

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REVIEW REPORT**

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.P.S.C.)

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Qatar Gas Transport Company Limited (Nakilat) (Q.P.S.C.) (the "Company") and its subsidiaries (together referred to as the "Group"), as at 30 June 2021, which comprises of the interim condensed consolidated statement of financial position as at 30 June 2021 and the related interim condensed consolidated statement of income and other comprehensive income, the interim condensed consolidated statements of changes in equity and the interim condensed consolidated statement of cash flows for the six months period then ended, and the related explanatory notes.

The Board of Directors of the Company is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of review


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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

### Other matter

The interim condensed consolidated financial statements as at and for the six months ended 30 June 2020 were reviewed, and the consolidated financial statements as at and for the year ended 31 December 2020 were audited, by another auditor, whose review and audit reports dated 15 July 2020 and 7 February 2021 respectively, expressed an unmodified review conclusion and audit opinion thereon.

  
Ahmed Sayed  
of Ernst & Young  
Auditor's Registration No: 326


Date: July 12, 2021  
Doha



**QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.P.S.C.)**  
**DOHA – QATAR**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2021**  
**(Amounts expressed in thousands of Qatari Riyals)**

		June 30, 2021 (Reviewed)	December 31, 2020 (Audited)
<b>ASSETS</b>	<b>Note</b>		
<b>Non-Current Assets:</b>			
Property and equipment	3	22,723,821	23,161,192
Investment in joint venture companies	4	4,416,515	4,193,685
Loans to joint venture companies		1,323,525	1,270,571
Equity investments		142,213	120,386
<b>Total Non-Current Assets</b>		<b>28,606,074</b>	<b>28,745,834</b>
<b>Current Assets:</b>			
Inventories		37,314	36,639
Trade and other receivables	14	821,585	788,952
Cash and bank balances	5	2,607,642	2,995,463
Due from joint venture companies		83,022	85,885
<b>Total Current Assets</b>		<b>3,549,563</b>	<b>3,906,939</b>
<b>Total Assets</b>		<b>32,155,637</b>	<b>32,652,773</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity:</b>			
Share capital	6	5,538,780	5,538,780
Legal reserve	7	1,077,411	1,077,411
Fair value reserve		30,800	8,973
Proposed cash dividend		-	609,429
Retained earnings		3,429,189	2,794,002
<b>Equity before hedging reserve and non-controlling interests</b>		<b>10,076,180</b>	<b>10,028,595</b>
<b>Hedging reserve</b>	8	<b>(2,433,837)</b>	<b>(2,931,097)</b>
<b>Equity after hedging reserve and before non-controlling interests</b>		<b>7,642,343</b>	<b>7,097,498</b>
<b>Non-controlling interests</b>		<b>7,296</b>	<b>6,889</b>
<b>Non-Current Liabilities:</b>			
Borrowings	9	19,308,768	19,834,726
Fair value of interest rate swaps	10	2,172,792	2,605,583
Lease liability		47,850	57,581
Provision for employees' end of service benefits		33,548	33,678
Other liabilities		225,052	244,518
<b>Total Non-Current Liabilities</b>		<b>21,788,010</b>	<b>22,776,086</b>
<b>Current Liabilities:</b>			
Borrowings	9	1,122,720	1,164,764
Fair value of interest rate swaps		131,235	157,322
Lease liability		7,083	8,088
Accounts payable and accruals		1,452,094	1,439,557
Due to joint venture companies		4,856	2,569
<b>Total Current Liabilities</b>		<b>2,717,988</b>	<b>2,772,300</b>
<b>Total Equity and Liabilities</b>		<b>32,155,637</b>	<b>32,652,773</b>

These interim condensed consolidated financial statements were approved on **July 12, 2021** by:

  
**Ahmad Saif Al-Sulaiti**  
**Vice Chairman**

  
**Abdullah Fadhalah Al-Sulaiti**  
**Chief Executive Officer**

The accompanying notes 1-16 form an integral part of these interim condensed consolidated financial statements.



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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021**  
**(Amounts expressed in thousands of Qatari Riyals)**

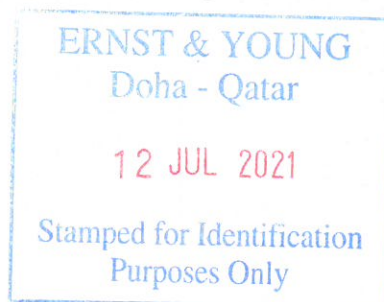
	Note	Six Month Period Ended June 30, 2021 (Reviewed)	Six Month Period Ended June 30, 2020 (Reviewed)
<b><u>Income:</u></b>			
Revenue from wholly owned vessels		1,748,152	1,747,695
Share of results from joint ventures	4	206,362	200,526
Income from marine and agency services		22,987	28,716
Interest income on loans to joint venture companies		19,627	10,342
Interest, dividend and profit from Islamic banks		9,386	23,105
Other income		9,053	10,600
<b>Total Income</b>		<b>2,015,567</b>	<b>2,020,984</b>
<b><u>Expenses:</u></b>			
Operating costs		(366,258)	(375,214)
General and administrative expenses		(44,615)	(54,840)
Depreciation of property and equipment	3	(439,672)	(445,725)
Finance charges		(529,428)	(595,432)
<b>Total Expenses</b>		<b>(1,379,973)</b>	<b>(1,471,211)</b>
<b>Profit for the period</b>		<b>635,594</b>	<b>549,773</b>
<b>Profit for the period attributable to:</b>			
Owners of the Company		635,187	549,079
Non-controlling interests		407	694
<b>Total</b>		<b>635,594</b>	<b>549,773</b>
Basic and diluted earnings per share (expressed in QR per share)	12	0.11	0.10

The accompanying notes 1-16 form an integral part of these interim condensed consolidated financial statements.

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021**  
(Amounts expressed in thousands of Qatari Riyals)

	<b>Six Month Period Ended June 30, 2021 (Reviewed)</b>	<b>Six Month Period Ended June 30, 2020 (Reviewed)</b>
<b>Profit for the period</b>	<b>635,594</b>	<b>549,773</b>
<b><u>Other comprehensive income / (loss)</u></b>		
<i>Items that will not be reclassified to statement of income in subsequent period:</i>		
Changes in fair value of equity investments	<b>21,827</b>	<b>(21,069)</b>
<i>Items that may be reclassified subsequently to statement of income:</i>		
Changes in fair value of cash flow hedges	<b>458,878</b>	<b>(680,043)</b>
Group's share of joint ventures' changes in fair value of cash flow hedges	<b>38,382</b>	<b>(83,841)</b>
<b>Total comprehensive income /(loss) for the period</b>	<b><u>1,154,681</u></b>	<b><u>(235,180)</u></b>
<b>Total comprehensive income /(loss) for the period attributable to:</b>		
Owners of the Company	<b>1,154,274</b>	<b>(235,874)</b>
Non-controlling interests	<b>407</b>	<b>694</b>
<b>Total</b>	<b><u>1,154,681</u></b>	<b><u>(235,180)</u></b>



The accompanying notes 1-16 form an integral part of these interim condensed consolidated financial statements.

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021  
(Amounts expressed in thousands of Qatari Riyals)**

	Share Capital	Legal Reserve	Fair Value Reserve	Proposed Cash Dividend	Retained Earnings	Equity Before Hedging Reserve and Non-Controlling Interest	Hedging Reserve	Non- Controlling Interest
<b>Balance as of January 01, 2020 (Audited)</b>	5,538,778	961,389	1,624	554,026	2,388,245	9,444,062	(2,592,852)	6,246
Profit for the period	-	-	-	-	549,079	549,079	-	694
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-
-Changes in fair value of equity investments	-	-	(21,069)	-	-	(21,069)	-	-
-Changes in fair value of cash flow hedges	-	-	-	-	-	-	(680,043)	-
-Group's share of joint ventures' changes in fair value of cash flow hedges	-	-	-	-	-	-	(83,841)	-
Total comprehensive income/(loss) for the period	-	-	(21,069)	-	549,079	528,010	(763,884)	694
Dividend declared for 2019	-	-	-	(554,026)	-	(554,026)	-	-
Proceeds from issue of shares against capital	2	-	-	-	-	2	-	-
<b>Balance as of June 30, 2020– (Reviewed)</b>	<u>5,538,780</u>	<u>961,389</u>	<u>(19,445)</u>	<u>-</u>	<u>2,937,324</u>	<u>9,418,048</u>	<u>(3,356,736)</u>	<u>6,940</u>
<b>Balance as of January 01, 2021 (Audited)</b>	5,538,780	1,077,411	8,973	609,429	2,794,002	10,028,595	(2,931,097)	6,889
Profit for the period	-	-	-	-	635,187	635,187	-	407
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-
-Changes in fair value of equity investments	-	-	21,827	-	-	21,827	-	-
-Changes in fair value of cash flow hedges	-	-	-	-	-	-	458,878	-
-Group's share of joint ventures' changes in fair value of cash flow hedges	-	-	-	-	-	-	38,382	-
Total comprehensive income/(loss) for the period	-	-	21,827	-	635,187	657,014	497,260	407
Dividend declared for 2020	-	-	-	(609,429)	-	(609,429)	-	-
<b>Balance as of June 30, 2021– (Reviewed)</b>	<u>5,538,780</u>	<u>1,077,411</u>	<u>30,800</u>	<u>-</u>	<u>3,429,189</u>	<u>10,076,180</u>	<u>(2,433,837)</u>	<u>7,296</u>

The accompanying notes 1-16 form an integral part of these interim condensed consolidated financial statements.

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**ERNST & YOUNG**  
Doha - Qatar

12 JUL 2021

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**QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.P.S.C.)**  
**DOHA – QATAR**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021**  
(Amounts expressed in thousands of Qatari Riyals)

	Note	Six Month Period Ended June 30, 2021 (Reviewed)	Six Month Period Ended June 30, 2020 (Reviewed)
<b>Cash Flows from Operating Activities:</b>			
Profit for the period		635,594	549,773
Adjustments for:			
Depreciation of property and equipment	3	439,672	445,725
Finance charges		529,428	595,432
IFRS 16 lease classification		3,998	13,008
Share of results from joint ventures	4	(206,362)	(200,526)
Interest income on loans to joint venture companies		(19,627)	(10,342)
Interest, dividend and profit from Islamic banks		(9,386)	(23,105)
Other income		(9,053)	(10,600)
Gain on restructuring of lease		(537)	-
Provision for doubtful debts		300	-
Provision for employees' end of service benefits		2,311	3,410
		<u>1,366,338</u>	<u>1,362,775</u>
<b>Working Capital Changes:</b>			
Inventories		(675)	(1,815)
Trade and other receivables		(33,687)	(215,790)
Accounts payable and accruals		(34,231)	217,820
Other liabilities		(19,466)	89,928
Due from joint venture companies		14,260	4,502
Due to joint venture companies		2,287	(2,583)
Cash generated from operations		<u>1,294,826</u>	<u>1,454,837</u>
Finance charges paid		(522,727)	(588,338)
Employees' end of service benefits paid		(2,441)	(706)
<b>Net Cash from Operating Activities</b>		<u>769,658</u>	<u>865,793</u>
<b>Cash Flows from Investing Activities:</b>			
Additional investment in a joint venture	4	-	(13,656)
Loans to joint venture companies-net		(48,653)	(517,607)
Dividend income received from joint ventures	4	43,022	294,251
Acquisition of property and equipment	3	(12,872)	(102,470)
Decrease in restricted cash		22,007	-
Time deposits maturing after ninety days		58,649	(59,198)
Investment income received		27,423	49,926
<b>Net Cash from / (used in) Investing Activities</b>		<u>89,576</u>	<u>(348,754)</u>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from issue of shares against capital		-	2
Dividend paid to shareholders		(582,651)	(525,396)
Unpaid dividend transferred to separate bank account		(31,336)	(32,044)
Payment of lease liability		(3,625)	(11,265)
Costs incurred on additional borrowings		(18)	(1,821)
Proceeds from borrowings		-	364,153
Repayment of borrowings		(575,547)	(564,114)
<b>Net Cash used in Financing Activities</b>		<u>(1,193,177)</u>	<u>(770,485)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>		<u>(333,943)</u>	<u>(253,446)</u>
<b>Cash and Cash Equivalents at Beginning of the Period</b>		<u>1,600,675</u>	<u>1,052,775</u>
<b>Cash and Cash Equivalents at End of the Period</b>	5.1	<u>1,266,732</u>	<u>799,329</u>

The accompanying notes 1-16 form an integral part of these interim condensed consolidated financial statements.

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Doha - Qatar

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

**DOHA – QATAR**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021**

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

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**1. Reporting Entity:**

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

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

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

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

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

**2.1 Basis of preparation:**

The accompanying interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard IAS 34 – "Interim Financial Reporting" under the historical cost convention except for certain financial instruments which have been stated at fair value. They do not include all of the information required for full annual financial statements, therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2020. In addition, results for the six month period ended June 30, 2021 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2021.

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

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2020.

The financial risk management objectives and policies of the Group are consistent with those disclosed in the Group's annual consolidated financial statements as at and for the year ended 31 December 2020.

**2.3 Significant accounting policies:**

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements, as at and for the year ended 31 December 2020.

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

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

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

**QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (Q.P.S.C.)**  
**DOHA – QATAR**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021**  
**(Amounts expressed in thousands of Qatari Riyals)**

<b>3. <u>Property and Equipment:</u></b>	<b><u>Vessels</u></b>	<b><u>Equipment</u></b>	<b><u>Furniture and Fixtures</u></b>	<b><u>Right of use Assets</u></b>	<b><u>Others</u></b>	<b><u>Total</u></b>
<b>Cost:</b>						
At January 01, 2020 (Audited)	31,431,515	15,134	41,263	143,039	367,743	31,998,694
Additions during the year	62,784	-	-	-	53,934	116,718
Transfer from capital work in progress	74,486	-	-	-	(74,486)	-
Disposals / adjustments during the year	(70,312)	(89)	(228)	(74,482)	(172,332)	(317,443)
At December 31, 2020 (Audited)	31,498,473	15,045	41,035	68,557	174,859	31,797,969
Additions during the period	-	-	-	-	12,872	12,872
Disposals / adjustment during the period	-	-	-	(7,937)	(110,215)	(118,152)
<b>At June 30, 2021 (Reviewed)</b>	<b>31,498,473</b>	<b>15,045</b>	<b>41,035</b>	<b>60,620</b>	<b>77,516</b>	<b>31,692,689</b>
<b>Accumulated Depreciation:</b>						
At January 01, 2020 (Audited)	7,622,493	13,457	23,908	22,006	173,130	7,854,994
Charge for the year	875,272	1,298	6,137	14,431	8,784	905,922
Disposals / adjustments during the year	(69,043)	(89)	(162)	(33,009)	(21,836)	(124,139)
At December 31, 2020 (Audited)	8,428,722	14,666	29,883	3,428	160,078	8,636,777
Charge for the period	435,485	173	3,052	3,031	962	442,703
Disposals / adjustment during the period	-	-	-	(397)	(110,215)	(110,612)
<b>At June 30, 2021 (Reviewed)</b>	<b>8,864,207</b>	<b>14,839</b>	<b>32,935</b>	<b>6,062</b>	<b>50,825</b>	<b>8,968,868</b>
<b>Net Carrying Amount:</b>						
<b>At June 30, 2021 (Reviewed)</b>	<b>22,634,266</b>	<b>206</b>	<b>8,100</b>	<b>54,558</b>	<b>26,691</b>	<b>22,723,821</b>
At December 31, 2020 (Audited)	23,069,751	379	11,152	65,129	14,781	23,161,192

\* Depreciation amounting to QR 3 million (December 31, 2020: QR 11 million) is allocated to general and administrative expenses.

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

**DOHA – QATAR**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021**

(Amounts expressed in thousands of Qatari Riyals)

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

	<b>QR '000'</b>
Balance – January 01, 2020 (Audited)	4,378,222
Additional investment in a joint venture	27,312
Share of results for the year	390,142
Adjustment against write off	150,496
Loss adjusted against loan to joint ventures	15,496
Adjustment against additional liability for losses from a joint venture	6,154
Share of hedging reserve for the year*	(53,742)
Dividend received during the year	(720,395)
Balance – December 31, 2020 (Audited)	4,193,685
Share of results for the six month period ended June 30, 2021	<b>206,362</b>
Gain adjusted against loan to joint ventures	<b>(2,495)</b>
Adjustment against additional liability for losses from a joint venture	<b>25,410</b>
Share of hedging reserve for the six month period ended June 30, 2021*	<b>36,575</b>
Dividend received during the six month period ended June 30, 2021	<b>(43,022)</b>
<b>Balance – June 30, 2021 (Reviewed)</b>	<b>4,416,515</b>

\* This excludes the share of gain on the hedging reserve from joint ventures amounting to a total of **QR 1.8 million** (2020: QR 1.7 million gain) adjusted against the loan to the respective joint venture.

**5. Cash and Bank Balances:**

	<b>June 30, 2021 (Reviewed)</b>	<b>December 31, 2020 (Audited)</b>
Cash on hand	505	501
Cash at bank –Call and current accounts	1,302,350	929,068
Cash at bank-Time deposits *	1,122,198	1,910,083
Other bank balances (a)	20,323	20,323
Other bank balances (b)	162,266	135,488
<b>Total</b>	<b>2,607,642</b>	<b>2,995,463</b>

\* The effective interest and profit rates on the time deposits varies between **0.22% to 1%** (2020: 0.26% to 2.53%).

**5.1 Cash and Cash Equivalents:**

	<b>Six Month Period Ended June 30, 2021 (Reviewed)</b>	<b>Six Month Period Ended June 30, 2020 (Reviewed)</b>
Cash and bank balances	2,607,642	2,235,786
Less:		
-Other bank balances (a)	(20,323)	(20,343)
-Other bank balances (b)	(162,266)	(147,395)
-Time deposits maturing after ninety days	(948,619)	(1,041,082)
-Restricted cash	(209,702)	(227,637)
	<b>1,266,732</b>	<b>799,329</b>

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

(b) Cash payable to shareholders for unclaimed dividend.



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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021**  
**(Amounts expressed in thousands of Qatari Riyals)**

**6. Share Capital:**

	<b>June 30, 2021 (Reviewed)</b>	<b>December 31, 2020 (Audited)</b>
	<b>Number of Shares</b>	<b>Number of Shares</b>
Issued & subscribed share capital	<b>5,540,263,600</b>	<b>5,540,263,600</b>
	<b><u>Amount</u></b>	<b><u>Amount</u></b>
Issued, subscribed and paid up share capital with a par value of QR 1 each.	<b>5,538,780</b>	<b>5,538,780</b>

At **June 30, 2021**, a total of **2,968,140** issued shares are 50% paid (2020: 2,968,140 issued shares were 50% paid).

**7. Legal Reserve:**

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

**8. Hedging Reserve:**

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

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

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**9. Borrowings:**

These consist of the following:

	<b>June 30, 2021 (Reviewed)</b>	<b>December 31, 2020 (Audited)</b>
Loan 1	<b>1,706,967</b>	1,752,486
Senior bank facilities	<b>10,718,313</b>	10,955,700
Subordinated bank facilities	<b>1,223,753</b>	1,250,877
Senior bonds – Series “A”	<b>3,015,287</b>	3,095,299
Subordinated bonds – Series “A”	<b>766,841</b>	786,898
KSURE Covered Facility	<b>71,247</b>	142,495
Loan 2	<b>910,383</b>	910,383
Loan 3	<b>1,569,927</b>	1,664,127
Loan 4	<b>546,230</b>	546,230
Less: Issuance cost of bonds	<b>(17,514)</b>	(18,214)
Less: Transaction costs of refinancing	<b>(10,503)</b>	(11,670)
Less: Costs incurred for loan 1	<b>(3,889)</b>	(4,588)
Less: Costs incurred for loan 2	<b>(2,846)</b>	(3,334)
Less: Costs incurred for loan 3	<b>(5,541)</b>	(7,409)
Less: Costs incurred for loan 4	<b>(3,618)</b>	(3,878)
Less: Fair value gain under business combination	<b>(53,549)</b>	(55,912)
<b>Total</b>	<b>20,431,488</b>	20,999,490
<b>Classified as:</b>		
Payable within one year	<b>1,122,720</b>	1,164,764
Payable after one year	<b>19,308,768</b>	19,834,726

The weighted average interest rate on short / long term facilities (excluding hedge), loans and bonds as above at **June 30, 2021** is **2.28962%** (December 31, 2020: 2.81498%).

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

The Group has entered into interest rate swap agreements with several financial institutions. As at **June 30, 2021** the outstanding notional amount of swap agreements is **QR 10,284 million** (2020: QR 10,635 million) and net fair value is negative **QR 2,304 million** (2020: QR 2,763 million).

**11. Related Party Transactions:**

	<b>Six Month Period Ended June 30, 2021 (Reviewed)</b>	<b>Six Month Period Ended June 30, 2020 (Reviewed)</b>
Loans to joint ventures (net)	<b>(48,653)</b>	(517,607)
Interest income on loans to joint venture companies	<b>19,627</b>	10,342
Compensation of key management personnel	<b>4,572</b>	4,583
Board of Directors’ remuneration accrued	<b>2,950</b>	2,950

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**12. Earnings Per Share:**

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

	<b>Six Month Period Ended June 30,2021 (Reviewed)</b>	<b>Six Month Period Ended June 30, 2020 (Reviewed)</b>
Profit for the period attributable to the owners of the Company	<b>635,187</b>	549,079
Weighted average number of shares outstanding during the period	<b>5,538,779,530</b>	5,538,779,530
<b><i>Basic and diluted earnings per share (expressed in QR per share)</i></b>	<b>0.11</b>	0.10

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

**13. Fair Values:**

**Fair Value of Financial Instruments**

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

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

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



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

**Fair Value of Financial Instruments (continued)**

***Fair Value Hierarchy***

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

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

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

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

	Level 1	Level 2	Level 3	Total
<b>June 30, 2021:</b>				
<b>Financial assets measured at fair value:</b>				
Equity investments	142,213	-	-	142,213
<b>Financial liabilities measured at fair value:</b>				
Interest rate swaps used for hedging	-	2,304,027	-	2,304,027
<b>December 31, 2020:</b>				
<b>Financial assets measured at fair value:</b>				
Equity investments	120,386	-	-	120,386
<b>Financial liabilities measured at fair value:</b>				
Interest rate swaps used for hedging	-	2,762,905	-	2,762,905

**14. Trade and other receivables:**

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

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**15. Commitments and Contingencies:**

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

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

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

**(i) *Cross Guarantees***

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

**(ii) Bank Guarantees at **June 30, 2021** amounted to **QR 7.9 million** (2020: QR 7.9 million).**

**(iii) Letters of Credits and Guarantees including the share from joint ventures at **June 30, 2021** amounted to **QR 29.4 million** (2020: QR 29.4 million).**

**(iv) Capital commitments including the share from joint ventures at **June 30, 2021** amounted to **QR 556.4 million** (2020: QR 517.9 million).**

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

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

**16. COVID 19:**

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