,205</u>
Profit for the period	-	-	-	-	475,578	475,578	-	479
<u>Other comprehensive income /(loss) for the period</u>								
-Changes in fair value of equity investments	-	-	(16,790)	-	-	(16,790)	-	-
-Changes in fair value of cash flow hedges	-	-	-	-	-	-	(472,623)	-
-Group's share of joint ventures' changes in fair value of cash flow hedges	-	-	-	-	-	-	(57,130)	-
Total comprehensive income /(loss) for the period	-	-	(16,790)	-	475,578	458,788	(529,753)	479
Dividend declared for 2018	-	-	-	(554,026)	-	(554,026)	-	-
<b>Balance as of June 30, 2019– (Reviewed)</b>	<u>5,538,717</u>	<u>861,196</u>	<u>16,259</u>	<u>-</u>	<u>2,509,216</u>	<u>8,925,388</u>	<u>(2,617,457)</u>	<u>5,684</u>

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



**QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.P.S.C.)**  
**DOHA – QATAR**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019**  
**(Amounts expressed in thousands of Qatari Riyals)**

	<b>Note</b>	<b>Six Month Period Ended June 30, 2019 (Reviewed)</b>	<b>Six Month Period Ended June 30, 2018 (Reviewed)</b>
<b>Cash Flows from Operating Activities:</b>			
Profit for the period		476,057	444,664
Adjustments for:			
Depreciation of property and equipment	3	374,277	376,727
Finance charges		576,393	580,405
IFRS 16 lease classification		13,326	-
Share of results from joint ventures	4	(218,982)	(191,674)
Interest income on loans to joint venture companies		(6,154)	(5,268)
Interest, dividend and profit from Islamic banks		(40,240)	(37,825)
Other income		(12,218)	(18,185)
Provision for employees' end of service benefits		3,404	3,794
		<u>1,165,863</u>	<u>1,152,638</u>
<b>Working Capital Changes:</b>			
Inventories		(417)	(326)
Trade and other receivables		(734,707)	(155,968)
Accounts payable and accruals		763,400	62,115
Other liabilities		(5,867)	(18,947)
Due from joint venture companies		37,391	12,919
Due to joint venture companies		14,227	(16,363)
Cash generated from operations		<u>1,239,890</u>	<u>1,036,068</u>
Finance charges paid		(551,094)	(578,823)
Employees' end of service benefits paid		(2,173)	(4,165)
<b>Net Cash from Operating Activities</b>		<u>686,623</u>	<u>453,080</u>
<b>Cash Flows from Investing Activities:</b>			
Loans to joint venture companies-net		11,720	5,618
Dividend income received from joint ventures	4	57,365	58,508
Acquisition of property and equipment	3	(138,983)	(28,016)
Restricted cash towards an investment	5.1	-	(67,395)
Time deposits maturing after ninety days		779,873	(470,676)
Investment income received		50,863	56,995
<b>Net Cash from /(used in) Investing Activities</b>		<u>760,838</u>	<u>(444,966)</u>
<b>Cash Flows from Financing Activities:</b>			
Dividend paid to shareholders		(534,104)	(531,960)
Unpaid dividend transferred to separate bank account		(27,779)	(28,596)
Payment of lease liability		(11,265)	-
Repayment of borrowings		(428,043)	(412,084)
<b>Net Cash used in Financing Activities</b>		<u>(1,001,191)</u>	<u>(972,640)</u>
<b>Net Increase /(Decrease) in Cash and Cash Equivalents</b>		<u>446,270</u>	<u>(964,526)</u>
<b>Cash and Cash Equivalents at Beginning of the Period</b>		<u>1,051,213</u>	<u>1,542,211</u>
<b>Cash and Cash Equivalents at End of the Period</b>	5.1	<u>1,497,483</u>	<u>577,685</u>

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

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019  
(Amounts expressed in thousands of Qatari Riyals)**

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**1. Reporting Entity:**

Qatar Gas Transport Company Limited (Nakilat) (Q.P.S.C.) ('QGTC' or 'the Company') is a Public Shareholding Company, incorporated in the State of Qatar on June 9, 2004, under Commercial Registration Number 28566 issued by the Ministry of Economy and Commerce. The shares of the Company started trading in the Qatar Exchange on April 7, 2005.

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

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

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

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

**2.1 Basis of preparation:**

The accompanying interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard IAS 34 – "Interim Financial Reporting" under the historical cost convention except for certain financial instruments which have been stated at fair value. They do not include all of the information required for full annual financial statements, therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2018. In addition, results for the six month period ended June 30, 2019 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2019.

**2.2 Risk management, judgements and estimates:**

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2018.

The financial risk management objectives and policies of the Group are consistent with those disclosed in the Group's annual consolidated financial statements as at and for the year ended 31 December 2018.

**2.3 Significant accounting policies:**

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements, as at and for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019**

**(Amounts expressed in thousands of Qatari Riyals)**

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

**2.3 Significant accounting policies (continued):**

**Changes in accounting policies**

**A. Definition of a lease**

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in sub topic E below.

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

**B. As a lessee**

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on statement of financial position.

The Group decided to apply recognition exemptions to short-term leases. For leases of other assets, which were classified as operating under IAS 17, the Group recognised right-of-use assets and lease liabilities. Leases classified as operating leases under IAS 17 at transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases. The Group used few expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

**C. As a lessor**

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

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019**

**(Amounts expressed in thousands of Qatari Riyals)**

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

**2.3 Significant accounting policies (continued):**

**D. Impacts on financial statements**

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019.

Assets:	
Right of use assets	143,039
Liabilities:	
Lease liabilities	143,039
Total impact on equity	-

**E. Impacts on Company's accounting policy**

**Policy applicable from 1 January 2019**

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

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

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019  
(Amounts expressed in thousands of Qatari Riyals)**

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

**2.3 Significant accounting policies (continued):**

***E. Impacts on Company's accounting policy (continued)***

**Policy applicable before 1 January 2019**

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

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

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

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

***The Group as lessor***

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

***The Group as lessee***

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

**Standards, amendments and interpretations issued but not yet effective:**

Certain new, revised standards and interpretations that have been issued are not yet effective for the six month period ended 30 June 2019 and have not been early adopted in preparing these interim condensed consolidated financial statements.

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

**DOHA – QATAR**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019**

(Amounts expressed in thousands of Qatari Riyals)

<b>3. <u>Property and Equipment:</u></b>	<u>Vessels</u>	<u>Equipment</u>	<u>Furniture and Fixtures</u>	<u>Right of use Assets</u>	<u>Others</u>	<u>Total</u>
<b>Cost:</b>						
At January 01, 2018 (Audited)	27,521,980	13,302	40,930	-	375,411	27,951,623
Additions during the year	104,671	40	-	-	100,611	205,322
Transfer from capital work in progress	83,435	2,092	333	-	(85,860)	-
Disposals / adjustments during the year	<u>(95,699)</u>	<u>(1,106)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,805)</u>
At December 31, 2018 (Audited)	27,614,387	14,328	41,263	-	390,162	28,060,140
Additions during the period	<b>46,521</b>	-	-	-	<b>92,462</b>	<b>138,983</b>
Additions due to IFRS 16	-	-	-	<b>143,039</b>	-	<b>143,039</b>
Transfer from capital work in progress	<b>72,668</b>	-	-	-	<b>(72,668)</b>	-
Disposals / adjustment during the period	<u>(217,170)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(217,170)</u>
<b>At June 30, 2019 (Reviewed)</b>	<b><u>27,516,406</u></b>	<b><u>14,328</u></b>	<b><u>41,263</u></b>	<b><u>143,039</u></b>	<b><u>409,956</u></b>	<b><u>28,124,992</u></b>
<b>Accumulated Depreciation:</b>						
At January 01, 2018 (Audited)	5,413,243	10,640	11,619	-	123,784	5,559,286
Charge for the year	739,066	2,087	6,150	-	10,350	757,653
Disposals / adjustments during the year	<u>(95,699)</u>	<u>(1,106)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,805)</u>
At December 31, 2018 (Audited)	6,056,610	11,621	17,769	-	134,134	6,220,134
Charge for the period	<b>365,161</b>	<b>733</b>	<b>3,070</b>	<b>11,003</b>	<b>5,313</b>	<b>385,280*</b>
Disposals / adjustment during the period	<u>(217,170)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(217,170)</u>
<b>At June 30, 2019 (Reviewed)</b>	<b><u>6,204,601</u></b>	<b><u>12,354</u></b>	<b><u>20,839</u></b>	<b><u>11,003</u></b>	<b><u>139,447</u></b>	<b><u>6,388,244</u></b>
<b>Net Carrying Amount:</b>						
<b>At June 30, 2019 (Reviewed)</b>	<b><u>21,311,805</u></b>	<b><u>1,974</u></b>	<b><u>20,424</u></b>	<b><u>132,036</u></b>	<b><u>270,509</u></b>	<b><u>21,736,748</u></b>
At December 31, 2018 (Audited)	<u>21,557,777</u>	<u>2,707</u>	<u>23,494</u>	<u>-</u>	<u>256,028</u>	<u>21,840,006</u>

\* Depreciation amounting to QR 11 million is allocated to general and administrative expenses.

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

	<b>QR '000'</b>
Balance – January 01, 2018 (Audited)	4,143,938
Investment in a joint venture	67,397
Share of results for the year	396,442
Gain adjusted against loan to joint ventures	(1,125)
Adjustment against additional liability for losses from a joint venture	(21,435)
Share of hedging reserve for the year*	137,871
Dividend received during the year	(109,930)
Balance – December 31, 2018 (Audited)	4,613,158
Share of results for the six month period ended June 30, 2019	<b>218,982</b>
Loss adjusted against loan to joint ventures	<b>12,660</b>
Adjustment against additional liability for losses from a joint venture	<b>(6,752)</b>
Share of hedging reserve for the six month period ended June 30, 2019*	<b>(58,792)</b>
Dividend received during the six month period ended June 30, 2019	<b>(57,365)</b>
<b>Balance – June 30, 2019 (Reviewed)</b>	<b><u>4,721,891</u></b>

\* This excludes the share of gain on the hedging reserve from joint ventures amounting to a total of **QR 1.6 million** (2018: QR 4.4 million gain) adjusted against the loan to the respective joint venture.

**5. Cash and Bank Balances:**

	<b>June 30, 2019 (Reviewed)</b>	December 31, 2018 (Audited)
Cash on hand	325	321
Cash at bank –Call and current accounts	1,497,158	327,479
Cash at bank-Time deposits *	501,679	2,004,965
Other bank balances (a)	20,422	20,441
Other bank balances (b)	129,744	109,822
<b>Total</b>	<b><u>2,149,328</u></b>	<b><u>2,463,028</u></b>

\* The effective interest and profit rates on the time deposits varies between **2.7% to 3.85%** (2018: 2.6% to 3.9%).

**5.1 Cash and Cash Equivalents:**

	<b>Six Month Period Ended June 30, 2019 (Reviewed)</b>	Six Month Period Ended June 30, 2018 (Reviewed)
Cash and bank balances	2,149,328	2,370,968
Less:		
-Other bank balances (a)	(20,422)	(20,477)
-Other bank balances (b)	(129,744)	(119,334)
-Restricted cash towards an investment (c)	-	(67,395)
-Time deposits maturing after ninety days	(501,679)	(1,586,077)
	<b><u>1,497,483</u></b>	<b><u>577,685</u></b>

- (a) Cash payable to shareholders for unclaimed proceeds of their shares auctioned related to the second IPO call.
- (b) Cash payable to shareholders for unclaimed dividend.
- (c) In prior year restricted bank balance had been allocated towards an investment in a newly set up joint venture.

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**6. Share Capital:**

	<b>June 30, 2019 (Reviewed)</b>	<b>December 31, 2018 (Audited)</b>
	<b>Number of Shares</b>	<b>Number of Shares</b>
Authorized, Issued & subscribed share capital (note 6.1)	<b><u>5,540,263,600</u></b>	<b><u>5,540,263,600</u></b>
	<b><u>Amount</u></b>	<b><u>Amount</u></b>
<b>Issued, subscribed and paid up share capital with a par value of QR 1 each.</b>	<b><u>5,538,717</u></b>	<b><u>5,538,717</u></b>

- 6.1** As per the instructions from the Qatar Financial Markets Authority, the Company's Extraordinary General Assembly on 19 March 2019 approved a 10 for 1 share split i.e. 10 new shares with a par value of QAR 1 each were exchanged for 1 old share with a par value of QAR 10 each. This has led to an increase in the number of authorized shares from 554,026,360 to 5,540,263,600 and issued, subscribed and paid up shares from 553,871,748 to 5,538,717,480. The listing of the new shares on Qatar Exchange was effective from July 04, 2019. Consequently, weighted average number of shares outstanding has been retrospectively adjusted.

**7. Legal Reserve:**

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

**8. Hedging Reserve:**

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

The negative hedging reserve represents an accounting entry from the revaluation to fair value the interest rate swaps. The hedging reserve is expected to decrease over time as loans are repaid and the notional amount of the swaps decreases. The reserve on designated hedges is not expected to impact either consolidated statement of income or retained earnings. The negative hedge reserve arises on interest rate swaps that relate to variable interest bearing loans taken to build vessels. The Group also enters into long-term time charter agreements to lock-in the future cash inflows from vessels. This strategy is expected to result in a more stable stream of cash flows in the future and minimize uncertainties associated with shipping spot rate movements or interest rate movements.



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**9. Borrowings:**

These consist of the following:

	<b>June 30, 2019 (Reviewed)</b>	December 31, 2018 (Audited)
Loan	<b>1,820,765</b>	1,820,765
Senior bank facilities	<b>11,623,963</b>	11,826,065
Subordinated bank facilities	<b>1,327,024</b>	1,349,188
Senior bonds – Series “A”	<b>3,095,299</b>	3,095,299
Subordinated bonds – Series “A”	<b>843,520</b>	861,262
KEXIM Facility	<b>237,491</b>	316,655
KSURE Covered Facility	<b>463,109</b>	569,979
Less: Issuance cost of bonds	<b>(20,316)</b>	(21,016)
Less: Costs incurred for financing	<b>(6,684)</b>	(7,383)
Less: Transaction costs of refinancing	<b>(15,170)</b>	(16,337)
<b>Total</b>	<b>19,369,001</b>	19,794,477
<b>Classified as:</b>		
Payable within one year	<b>920,213</b>	927,575
Payable after one year	<b>18,448,788</b>	18,866,902

The weighted average interest rate on short / long term facilities (excluding hedge), loans and bonds as above at **June 30, 2019** is **4.34568%** (December 31, 2018: 3.78179%).

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

The Group has entered into interest rate swap agreements with several financial institutions which are designated as cash flow hedges. As at **June 30, 2019** the outstanding notional amount of swap agreements is **QR 10,114 million** (2018: QR 10,460 million) and net fair value is negative **QR 2,416 million** (2018: QR 1,943 million).

**11. Related Party Transactions:**

	<b>Six Month Period Ended June 30, 2019 (Reviewed)</b>	Six Month Period Ended June 30, 2018 (Reviewed)
Loans to joint ventures (net)	<b>11,720</b>	5,618
Interest income on loans to joint venture companies	<b>6,154</b>	5,268
Compensation of key management personnel	<b>4,532</b>	7,226
Board of Directors’ remuneration accrued	<b>2,950</b>	2,950

**12. Earnings Per Share:**

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

	<b>Six Month Period Ended June 30, 2019 (Reviewed)</b>	Six Month Period Ended June 30, 2018 (Reviewed)
Profit for the period attributable to the owners of the Company	<b>475,578</b>	444,098
Weighted average number of shares outstanding during the period (refer to note 6.1)	<b>5,538,717,480</b>	5,538,717,480
<b>Basic and diluted earnings per share (expressed in QR per share)</b>	<b>0.09</b>	0.08

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**12. Earnings Per Share (continued):**

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

**13. Fair Values:**

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at June 30, 2019:

	<u>Carrying amount</u>	<u>Fair value</u>
<b>Financial assets:</b>		
Loans to joint ventures	82,524	82,524
Equity investments	127,672	127,672
<b>Total non-current</b>	<b>210,196</b>	<b>210,196</b>
Trade and other receivables	1,018,433	1,018,433
Due from joint venture companies	60,465	60,465
Cash and bank balances	2,149,328	2,149,328
<b>Total current</b>	<b>3,228,226</b>	<b>3,228,226</b>
<b>Total financial assets</b>	<b>3,438,422</b>	<b>3,438,422</b>
<b>Financial liabilities:</b>		
Interest bearing loans and borrowings	19,369,001	19,369,001
Fair value of interest rate swaps	2,415,792	2,415,792
<b>Total non-current</b>	<b>21,784,793</b>	<b>21,784,793</b>
Accounts payable	1,322,004	1,322,004
Due to joint venture companies	23,270	23,270
<b>Total current</b>	<b>1,345,274</b>	<b>1,345,274</b>
<b>Total financial liabilities</b>	<b>23,130,067</b>	<b>23,130,067</b>

**Fair Value of Financial Instruments**

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

***Fair Value Hierarchy***

As at June 30, the Group held the following financial instruments measured at fair value.

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
<b>June 30, 2019:</b>				
<b>Financial assets measured at fair value:</b>				
Equity investments	<u>127,672</u>	-	-	<u>127,672</u>
<b>Financial liabilities measured at fair value:</b>				
Interest rate swaps used for hedging	-	<u>2,415,792</u>	-	<u>2,415,792</u>
<b>December 31, 2018:</b>				
<b>Financial assets measured at fair value:</b>				
Equity investments	<u>144,462</u>	-	-	<u>144,462</u>
<b>Financial liabilities measured at fair value:</b>				
Interest rate swaps used for hedging	-	<u>1,943,170</u>	-	<u>1,943,170</u>

**14. Trade and other receivables:**

This includes advances of QR 480.2 million (December 31, 2018: QR 46.3 million) which pertain to unbilled invoices which has corresponding advances from customers (classified as trade and other payables) which will be offset against each other upon billing of the invoices.

The significant increase, in the current period, is due to a new contract secured by the Group with a sub agent to provide port agency services on its behalf for Group's customer on back to back basis.

**15. Commitments and Contingencies:**

**(A) *Swap Commitments:***

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

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

**(i) *Cross Guarantees***

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

**(ii) Bank Guarantees at June 30, 2019** amounted to **QR 7.6 million** (2018: QR 3.9 million).

**(iii) Letters of Credits and Guarantees including the share from joint ventures at June 30, 2019** amounted to **QR 101.9 million** (2018: QR 108.7 million).

**(iv) Capital commitments including the share from joint ventures at June 30, 2019** amounted to **QR 21.6 million** (2018: QR 9.2 million).

**(v) Contingent claims including the share from joint ventures at June 30, 2019** amounted to **QR Nil** (2018: QR 2.4 million).

**(C) *Time Charter:***

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