IN THE NAME OF ALLAH MOST MERCIFUL
AND MOST GRACIOUS

His Highness

Sheikh Hamad Bin Khalifa Al-Thani
The Father Emir of the State of Qatar

His Highness

Sheikh Tamim Bin Hamad Al-Thani
The Emir of the State of Qatar

VISION

To be the world's leading owner and operator of vessels for the transportation of liquefied natural gas (LNG) and associated products, and to be the provider-of-choice for ship repair and construction services, as measured by customer satisfaction; financial profitability; growth; operational efficiency; and high standards of safety, health, environment and quality.

MISSION

TO MAXIMIZE SHAREHOLDER VALUE BY:

- Optimizing investment in core businesses of transporting LNG and associated products through stringent cost controls, effective risk management and innovative financing.
- Establishing "centers of excellence" for the repair and maintenance of very large LNG carriers and other vessels, and for the construction of small, high value ships, thereby providing assets for the State of Qatar.
- Providing a fully integrated logistics service to vessels.
- Identifying and capturing synergies.
- Recruiting, developing and retaining the highest quality personnel in the industry.
- Complying fully with all applicable legislation, regulations and relevant marine industry standards.
- Demonstrating the highest ethical standards for integrity in all business relationships.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY **POLICY**

AT NAKILAT, WE VALUE OUR PEOPLE, PARTNERS, SHAREHOLDERS, CUSTOMERS, SUPPLIERS, COMMUNITY AND THE ENVIRONMENT. WE BELIEVE IN AND ARE COMMITTED TO ESTABLISHING A WORLD-CLASS COMPANY BY:

- Placing Safety, Health, Environment and Quality (SHEQ) at the top of our agenda, with the aim of causing no harm to people and the environment.
- Setting targets for Safety, Health, Environment and Quality improvement, and measure, appraise and report SHEQ performance to drive continual improvement.
- Providing adequate resources and leadership to effectively implement the company SHEQ management system and achieve SHEQ objectives.
- Maintain the highest level of integrity with all stakeholders.
- Treating employees, partners and customers with respect and dignity.
- Encouraging teamwork and collaboration in order to support the achievement of our mission goals.
- Recognizing and rewarding accomplishments.
- Striving to be innovative and continually improve performance, by sharing best practices and implementation of lessons learnt.
- Encouraging entrepreneurship and empowering individuals to lead and take responsibility.
- Openly communicating and sharing related information within the corporation.
- Complying with applicable Safety, Health, Environment, Quality, Legal and other requirements related to our activities.

CONTENTS

BOARD MEMBERS

HE Dr. Mohammed Bin Saleh Al Sada
Chairman

Mr. Mubarak Awaida Hajri
Vice Chairman

Sheikh Ali bin Jassim Al Thani
Member

Mr. Ali Ahmad Al-Kuwari
Member

Ms. Aisha Fahad A Al-Nuaimi
Member

Sheikh Dr. Abdullah Bin Ali Al-Thani
Member

Mr. Ismail Omar Al-Dafa
Member

BOARD OF DIRECTORS' REPORT

HE Dr. Mohammed Bin Saleh Al Sada
Minister of Energy & Industry
Chairman of Nakilat

It gives me immense pleasure to introduce the 2015 Nakilat Annual Report on behalf of the Nakilat Board of Directors. This year featured opportunities which positively reflect the growth-laden strides taken by the company. Bearing immeasurable resolve we have overcome obstacles, solved problems and achieved several milestones whilst additionally setting new targets for the coming year. Everyone within the Nakilat family can be proud of the fact that as we collectively strengthen our company, we also empower the State of Qatar and its reputation as a world leader in LNG, in addition to the range of recent marine accomplishments achieved.

The safety standards of our Fleet Operations were maintained at the highest level by being benchmarked with the best in class of the shipping industry. Meanwhile, the Injury and Incident Free (IIF) program was launched, implemented and utilized for all vessels. Nakilat is keen to encourage employees to rely upon a company-wide foundation of health, environment and quality through their universal application throughout Nakilat's processes.

Nakilat has intensified its efforts to consolidate and enhance the company's ship management capabilities and capacity for the preparation of all activities of ship management that include increasing Nakilat's employment of marine staff by more than 60% during 2015 as compared to the previous year.

Our most noteworthy achievement of 2015 involves successfully undertaking a globally groundbreaking M-type Gas Injection (ME-GI) retrofit project, which involved modifying a Nakilat owned Q-MAX vessel Slow speed Diesel powered Rasheeda to run on clean LNG as an alternative to marine heavy fuel oil.

The company also conducted modifications to their vessels to use low-sulfur fuels in order to comply with the Emission Control Areas legislations in some parts of the world. Nakilat also prepared for any new environmental legislations by vessels Ballast water treatment modification starting with the Q-max vessel Al Aamira in May of 2015.

Nakilat continues to play a leading role within international maritime bodies and is a board member of the Society of Gas Tankers and Terminal Operators (SIGTTO), a founding member of the Society of Gas as Marine Fuel (SGMF) as well as a major participant of Classification Societies technical committees. Nakilat has hosted the biannual Dual Fuel (DF) Owners Forum and Membrane Owners Forum (MOF) where Nakilat, its joint ventures, and various industry pioneers came together to share best practices and data dissemination, while focusing on key aims related to improving maritime safety and promoting the exchange of ideas in the maritime shipping industry.

Since its inception, Nakilat has consistently been an early adopter of advanced technologies. In 2015, Nakilat became one of the first Qatari organizations to implement recruitment, performance management and collaborative methodologies across Nakilat and its joint ventures in order to increase productivity and streamline functions. Simultaneously, Nakilat introduced a major Qatarization initiative of policies and procedures to promote Qatarization within its workforce whilst meeting the provisions of Qatar National Vision 2030.

Nakilat active promotes Qatar's maritime infrastructure. In line with this goal, the company has commenced a unique feasibility study which has since established a state of the art simulation and training center to develop the company's marine staff to the highest level of knowledge. The training center has also been erected to train additional sea professionals across Qatar for marine emergencies and navigational skills to increase overall efficiency & safety.

Nakilat also continues to deliver strong returns for its shareholders through the consistent implementation of its business strategy. The company has expanded its joint venture with the Greek shipping company Maran Gas, thus adding two new vessels to its fleet, making the total number of vessels owned by Nakilat and Maran Gas 13.

Nakilat has furthermore supported the State of Qatar with careful attention paid to the operations of the Erhama bin Jaber Al Jalahma Shipyard, by signing a Memorandum of Understanding (MOU) with the government-owned financial institution Qatar Development Bank (QDB). This landmark MoU encourages collaboration within concerns related to marine export credit insurance and financing.

Our Extraordinary General Meeting (EGM) took place in September 2015, ratifying a number of amendments to the company's Articles of Association. Most significantly, the EGM resulted in the increase of the previous non-Qatari ownership limit of 25% to 49%. This development has allowed for Nakilat to be listed on the MSCI Emerging Market Index.

2015 successes were wide ranging as proven by N-KOM, one of Nakilat's joint ventures, which constructed the first Qatari-built self-propelled and elevating liftboat Al-Safliya for Gulf Drilling International (GDI). Nakilat Damen Shipyards Qatar (NDSQ) likewise delivered on expectations by building and delivering four vessels which each varying in specialty.

Nakilat's aims have always focused squarely on the value the company brings to our stakeholders. To achieve this goal we've introduced corporate objectives for 2016 which include enhancing our corporate infrastructure, capturing synergies and continually measuring business growth opportunities while leveraging organizational capability and human capital.

In 2015, Nakilat announced an annual profit of QR 984 million with an increase of 10% over the same period during the previous year. These healthy financial results reflect Nakilat's strategic development, the success of its joint ventures, and the company's resilience within the challenging economic climate before us. Nakilat's Board of Directors is pleased to recommend the General Assembly to distribute cash dividends equivalent to (QR 1,25) per share for the year 2015.

It is important to note that despite the economic difficulties that the energy sector is undergoing with respect to decreased oil prices, we are certain that the Board of Directors of Nakilat will continue ahead with a strong market position financially and administratively. We are confident in Nakilat's ability to continue capitalizing on future opportunities.

Through the enlightened vision of the State of Qatar, which is represented in Nakilat as a key role player in the existence and advancement of the marine industry. Nakilat's Board of Directors would like to express their deepest 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 of the State of Qatar for their strong leadership and continuous support. Through the wise guidance of HH the Emir and HH the Father Emir, Nakilat has grown into a diversified marine company, which makes an important contribution to Qatar's industrial sectors and to the new generations.

The Board of Directors also offers its appreciation to Qatar Petroleum (QP) for its ongoing support of Nakilat's activities and to QP Industrial Cities for their cooperation with the Erhama bin Jaber Al Jalahma Shipyard. We extend our gratitude to Nakilat's partners, shareholders, management and employees for their continued dedication. Our ongoing success is possible only with your support.

MANAGING DIRECTOR'S REVIEW

I am happy to present to you this report, which highlights the achievements and successes of 2015.

Nakilat has continued to work hard to consolidate its identity through clear management objectives. The growth and expansion in business and stability in the performance are the most important features that identified Nakilat since its inception, and through 2015.

We are very proud with our operational progress, however we must also acknowledge the sound bedrock upon which our activities are built. Nakilat and its joint ventures are committed to operating safely, reliably and with the highest respect for the welfare of our people.

As a young company, we continue to experience solid growth as indicated in the summaries of our 2015 activities in this year's report. The driving force behind this growth is a commitment to business diversification. This is evidenced in many of our accomplishments during the year.

The completion of our world-first ME-GI project has immense potential environmental benefits. Sea trials and the first stage of gas trials and commissioning were completed in July 2015. The second phase of gas trials took place in September and was declared a success. This was an important moment in Nakilat's history. Additional benefits of the ME-GI project include the potential to increase mean time between maintenance, provide flexibility of fuel supply to react to market changes and reduce bunkering activities which in turn will offer operations and marine risk reduction.

In August, we also expanded our joint venture with the Greek shipping company Maran Ventures Inc. to include two new LNG vessels. The two new state-of-the-art vessels will bring the total number of LNG and LPG vessels partially or wholly owned by Nakilat to 67.

Nakilat continues to strengthen its ship operations by consolidating its ship management capabilities and capacity in preparation for further in-house ship management transition drawing detailed process road map.

Eng. Abdullah Fadhalah Al Sulaiti
Managing Director of Nakilat

Nakilat's delegation at Gastech 2015 in Singapore joined other major players in the Qatari LNG supply chain,representing the country and the LNG shipping industry on a global scale. The exhibition brought together the world's most well-renowned natural gas companies, and spurred innovation, collaboration and shared learning.

The operations at Erhama Bin Jaber Al Jalahma Shipyard also experienced strong growth and important achievements. In 2015, Ship repair Nakilat-Keppel Offshore & Marine (N-KOM) successfully delivered - two floating jetties constructed for Qatar Primary Materials Company (QPMC) in a safe and timely manner. Ship-builder Nakilat Damen Shipyards Qatar (NDSQ) completed eighteen repair, maintenance and refit projects on mega yachts.

Since its inception, Nakilat has consistently been an early adopter of advanced technologies. SuccessFactors HCM uses futuristic cloud-based technology to increase productivity and streamline functions including recruitment, performance management and collaboration across Nakilat and its joint ventures.

We have also introduced Risk Management function highlighting the strong commitment and direction towards high-quality governance and information security practices, which will manage risks and highlight potential opportunities related to the achievement of the company's objectives.

As the sustainable development of Nakilat and our country are at the forefront of our corporate priorities, we anticipate the company's continuing growth to closely mirror the human, social, economic and environmental advances made by the State of Qatar. Our employees are also directly involved, both through participation in internal and external audits and through compliance, in maintaining and obtaining internationally recognized certification in the fields of health, safety, the environment and quality.

Against a challenging economic backdrop, Nakilat continues to thrive. Strong profit continues to demonstrate Nakilat's sound business strategy, and measured expansion has seen the company grow and prosper.

"To be the world's leading owner and operator of vessels for the transportation of liquefied natural gas (LNG) and associated products, and to be the provider-of-choice for ship repair and construction services, as measured by customer satisfaction; financial profitability; growth; operational efficiency; and high standards of safety, health, environment and quality" is enshrined in our vision statement as Nakilat's purpose.

As the shipyard develops and as more shipping activities are transferred to Nakilat's jurisdiction, we are not only working towards fulfilling our own company vision, but we are also proudly contributing to the advancement of the State of Qatar in achieving its goal of becoming a developed country with a diversified economy capable of sustaining its own development, as outlined in the Qatar National Vision 2030.

In addition to our highlighted achievements in the fields of Operations, Safety, Health, Environment and Quality, it is an honor to share our Financial Results Highlights for the year 2015.

- The company recorded an underlying net profit of QR 984 million compared to QR 895 million achieved for the year 2014, which is 10% higher than the previous year. This mainly due to higher profitability level achieved from operations by growing business streams through the addition of three new LNG vessels to Nakilat's LNG Fleet during 2015, full operation of vessels acquired during 2014, optimization of operating expenses and leveraging lower finance costs.

- Total Assets of Nakilat as of December 31, 2015 was QR 30.7 billion compared to QR 31.1 billion as of December 31, 2014. Current assets, including cash and bank balances stood at QR 3.0 billion as of December 31, 2015. Non-current assets, consisting mainly of investments in LNG carriers, property and equipment and other assets were QR 27.7 billion as of December 31, 2015. Total assets of Nakilat, including Nakilat's share of its joint ventures assets was over QR 45 billion. In addition, Nakilat also has an economic interest, full operational and management responsibilities in the QR 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 QR 55.6 billion managed by Nakilat.

- Total borrowing as of December 31, 2015 was QR 22.2 billion compared to QR 22.9 billion as of December 31, 2014 reflecting repayments of the borrowings.

- Total equity before hedging reserve and non-controlling interests as of December 31, 2015 was QR 8.3 billion compared to QR 8.0 billion as of 31st December 2014. Negative hedging reserve as of December 31, 2015 decreased at QR 3.8 billion compared to QR 4.2 billion as of December 31, 2014 due primarily to a decrease in the year end mark to market value resulting a decrease in the liability that reflects increased swap rates.

On the occasion of celebrating Nakilat's achievements for the year 2015, we would like to express our gratitude for His Highness Sheikh Tamim Bin Hamad Al Thani, the Emir of Qatar and His Highness the Father Emir Sheikh Hamad bin Khalifa Al Thani. Their continued support is what enabled Nakilat to play a pivotal role in achieving the vision of establishing an integrated maritime industry which provides a full range of world-class maritime services in the State of Qatar.

On behalf of Nakilat, I would like to express our appreciation to His Excellency Dr. Mohammed Bin Saleh Al Sada, Minister of Energy and Industry, for his continuous support to Nakilat's objectives and his direct supervision to the maritime industry in the State of Qatar. We would also like to take this opportunity to thank Nakilat's Board of Directors for their excellent guidance.

Furthermore, we are thankful for the charterers of our vessels, QatarGas and RasGas, as well as the management and employees of Qatar Petroleum for their support.

2015
ACHIEVEMENTS

THE YEAR WAS TRIUMPHANT FOR NAKILAT WITH SEVERAL STRATEGIC INITIATIVES AND ACHIEVEMENTS WHICH INCLUDED THE FOLLOWING:

- Abdullah Al Sulaiti, Managing Director (MD) of Nakilat, was honoured as one of the Gulf's top CEO's at the TOP CEO awards.
- The company's net profit of QR 984 million in 2015 was an increase of 10% as compared to the previous year.
- Nakilat expanded its joint venture with Greek shipping company Maran Ventures Inc. to include two new LNG vessels. The agreement increased the number of vessels jointly-owned by Nakilat and Maran Gas to 13.
- Nakilat also has signed a MoU with government-owned financial institution Qatar Development Bank (QDB) agreeing to collaborate in areas including marine export credit insurance and financing.
- Nakilat became the first organisation across Qatar to launch the globally renowned talent management Success Factors and integrate the Human Capital Management (HCM) suite in-house.
- Nakilat won the prestigious "CIO 100" Awards for its successful undertaking of setting the standard for innovation and creativity within the Information Technology Department, which helps advance the work environment and increase efficiency.
- In January 2015, Nakilat achieved an important milestone in the growth of the company by taking over Commercial Management of their 4 Very Large Gas carriers (VLGCs) jointly owned with Milaha.
- Nakilat-Keppel Offshore & Marine (N-KOM) celebrated its 100th LNG carrier repair at Erhama Bin Jaber Al Jalahma Shipyard in Qatar.
- N-KOM received the Shipyard/Ship repair Facility of the Year at The Maritime Standard Middle East and Indian Subcontinent Awards 2015.
- Nakilat's joint venture and shipyard operator, Nakilat Damen Shipyards Qatar (NDSQ) celebrated its first 5 years of operation. With 27 vessels delivered, the yard has proven its capability to support Qatar's national strategy for economic diversification.
- NDSQ completed 18 repairs, maintenance and refit projects on mega yachts, with two 71m-long fast luxury yachts currently under construction.
- Nakilat SvitzerWijsmuller (NSW), a joint venture company of Nakilat extended offshore Halul contract (5 vessels) with further 3 years and took delivery of additional 4 vessels (3 tugs and 1 pilot boat) under contract with QP Ras Laffan port. It also achieved LTI free operation for 18 months.

2015 HIGHLIGHTS

FINANCE

- Moody's affirmed Nakilat Inc. rating with "stable" outlook in June 2015.
- Fitch affirmed Nakilat Inc. senior bonds rating with "stable" outlook in July 2015.
- Increased participation of Qatari financial institutions including the utilization of Qatari bank's international presence.
- Evaluated company's hedging strategy and initiated implementation of resulting actions.

FLEET

MEGI Installation:

- Successful retrofit installation of MEGI on board Q-Max vessel Rasheeda.

BWTS (Ballast Water Treatment System)

- Installed Ballast Water Treatment System on Aamira at refit in May 2015.
- Significant achievement involving good collaboration between Nakilat, N-KOM and Samsung Heavy Industries.
- Pioneering technology in preparation for future IMO legislation requirements on ballast water management.

EFFECIENCY

Opportunities were captured in 2015 to improve efficiency of Fleet operations that included Heel management and hull performance initiatives.

PEER REVIEW

Nakilat commenced an independent Peer Review study into its capacity to take on further vessels ship management activities.

MARITIME TRAINING SIMULATOR

Nakilat has initiated a grand scale simulator training center project serving the training and assessment needs of large pool of marine officers and the Qatari maritime industry.

REGULATIONS COMPLIANCE

ECA regulations compliance for low Sulphur fuels, modifying ready Q-Flex vessels for extended ECA service.

QPSF (Qatar Project Shipping Forum)

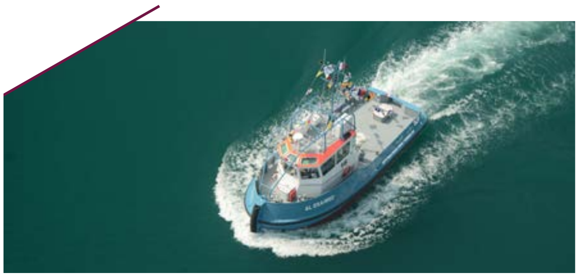
- A bi-annual shipping conference involving all stakeholders in Qatar's LNG supply chain addressing key matters affecting the Qatari LNG shipping.
- Forum shared topics on new technologies.
  - * Maran Gas presented on Ozone BWMS.
  - * New ECA requirements were discussed in detail.
  - * Nakilat's acheivements on depot and warehousing were presented, along with the pooling agreement.
  - * MEGI progress was presented.

NAKILAT-KEPPEL OFFSHORE & MARINE (N-KOM)

- Successfully executed the world's first MEGI (Main Engine Gas Injection) conversion of a Nakilat Q-Max LNG carrier.
- Undertook its second BWMS (Ballast Water Management System) installation for a Nakilat Q-Max LNG carrier.
- Successfully undertaken more than 500 projects for the marine, offshore and onshore industry. The shipyard celebrated its 100th LNG carrier repair in 2015.
- Constructed and delivered two floating jetties for Qatar Primary Materials Company (QPMC).
- N-KOM constructed jackets, piles and bridge for Technip and Qatar Petroleum's FMB project.
- Received an award from Arabian Business in recognition of its contributions to the local industry and the 'Most Improved HSE Standards and Culture Award' at Shell's Annual Shipping and Maritime Contractor Awards 2015.
- The shipyard also received the 'Ship Repair Innovation' award at the Seatrade Maritime Awards Middle East, Indian Subcontinent & Africa 2015 in recognition of its successful undertaking of the world's first MEGI (Main Engine Gas Injection) conversion project and the 'Ship Repair/Shipyard' award from The Maritime Standard Awards Middle East & Indian Subcontinent 2015 for its excellent track record of safe and timely project deliveries.
- Delivery of a new liftboat totally built at Erhama Bin Jaber Al Jalahma Shipyard to Gulf Drilling International (GDI) in a secure and timely manner.

NAKILAT DAMEN SHIPYARDS QATAR (NDSQ)

- NDSQ completed 18 repair, maintenance and refit projects on mega yachts.
- Two 71m-long fast luxury yachts are currently under construction.
- NDSQ delivered four vessels out of the six-vessel order to (NSW)
- Qatar's New Port Project (NPP) 11 vessels are currently under construction.
- NDSQ exhibited at the Qatar International Boat Show.
- NDSQ was re-certified by Lloyd's Register for ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.
- NDSQ has delivered one yacht support Stan Tender 2606 vessel.



MARINE SERVICES

- Nakilat SvitzerWijsmuller (NSW) took delivery of 4 vessels of a six vessel order for operation at the port of Ras Laffan.
- NSW extended the contract with QP for provision of 2 offshore line boats supporting the SBM operation off Halul and 3 crew boats providing intra-field logistics
- Nakilat Agency Company (NAC) continued to provide agency services to all vessels calling Ras Laffan and hydrocarbon vessels calling at Mesaieed without any delays or lost time injury (LTI).
- The agency licenses for Ras Laffan and Mesaieed were extended by one year.
- Agreements were signed with external clients for the arrangement of logistics by NAC.
- In collaboration with Qatar Customs Authorities, Nakilat successfully implemented the Ship Spares in Transit process for the import of all future ship spare-parts.

SHEQ

- Nakilat's focus on safety continues. The Nakilat-managed LPG vessels Bu Sidra, Lubara and Umm Laqhab have each achieved the milestone of 3 years operating without a Total Record Case which amounts to over 2 million man hours.
- Nakilat MEGI Conversion Project was completed without a Total Recordable Case injury.
- Nakilat has initiated an Incident and Injury Free program. The program is a leadership program delivered through the means of safety. The IIF program enables key people within the organization to enhance their skills to foster a safer working environment throughout the company and introduces effective intervention skills to enable people to challenge the status quo in an effort to achieve safe, efficient and reliable operations.
- Nakilat has conducted the second Safety Culture Survey in follow up to the initial survey conducted in 2014. The results show an overall improvement in the safety culture of the company. In the 2015 survey 84% of respondents rated Nakilat's Safety culture as good. This is better than the result of 2014, where 76% of respondents rated the safety culture as good. All areas for attention that were identified in the 2014 survey showed improvement, indicating success in the company measures to address the issues identified.
- Nakilat ran a proactive safety campaign on Manual Handling across the NSQL managed fleet to increase awareness in best manual handling practices. Injuries caused from manual handling activities are one of the most common lost time cases in many work places across the world. These campaigns are conducted to increase the competence and knowledge of our vessel's crew to prevent incidents and injuries.

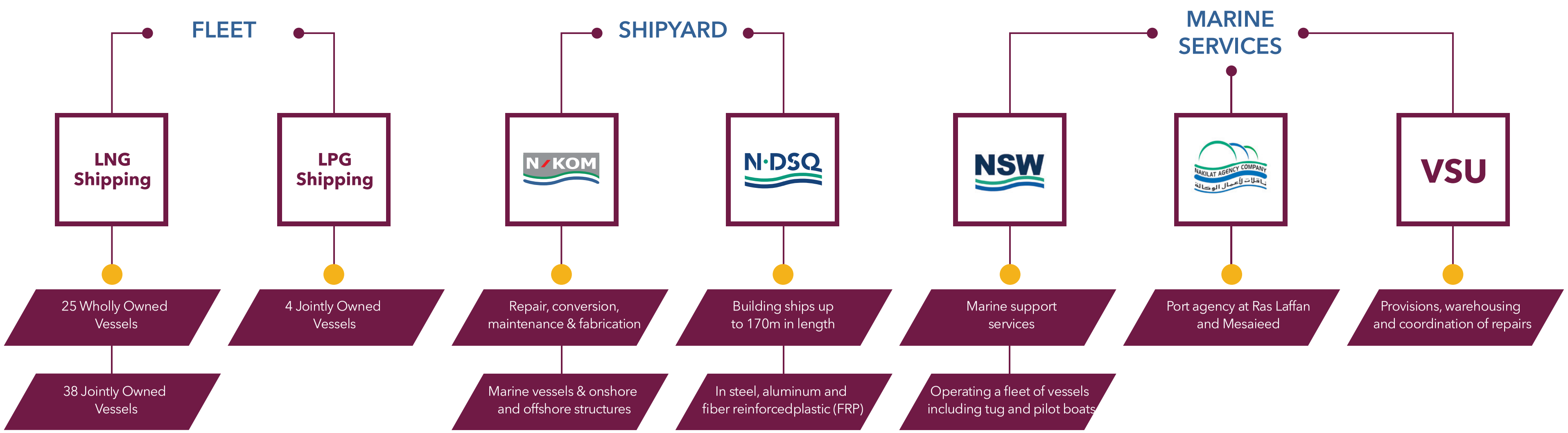
CORPORATE PROFILE

Nakilat is a Qatari marine company providing the essential transportation link in the State of Qatar's LNG supply chain. Its LNG shipping fleet is the largest in the world, and has grown to 63 LNG vessels. In addition, via wholly-owned subsidiary Nakilat Shipping Qatar Limited (NSQL), Nakilat manages and operates four very large LPG carriers, which Nakilat jointly owns with Milaha. NSQL also manages and operates four LNG carriers.

Via two strategic joint ventures – Nakilat-Keppel Offshore & Marine (N-KOM) and Nakilat Damen Shipyards Qatar (NDSQ) – Nakilat operates the ship repair and construction facilities at Erhama Bin Jaber Al Jalahma Shipyard in the State of Qatar's Port of Ras Laffan.

Nakilat also provides port agency services through Nakilat Agency Company (NAC) for the Ports of Ras Laffan and Mesaieed and warehousing for vessels in Qatari waters via Nakilat's Vessel Support Unit (VSU). Joint venture Nakilat SvitzerWijsmuller (NSW) offers marine support services at the Port of Ras Laffan and at the State of Qatar's offshore activity around Halul Island.

www.nakilat.com.qa


FLEET
LNG Shipping
25 Wholly Owned Vessels
38 Jointly Owned Vessels
LPG Shipping
4 Jointly Owned Vessels
SHIPYARD
N-KOM
Repair, conversion, maintenance & fabrication
Marine vessels & onshore and offshore structures
N·DSQ
Building ships up to 170m in length
In steel, aluminum and fiber reinforcedplastic (FRP)
MARINE SERVICES
NSW
Marine support services
Operating a fleet of vessels including tug and pilot boats
NAKILAT AGENCY COMPANY
Port agency at Ras Laffan and Mesaieed
VSU
Provisions, warehousing and coordination of repairs

STRENGTHS

PART OF THE QATARI LNG VALUE CHAIN

Qatar is the world's single largest supplier of LNG: it is the world's leading LNG exporter (source: US Energy Information Administration). The State of Qatar liquefies 77 million tons per annum of LNG from the North Field gas reserve. Under the auspices of Qatar Petroleum and through its Qatargas and RasGas operations, the LNG produced in the State of Qatar is sold to customers around the world typically via long-term contracts, which provides stable revenues. The entire value chain enjoys strong sponsorship from the State of Qatar. Nakilat provides the essential transportation link in this value chain.

LONG-TERM STABILITY

The State of Qatar's LNG sales are on long-term contracts in multiple markets throughout the world and Qatari ventures have ownership interest or long-term contracted capacity in regasification terminals in selected key markets.

Nakilat's revenues are stable due to the majority of our vessels being chartered on 25-year, fixed-rate time charters with Qatargas and RasGas.

SOLID CREDIT RATINGS

The two major credit rating agencies, Standard & Poor's and Moody's, rate the Nakilat Inc. senior debt as AA- and Aa3 and the Nakilat Inc. subordinated debt as A+ and A1 respectively. Both Standard & Poor's and Moody's rate Nakilat Inc. only one notch below the State of Qatar which is rated as AA and Aa2.

In a report published by S&P in October 2015, the Rating Agency highlighted Nakilat's key strengths as being important to Qatar's LNG strategy given Nakilat's ownership of the world's largest LNG fleet. Moreover, the report stated that Nakilat's consistent profitability and its reliable operating track record are two key elements among a variety for Nakilat's strong business profile.

LOW RISK DEVELOPMENT STRATEGY

Nakilat has established a proven track record with Qatargas and RasGas in successfully delivering results of ambitious projects via prudent development strategies.

WORLD-CLASS PARTNERS

A strategic alliance with Shell International Trading and Shipping Company Ltd. (STASCO), a leading international vessel operator with extensive experience in operating gas vessels, currently oversees operations and management of Nakilat's wholly-owned LNG ships.

Nakilat has formed joint ventures with leading ship repairer Keppel Offshore & Marine and with premier ship builder Damen Shipyards Group to operate Erhama Bin Jaber Al Jalahma Shipyard in Ras Laffan. To offer a full spectrum of marine services in Qatari waters, Nakilat has partnered with Svitzer, a global market leader in towage and emergency response.

HUMAN ELEMENT

Nakilat's commitment to develop the human element is a consistent strategy and unwavering. As an organisation, we are fully committed to Qatar's National Vision 2030, including a strong emphasis on the development of our workforce.

Qatarization at Nakilat involves the selection, recruitment, retention and development of talented Qatari men and women. National employees are recruited at all levels, i.e from Developee level to senior management, and they are groomed and prepared for leadership roles.

Nakilat's Marine Cadet Program, established in 2011, is a unique sponsorship program that offers Qataris the opportunity to become marine officers or engineers. Nakilat sponsors its cadets through a degree course at International Maritime Schools, including training onboard, in order to secure roles on Nakilat vessels.

Nakilat prides itself on offering each employee exceptional levels of support, and uninterrupted opportunities for improvement and advancement.

SAFETY, HEALTH, ENVIRONMENT & QUALITY

Nakilat is firmly committed to prioritizing safety, health, the environment and quality in all of its operations and activities. As a Qatari company with a wide international reach, our responsibilities and obligations are many and diverse. By placing care of people and of the environment at the top of our agenda, we are able to fulfill our duties towards our stakeholders and communities both at home and abroad.

INTERNATIONAL CODES AND STANDARDS

All Nakilat-managed vessels are in full compliance with all international codes and standards which include International Safety Management code, International Ship Security and Port Facility code, Maritime Labor Convention, SOLAS and MARPOL. Nakilat is also certified ISO 9001 for Quality Management, OHSAS 18001 for Occupational Health and Safety, and ISO 14001 for Environmental Management. All ISO and OHSAS certifications are awarded by Lloyd's Register Quality Assurance (LRQA).

DEDICATED POLICY

Alongside Nakilat's Vision and Mission statements, our company Safety, Health, Environment and Quality (SHEQ) Policy provides a set of principles to guide our every decision and action as a company. As stated in the policy, our ultimate aims are no harm to people and protection of the environment.

REGULAR TRAINING, DRILLS AND PARTICIPATION

Nakilat participates in a program of routine drills involving collaboration with local and international companies, which helps the company maintain a high level of preparedness in the event of an emergency. Frequent drills, regular training and awareness sessions are organized for our employees, covering diverse areas such as fire safety and defensive driving. Nakilat and our joint venture companies are also active participants in initiatives to raise awareness of health, safety and environmental issues in the State of Qatar.

QUALITY MANAGEMENT

In line with our ISO 9001 certification, internal and external auditors assess the quality of Nakilat's operations and management systems through regular audit sessions, carried out by both internal and external auditors.

SUSTAINABLE DEVELOPMENT

The Qatar National Vision 2030 guides Nakilat's growth and development in a manner aligned with the future aims of the State of Qatar. In 2015, Nakilat published its fourth consecutive annual Sustainable Development Report for 2014.

2015 ACHIEVEMENTS

- Nakilat actively participated in the Qatar Armed forces military exercise "Ferocious Falcon". This is the third time that Nakilat has participated in these important national exercises demonstrating the Armed forces trust and confidence in Nakilat.
- Nakilat's LNG Fleet has been awarded the Green Award certification. This accreditation is recognition of the robust safety, environmental and quality management systems of the fleet. NSQL vessels are eligible for discounts in port charges and services from participating members. The award is given to shipping companies that demonstrate high standard in safety and environmental protection.
- Nakilat successfully underwent external audits to verify compliance with ISO 9001, OHSAS 18001 standards and ISM certification for the Fleet. Nakilat also completed the certification audit and obtained ISO 14001 certification for Nakilat Corporate Office and NSQL
- Nakilat submitted its fourth Annual Sustainability Report in November 2015, which is also published on Nakilat's official website.
- Nakilat participated in Word Environmental Day with a month long environmental awareness campaign which enabled employees to commit to more environmentally friendly behaviours both in the work place and at home. This resulted in 186.300 KWH being saved, which is equal to driving a car for 500km and 115.2 m3 of fresh water has been saved which equals to all the water requirements of 40 persons for one month. Nakilat also participated in Earth hour where all employees were asked to turn off all non-essential electrical equipment and lighting for one hour on 28th March 2015.
- SHEQ quizzes were conducted monthly to ensure that essential Safety, Health, Environmental and Quality knowledge is imparted and absorbed by all staff members. This initiative has been very successful and is being emulated throughout Nakilat as a means of effective employee engagement.
- Nakilat played a big role during the Safe Spring Camp and other similar events, which was an opportunity for Nakilat employees to interact with the community as part of its Corporate Social Responsibility (CSR).

NAKILAT HISTORY

2004

Nakilat is established as the shipping arm of Qatar's liquefied natural gas (LNG) sector.

2005

The company's first two LNG vessels are delivered.

Floatation of Nakilat shares on Qatar Exchange.

Nakilat Agency Company (NAC) Ltd. is formed, with Nakilat owning 95% of the shares.

2010

Three LNG vessels delivered to Nakilat.

Joint venture Nakilat Damen Shipyards Qatar (NDSQ) created.

Erhama Bin Jaber Al Jalahma Shipyard inaugurated.

N-KOM and NDSQ begin operations.

2011

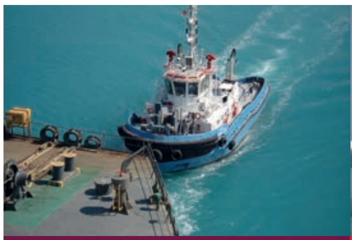
Nakilat receives ISO 9001:2008 and OHSAS 18001:2007 certification.

N-KOM completes first LNG dry-docking project, Simaisma.

Gulf Drilling International and N-KOM sign major contract.

N-KOM receives first Qatargas vessel, Al Wakrah.

NDSQ receives ISO 9001:2008 certification.



2006

Nakilat awarded 25-year time charter by Qatargas 2 for six Q-Max vessels.

Nakilat awarded 25-year time charter by Qatargas 3 for 10 large LNG carriers.

Construction begins on Erhama Bin Jaber Al Jalahma Shipyard in Ras Laffan Industrial City.

Nakilat-Svitzer joint venture awarded 22- year service contract by Qatar Petroleum for the Port of Ras Laffan.

Nakilat formed a strategic alliance with Shell Trading and Shipping Company Limited (STASCO) for the management of 25 wholly-owned LNG carriers.

2007

Eight LNG vessels are delivered to Nakilat.

Nakilat takes delivery of its first Q-Flex, Al Gattara.

The company is awarded 25-year time charter by Qatargas 4 for eight large LNG carriers.

Steel cutting for first Q-Max.

First Q-Flex vessel at Ras Laffan carrying Qatargas cargo.

2008

21 LNG vessels delivered to Nakilat.

Delivery of first Q-Max, Mozah.

Nakilat-Keppel Offshore & Marine (N-KOM) is established.

2009

18 LNG vessels delivered to Nakilat.

All four LPG ships delivered.

2012

Nakilat assumes management of its four LPG carriers.

Nakilat closes US $380 million Islamic financing.

NDSQ completes construction of its first vessel, a 140m load-out and recovery barge.

First Qatari marine cadets sign with Nakilat.

NDSQ launches first three mooring boats of a 19-vessel order.

Nakilat secures US $200 million of financing for Gulf LPG.

2013

Nakilat signs MoU with Algerian state energy company Sonatrach.

Nakilat increases its ownership in Maran Nakilat Co. Ltd.

Nakilat arranges a US $160 million bank financing transaction for N-KOM and NDSQ.

Nakilat Inc. arranges refinancing worth US $917 million.

NDSQ signs contract to build two 71m fast luxury vessel.

NDSQ and NSW sign a shipbuilding contract for seven new vessels with NSW to operate the vessels on delivery.

NDSQ certified ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

N-KOM wins 'Ship Repair Shipyard' award for the second consecutive year at the Seatrade Middle East & Indian Subcontinent Awards 2013.

2014

Nakilat decides to bring commercial management of its jointly owned LPG vessels in-house and focus on term charters.

A deal is completed to further expand the Maran-Nakilat joint venture.

N-KOM signs a contract with MAN Diesel & Turbo to collaborate on the ME-GI project.

N-KOM signs a MoU with HeLenGi Engineering for the conversion of Greek ferries.

N-KOM is awarded two contracts worth US $110 million by Gulf Drilling International.

N-KOM signs a contract worth US $19 million with Qatar Primary Materials Company.

N-KOM signs a contract with DNV GL to co-operate on LNG and gas solutions projects.

N-KOM received certifications from American Petroleum Institute.

NKOM wins Middle East and Indian Subcontinent Awards 2014.

NDSQ signs two MoUs with Qatar Armed Forces.

NDSQ delivers the first two workboats to NSW.

Four LNG vessels are brought under the management of NSQL.

SHAREHOLDERS

QATAR PETROLEUM

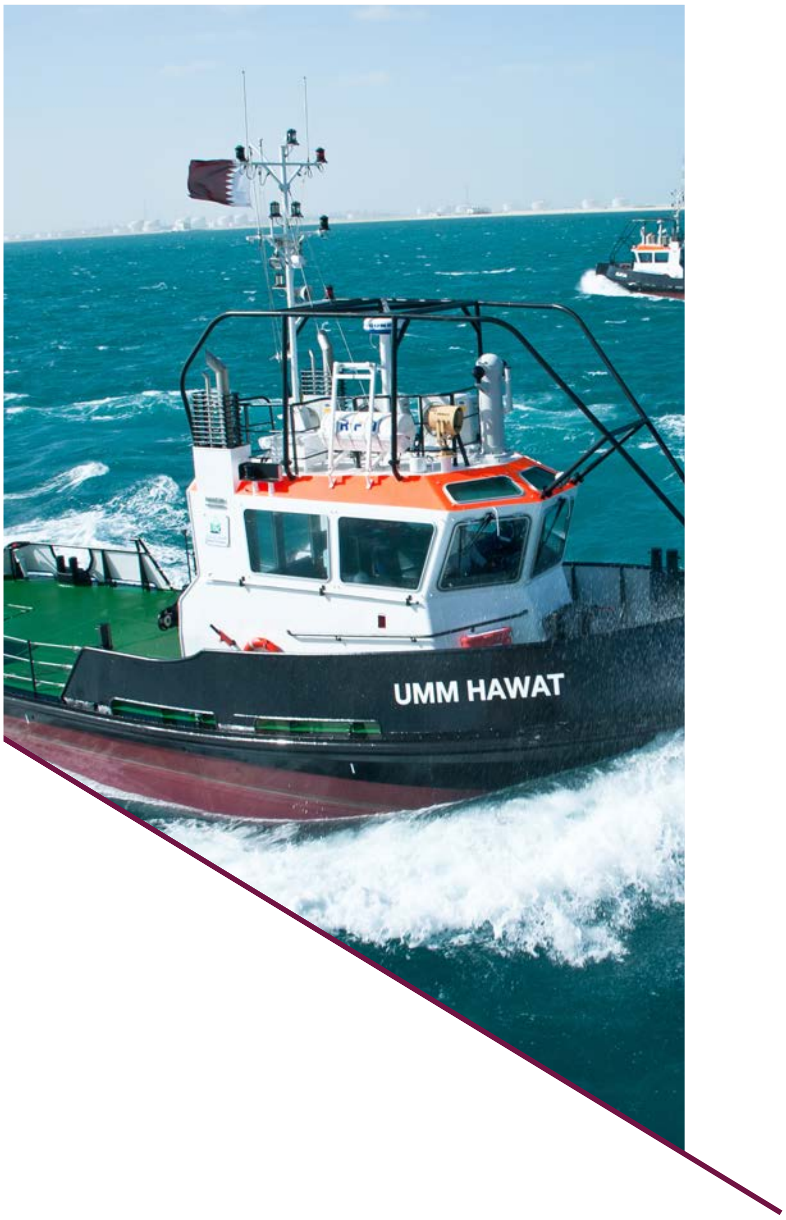
Qatar Petroleum is a state-owned public corporation established by Emiri Decree No. 10 in 1974. It is responsible for all phases of the oil and gas industry in the State of Qatar.

The principal activities of QP, its subsidiaries and joint ventures are the exploration, production, local and international sale of crude oil, natural gas and gas liquids, refined products, synthetic fuels, petrochemicals, fuel additives, fertilizers, liquefied natural gas (LNG), steel and aluminium.

QP's strategy of conducting hydrocarbon exploration and development is through Exploration and Production Sharing Agreements (EPSA) and Development and Production Sharing Agreements (DPSA) concluded with major international oil and gas companies.

The operations and activities of QP and its affiliates are conducted at various onshore locations, including Doha, Dukhan and the Mesaieed and Ras Laffan Industrial Cities, as well as offshore areas, including Halul Island, offshore production stations, drilling platforms and the North Field.

Thriving on a spirit of enterprise, each of our joint venture is underpinned by transparency, innovation and high standards of quality and service. At Qatar Petroleum, we are committed to one thing above all: excellence.



QATAR SHIPPING COMPANY SPC

Qatar Shipping is a diversified Qatar-based shipping company offering comprehensive services to meet specific needs in the shipment of LPG, LNG, crude and clean oil. Qatar Shipping is currently owned by Qatar Navigation QSC (Milaha) as one of its business arms in the local and global market. www.qship.com

QATAR NAVIGATION (MILAHA) QSC

Milaha is a diversified Qatar-based shipping company offering, among other things, marine transportation in gas, petroleum products, containers and bulk; offshore support services; port management and operations; logistics services; shipyard; trading agencies; real estate investments; and asset management. Milaha owns a large fleet of container vessels, general cargo vessels, barges and tugs.

قطر للبترول
Qatar Petroleum

ملاحة
MILAHA

QATAR FOUNDATION

Qatar Foundation for Education, Science, and Community Development (QF) is a private, non-profit organisation that is supporting Qatar on its journey from carbon economy to knowledge economy by unlocking human potential, for the benefit of not only Qatar, but the world. QF was co-founded in 1995 by His Highness Sheikh Hamad bin Khalifa Al Thani, the Father Amir, and Her Highness Sheikha Moza bint Nasser, Qatar Foundation's Chairperson. QF's work encompasses education, research and community development. World-class universities are brought to Qatar to help create an education sector in which young people can develop the attitudes and skills required for a knowledge economy. At the same time, QF builds Qatar's innovation and technology capacity by developing and commercialising solutions through key sciences. The Foundation also works to foster a progressive society while enhancing cultural life, protecting Qatar's heritage and addressing immediate social needs in the community.

GENERAL RETIREMENT & SOCIAL INSURANCE AUTHORITY

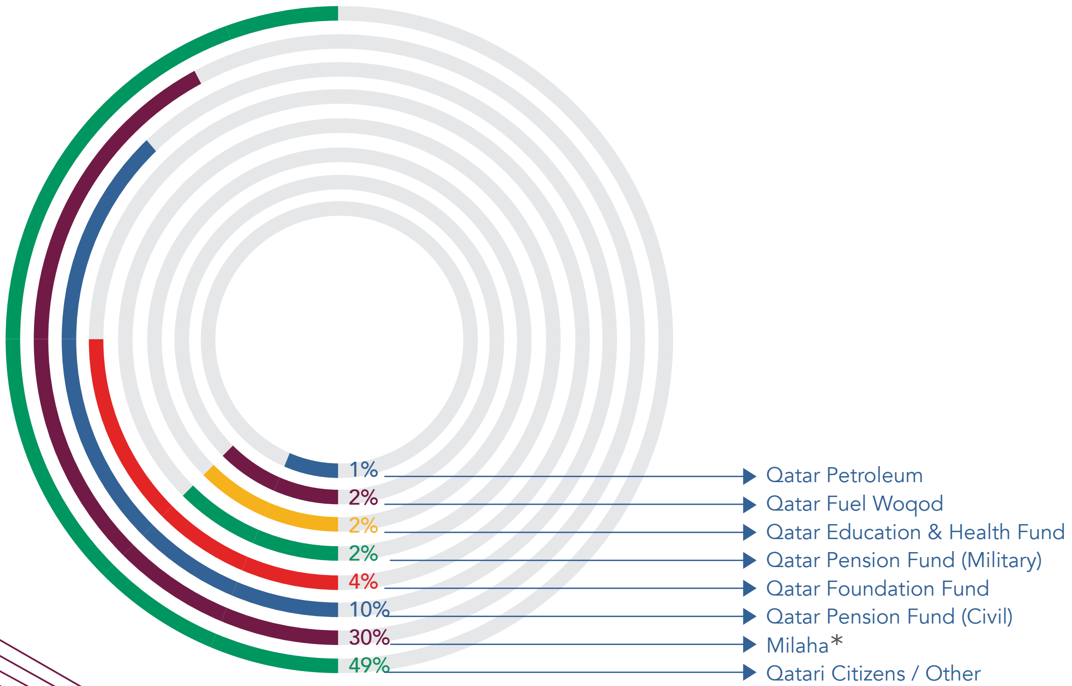
GRSIA is a legal entity with an independent budget set within the general budget of Ministery of Finance. The authority is liable to apply Qatari Civil & Military Retirement & Pension Law. The authority aims to secure honorable life for Qatari Citizens and their dependents in accordance with the Pension and Retirement Law.

QATAR FUEL (WOQOD)

Qatar Fuel (Woqod) is a public share company listed on the Doha Securities Market since 2002. The company is responsible for the distribution of all fuels within the State of Qatar. This includes diesel, gasolines and aviation fuel through a fleet of more than 150 road tankers. The company trades in ship-to-ship bunkering, bitumen importation and distribution, lubricants, and modern service stations. Woqod also distributes all LPG in the State of Qatar.

QATAR EDUCATION & HEALTH FUND

Investment funds control the shares attributed to the Qatar Education & Health Fund.



* Milaha is the new identity for the two combined companies Qatar Navigation and Qatar Shipping.

CHARTERERS (LNG)

RASGAS

RasGas Company Limited (RasGas) is a Qatari joint stock company established in 2001 by Qatar Petroleum and ExxonMobil RasGas Inc. RasGas acts as the operating company for and on behalf of the owners of the liquefied natural gas (LNG) projects RL, RL (II) and RL3 (Project Owners). With operations facilities based in Ras Laffan Industrial City, Qatar, RasGas' principal activities are to extract, process, liquefy, store and export LNG and its derivatives from Qatar's North Field. RasGas, on behalf of the Project Owners, exports to countries across Asia, Europe and the Americas with a total LNG production capacity of approximately 37 million tonnes per annum.

For pipeline sales gas to the domestic market, RasGas also operates the Al Khaleej Gas Projects, AKG-1 and AKG-2 supplying approximately 2.0 billion standard cubic feet (Bscf) per day. RasGas is currently adding production capacity by managing the construction of the Barzan Gas Project which when fully operational, is expected to supply approximately 1.4 Bscf of additional sales gas per day to the Qatari market to meet growing demand for energy at power stations and downstream industries.

RasGas currently operates the Ras Laffan Helium Plant which was established in 2003 and came on stream in 2005. The plant extracts, purifies and liquefies helium from the North Field. The second helium plant entered production in June 2013 bringing the total liquid helium production capacity to 1.96 Bscf per year.

www.rasgas.com

QATARGAS

QATARGAS

Qatargas established in 1984, pioneered the Liquefied Natural Gas (LNG) industry in Qatar and today is the largest producer of LNG in the world, with an annual LNG production capacity of 42 million tonnes per annum (MTPA) from its world-class facilities in Ras Laffan Industrial City, Qatar. Since first production in 1996, Qatargas has successfully delivered cargos to 28 countries and is committed to meeting the world's demand for safe, reliable and clean energy.

Through its operational excellence Qatargas is adding value to its production chain, contributing to the Qatari economy and Qatar's National Vision to ensure efficient energy supplies for the country, creating new markets and contributing to the local community. In addition to the LNG facilities, Qatargas operates the Jetty Boil-Off Gas facility, the Laffan Refinery, - one of the largest condensate refineries in the world and the Ras Laffan Terminal on behalf of all participants.

www.qatargas.com

CHARTERERS (LPG)

Royal Dutch Shell was formed in 1907, headquarters are in The Hague, the Netherlands, and Chief Executive Officer is Ben van Beurden. The parent company of the Shell group is Royal Dutch Shell plc, which is incorporated in England and Wales. Shell's strategy seeks to reinforce the company's position as a leader in the oil and gas industry, while helping to meet global energy demand in a responsible way. Safety and environmental and social responsibility are at the heart of the company's activities. Shell believes that oil and gas will remain a vital part of the global energy mix for many decades to come. Their role is to ensure that they extract and deliver these energy resources profitably and in environmentally and socially responsible ways.

Shell seeks a high standard of performance, maintaining a strong and growing long-term position in the competitive environments in which they operate. They aim to work closely with their customers, their partners and policymakers to advance a more efficient and sustainable use of energy and natural resources. Shell operations are divided into five businesses: Upstream, Integrated Gas, Unconventional Resources, Downstream, and Projects & Technology.

In Upstream they focus on exploration for new liquids and natural gas reserves and on developing major new projects where our technology and know-how add value for resource holders. In Integrated Gas, they focus on liquefying natural gas (LNG) and converting gas to liquids (GTL) so that it can be safely stored and shipped to markets around the world. In Downstream, they focus on turning crude oil into a range of refined products, which are moved and marketed around the world for domestic, industrial and transport use. In addition, they produce and sell petrochemicals for industrial use worldwide. Shell Projects & Technology business is responsible for delivering new development projects and the research and development that leads to innovative and low-cost investments for the future.

www.shell.com

Gunvor has evolved strategically to become one of the world's leading independent commodities trading houses in the world. Gunvor was founded in 2000 as a merchant of crude oil and oil products. From the very beginning they differentiated themselves by committing to long-term business relationships and the application of innovative trading solutions. By combining their regional market knowledge with global logistics they have earned a reputation for reliably acquiring, marketing and moving energy commodities from areas of surplus to those with greatest demand.

While Gunvor remains a physical trader at heart, they have strategically invested in upstream, midstream and downstream assets to create a platform for international expansion. Today, Gunvor serves an important role in helping to smooth worldwide energy markets. They source crude oil and refined oil products from more than 100 countries, have industrial assets worth in excess of US $2 billion, and work with more than 75 global financial institutions, balanced across Asia-Pacific, the Americas, the Middle East and Europe.

Gunvor investments and wholly-owned assets provide greater control over commodity sourcing and distribution, create a foundation for diversified income streams, and give them a significant competitive advantage in the worldwide marketplace.

www.gunvorgroup.com

ExxonMobil

For decades, fears of scarcity have shaped energy policy around the world. But in recent years, investments and innovations by the energy sector have made it possible to challenge this old way of thinking.

New industry technologies are leading to the development of new supplies of energy, in a safe, secure and environmentally responsible way. This new era of abundance holds the potential to spur hope and opportunity for billions of people.

Global energy demand will grow significantly in the years ahead. ExxonMobil has the ability to invest in projects with the highest returns. And given the universal need for energy, we are well positioned to continue to deliver long-term value for our shareholders through the cycle.

Exploration, development, production, gas and power marketing, and research activities

ExxonMobil's Upstream business encompasses high-quality exploration opportunities across all resource types and geographies, an industry-leading resource base, a portfolio of world-class projects, and a diverse set of profitable producing assets. We have an active exploration or production presence in 36 countries.

Our industry-leading record of long-term reserves replacement demonstrates the success of our global strategy to identify, evaluate, pursue, and capture high-quality opportunities. The size and diversity of ExxonMobil's global resource base, the largest held by any international oil company, provide us with unequaled investment flexibility to profitably develop new supplies of energy to meet future demand.

We continue to increase and expand the quality of our resources through successful exploration drilling, capture of undeveloped resources, strategic acquisitions, and increased recovery from existing fields.

Refining and supply, fuels, lubricants and specialties marketing, and research and engineering

ExxonMobil's Downstream business has a diverse global portfolio of advantaged refining and distribution facilities, lubricant plants, marketing operations, and brands, underpinned by a world-class research and engineering organization. We are one of the world's largest refiners and lube basestocks manufacturers.

We hold an ownership interest in 30 refineries with distillation capacity of over 5.2 million barrels per day and lube basestock capacity of 131 thousand barrels per day. Our integrated model leads the industry with approximately 75 percent of our refineries integrated with chemical or lubricant manufacturing facilities, providing unique molecule optimization capability across the entire value chain. Our fuels and lubricants marketing businesses have a global reach, supported by world-renowned brands, including Exxon, Mobil, and Esso.

Chemical

ExxonMobil Chemical is one of the largest chemical companies in the world. Our unique portfolio of commodity and specialty businesses generates annual sales of more than 24 million tonnes of prime products. We have world-scale manufacturing facilities in all major regions, and our products serve as the building blocks for a wide variety of everyday consumer and industrial products.

Safety and our workforce

Driven by our talented and committed workforce, proven management systems are rigorously employed at ExxonMobil facilities around the globe and incorporated into daily operations. These systems enable continuous improvement in safety, security, health, and environmental performance.

Ensuring the safety and reliability of our operations is fundamental to our business success and a critical challenge that ExxonMobil takes on every day. In 2014, we achieved our best-ever safety performance. We maintain an unwavering commitment to achieve our vision that Nobody Gets Hurt.

For more information, visit www.exxonmobil.com

FLEET

Nakilat's strength is largely derived from its core business of shipping Qatari gas to global markets. Its fleet of 63 wholly-owned and jointly-owned LNG and four LPG vessels comprise the world's newest and largest gas fleets, with all vessels incorporating modern technology to ensure the safe, environmentally sound and cost-effective transportation of gas. The LNG vessels represent a total investment of approximately US $11 billion and have a combined carrying capacity of over 9 million cubic meters or 14% of the world capacity. The majority of Nakilat's LNG vessels are dedicated to meeting the transportation requirements of Qatar's massive LNG industry, providing the country and the world with a strategically important 'floating pipeline' of clean energy. These vessels are employed through long-term time charter agreements with Qatargas and RasGas. The remainder of the fleet is utilized in international shipping markets. Our jointly-owned LNG vessels are operated by the vessel's co-owners, which include many of the world's leading ship owning and operating companies.

Our wholly-owned LNG vessels carriers are operated via a strategic alliance with Shell International Trading and Shipping Company Ltd. (STASCO), a leading international vessel operator with extensive experience in operating LNG vessels. In line with its long-term vision, Nakilat took steps during 2011 to build a platform under which a measured transition to operate our LPG vessels could be realised in the near future.

Since its inception, Nakilat has increased certain aspects of ship management from an oversight and monitoring role. Throughout 2011, Nakilat continued work on the transition planning of its LPG ship management that in the future would allow for the careful and systematic transfer of operations from STASCO to Nakilat. As part of this effort, additional staff were acquired having the requisite skills and experience in technical ship management, marine personnel and procurement. Nakilat's IT department developed support capabilities for all the related software required by Fleet personnel as they prepare to assume responsibility for full ship management and operations.

Nakilat's wholly-owned subsidiary, Nakilat Shipping Qatar Ltd (NSQL), assumed full responsibility for the management and operations of Nakilat's four LPG vessels in 2012. In 2014, (NSQL) also assumed the full responsibility for the management and operations of Nakilat/ OSG four Q-Flex LNG carriers.

In addition to the 63 LNG carriers, Nakilat also jointly-owns four liquefied petroleum gas (LPG) carriers through Gulf LPG, a joint venture owned 50% by Nakilat and 50% by Milaha. Gulf LPG's four very large LPG carriers are fully operated and managed by (NSQL), which also manages and operates four LNG carriers.

2015 ACHIEVEMENTS

- The safety standards of the Fleet operations were maintained at very high level benchmarked with the best in class in the shipping industry. Injury and Incident Free (IIF) program launched and embedded within managing office and planned for vessels.

- The Fleet was expanded with the addition of the Maran LNG vessels, Fleet now comprises of 63 LNG and 4 LPG vessels.

- The LNG Fleet utilization at 99.2% with reliability maintained at 99.74%, 274 cargoes delivered to 15 countries and 31 different terminals, while the LPG Fleet utilization was at 98.49% with reliability maintained at 99.76%.

- The numerous optimisation drives and synergies progressed well through the year particularly on hull cleaning and cargo filling limits for the LNG vessels. Other advantageous projects capturing opportunities were developed with N-KOM for the large fleet.

- Phase II of Q-Max & Q-Flex reliability Project commenced, Nakilat leading with consultant support.

- Nakilat successfully completed a world first for slow speed Diesel engines by complex retro-fitting of ME Type Gas Injection (ME-GI) on the Q-Max vessel Rasheeda at NKOM in summer of 2015. Challenging new pilot projects successfully managed including Ballast Water Treatment:
    - Ballast Water Treatment System (BWTS)
    - High Integrity Management System (HIMS) and
    - Voyage Performance Management System (VPMS)

- New challenging LNG terminals i.e. Pakistan and Poland cleared for Q-Flex trading.

- Fleet ensured that security of the vessels at high-risk areas was maintained at full vigilance

- ECA regulations compliance for low Sulphur fuels, modifying ready Q-Flex vessels for extended ECA service.

- Enhancement and consolidation of Fleet's capabilities in ship management in preparation for further ship management activities. On the crewing front, 61% of 720 sea staff are now employed by QGTCMI.

- Nakilat commenced an independent Peer Review study into its capacity to take on further vessels ship management activities.

- Nakilat has initiated a grand scale simulator training center project serving the training and assessment needs of large pool of marine officers and the Qatari maritime industry.

QATAR´S FLOATING PIPELINE

NAKILAT'S FLEET

Transportation of LNG and LNG associated products is an integral link to Qatar's ability to connect its massive gas reserves to markets around the world.
LNG is critical to Qatar Petroleum and the State of Qatar.
RasGas and Qatargas are vital to Qatar Petroleum and international oil company partners.
Qatar produces 77 million tonnes per annum (MTA) of LNG.
Nakilat was established to play a key role in shipping for Qatari LNG and associated products.
Nakilat's vessels represent around 15% of the worldwide LNG Fleet capacity which translates into more than nine million cubic meters of LNG transportation.

FLEET COMPOSITION

- **LNG**
  14 Q-Max
  31 Q-Flex
  18 Conventional

- **LPG**
  4 VLGC

LNG CARRIERS

Q-Max and Q-Flex are the world's largest and most advanced LNG vessels.In service since 2007.
Q-Flex have approximately 50% more cargo capacity than conventional LNG carriers.
Q-Max have approximately 80% more cargo capacity than conventional LNG carriers.

- **25 wholly-owned vessels**
  14 Q-Max (capacity: 263,000m^3 - 266,000m^3)
  11 Q-Flex (capacity: 210,000m^3 - 217,000m^3)

- **38 jointly-owned vessels**
  Nakilat ownership ranges from 20-60 %, with an aggregate average of 45%
  Q-Flex (capacity: 216,000m^3)
  Q-Max (capacity: 266,000m^3)
  18 Conventional (capacity: 145,000m^3 - 170,000m^3)

LPG CARRIERS:

The world's largest LPG carriers, also known as Very Large Gas carriers (VLGC) capacity of 84,000m^3
50:50% ownership with Milaha


UK
THE NETHERLANDS
POLAND
FRANCE
BELGIUM
SPAIN
ITALY
TURKEY
QATAR
UAE
PAKISTAN
INDIA
CHINA
SOUTH KOREA
JAPAN
TAIWAN
THAILAND
SINGAPORE

SHIPYARD
N-KOM

In 2007 Nakilat was mandated to manage the design and construction of a world-class ship repair and construction yard in the State of Qatar's Port of Ras Laffan. Nakilat operates the shipyard via two joint ventures that were established with world-leading companies – Nakilat Keppel Offshore & Marine (N-KOM), which specializes in ship repair and offshore fabrication, and Nakilat Damen Shipyards Qatar (NDSQ), focusing on ship building. In line with the Emiri's vision, N-KOM and NDSQ continued to forge ahead with developing a strong and dynamic marine industry in the State of Qatar.

NAKILAT-KEPPEL OFFSHORE & MARINE (N-KOM)

Established: 2007

Ownership: N-KOM is owned 79 per cent by Nakilat, 20 per cent by KS Investments Ltd, a wholly-owned subsidiary of Keppel Offshore & Marine, and one percent by Qatar Petroleum.

Area of yard: 50.8 hectares.

Facilities: Two dry docks (360m x 66m and 400m x 80m); and one floating dock (405m x 66m), piers and quays totaling 3,150m in length, equipped with 15 cranes of varying capacities (30, 50 and 100 tonne); a complete range of support facilities, such as steel shop, machine shop, electrical shop, pipe shop, mechanical shop, cryogenic cleanrooms and large stores. The facility for small vessel repairs has four tower cranes of 25-tonne lifting capacity each, two mobile boat hoists (300-tonne and 1,100-tonne), a floating quay of 200m, dry berth area as well as a production support facility.

Activities: N-KOM focuses on the repair, conversion and maintenance of marine and offshore vessels, including fabrication of offshore and onshore structures such as jack-up drilling rigs, lift-boats, land rigs and their components.

Accreditations: American Petroleum Institute (API) ISO 9001; API OHSAS 18001; API ISO 14001; API Spec Q1; American Society of Mechanical Engineers (ASME) Certification Audit for Pressure Vessels Certification; ASME Stamps U, U2, S and PP; National Board R Stamp.

2015 ACHIEVEMENTS

- N-KOM completed the world's first MEGI (Main Engine Gas Injection) conversion for a Nakilat Q-Max LNG carrier to run on LNG as an alternative fuel.
- N-KOM undertook its second BWMS (Ballast Water Management System) installation - for a Nakilat Q-Max LNG carrier.
- N-KOM completed the construction of its first self-propelled and elevating liftboat for Gulf Drilling International (GDI).
- N-KOM celebrated its 100th LNG carrier repair since operations began in March 2011.
- N-KOM signed an MoU with Wartsila for piston crown reconditioning and chroming services at the shipyard.
- N-KOM signed an agreement for Wilhelmsen Ship Services to operate their workshop within the shipyard's premises.
- N-KOM has delivered two floating jetties constructed for Qatar Primary Materials Company (QPMC) in a safe and timely manner.
- N-KOM completed construction of jackets, piles and a platform-connecting bridge for Qatar Petroleum's FMB offshore project.
- N-KOM commenced operations of its Q-Max floating dock in June 2015. N-KOM won three regional maritime awards in 2015 and received an award for its improved Safety culture.

SHIPYARD NDSQ

NAKILAT DAMEN SHIPYARDS QATAR (NDSQ)

Established: 2010
Ownership: NDSQ is owned 70 per cent by Nakilat and 30 per cent by Damen Shipyards Group of the Netherlands.
Area of yard: 18 hectares.
Facilities: Construction hall of 270m in length by 65m wide; assembly hall of 180m in length consisting of four bays; finishing and refit hall for high-value vessels, 180m long x 70m wide x 50m high, divided into two separate bays that are independently climate controlled; outfitting pier of 400m in length equipped with a 30-tonne crane; load-out and recovery (LOR) barge with 10,500 tonnes lifting capacity; workshops, stores and other support facilities.
Activities: NDSQ focuses on 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.
Accreditations: ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

2015 ACHIEVEMENTS

- NDSQ has completed eighteen repair, maintenance and refit projects on megayachts.
- NDSQ is constructing two 71m-long fast luxury yachts, which will be built entirely in Qatar. The customized vessels are based on the proven axe-bow hull of Damen's Sea-Axe navy, coastguard and yacht support vessels. The vessels will be equipped with the latest technology and will reach speeds of up to 20 knots.
- NDSQ has successfully delivered the last 4 vessels of a 6-vessels order to fellow Nakilat joint venture NakilatSvitzerWijsmuller (NSW), on time and according to specification. The two 15-ton bollard pull (BP) twin-screw mooring boats, one 60-ton BP azimuth stern drive (ASD) tug, two 45-ton BP ASD tugs and one pilot boat are currently in service at the Port of Ras Laffan.
- NDSQ has entered into contract for building 11 vessels for Qatar's New Port Project (NPP).
- NDSQ has delivered one yacht support Stan Tender 2606 vessel.
- NDSQ participated at the Qatar International Boat Show (QIBS).
- NDSQ has been re-certified by Lloyds Register for ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

MARINE SERVICES

Nakilat offers a comprehensive range of marine services to vessels operating in Qatari waters and for those calling at the Ports of Ras Laffan and Mesaieed. These services were established to provide an integrated solution for ships requiring supplies and amenities off the Qatari coast.

NAKILAT SVITZERWIJSMULLER (NSW)

NSW is a joint venture company established in 2006 and 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 30 vessels, including 25 NSW-owned vessels. The fleet comprises tug boats, pilot boats, line boats, crew boats and other harbor craft, based at 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.

2015 ACHIEVEMENTS

- Extended offshore Halul contract (5 vessels).
- Took delivery of additional 4 vessels (3 tugs and one pilot boat) under contract with QP Ras Laffan port.
- Achieved LTI free operation for 18 months against more than 2.5 million exposure hours.
- Implemented electronic Safety and Quality System facilitating crew compliance as well as management of adherence to strict standards.

MARINE SERVICES

NAKILAT AGENCY COMPANY (NAC)

Nakilat Agency Company Ltd. (NAC) is owned 95 per cent by Nakilat and Five per cent by Qatar Petroleum. NAC is the appointed sole agent for the Port of Ras Laffan since May 2005, and from September 2013 for all hydrocarbon vessels calling at Mesaieed Port, under the Qatar Petroleum Port Agency Licenses.

NAC acts on behalf of, and offers port and shipping agency services to ship owners, shippers, ship operators, charterers, local manufacturers, receivers, other agencies, shipping customers and services providers, liaising with the Ports of Ras Laffan and Mesaieed. NAC deals with an average of 4,400 vessels per annum.

The key function is the effective turnaround of all vessels. Communication and co-ordination of activities between the ship and shore parties to ensure safe on-time berthing, loading and discharge operations, correct execution of shipping documentation, customs formalities (single window), immigration requirements, port and government regulatory matters, provision of spare and supplies, crew needs and all other husbandry services are the key elements.

2015 ACHIEVEMENTS

- Marked the year 2015 with the largest Net Profit achievement in the entire history.
- The company reached the highest number of Ad-hoc Vessel Calls attended, recording a 3% marginal increase to 3,007 vessels from 2,917 vessels in the year 2014.
- The company handled a total of 4,378 vessels and 16,400 crew movements during the year.
- The company successfully completed 10 years of LTI free operations since its inception.
- The company's operational procedures were comprehensively audited and by LRQA (Lloyd's Registry Quality Assurance) without non-conformances.

VESSEL SUPPORT SERVICES

Nakilat's Vessel Support Unit (VSU) offers a complete range of supply and support services to all ships operating in Qatari waters, 24 hours a day, seven days a week. The VSU aims to cover the widest range of clients' needs.

The VSU offers the ability to manage, store, preserve and maintain any ship materials and provide provision of a broad range of material supplies, liaison for repair and maintenance services at Ras Laffan and in the region. The VSU has its own wholly-owned warehousing facilities, including dehumidified, climate-controlled storage with options such as refrigeration and freezing, inventory management services, capacity for short and long term storage of ship spares, and a 24-hour delivery service. The VSU handles all import and export processes interfacing with the Qatar Customs Authorities and other Qatari government entities utilizing 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.

RISK MANAGEMENT

Nakilat introduced a Risk Management function to highlight the strong commitment and direction towards high quality governance and information security practices which will manage risks and highlight potential opportunities related to the achievement of the company's objectives. Nakilat envisioned in adopting internationally recognized standards for enterprise risk management and information security in order to foster risk and security consciousness among its employees to improve business performance.

As such, a roadmap has been developed focusing on establishing an appropriate information security governance structure that enables collaboration and support for information security initiatives.

Part of the initiatives that were accomplished are the following:

- Information Security Framework - guidance in ensuring that all aspects of information security has been considered in terms of documentation and implementation of IT/ IS policies, procedures and processes.
- Information Security Policies and Procedures - tackles the information security control requirements across the domains of ISO 27001:2013 standard in alignment with National Information Assurance (NIA) policy.
- Information Security Awareness Program - addresses the communication of information security policies and procedures, latest information security threats and trends as well as the employees' responsibilities for protecting the organization's information assets.
- Governance Risk and Compliance for SAP – concentrates on the review of SAP access rights and segregation of duties.
- Compliance Audits – ensures the IT/ IS alignment with relevant statutory, regulatory and contractual obligations as well as ISO 27001:2013 control requirements.
- Partnering with IT Department - utilizes the power of technology in evolving our business processes and services in protecting Nakilat's information resources.

2015 ACHIEVEMENTS

- On 1st January 2015, IT Security section formed a plan to look after the design, implementation and maintenance of information security programs that protect Nakilat's systems, services and data against unauthorized use, disclosure, modification, damage and loss. The IT Security section mapped its objectives to help ensure alignment with Nakilat's strategy. An information security maturity assessment has been performed at the beginning of the year to capture opportunities for improvement.

Risk Management department was formed to determine, evaluate and develop strategies in order to avoid possible risks and minimize any negative effects. Thus, a scope of work is followed to include a planning process to help Nakilat achieve its business objectives. In addition, to avoid the possible risks during on-going projects and to raise awareness among the staff, Risk Management department started the following:

- Organization of committees and sub-committees - provides regular oversight to bring comprehensive visibility and coordinated response to Nakilat's top risks.
- Definition of charters - outlines roles and responsibilities of Risk Management Committee and Sub-Committees.
- Formulation of Enterprise Risk Management (ERM) roadmap – timeline of the ERM implementation.
- Participation in ad-hoc projects - involvement with ad-hoc projects that could have potential business risk impact.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FINANCIAL RESULTS

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC) DOHA – QATAR

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

CONTENTS

To
The Shareholders
Qatar Gas Transport Company Limited (Nakilat) Q.S.C.
Doha
State of Qatar

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Qatar Gas Transport Company Limited (Nakilat) Q.S.C. ("the Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and the applicable provisions of Qatar Commercial Companies Law, Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Qatar Gas Transport Company Limited (Nakilat) Q.S.C. at December 31, 2015 and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on other legal and regulatory requirements

We are also of the opinion that proper books of account were maintained by the Company and physical inventory verification has been duly carried out and the contents of the director's report are in agreement with the Group's accompanying consolidated financial statements. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, we are not aware of any contraventions by the Group of its Articles of Association and applicable provisions of the Qatar Commercial Companies Law during the year which would materially affect the Group's activities or its financial position. As explained in note 3 to the consolidated financial statements, a new Qatar Commercial Law was issued on July 7, 2015 and will be effective on August 7, 2016. The Group is in the process of assessing its compliance with the new Qatar Commercial Companies' Law.

For **Deloitte & Touche**
Qatar Branch

دیلویت آند توش
محاسبون قانونيون
Public Accountants
DELOITTE & TOUCHE

Doha – Qatar
February 18, 2016

Muhammad Bahemia
License No. 103

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015
(Amount Expressed in Thousands of Qatari Riyals)

	Note	December 31, 2015	December 31, 2014
ASSETS			
Non-Current Assets:			
Property and equipment	**4**	**23,882,255**	24,455,004
Investment in joint venture companies	**5**	**3,422,374**	2,872,025
Loans to joint venture companies	**6**	**266,313**	342,961
Available-for-sale-investments	**7**	**126,520**	177,293
Total Non-Current Assets		**27,697,462**	27,847,283
Current Assets:			
Inventories		**23,157**	26,028
Trade and other receivables	**8**	**265,081**	278,166
Due from joint venture companies	**17(b)**	**18,900**	15,943
Cash and bank balances	**9**	**2,735,838**	2,901,610
Total Current Assets		**3,042,976**	3,221,747
Total Assets		**30,740,438**	31,069,030

The accompanying notes 1-26 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2015
(Amount Expressed in Thousands of Qatari Riyals)

	Note	December 31, 2015	December 31, 2014
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	10	5,538,490	5,538,483
Legal reserve	11	592,045	493,815
Fair value reserve		80,052	130,825
Proposed cash dividend	10.1	692,533	664,832
Retained earnings		1,356,725	1,189,744
Equity before hedging reserve and non-controlling interests		8,259,845	8,017,699
Hedging reserve	12	(3,816,518)	(4,225,498)
Equity after hedging reserve and before non-controlling interests		4,443,327	3,792,201
Non-Controlling Interests		4,427	8,254
Non-Current Liabilities:			
Borrowings	13	21,414,953	22,187,929
Fair value of interest rate swaps	14	3,363,099	3,627,748
Provision for employees' end of service benefits		22,044	22,104
Other liabilities	15.1	197,574	178,963
Total Non-Current Liabilities		24,997,670	26,016,744
Current Liabilities:			
Borrowings	13	778,119	752,521
Accounts payable and accruals	15	513,999	497,050
Due to joint venture companies	17(b)	2,896	2,260
Total Current Liabilities		1,295,014	1,251,831
Total Equity and Liabilities		30,740,438	31,069,030

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on **February 18, 2016**.

HE Dr. Mohammed Bin Saleh Al Sada **Chairman**	**Mubarak Awaida Al-Hajri** **Vice Chairman**	**Abdullah Fadhalah Al-Sulaiti** **Managing Director**

The accompanying notes 1-26 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Income:			
Revenue from wholly owned vessels		**3,045,939**	3,040,313
Share of profits from joint ventures	5	**497,954**	435,203
Income from marine and agency services		**60,624**	58,345
Interest income on loans to joint ventures	17	**10,334**	13,432
Interest, dividend and profit from Islamic banks		**33,559**	25,734
Other income		**33,013**	16,268
Total Income		**3,681,423**	3,589,295
Expenses:			
Operating costs	25	**(698,196)**	(676,287)
General and administrative	26	**(112,570)**	(111,428)
Depreciation of property and equipment	4	**(688,330)**	(661,029)
Finance charges		**(1,198,602)**	(1,245,552)
Total Expenses		**(2,697,698)**	(2,694,296)
Profit for the year		**983,725**	894,999
Attributable to:			
Owners of the Company		**982,302**	893,587
Non-controlling interests		**1,423**	1,412
Total		**983,725**	894,999
Basic and diluted earnings per share (expressed in QR per share)	19	**1.77**	1.61

The accompanying notes 1-26 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amount Expressed in Thousands of Qatari Riyals)

	Note	**For the Year Ended December 31, 2015**	For the Year Ended December 31, 2014
Profit for the year		**983,725**	894,999
Other comprehensive income			
Items that may be reclassified subsequently to statement of income			
Reversal of translation reserve		**-**	(28,626)
Changes in fair value of available-for-sale investments	**7**	**(50,773)**	1,428
Changes in fair value of cash flow hedging derivatives		**264,649**	(803,612)
Group's share of joint ventures' changes in fair value of cash flow hedging derivatives		**144,331**	21,542
Total comprehensive income for the year		**1,341,932**	85,731
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,340,509**	84,319
Non-controlling interests		**1,423**	1,412
Total		**1,341,932**	85,731

The accompanying notes 1-26 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amount Expressed in Thousands of Qatari Riyals)

	Share Capital	Legal Reserve	Fair Value Reserve	Translation Reserve	Proposed Cash Dividend	Retained Earnings	Equity Before Hedging Reserve and Non-Controlling Interests	Hedging Reserve	Non-Controlling Interests
Balance as of January 01, 2014	5,538,458	404,457	129,397	28,626	609,429	1,072,687	7,783,054	(3,443,428)	6,842
Profit for the year 2014	-	-	-	-	-	893,587	893,587	-	1,412
Other comprehensive income for the year 2014									
-Reversal of translation reserve	-	-	-	(28,626)	-	-	(28,626)	-	-
-Changes in fair value of available- for- sale investments	-	-	1,428	-	-	-	1,428	-	-
-Changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	(803,612)	-
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	21,542	-
Total comprehensive income for the year 2014	-	-	1,428	(28,626)	-	893,587	866,389	(782,070)	1,412
Transfer to legal reserve	-	89,358	-	-	-	(89,358)	-	-	-
Social and sports fund contribution 2014 **(note 16)**	-	-	-	-	-	(22,340)	(22,340)	-	-
Dividend declared for 2013	-	-	-	-	(609,429)	-	(609,429)	-	-
Proposed cash dividend for 2014	-	-	-	-	664,832	(664,832)	-	-	-
Capital contribution	25	-	-	-	-	-	25	-	-
Balance as of December 31, 2014	**5,538,483**	**493,815**	**130,825**	**-**	**664,832**	**1,189,744**	**8,017,699**	**(4,225,498)**	**8,254**
Profit for the year 2015	**-**	**-**	**-**	**-**	**-**	**982,302**	**982,302**	**-**	**1,423**
Other comprehensive income for the year 2015									
-Changes in fair value of available- for- sale investments	**-**	**-**	**(50,773)**	**-**	**-**	**-**	**(50,773)**	**-**	**-**
-Changes in fair value of cash flow hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**264,649**	**-**
-Group's share of joint ventures' changes in fair value of cash flow hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**144,331**	**-**
Total comprehensive income for the year 2015	**-**	**-**	**(50,773)**	**-**	**-**	**982,302**	**931,529**	**408,980**	**1,423**
Transfer to legal reserve	**-**	**98,230**	**-**	**-**	**-**	**(98,230)**	**-**	**-**	**-**
Social and sports fund contribution 2015 **(note 16)**	**-**	**-**	**-**	**-**	**-**	**(24,558)**	**(24,558)**	**-**	**-**
Dividend declared for 2014	**-**	**-**	**-**	**-**	**(664,832)**	**-**	**(664,832)**	**-**	**(5,250)**
Proposed cash dividend for 2015	**-**	**-**	**-**	**-**	**692,533**	**(692,533)**	**-**	**-**	**-**
Capital contribution	**7**	**-**	**-**	**-**	**-**	**-**	**7**	**-**	**-**
Balance as of December 31, 2015	**5,538,490**	**592,045**	**80,052**	**-**	**692,533**	**1,356,725**	**8,259,845**	**(3,816,518)**	**4,427**

The accompanying notes 1-26 form an integral part of these consolidated financial statements.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA - QATAR
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amount Expressed in Thousands of Qatari Riyals)

	Note	**For the year ended December 31, 2015**	For the year ended December 31, 2014
Cash Flows from Operating Activities:			
Profit for the year		**983,725**	894,999
Adjustments for:			
Depreciation of property and equipment	4	**688,330**	661,029
Finance charges		**1,198,602**	1,245,552
Share of profits from joint ventures	5	**(497,954)**	(435,203)
Interest income on loans to joint ventures	17	**(10,334)**	(13,432)
Interest, dividend and profit from Islamic banks		**(33,559)**	(25,734)
Other income		**(33,013)**	(17,036)
Provision for employees' end of service benefits		**5,832**	5,460
		2,301,629	2,315,635
Working Capital Changes:			
Inventories		**2,871**	(298)
Trade and other receivables		**20,605**	(39,061)
Accounts payable and accruals		**31,029**	87,468
Other liabilities		**18,611**	139,875
Due from joint venture companies		**(8,936)**	3,301
Due to joint venture companies		**636**	(2,565)
Cash generated from operations		**2,366,445**	2,504,355
Finance charges paid		**(1,192,742)**	(1,237,930)
Employees' end of service benefits paid		**(5,892)**	(1,500)
Net Cash From Operating Activities		**1,167,811**	1,264,925
Cash Flows from Investing Activities:			
Loans to joint venture companies-net		**54,870**	471,718
Dividend income received from joint ventures	5	**79,551**	248,593
Acquisition of property and equipment	4	**(115,581)**	(260,715)
Investment income received		**74,323**	56,793
Time deposits maturing after 90 days		**(430,188)**	(707,170)
Net Cash Used in Investing Activities		**(337,025)**	(190,781)
Cash Flows from Financing Activities:			
Proceeds from issue of share capital		**7**	25
Dividend paid to shareholders		**(653,316)**	(603,611)
Unpaid dividend transferred to separate bank account		**(26,529)**	(22,287)
Dividend paid against non-controlling interests		**(5,250)**	-
Proceeds from borrowings		**-**	1,820,765
Repayments of borrowings		**(752,522)**	(1,997,097)
Transaction costs of refinancing		**-**	(14,021)
Net Cash Used in Financing Activities		**(1,437,610)**	(816,226)
Net (Decrease) / Increase in Cash and Cash Equivalents		**(606,824)**	257,918
Cash and Cash Equivalents at Beginning of the Year		**2,095,576**	1,837,658
Cash and Cash Equivalents at End of the Year	9.1	**1,488,752**	2,095,576

The accompanying notes 1-26 form an integral part of these consolidated financial statements.

(Amount Expressed in Thousands of Qatari Riyals)

1. *Reporting Entity:*

Qatar Gas Transport Company Limited (Nakilat) (QSC) ("QGTC" or "the Company'') is a Public Shareholding Company, incorporated in the State of Qatar on June 9, 2004, under Commercial Registration Number 28566 in accordance with Qatar Commercial Companies Law No. 5 of year 2002. The approval for the formation of the Company was made under decision No. 70 of the Ministry of Business and Trade. The Company is governed by its Articles of Association and the provisions of Qatar Commercial Companies Law. 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 Revised IFRSs affecting amounts reported in the consolidated financial statements

The following are the revised IFRSs that were effective in the current year and have been applied in the preparation of these consolidated financial statements:

Revised Standards

Effective for annual periods beginning on or after July 1, 2014

• IAS 19 (Revised)	*Amendments to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.*
• Annual improvements to IFRSs 2010-2012 cycle	*Amendments to issue clarifications on IFRSs- IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.*
• Annual Improvements 2011-2013 Cycle	*Amendments to issue clarifications on IFRSs- IFRS 1, IFRS 3, IFRS 13 and IAS 40.*

The adoption of these revised standards had no significant effect on the consolidated financial statements of the Group for the year ended December 31, 2015, other than certain presentation and disclosure changes.

2.2 New and revised IFRSs in issue but not yet effective (Early adoption allowed)

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

(i) New Standards

Effective for annual periods beginning on or after January 1, 2016

• IFRS 14	*Regulatory Deferral Accounts.*

Effective for annual periods beginning on or after January 1, 2018

• IFRS 15	*Revenue from Contracts with Customers.*
• IFRS 9	*Financial Instruments.*

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

2.2 New and revised IFRSs in issue but not yet effective (Early adoption allowed) (continued)

(i) New Standards (continued)

Effective for annual periods beginning on or after January 1, 2019

- IFRS 16 — *Leases.*

(ii) Revised Standards

Effective for annual periods beginning on or after January 1, 2016

- IFRS 10 & IAS 28 (Revised) — *Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture*
- IFRS 11(Revised) — *Amendments regarding the accounting for acquisitions of an interest in a joint operation.*
- IFRS 12 (Revised) — *Amendments regarding the application of the consolidation exception.*
- IAS 1 (Revised) — *Amendments resulting from the disclosure initiative.*
- IAS 16 (Revised) — *Amendments regarding the clarification of acceptable methods of depreciation and amortization and amendments bringing bearer plants into the scope of IAS 16.*
- IAS 27 (Revised) — *Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.*
- IAS 38 (Revised) — *Amendments regarding the clarification of acceptable methods of depreciation and amortization.*
- IAS 41(Revised) — *Amendments bringing bearer plants into the scope of IAS 16.*
- Annual Improvements 2012-2014 Cycle — *Amendments to issue clarifications and add additional/specific guidance to IFRS 5, IFRS 7, IAS 19 and IAS 34.*

Effective for annual periods beginning on or after January 1, 2018 (or on early application of IFRS 9)

- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments requiring disclosures about the initial application of IFRS 9.*
- IAS 39 (Revised) — *Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception.*

Management anticipates that the adoption of these Standards and Interpretations except as described in the next paragraph in future periods will have no material financial impact on the consolidated financial statements of the Group in the period of initial application, other than certain presentation and disclosure changes.

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

2.2 New and revised IFRSs in issue but not yet effective (Early adoption allowed) (continued)

Management, however, anticipates that IFRSs 9, 15 and 16 will be adopted in the Group's consolidated financial statements on the required effective dates. The application of these standards may have significant impact on amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements. The management is currently assessing the impact of the application of these new IFRSs on the 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 Qatar Commercial Companies' Law. A new Commercial Law issued on July 7, 2015 is extended to be adopted by August 7, 2016. The Group is in the process of assessing its compliance with the new Qatar Commercial Companies' Law.

b) *Basis of measurement*

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

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

c) *Functional and presentation currency*

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

d) *Use of estimates and judgments*

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

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

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

3.2 *Significant Accounting Policies*

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

a) *Basis of Consolidation*

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

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

3.2 *Significant Accounting Policies (continued)*

a) *Basis of Consolidation (continued)*

i) *Investment in Subsidiary Companies*

Subsidiaries are entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to effect its returns.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the Group are eliminated in full on consolidation.

ii) *Investment in Joint Ventures*

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36, Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

b) *Property and Equipment*

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, including the capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in consolidated statement of income as the expense is incurred. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in consolidated statement of income in the year the asset is derecognized. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If any such indication exists and where the carrying value of an asset exceeds the estimated recoverable amount, the asset is written down to its recoverable amount.

Dry-docking costs incurred on the leased vessels are capitalized and amortised over a period of five years.
Residual value of vessels are calculated based on the tonnage value of vessels.

(Amount Expressed in Thousands of Qatari Riyals)

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

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

b) ***Property and Equipment (continued)***

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

Vessels	2.5%
Computer equipment	33.33%
Plant equipment	20%
Office equipment	15%
Telecom equipment	20%
Furniture and fixtures	15%
Vehicles	20%
SAP	20%
Dry docking costs	20%

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***

Financial instruments represent the Group's financial assets and liabilities. Financial assets and financial liabilities are recognized on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial instruments also include commitments not recognized but adequately disclosed in the respective notes to the consolidated financial statements.

Non-derivative financial assets and liabilities

Non-derivative financial assets include available-for-sale 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, borrowings, due to related parties and other liabilities.

i) ***Available-for-Sale Investments***

Available-for-sale investments are non-derivative financial assets that are designated as available for sale and are not classified as an investment at fair value through profit or loss or held to maturity or loans or receivables. Available-for-sale 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 until the investment is disposed of or the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the consolidated statement of income.

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 are stated at original invoice amount less provisions for amounts estimated to be doubtful receivables. An estimate of doubtful receivables is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

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

3.2 *Significant Accounting Policies (continued)*

d) *Financial Instruments (continued)*

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.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in the consolidated statement of income.

e) *Inventories*

Inventories 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 represent 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.

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

3.2 *Significant Accounting Policies (continued)*

h) *Revenue and other income*

Revenue for time charter is recognized on the accrual method in line with agreements entered into with charter parties under the operating lease as risks and rewards relating to the ownership of the vessels have not been transferred.

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.

i) *Impairment*

Impairment of Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. All impairment losses are recognized in consolidated statement of income. Any cumulative loss in respect of available-for-sale investments recognized previously in other comprehensive income is transferred to consolidated statement of income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

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.

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

3.2 *Significant Accounting Policies (continued)*

k) *Derivative Financial Instruments and Hedging Activities*

The Group entered into a variety 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.

l) *Vessels Under Construction*

Vessels under construction which include the ship builders' costs, interest capitalized and other costs relating to the vessels are initially recorded at cost. Once vessels are placed in service, the total cost is transferred to the property and equipment and depreciated to their estimated salvage value on a straight line basis over their estimated useful lives.

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*

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.

(Amount Expressed in Thousands of Qatari Riyals)

4. *Property and Equipment:*

	Vessels	SAP	Equipment	Furniture and Fixtures	Others	Total
Cost:						
At January 1, 2014	27,180,597	44,010	7,096	983	299,007	27,531,693
Additions during the year 2014	200,394	335	275	-	59,711	260,715
At December 31, 2014	27,380,991	44,345	7,371	983	358,718*	27,792,408
Additions during the year 2015	**60,918**	**513**	**310**	**255**	**53,585**	**115,581**
Transfer from capital work in progress during the year 2015	**-**	**-**	**3,674**	**-**	**(3,674)**	**-**
Disposals during the year 2015	**-**	**-**	**(12)**	**(26)**	**-**	**(38)**
At December 31, 2015	**27,441,909**	**44,858**	**11,343**	**1,212**	**408,629***	**27,907,951**
Accumulated Depreciation:						
At January 1, 2014	2,585,030	40,922	5,560	723	44,140	2,676,375
Charge for the year 2014	648,671	3,118	670	109	8,461	661,029
At December 31, 2014	3,233,701	44,040	6,230	832	52,601	3,337,404
Charge for the year 2015	**678,019**	**163**	**1,617**	**72**	**8,459**	**688,330**
Disposals during the year 2015	**-**	**-**	**(12)**	**(26)**	**-**	**(38)**
At December 31, 2015	**3,911,720**	**44,203**	**7,835**	**878**	**61,060**	**4,025,696**
Net Carrying Amount:						
At December 31, 2015	**23,530,189**	**655**	**3,508**	**334**	**347,569**	**23,882,255**
At December 31, 2014	24,147,290	305	1,141	151	306,117	24,455,004

*This includes capital work in progress amounting to **QR 97.8 million** (2014: QR 54.8 million).

(Amount Expressed in Thousands of Qatari Riyals)

5. *Investment in Joint Venture Companies:*

	QR
Balance – January 1, 2014	2,641,403
Share of profit for the year	435,203
Additional distribution by a joint venture	61,122
Gain adjusted against loan to joint ventures	(9,227)
Share of hedging reserve for the year *	20,743
Reversal of translation reserve	(28,626)
Dividend received	(248,593)
Balance – December 31, 2014	2,872,025
Share of profit for the year	**497,954**
Adjustment against additional distribution by a joint venture	**(34,178)**
Loss adjusted against loan to joint ventures	**21,310**
Share of hedging reserve for the year *	**144,814**
Dividend received	**(79,551)**
Balance – December 31, 2015	**3,422,374**

* This excludes the share of loss on the hedging reserve from joint ventures amounting to a total of **QR 0.5 million** (2014: QR 0.8 million gains) adjusted against the loan to the respective joint venture.

Details of the Group's joint venture companies at **December 31, 2015** 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

(Amount Expressed in Thousands of Qatari Riyals)

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

Name of Joint Ventures	*Place of Incorporation*	*Proportion of Ownership Interest*	*Principal Activity*
Teekay Nakilat (III) Corporation **	Marshall Islands	60%	Chartering of vessels
OSG Nakilat Corporation **	Marshall Islands	50.1%	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**	Qatar	80%	Operate and maintain the Ship Repair Yard.
Nakilat Damen Shipyards Qatar Limited**	Qatar	70%	Design, construct & operate the Ship Building Yard.

** 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.

5.1 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 International Financial Reporting Standards (adjusted by the Group for equity accounting purposes).

As of December 31, 2015:	**J5 Joint Ventures**	**Maran Nakilat Company**	**Teekay Joint Ventures**	**OSG Nakilat**	**Gulf LPG**	**Other Joint Ventures**	**Total**
Current assets	780,204	496,428	396,004	110,728	26,034	894,935	**2,704,333**
Non-current assets	6,146,145	8,225,426	4,883,759	3,077,679	1,091,943	5,023,368	**28,448,320**
Current liabilities	(331,159)	(591,115)	(282,532)	(266,727)	(41,293)	(488,495)	**(2,001,321)**
Non-current liabilities	(4,772,409)	(6,566,148)	(3,704,721)	(2,606,544)	(583,784)	(4,338,824)	**(22,572,430)**
Net assets	**1,822,781**	**1,564,591**	**1,292,510**	**315,136**	**492,900**	**1,090,984**	**6,578,902**
Group's share of net assets	**729,113**	**706,891**	**829,387**	**157,883**	**254,477**	**744,623**	**3,422,374**
Revenues	597,133	1,007,662	617,862	418,116	209,522	1,571,348	**4,421,643**
Other income	-	2,218	5,812	8,415	-	3,906	**20,351**
Total costs and expenses	(488,596)	(507,334)	(377,443)	(341,883)	(124,060)	(1,414,511)	**(3,253,827)**
Net profit	**108,537**	**502,546**	**246,231**	**84,648**	**85,462**	**160,743**	**1,188,167**
Group's share of net profit	**43,415**	**203,368**	**113,457**	**42,409**	**42,731**	**52,574**	**497,954**
Group's share of other comprehensive income / (loss)	**46,108**	**(185)**	**40,152**	**24,787**	**-**	**33,468**	**144,330**
Other disclosures:							
Cash and cash equivalents	524,679	420,142	305,886	51,093	13,037	247,179	**1,562,016**
Interest bearing loans and borrowings	4,431,184	6,857,045	3,872,198	2,469,439	621,133	1,382,366	**19,633,365**
Tax payable	-	-	5,280	-	-	-	**5,280**
Group's share of dividend received	3,059	-	10,925	21,893	-	43,674	**79,551**

(Amount Expressed in Thousands of Qatari Riyals)

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

As of December 31, 2014:	**J5 Joint Ventures**	**Maran Nakilat Company**	**Teekay Joint Ventures**	**OSG Nakilat**	**Gulf LPG**	**Other Joint Ventures**	**Total**
Current assets	722,961	558,531	286,499	95,457	133,697	1,011,724	2,808,869
Non-current assets	6,360,433	5,868,340	5,004,443	3,184,990	1,134,959	4,851,770	26,404,935
Current liabilities	(330,814)	(236,998)	(349,508)	(272,175)	(47,129)	(935,519)	(2,172,143)
Non-current liabilities	(5,145,958)	(5,133,214)	(3,943,864)	(2,783,561)	(814,089)	(3,943,847)	(21,764,533)
Net assets	**1,606,622**	**1,056,659**	**997,570**	**224,711**	**407,438**	**984,128**	**5,277,128**
Group's share of net assets	**642,648**	**503,708**	**720,881**	**112,580**	**211,747**	**680,461**	**2,872,025**
Revenues	604,178	721,124	621,274	408,943	248,859	1,682,988	4,287,366
Other income	-	1,595	63,211	343	-	2,440	67,589
Total costs and expenses	(498,836)	(374,134)	(526,766)	(354,899)	(125,117)	(1,522,479)	(3,402,231)
Net profit	**105,342**	**348,585**	**157,719**	**54,387**	**123,742**	**162,949**	**952,724**
Group's share of net profit	**42,137**	**139,434**	**85,646**	**27,245**	**61,871**	**78,870**	**435,203**
Group's share of other comprehensive income / (loss)	**42**	**1,158**	**39,217**	**(14,725)**	**-**	**(4,151)**	**21,541**
Other disclosures:							
Cash and cash equivalents	474,281	473,912	205,732	33,478	51,288	547,831	1,786,522
Interest bearing loans and borrowings	4,674,944	5,295,852	833,590	2,605,070	851,438	4,010,333	18,271,227
Tax payable	-	-	15,473	-	-	-	15,473
Group's share of dividend received	16,023	36,415	131,888	18,244	-	46,023	248,593

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

	December 31, 2015	December 31, 2014
India LNG Transport Company No. 3 Limited	**38,739**	35,763
Nakilat Svitzerwijsmuller WLL	**113,448**	105,466
Gulf LPG Transport Company WLL	**-**	96,797
Nakilat-Keppel Offshore & Marine Limited	**83,173**	73,982
Nakilat Damen Shipyards Qatar Limited	**30,953**	30,953
Total	**266,313**	342,961

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, 2015** is **2.52%** (2014: 2.41%).

(Amount Expressed in Thousands of Qatari Riyals)

7. *Available-for-Sale Investments:*

	December 31, 2015	December 31, 2014
Balance at January 1	**177,293**	175,865
Changes in fair value	**(50,773)**	1,428
Balance at December 31	**126,520**	177,293

Available for sale investments represent investment in listed securities in the Qatar Exchange.

8. *Trade and Other Receivables:*

	December 31, 2015	December 31, 2014
Trade receivables	**25,004**	26,439
Less: Provision for doubtful receivables	**(2,410)**	(1,495)
	22,594	24,944
Accrued income	**13,516**	3,920
Other receivables*	**228,971**	249,302
Total	**265,081**	278,166

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.

* Other receivables include an amount of **QR 59.5 million** (2014: QR 66.1 million) relating to the excess of dry-dock costs over the originally estimated budgeted costs for dry-docking. The Group is currently negotiating with the Charterer to recover this amount and believes that it is recoverable from the Charterer.

As at **December 31, 2015** the ageing of trade receivables and movement in the provision for doubtful receivables are as follows:

	December 31, 2015	December 31, 2014
(i) ***Ageing of neither past due nor impaired***		
Less than 60 days	**18,159**	21,091
(ii) ***Ageing of past due but not impaired***		
61-90 days	**635**	696
91-120 days	**1,176**	936
Over 120 days	**2,624**	2,221
Total	**4,435**	3,853
(iii) ***Ageing of impaired trade receivables***		
Over 120 days	**2,410**	1, 495
(iv) ***Movement in the provision for doubtful receivables:***		
Balance at the beginning of the year	**1,495**	1,495
Additional provision during the year	**1,042**	-
Written off during the year	**(127)**	-
Balance at end of the year	**2,410**	1,495

(Amount Expressed in Thousands of Qatari Riyals)

9. *Cash and Bank Balances:*

	December 31, 2015	December 31, 2014
Cash on hand	**331**	344
Cash at bank-Call and current accounts	**1,318,312**	455,895
Cash at bank-Time deposits*	**1,307,467**	2,346,507
Other bank balances **(a)**	**21,333**	21,985
Other bank balances **(b)**	**88,395**	76,879
Total	**2,735,838**	2,901,610

* The effective interest and profit rates on the time deposits varies between **0.17%** to **3.15%** (2014: 0.22% to 1.6%).

9.1 *Cash and Cash Equivalents:*

	December 31, 2015	December 31, 2014
Cash and bank balances	**2,735,838**	2,901,610
Less:		
Other bank balances **(a)**	**(21,333)**	(21,985)
Other bank balances **(b)**	**(88,395)**	(76,879)
Time deposits maturing after 90 days	**(1,137,358)**	(707,170)
	1,488,752	2,095,576

(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, 2015	December 31, 2014
	Number of Shares	Number of Shares
Authorized share capital	**560,000,000**	560,000,000
Issued share capital	**554,026,360**	554,026,360
	Amount	Amount
Issued and Paid up share capital with a par value of QR 10 each	**5,538,490**	5,538,483

At **December 31, 2015**, a total of **354,695** issued shares are 50% paid (2014: 356,092 issued shares were 50% paid).

10.1 *Proposed Cash Dividend:*

The Board of Directors has proposed a cash dividend of **QR 693 million** for the current year (2014: QR 665 million) which is subject to the approval of shareholders in the Annual General Meeting. The cash dividend for 2014 was approved by the shareholders at the Annual General Meeting held on March 10, 2015.

(Amount Expressed in Thousands of Qatari Riyals)

11. *Legal Reserve:*

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

12. *Hedging Reserve:*

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

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

13. *Borrowings:*

These consist of the following:	**December 31, 2015**	December 31, 2014
Loan - **note (a)**	**1,820,765**	1,820,765
Senior bank facilities - **note (b)**	**12,909,973**	13,227,771
Subordinated bank facilities - **note (c)**	**1,467,355**	1,501,836
Senior bonds – Series "A" - **note (d)**	**3,095,299**	3,095,299
Subordinated bonds Series "A" - **note (e)**	**956,972**	985,135
KEXIM Facility - **note (f)**	**791,637**	949,964
KSURE Covered Facility - **note (g)**	**1,211,205**	1,424,946
Less: Issuance costs of bonds	**(25,220)**	(26,621)
Less: Costs incurred for financing	**(11,575)**	(12,972)
Less: Transaction costs of refinancing	**(23,339)**	(25,673)
Total	**22,193,072**	22,940,450
Classified as:		
Payable within one year	**778,119**	752,521
Payable after one year	**21,414,953**	22,187,929

Note (a):
Represents USD 500 million drawdown against the financing facility. The repayment will begin from June 2019 and will end in June 2024.

Note (b) :
Represents USD 1,971.8 million against the senior bank facility Tranche I, USD 838.1 million against the senior bank facility Tranche II and USD 735.4 million against senior bank facility Tranche IV. The repayment of Tranche I began from December 2010 and will end in December 2025. The repayment of Tranche II began from June 2011 and will end in December 2025. The repayment of Tranche IV began from December 2013 and will end in December 2025.

13. *Borrowings (continued):*

Note (c) :
Represents USD 154.8 million against the subordinated bank facility Tranche I, USD 112.8 million against the subordinated bank facility Tranche II and USD 135.4 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 the drawdown against the KEXIM facility Tranche I. The repayment began from December 2009 and will end in December 2020.

Note (g) :
Represents USD 97.8 million against the KSURE facility Tranche I and USD 234.8 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.

The weighted average interest rate on short / long term facilities (excluding hedge), loans and bonds as above at **December 31, 2015** is **2.2225%** (2014: 2.1550%).

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 Company'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, 2015** the outstanding notional amount of swap agreements is **QR 12,430 million** (2014: QR 13,050 million) and net fair value is negative **QR 3,363 million** (2014: negative QR 3,628 million).

(Amount Expressed in Thousands of Qatari Riyals)

15. *Accounts Payable and Accruals:*

	December 31, 2015	December 31, 2014
Accounts payable	**137,845**	135,039
Advances from customers	**100,083**	78,203
Payable to shareholders **(1)**	**21,333**	21,985
Other accruals	**65,694**	63,739
Other liabilities-current portion **(2)**	**49,147**	37,743
Social and sports fund contribution **(note 16)**	**24,558**	22,340
Dividend payable	**88,395**	76,879
Deferred liabilities **(3)**	**26,944**	61,122
Total	**513,999**	497,050

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

(2) This is relating to the current portion of excess of dry dock costs over the originally estimated budgeted costs for dry docking.

(3) This represents excess distribution by one of the joint venture, and will be adjusted with the realized future profits of the same joint venture.

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.

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 24,558** thousands representing 2.5% of the net consolidated profit of the Group for the year ended **December 31, 2015** (December 31, 2014: QR 22,340 thousand). This appropriation has been presented in the consolidated statement of changes in equity.

17. *Related Party Transactions:*

		For the year ended December 31, 2015	For the year ended December 31, 2014
(a)	Transactions with related parties during the year are as follows:		
	Repayment of joint ventures' loans	**54,870**	471,718
	Interest income on loans to joint ventures	**10,334**	13,432
(b)	Balances with related parties are as follows:		
	Due from joint venture companies	**18,900**	15,943
	Due to joint venture companies	**2,896**	2,260
(c)	Key management compensation:		
	Compensation of key management personnel	**5,440**	4,768
	Board of Directors' remuneration accrued	**3,850**	3,850

(Amount Expressed in Thousands of Qatari Riyals)

18. ***Subsidiaries:***

Details of the Company's subsidiaries at **December 31, 2015** are as follows:

Name of Subsidiaries	***Place of Incorporation (or registration)***	***Proportion of Ownership & Voting Interest***	***Principal Activity***
Nakilat Agency Company Limited (Q.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
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

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

(Amount Expressed in Thousands of Qatari Riyals)

19. ***Earnings Per Share:***

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

	For the year ended December 31, 2015	For the year ended December 31, 2014
Profit for the year attributable to the owners of the Company	**982,302**	893,587
Weighted average number of shares outstanding during the year	**553,849,013**	553,848,314
Basic and diluted earnings per share (expressed in QR per share)	**1.77**	1.61

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.

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, 2015**.

(Amount Expressed in Thousands of Qatari Riyals)

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

The Group's sensitivity analysis have 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, 2015				December 31, 2014			
	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	**-**	**1,621,372**	**1,114,466**	**2,735,838**	-	2,642,807	258,803	2,901,610
Loans to joint ventures	**-**	**266,313**	**-**	**266,313**	-	342,961	-	342,961
	-	**1,887,685**	**1,114,466**	**3,002,151**	-	2,985,768	258,803	3,244,571
Financial liabilities								
Interest bearing loans and borrowings	**(4,027,051)**	**(5,735,793)**	**-**	**(9,762,844)**	(4,053,813)	(5,836,745)	-	(9,890,558)
Interest rate swap	**(12,430,228)**	**-**	**-**	**(12,430,228)**	(13,049,892)	-	-	(13,049,892)
	(16,457,279)	**(5,735,793)**	**-**	**(22,193,072)**	(17,103,705)	(5,836,745)	-	(22,940,450)
Net financial assets/ (liabilities)	**(16,457,279)**	**(3,848,108)**	**1,114,466**	**(19,190,921)**	(17,103,705)	(2,850,977)	258,803	(19,695,879)

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the net effect on the profit for the year ended **December 31, 2015** would be an increase / decrease by **QR 19.2 million** (December 31, 2014: QR 14.3 million).

(Amount Expressed in Thousands of Qatari Riyals)

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

(ii) Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows quoted by the respective swap counter parties.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Cash flow hedges

Outstanding receive floating Pay fixed contracts	Average contracted fixed interest rate		Notional principal amount outstanding		Fair value	
	2015	2014	**2015**	2014	**2015**	2014
	%	%	**QR (million)**	QR (million)	**QR (million)**	QR (million)
Less than 1 year	**--**	--	--	--	--	--
1 to 2 years	**--**	--	--	--	--	--
2 to 5 years	**--**	--	--	--	--	--
5 years and above	**5.58**	5.58	**12,430**	13,050	**(3,363)**	(3,628)

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 453 million** as of **December 31, 2015** (2014: negative fair value of QR 598 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 available-for-sale 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 available-for-sale investments at the reporting date is expected to result in an increase or decrease of **QR 12.6 million** (2014 : QR 17.7 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 2015	**Carrying Amounts**	**Less than 1 year**	**1-5 years**	**Over 5 Years**
Borrowings	**22,193,072**	**778,119**	**3,550,506**	**17,864,447**
Accounts payable	**448,305**	**448,305**	**-**	**-**
	22,641,377	**1,226,424**	**3,550,506**	**17,864,447**

31 December 2014	Carrying Amounts	Less than 1 year	1-5 years	Over 5 Years
Borrowings	22,940,450	752,521	3,341,566	18,846,363
Accounts payable	433,311	433,311	-	-
	23,373,761	1,185,832	3,341,566	18,846,363

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.

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 credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Bank balances are held with reputed banks in and outside Qatar. Given these reputation management do not expect these banks to fail on their obligations.

The Group maintains a provision for doubtful receivable; the estimation of such provision is reviewed periodically and established on a case by case basis. Please refer to **note 8** for trade receivables ageing.

(Amount Expressed in Thousands of Qatari Riyals)

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, 2015 and 2014 is the carrying amounts as illustrated below.

	Note	Carrying amount	
		December 31, 2015	December 31, 2014
Loans to joint venture companies	**6**	**266,313**	342,961
Available-for-sale investments	**7**	**126,520**	177,293
Due from joint venture companies	**17(b)**	**18,900**	15,943
Trade and other receivables	**8**	**265,081**	278,166
Bank balances	**9**	**2,735,507**	2,901,266
Total		**3,412,321**	3,715,629

Fair Value of Financial Instruments

The fair value of available-for-sale 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.

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 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Available-for-sale investments	**126,520**	**-**	**-**	**126,520**
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	**-**	**3,363,099**	**-**	**3,363,099**
31 December 2014				
Financial assets measured at fair value:				
Available-for-sale investments	177,293	-	-	177,293
Financial liabilities measured at fair value:				
Interest rate swaps used for hedging	-	3,627,748	-	3,627,748

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.

(Amount Expressed in Thousands of Qatari Riyals)

21. Capital Management (continued):

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, 2015	December 31, 2014
Total debt (Borrowings)	13	**22,193,072**	22,940,450
Cash and cash equivalents	9.1	**(1,488,752)**	(2,095,576)
Net debt		**20,704,320**	20,844,874
Equity before hedging reserve and non-controlling interests		**8,259,845**	8,017,699
Add: Non-controlling interests		**4,427**	8,254
Adjusted Equity (i)		**8,264,272**	8,025,953
Net debt to adjusted equity ratio		**251%**	260%

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

22. Commitments and Contingencies:

(A) Swap Commitments:

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

(B) Guarantees and Letter of Credit:

(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, 2015** amounted to **QR 0.85 million** (2014: QR 0.95 million).

(iii) Letters of Credits and Guarantees including the share from joint ventures at **December 31, 2015** amounted to **QR 211.2 million (**2014: QR 163.9 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.

(D) Tax Contingency:

One of the joint ventures of the Company was the lessee under finance lease arrangements for its LNG carriers. Lease payments under the lease arrangements were based on certain tax and financial assumptions at the commencement of the leases and subsequently adjusted to maintain its agreed after-tax margin. The Company terminated the Leases on December 22, 2014. However, the Company still has an obligation to the lessor to maintain the lessor's agreed after-tax margin from the commencement of the lease to the lease termination date. The joint venture believes that the matter with the tax authorities is at a stage of First Tribunal and taxing authority would not be successful in this matter. If the tax authorities is successful, the joint venture could be subject to additional costs. The Company estimates its share of the potential exposure of these additional costs to be QR 92.85 million.

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 of property and equipment:

As described in **note 3.2(b)**, the Group's management reviews the estimated useful life of the property and equipment at the end of each annual reporting period.

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

(ii) Impairment of receivables:

An estimate of the collectible amount of trade accounts receivable and due from related parties is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis.

At the reporting date, there was no allowance for impairment of due from related parties or other receivables as the Group does not have collection concern with regards to its receivables from its related parties.

(iii)Hedge effectiveness:

Management 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 result, the fair value of the derivative (negative **QR 3,363 million**) is recorded in equity under hedging reserve.

(iv)Impairment of available-for-sale equity investments:

The Group treats available -for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. The Group evaluates the investments on a case by case basis taking into account normal volatility in share price for quoted equities.

(v) 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 as the inception of a revised agreement over the remaining term.

(Amount Expressed in Thousands of Qatari Riyals)

23. *Critical Accounting Estimates and Judgments (continued):*

(v) Classification of lease (continued):

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;

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

24. *Operating Lease:*

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 under non-cancellable operating leases are as follows:

	December 31, 2015	December 31, 2014
Not later than 1 year	**3,091,325**	3,053,942
Later than 1 year but not later than 5 years	**12,339,962**	12,224,132
Later than 5 years	**41,793,144**	44,452,005
Total	**57,224,431**	59,730,079

25. *Operating Costs:*

Operating cost mainly includes running and maintenance costs for vessels.

26. *General and administrative expenses:*

This includes expenses relating to payroll, rent and utilities, professional services etc.