Annual Report 2019

NAVIGATING FORWARD

NAKILAT ناقلات

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

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"NAKILAT" (QPSC)

Capital of the Company
The issued and paid up 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 554,026,360 (five hundred and fifty four million, twenty six thousand, three hundred and sixty) shares.

Nominal Value of the Stock
QR 10 (Ten 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
The Emir of the State of Qatar

His Highness
SHEIKH HAMAD BIN KHALIFA AL-THANI
The Father Emir of the State of Qatar

NAVIGATING FORWARD

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

Contents

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

BOARD OF DIRECTORS REPORT

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

On behalf of Nakilat's Board of Directors, I am honoured to introduce Nakilat's Annual Report for 2019. This past year unfolded many noteworthy accomplishments; hence the Board would like to begin by commending Nakilat for its persistence in pushing the boundaries towards the achievement of its vision. The company has come a long way in its brief 15-year operating history to become a formidable global shipping and maritime company. Bolstered by more favorable market conditions and implementation of business diversification and resource optimization strategies, we have stayed true to our mission to create value for our shareholders while elevating the business to new heights.

Since 2017, Nakilat has been operating under a 'new normal', having to navigate the challenges of the ongoing geopolitical situation as well as the dynamics of the global maritime industry. We continued to deliver clean energy to worldwide destinations without any interruptions, upholding our commitment to operational excellence and customer satisfaction. The company followed through its expansion plans with four newbuild LNG carriers added to its fleet, in preparation for additional capacity to meet the growing international demand for clean energy. Additionally, Nakilat acquired the full ownership of four Q-Flex LNG carriers as part of our fleet consolidation, further demonstrating our flexibility to capitalize on profitable investment opportunities.

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, securing steady and healthy cash flow for the company. Through our in-house ship management, Nakilat operates and manages 18 vessels comprising of 14 LNG and 4 LPG carriers.

Aligned with Qatar's ambition to enhance the resilience of the energy sector's supply chain and our own business diversification strategy, Nakilat entered into a joint-venture agreement with renowned international service provider McDermott, to establish Qatar Fabrication Company (QFAB). Offering a comprehensive suite of offshore and onshore fabrication services, QFAB aims to support the increasing demand for the construction of offshore and onshore structures in Qatar, and by extension, the country's efforts at localization.

The establishment of this new joint-venture will further complement Nakilat's existing range of maritime services being offered, reinforcing our position as a global leader and provider of choice for energy transportation and maritime services.

Nakilat's integrated shipping and maritime operations include ship repair, ship building, 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:

- The Erhama Bin Jaber Al Jalahma Shipyard surpassed its 1,000th project milestone since establishment in 2010
- N-KOM commemorated its 200th LNG carrier repair and delivered the largest topside fabricated in Qatar for Qatar petroleum's Bul Hanine project
- NSW has undertaken 13,550 tug jobs in 2019, a 1.5% increase from 2018
- NAC commenced its global hub agency service and attended to a total of 4,600 vessel calls locally and internationally in 2019

During the year, Nakilat intensified its efforts in maintaining the highest standards of corporate governance, occupational health and safety regulations, risk management and business continuity preparedness to safeguard investor's confidence in the company. We also continued the momentum to strengthen our corporate safety and wellness culture, while streamlining processes and operations towards achieving cost efficiency, inspiring sustainability development among the community, and improving our approach in environmental stewardship. The success of our efforts has seen to the company earning multiple recognitions and accolades across our borders, bearing testament to the high standards the company abides by towards its operations, its people and the environment it operates in.

The Board of Directors commends Nakilat for demonstrating robust financial performance and sustained operational excellence in 2019. With significant accomplishments achieved this past year, I am pleased to announce that we have achieved a net profit of QR 1,003 million for the year 2019, a 12.4% increase as compared to QR 892 million in 2018. As such, Nakilat's Board of Directors is pleased to recommend the General Assembly to distribute cash dividends equivalent to '0.10 Qatari Riyal' per share for the year 2019

BOARD OF DIRECTORS

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 co-operation 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.

Increase 12.4%
1,003
QAR million
Net Profit for 2019

New Local Joint Venture
Qatar Fabrication Company

QFAB
Qatar Fabrication Company W.L.L
الشركة القطرية لتصنيع الهياكل ذ.م.م

877 tonnes
Delivery of Bul Hanine project for Qatar Petroleum
Topside constructed with pride in Qatar

5,000 tonnes
Fabrication of NFB Additional Living Quarters Expansion for Qatargas
Made with pride in Qatar

Mr. Ahmad Saif Al-Sulaiti

HE Mr. Ali Ahmed Al-Kuwari

HE Eng. Essa Hilal Al-Kuwari

Mr. Abdulrahman Essa Al-Mannai

Mr. Hamad Mubarak Al-Muhannadi

Mr. Faisal Al Hamadi

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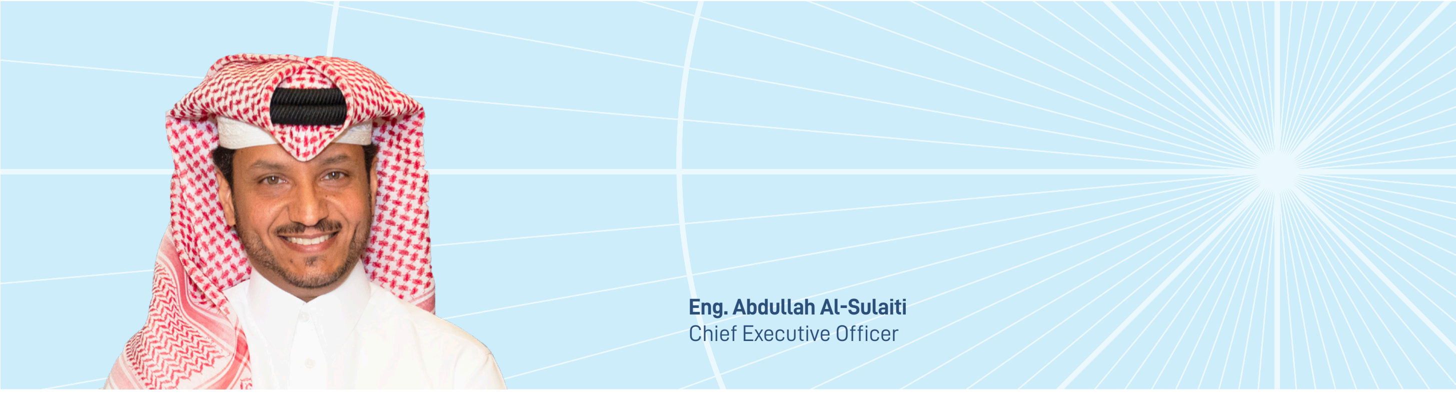
CEO MESSAGE



Eng. Abdullah Al-Sulaiti
Chief Executive Officer

2019 was yet another year characterized by outstanding achievements for Nakilat, as the company continued its impressive momentum of growth and expansion across all fronts. Nakilat emerged stronger, pursuing operational excellence, diversifying portfolios, solidifying internal capabilities, strengthening international presence and aggressively implementing strategic long-term growth strategies. The company remained undeterred by challenges as it strived towards its vision to be a global leader and provider of choice for energy transportation and maritime services.

The result of our concerted efforts is clearly tangible from our excellent financial performance in 2019, with a net profit of QR 1,003 million achieved, a 12.4 % increase against the previous year at QR 892 million.

In alignment with our growth strategy, Nakilat expanded its international presence with a larger fleet and is preparing to take on greater ship management responsibilities in the coming period, as we steadily consolidate into a fully-fledged shipping and maritime company. The agreement signed with Maran Ventures for four newbuild LNG carriers will not only enhance the capacity of our fleet but will strengthen our vessel management and marketing capabilities for the world's largest LNG fleet. Furthermore, the full ownership acquisition of four Q-Flex LNG carriers that we currently manage will provide greater operational flexibility and optimization of resources, leading to the realization of cost savings with minimal risks and ultimately, provide greater value to our customers.

Staying true to our mission, Nakilat is always on the lookout for potential business partnerships and collaborations that would strengthen our portfolio and generate positive return for our shareholders. We entered into a strategic partnership as part of the Energy sector's "Tawteen" initiative, with McDermott to form a new joint venture, Qatar Fabrication Company (QFAB). This new venture will not only increase productivity levels at our world-class Erhama Bin Jaber Al Jalahma Shipyard, but also develop local construction capabilities to support the increasing demand for the construction of offshore and onshore structures in Qatar, as the country plans to ramp up its liquefied natural gas (LNG) production from 77 to 126 million tonnes per annum in the coming years. In addition, it will facilitate the transfer of knowledge and expertise to the local workforce and contribute towards the creation of a sustainable talent pipeline in Qatar, in alignment with Qatar National Vision 2030.

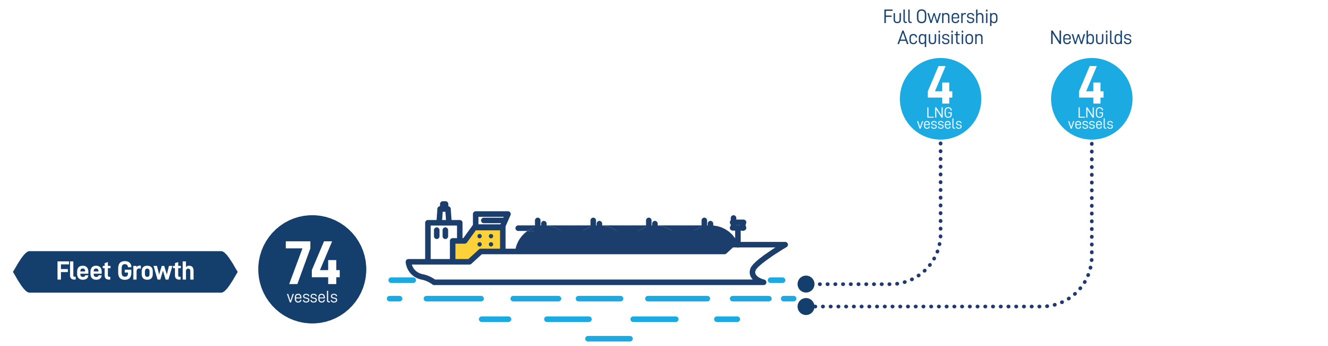
Our local joint ventures continue to value-add to our maritime operations and contribute towards the establishment of an integrated maritime industry in Qatar. The successful completion of one of the most complex offshore projects undertaken at the Erhama Bin Jaber Al Jalahma Shipyard to date, marked a historical milestone for Nakilat-Keppel Offshore & Marine (N-KOM). Made with pride in Qatar, the 877-tonne topside fabricated by N-KOM is the first and largest to be constructed locally as part of the Bul Hanine Re-development Project for Qatar Petroleum. The safe and timely completion of this major project is an excellent demonstration of our project management team's capabilities in handling complex, large-scale projects to meet the demands of the local oil and gas industry. Riding on this success, the company looks forward to delivering more large-scale projects that are made with pride in Qatar, for Qatar, to meet the demands of the local oil and gas industry. In addition, construction is in the final stages for Qatargas' 5,000-tonne NFB living quarters expansion project, due for delivery in early 2020.

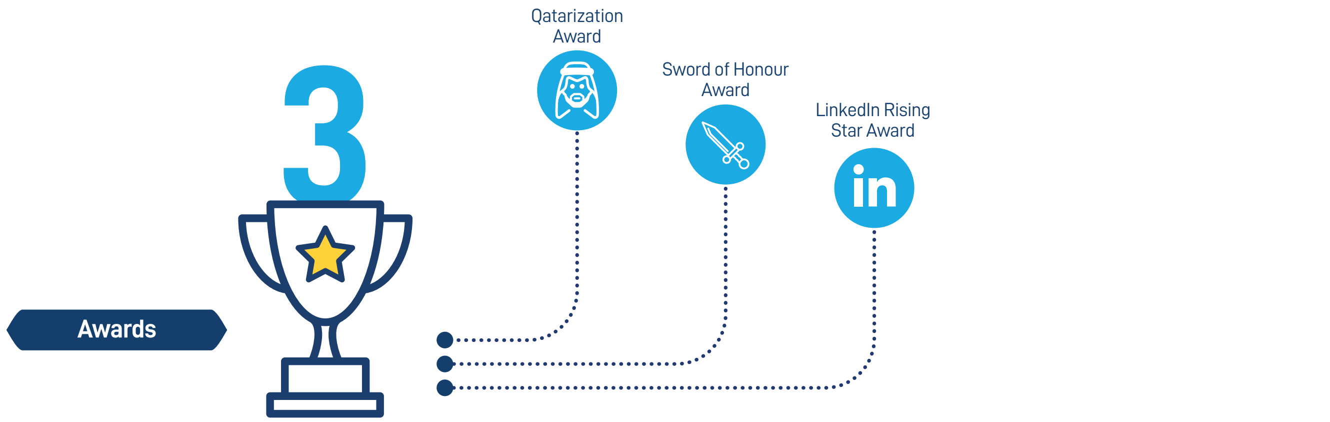
A common thread underlying our various operational successes has been our keen attention to safety, health and environmental management, as we strive to provide shipping and maritime services in a safe, reliable and efficient manner. We not only marked a milestone achievement in our fleet operations and management with zero LTIs in 2019, but also secured the prestigious "Sword of Honour" awarded by British Safety Council for the second consecutive year, following a stringent and comprehensive audit process. The accomplishment of such safety milestones not only affirms our high operating standards but is also a reflection of the strong safety culture and ownership amongst our staff and seafarers, and their dedication to create a safe working environment. On this note, I extend my appreciation and heartfelt gratitude to the team for their passionate dedication to safeguard the lives of everyone at our workplace, and the integrity of all our assets and facilities.

Sustainability continues to play a big part in how we conduct our business through our strategic human capital approach. As an employer of choice, our comprehensive development programs and commitment to nurture capable and dedicated leaders for the industry was recognized, with Nakilat wining the 'Supporting Training & Development' award at the Energy and Industry Sector's Annual Qatarization Review Meeting for the third consecutive year.

As a responsible corporate citizen, we conduct an array of activities and campaigns in the spirit of giving back to society and preserving the natural environment, in alignment with the goals of our robust Corporate Social Responsibility framework.

Nakilat remains optimistic that with these solid foundations proven by great accomplishments, the company has gained the growth momentum to propel us forward from good to great 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.





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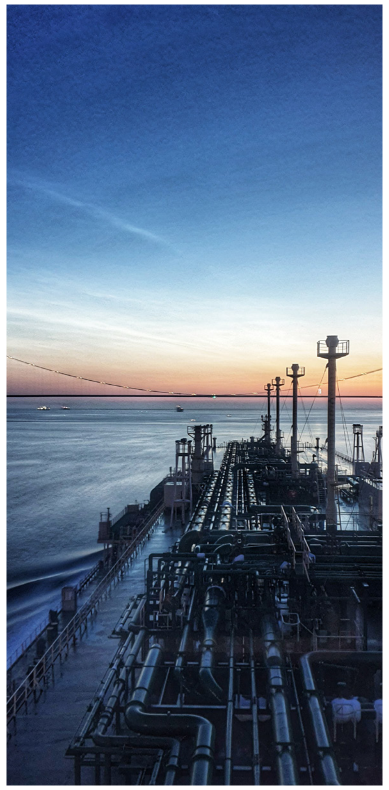
FINANCIAL HIGHLIGHTS



- The company recorded net profit of QAR 1,002.9 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, 2019 were QAR 32.4 billion compared to QAR 29.6 billion as of December 31, 2018. Current assets, including cash and bank balances stood at QAR 3.5 billion as of December 31, 2019. Non-current assets, consisting mainly of investments in LNG carriers, property and equipment and other assets were QAR 28.9 billion as of December 31, 2019. Total assets of Nakilat, including share of its joint venture assets were QAR 44.9 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 55.5 billion managed by Nakilat.
- Total borrowing as of December 31, 2019 was QAR 21.2 billion compared to QAR 19.8 billion as of December 31, 2018. Remaining share of ownership in a joint venture was acquired along with loan balance of QAR 1.7 billion and QAR 0.5 billion loan added for new business opportunities, while QAR 0.8 billion loan was repaid during 2019.
- Total equity before hedging reserve and non-controlling interests as of December 31, 2019 was QAR 9.4 billion compared to QAR 9 billion as of 31st December 2018.

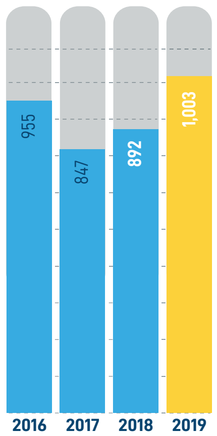
REVENUE:
3,884
million (QAR)

PROFIT:
1,003
million (QAR)

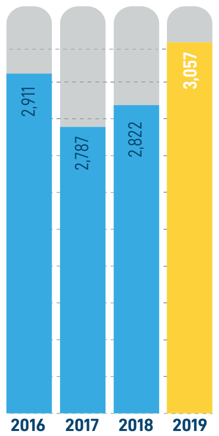
TOTAL ASSETS:
32.4
billion (QAR)

EARNINGS PER SHARE:
0.18
(QAR)

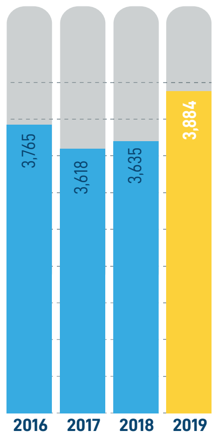
PROFIT (Million QR)



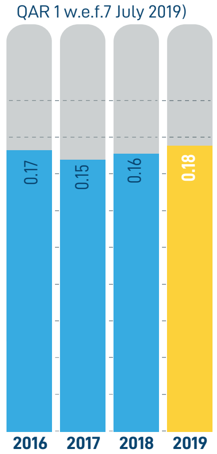
EBITDA (Million QR)



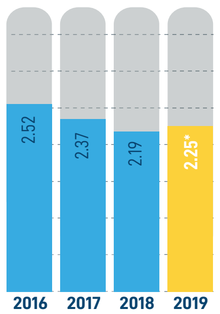
REVENUES (Million QR)



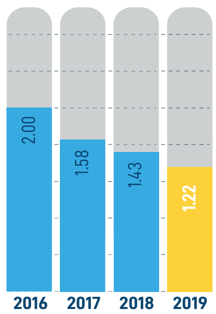
EPS (Nominal Value of QAR 1 w.e.f.7 July 2019)



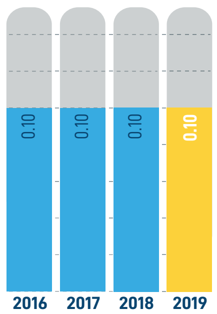
DEBT TO EQUITY



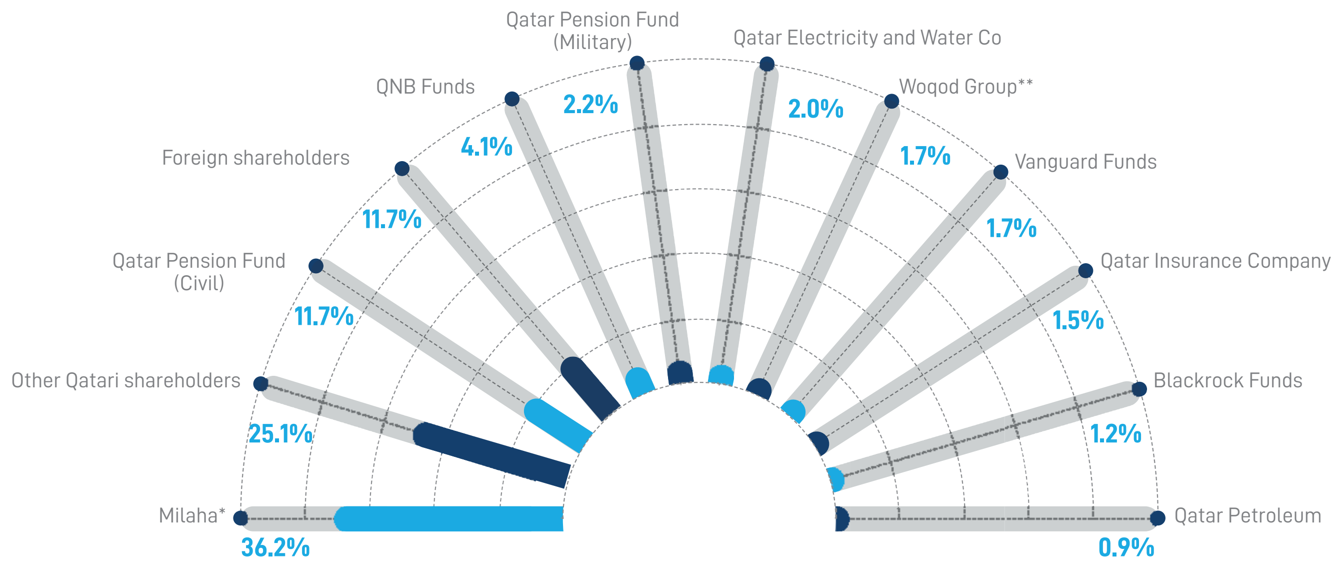
CURRENT RATIO



Dividend per share (QAR)
(2016 to 2018 adjusted to nominal value of QAR 1 per share w.e.f. 7 July 2019)



*Debt to Equity ratio is higher due to increase in borrowings for new business opportunities and addition of loan from acquisition of remaining share of an existing JV.



* Milaha: Qatar Navigation and Qatar Shipping
** Qatar Fuel Company (Woqod Group): Qatar Fuel (Woqod), Woqod International, Woqod for vehicle inspection (Fahes), Woqod Marine Services and Ard AlKhaleej Real Estate

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.

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2019 HIGHLIGHTS

1 Nakilat established a new joint venture, Qatar Fabrication Company, with McDermott International

2 Nakilat established a new joint venture, Global Shipping Company Limited, with partner Maran Ventures Inc.

3 Nakilat signed agreement for full ownership of four Q-Flex LNG carriers from its joint venture partner International Seaways

4 Nakilat achieved a Five-Star grading in the British Safety Council Audit and won the Sword of Honour Award for the second consecutive year

5 Nakilat received the Qatarization Crystal Award for the second consecutive year in the 'Supporting Training & Development' category at the Energy and Industry Sector's 2018 Annual Qatarization Review Meeting

6 Nakilat won the LinkedIn Rising Star Award at the 2019 LinkedIn Talent Awards Qatar

7 Nakilat signed an MoU with the Ministry of Public Health to implement a Workplace Wellness Programme

8 Successfully delivered Bul Hanine fabrication project for Qatar Petroleum

9 5 Nakilat wholly-owned vessels commemorated their 100th LNG cargo delivery

10 Nakilat's Erhama Bin Jaber Al Jalahma Shipyard crossed its 1000th project milestone since establishment in 2010

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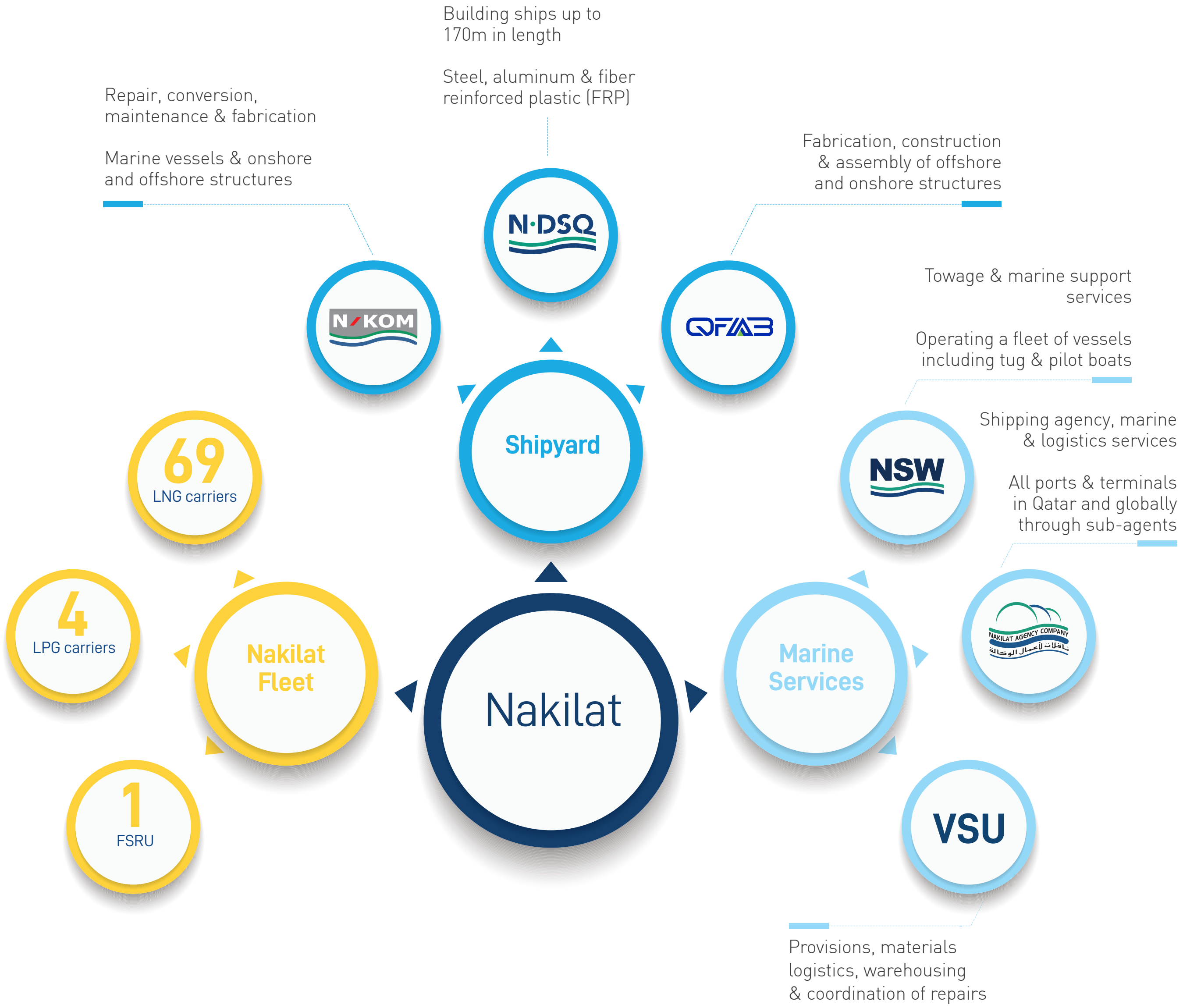
CORPORATE PROFILE

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. The company also jointly owns one floating storage regasification unit (FSRU). Through its wholly-owned subsidiary Nakilat Shipping Qatar Limited (NSQL), the company manages and operates four very large LPG carriers (VLGCs) and 14 LNG carriers.

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, ship building and offshore fabrication services via strategic joint ventures: Nakilat-Keppel Offshore & Marine (N-KOM), Nakilat Damen Shipyards Qatar (NDSQ) 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

- Strategic positioning in Qatar, the world's largest LNG exporter, and key role within this LNG value chain
- International outreach of LNG and LPG shipping fleets
- Highest credit-rated shipping company globally
- Stable, long-term charter agreements with world-class partners



Fleet size (*4 newbuilds) **74**

Listed on QSE (since 2005)

World's largest LNG shipping fleet by capacity **#1**

8 Vessels
- **4 Vessels acquired in 2019**
- **4 Newbuilds on order**

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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

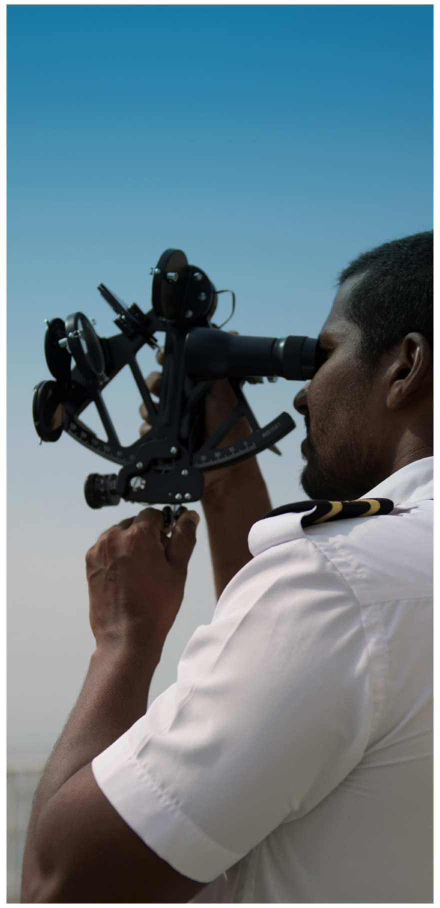
We operate in a dynamic industry with fierce competition and high price elasticity where only top performers endure in the long run. Our field of play mandates the highest levels of operational and cost efficiency with no compromise on our standards of safety, reliability and quality. We aim to achieve 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

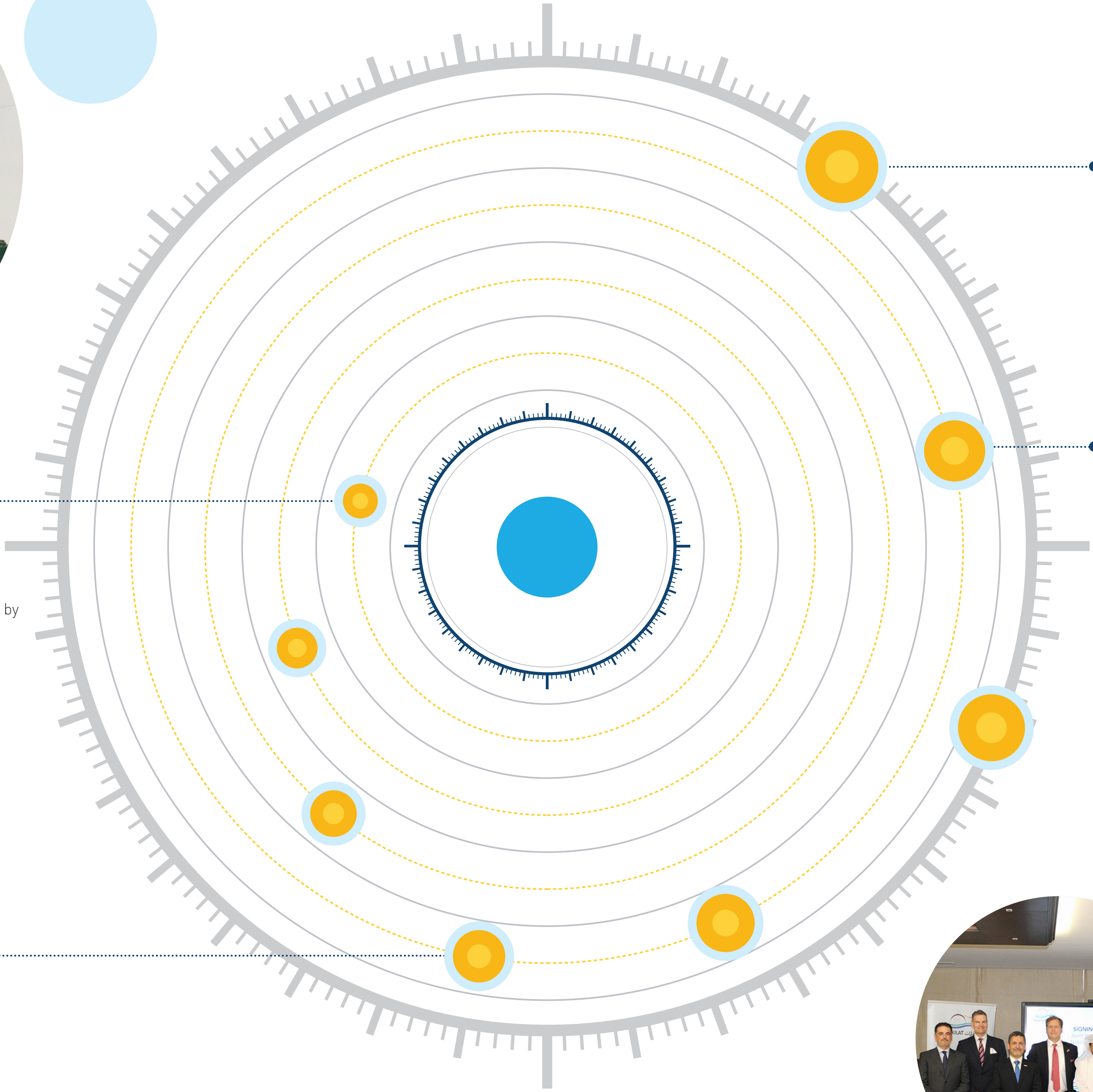
Organizational Performance Enablement

ENABLERS	+ Attract, retain & develop high quality employees	+ Ensure lean, cost-efficient, and customer-oriented support functions	+ Build a maritime strategy-focused organization

VALUES SAFETY RESPECT INTEGRITY PASSION ENCOURAGEMENT

Annual Report **2019**

OUR JOURNEY

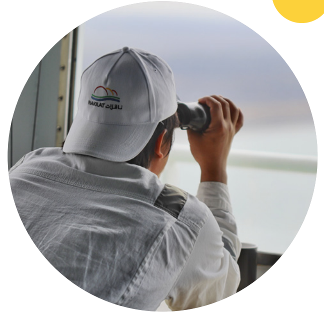


2004•2007

- 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 assumed management of four LPG 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 another in 2013
- N-KOM wins Safety & Security regional award in 2014

2015•2018

- Nakilat expands joint venture with Maran Ventures Inc. with two new LNG carries in 2015 and two additional vessels in 2018
- Nakilat completes world's first MEGI conversion for a Q-Max LNG carrier in 2015
- Nakilat wins more than 20 awards between 2016-2018 for excellence in safety, business operations, Qatarization, corporate social responsibility, supply chain management, and information technology
- Nakilat and Shell sign a fleet transition agreement in 2016
- Nakilat completes 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
- Nakilat signs agreement with Excelerate Energy USA to acquire a majority stake in its first FSRU in 2018
- Nakilat is the first Qatari company certified for ISO 45001:2018 in 2018

SUSTAINABILITY AT NAKILAT

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 continues to implement its 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 with its SHEQ E-Learning Training initiative and launched Two more courses in the series. The courses were titled Emergency Evacuation Training and Defensive Driving Training (DDT). DDT is designed to encourage the adoption of Defensive Driving practices and thereby, make driving safer and help everyone stay out of harm's way when faced with potentially hazardous situations arise.

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).

- NICE Training Sessions
  The company conducted training sessions on its Management of Change (MOC) process and procedures to raise awareness amongst staff on how it is used for effective documentation control. In addition, the sessions familiarized staff with the recently launched SAP EHSM- MOC module, soft skill modules, as well as raised awareness on cybersecurity.
- Nakilat Safety Climate Survey 2019
  Nakilat launched its third Safety Climate Survey in 2019 to gauge employee perception about the Safety Climate of Nakilat both on-shore and at sea. The survey provided a good status check of the safety culture within the company and a timely comparison with our previous 2018 Safety Climate Survey results.

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 2019 safety results greatly complement our commitment toward being IIF.

Nakilat achieved an overall Lost Time Injury Frequency (LTIF) of 0.38 and a Total Recordable Case Frequency (TRCF) of 0.86, both significantly below the benchmark averages of those metrics.

0.38
(LTIF)

0.86
(TRCF)

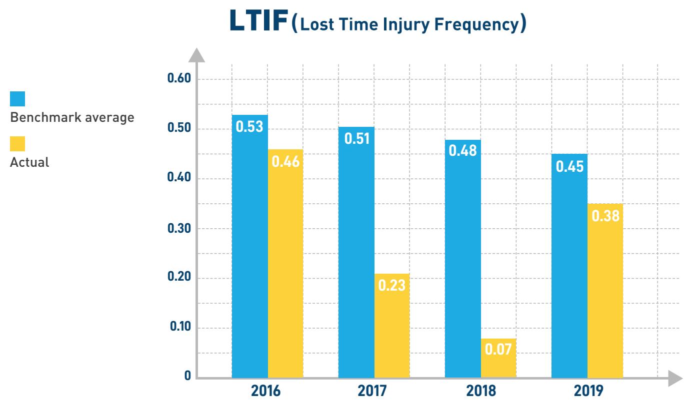
Nakilat Agency Company (NAC) continued its track record and remained LTI-free for 14 years since its inception.

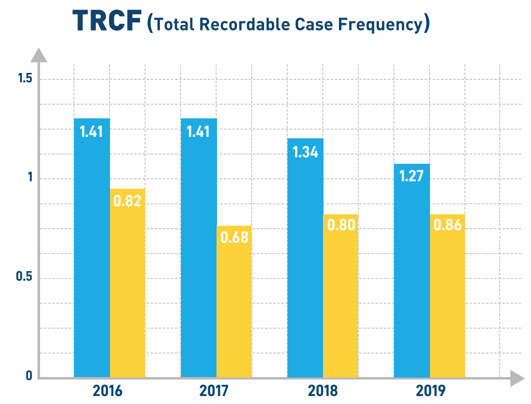
14 years
LTI free

Nakilat SvitzerWijsmuller (NSW) accumulated more than 8 Million exposure hours with zero LTIs and TRCs in 2019.

8.7+ million
safe man-hours

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





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:

Wholly-owned vessels

Our wholly-owned vessels achieved a Lost Time Injury Frequency (LTIF) of 0.87 year-to-date and Total Recordable Case Frequency (TRCF) of 1.08 year-to-date, both within the industry leading category

15 vessels

LTIF **0.87** TRCF **1.08**

NSQL-managed vessels

Nakilat-managed LNG and LPG fleet achieved a Lost Time Injury Frequency (LTIF) of 0.00 year-to-date and Total Recordable Case Frequency (TRCF) of 0.42 year-to-date, both within the industry leading category

18 vessels

14 LNG • **4** LPG

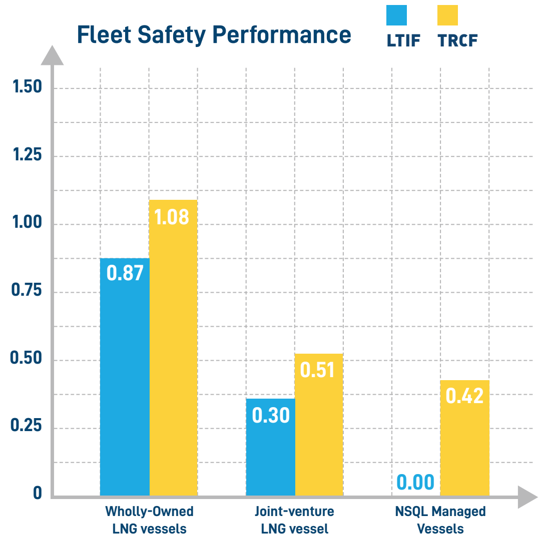
LTIF **0.00** TRCF **0.42**

Joint-venture LNG vessels

Our joint-venture LNG vessels have achieved a Lost Time Injury Frequency (LTIF) of 0.30 year-to-date and Total Recordable Case Frequency (TRCF) of 0.51 year-to-date

40 vessels

LTIF **0.30** TRCF **0.51**



SUSTAINABILITY AT NAKILAT

CELEBRATING EXCELLENCE IN HEALTH, SAFETY & ENVIRONMENTAL MANAGEMENT

Awarded the "Sword of Honor" by the British Council for the second consecutive year

Achieved Five Star Rating by British Safety Council for the second consecutive year

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

HEALTH & WELLNESS INITIATIVES

- Collaborations with Ministry of Public Heath:
  - As part of MOPH's preventative health campaign, a **Flu Vaccination Drive** was conducted at the Nakilat Corporate office and the Shipyard facility to administer flu shots to all staff
  - **Workplace Wellness Program** to promote an active and healthy lifestyle via several activities such as a smoking cessation and mental health awareness talk
- **Wellness activities** were conducted throughout the year, with various sporting activities offered to employees to encourage them to stay fit and healthy

CARING ABOUT OUR ENVIRONMENT

- All NSQL-managed vessels completed the Inventory of Hazardous Material in compliance with the IMO Hong Kong Convention
- Through sustained efforts at recycling and reducing consumption, the NSQL fleet reduced their garbage output by 2.4% in 2019 compared to 2018
- Approximately a third of NSQL fleet has been retrofitted with the Ballast Water Treatment System
- Nakilat joint ventures NSW and QFAB conducted various waste clean-ups in support of World Clean Up Day and World Ocean Day
- A tree planting initiative was conducted by volunteers at the Erhama Bin Jaber Al Jalahma Shipyard

COMMUNITY OUTREACH

Raising Awareness with Qatar Cancer Society

Nakilat partnered with Qatar Cancer Society and sponsored the Thyroid Cancer Conference held in April, which provided a platform to raise awareness about the available services in Qatar for thyroid gland problems, methods of self-examination and medical consultation on skin care for people with thyroid cancer.

Partnering with Education Above All

In the spirit of the holy month of Ramadan, Nakilat partnered with Education Above All to raise funds and provide educational assistance to underprivileged children living in Qatar.

Blood Donation Drive

Nakilat partnered with the Blood Unit of Hamad Medical Corporation (HMC) and organized blood donation drives for employees and tenants at its headquarters and the Erhama bin Jaber Al Jalahma Shipyard.

"We 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

Nakilat continuously focuses on the personal and professional development of its employees in order to effectively contribute to the achievement of its operational and strategic goals. This focus is maintained through wide-ranging, innovative and blended learning and development activities offered to employees on the job, in classrooms and/or online. We prioritize critical business-related development needs in relation to technical skills, interpersonal skills and management & leadership capability. Where appropriate, internal subject matter expert knowledge is utilized in the form of peer-to-peer learning and knowledge sharing.

In 2019, Nakilat continued to focus on succession planning, leadership development, employee engagement as well as retention. The first phase of a systematic succession planning process was established, with successors identified for critical roles.

In addition, Nakilat engaged with the company's leadership to craft and design a bespoke, world-class leadership development program applicable to all our managers. This overarching program has been designed to accommodate three different levels of leaders in Nakilat; namely, executive leaders, high potential leaders and emerging leaders with consistent theme being taught to varying degrees of complexity and depth. This program will be launched on a phased basis starting 2020. Our continued efforts at promoting a learning culture to attract and retain our highly-skilled workforce and nurture our emerging talent is evidenced by our achievements throughout the year.

2019 Highlights

36.5%
Achieved Qatarization Rate

Nakilat won the **Qatarization Award** for **'Supporting Training & Development'**

8 interns
Welcomed **8 university students** as **graduate interns**

185 formal classroom-based training courses & **764 hours of e-learning** delivered

BEDAYA Campaign
Launched to inspire employees to share insights on their professional experiences and new beginnings that have shaped their career success

2 Qatari Cadets graduated from our Marine Cadet Programme as full-fledged seafarers serving onboard our vessels

3 Qatari Cadets completed the academic portion of their Cadetship Program, graduating with Bachelor Degrees from IMCO

871 hours
871 learning hours on business-critical topics were delivered over **42 sessions** under the Nakilat Internal Capability Enhancement (NICE) Program

New Shipyard Learning & Development Centre
Nakilat launched the **Shipyard Learning & Development Centre** to focus on elevating soft and technical skills training for all employees and sub-contractors

CORPORATE GOVERNANCE

Nakilat strives to achieve good corporate governance. Good corporate governance means that company practices transparent disclosure procedures to give all stakeholders precise information regarding financial, operational and other aspects of the business. One of the main objectives of Corporate Governance is maximizing the returns to all stakeholders through exercising effective guidance on and control over the company's activities, while maintaining integrity, objectivity and transparency. Nakilat believes that adopting international standards will enable us to realize transparency, integrity, and trust in our financial statements and thereby boost the confidence of debtors and lenders in the company, as well as assist investors make the right investment decisions.

Nakilat believes that applying a good corporate governance framework and principles is essential to assist the company in achieving its goals and objectives. Nakilat's Board of Directors is committed to the company's long-term sustainable value creation based on strong principles of governance, so that the company can continue to deliver constant value over time. The economic value generated through a well-managed and governed enterprise not only benefits shareholders but also local communities through job creation and societal development by means of corporate social responsibility activities.

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.

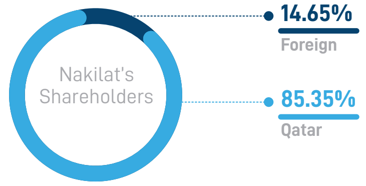
As guidelines change and governing requirements become more complex, we, at Nakilat, continue to take dynamic measures and remain committed to further enhance and sustain the highest ethical standards of Corporate Governance in line with international best practices as well as create a strong compliance culture.

The Board of Directors firmly believes that good corporate governance is fundamental in ensuring the proper management of Nakilat, while taking into consideration the interest of all stakeholders. We recognize that the way we interact with stakeholders is key for the success of our business. Nakilat believes that as the global awareness toward governance becomes vital, we aim to undertake every necessary effort to raise awareness about governance within the company.

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.

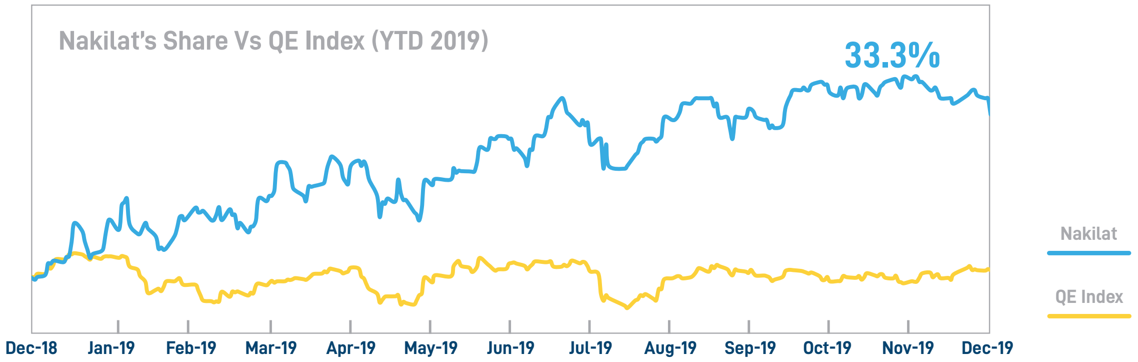
Shareholder Base

On 31 December 2019, the total number of shareholders reached 44,357.
The percentage of shares held by Qatari shareholders (being shareholders, either citizens or entities incorporated in Qatar) reached 85.35% of company's share capital.

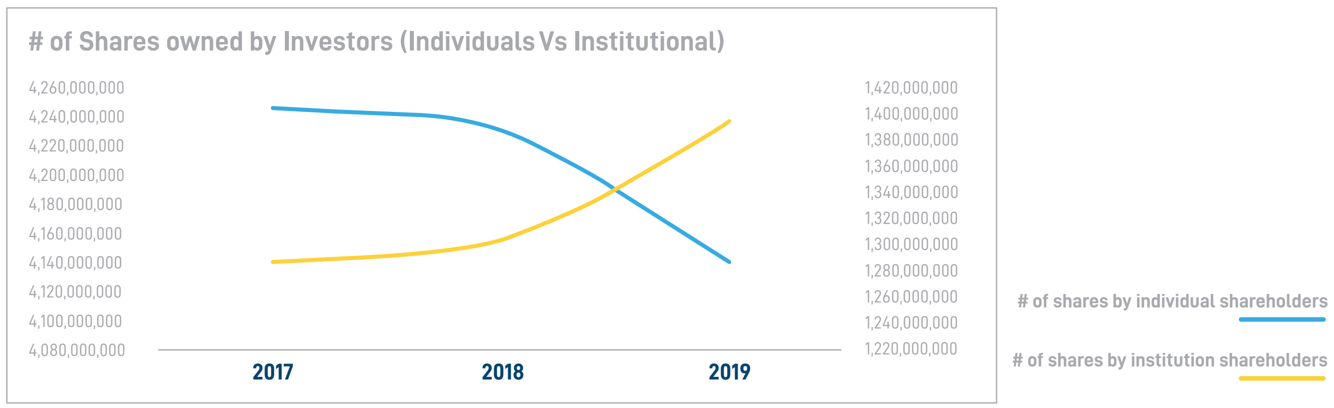


Share Price Movement

In the financial year ended 31 December 2019, Nakilat's share price increased by 33.30%



As of 31 December 2019, the number of shares owned by institutional investors was 4,246,442,067 compared to 4,151,749,400 in 2018



RISK MANAGEMENT

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.

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 risks to help ensure implemention 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.

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. As part of our ongoing efforts to measure and test the robustness of Nakilat's BCM structure, we conduct regular Business Continuity drills and exercises with all related parties to ensure better preparedness in case of Business Continuity invocation.

INFORMATION SECURITY

Nakilat has implemented an 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 obtained the ISO 27001:2013 certification from Lloyd's Register Quality Assurance (LRQA) for three consecutive years, 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.

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 in 2019 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 worked 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.

INFORMATION SECURITY CERTIFICATION

The ISO 27001 is one of the most widely recognized and internationally accepted information security standards. Nakilat maintained the ISO 27001:2013 certification from Lloyd's Register Quality Assurance (LRQA), which affirms our continuous efforts at managing information security risks and implementation of appropriate controls.

FLEET & SHIPPING

FLEET EXPANSION DEMANDS OPERATIONAL READINESS

Nakilat demonstrated a strong commitment to ensure compliance to the highest standards of quality and customer centricity, delivering reliable and cost-effective services. The main operational focus throughout 2019 was to safely complete a large number of second special survey dry dockings. The 18 Nakilat managed vessels were all safely and cost effectively dry docked, without compromising vessel availability to our charterers.

Earlier this year, Nakilat expanded its LNG fleet with four additional newbuild liquefied natural gas (LNG) carriers which will be fitted with the latest technology systems, through the establishment of a new Joint Venture with Maran. The new vessels will be commercially and technically managed by Nakilat with a delivery time between 2020 and 2021.

In support of the company's steady expansion and growth, Nakilat also successfully acquired the full ownership of four Q-Flex LNG carriers from its joint-venture partner, International Seaways, Inc. ("INSW"). The 100% ownership acquisition of these four vessels comes as part of Nakilat's long-term strategy to capitalize on such strategic investment opportunities. In addition, this transaction affirms the strong financial standing of the company and commitment to maximize value for our shareholders, in alignment with our vision.

Throughout 2019, Nakilat strengthened its in-house capabilities by means of modernizing systems, enhancing human capital capacity, developing competencies, and acquiring technical know-how in preparation for the next phase of LNG fleet management transition, as well as technical management for the FSRU and four newbuild LNG vessels once delivered through 2020 and 2021.

THE WORLD'S LARGEST GAS FLEET

- Technologically Advanced Ships
- Environmentally Sound
- Cost Efficient
- Majority on Long-Term Charter Agreements

74 vessels

- 69 LNG carriers
- 4 LPG carriers
- 1 FSRU

NSQL operated vessels

- 14 LNG carriers
- 4 LPG carriers

OUR SHIPPING NETWORK

Countries Nakilat vessels discharged at:

Argentina
Bangladesh
Belgium
Brazil
China
France
Greece
India
Italy
Japan
Jordan
Kuwait
Lithuania
Mexico
Netherlands
Pakistan
Poland
Portugal
Singapore
South Korea
Spain
Taiwan
Thailand
Turkey
United Kingdom

713
LNG Cargos shipped in 2019

59+ million MT
Volume of LNG Shipped in 2019

12.2%
Global LNG Shipping Capacity*

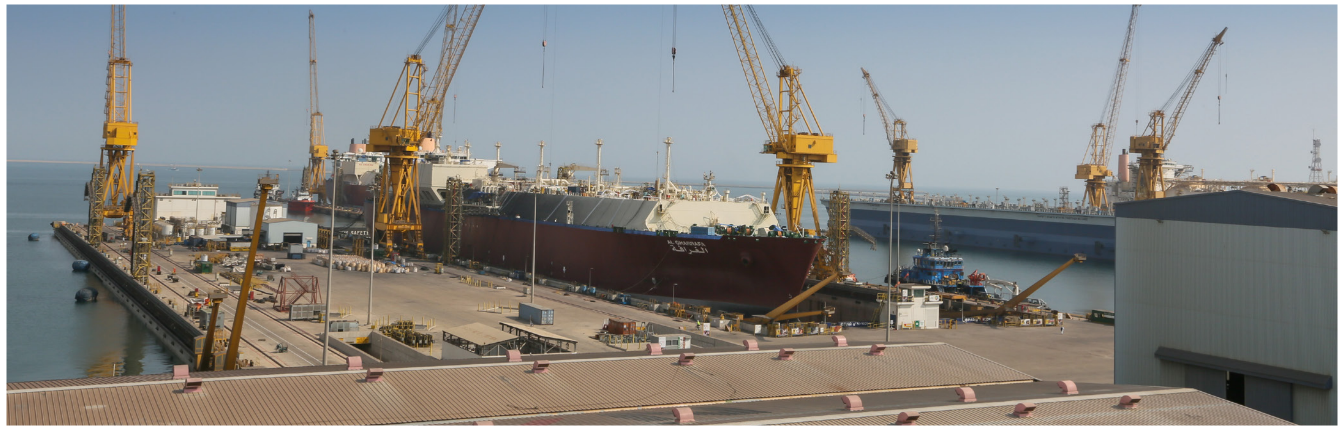
25
Countries Delivered to

74
Ports of Call Worldwide

Note:
*Global LNG Shipping Capacity: this calculation excludes FSRUs

ERHAMA BIN JABER AL JALAHMA SHIPYARD

The Erhama Bin Jaber Al Jalahma Shipyard provides a comprehensive range of ship building, ship repair and offshore fabrication services.



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 the American Petroleum Institute (API) for Spec Q1 and for ISO 9001:2015 Certification of Quality Management System, by Lloyd's Register for 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.

2019 Operational Highlights

- Completed more than 960 repairs for a variety of vessels such as LNG, LPG, VLCC, tankers and small vessels
- Celebrated the completion of the 200th LNG carrier repair
- Completed more than 110 offshore repair, fabrication and industrial engineering projects, including delivery of Bul Hanine fabrication project for Qatar Petroleum

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 45001:2019 and ISO/TS 29001:2010.

NAKILAT DAMEN SHIPYARDS QATAR (NDSQ)

Established in 2010, NDSQ is owned 70% by Nakilat and 30% by Damen Shipyards Group of the Netherlands. Spanning 18 hectares, the shipbuilding facility is well equipped for the construction of steel, aluminum and fiber reinforced plastic (FRP) boats of up to 170m in length. Its production capability includes a wide range of commercial vessels (such as tugs, offshore supply boats and cargo vessels), naval vessels and superyachts. NDSQ can also undertake the refit of superyachts and naval vessels. The facility is accredited by Lloyd's Register for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

2019 Operational Highlights

- Delivered 2 Stan Tug 2309 to Hamad Port
- Completed warranty of 2 Fast Diving Support Vessels (FDV)
- Executed repairs on and tests to 9 vessels

MARINE SERVICES

Nakilat offers extensive marine and support services to all types of vessels operating in Qatari waters. These services were established to provide an integrated maritime solutions in the country.

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.

2019 Operational Highlights

- NSW completed a new record number of tug jobs of 13,550 for Ras Laffan Port, an increase of 1.5% year on year (YoY) from 2018
- NSW was newly ISO certified to the latest versions of ISO 9001 (Quality Management System), 14001 (Environmental Management) and 45001 (Occupational Health & Safety)

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.

2019 Operational Highlights

- Over 200 vessels of various types have utilized VSU services at Ras Laffan, including Nakilat-owned, joint-venture and third-party vessels
- VSU services been utilized for offshore projects in Ras Laffan
- 82% of Nakilat owned, joint venture and third-party vessels drydocked at Ras Laffan utilized VSU's services for their emergency requirements

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.

In 2019, NAC started offering global hub agency services in partnership with reputable international shipping agencies, becoming the first local agency to offer global hub services from Qatar.

2019 Operational Highlights

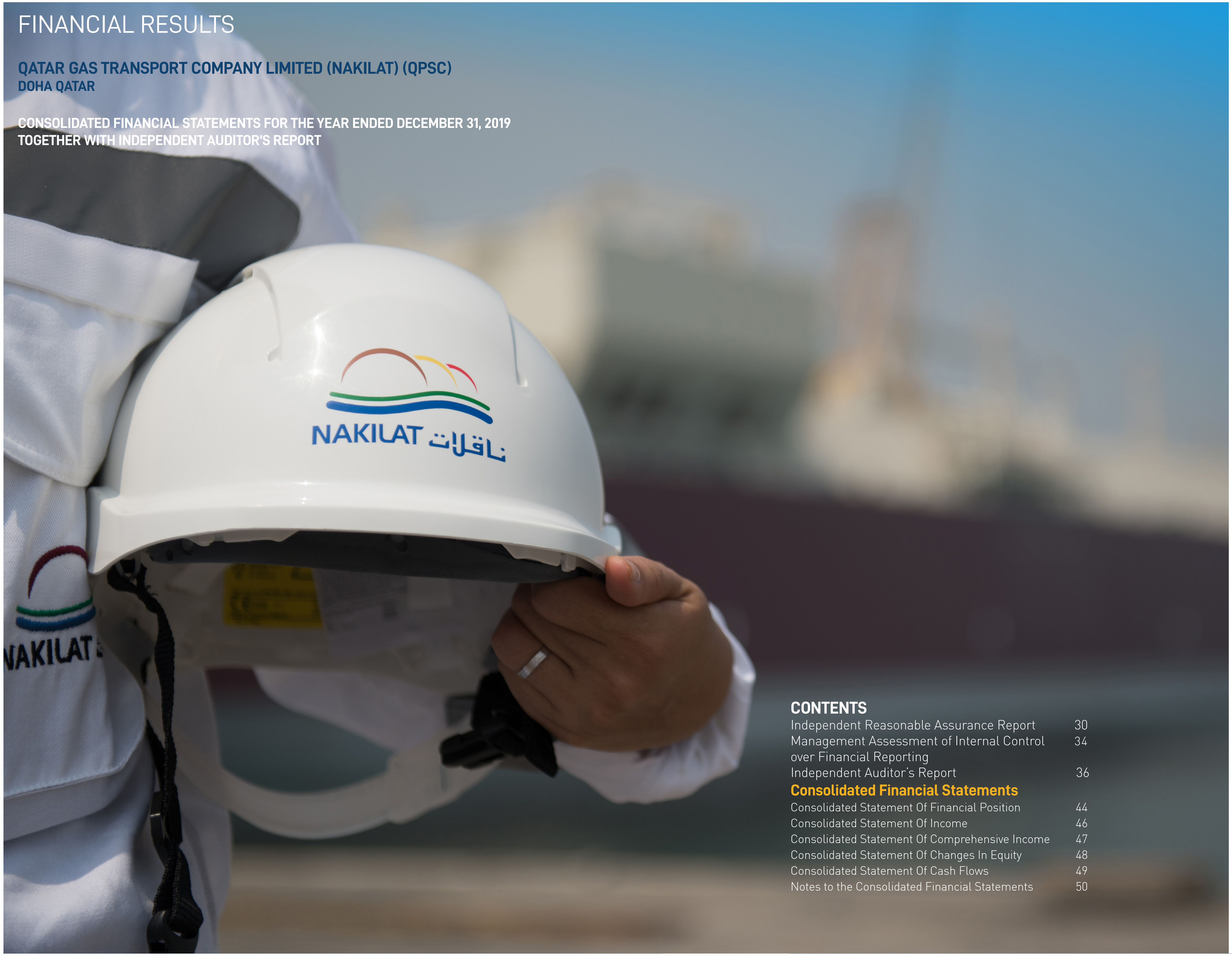
- NAC became the first local shipping agency to set-up a global hub operation from Qatar
- Attended to more than 3,500 port calls in Qatar
- Attended to more than 1,100 port calls and canal transits overseas during NAC's first year offering global hub agency services

Annual Report **2019**

FINANCIAL RESULTS

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

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



CONTENTS

INDEPENDENT REASONABLE ASSURANCE REPORT
TO THE SHAREHOLDERS OF THE QATAR GAS TRANSPORT COMPANY LIMITED ("NAKILAT") (QPSC)

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 (“Nakilat”) (QPSC) 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 2019 (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.

INDEPENDENT REASONABLE ASSURANCE REPORT (CONTINUED)
TO THE SHAREHOLDERS OF THE QATAR GAS TRANSPORT COMPANY LIMITED ("NAKILAT") (QPSC)

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 2019 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;

INDEPENDENT REASONABLE ASSURANCE REPORT (CONTINUED)

TO THE SHAREHOLDERS OF THE QATAR GAS TRANSPORT COMPANY LIMITED ("NAKILAT") (QPSC)

- 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

INDEPENDENT REASONABLE ASSURANCE REPORT (CONTINUED)

TO THE SHAREHOLDERS OF THE QATAR GAS TRANSPORT COMPANY LIMITED ("NAKILAT") (QPSC)

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 2019.

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.

17 February 2020
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 (“Nakilat”) (QPSC) 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.

MANAGEMENT ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

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 2019, 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, Inventory, 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, 2019.

INDEPENDENT AUDITOR'S REPORT
QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)

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

Report on the audit of the consolidated financial statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)

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

Key Audit Matters (continued)

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)

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

Key Audit Matters (continued)

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)

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

Key Audit Matters (continued)

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)

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

Key Audit Matters (continued)

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

17 February 2020
Doha Qatar
State of Qatar

KPMG
P.O.Box :4473
Doha - Qatar

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License No. 120153

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Share Capital	Legal Reserve	Fair Value Reserve	Proposed Cash Dividend	Retained Earnings	Equity Before Hedging Reserve and Non-Controlling Interests	Hedging Reserve	Non-Controlling Interests
Balance as of January 01, 2018	5,538,717	772,082	(2,183)	554,026	1,823,992	8,686,634	(2,765,048)	4,216
Adjustment on initial application of IFRS 9	-	-	-	-	(16,078)	(16,078)	-	(57)
Adjusted Balance as of January 01, 2018	5,538,717	772,082	(2,183)	554,026	1,807,914	8,670,556	(2,765,048)	4,159
Profit for the year 2018	-	-	-	-	891,143	891,143	-	1,046
Other comprehensive income for the year 2018:								
-Changes in fair value of equity investments -at FVOCI	-	-	35,232	-	-	35,232	-	-
-Changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	535,053	-
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	142,291	-
Total comprehensive income for the year 2018	-	-	35,232	-	891,143	926,375	677,344	1,046
Transfer to legal reserve	-	89,114	-	-	(89,114)	-	-	-
Social and sports fund contribution 2018 **(note 16)**	-	-	-	-	(22,279)	(22,279)	-	-
Dividend declared for 2017 **(note 10.1)**	-	-	-	(554,026)	-	(554,026)	-	-
Proposed cash dividend for 2018 **(note 10.1)**	-	-	-	554,026	(554,026)	-	-	-
Balance as of December 31, 2018	**5,538,717**	**861,196**	**33,049**	**554,026**	**2,033,638**	**9,020,626**	**(2,087,704)**	**5,205**
Profit for the year 2019	-	-	-	-	**1,001,934**	**1,001,934**	-	**1,041**
Other comprehensive income for the year 2019:								
-Changes in fair value of equity investments -at FVOCI	-	-	**(31,425)**	-	-	**(31,425)**	-	-
-Changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	**(375,144)**	-
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	**(51,533)**	-
Total comprehensive income for the year 2019	-	-	**(31,425)**	-	**1,001,934**	**970,509**	**(426,677)**	**1,041**
Transfer to legal reserve	-	**100,193**	-	-	**(100,193)**	-	-	-
Social and sports fund contribution 2019 **(note 16)**	-	-	-	-	**(25,048)**	**(25,048)**	-	-
Acquire through business combination	-	-	-	-	**31,940**	**31,940**	**(78,471)**	-
Dividend declared for 2018 **(note 10.1)**	-	-	-	**(554,026)**	-	**(554,026)**	-	-
Proposed cash dividend for 2019 **(note 10.1)**	-	-	-	**554,026**	**(554,026)**	-	-	-
Proceeds from issue of shares against capital	**61**	-	-	-	-	**61**	-	-
Balance as of December 31, 2019	**5,538,778**	**961,389**	**1,624**	**554,026**	**2,388,245**	**9,444,062**	**(2,592,852)**	**6,246**

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

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

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

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

1. *Reporting Entity:*

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

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

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

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

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

2.1 Newly effective amendments and improvements to standards

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

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

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

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

IFRS 16

A. Definition of a lease

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

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

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

2.1 Newly effective amendments and improvements to standards (continued)

B. As a lessee

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

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

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

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

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

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

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

C. As a lessor

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

(Amount Expressed in Thousands of Qatari Riyals)

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

2.1 Newly effective amendments and improvements to standards (continued)

D. Impacts on financial statements

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

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

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

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

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

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

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

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

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

3.1 *Basis of Preparation*

a) ***Statement of compliance***

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

b) ***Basis of measurement***

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

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

c) ***Functional and presentation currency***

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

d) ***Use of estimates and judgments***

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

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

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

3.2 *Significant Accounting Policies*

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

a) ***Basis of Consolidation***

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

(Amount Expressed in Thousands of Qatari Riyals)

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.

3 Basis of Preparation and Significant Accounting Policies (continued)

3.2 Significant Accounting Policies (continued)

b) Property and Equipment (continued)

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

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

Favorable and unfavorable lease assets

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

c) Borrowing costs

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

d) Financial Instruments

Recognition and initial measurement

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

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

Non-derivative financial assets and liabilities

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

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified at:

- *amortised cost* – if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

3.2 *Significant Accounting Policies (continued)*

d) Financial Instruments (continued)

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

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

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

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

Financial assets – Business model assessment:

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

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

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

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

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

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

3.2 *Significant Accounting Policies (continued)*

d) Financial Instruments (continued)

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

Financial assets - Subsequent measurement and gains and losses:

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

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

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

3.2 *Significant Accounting Policies (continued)*

d) Financial Instruments (continued)

i) *Equity Investments*

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

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

ii) *Trade and Other Receivables*

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

iii) *Cash and Cash Equivalents*

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

iv) *Accounts Payable and Accruals*

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

v) *Interest bearing Loans and Borrowings*

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

De-recognition of financial assets

A financial asset is de-recognized where:

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

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

3.2 *Significant Accounting Policies (continued)*

d) Financial Instruments (continued)

De-recognition of financial liabilities

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

Offsetting

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

e) *Inventories*

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

f) *Provisions*

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

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

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

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

h) Revenue and other income

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

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

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

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

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

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

3.2. Significant Accounting Policies (continued)

i) Impairment

Impairment of Financial Assets

Non-derivative financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs.

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

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

- customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

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

3.2 Significant Accounting Policies (continued)

i) Impairment (continued)

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

Impairment of Non-Financial Assets

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

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

j) Foreign Currencies

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

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

k) Derivative Financial Instruments and Hedging Activities

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

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

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

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

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

3.2 *Significant Accounting Policies (continued)*

l) *Capital work in progress*

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

m) *Deferred income*

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

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

n) *Leases*

Policy applicable from 1 January 2019

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

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

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

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

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

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

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

3.2 *Significant Accounting Policies (continued)*

n) *Leases (continued)*

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

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

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

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

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

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

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

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

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

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

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

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

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

Policy applicable before 1 January 2019

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

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

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

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

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

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

o) ***Operating Segments***

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

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4. ***Property and Equipment:***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.1 *Summarized financial information of joint ventures:*

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

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

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

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

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

6. *Loans to Joint Venture Companies:*

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

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

7. *Equity Investments:*

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

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

8. *Trade and Other Receivables:*

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

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

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

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

(Amount Expressed in Thousands of Qatari Riyals)

9. Cash and Bank Balances:

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

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

9.1 Cash and Cash Equivalents:

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

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

(b) Cash payable to shareholders for unclaimed dividend.

10. Share Capital:

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

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

10.1 Proposed Cash Dividend:

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

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

11. Legal Reserve:

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

12. Hedging Reserve:

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

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

13. Borrowings:

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

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

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

(Amount Expressed in Thousands of Qatari Riyals)

13. Borrowings (continued):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14. Fair Value of Interest Rate Swaps:

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

15. Accounts Payable and Accruals:

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

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

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

15.1 Other Liabilities:

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

16. Social and Sports Fund Contribution:

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

17. Related Party Transactions:

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

(Amount Expressed in Thousands of Qatari Riyals)

18. *Subsidiaries:*

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

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

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

19. *Earnings Per Share:*

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

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

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

20. *Financial Risk Management:*

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

I Market risk
II Liquidity risk
III Credit risk

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

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

I *Market Risk*

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

(a) *Interest Rate Risk*

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

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

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

(i) *Interest Rate Sensitivity Analysis*

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

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

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

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

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

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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***	
	2019	2018	**2019**	2018	**2019**	2018
	%	%	**QR (million)**	QR (million)	**QR (million)**	QR (million)
Less than 1 year	**--**	--	--	--	--	--
1 to 2 years	**--**	--	--	--	--	--
2 to 5 years	**--**	--	--	--	--	--
5 years and above	**5.255**	5.58	**11,534**	10,460	**(2,477)**	(1,943)

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

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

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

(b) *Equity price risk*

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

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

(c) *Currency risk*

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

(Amount Expressed in Thousands of Qatari Riyals)

20. *Financial Risk Management (continued):*

II *Liquidity Risk*

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

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

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

Non-Derivative Financial Liabilities

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

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

III *Credit risk*

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

20. *Financial Risk Management (continued):*

Exposure to credit risk

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

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

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

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

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

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

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

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

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

Fair Value of Financial Instruments

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

20. *Financial Risk Management (continued):*

Fair Value Hierarchy

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

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that is not based on observable market data.

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

21. *Capital Management:*

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

Gearing ratio

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

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

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

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22. *Commitments and Contingencies:*

(A) Swap Commitments:

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

(B) Guarantees, Letter of Credit and Commitments:

(i) *Cross Guarantees*
The Company has issued cross guarantees to the various banks with regard to loans and interest rate swaps.

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

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

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

(v) Contingent claims including the share from joint ventures at **December 31, 2019** amounted to **QR Nil** (2018: QR 2.4 million).

(C) Time Charter:

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

23. *Critical Accounting Estimates and Judgments:*

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

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

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

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

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

23. Critical Accounting Estimates and Judgments (continued):

(ii) Impairment of receivables:

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

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

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

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

(iv) Classification of lease:

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

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

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

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

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24. Operating Lease Revenue:

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

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

25. Operating Costs:

Operating cost mainly includes running and maintenance costs for vessels.

26. General and administrative expenses:

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

27. Tax executive regulation:

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

28. Events after the reporting date:

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

29. Comparative amounts:

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