NAKILAT ناقلات

Qatar Gas Transport Company Ltd. (NAKILAT)

ANNUAL REPORT 2006

Qatar Gas Transport Company Ltd. (NAKILAT)

A Joint-Stock Company

Name of the Company	Qatar Gas Transport Company Ltd. (NAKILAT), a joint-stock Company.
Capital of the Company	The authorized capital of the Company amounts to QR 5,600,000,000 (five billion and six hundred million Qatari Riyals) divided into 560,000,000 (five hundred and sixty million) shares.
The Nominal Value of the Stock	QR 10 (ten Qatari Riyals)
Headquarters of the Company	The headquarters and registered office of the Company are in the city of Doha, State of Qatar.
The Term of the Company	The fixed term of the Company is fifty Gregorian years, commencing from the date of issue of the decision of the Minister of Economy and Commerce authorizing its establishment. The term may be extended by a decision of the extraordinary general assembly.
The Financial Year of the Company	The financial year of the Company commences on 01 January and ends on 31 December of each year. The first financial year commenced upon establishment of the Company on 09 June 2004, and terminated on 31 December 2005.
Registration of Company's Stocks for Circulation	The Company's shares are registered on the Doha Securities Market, and the dealing of such shares is in accordance with the regulations of the market. A maximum of 25% of the total shares of the Company may be owned by non-Qatari citizens, in accordance with Government legislation.

Company Vision and Mission Statement

Vision Statement

Nakilat Vision is 'To be the world's leading owner and operator of LNG vessels and associated products carrier' as measured by customer satisfaction; financial profitability and growth; operational efficiency; high standards of safety, health and environment; and learning and growth capacity.

Mission Statement

To optimize shareholder value by:

- Optimising investment in our core businesses of transporting LNG and associated products through stringent cost control, effective risk management, and innovative financing
- Establishing a world class Ship Repair Yard which will be a "centre of excellence" for the repair and maintenance of very large LNG carriers and other large vessels, and a national asset 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

IN THE NAME OF ALLAH

THE MOST MERCIFUL

THE MOST COMPASSIONATE

IN THE NAME OF ALLAH
THE MOST MERCIFUL
THE MOST COMPASSIONATE

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

H.H. Sheikh Tamim Bin Hamad Al-Thani
The Heir Apparent

NAKILAT ناقلات

Qatar Gas Transport Company Limited (NAKILAT) (QSC)

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BOARD OF DIRECTORS

H.E. Abdullah Bin Hamad Al-Attiyah
Deputy Prime Minister
Minister of Energy and Industry
Chairman, QGTC

Mr. Faisal Mohammed Al-Suwaidi
Vice-Chairman
Vice Chairman & CEO of Qatargas

Mr. Salem Batti Al Noaimi
Member

Mr. Khalifa Saqr Al Hitmi
Member

Mr. Ali Mohammad Al Hammadi
Member

Mr. Nasser Mohammad Al Naimi
Member

Mr. Yaseen Ali Ahmed Al Binali
Member

CHAIRMAN'S MESSAGE

As salamo alaikum,

On behalf of the Board of Directors of Qatar Gas Transport Company Ltd. (Nakilat), I have the pleasure to welcome you to our Annual General Meeting and present the Company's Second Annual Report, and significant achievements for the year ended 31st December 2006.

In 2005, Nakilat established several joint venture companies to own and operate 29 LNG carriers, ranging from 145,000 m^3 to 216,000 m^3 capacity each, with ownership percentages between 20% and 60%. As at the end of December 2006, four of these vessels had been delivered, a further eight will be delivered in 2007, and the remainder in 2008. In addition, Nakilat established other subsidiary companies to privatise the Ras Laffan Port Agency and to provide marine supplies and engineering services to vessels visiting the Port.

The following are some of the notable achievements realized by Nakilat.

- **March 2006:** Nakilat was awarded 25-year time charters by Qatargas II for six "Q Max" LNG carriers, which will be the largest LNG carriers ever constructed. Agreements to build these vessels have been signed with Korean specialized companies : Daewoo & Samsung.
- **September 2006:** Nakilat was awarded 25-year time charters by Qatargas 3 for ten large LNG carriers. Agreements to build these vessels have been signed with Korean specialized companies: Daewoo, Huyndai and Samsung.
- **November 2006:** An additional "Q Max" vessel was awarded by RasGas 3, which increased Nakilat's 100% owned total to 17 LNG carriers.
- **February 2007:** Nakilat signed contracts with Daewoo & Samsung for the construction of 4 "Q Max" and 4 "Q Flex" LNG carriers. These vessels will be dedicated for Qatargas 4 Project.

Accordingly total number of Nakilat wholly owned LNG vessels has reached 25 vessels. These vessels, ordered from Korean shipyards, incorporate the latest technology for safe, reliable and cost-effective transportation of LNG over many years, and are the result of several years of engineering design work and testing. They are scheduled for delivery between October 2008 and February 2010, and represent a total investment by Nakilat of approximately US $7.3 billion. on April 5, 2007 a ceremony was held to celebrate the Steel Cutting for the first of the Nakilat vessels.

- **December 2006:** Nakilat successfully closed the initial tranche of US $4.3 billion financing which will be used primarily to fund the building of Nakilat's 16 state-of-the-art LNG carriers to transport Qatari LNG to various markets around the world. This is believed to be the largest single round for LNG vessels concluded to date. This financing has been raised from a variety of sources; including commercial banks, the private capital markets, and some Korean export credit agencies. Nakilat's senior debt received very high investment-grade ratings from the international rating agencies: Aa3 from Moody's, A+ from S&P and A+ from Fitch, recognizing the very strong credit underlying the financing. The closing of the initial financing represents the completion of another step in Nakilat's plan to become the world's largest transporter and operator of LNG carriers . A second $2.5 billion fundraising to fund additional 9 vessels is likely to be launched by early 2008.

- **October 2006:** Qatar Petroleum awarded Nakilat a service contract for Harbour Towage and Mooring Services for Ras Laffan port, the value of which is in excess of QR 1.5 billion. In parallel, Nakilat signed a joint venture agreement with "Svitzer Middle East" to provide the harbour towages and mooring services under the above long term contract with QP. With this contract, Nakilat will become one of the leading towage & mooring companies in Qatar.

- **December 2006:** Nakilat formed a strategic alliance with "Shell International Trading and Shipping Company Limited" (STASCO), a leading International vessel owner/operator with extensive experience in operating LNG carriers . STASCO manages more than 30 vessels which represents 15% of the worlds LNG Fleet. Under this alliance, STASCO will provide a range of shipping services to Nakilat, including ship management, and will transfer "know how" and expertise to allow Nakilat to develop its own LNG ship management company based in Qatar within 8 -12 years.

Furthermore, Qatar Gas Transport Company Ltd.(Nakilat) and Qatar Shipping Company (Q. Ship) are finalizing a Joint Venture Agreement to establish a special purpose company, which will be responsible for the construction, ownership and operation of four very large LPG Carriers. Once delivered, these vessels will be used to transport LPG to numerous global markets.

The Ship Repair Yard Project is well underway. Engineering work is advancing rapidly, and construction began at the end of 2006. In March 2007 Nakilat signed an agreement with " Keppel offshore" being a global leader in ship repair to jointly develop a world class ship yard facility in the port of Ras Laffan . The Ship Repair Yard is viewed by Nakilat as a first step in the development of significant capacity to construct and maintain a wide range of marine and offshore structures.

During 2006, we also restructured Nakilat to facilitate achievement of the Company's high ambitions to become a major transporter of LNG and associated products, and to manage other major projects which require appropriate decisions on timely basis. Furthermore, we established and implemented new long-term business planning methodology, to assist us to improve performance and face the challenges of the coming years.

In conclusion, I believe that Nakilat is well placed financially, operationally and managerially to meet its planned targets and to seize new opportunities.

On this occasion the Board of Directors has the honour to present its thanks and gratitude to His Highness Sheikh Hamad Bin Khalifa Al Thani, the Emir of Qatar, and to His Highness Sheikh Tamim Bin Hamad Al Thani, the faithful Heir Apparent, for their continued guidance and support. Also, we would like to thank our partners, our shareholders, our management & staff for their sincere efforts and constructive contribution.

Abdullah Bin Hamad Al-Attiyah
Deputy Prime Minister
Minister of Energy and Industry
Chairman of Qatar Gas Transport Company (Nakilat)

BOARD OF DIRECTORS REPORT

INTRODUCTION :

The Board of Directors of Qatar Gas Transport Company Ltd. (NAKILAT) is pleased to present its Annual Report, which covers the year 2006. Natural gas is transported to overseas markets in liquefied form, in specially designed ships, known as LNG carriers. The primary role of NAKILAT is to own and operate a large fleet of LNG carriers, which will serve Qatar's LNG mega-projects, such as those of RasGas and Qatargas. NAKILAT aims to become the world's leading transporter of liquefied natural gas by the year 2010.

We are optimistic about Qatar's outlook for the future and expect the impressive performance of the economy over recent years to continue. The business environment in Qatar is improving with the ongoing liberalization of the economy and favourable investment laws. Qatar is considered to have one of the strongest growth rates in the GCC region which makes for an attractive investment destination. Living standards have also improved considerably making Qatar one of the richest countries per head of population in the world. Although Qatar is endowed with significant oil reserves, it is natural gas that will provide the primary fuel for growth in the energy sector over the coming years. The country's natural gas sector is poised for a strong expansion. The bulk of new gas production will come on stream during 2007 – 2009.

The key medium-term issue is diversification of the state's natural gas reserves. Qatar holds the third-highest reserves of natural gas in the world which has already attracted massive investment. It is estimated that by the year 2011, Qatar will export 77 million tons of LNG annually to global markets, making Qatar the world's largest exporter of LNG. Good credit ratings have allowed the country to borrow internationally at low rates. Prospects for growth are very good and confidence is high. With its range of gas-based export projects and an expanding portfolio of gas expansion schemes, Qatar has proved one of the most adaptable Gulf States in opening its doors to foreign direct investment. Such foresight from the Emir, HH Sheikh Hamad bin Khalifa al-Thani, has laid the foundation for the country's impressive economic progress.

ABOUT NAKILAT

Nakilat is a newly formed shipping company that is an integral part of the LNG supply chain for the State of Qatar. It was established in 2004 and is a joint stock company owned 50% by its founding shareholders and 50% by the public as a result of an IPO in 2005.

It is building a large fleet of vessels to transport LNG produced from Qatar's North Field, the world's largest non-associated gas field with approximately 15% of the world's total proven reserves, to global markets. By 2010, Nakilat expects to own up to 56 LNG vessels, making it one of the largest LNG ship owners in the world.

OUR FLEET

Since inception, Nakilat has formed a number of joint ventures with international shipping companies, with non-operating equity interests, ranging from 20-60%, in 29 LNG vessels. These international shipping companies include: Maran Gas Maritime Inc., Teekay Marine Services, OSG, Pronav, Mitsui OSK Lines, NYK, K-Line and Petronet. In addition, Nakilat has contracted to build 25 wholly owned LNG vessels that will be operational in 2008 – 2010.

OUR LNG SHIPPING ROUTES

By 2010, Qatar is expected to supply natural gas to most major natural gas consuming markets which includes United States, Mexico, United Kingdom, Belgium, France, Spain, Italy, India, South Korea, Japan and Taiwan. Nakilat will provide the vital link that connects the significant upstream investment in the North Field to these markets.

OUR STRENGTH

Integration into the Qatari LNG Chain:
Nakilat will be an integral component of the supply chain of some of the largest, most advanced energy projects in the world undertaken by Qatar Petroleum, Qatargas, RasGas and their joint venture partners.

Nakilat is a Highly Rated World-Class Carrier:
The senior bonds issued by Nakilat received very high investment-grade ratings from the international rating agencies: Aa3 from Moody's, A+ from S&P and A+ from Fitch, recognizing the very strong credit underlying the financing.

Stable Cash Flows via 25 Year Time Charters:
Nakilat's revenues will be stable because we have long- term and fixed-rate Time Charters.

Low Risk Development Strategy:
Nakilat has shipbuilding contracts with Hyundai, Samsung and Daewoo, all of which are highly experienced Korean shipbuilders with established track records.

Sound Operating and Management Program:
Nakilat has entered into a strategic alliance with STASCO (Shell), a leading international vessel operator with extensive experience in operating LNG vessels.

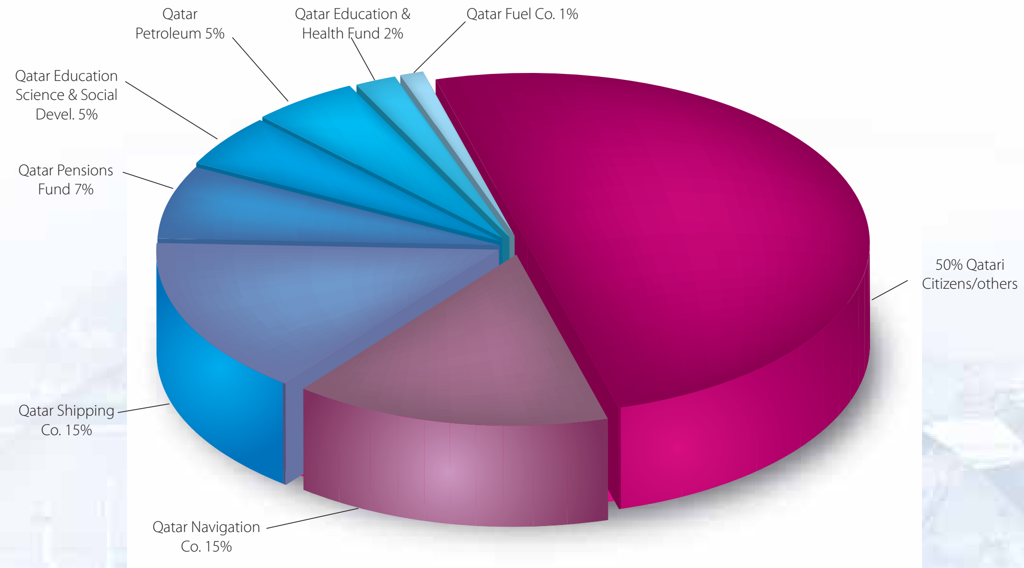
NAKILAT OTHER MARINE RELATED VENTURES

Nakilat is developing a world-class Ship Repair Yard in the port of Ras Laffan, which will become a "center of excellence" for repair and maintenance of LNG carriers and other large vessels. The yard will also be used for fabrication of structures for the offshore oil and gas industry; fabrication of components for land based petrochemical and industrial plant; and construction of high value-added small ships such as luxury yachts, commercial and coastal defense vessels. In addition to above, Nakilat's activities also cover the transportation of associated products (LPG, Condensate and Sulphur), shipping agency, marine supply (i.e. food, provisions and stores for vessels) and towage operations in the port of Ras Laffan.

Strong Sponsorship of the entire chain from the State of Qatar

Upstream	Midstream/ Shipping	Downstream/ Regasification	Marketing
Qatari upstream ventures produce gas from the North Field through long-term concessions and collectively will liquify over 77 MTA of LNG through onshore facilities they construct and own.	Qatari upstream ventures ship LNG in state-of-the-art vessels, which are chartered through long-term time charters with reputable ship owners and operators, including Nakilat.	Qatari upstream ventures have ownership interests and/or long-term contracted capacity in regasification terminals in selected markets around the world.	Qatari upstream ventures have long-term LNG sales contracts with a range of credit-worthy offtakers in multiple markets in the United States, Asia, and Europe.

OUR SHAREHOLDERS



Qatar Petroleum (QP)

QP manages Qatar's interests in substantially all oil, gas, petrochemical and refining enterprises in Qatar and abroad. QP, previously known as Qatar General Petroleum Corporation, was created in 1974 by Emiri Decree and is wholly-owned by the State of Qatar. QP is engaged in all phases of the hydrocarbon business, including exploration and drilling, production, refining, transportation, storage, regional sales and exports. Since 1988, the State of Qatar has entrusted QP with the responsibility of supervising hydrocarbon exploration and production activities conducted in Qatar in conjunction with foreign companies. QP owns a majority interest in companies engaged in LNG, steel and fertilizer production and most of the companies engaged in petrochemical production in Qatar. Additionally, QP is involved, either through joint ventures or as the agent of the State of Qatar, in all the GTL and pipeline gas supply projects in Qatar. QP has a long-term senior unsecured debt rating of "A+" from S&P and "A1" from Moody's.

Qatar Shipping Company

Q-Ship is a diversified Qatar-based shipping company offering comprehensive services to meet specific needs in the shipment of LPG, LNG, crude and clean oil. As at the end of December 2005, Q-Ship had a market capitalization of over QR 10.7 billion ($2.9 billion) and 16.7% of the shares in Q-Ship were owned by QP. Further information about Q-Ship can be found at: www.qship.com.

Qatar National Navigation & Transport Company (QNNTC)

QNNTC is also a diversified Qatar-based shipping company offering, among other things, marine transport, freight, trading, vessel repair and fabrication, shipping agency and cargo handling services. QNNTC also provides offshore service vessels. QNNTC owns a large fleet of container vessels, general cargo vessels, barges and tugs. Further information about QNNTC can be found at: www.qatarnav.com.

OUR VENTURES

Nakilat's vision and mission statement is being realized through wholly owned subsidiaries and joint ventures.

Nakilat Shipping (Qatar) Limited

The company was founded in March 2007 and is a wholly owned subsidiary of Nakilat. It will manage the operation of LNG and other required vessels for transporting such products as LPG, GTL, Sulfur and Condensate.

Nakilat Inc

The company was founded in April 2006 and is a wholly owned subsidiary of Nakilat. It was set up for the sole purpose of obtaining financing for acquiring wholly owned LNG vessels.

Nakilat-Keppel Offshore & Marine Limited

The company was founded in March 2007 and is owned 80% by Nakilat and 20% by Keppel Offshore & Marine Ltd. It will jointly construct and operate a Ship Repair Yard at the port of Ras Laffan.

Nakilat Agency Company Limited

The company was founded in May 2005 and is owned 95% by Nakilat and 5% by Qatar Petroleum. It acts as the exclusive agent for all ships calling at the port of Ras Laffan.

Nakilat Fujii LLC

The company was founded in July 2005 and is owned 65% by Nakilat and 35% by Middle East Fujii LLC. It is a chandlery business providing food, provisions and stores to vessels calling at Qatari ports, as well as offering warehousing services.

Nakilat Svitzerwijsmuller WLL

The company was founded in November 2006 and is owned 70% by Nakilat and 30% by Sviter Middle East Limited. The company owns and operates tug boats, pilot boats and other harbor craft at Ras Laffan port. The joint venture agreement between Nakilat and Svitzer was signed following the award for 22-year service contract for Harbour Towage and Mooring Services by QP.

Maran Nakilat Company Limted

The company was founded in July 2004 and is owned 30% by Nakilat and 70% by Maran Ventures Inc. It owns 4 LNG vessels that have been chartered to RasGas.

Peninsula LNG Transport No.4 Ltd.

The company was founded in August 2004 and owned 30% by Nakilat and 70% by J4 Consortium (MOL, NYK, Mitsui and K-Line). It jointly owns 1 LNG vessel chartered to RasGas.

Teekay Nakilat Holding Corporation

The company was formed in September 2004 and owned 30% by Nakilat and 70% by Teekay. It jointly owns 3 LNG vessels chartered to RasGas.

OSG Nakilat Corporation

The company was founded in November 2004 and owned 50.1% by Nakilat and 49.9 by OSG International Inc. It jointly owns 4 LNG vessels chartered to Qatargas.

QGTC Nakilat (2245-8) Investment Ltd

The company was formed in November 2004 and owns 45% interests in 4 LNG vessels chartered to Qatargas. The remaining 54% and 1% interest in each of these LNG vessels is owned by German commercial partners and Pronav respectively.

J5 Nakilat No.1 to No 8 Ltd Companies

The company was formed in July 2005 and owned 40% by Nakilat and 60% by J5 Consortium (MOL, NYK, Mitsui, Iino and K-Line). It jointly owns 8 LNG vessels chartered to RasGas.

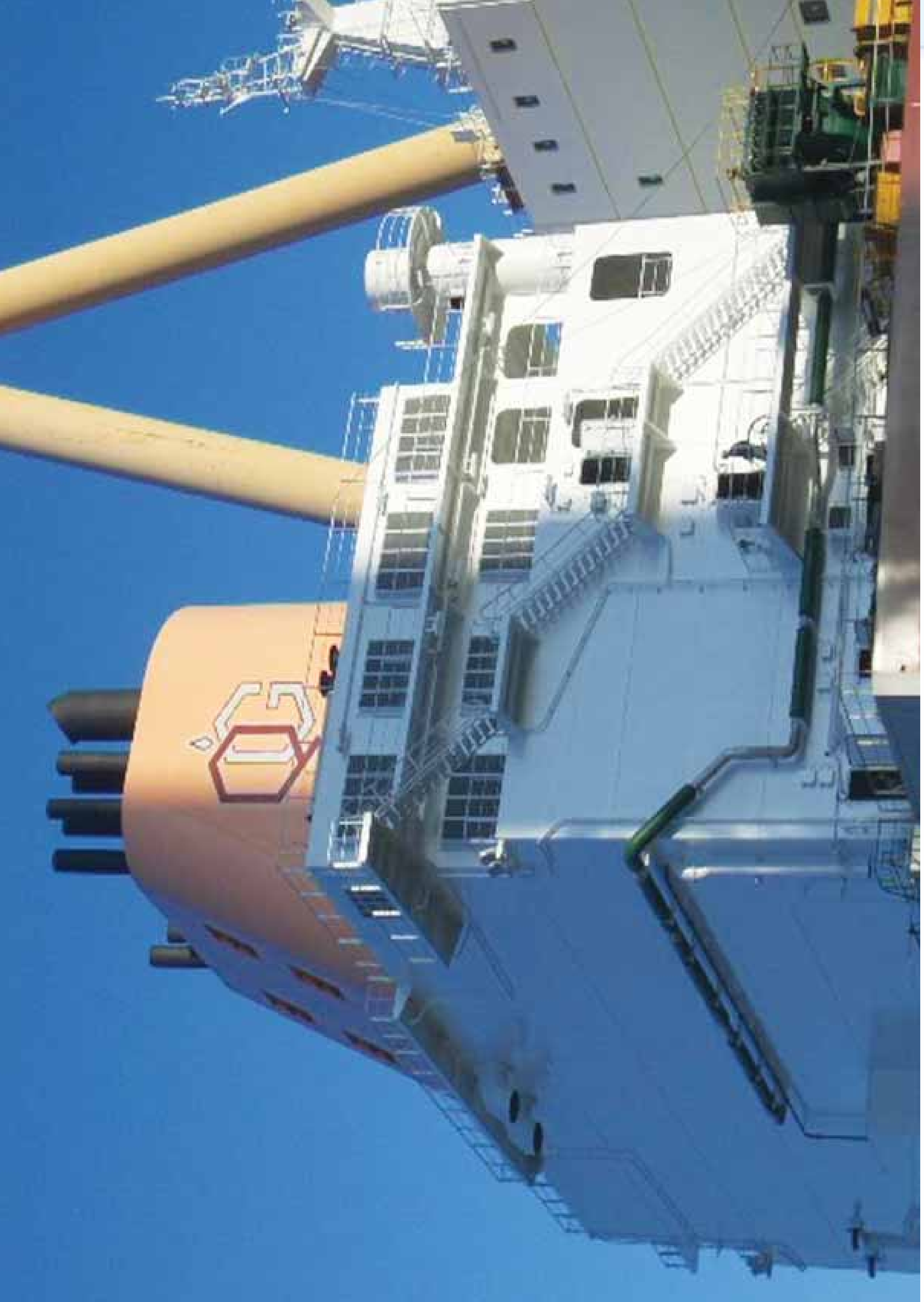
Teekay Nakilat (III) Corporation

The company was formed in August 2005 and owned 60% by Nakilat and 40% by Teekay. It jointly owns 4 LNG vessels chartered to RasGas.

India LNG Transport Company (N0. 3) SA

The company was formed in March 2006 and owned by Nakilat 20%, MOL 26%, SCI 26%, NYK 16.67%, K-Line 8.33% and Petronet 3%. They jointly owns 1 LNG vessels chartered to RasGas.

Qatar Gas Transport Company Limited (NAKILAT) (QSC)
Annual Report 2006



OUR CHARTERERS

Our financial strength derives from the quality and financial strength of the Charterers. These Charterers represent some of the world's largest LNG developments, with a planned aggregate LNG production capacity expected to be approximately 47 mta.

These Qatari LNG projects are critical drivers of the production growth, reserves replacement and cashflow generation for some of the world's largest publicly listed oil companies including ExxonMobil, ConocoPhillips and Shell.

Each Charterer is a material financial entity in its own right. Some of the more salient features of the individual Charterers include :

- Qatargas II is a two-train LNG project that is expected to produce 15.6 mta of LNG and associated liquids with production expected to commence in 2008. These LNG trains are expected to be the largest individual liquefaction trains in the world and the LNG is expected to be exported and sold under two long-term SPAs to a company jointly owned by Qatar Petroleum and an affiliate of ExxonMobil (which company has a long-term natural gas SPA with ExxonMobil Gas Marketing Europe Limited) and an affiliate of TOTAL. Qatargas II has raised senior debt financing of around $6.5 billion of the expected $9.6 billion total development cost. [Some of the senior debt has been in the form of sponsor co-loans and additional amounts have been raised and are expected to be provided by sponsor equity contributions.]

- Qatargas 3 is a one-train LNG project that is expected to produce 7.8 mta of LNG and associated liquids with production expected to commence in 2009. The LNG is expected to be sold to an affiliate of ConocoPhillips under a long-term SPA and exported to the United States market. ConocoPhillips has guaranteed that affiliate's obligations under such SPA. Qatargas 3 has raised senior debt financing of approximately $4.1 billion of the expected $5.8 billion total project development cost. [Some of the senior debt has been in the form of sponsor co-loans and additional amounts have been raised and are expected to be provided by sponsor equity contributions.]

- RasGas 3 is a two-train LNG project that is expected to produce 15.6 mta of LNG and associated liquids with production expected to commence in 2008. The RasGas 3 project is part of the broader RasGas II/3 development which is expected to be the world's largest LNG production project by 2010 with 29.7 mta of LNG production capacity. The RasGas 3 LNG trains are expected to export LNG to the United States and other markets under long-term SPAs. The "Series A" bonds through "Series D" bonds issued as part of the joint financing and based on the joint credit of both projects are currently rated "Aa3" by Moody's, "A" by S&P and "A+" by Fitch. The RasGas II/3 projects have raised senior debt financing of approximately $6.8 billion of the estimated $14.1 billion combined project cost. Some of the senior debt has been raised in the form of sponsor co-loans and additional amounts have been and are expected to be provided by sponsor equity contributions.

- Qatargas 4 is a one-train LNG project co-developed alongside Qatargas 3 that is expected to produce 7.8 mta of LNG and associated liquids with an expected startup date in 2010. Qatargas 4 expects to sell LNG to an affiliate of Shell under a long-term SPA and export the LNG to the United States and European markets. Shell Petroleum N.V. is expected to guarantee that affiliate's obligations under such SPA. The total estimated $5.7 billion project cost of Qatargas 4 is expected to be met through equity contributions, sponsors co-loans and financing from commercial banks and capital markets.

OUR ACHIEVEMENTS

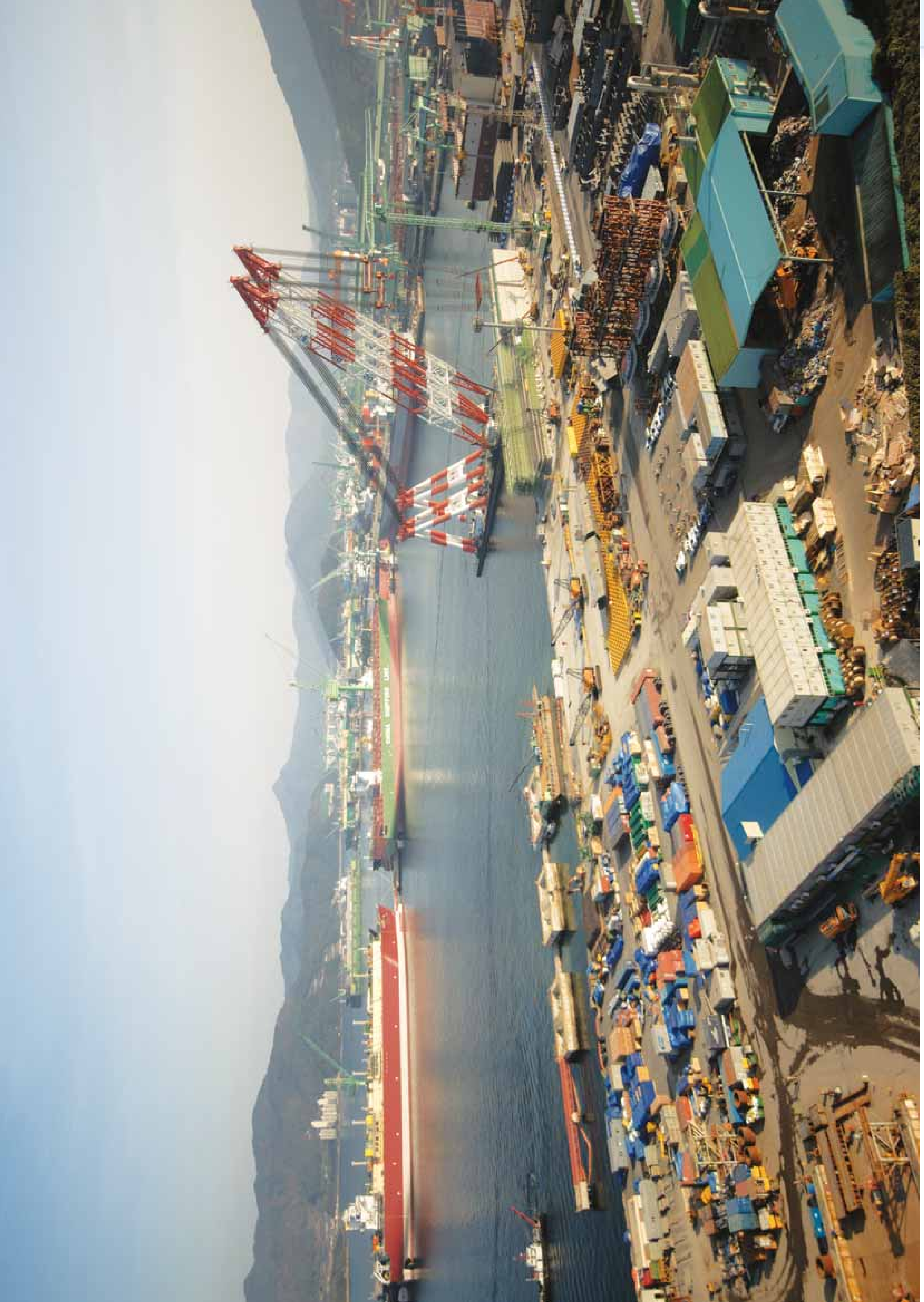
In 2006, we progressed at an amazing and dynamic pace by:

- Establishing several joint venture companies to own and operate 29 LNG vessels with Nakilat ownership ranging from 20-60%
- Establishing a strategic alliance with Shell International Trading and Shipping Company Limited (STASCO) to contractually operate our 100% owned approximately 25 LNG vessels
- Executing contracts with the three Korean shipyards to build 25 large LNG vessels to be dedicated for the LNG projects in Qatar
- Securing long term revenues by signing a 25 years time charter agreements for our 54 LNG carriers with Qatar LNG companies
- Successfully concluding the first tranch financing for $4.3 billion to fund the 1st 16 LNG carriers 100% owned
- Attaining very high investment-grade ratings from Moodys (Aa3) and A+ from S&P and Fitch
- Laying the foundation for the 2nd tranch financing of $2.5billion for remaining 9 LNG ships ordered from the Korean yards in 2007
- Establishing a Joint Venture with Svitzer Middle East to support a long term contract valued in excess of QR 1.5 billion with QP to provide harbor towages and mooring services at Ras Laffan port
- Establishing a joint venture agreement with Keppel for the design and operations of Ship Repair Yard for large and medium size vessels
- Initiating a feasibility study to build offshore structures and small boats/yachts to meet rapidly growing demand for small vessels in the Gulf
- Successfully operating Nakilat Shipping Agency which manages port and customs formalities at Ras Laffan port and as global hub agent at worldwide ports for our clients
- Initiating changes to enhance Nakilat Fuji Company business in order to successfully manage the provision of supplies, engineering and other services to vessels arriving at Ras Laffan port.

FINANCIAL REVIEW

The financial results for the year ended 31 December 2006 include the following highlights:

- Total Assets of Nakilat as of 31 December 2006 was QR10.8 billion increased by QR7.9 billion from 2005. Non-current assets, consisting mainly of investments in LNG carriers, plant & equipment and other assets totaling QR6.4 billion increased by QR4.5 billion from 2005, while current assets, including cash at bank stood at QR4.4 billion as of 31 December 2006.
- Total borrowing as of 31 December 2006 was QR7.7 billion reflecting loan incurred to finance the construction of LNG vessels.
- Shareholders' Equity amounted to QR2.4 billion, consisting mainly of the initial equity contribution from the shareholders of QR 2.8 billion offset by hedging reserve of QR0.4 billion. The initial equity contribution represents only half of the total equity contribution, with the other half requested to be settled in the first quarter of 2007.
- Total net profit for 2006 was QR45.3 million compared with QR49.9 million for the period from inception, 9 June 2004 to 31 December 2005. The net profit was contributed mainly by investment income and dividend from Nakilat's investment in Islamic banks, commercial banks, corporate shares, share of profit from joint ventures, income from agency services. Nakilat will be fully operational by the end of 2010. Income is expected to increase progressively upon delivery of the vessels in the next few years.



NAKILAT CURRENT AND PLANNED OPERATIONS

NAKILAT'S FLEET

To support operations, Nakilat is building 29 LNG vessels in which it owns non-operating equity interests (ranging from 20-60%). It is building these vessels in partnership with a number of leading international shipping companies such as Teekay Shipping Corporation, Overseas Shipping Group, Inc., Mitsui O.S.K. Lines, Ltd., Nippon Yusen Kabushiki Kaisha, Pronav, Maran Gas, Petronet and K-Line. In addition, Nakilat is building 4 LPG vessels in joint venture with Q-Ship with equal joint ownership interest.

As well as the above, Nakilat is also building 25 wholly owned LNG vessels (with an option of 2 additional vessels) that will be operational between 2008 – 2010.

Upon the delivery of all of the above vessels, Nakilat's fleet size will total 56 LNG vessels and 4 LPG vessels.

Conventional LNG Benchmark (145,000 m³)

- Smaller capacity limits economies of scale
  - Capital cost, operating efficiency, yard space
- Boil-Off-Gas (BOG) used for steam propulsion
  - Larger cargo loss; amplified on longer trips

Q-Flex / Q-Max (216,000 / 266,000 m³)

- Reliquefaction system separates the propulsion system from BOG handling, maximizing delivered volumes
- Twin engine/twin screw, enhanced propulsion
  - Superior fuel efficiency, reliability and maneuverability
- Hull size scale up – draft no larger than existing VLCC tankers with a draft similar to conventional LNG vessels

Key Technologies on the QGTC Fleet of Q-Flex and Q-Max Ships

"Gaz Transport" Membrane

- Increased shipyard capacity
- Reduced Suez Canal fees/costs
- Flat deck reduces wind resistance

Enhanced Reliquefaction System

- Separates propulsion from BOG
- Simple two cycle reliquefaction converts BOG to liquid
- Maximizes LNG delivered
- Backup by gas combustion unit

Advanced Propulsion Technology

- Diesel engines
- Thermal efficiency
- Proven reliability
- Twin skeg selected
  - Hydrodynamic efficiency, redundancy, maintainability

Superior Ship Technology Coupled with Proven Design Principles

JOINT VENTURE VESSELS PLANNED DELIVERY

	Projects	"Vessel (Hull No. and Name)	NAKILAT Interest	Partner(s)	"Size" (Thousand M3)	Delivery Date
1	RasGas 2 Train 5	2227 - Asclepius	30%	Maran	145	29-Jul-05
2	RasGas 2 Train 5	2228 - Umm Bab	30%	Maran	145	1-Nov-05
3	RasGas 2 Train 5	2235 - Simaisma	30%	Maran	145	5-Jul-06
4	RasGas 2 Train 5	2243 - Al Jassasiya	30%	Maran	145	31-May-07
5	RasGas 2 Train 5	1594 - Ejnan	30%	Peninsula LNG Transport No. 4	145	16-Jan-07
6	RasGas 2 Train 5	2238 - Al Marrouna	30%	Teekay	145	31-Oct-06
7	RasGas 2 Train 5	2239 - Al Areesh	30%	Teekay	145	2-Jan-07
8	RasGas 2 Train 5	2240 - Al Daayen	30%	Teekay	145	30-Apr-07
9	Qatargas II Train 4	1791 - Al Qattara	50.1%	OSG	216	31-Oct-07
10	Qatargas II Train 4	1792 - Al Gharrafa	50.1%	OSG	216	31-Jan-08
11	Qatargas II Train 4	1605 - Tenbek	50.1%	OSG	216	31-Oct-07
12	Qatargas II Train 4	1606 - Al Hamla	50.1%	OSG	216	31-Jan-08
13	Qatargas II Train 4	2245 - Lerwais	45%	Pronav & German Commercial Partners	210	31-Oct-07
14	Qatargas II Train 4	2246 - Al Safliya	45%	Pronav & German Commercial Partners	210	31-Oct-07
15	Qatargas II Train 4	2247 - DuHail	45%	Pronav & German Commercial Partners	210	31-Jan-08
16	Qatargas II Train 4	2248 - Al Ghariya	45%	Pronav & German Commercial Partners	210	31-Jan-08
17	RasGas 3 Train 6	2249 - Al Aamriya	40%	J5 Nakilat	216	31-Mar-08
18	RasGas 3 Train 6	2250 - Al Oraiq	40%	J5 Nakilat	216	30-Apr-08
19	RasGas 3 Train 6	2251 - Murwab	40%	J5 Nakilat	216	31-May-08
20	RasGas 3 Train 6	2252 - Fraiha	40%	J5 Nakilat	216	30-Jun-08
21	RasGas 3 Train 6	2253 - Umm Al Amad	40%	J5 Nakilat	216	31-Aug-08
22	RasGas 3 Train 6	1862 - Al Thumama	40%	J5 Nakilat	216	30-Apr-08
23	RasGas 3 Train 6	1863 - Al Sahla	40%	J5 Nakilat	216	30-Jun-08
24	RasGas 3 Train 6a	1875 - Al Utouriya	40%	J5 Nakilat	216	30-Sep-08
25	RasGas 3 Train 6	1643 -Al Huwaila	60%	Teekay	216	30-Apr-08
26	RasGas 3 Train 6	1644 -Al Kharsaa	60%	Teekay	216	30-Apr-08
27	RasGas 3 Train 6	1645 - Al Kheesa	60%	Teekay	216	31-May-08
28	RasGas 3 Train 6	1646 - Al Khuwair	60%	Teekay	216	30-Jun-08
29	RasGas 3 Train 7	1686 - To be named	20%	Petronet/MOL/SCI/NYK/K-Line	154	16-Sep-09
30	N/A	1866 - LPG Vessel	50%	Q-Ship	82	15-Apr-08
31	N/A	1867 - LPG Vessel	50%	Q-Ship	82	23-Jul-08
32	N/A	1868 - LPG Vessel	50%	Q-Ship	82	18-Dec-08
33	N/A	1869 - LPG Vessel	50%	Q-Ship	82	24-Feb-09

WHOLLY OWNED VESSELS PLANNED DELIVERY

	Projects	"Vessel (Hull No. and Name)	NAKILAT Interest	Partner(s)	"Size" (Thousand M3)	Delivery Date
34	Qatargas II Train 5	2255 - Al Ghuwairiya	100%	Nakilat Inc.	263	30-Sep-08
35	Qatargas II Train 5	2256 - Lijmiliya	100%	Nakilat Inc.	263	30-Nov-08
36	Qatargas II Train 5	2257 - Al Samriya	100%	Nakilat Inc.	263	31-Dec-08
37	Qatargas II Train 5	1675 - Haloul	100%	Nakilat Inc.	266	31-Aug-08
38	Qatargas II Train 5	1676- Umm Slal	100%	Nakilat Inc.	266	31-Oct-08
39	Qatargas II Train 5	1677 - Bu Samra	100%	Nakilat Inc.	266	30-Nov-08
40	Qatargas 3	1694 - Al Majda	100%	Nakilat Inc.	266	31-Jan-09
41	Qatargas 3	1695 - Mukainis	100%	Nakilat Inc.	266	28-Feb-09
42	Qatargas 3	1697 - Umm Al Maa	100%	Nakilat Inc.	266	30-Apr-09
43	Qatargas 3	1696 - Al Numan	100%	Nakilat Inc.	216	31-Mar-09
44	Qatargas 3	2264 - Al Shahaniya	100%	Nakilat Inc.	216	28-Feb-09
45	Qatargas 3	2265 - Al Sadd	100%	Nakilat Inc.	216	31-Mar-09
46	Qatargas 3	2266 - Onaiza	100%	Nakilat Inc.	216	30-Apr-09
47	Qatargas 3	1908 - Jelieha	100%	Nakilat Inc.	216	27-Feb-09
48	Qatargas 3	1909 - Najma	100%	Nakilat Inc.	216	30-Jun-09
49	Qatargas 3	1910 - Rekayyat	100%	Nakilat Inc.	216	30-Jun-09
50	RasGas 3 Train 7	1726 - Al Dafna	100%	Nakilat Inc.	266	31-Oct-09
51	Qatargas 4	2283 - Al Khattiya	100%	Nakilat Inc.	216	31-Oct-09
52	Qatargas 4	2284 - Al Mirqab	100%	Nakilat Inc.	216	31-Oct-09
53	Qatargas 4	2285 - Al Wabra	100%	Nakilat Inc.	216	30-Nov-09
54	Qatargas 4	2286 - Al Bahiya	100%	Nakilat Inc.	216	31-Dec-09
55	Qatargas 4	1751 - Shaqra	100%	Nakilat Inc.	260	30-Nov-09
56	Qatargas 4	1752 - Zarqa	100%	Nakilat Inc.	260	31-Dec-09
57	Qatargas 4	1753 - Aamira	100%	Nakilat Inc.	260	31-Jan-10
58	Qatargas 4	1754 - Rasheeda	100%	Nakilat Inc.	260	15-Feb-10
59	Qatargas 4	Q-Max 5	100%	Nakilat Inc.	266	Optional
60	RasGas 3 Train 7	Q-Max 2	100%	Nakilat Inc.	266	Optional

Qatar Gas Transport Company Limited (NAKILAT) (QSC)

NAKILAT SHIPPING

In March 2006, Nakilat was awarded the contract to own and time charter to QGII a total of six (6) Q-Max LNG vessels identified for the QGII Train 5 project. Since that time a further nineteen (19) vessels have been awarded making a total of twenty-five (25) wholly owned Q-Flex and Q-Max LNG vessels.

These large LNG vessels will be built in three (3) shipyards in Korea, namely Hyundai Heavy Industries (HHI), Daewoo Shipbuilding & Marine Engineering Company Ltd. (DSME) and Samsung Heavy Industries (SHI). A ceremony was held on April 5, 2007 to celebrate the Steel Cutting for the first of the Nakilat vessels. This vessel will be delivered in August 2008. The delivery of the final vessel will take place in February 2010.

Nakilat Shipping (Qatar) Limited (NSQL) was established to manage this large fleet of LNG vessels and subsequently on November 15, 2006 signed a Master Services Agreement (MSA) with Shell Trading and Shipping Company (STASCO), a global leader in LNG Transportation, to assist Nakilat to establish a premier fleet management company in Qatar capable of handling the transportation requirements of LNG, LPG, Condensate, and other hydrocarbon products.

Under the Agreement, STASCO will provide technical support and 'know-how' to build this Company and assist in the recruitment and training of seafarers required to man the Nakilat fleet. The objective is for Nakilat to assume full responsibility and take over the management of the fleet within 8-12 years.

It is estimated that a total of 1,425 officers, cadets and ratings will need to be employed to fully staff the Nakilat LNG vessels. A number of existing manning agencies from Isle of Man, India, Pakistan, Croatia and Philippines have been tasked with meeting this challenge, and a comprehensive recruitment program is currently underway. All recruits for the Nakilat vessels will undergo an intensive training program to ensure that they are fully competent, and able to meet the high standards required by Nakilat Shipping (Qatar) Ltd.

The Company has assigned its own personnel to monitor all aspects of the construction in the ship-yards, thereby ensuring that quality control is maintained throughout the building process. Close co-ordination with the on-site teams is crucial to meeting the delivery schedules in a safe and timely manner. With a program that allows for the delivery of 25 vessels in the next 33 months, the support and commitment of all Nakilat personnel is paramount to the Company's success.

NSQL will co-ordinate with other ship-owners to manage and oversee the activities of the ships where Nakilat has partial ownership. As of today, Nakilat has joint interest in a further 29 LNG vessels ranging from a conventional 145,000m3 vessel to a 216,000m3 Q-Flex vessel, with seven (7) of these vessels already delivered and on the water.

NAKILAT KEPPEL OFFSHORE & MARINE

CONSTRUCTION AND MAINTENANCE OF MARINE AND OFFSHORE STRUCTURES

At the present time, the State of Qatar has minimal capacity for the repair and conversion of large ships; the fabrication of offshore structures; or the construction of high value small ships. Almost all of Qatar's needs in these sectors are catered for by foreign companies. The loss of business to Qatari industry is significant, and major opportunities to develop the country's industrial base are not being exploited.

Accordingly, Nakilat has formulated a phased development strategy, in close collaboration with QP, for the establishment of facilities for the construction and maintenance of marine and offshore structures:

- **Phase 1 :** Repair and conversion of very large ships (e.g. Q-Max LNG carriers, VLCCs);
- **Phase 2 :** Repair of medium-sized ships (e.g. 30,000 dwt to 80,000 dwt);
- **Phase 3 :** Fabrication of offshore structures (and land-based petrochemical plant);
- **Phase 4 :** Construction of high value small ships (up to 120m length);
- **Phase 5 :** Repair of small ships (thereby covering the full range of vessels).

The first two phases of Nakilat's strategy have been approved by the Board of Directors, and a team has been established with responsibility for managing the design, construction and operation of a major new ship repair yard in Ras Laffan.

The new facility is being designed in accordance with best international practice. It will serve the Nakilat fleet and undertake work for other ship-owners on a commercial basis. Key features of the Yard are:

Site area	: 42 hectares.
Dry docks	: One dock 400m long x 80m wide; one dock 360m long x 66m wide; both with 10m of water over the sill.
Floating dock	: One floating dock 220m long x 38 m wide, 20,000t lift capacity.
Quays	: Six full length berths, totaling 3,200 km in length.
Workshops	: Full range of support facilities, such as machine shop, pipe shop, steel shop, stores.
Other	: Offices, amenities, medical centre, fire station, facilities for ships' crew, etc.

The ship repair yard site and infrastructure (dry docks, quays, buildings, etc.) will be owned by QP. Nakilat has formed a Joint Venture ("JV") with Keppel Offshore & Marine - a global leader ship conversion and repair as well as a specialized shipbuilder - to operate the new yard. The JV will provide all mobile equipment (including the floating dock), and the funds necessary to operate the yard. The JV partners will share the risks and rewards of operating the yard.

Engineering of Phases 1 and 2 is well underway. Reclamation of the site commenced several months ago. Construction of the Yard is scheduled to start in the fall of 2007, and be complete in late 2009.

An outline design for the Phase 3 facilities (fabrication of offshore structures) has been produced, and a feasibility study will be conducted during 2007. The feasibility study for Phase 4 (ship construction), is already well underway.

Phase 5 will be undertaken when justified by the anticipated increase in demand for repair of small vessels operating in the Arabian Gulf.

When the facilities at Ras Laffan are complete; Nakilat will be positioned to become a world leader in the construction and maintenance of marine and offshore structures.

NAKILAT AGENCY

Nakilat Agency Company (NAC) was formed in May 2005. Formerly operated as RLC Agency by Qatar Petroleum, it was privatized and Qatar Gas Transport Company (Nakilat) took the initiative to take up the agency business. NAC is owned 95% by QGTC (Nakilat) and 5% by Qatar Petroleum. As sole agents in Ras Laffan, NAC renders the full port agency service to all local as well as all international shipping customers calling at this location. NAC also extends a Hub agency service to ports abroad via the S5 Agency Group, a world recognized leader in agency services.

The key objective of cost effective turnaround of vessels in port is met. No delays are recorded due to sound communication between the ship and shore parties to execute safe on time berthing, loading, as well as discharge operations, correct execution of shipping documents, customs formalities, and immigration requirements, provision of supplies and services as well as crew needs. The agency has a clean record for payment off all port dues and costs on behalf of all vessels represented

The categories of ships and vessels currently attended to in at Ras Laffan are:

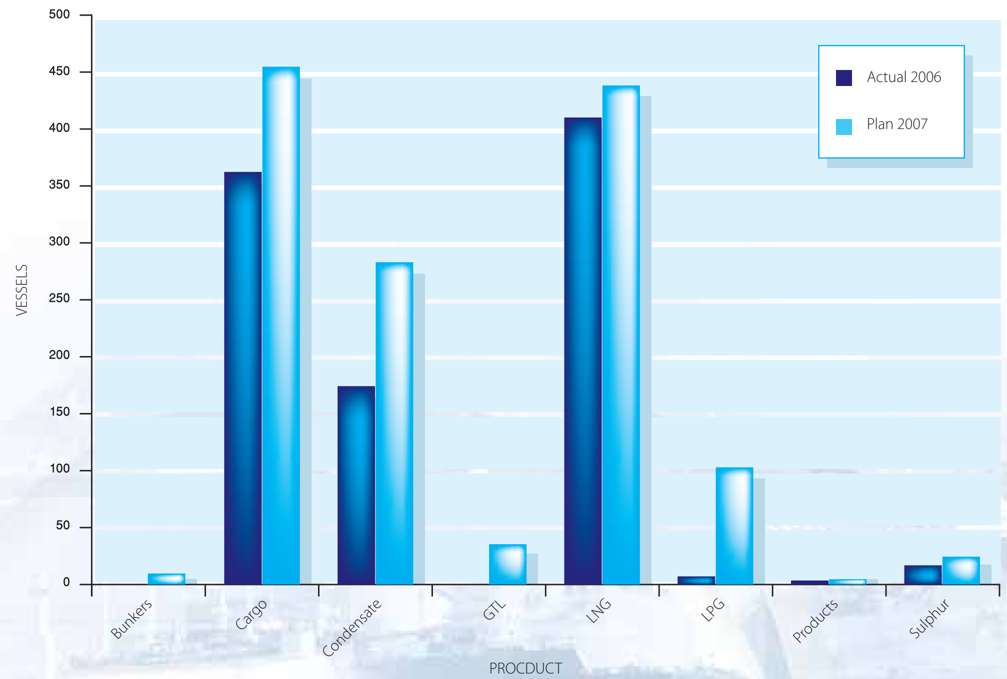
- Gas Tankers loading Liquid Natural Gas for export
- Crude Oil Tankers loading Condensate for export.
- Cargo ships loading Sulphur for export
- Liquid Petroleum Gas Tankers loading gas for export

- Cargo ships discharging imported construction materials and equipment
- Supply and service vessels supporting the offshore installations and operations
- Dredgers, tugs and barges supporting project work in and around Ras Laffan port.
- Rigs, tugs and equipment supporting drilling operations.

The global HUB agency service is currently extended to Qatargas Operating Company for their fleet of LNG vessels to Spain, Middle East, Suez, Singapore and Japan through sub agencies Marmedsa, Kanoo, Redmar, Jardine, and Inchcape Shipping respectively. The agency is seeing to 64 customer accounts in total.

Nakilat Shipping Agency Company is performing well under demanding circumstances Steady growth

RLC VESSEL TRAFFIC



in shipping saw 670 ship calls in 2005. This number reached 996 calls in 2006. The total for 2007 is estimated at 1380. A number, exceeding more than double this total is projected for 2012. The graph as above compares the actual number of vessel calls attended to in 2006 versus the number expected for 2007. There is a significant increase in cargo and condensate vessels due to high construction activities, higher production by Qatargas and RasGas, as well as the new Oryx Gas to Liquid products coming on line for export. Total vessel attendance is higher than the numbers reported. There are an additional 85 resident offshore support vessels, permanently being attended to by NAC.

Crew services are outsourced since inception. It is the intention to take this business over. The initiative for the agency to electronically apply for visas and for immigration to issue the same in Ras Laffan is reached. NAC erected an office for immigration adjacent to the agency offices The Government installed the equipment and e application will be functional by the second quarter of 2007. A change in customs rules calls for official clearance of all vessels leaving the port. To meet the demand, NAC formed a customs clearing section for vessels and is in the process of developing a clearing and forwarding section for importing goods and spares for delivery to the vessels.

Manpower to fit the challenging increase in workload is the most critical factor for uninterrupted operation. It is aimed to have the agency skillfully manned and deployed within the first quarter in 2007. Full implementation of an integrated agency support system to cover all vessels is obtained and will be implemented by the third quarter of 2007. These initiatives will position NAC favorably to extend long term business.

The financials for 2006 shows a healthy profit. Although there is growth in the shipping and agency business and activities, profit will not grow proportionally this year. Realistic cost of employment and support services will take up part of the additional income. Through conducting good business as currently demonstrated, there is an opportunity to invest in future growth. Training, education and development of support systems will uplift Nakilat Agency Company to the professional level it needs in order to support the QGTC (Nakilat) business goals overall.

NAKILAT FUJII

Nakilat Fuji is a joint venture between Nakilat, Middle East Fuji and Al Khor & Dakira Schemes & Services Company. Its organizational structure is aligned to support the activities of a ship chandler. Typically this will entail providing marine vessels calling at Port of Ras Laffan with the following supplies:

- Crew's food & beverages
- Ships maintenance supplies i.e. lubricants, spare parts, tools and equipment
- Cleaning compounds
- Paints and varnishes etc.

NAKILAT SVITZERWIJSMULLER

Nakilat SvitzerWijsmuller is a joint venture between Svitzer Middle East Ltd and Nakilat. The joint venture will own and operate tug boats, pilot boats and other harbour crafts in Ras Laffan for a contracted period of 22 years. A joint venture Towage Manager will oversee the implementation of the contract and report directly to the Operations Director. The Towage Manager will coordinate activities of the joint venture with the partner and RLC.

NAKILAT ناقلات

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To The Shareholders
Qatar Gas Transport Company Limited (Nakilat) Q.S.C.
Doha – 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"), which comprise of the consolidated balance sheet as at 31 December 2006, and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. The consolidated financial statements include the Group's share of net assets of its joint ventures amounting to QR. 2,159.5 million as of December 31, 2006 which have been audited by other auditors and expressed their unqualified opinion on the respective financial statements. The audit reports of the other auditors were furnished to us and our opinion in so far as it relates to the amounts included for the joint venture companies, is based on the reports of the other auditors.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the 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 company'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 and based on the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respect the financial position of Qatar Gas Transport Company Limited (Nakilat) Q.S.C. as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Legal and Regulatory Requirements

Furthermore, in our opinion the consolidated financial statements provide the information required by the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We are also of the opinion that proper books of account were maintained by the Company and the contents of the directors' report are in agreement with the Company's financial statements. To the best of our knowledge and belief and according to the information given to us, no contraventions of the Law or the Company's Articles of Association, were committed during the year which would materially affect the Company's activities or its financial position.

For Deloitte & Touche

Doha – Qatar
March 26, 2007

Muhammad Bahemia
License No. 103

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

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2006

(Amount Expressed in Thousands of Qatari Riyals)

ASSETS	Note	2006	2005 (Restated)
Current Assets :			
Cash and bank balances	5	4,299,011	966,891
Accounts receivable and other debit balances	6	57,654	16,934
Due from joint venture companies		18,996	--
Inventory		12	--
Total Current Assets		**4,375,673**	**983,825**
Non-Current Assets:			
Loans to joint venture companies	7	496,712	96,259
Investment in joint venture companies	8 (a)	2,193,066	1,667,168
Available-for-sale-investments	9	72,668	124,774
Constructions in progress	10	3,634,742	13,063
Property and equipment	11	410	619
Total Non-Current Assets		**6,397,598**	**1,901,883**
Total Assets		**10,773,271**	**2,885,708**
LIABILITES AND EQUITY			
Current Liabilities:			
Borrowings	12	1,820,764	--
Accounts payable and accruals	13	101,099	17,126
Total Current Liabilities		**1,921,863**	**17,126**
Non-Current Liabilities:			
Borrowings	12	5,925,229	--
Fair value of interest rate swaps	14	477,889	--
Provision for end of service benefits		667	87
Total Non-Current Liabilities		**6,403,785**	**87**
Capital and Reserves:			
Share capital	15	2,770,131	2,770,131
Legal reserve	16	23,012	18,519
Fair value reserve		26,200	77,930
Hedging reserve		(476,973)	(45,177)
Translation reserve		17,283	--
Retained earnings		85,237	44,797
Equity Attributable to Equity Holders of the Parent		**2,444,890**	**2,866,200**
Minority Interest		2,733	2,295
Total Equity		**2,447,623**	**2,868,495**
Total Liabilities and Equity		**10,773,271**	**2,885,708**

These consolidated financial statements were approved on March 26 , 2007.

Abdullah Bin Hamad Al Attiyah
Chairman

Faisal Mohammad Al Suwaidi
Vice Chairman

The accompanying notes 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, 2006

(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2006	For the Period from June 9, 2004 (Inception Date) to December 31, 2005 (Restated)
Income :			
Income for marine and agency services		14,332	6,532
Dividend income		4,269	5,866
Profit from Islamic banks		14,604	--
Interest income		16,857	61,648
Share of profits / (losses) from joint ventures	8(a)	14,444	(5,577)
Other income		3,065	177
Total Income		**67,571**	**68,646**
Expenses :			
General and administrative expenses	17	(21,745)	(18,701)
Depreciation		(159)	(75)
Impairment on available for sale investments		(376)	--
Total Expenses		**(22,280)**	**(18,776)**
Net Profit for the Year/ Period		**45,291**	**49,870**
Attributable to :			
Equity holders of the parent		44,933	49,775
Minority interest		358	95
Total		**45,291**	**49,870**
Basic earnings per share		**0.08**	**0.09**
Number of shares		**554,026,140**	**554,026,140**

The accompanying notes 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, 2006

(Amount Expressed in Thousands of Qatari Riyals)

	Share Capital	Legal Reserve	Fair Value Reserve	Hedging Reserve	Translation Reserve	Retained Earnings	Attributable to equity holders - of the parent	Minority Interest	Total
Capital contribution	2,770,131	-	-	-	-	-	2,770,131	-	2,770,131
Capital introduced by minority Shareholders	-	-	-	-	-	-	-	2,200	2,200
Changes in fair value of investments	-	-	77,930	-	-	-	77,930	-	77,930
Decrease in fair value of cash flow hedging derivatives	-	-	-	(45,177)	-	-	(45,177)	-	(45,177)
Net profit for the period	-	-	-	-	-	49,775	49,775	95	49,870
Transfer to legal reserve	-	4,978	-	-	-	(4,978)	-	-	-
Excess of issuance fees	-	13,541	-	-	-	-	13,541	-	13,541
Balance as on December 31, 2005 (restated)	**2,770,131**	**18,519**	**77,930**	**(45,177)**	**-**	**44,797**	**2,866,200**	**2,295**	**2,868,495**
Increase in minority stake	-	-	-	-	-	-	-	80	80
Changes in fair value of investments	-	-	(52,106)	-	-	-	(52,106)	-	(52,106)
Impairment recognized directly in the statement of income	-	-	376	-	-	-	376	-	376
Decrease in fair value of cash flow hedging derivatives	-	-	-	(477,889)	-	-	(477,889)	-	(477,889)
Group share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	46,093	-	-	46,093	-	46,093
Net profit for the year	-	-	-	-	-	44,933	44,933	358	45,291
Transfer to legal reserve	-	4,493	-	-	-	(4,493)	-	-	-
Exchange difference arising on translating foreign operations	-	-	-	-	17,283	-	17,283	-	17,283
Balance as on December 31, 2006	**2,770,131**	**23,012**	**26,200**	**(476,973)**	**17,283**	**85,237**	**2,444,890**	**2,733**	**2,447,623**

The accompanying notes 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, 2006

(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2006	For the Period from June 9, 2004 (Inception Date) to December 31, 2005 (Restated)
Cash Flows from Operating Activities:			
Net profit for the year / period		45,291	49,870
Adjustments for:			
Depreciation of property and equipment		159	75
Dividend income		(4,269)	(5,866)
Profit from Islamic banks		(14,604)	--
Share of (profits) / losses from joint ventures		(14,444)	5,577
Interest income		(16,857)	(61,648)
Gain on disposal of shares to minority		(20)	--
Property and equipment written-off		72	--
Impairment on available for sale investments		376	--
Delayed payment charges		--	(5,776)
		(4,296)	**(17,768)**
Accounts receivable and other debit balances		(34,568)	(11,181)
Accounts payable and accruals		56,513	17,213
Due from joint venture companies		(18,996)	--
Inventory		(12)	--
Cash used in operations		(1,359)	(11,736)
Interest paid		(131,664)	--
Net Cash from (Used in) Operating Activities		**(133,023)**	**(11,736)**

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

Qatar Gas Transport Company Limited (NAKILAT) (QSC)
Annual Report 2006

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2006

(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2006	For the Period from June 9, 2004 (Inception Date) to December 31, 2005 (Restated)
Cash Flows from Investing Activities :			
Loans to joint venture companies - net		(402,249)	(110,439)
Acquisition of investments in joint venture companies		(445,701)	(1,692,190)
Purchases of investments – Available-for-sale		--	(46,844)
Purchase of property and equipment	10	(22)	(694)
Investment income received		29,578	61,761
Time deposits maturing after ninety days		(1,009,630)	(102,230)
Construction in progress		(3,462,556)	(13,063)
Net Cash Used in Investing Activities		**(5,290,580)**	**(1,903,699)**
Cash Flows from Financing Activities :			
Proceeds on issue of shares		--	2,770,131
Proceeds from minority contributions		--	2,200
Payment for bonds issue costs		(25,341)	--
Proceeds from borrowings		7,771,334	--
Proceeds from disposals of shares to minority		100	--
Delayed payment charges paid		--	(5,776)
Proceeds from issuance fees – net		--	13,541
Net Cash from Financing Activities		**7,746,093**	**2,780,096**
Net Increase in Cash and Cash Equivalents		**2,322,490**	**864,661**
Cash and Cash Equivalents at Beginning of the Year / Period		**864,661**	**--**
Cash and Cash Equivalents at the End of the Year / Period	18	**3,187,151**	**864,661**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006
(Amount Expressed in Thousands of Qatari Riyals)

1. Legal Status and Activities:

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 Article No. 68 of the 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 Minister of Economy and Commerce. The Company is governed by its Memorandum and Articles of Association and Law No. 5 of 2002 concerning commercial companies. The shares of the Company started trading on the Doha Securities Market 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 in the State of Qatar and abroad.

2. Change in Accounting Policies / Prior Period Adjustments:

(i) Some joint venture entities were previously accounted for at cost due to unavailability of their financial statements. During 2006, the financial statements relating to the previous period were made available and accordingly these investments have been restated using the equity method of accounting. The impact of this change was a decrease in the previous period of the Group's share of net asset amounting to QR. 16.7 million.

(ii) Management changed its accounting policy with regard to certain expenses associated with investments in joint ventures. These costs were previously expensed and effective this year, management has decided to capitalize them. The effect of this change in accounting policy was an increase in profit by QR. 10.5 million in the previous period. Had the Group continued to apply the previous accounting policy, the profit for this year would have been QR. 25.4 million lower.

3. Adoption of New and Revised International Financial Reporting Standards:

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for reporting periods beginning on January 1, 2006.

At the date of authorization of these consolidated financial statements, the following Standards and Interpretations were in issue but not yet effective:

IFRS 8	Operating segments
IFRIC 11	Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on these consolidated financial statements of the Company.

4. Summary of Significant Accounting Policies:

The significant accounting policies are set out below:

4. Summary of Significant Accounting Policies (Continued):

a) Accounting Convention

These consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments which have been stated at fair value.

b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the company (its subsidiaries) and its joint venture entities referred to as the "Group". Refer to notes No. 8 and 21 for details.

c) Investment in Subsidiary Company

A subsidiary is an entity where the parent can exercise control. Control is achieved where the parent company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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 transactions, balances, income and expenses are eliminated on consolidation.

d) Investment in Joint Venture Company

A joint venture is a contractual arrangement whereby the Group and the other parties undertake an economic activity that is subject to joint control. Joint Venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the equity method.
Under the equity method, investments in joint ventures are carried in the consolidated balance sheet at cost as adjusted for post acquisition changes in the Group's share of the net assets of the joint venture entity less impairment in value of individual investment.
Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture except to the extent that unrealised losses provide evidence of an impairment of the asset transferred.

e) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged following the straight-line method over the estimated useful lives of the related assets as follows:

Computer equipment	33.33 %
Office equipment	15 %
Furniture and fixture	15 %
Telecom equipment	20 %

Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Major additions, replacements and improvements are capitalized.

f) Investments – Available –for- Sale

Investments are initially recognised at cost, being the fair value of the consideration given. After initial recognition, investments classified as "available-for-sale", are remeasured at fair value. Unrealised gains and losses are reported 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 statement of income for the period.

For investments traded in organised markets, fair value is determined by reference to quoted market bid prices. Where the investments are not traded in an active market, traded in small volumes or where

4. Summary of Significant Accounting Policies (Continued):

there is no quoted market price, a reasonable estimate of fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows. Investments whose fair value cannot be reliably measured are carried at cost less any impairment in value.

g) Accounts Receivable and Other Debit Balances

Accounts receivable and other debit balances are stated net of provision for amounts estimated to be doubtful of recovery. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

h) 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.

i) Provisions

Provisions are recognised 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.

j) 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.

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 and are provided for.

k) Revenue

Revenue is recognised as and when the service is provided. Commission income is recognized based on the notification of third party in the period to which they relate.

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

l) Cash and Cash Equivalents

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

m) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4. Summary of Significant Accounting Policies (Continued):

n) 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 is included in the 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 functional currency of the parent company.

The assets and liabilities of the foreign operations are expressed in Qatari Riyals using exchange rates prevailing at the balance sheet date. Income and expenses are translated at the average exchange rates for the year unless exchange rates fluctuated significantly during the year in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in the profit or loss in the period in which the foreign operation is disposed of.

o) Related parties transactions

A related party is one with which the Group has in common partners or management. Related parties also include key management personnel of the Group. The transactions between the related parties are carried at arm's length.

p) Borrowing costs

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.

q) 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.

These derivatives primarily interest rate swaps are initially recognized at fair value at the date they are entered into and are subsequently remeasured at their fair value at each balance sheet date. The resultant gain or loss is recognized in the profit or loss immediately unless the derivative is designated and effective as a hedging instrument (cash flow hedge), in which case the profit or loss is recognized in the statement of changes in equity.

r) Borrowings

Borrowings are carried on the balance sheet at their outstanding principal amount. All installments which are due after one year are shown as non current liabilities.

s) Deferred Finance Charges

Finance charges incurred in the arrangement of debts are deferred and will be amortised to interest expenses over the term of the debts.

t) Vessels Under Construction

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

5. Cash and Bank Balances :

	2006	2005 (Restated)
Cash on hand	149	89
Current account	45,378	48,022
Time deposits	4,253,484	918,780
Total	**4,299,011**	**966,891**

The effective interest rates on the time deposits varies between 4.4% to 6.0% (2005: 4.25% to 4.95%).

6. Accounts Receivable and Other Debit Balances:

	2006	2005 (Restated)
Accounts receivable	37,555	9,445
Accrued income	11,905	5,753
Other debit balances	8,194	1,736
Total	**57,654**	**16,934**

7. Loans to Joint Venture Companies:

	2006	2005 (Restated)
India LNG Transport Company No 3 SA (Note 1)	64,948	-
Nakilat Teekay (II) Corporation (Note 2)	93,226	96,259
Teekay Nakilat (III)Corporation (Note 3)	338,538	-
Total	**496,712**	**96,259**

Note 1: This loan bears interest at the rate of Libor + 1% or India Interbank rate + 1% whichever is higher. The loan will be repaid once the vessels become operational and subject to liquidity of the joint venture company.

Note 2: This loan bears interest at the rate of Libor + 1% and is repayable once the related vessels become operational and subject to liquidity of the joint venture company.

Note 3: This loan bears interest at the rate of Libor + 0.9% before delivery of vessels and fixed rate of 5.36% after delivery of vessels.

8 (a) Investment in Joint Ventures Companies:

Cost of investment in joint venture entities	1,692,190
Share of post-acquisition losses	(5,577)
Share of hedging reserve	(19,445)
Balance – December 31, 2005 – restated	**1,667,168**
Investment in joint venture entities during the year	445,701
Share of profit for the year	14,444
Amount written off against loan	6,328
Share of hedging reserve for the year *	48,785
Share of Exchange difference arising on translating foreign operations	17,283
Dividend received	(6,436)
Capitalized interest transferred to construction in progress	(207)
Balance – December 31, 2006	**2,193,066**

* This excludes the share of loss on the hedging reserve from one of the joint venture amounting to a total of QR 2.7 million which has been adjusted against the loan to the respective joint venture.

Details of the Group's joint venture companies at December 31, 2006 are as follows:

Name of Joint Venture	Place of Incorporation and Operation	Proportion of Ownership Interest	Principal Activity
Maran Nakilat Company Ltd.	Cayman Islands	30.0%	Chartering of vessels
J5 Nakilat No. 1 to 8 Ltd.	Japan	40.0%	Chartering of vessels
Peninsula LNG Transport No. 4 Ltd.	Marshall Islands	30.0%	Chartering of vessels
Nakilat Teekay (II) Corporation	Marshall Islands	30.0%	Chartering of vessels
Pronav:			
Alexandra	Germany	45.0%	Chartering of vessels
Britta	Netherlands	45.0%	Chartering of vessels
Gabriela	Marshall Island	45.0%	Chartering of vessels
Julia	Liberia	45.0%	Chartering of vessels
Teekay Nakilat(III) Corporation	Marshall Island	60.0%	Chartering of vessels
O.S.G. Nakilat Shipping Corporation	Marshall Island	50.1%	Chartering of vessels
Nakilat Svitzerwijsmuller WLL *	Qatar	70.0%	Chartering of vessels
India LNG Transport Company No 3 SA	Malta	20.0%	Chartering of vessels

* Although the Group holds more than half of the equity shares in this entity, it does not control more than half of the voting power of those shares neither does it exercise significant influence on the entity. Decisions need unanimous consent of both parties. Consequently, the Group accounts for this investment as a joint venture.

In addition to the above, the Group has entered into negotiations with Qatar Shipping to form a new joint venture to own vessels for chartering. The amount paid to the joint venture partner for a 50% interest amounted to QR. 201.8 million.

8 (b) Summarised financial information in respect of the Group's joint venture companies are set out below:

	2006	2005 (Restated)
Total assets	14,551,979	7,503,427
Total liabilities	(9,820,881)	(3,102,424)
Net Assets	4,731,098	4,401,003
Group's share of joint venture's net assets	2,193,066	1,667,168

	For the Year Ended December 31, 2006	For the Period from June 9, 2004 (Inception Date) to December 31, 2005 (Restated)
Income	208,569	36,874
Profit for the year/ period	46,918	17,519
Group's share of joint venture result for the year/ period	14,444	(5,577)

9. Available for Sale Investments:

	2006	2005 (Restated)
Balance at January 1	124,774	--
Acquisition during the period	--	46,844
Changes in fair value	(52,482)	77,930
Impairment	376	--
Balance at December 31 - (Fair value)	**72,668**	**124,774**

10. Constructions in Progress:

	2006	2005 (Restated)
Vessels Under Construction:		
Shipbuilding costs (note 10 - 1)	3,302,636	-
Other program costs (note 10 - 2)	324,914	10,535
	3,627,550	10,535
Dry docking facility under construction	7,192	2,528
Total	**3,634,742**	**13,063**

Note 10-1: Represents payment made to shipbuilders in accordance with the terms of the shipbuilding contract for vessels currently under construction.

Note 10 - 2: Included in other program costs is QR. 159 million being interest expense capitalised net of interest income.

11. Property and Equipment:

	Computer Equipment	Office Equipment	Telecom Equipment	Furniture and Fixture	Total
Cost:					
At 1 January 2006	327	198	68	101	694
Additions during the year	11	-	-	11	22
Written off	(22)	-	-	(50)	(72)
At 31 December 2006	316	198	68	62	644
Accumulated Depreciation :					
At 1 January 2006	36	21	11	7	75
Charge for the year	106	33	14	6	159
At 31 December 2006	142	54	25	13	234
Net Carrying Amount :					
At 31 December 2006	**174**	**144**	**43**	**49**	**410**
At 31 December 2005	**291**	**177**	**57**	**94**	**619**

12. Borrowings :

These consist of the following :

	2006	2005 (Restated)
Loan (note 12 - 1)	1,820,764	--
Loan (note 12 - 2)	1,396,158	--
Senior bank facilities (note 12 - 3)	18,208	--
Subordinated bank facilities (note 12 - 4)	18,208	--
Loan (note 12 - 5)	330,239	--
Senior bonds – Series "A" (note 12 - 6)	3,095,299	--
Subordinated bonds Series "A" (note 12 - 7)	1,092,458	--
Less issuance costs of bonds	(25,341)	--
Total	**7,745,993**	**--**

Note 12 - 1: This represents a facility from a consortium of bankers for a total amount of USD500 million. Qatar Gas Transport Company Limited (Nakilat) (QSC) has irrevocably and unconditionally guaranteed the punctual payment of all sums due on the loan. The loan is also secured by the second installment proceeds of the Initial Public Offering for Qatar Gas Transport Company Limited (Nakilat) (QSC). The amount drawn down bears interest at Libor + 0.25%. This loan was repaid in full in March 2007 and is shown under current liabilities.

12. Borrowings (Continued) :

Note 12 - 2: This represents a facility of USD500 million comprising of a revolving loan up to December 31, 2009 and eventually to be converted to a term loan. The amount drawn down bears interest at Libor + 1.15%.

Note 12 - 3: This represents the initial draw down against the senior bank facility amounting to a total of USD 2,216 million and carries interest at the rate of 5.82063% per annum. The senior debt will mature by 2025.

Note 12 - 4: This represents the initial draw down against the subordinated bank facility amounting to USD 174 million and carries interest at the rate of 6.32063% per annum. The subordinated debt will mature by 2025.

Note 12 - 5: This loan was taken by one of the joint venture of the Group and carries interest at the rate of 6.4% per annum. This loan will only be repayable once the vessels belonging to the joint venture become operative.

Note 12 - 6: The principal is repayable in semi-annual instalments on June 30 and December 31 of each year, beginning on June 30, 2021. These senior bonds bear interest at the rate of 6.067% per annum and will be payable semi-annually in arrears on June 30 and December 31 of each year beginning June 30, 2007. The bond will mature on December 31, 2033.

Note 12 - 7: The principal is repayable in semi-annual instalments on June 30 and December 31 of each year, beginning December 31, 2010. These subordinated bonds bear interest at the rate of 6.267% per annum. The interest is payable semi-annually in arrears on June 30 and December 31 of each year beginning June 30, 2007. The bond will mature on December 31, 2033.

Senior bank facilities, subordinated bank facilities and bonds will be used to finance the acquisition of the vessels currently under construction. The Company's obligation under the facilities is secured by a charge over the vessels and guarantees issued by each of the company's SPE who have irrevocably and unconditionally guaranteed the punctual payments of the debts.

These loans 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 SPE, all the insurance policies entered by the Company or any of the SPE 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 guarantor is a party.

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

13. Accounts Payable and Accruals :

	2006	2005 (Restated)
Accounts payable	8,404	6,067
Advances from customers	20,345	4,154
Other accruals	72,350	6,905
Total	**101,099**	**17,126**

14. Fair Value of Interest Rate Swaps:

One of the subsidiaries entered into Interest Rate SWAP agreements with several financial institutions. At December 31, 2006 the SWAP agreements were as follows:

Swap number	Notional Amount USD 000	Trade Date	Start/Value/Effective Date	End/Expiry/Maturity Date	Fixed Rate	Floating Rate	Fair Value USD 000	Fair Value QR. 000
1	425,000	14-Dec-06	31-Dec-07	31-Dec-33	5.6500%	Libor	16,811	61,218
2	60,000	14-Dec-06	31-Dec-07	31-Dec-33	5.7250%	Libor	2,558	9,315
3	400,000	14-Dec-06	31-Dec-07	31-Dec-33	5.6735%	Libor	16,523	60,169
4	125,000	14-Dec-06	31-Dec-07	30-Dec-33	5.7065%	Libor	5,485	19,974
5	291,000	14-Dec-06	31-Dec-07	30-Dec-33	5.6675%	Libor	21,272	77,463
6	24,000	14-Dec-06	31-Dec-07	30-Dec-33	5.7400%	Libor	1,910	6,955
7	200,000	14-Dec-06	31-Dec-07	30-Dec-33	5.6615%	Libor	8,039	29,274
8	200,000	14-Dec-06	31-Dec-07	30-Dec-33	5.6665%	Libor	8,128	29,598
9	250,000	14-Dec-06	31-Dec-07	31-Dec-25	5.6950%	Libor	10,200	37,144
10	100,000	14-Dec-06	31-Dec-07	31-Dec-25	5.7150%	Libor	4,274	15,564
11	75,000	14-Dec-06	31-Dec-07	31-Dec-25	5.7175%	Libor	3,209	11,686
12	100,000	14-Dec-06	31-Dec-07	31-Dec-25	5.7050%	Libor	4,208	15,324
13	350,000	14-Dec-06	31-Dec-07	31-Dec-25	5.6050%	Libor	12,739	46,389
14	75,000	14-Dec-06	31-Dec-07	31-Dec-25	5.6200%	Libor	2,589	9,428
15	175,000	14-Dec-06	31-Dec-07	31-Dec-25	5.6200%	Libor	6,157	22,421
16	175,000	14-Dec-06	31-Dec-07	31-Dec-25	5.6870%	Libor	7,131	25,967
Total	**3,025,000**						**131,233**	**477,889**

15. Share Capital :

	2006 Number of Shares	2005 Number of Shares
	-------------	-------------
Authorized share capital	560,000,000	560,000,000
	========	========
Issued share capital	554,026,140	554,026,140
	========	========
Paid up capital 50% of issued capital of QR 10 each	**2,770,131**	**2,770,131**
	========	========

The difference between the issued share capital and the authorized share capital relates to unissued shares. No decision has yet been taken regarding their allotment.

16. Legal Reserve:

The Articles of Association of the Company provides for legal reserve to the extent of 10% of net profit for the 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 and the Commercial Companies Law.

During the period ended December 31, 2005, the excess of the issuance fees collected has been taken to legal reserve. The issuance fees has been allotted as follows:

Issuance fees	27,701
Cost of initial public offering	(14,160)

Transfer to Legal Reserve	13,541
	=======

17. General and Administrative Expenses :

	For the Year Ended December 31, 2006	For the Period from June 9, 2004 (Inception Date) to December 31, 2005 (Restated)
	---------------	---------------
Staff costs	12,251	7,827
Business travel	1,267	1,820
Professional fees	1,612	292
Telephone and electricity	176	205
Rental cost	542	280
Motor vehicle running expense	239	107
Property and equipment – written off	476	299
Printing and stationery	193	98
Directors remuneration	700	700
Delayed payment charges*	--	5,776
Listing fees in DSM and AGM expenses	2,905	--
Other expenses	1,384	1,297
	----------	----------
Total	**21,745**	**18,701**
	======	======

* Represents interest on delayed payment to one of the joint ventures.

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18. Cash and Cash Equivalents:

	2006	2005 (Restated)
	--------------	-------------
Cash and bank balances	4,299,011	966,891
Less:		
Time deposits maturing after 90 days	(1,111,860)	(102,230)
	---------------	------------
	3,187,151	**864,661**
	========	======

19. Related Party Transactions:

The remuneration of key management personnel of the company during the period was as follows:

	For the Year Ended December 31, 2006	For the Period from June 9, 2004 (Inception Date) to December 31, 2005 (Restated)
	---------------	---------------
Compensation of key management personnel	1,874	2,271
	========	=======
Board of Directors Remuneration	700	700
	========	=======

20. 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 recognised by one of its subsidiaries and its share from the joint venture companies.

21. Subsidiaries:

Details of the Company's subsidiaries at December 31, 2006 are as follows:

Name of Subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership & Voting interest	Principal activity
Nakilat Navigation Agency Company Limited (Q.S.C)	Qatar	95%	Agency services
Nakilat Fuji WLL (note1)	Qatar	60%	Marine services
Nakilat Incorporation	Marshall Islands	100%	Holding Company
Nakilat Haloul Inc. (formerly known as S.H.I. Hull No. 1675 Inc.)	Marshall Islands	100%	Chartering of vessels
Nakilat Umm Slal Inc. (formerly known as S.H.I. Hull No. 1676 Inc.)	Marshall Islands	100%	Chartering of vessels
Nakilat Bu Samra Inc. (formerly known as S.H.I. Hull No. 1677 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. (formerly known as DSME Hull No. 2255 Inc.)	Marshall Islands	100%	Chartering of vessels
Nakilat Lijmiliya Inc. (formerly known as (DSME Hull No. 2256 Inc.)	Marshall Islands	100%	Chartering of vessels
Nakilat Al Samriya Inc. (formerly known as DSME Hull No. 2257 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

21. Subsidiaries (CONTINUED):

Details of the Company's subsidiaries at December 31, 2006 are as follows:

Name of Subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership & Voting interest	Principal activity
Nakilat DSME 2266 Inc.	Marshall Islands	100%	Chartering of vessels
QGTC Nakilat (1643-6) Holding Corporation	Marshall Islands	100%	Holding Company
QGTC Nakilat (2245-8) Investment Limited (formerly known as Nakilat Shipping Ltd.") (note 2)	Marshall Islands	100%	Holding Company
Nakilat S.H.I 1726 Incorporation	Marshall Islands	100%	Chartering of Vessels
Nakilat Marine Services Limited (Note 2)	Marshall Islands	100%	Holding Company

Note 1 : The parent company disposed 5% of its holdings in Nakilat Fuji WLL during the year for a cash-consideration of QR 100,000.
Note 2 : Shares capital in these subsidiaries was issued at no par value.

22. Financial Instruments:

Fair value of financial instruments

Fair value is the amount for which an asset can be exchanged or a liability settled, between knowledgeable and willing parties at arms length. Since these accompanying consolidated financial statements have been prepared under the historical cost convention, the carrying value of the Group's financial instruments except for the available-for-sale investments and interest rate swaps as recorded could therefore be different from the fair value. However, in management's opinion, the fair values of the Group's financial assets and liabilities are not considered significantly different from their book value.

Interest rate risk

The Group is exposed to interest rate risk on its term deposits at banks and borrowings. The Group's policy with regard to term deposits is to invest in both short and medium term deposits to maximize returns and minimize interest risk. The Group also monitors interest rates on a regular basis. With regard to borrowings the Group uses interest rate swap instruments to effectively fix the interest cost on the proposed loans. The difference between the fixed-rate interest cost (payment) and the variable-rate interest cost (receipt) is settled periodically.

The remaining financial assets and liabilities are non-interest rate sensitive.

Currency risk

Substantially, all of the Group's transactions are conducted in either Qatari Riyals or United States Dollars to which the Qatari Riyal is pegged. Accordingly, management does not consider currency risk for the Group to be significant.

22. Financial Instruments (continued) :

Credit risk

Financial assets, which potentially subject the Group to credit risk, consist principally of cash at banks and accounts receivable. The Group's cash is placed with high credit rating financial institutions and receivables are presented net of allowance for doubtful debts. Credit risk with respect to receivables is limited due to the large number of customers.

Liquidity risks

Liquidity risks are mainly represented in liquidity position of the Group. The Group periodically assesses the financial viability and assesses no liquidity risk at present.

Cash flow risk

This risk is subject to circumstances, where a profitable company lacks of cash for running of business. The Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realisable. At present, the Group has no significant exposure to cash flow risk

Fair Value Estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in active market are determined by using valuation techniques. 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.

23. Commitments and Contingencies :

A) Capital Commitments:

(i) One of the subsidiaries of Qatar Gas Transport Company Limited (Nakilat) (QSC) had at December 31, 2006 outstanding commitments for the construction of its vessels.

Details of the commitments are as follows:

(a) Ship Builder: Hyundai Heavy Industries Co. Ltd.

Name of Special Purpose Entity	Shipyard's Contract Price USD 000	Amount Paid to Shipyard USD 000	Outstanding Commitments USD 000	Outstanding Commitments QR. 000
Nakilat HHI 1908 Inc.	249,344	49,869	199,475	726,394
Nakilat HHI 1909 Inc	251,563	50,312	201,251	732,861
Nakilat HHI 1910 Inc.	251,563	50,312	201,251	732,861
Total	752,470	150,493	601,977	2,192,116

23. Commitments and Contingencies (continued) :

The remaining outstanding commitments will be paid at specific interval during the construction of the vessels as follows:

Phase	Expected Payment Date	Amount USD 000	Amount QR. 000
Steel cutting	September 2007 – December 2007	150,494	548,028
Keel laying	December 2007 – April 2008	150,494	548,028
Launching	May 2008 – July 2008	150,494	548,028
Delivery	February 2009 – June 2009	150,495	548,032
Total		**601,977**	**2,192,116**

(b) Ship Builder: Daewoo Shipbuilding and Marine Engineering Co. Ltd.

Name of Special Purpose Entity	Shipyard's Contract Price USD 000	Amount Paid to Shipyard USD 000	Outstanding Commitments USD 000	Outstanding Commitments QR. 000
Nakilat Al Ghuwairiya Inc. (formerly knownas DSME Hull No. 2255 Inc.)	288,254	58,280	229,974	837,457
Nakilat Lijmiliya Inc. (formerly known as DSME Hull No. 2256 Inc.)	279,762	56,563	223,199	812,785
Nakilat Al Samriya Inc. (formerly known as DSME Hull No. 2257 Inc.)	278,566	56,115	222,451	810,062
Nakilat DSME 2264 Inc.	229,329	45,866	183,463	668,086
Nakilat DSME 2265 Inc.	229,514	45,903	183,611	668,625
Nakilat DSME 2266 Inc.	231,508	46,383	185,125	674,138
Total	**1,536,933**	**309,110**	**1,227,823**	**4,471,153**

The remaining outstanding commitments will be paid at specific intervals during the construction of the vessels as follows:

Phase	Expected Payment Date	Amount USD 000	Amount QR. 000
Steel cutting	May 2007 – December 2007	306,956	1,117,789
Keel laying	October 2007 – May 2008	306,956	1,117,789
Launching	December 2007 – July 2008	306,956	1,117,789
Delivery	September 2008 – April 2009	306,955	1,117,786
Total		**1,227,823**	**4,471,153**

23. Commitments and Contingencies (continued):

(c) Ship Builder: Samsung Heavy Industries Co. Ltd.

Name of Special Purpose Entity	Shipyard's Contract Price USD 000	Amount Paid to Shipyard USD 000	Outstanding Commitments USD 000	Outstanding Commitments QR. 000
Nakilat Haloul Inc. (formerly known as S.H.I. Hull No. 1675 Inc.)	286,690	58,145	228,545	832,253
Nakilat Umm Slal Inc. (formerly known as S.H.I. Hull No. 1676 Inc.)	283,524	57,111	226,413	824,489
Nakilat Bu Samra Inc. (formerly known as S.H.I. Hull No. 1677 Inc.)	283,282	56,869	226,413	824,489
Nakilat S.H.I 1694 Inc.	280,444	56,089	224,355	816,995
Nakilat S.H.I 1695 Inc.	280,444	56,089	224,355	816,995
Nakilat S.H.I. 1696 Inc.	249,424	49,885	199,539	726,627
Nakilat S.H.I. 1697 Inc.	280,444	56,089	224,355	816,995
Total	1,944,252	390,277	1,553,975	5,658,843

The remaining outstanding commitments will be paid at specific interval during the construction of the vessels as follows:

Phase	Expected Payment Date	Amount USD 000	Amount QR. 000
Steel cutting	April 2007 – January 2008	388,494	1,414,712
Keel laying	August 2007 – June 2008	388,494	1,414,712
Launching	November 2007 – September 2008	388,494	1,414,712
Delivery	August 2008 – April 2009	388,493	1,414,707
Total		**1,553,975**	**5,658,843**

(ii) The Group's outstanding capital commitment in respect of investments in joint ventures as of December 31, 2006 amounted to USD 93 million (2005: USD 81 million).

(iii) The Group's share of capital commitments (shipbuilding cost) with regard to joint ventures amounted to approximately USD 1 billion.

In addition to the above, the Group has committed itself to fund 60% of 20% of the cost of the vessels of one of its joint venture entity, 60% of cost overruns, 60% of dry docking costs when the vessel owning companies have insufficient funds and to fund up to 60% of US $ 60 million of other cash deficiencies in certain circumstances.

23. Commitments and Contingencies (continued):

B) Cross Guarantees :
Qatar Gas Transport Company Limited (NAKILAT) QSC has issued cross guarantees to the banks and shipbuilders with regard to loans, interest rate swaps and shipbuilding contracts entered / contracted by joint venture entities. The amounts guaranteed are reflected under A above.

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) Swap Commitments:
(i) Qatar Gas Transport Company Limited (Nakilat) (QSC) and one of its joint venture partners are contractually liable to Interest Rate Swap obligations contracted by certain joint venture entities in case the joint venture entities default on their obligations. The Swap obligations are :

Joint Venture Entities	Aggregate Principle Amount USD 000	Effective Date
J5 Nakilat No. 1 Ltd.	194,179	31 March 2008 up to 31 March 2028
J5 Nakilat No. 2 Ltd.	192,963	30 April 2008 up to 30 April 2028
J5 Nakilat No. 3 Ltd.	196,156	30 April 2008 up to 30 April 2028
J5 Nakilat No. 4 Ltd.	197,522	31 May 2008 up to 31 May 2028
J5 Nakilat No. 5 Ltd.	193,040	30 June 2008 up to 30 June 2028
J5 Nakilat No. 6 Ltd.	198,586	30 June 2008 up to 30 June 2028
J5 Nakilat No. 7 Ltd.	199,498	31 August 2008 up to 31 August 2028
J5 Nakilat No. 8 Ltd.	195,547	30 September 2008 up to 30 September 2028
Total	1,567,491	

Nakilat liability is limited to 40% of the guaranteed liability.

(ii) Qatar Gas Transport Company Limited (Nakilat) (QSC) is committed to honor any swap indebtedness arising upon any termination or unwinding of any Swap Agreement contracted by one of its joint venture. The liability is limited to the amount, by which the total swap under the applicable swap agreement exceeds 20% of the notional principal amount by reference to which payment under the swap agreement would, had that swap agreement and / or any interest exchange arrangements thereunder not been terminated.

E) Undrawn Facilities:

As at December 31, 2006, the Group had the following undrawn facilities:

	USD	QR.
Senior bank facilities	2,211 million	8,051 million
Kexim facility	500 million	1,821 million
KEIC covered facility	225 million	819 million
Subordinated bank facilities	169 million	615 million

Commitment fees relating to these undrawn facilities have been accrued for.

24. Post Balance Sheet Events:

Subsequent to the year end, the Group entered into the following swap agreements with two financial institutions:

Swap	Notional Amount USD	Trade Date	End / Expiry Maturity Date	Fixed Rate	Floating Rate
i	167 million	22 January 2007	June 30, 2008 to December 31, 2025	5.385%	Libor
ii	552 million	12 February 2007	June 30, 2008 to December 31, 2025	5.3825%	Libor
iii	630 million	12 February 2007	June 30, 2008 to June 30, 2034	5.3885%	Libor

On February 19, 2007 one of the subsidiaries has established eight wholly owned Special Purpose Entities (SPE). The subsidiary has made a 20% instalment payment amounting to USD 426 million to two shipbuilders for the construction of the vessels for each of the SPE. The amount paid were as follows:

Shipbuilders	Amount Paid USD
Daewoo Shipbuilding and Marine Engineering Co. Ltd.	197 million
Samsung Heavy Industries Co. Limited	229 million
Total	**426 million**

In accordance with article 8 of the Company's Article of Association, the Company's Board of Directors convened in their meeting held on December 25, 2006 to invite the shareholders to pay the outstanding value of the shares of QR. 5 for each share totally QR. 2,770,131. The cash call was in effect as of February 1, 2007.

25. Critical Accounting Judgements :

In application of the Group's accounting policies, which are described in note 4 management is required to make certain judgements 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.

Critical judgement in applying accounting policies :

The following critical judgement, was made by management in the process of applying the entity's accounting policies and that has the most significant effect on the amounts recognised in these consolidated financial statements.

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 (a total deficit of QR. 476.9 million) is recorded in equity under hedging reserve.

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