NAKILAT ANNUAL REPORT 2009

NAKILAT ناقلات

Qatar Gas Transport Company Ltd. (Nakilat) Q.S.C.

A Qatari Shareholding 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 18 July 2004, the date of issuance of the decision of the Minister of Business and Trade of Qatar authorizing its establishment. The term may be extended by a decision of a Company's extraordinary general assembly.

The Financial Year of the Company

The financial Year of the Company commences on 01 January and ends on 31 December of each year.

Registration of the Company's Stocks for Circulation

The Company's shares are registered on the Qatar Exchange, and the dealing of such shares is in accordance with the regulations of the Qatar Exchange.
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 vessels for the transportation of LNG and associated products, and the provider of choice for ship repair and construction services, as measured by customer satisfaction; financial profitability and growth; operational efficiency and high standards of safety, health and environment".

Mission Statement

To maximize shareholder value by:

- Optimizing investment in our core businesses of transporting LNG and associated products, through stringent cost control, effective risk management and innovative financing.
- Establishing "centers of excellence" for the repair and maintenance of very large LNG carriers and other vessels, and for the construction of small, high value ships, thereby providing further assets for the State of Qatar.
- Providing fully integrated logistics support to vessels.
- Identifying and capturing synergies.
- Recruiting, developing and retaining the highest quality personnel in the industry.

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www.nakilat.com.qa

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

SAFETY FIRST
NO SMOKING

Annual Report Contents

Al Bahiya on Sea Trials

Board of Directors

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

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

Al Bahiya approaching the CNOOC LNG Terminal at Guangdong, China by Robert Lloyd

Mr. Salem Batti Al Naimi
Member

Mr. Najeeb Khalifa Al Saada
Member

Mr. Ali Mohammad Al Hammadi
Member

Mr. Nasser Mohammad Al Naimi
Member

Mr. Yaseen Ali Al Binali
Member

Chairman's Message

Al Salam 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 to present both the Company's Fifth Annual Report, and to discuss our significant achievements for the year ending 31, December 2009.

Throughout 2009, Nakilat has continued to develop its partnerships with key joint venture companies which together own and operate 29 liquefied natural gas (LNG) carriers, ranging in capacity from 145,000m^3 to 216,000m^3. Nakilat's ownership percentage in these partnership vessels ranges between 20% and 60% with an average 43% equity interest. As of September 2009, all of the jointly-owned vessels have been delivered to the fleet and are operational.

In addition to the 29 jointly-owned vessels, Nakilat's fleet consists of 25 wholly-owned LNG carriers.
All of these ships--ordered from Korean shipyards- incorporate the latest technology for the safe, reliable and cost-effective transportation of LNG. These ships are the result of several years of engineering design work and testing. As of 31, March 2010, 23 of the wholly-owned ships were received from the shipyards, with the remaining 2 vessels to be delivered by mid 2010. The 25 wholly-owned ships represent a total investment by Nakilat of approximately US $7.5 billion.

When at full complement, Nakilat's LNG fleet will include 54 LNG carriers, comprised of:
9 conventional vessels (145,000-154,000m^3),
31 Q-Flex vessels (210,000-216,000m^3) and
14 Q-Max vessels (263,000-266,000m^3).
The Q-Flex and the Q-Max ships are the world's largest and most advanced LNG carriers with respective capacities of 50% and 80% greater cargoes than conventional LNG carriers while requiring 40% less energy in their operation.

Together, Nakilat's jointly and wholly-owned fleet of 54 vessels represent a total investment of approximately US $11 billion.

In addition to the 54 LNG vessels, Nakilat, through Gulf LPG Transport Company W.L.L., a joint venture with Qatar Shipping Company Ltd. (Q-Ship), also owns 4 Very Large Gas Carriers (VLGC's). Nakilat and Q-Ship each have a 50% share in these VLGC vessels built at the Hyundai Heavy Industries Co., Ltd., shipyard in Korea. All vessels have been delivered and are operational.

During 2009, implementation of the strategy to develop facilities for the construction and maintenance of a wide range of marine and offshore structures continued at a rapid pace.

Ship Repair Yard:
The initial development phase provides for a large Ship Repair Yard, which has been designed for the repair and maintenance of very large LNG carriers and a wide range of other vessels, as well as for the conversion of tankers to Floating Production, Storage and Offloading (FPSO) and Floating Storage and Offloading (FSO) units.

This phase also provides for the fabrication of structures for the offshore oil and gas industry, to include jack-up drilling rigs, process modules and decks, jackets, wellhead decks and flare booms. The Ship Repair Yard will also produce the components for land-based petrochemical and industrial plants.

The 43-hectare Ship Repair Yard, built on reclaimed land, is part of the massive expansion of the Port of Ras Laffan. Construction of the Yard proceeded rapidly during 2009, and it is scheduled to begin operations in 2010. The Ship Repair Yard will be managed by a joint venture between Nakilat and Keppel Offshore & Marine, a world leader in the field, with particular expertise in the repair and maintenance of LNG carriers and ship conversion work.

The joint venture operating company, Nakilat-Keppel Offshore & Marine, formed in March 2007, began on-site fabrication of the dry dock gates for the Repair Yard in late 2009. The larger of the two gates is 80m wide, and weighs over 1,600 tonnes. Fabrication of both gates is scheduled for completion in mid 2010.

Ship Construction Facility

Work also progressed in 2009, on the building of a Ship Construction Facility for small, high-value vessels, which is scheduled to commence operations in 2010.

In January 2010, Nakilat signed a joint venture agreement with Damen Shipyards Group to jointly operate this world-class shipbuilding facility. This agreement provides for a landmark partnership between the world's leading transporter of liquefied natural gas and a global leader in shipbuilding.

The new shipyard has been designed to produce a wide variety of vessels up to 120 metres in length. These include: commercial vessels (e.g. tugs, offshore supply vessels, coastal tankers, ferries), naval and coastguard vessels, and luxury yachts (custom and semi-custom steel / aluminium vessels).

The new joint venture company, Nakilat Damen Shipyards Qatar Limited, is scheduled to commence operations in the first quarter 2010, and will assist and support the development and growth of Qatar's oil and gas industry and its expanding marine industries sector.

Small Ship Repair

In September 2009, work commenced on the design of a facility dedicated to the repair and maintenance of vessels less than 120m in length. This facility, which is being engineered to service over 200 vessels per year, is scheduled to commence operations in 2012. The addition of this facility will give Nakilat the capability to cover the entire ship repair, refit, and conversion market -- from the smallest to the largest of vessels.

Fiber Reinforced Plastics (FRP) Boat Production

In early 2011, work will commence to establish an FRP Boat Production Facility in Ras Laffan for the supply of leisure craft and commercial workboats to local and international markets. This will represent the final phase of our development strategy, and in which Nakilat is currently analyzing the merits of an appropriate strategic partner.

Vessel Support Services

In support of its maritime operations, Nakilat provides comprehensive Vessel Support Services to all ships in Qatari waters that require the re-supply of goods and services. Nakilat's capabilities include a new secure warehouse facility featuring a specialized dehumidified storage area within a 10,800 square meter facility that is unique to the region. This "One-Stop-Shop" service concept provides ships with all of their required provisions in a timely and efficient manner to meet demanding voyage schedules.

In support of its vessel operations Nakilat also has two additional companies: Nakilat Agency Company and Nakilat Svitzerwijsmuller.

The Nakilat Agency Company acts as the exclusive "full port agency service" for all local and international ships calling at the Port of Ras Laffan. The business is diverse and the Agency attends to all port and regulatory matters to ensure the most effective turnaround of ships loading or offloading at Ras Laffan.

The Nakilat Svitzerwijsmuller joint venture company between Nakilat and Svitzer Middle East, owns and operates 21 vessels that include tug boats, pilot boats and other harbor craft at the Port of Ras Laffan. This equipment is deployed under a 22-year Harbour Towage and Mooring Services contract which was awarded in 2006.

Listed below are some of the notable achievements realized by Nakilat in 2009

- **LNG Ship Naming Ceremonies:**
  With Qatargas and RasGas, Nakilat celebrated the naming of 8 Q-Max and 11 Q-Flex ships.

- **LNG Ship Deliveries:**
  During 2009, 17 ships (10 Q-Flex and 7 Q-Max) were delivered from Korean shipyards.

  The enhanced capabilities of our Q-Flex and Q-Max ships were clearly demonstrated in 2009, when Nakilat celebrated the safe arrival of our first Q-Max LNG carrier to the United States. "Umm Slal" discharged her cargo at the newly commissioned Sabine Pass LNG Terminal in Louisiana and was the largest LNG carrier to ever transit the Sabine Channel.

- **Liquefied Petroleum Gas (LPG) Ships:**
  In February, Nakilat and Q-Ship named "Lubara", the final ship in a series of four Very Large Gas Carriers (VLGC's). The vessel was delivered on March 19. The 4 VLGC's were built at Hyundai and are equally owned through a joint venture partnership between Nakilat and Q-Ship named "Gulf LPG Transport Company W.L.L.".

  These vessels are commercially employed within the VLGC Pool "LPG GLOBAL TRANSPORT". This arrangement was announced by Gulf LPG on 26 January, pursuant to a pool management agreement between Gulf LPG and Mitsui O.S.K. Lines, Ltd. of Tokyo.

  With this arrangement, "LPG GLOBAL TRANSPORT" will be able to offer enhanced services to LPG Charterers and create efficiencies by optimizing costs through the efficient deployment of resources and economies of scale.

- **Finance:**
  Nakilat successfully raised approximately US $1 billion of debt under its existing program which obtained financing from a group of 17 international and regional banks. The completion of this financing will keep Nakilat fully funded and solidly on track to complete the acquisition of its 25 wholly-owned LNG vessels currently under construction at Korean shipyards.

  The senior secured debt rating and the subordinated secured debt rating of 'A+' and 'A' respectively by Standard & Poor's, and the 'Aa2' and 'Aa3' ratings respectively by Moody's, were maintained with a 'Stable Outlook'. Fitch reaffirmed Nakilat Inc.'s senior secured debt rating at "A+" and its subordinated debt rating at "A-" with a 'Stable Outlook'. Completion of Nakilat Inc.'s approximate US $1 billion financing and sustained strong ratings, clearly demonstrates Nakilat's prime status in today's financial market.

In conclusion, I believe that Nakilat is well positioned financially, operationally and managerially to meet its planned strategic targets and to address new opportunities. In a few short years, Qatar will produce over 30% of the global LNG supply. Nakilat will own over 16% of the world's LNG shipping tonnage, and will have positioned itself as the global leader in the industry with a 3% advantage in size and capability over the next largest LNG shipping company. Nakilat will deliver Qatar's energy to the world in a safe and reliable manner.

On this occasion, the Board of Directors has the honor 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. We also thank our partners, our shareholders, our management and employees for their meaningful, efforts, confidence and constructive contributions.

Abdullah Bin Hamad Al-Attiyah

Deputy Premier
Minister of Energy and Industry
Chairman of Qatar Gas Transport Company Ltd. (Nakilat)

Nakilat Shipyard and Ship Repair Facilities, Port of Ras Laffan

Boards of Directors Report

The Board of Directors of Qatar Gas Transport Company Ltd. (Nakilat) is pleased to present its Annual Report, which covers the year 2009. Nakilat was established in 2004 by the State of Qatar to coordinate the overall transportation requirements for all LNG projects in the country.

The primary role of Nakilat is to own and operate a large fleet of LNG carriers, which will serve Qatar's LNG mega-projects, principally Qatargas and RasGas. Qatar, with one of the largest reserves of natural gas in the world, has already attracted massive investment. It is estimated that by 2011, Qatar will export 77 million tons of LNG annually to global markets, making Qatar the world's largest exporter of LNG.

Nakilat Inc. was established to provide wholly-owned Qatari midstream shipping capacity for the transport of Qatari LNG, thus linking the upstream and downstream components of the value chain. Referred to as the"Floating Pipeline", Nakilat's vessels will provide the vital link that connects the significant upstream investment noted above with gas markets and customers around the world. This is consistent with the operating philosophy of full-chain integration where Qatar Petroleum and its upstream partners seek to achieve significant involvement in all segments of the LNG value chain.

Nakilat is creating and promoting a new marine industry for the State of Qatar and expanding its activities to include the ownership and operation of a world-class Shipyard that features both ship repair and conversion of very large vessels and ship construction facilities for building high value ships up to 120 meters in length. The facilities will also include the fabrication of offshore structures for the oil and gas industry and components for land-based petrochemical and industrial plants. These developments are in addition to its new business opportunities via LPG carriers and sulphur vessels.

With its wide range of gas-based export projects, expanding portfolio of gas expansion schemes and strategic growth into the maritime industries sector, Qatar has proven to be one of the most adaptable Gulf States in opening its doors to foreign direct investment. Nakilat is an example of this investment opportunity. Such foresight from the Emir, H.H. Sheikh Hamad Bin Khalifa Al-Thani, has laid the foundation for the country's impressive economic progress.

Four Ship Naming Ceremony at Samsung Heavy Industries

About Nakilat

Nakilat (which means "carriers" in Arabic) is a Qatari shipping company that forms an integral link in 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.

Nakilat will soon complete its plan to construct 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 proven reserves-- to global markets. By mid 2010, Nakilat will own 54 LNG vessels, making it the largest LNG ship owner in the world. Nakilat also co-owns 4 very large LPG carriers.

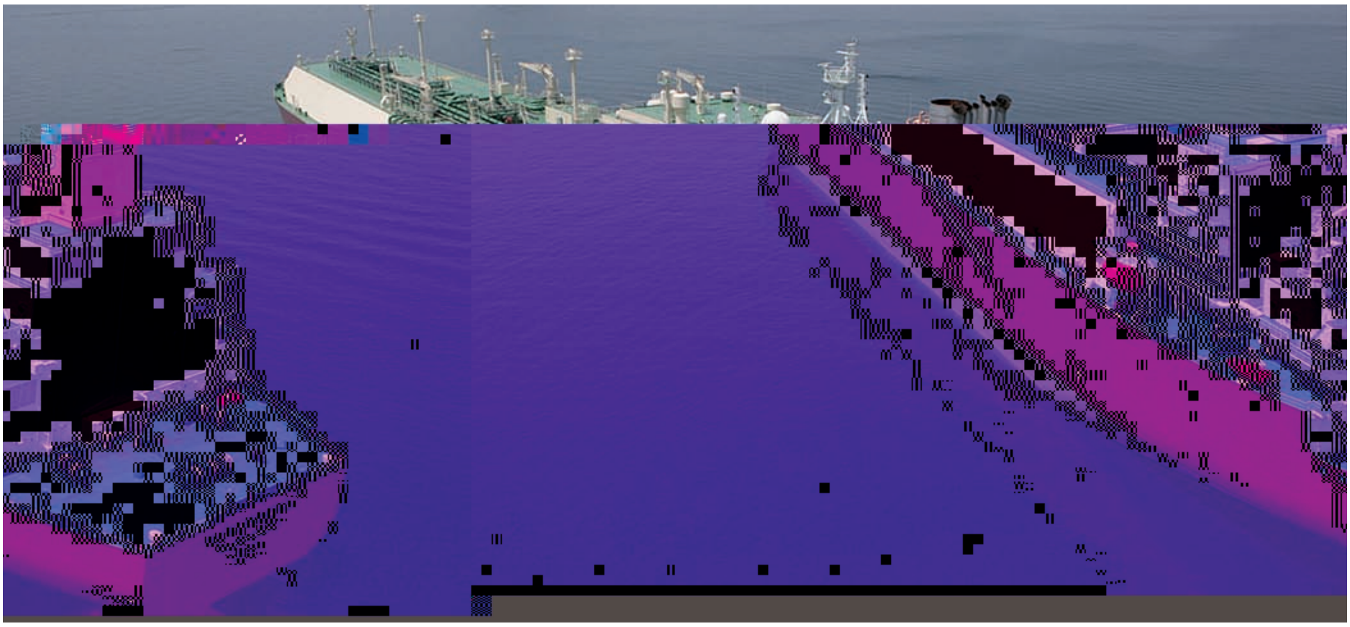
Nakilat is further developing Qatar's marine industrial base via new world-class shipbuilding and ship repair facilities in the Port of Ras Laffan. Nakilat has a joint venture ("JV") with Keppel Offshore & Marine - a global leader in ship repair and conversion. This new JV, Nakilat-Keppel Offshore & Marine (N-KOM) will operate Nakilat's state-of-the-art ship repair yard for the repair and maintenance of very large LNG carriers and a wide range of other vessels, as well as for the conversion of tankers to Floating Production, Storage and Offloading (FPSO) and Floating Storage and Offloading (FSO) units. Also included will be the fabrication of structures for the offshore oil and gas industry and components for land-based petrochemical and industrial plants.

More recently, Nakilat has formed a JV with Damen Shipyards Group, i.e., Nakilat-Damen Shipyards Qatar (N-DSQ). The N-DSQ joint venture will manage the construction of high-value ships of up to 120 meters in length, including commercial vessels, naval and coast guard vessels and luxury yachts. Nakilat has also commenced work on designing a facility dedicated to the repair and maintenance of vessels less than 120m in length. This facility, which is being engineered to service over 200 vessels per year, is scheduled to commence operations in 2012. Additionally, in early 2011, work will commence to establish a Boat Production Facility in Ras Laffan utilizing fiber reinforced plastic (FRP) technology for the supply of leisure craft and commercial workboats to local and international markets. This will represent the final phase of our development strategy.

The addition of these facilities will provide Nakilat with comprehensive marine industry capabilities.

The N-KOM and N-DSQ Joint Venture partnerships are both strategic and key to the goal of positioning the State of Qatar as an internationally recognized center of excellence in ship building, repair and conversion.

Al Ghashamiya on Sea Trials



Our Strengths

Integration into the Qatari LNG Chain

Nakilat is an integral component in the LNG supply chain. It is a direct link in one of the world's largest, most advanced energy projects under the auspicies of Qatar Petroleum through its Qatargas and RasGas operations and their joint venture partners. The LNG produced and sold to global customers is typically marketed via long-term contracts, providing stable revenues.

Nakilat is a Highly Rated World-Class Carrier

The senior secured debt rating and the subordinated secured debt rating of 'A+' and 'A' by Standard & Poor's respectively, and 'Aa2' and 'Aa3' by Moody's respectively, were maintained with Stable Outlooks. Fitch reaffirmed Nakilat Inc.'s senior secured debt rating at"A+" and its subordinated debt rating at"A-"with Stable Outlooks respectively.

Stable Cash Flows via 25 Year Time Charters

Nakilat's revenues is stable due to long-term and fixed-rate Time Charters.

Low Risk Development Strategy

Nakilat's shipbuilding contracts are with Hyundai, Samsung and Daewoo, all of which are highly experienced Korean shipbuilders with well established track records. The vessels are built to the highest standards. Fifty - two of Nakilat's 54 ships have been delivered. The final 2 ships will be delivered by July 2010.

Sound Operating and Management Program

Nakilat has entered into strategic alliance with Shell International Trading and Shipping Company Ltd. (STASCO), a leading international vessel operator with extensive experience in operating LNG vessels.

World-Class Shipyard and Ship Repair Facility

Nakilat is developing a new world-class shipyard and ship repair facility in the Port of Ras Laffan and has formed a joint venture with Keppel Offshore & Marine – a global leader in ship conversion and repair as well as a specialized shipbuilder – to operate the new yard.

Nakilat has also signed a joint venture with Damen Shipyard Group – a world leading shipbuilder– to build all types of vessels (up to 120 meters in length) to support Qatar's expanding marine services sector.

The shipyard will also include facilities for the fabrication of structures for the offshore oil and gas industry and for land-based petrochemical and industrial plants. In addition, facilities are being constructed for the repair and maintenance of vessels less than 120m in length, and for the production of leisure craft and commercial workboats for the local and international markets. Nakilat will create strategic partnerships with world leading companies to operate these new joint ventures.

Strong sponsorship of the entire chain from the State of Qatar

Upstream
Qatari upstream ventures produce gas from the North Field through long-term concessions and collectively will liquefy over 77 mta by 2011 of LNG through onshore facilities they construct and own.

Photo Courtesy of Qatargas

Downstream/ Regasification
Qatari upstream ventures have ownership interest or long term contracted capacity in regasification terminals in selected key markets around the world.

Photo Courtesy of South Hook (LNG) Terminal Company Ltd.

Midstream / Shipping
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.

Marketing
Qatari upstream ventures have long term LNG sales contracts with a range of credit worthy off-takers in multiple markets in Asia and Europe.

Snapshot of Nakilat

Transportation Integral to Qatar's Ability to Connect Massive Gas Reserves to Market

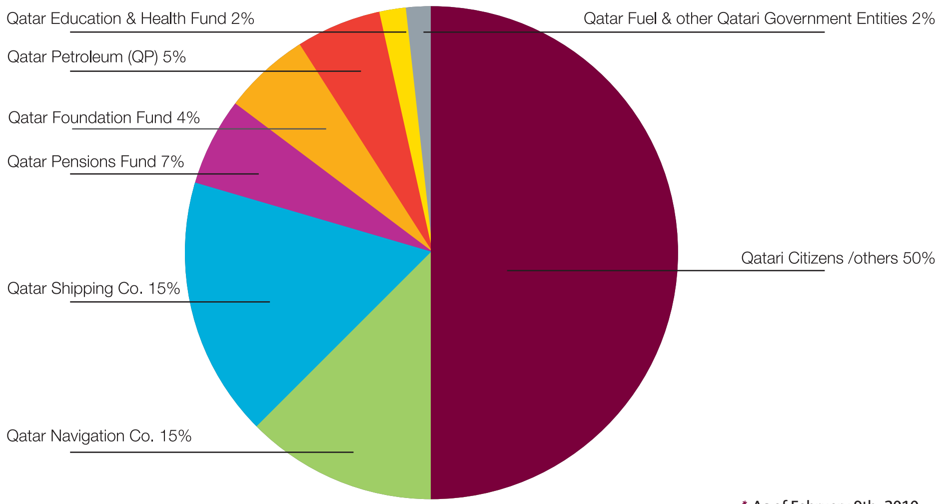
- LNG value chain is critical to Qatar Petroleum (QP) and State of Qatar.
- Qatar to produce over 30% of the global LNG suplly by 2011.
- RasGas and Qatargas ventures are vital to QP and its international oil company partners.
- Transportation in integral to connecting gas reserves and infrastructure to global markets.
- Nakilat established to play a key role in transporting Qatari LNG projects.
- Nakilat is the world's largest LNG shipping company and by mid 2010 will own over 16% of the global LNG shipping tonnage.

Shipyard and Ship Repair Facilities Key to Positioning Qatar as Internationally Recognized Center of Excellence in Ship Building, Repair and Conversion

Phase	Activity	Joint Venture Partner
Phase 1+2	Repair and Conversion of Very Large Ships (e.g. LNGCs, VLCCs) Repair of Medium-Sized Ships (e.g. 20,000 dwt to 80,000 dwt	N-KOM
Phase 3	Fabrication and Maintenance of Offshore Structures (& components for land-based petrochemical plant)	NAKILAT ناقلات + Partner
Phase 4	Construction of High Value Small Ships (< 120m length)	N-DSQ
Phase 5	Repair of Small Ships (< 20,000 dwt)	NAKILAT ناقلات + Partner
Phase 6	FRP Commercial and Leisure Boat Production	NAKILAT ناقلات + Partner

- Nakilat operates a world-class Shipyard and Ship Repair Facility at the Port of Ras Laffan.
- Nakilat's Ship Repair Facility will provide comprehensive services for its own fleet of vessels, and market surplus capacity for the repair, maintenance and conversion of very large ships to the marine transportation industry.
- Nakilat's Shipyard will construct, repair and maintain all varieties of high-value ships of up to 120m in lenght, and also produce leisure craft and commercial workboats for local and international markets.

Our Shareholders*



* As of February 9th, 2010

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 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 crude oil, 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 gas-to liquid (GTL) and pipeline gas supply projects in Qatar.

Further information about QP can be found at:
www.qp.com.qa

Qatar Shipping Company (Q.S.C.)

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.

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 our wholly-owned subsidiaries and joint ventures.

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

Nakilat Shipping (Qatar) Limited
The company was founded in March 2007 and is a wholly-owned subsidiary of Nakilat. It manages the operation of the wholly-owned LNG vessels and other vessels for transporting cargoes such as LPG, Sulfur and other products.

Nakilat–Keppel Offshore & Marine Limited
In March 2007, Nakilat signed an agreement with KS Investments Ltd., a wholly-owned subsidiary of Keppel Offshore & Marine Ltd. to jointly develop and manage a world-class ship repair yard facility in the Port of Ras Laffan. The company was incorporated in November 2008.

Nakilat Damen Shipyards Qatar, Limited
In March 2009 Nakilat signed a Memorandum of Understanding with Damen Shipyards Group, of the Netherlands, to form a Joint Venture which will manage a new world-class shipbuilding facility in the Port of Ras Laffan, for the construction of high-value ships.

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 Svitzerwijsmuller W.L.L.
The company, incorporated in September 2006, is 70% owned by Nakilat and 30% by Svitzer 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 of a 22-year service contract for Harbour Towage and Mooring Services by Qatar Petroleum.

Nakilat Svitzerwijismuller Tugs

Gulf LPG Transport Company W.L.L.
The company, founded in March 2008, is 50% owned by Nakilat and 50% by Qatar Shipping Company (Q-Ship) through a Joint Venture Agreement. The company is responsible for the ownership and operation of 4 VLGC's.

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

Peninsula LNG Transport No.4 Ltd.
The company, founded in August 2004, is 30% owned by Nakilat and 70% by J4 Consortium (MOL, NYK, Mitsui, and K-Line). It jointly owns 1 conventional LNG vessel chartered to RasGas.

Teekay Nakilat Corporation
The company, founded in September 2004, is 30% owned by Nakilat and 70% by Teekay. It jointly owns 3 conventional LNG vessels chartered to RasGas.

OSG Nakilat Corporation
The company, founded in November 2004, is 50.1% owned by Nakilat and 49.9% by OSG International Inc. It jointly owns 4 Q-Flex LNG vessels chartered to Qatargas.

QGTC Nakilat (2245-8) Investment Ltd.
The company was founded in November 2004. Nakilat has a 45% interest in 4 Q-Flex 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, incorporated in July 2005, is 40% owned by Nakilat and 60% by J5 Consortium (MOL, NYK, Mitsui, Lino Lines and K-Line). It jointly owns 8 Q-Flex LNG vessels chartered to RasGas.

Teekay Nakilat (III) Corporation
The company, incorporated in August 2005, is 60% owned by Nakilat and 40% by Teekay. It jointly owns 4 Q-Flex LNG vessels chartered to RasGas.

India LNG Transport Company (No.3) Limited
The company, incorporated in March 2006, features equity interests of 20% by Nakilat, MOL 26%, SCI 26%, NYK 16.67%, K-Line 8.33% and Petronet 3%. The company jointly owns 1 conventional LNG vessel chartered to Petronet, which the charterer uses to transport LNG from Ras Laffan to receiving ports in India.

Nakilat Shipyard and Ship Repair Facilities, Port of Ras Laffan

Our Charterers

Our financial strength derives from the quality and financial strength of our Charterers, who represent two of the world's largest LNG developments, with a planned aggregate LNG production capacity of over 77 Million tonnes per annum (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, Shell, ConocoPhillips and Total.

Each Charterer is a significant financial entity in its own right. The Charterers include:

Qatargas Operating Company Limited (Qatargas)

Qatargas Operating Company Limited (Qatargas) pioneered the liquefied natural gas industry in Qatar. Today, the company is realizing its vision to deliver LNG to customers around the globe from its world-class facilities in Qatar.

Qatargas was established in 1984 and since that time the Company has progressively established itself as a leading player in the LNG industry.

The company was originally formed to operate three LNG trains with a design capacity of two million tonnes per annum (mta) each. The shareholders in this venture are Qatar Petroleum, ExxonMobil, Total, Mitsui and Marubeni.

Today Qatargas is exporting 26 mta of LNG from the five LNG trains following the completion of its Qatargas 2 project. Qatargas' customers are now spread throughout the world including Japan, Spain, the United Kingdom, Canada and China.

Currently, the Company is undergoing a period of rapid expansion, which when completed at the end of the decade will see Qatargas exporting 42 mta per annum of LNG to markets in Europe, Asia and North America.

Al Sadd Chartered to Qatargas

RasGas Company Limited (RasGas)

RasGas Company Limited (RasGas) is one of the world's premier integrated liquefied natural gas (LNG) enterprises. In a relatively short period of time, RasGas has achieved a reputation as a safe and reliable supplier of LNG and has transformed a regional resource into a key component of the global energy mix.

Since its creation in 1993, RasGas has developed world-class facilities for the extraction, storage, processing and export of LNG, and has entered into long-term agreements to supply LNG to customers in Korea, India, Italy, Spain, Belgium, Taiwan, and the United States of America.

RasGas has emerged as a leading player in the global natural gas industry, supplying and delivering LNG to an international portfolio of customers via a fleet of long term chartered LNG tankers and by initiating technology-led projects such as the production and sale of helium.

In 2009, RasGas' sixth LNG train came online, boosting the overall LNG production capacity of all RasGas Companies to approximately 28.5 mta of LNG.

It is expected that this production capacity will increase to approximately 37 mta by the end of the decade with the completion of RasGas' seventh LNG train.

Al Aamriya Chartered to RasGas

Our Achievements

In 2009, we made excellent progress in diversifying our business plan through new profit centres. The list below summarizes the Company's more notable achievements during 2009:

- Completed the Ship Naming Ceremonies for all ships in Nakilat's fleet of 54 LNG and 4 LPG carriers.
- Delivered "Aseem" the last of twenty-nine (29) joint venture LNG vessels in September with all joint venture ships now in operation.
- Delivery and construction of Nakilat's 25 wholly-owned LNG vessels continues on schedule. In addition to the 4 vessels delivered in 2008, seventeen vessels were delivered in 2009; and the remaining 4 ships will be delivered by mid 2010.
- Delivered Qatargas' first cargoes to the People's Republic of China by the Q-Flex ship "Al Ghariya", to Canada by Q-Flex"Measimeer"and to the Sabine Pass LNG terminal in the United States by Q-Max "Umm Slal".
- Delivered RasGas' first cargo to Turkey by "Al Daayen" and the Q-Flex ship "Al Utoriya" delivered its first cargo to India.
- Announced the formation of the VLGC Pool "LPG GLOBAL TRANSPORT" pursuant to a pool management agreement entered into on 26 January between Gulf LPG Transport Company W.L.L. (a joint venture between Nakilat and Q-Ship) and Mitsui O.S.K. Lines, Ltd. of Tokyo.
- Received on March 19th, the LPG vessel "Lubara", the last of 4 Very Large Gas Carrier's (VLGC's) built at Hyundai Heavy Industries Co., Ltd., Korea and owned by Gulf LPG Transport Company W.L.L.
- Maintained with Stable Outlook the long-term corporate credit rating and the subordinated secured debt rating of 'A+' and 'A' by Standard & Poor's respectively, and 'Aa2' and 'Aa3' by Moody's respectively. Fitch reaffirmed Nakilat Inc.'s senior secured debt rating at "A+"and its subordinated debt rating at "A-" with Stable Outlooks respectively.
- Completed approximately US$ 1 Billion of financing during 2009, proving Nakilat's prime status in today's financial market.
- Agreement reached with Damen Shipyards Group, of the Netherlands, to jointly operate the new state-of-the-art Ship Construction Facility (Phase 4), in the Port of Ras Laffan.
- Completion of construction and start of operation of the Depot Store, designed to house the depot spares and be the base of logistic support operations for the Nakilat Fleet.
- Completion of construction of the Steelworking Facility to support commencement of operation on 02 December 2009 with the cutting of the first steel for the construction of the Main Dock Gates for the Ship Repair Yard (Phases 1 & 2).
- Mobilization of N-KOM continues at a strong pace with more than 250 key personnel in place. Start-up initiatives are well established and include the production of the massive gates for the ship repair yard dry dock facilities.
- Recruitment and training of seafarers required for Nakilat's 100% owned fleet is progressing in accordance with the implementation plan developed in cooperation with Shell International Trading and Shipping Company Limited, (STASCO).

Nakilat Departmental Achievements

- Finance Department - in a relatively short period of time, Nakilat has successfully built and maintained a highly effective and efficient Finance Department. Its strength is clearly evident in its ability to support Nakilat's vision and mission; in its use of accounting best practices to ensure the overall integrity of Nakilat's accounting records; and in the safeguards implemented to protect the company's assets and stakeholders' interests.
- Treasury and Planning Department - has been very successful in obtaining and completing program financing at competitive rates in a challenging market for the financing and construction of its 25 wholly-owned vessels. The Treasury and Planning Department has also put proper systems in place to ensure that Nakilat's financial assets are prudently managed and that its loans are properly administered and in compliance with financing documents.

- Business Systems and Controls Department - has implemented an effective controls management process, and established relevant policies and procedures to manage risks in compliance with regulations and standards. This is in line with Nakilat's plan to obtain ISO 9001 certification.

- Information Technology Department has also fully implemented an integrated SAP system that includes procure-to-pay process, procurement and invoicing process, electronic bank statement reconciliation, asset management, human resources and payroll systems, objectives setting and employee performance evaluation process, project system, portal, workflow and travel management.

- Supply Department - has continued to grow throughout 2009, from a department which was predominantly conceived to provide corporate contracting and procurement support, to one which now provides goods and services to its own fleet and to 3rd party vessels in and around Qatar - the latter to fill the gap resulting from the dissolution of the Nakilat Fuji chandlery business. Nakilat's Supply Department is currently operating in its new 10,800 square meter warehouse at Ras Laffan in which it stores ships' capital insurance and operating spare parts, and conducts its expanding ship chandlery business, providing goods and services from Ras Laffan to vessels sailing non-stop to and from various global ports of call.

- Internal Audit Department headed by a Chief Internal Auditor who reports directly to Nakilat's Board of Directors. This office provides independent, objective assurance that adequate controls are in place to safeguard company's assets through a disciplined approach that evaluates and enhances the effectiveness of risk management, internal control systems and corporate governance process.

Nakilat Safety, Health, Environment, Security and Quality Assurance Achievements

To fulfil Nakilat's commitment to high standards for Safety, Health, Environment (SHE), Security and Quality Assurance (S&QA) during 2009, Nakilat prepared applicable policies and procedures and made resources available in support of these requirements.

- Nakilat and its various companies recorded an outstanding year of accomplishment during 2009. All vessels in service achieved high standards of SHE and S&QA performance. Nakilat's Ship Repair Yard achieved a milestone 8.7 million man-hours without a Lost Time Incident (LTI) Nakilat Svitzerwijsmuller achieved 4.4 million LTI free man-hours since the start of their operations. Nakilat Agency also accomplished 4 years of successful operation without a single LTI. Nakilat is committed to a culture that seeks to continuously improve its safety performance with ongoing training efforts, recognition awards programs and awareness campaigns.

- Environmental progress has also been achieved with Nakilat ships complying with all National and International Directives and protocols including utilization of Low Sulphur fuel, compliance with ballast water management, participation in a Jetty-Boil Off Gas Project to minimise flaring of LNG. A study involving the backhauling of potable fresh water on LNG vessels and our efforts working with the Port of Ras Laffan and Qatar Petroleum on a feasibility study for a Slops and Sludge Disposal facility continues.

- Nakilat has continuously improved its Emergency Response Procedures with ongoing reviews of the Emergency Response Plan, to include lessons learned following regular Emergency Response Drills involving our operator, STASCO, with our joint venture Owners: Maran Gas, OSG, Teekay and with our Charterers: Qatargas and RasGas.

- To achieve operational efficiency and customer satisfaction standards that are consistent with Nakilat's Vision and Mission, the company has embarked on a path to adopt an Integrated Management System. Lloyd's Register has been appointed to assist Nakilat in determining gap analyses, developmental and training needs, and the requirements for the implementation and certification of an Integrated Management System that incorporates ISO 9001 and ISO 14001.

Financial Results Highlights For the Year Ended December 31, 2009

- Total 2009 profit from operations was QR 581.7 million compared with QR 214.1 million for 2008, an increase of 172%. 2009 net profit including a gain on derivative instruments from joint ventures was QR 588.9 million compared with QR 129.9 million for 2008 after a loss on derivative instrument from joint ventures. The gain on derivative instruments of QR 19.9 million for 2009, compared with a loss on derivative instruments of QR 84.2 million for 2008, which was due to a technical disqualification (for accounting purposes) of the applicable derivatives (carried in the books of certain of the company's overseas joint ventures) as hedging instruments in accordance with International Accounting Standard 39. The change in the accounting treatment is only a non-cash accounting entry and does not affect the economics of the derivative transactions nor the cash flows or liquidity of the company. Nakilat and its joint ventures are exposed to high interest rate risk on borrowed funds. The risk is managed by the use of interest rate swap contracts, which will protect the company from increases in interest rates in the future. The majority of Nakilat and its joint ventures borrowings were obtained at the time the company's time charter party agreements were signed with our charterers.

- Total Assets of Nakilat as of 31 December 2009 was QR 31.2 billion, an increase of QR 6.7 billion from 2008. Current assets, including cash and bank balances stood at QR 1.9 billion as of 31 December 2009. Non-current assets, consisting mainly

Mozah in the Suez Canal at Port Said passing the Suez Canal Company offices by Robert Lloyd of investments in LNG carriers, property and equipment and other assets, were QR 29.3 billion, an increase of QR 7.0 billion from 2008.

- Total borrowing as of 31 December 2009 was QR 25.0 billion compared to QR 19.2 billion as of 31 December 2008, reflecting an additional loan incurred primarily to finance the construction of LNG vessels.

- Total equity before hedge reserve and non – controlling interest as of 31 December 2009, was QR 6.5 billion compared to QR 5.9 billion as of 31 December 2008. Negative hedging reserve as of 31 December 2009 was reduced to QR 2.6 billion compared with QR 5.9 billion as of 31 December 2008, due primarily to the increase in interest rates. The negative hedging reserve represents an accounting entry from the revaluation to fair value of interest rate swaps. The hedging reserve is expected to decrease over time as loans are repaid and as the notional amount of the swaps decreases. The reserve on designated hedges is not expected to impact either income statement or retained earnings. The negative hedge reserve arises on interest rate swaps that relate to variable interest bearing loans taken to build ships.

The Company also enters into long-term time charter agreements to lock-in the future cash inflows from ships. This strategy is expected to result in a more stable stream of cash flows in the future and minimize uncertainties associated with shipping spot rate movements or interest rate movements.

Nakilat Fleet & Operations

The Nakilat fleet consists of 25 wholly-owned, 29 jointly-owned LNG carriers and 4 jointly-owned LPG ships.

Fleet Vessels

All of Nakilat's vessels ordered from Korean shipyards incorporate the latest technology following years of engineering design work and testing. The new ships provide Nakilat and its charterers with many years of safe, cost effective and reliable transportation of LNG. The 25 wholly-owned vessels represent a total investment by Nakilat of approximately US $7.5 Billion.

Nakilat has also key joint venture partnerships with some of the world's leading shipping companies. In total Nakilat jointly owns and operates 29 LNG carriers.
Nakilat ownership share of these partnership vessels ranges between 20% and 60%, with an aggregate average of 43%. Nine of these vessels are Conventional sized with a nominal cargo capacity of 150,000m^3 with the remaining 20 ships of the Q-Flex configuration. Together, Nakilat's jointly and wholly-owned fleet of 54 LNG vessels represents a total investment of approximately US $11 Billion.

The Q-Max and Q-Flex vessels with nominal cargo capacities of 266,000m^3 and 216,000m^3 respectively are the world's largest and most advanced LNG vessels. They have been in service since late 2007, delivering LNG cargoes safely, reliably and efficiently to global ports that include the USA, UK, Japan, Korea, Spain, Canada and China.

The Q-Flex has approximately 50% more cargo capacity than conventional LNG carriers and the larger Q-Max has over 80% more cargo capacity, yet requires approximately 40% less energy per unit of cargo than conventional LNG carriers due to economies of scale and efficiency of the engines. The end result of this new generation of Q-Flex and Q-Max vessels is a 20-30% reduction in transportation costs.

Comparison of Conventional LNG Vessels with Q-Flex/Q-Max LNG Vessels

Conventional LNG Features (145,000m^3)

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

Q-Flex Vessels (216,000m^3) / Q-Max Vessels (266,000m^3)

- Maximizes delivered volumes
- Twin engine screw
- Increased hull size while maintaining same draft, due to depth limitation in Ras Laffan port
- Superior fuel efficiency, reliability and maneuverability

Key Technologies on the Nakilat Fleet of Q-Flex and Q-Max Vessels Superior Ship Technology Coupled with Proven Design Principles

Membrane Containment System

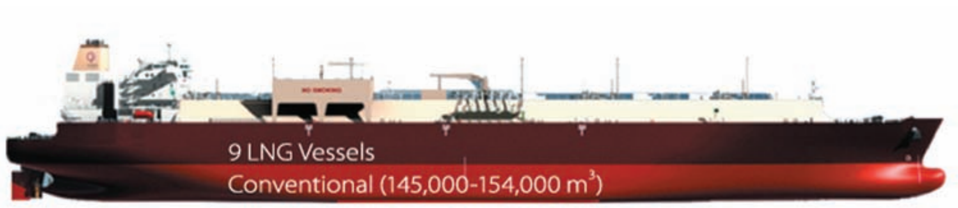
- Increased cargo capacity for same dimensions vessel
- Reduced Suez Canal fees
- Flat deck reduces wind resistance and improves line of sight for navigation
- Quicker turnaround in loading ports

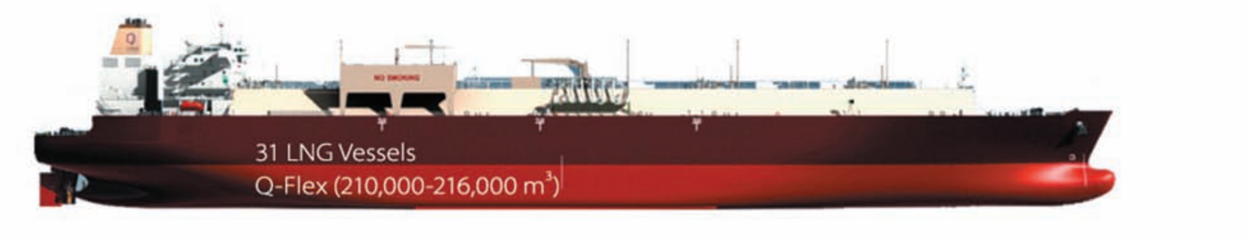
Reliquefaction System

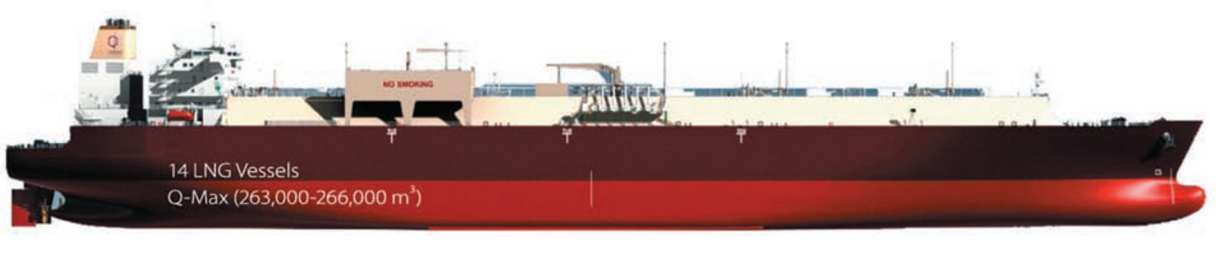
- Simple two cycle reliquefaction converts BOG back to liquid
- Maximizes LNG delivered
- Backup by gas combustion unit

Advanced Propulsion Technology

- Slow Speed Diesel engines
- Thermal efficiency
- Proven reliability
- Twin skeg
  - Twin propellers and rudders
  - Hydrodynamic efficiency
  - Redundancy & maintainability
  - Latest hull antifouling technology
  - Improved fire-protection system







SHIP MANAGEMENT

Management of the wholly-owned LNG Fleet is contracted to Nakilat Shipping. A Master Services Agreement (MSA) was signed with Shell International Trading and Shipping Company (STASCO) in 2006 for a number of shipping services. Included in these services is the initial handling of the technical management of Nakilat LNG vessels with a provision to hand over management of the vessels to Nakilat Shipping in Doha within 8 to 12 years following the delivery of the last vessel. A road map plan has been developed for the responsibility of assuming the full ship management of the vessels. Nakilat's Fleet Department continues to grow and develop to meet the significant challenges and responsibilities laying ahead.

NAKILAT SHIPPING OPERATIONS

Nakilat has developed its own Shipping Operations, Safety, Health, Environment & Quality Assurance (SHE&QA). The Technical section administers and oversees the activities of its shipbuilding and ship management efficiency. The Fleet Department ensures that SHE&QA and operational standards exceed international industry requirements.

Recognizing the extreme importance for operating costs to be controlled and for the Joint Venture owners to operate the LNG vessels competently in a manner that protects the reputation and integrity of Nakilat, a process has been developed to closely monitor the standards and costs.

MARINE ACADEMY

To support Nakilat ongoing personnel requirements, Nakilat, in consultation with the Qatar Foundation, is working to develop a feasibility study for the establishment of a high caliber, globally recognized International Maritime Academy in Qatar (IMAQ) to service and support Qatar's rapidly growing maritime sector. Our vision is to establish an IMAQ in alliance with one of the world's leading maritime institutions to create a regional "center–of-excellence" in education and training for the marine, shipping and offshore industries.

LPG VESSELS

In addition to its fleet of LNG vessels, Nakilat also co-owns 4 Very Large LPG Carriers (VLGC's) of 82,000m^3 each. These VLGC's are managed and operated by a special purpose company, "Gulf LPG Transport Company W.L.L", through a 50:50 joint venture agreement with Qatar Shipping Company (Q-Ship). All 4 vessels were built at Hyundai Heavy Industries Co., Ltd., Korea.
Nakilat provides shipping services to Tasweeq to cover its LPG exports. Additionally, Nakilat supports Tasweeq by securing bulk vessels from the market for the transportation of Sulphur to export markets worldwide.

Vessel's Name	Size	Nakilat's Equity	Owner/ Operator
1. Bu Sidra	82,200 CBM	50%	NAKILAT / STASCO
2. Umm Laqhab	82,200 CBM	50%	NAKILAT / STASCO
3. Al Wukair	82,200 CBM	50%	NAKILAT / STASCO
4. Lubara	82,200 CBM	50%	NAKILAT / STASCO

Lubara

Al Kharaitiyat passing Laolongtun, Shanhaiguan Province, China by Robert Lloyd

Ship Repair Yard and Related Ventures

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

Accordingly, in 2007, Nakilat and Qatar Petroleum finalized the definition of the following multi-phase strategy to develop facilities for the construction and maintenance of a wide range of marine and offshore structures:

Phase	Activity
Phase 1	Repair and Conversion of Very Large Ships (e.g. LNGCs, VLCCs)
Phase 2	Repair of Medium-Sized Ships (e.g. 20,000 dwt to 80,000 dwt)
Phase 3	Fabrication and Maintenance of Offshore Structures (and components for land-based petrochemical plant)
Phase 4	Construction of High Value Small Ships (< 120m length)
Phase 5	Repair of Small Ships (< 20,000 dwt)
Phase 6	Production of FRP Boats (Commercial & Leisure)

All of the above facilities are to be located in the expanded Port of Ras Laffan.

Nakilat Shipyard and Ship Repair Facilities, Port of Ras Laffan

Phases 1 & 2
Ship Repair (large & medium vessels)

Conversions

Phases 3 Fabrication of Offshore Structures

Phases 4 Constructions of Small Ships

Custom Luxury Yachts

Phases 5 Repair of Small Ships

Phases 6 Production of FRP Boats (Commercial & Leisure)

In February 2007, Qatar Petroleum (QP) appointed Nakilat to manage the design and construction of Phases 1 and 2 – the major Ship Repair Yard – and undertake various studies relating to the remaining phases.

In March 2007, Nakilat formed a Joint Venture ("JV") with Keppel Offshore & Marine -- a global leader in ship conversion and repair, as well as a specialized shipbuilder -- to operate the new yard. This JV, Nakilat - Keppel Offshore & Marine (N-KOM) will provide all of the mobile equipment (including a floating dock), and the funds necessary to operate the yard. The JV partners will share the risks and rewards of operating the yard.

The new facility is being designed in accordance with best international practice and standards. 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:	43 hectares.
Two Graving Docks:	400m long x 80m wide with 12m of water over the cill; and 360m long x 66m wide with 10m of water over the cill.
Two Floating Docks:	405m long x 64m wide, 80,000t lift capacity. 220m long x 38m wide, 28,000t lift capacity.
Quays:	Six full length berths, totalling 2.4km 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' crews, etc.

Nakilat created a Project Task Force (PTF) to manage the project, with team members from Nakilat, Keppel and QP. The PTF worked on Market Assessments and Feasibility Studies for the remaining phases, in association with leading international consultants in their respective fields.

By the end of 2009, the PTF comprised some 60 persons, and much had been achieved:

Phases 1 and 2: Major Ship Repair Yard

- Environmental Impact Assessment completed, and 'Permit to Construct' obtained from the Ministry of the Environment.
- Basic design and engineering work complete.
- Site reclamation (some 43 hectares) complete.
- Detailed design 95% complete.
- Major construction contracts awarded.
- Construction of dry docks well advanced.
- Piling for buildings complete.
- Procurement of major items of equipment complete.
- Steelworking Facility operational. Construction of other buildings 75% complete
- Fabrication of dry dock gates started, in the Ship Repair Yard's own facilities.

Phases 1 and 2 are Scheduled to Commence Ship Repair Operations in Q3 2010.

Nakilat Ship Repair Yard Phase 1, Dry Docks Under Construction

Cutting Steel and Fabrication of Dry Dock Gates

Typical Ship Repair and Ship Conversion in Dry Dock

Phase 3: Yard for Fabrication and Maintenance of Offshore Structures

- Market Assessment complete.
- Feasibility Study complete.
- Overall facility layout complete.
- Site reclamation complete.

The schedule for construction of Phase 3 will be determined during 2010.

Offshore Platform, courtesy of Qatargas

Phase 4: Ship Construction Facility (Vessels < 120m length)

The range of activities to be undertaken in the new Ship Construction Facility will be as follows:

- Ship types:
    - Commercial vessels.
    - Coastal defence vessels (Navy and Coast Guard).
    - Luxury yachts.

- Ship sizes:
    - 120m overall length.
    - 5,000t displacement.
    - 10,000t dwt.

- Activities:
    - New construction (primary activity).
    - Major refit.

As of end-December 2009, the status of Phase 4 was:

- Reclamation of site complete.
- Engineering 95% complete.
- Environmental Impact Assessment complete, and 'Permit to Construct' obtained from the Ministry of the Environment.
- Major construction contracts awarded.
- Piling for buildings complete.
- Erection of steelwork for buildings 80% complete.
- Procurement of major items of equipment complete.

Nakilat has established a Joint Venture with Damen Shipyards Group - a world leader in the design and construction of ships. The agreement was signed in January 2010 and the new JV, Nakilat-Damen Shipyards Qatar (N-DSQ) will manage Phase 4.

Nakilat Shipyard Phase 4

Phase 4 Operations are Scheduled to Commence in Q1 of 2010.

Corvette

Tugs

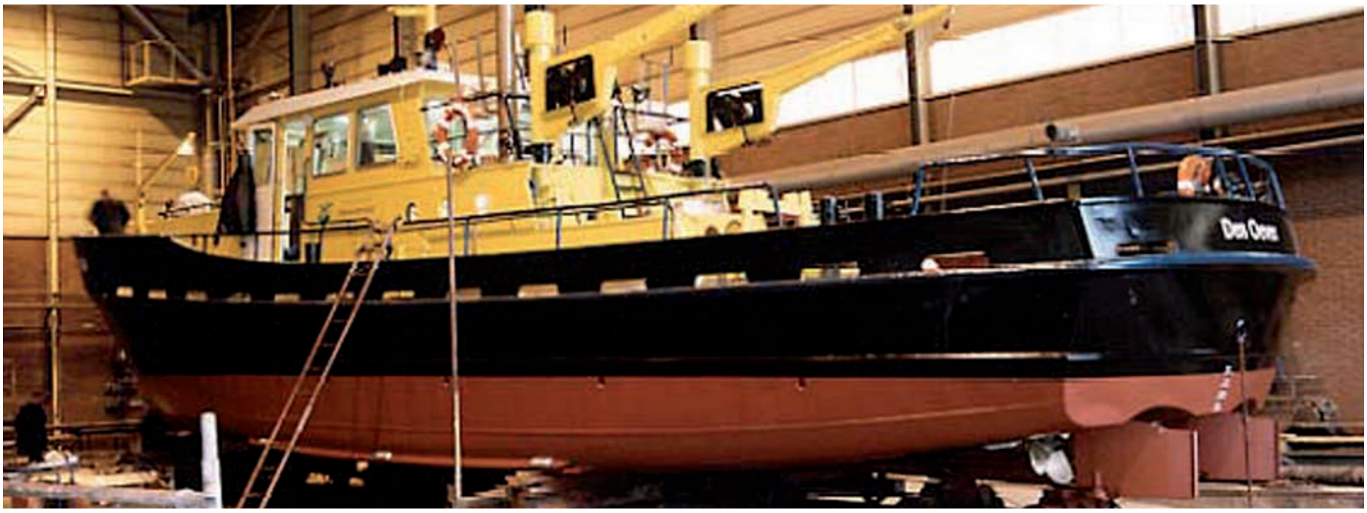
Custom Luxury Yachts

Phase 5: Repair of Small Ships

Phase 5 is closely related to Phases 1 and 2, and optimized for the repair of small ships. The addition of Phase 5 will give Nakilat the capability to cover entire ship repair / refit / conversion market from the smallest to the largest vessels.

By the end of 2009, the Market Study for Phase 5 had been completed, the bund for reclamation of the site was 90% complete, and preliminary Engineering work had commenced. It is planned to complete the reclamation using surplus material which will become available from Phases 1 & 2, when the cofferdam around the dry docks construction is removed in mid-2010.

Construction of Phase 5 is expected to commence in late 2010 and be completed in early 2012.



Small Ship

Phase 6: Fibre Reinforced Plastic (FRP) Boat Production

Phase 6 is dedicated to the production of FRP leisure craft and workboats for the local and international markets.

At the end of December 2009, the Feasibility Study for Phase 6 had been completed. Work will commence on the development strategy and schedule, and selection of an appropriate Strategic Partner in early 2010.

FRP Boat

Nakilat Agency Company Ltd. (NAC)

Nakilat Agency Company Ltd. (NAC) is the appointed port agent for the Port of Ras Laffan. Agency services have expanded to include all local and international ships that use the port to load petrochemical product cargoes and to offload cargoes. Ships and craft employed for project work in and around the port are also included in NAC's responsibilities. The Agency operates on a 24-hour/day basis.

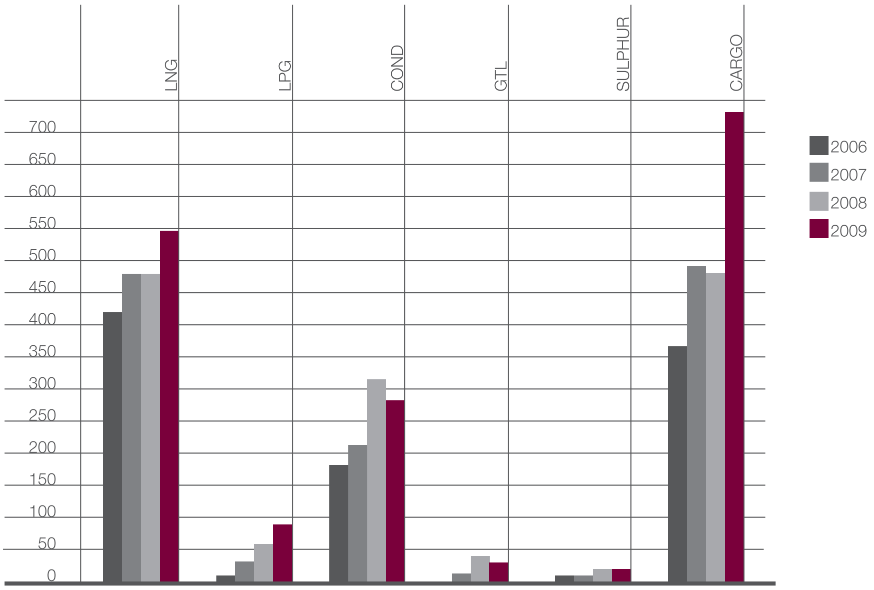
NAC provides a diverse suite of services that includes the collection of dues and fee payments for ships calling at the port, and ensuring compliance with local regulatory and international shipping and local port regulations. NAC is also responsible for administering all Customs and Immigration processing in a timely and accurate manner, and in coordinating all communications with vessel loading operations.

The categories of ships and vessels attended to are:

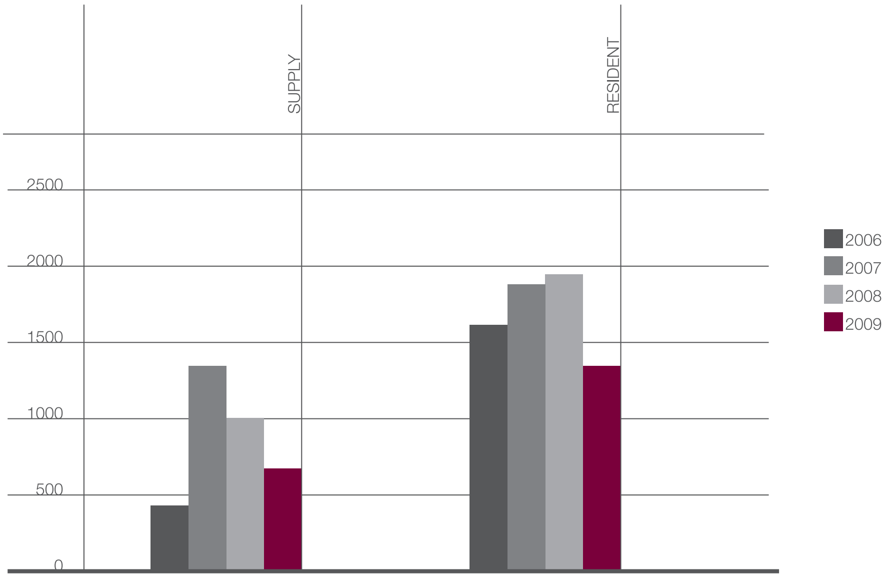
- Gas tankers loading LNG (Liquid Natural Gas) for export.
- Gas tankers loading LPG (Liquid Petroleum Gas) for export.
- Products and oil tankers loading condensates and GTL diesel for export.
- Products and oil tankers loading condensates at the SPM 54km offshore.
- Dry bulk cargo ships loading sulphur for export.
- General cargo ships discharging imported construction material and equipment.
- Supply and service vessels supporting the offshore installations and operations
- Dredgers, tugs and barges supporting project work in and around the Port of Ras Laffan.
- Rigs, tugs and equipment supporting drilling operations.
- Tugs and barges bringing in aggregates and other material for construction purposes.

Traffic to and from Ras Laffan port and the number of vessel calls attended to by NAC are shown in the graphs below.

Large Vessel Calls



Small Vessel Calls



Petrochemical production from Qatargas, RasGas, Oryx, Dolphin Energy and the Ras Laffan Refinery is growing. Loading facilities are extended to 5 LNG berths, 6 Products berths and 2 Single Point Mooring buoys located 54 kilometers at sea to accommodate the increase in exports. The growth in Nakilat's LNG Fleet numbers has significantly increased demand for technical services and supplies which resulted in the extension of Agency services to anchorage 4 miles outside the port limits. Launch services have correspondingly expanded to meet the increased demand.

Import of construction material and equipment through Ras Laffan is high. The Shell Pearl Gas-to-Liquid (GTL) Plant is the primary contributor to this growth, with other large scale construction projects in and around the port area also driving increased shipping activities and the resulting demand for large tugs and barges to attend to the shipping tasks.

Supply and services to the traditional offshore installations is constant. Offshore drilling, dredging and construction projects have been reduced due to project completions, resulting in a decrease in demand for these smaller types of supply and resident boats that have provided logistical services to those projects.

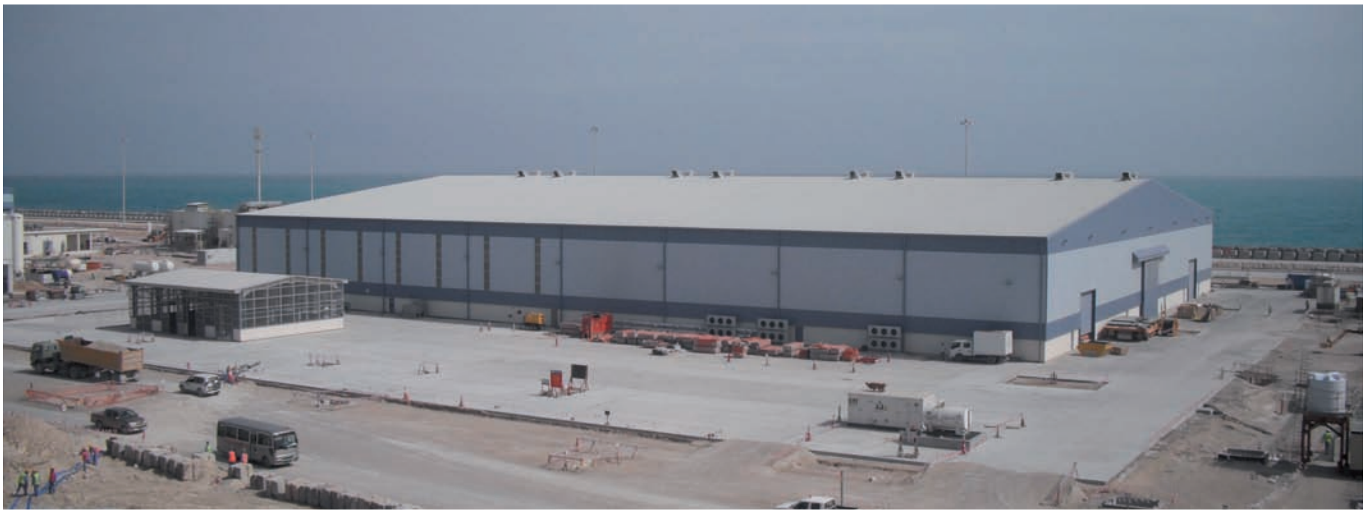
Towage and Harbour Service

Nakilat Svitzerwijsmuller W.L.L., a joint venture between Nakilat and Svitzer Middle East, owns and operates 21 vessels, such as tug boats, pilot boats and other harbor craft at the Port of Ras Laffan. This equipment is deployed under a 22–year Harbour Towage and Mooring Services contract which was awarded in 2006.

Tug

Vessel Support Services

In support of its maritime operations, Nakilat provides comprehensive Vessel Support Services to all ships in Qatari waters requiring the supply of goods and services, including secure warehousing and specialized dehumidified storage in a new 10,800 square meter facility unique to the region. This "One-Stop-Shop" service support provides everything ships need to maintain operations and obtain all provisions required in a timely and efficient manner to meet demanding voyage schedules



Depot Stores

QATAR GAS TRANSPORT COMPANY LIMITED
(NAKILAT) (QSC)

DOHA - QATAR

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Al Sheehaniya at El Qantara in Suez Canal passing under Mubarak Peace Bridge by Robert Lloyd

Contents

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 "Group)**,** which comprise the consolidated statement of financial position as at December 31, 2009, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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 1,852 million as of December 31, 2009 (2008: QR 1,213 million) which have been audited by other auditors who have provided us with their clearance report. Our opinion in so far as it relates to the amounts included for the joint venture companies, is based on the clearance report of the other auditors.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 clearance reports of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects the financial position of **Qatar Gas Transport Company Limited (Nakilat) Q.S.C.** as of December 31, 2009, 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 Group's consolidated 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**

Muhammad Bahemia
License No. 103

Doha – Qatar
March 24, 2010

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009
(Amount Expressed in Thousands of Qatari Riyals)

	Note	December 31, 2009	December 31, 2008
ASSETS			
Current Assets:			
Cash and bank balances	**4**	**1,778,939**	1,990,319
Trade and other receivables	**5**	**101,642**	133,999
Due from joint venture companies		**1,704**	3,155
Inventory		**-**	7
Total Current Assets		**1,882,285**	2,127,480
Non-Current Assets:			
Loans to joint venture companies	**6**	**1,108,006**	587,919
Investment in joint venture companies	**7**	**2,076,984**	1,464,444
Available-for-sale-investments	**8**	**107,108**	96,508
Construction in progress	**9**	**3,624,184**	17,663,840
Property and equipment	**10**	**22,204,496**	2,284,476
Deferred financing costs		**245,531**	252,911
Total Non-Current Assets		**29,366,309**	22,350,098
Total Assets		**31,248,594**	24,477,578

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

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009
(Amount Expressed in Thousands of Qatari Riyals)

	Note	December 31, 2009	December 31, 2008
LIABILITES AND EQUITY			
Current Liabilities:			
Borrowings	**11**	**458,140**	114,787
Accounts payable and accruals	**12**	**186,989**	227,645
Due to related party		**607**	83
Total Current Liabilities		**645,736**	342,515
Non-Current Liabilities:			
Borrowings	**11**	**24,556,405**	19,116,727
Fair value of interest rate swaps	**13**	**2,130,977**	5,015,695
Provision for end of service benefits		**6,195**	3,325
Total Non-Current Liabilities		**26,693,577**	24,135,747
Capital and Reserves:			
Share capital	**14**	**5,537,812**	5,537,655
Legal reserve	**15**	**105,280**	46,438
Fair value reserve		**60,640**	50,040
Translation reserve		**28,626**	24,042
Proposed cash dividend	**14.1**	**277,013**	-
Retained earnings		**504,796**	251,930
Total equity before hedge reserve and non-controlling interests		**6,514,167**	5,910,105
Hedging reserve	**16**	**(2,609,248)**	(5,915,253)
Non-Controlling Interests		**4,362**	4,464
Total Liabilities and Equity		**31,248,594**	24,477,578

These consolidated financial statements were approved on March 24, 2010.

Abdullah Bin Hamad Al Attiyah
Chairman

Muhammad Ghannam
Managing Director

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2009
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008
Income:			
Revenue from wholly owned vessels		**1,493,650**	28,873
Share of operating profits from joint ventures		**281,107**	118,564
Income from marine and agency services		**29,311**	31,195
Profit from Islamic banks		**65,401**	81,089
Interest and dividend income		**37,206**	22,804
Other income		**7,785**	8,845
Total Income		**1,914,460**	291,370
Expenses:			
Operating costs of wholly owned vessels		**(205,265)**	(4,220)
General and administrative		**(58,888)**	(45,543)
Depreciation of property and equipment	**10**	**(307,305)**	(8,273)
Amortization of deferred financing cost		**(7,380)**	(5,381)
Finance charges		**(753,970)**	(13,875)
Total Expenses		**(1,332,808)**	(77,292)
Profit from operations		**581,652**	214,078
Provision for social and sports fund contribution	**19**	**(12,649)**	-
Gain / (loss) on derivative instruments from joint ventures	**7**	**19,939**	(84,208)
Total Profit for the year		**588,942**	129,870
Attributable to:			
Owners of the Company		**588,427**	129,062
Non-controlling interests		**515**	808
Total		**588,942**	129,870
Basic and diluted earnings per share (expressed in QR. per share)	**20**	**1.06**	0.23

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

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2009
(Amount Expressed in Thousands of Qatari Riyals)

	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008
Total profit for the year	**588,942**	129,870
Other comprehensive income/ (loss)		
Available-for-sale investments	**10,600**	(33,537)
Exchange difference arising on translating foreign operations	**4,584**	3,869
Cash flow hedging reserves	**2,884,718**	(3,993,702)
Group share of joint ventures' changes in fair value of cash flow hedging derivatives	**421,287**	(814,549)
Total comprehensive income / (loss) for the year	**3,910,131**	(4,708,049)
Total comprehensive income / (loss) for the year attributable to:		
Owners of the Company	**3,909,616**	(4,708,857)
Non-controlling interests	**515**	808
Total	**3,910,131**	(4,708,049)

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, 2009
(Amount Expressed in Thousands of Qatari Riyals)

	Share Capital	Legal Reserve	Fair Value Reserve	Translation Reserve	Proposed Cash Dividend	Retained Earnings	Total Equity Before Hedge Reserve and Non-Controlling Interests	Hedging Reserve	Non-Controlling Interests
Balance as of January 01, 2008 (Restated)	5,536,666	33,554	83,577	20,173	-	135,774	5,809,744	(1,107,002)	3,656
Capital contribution	989	-	-	-	-	-	989	-	-
Expenses incurred on second cash call against capital	-	(22)	-	-	-	-	(22)	-	-
Comprehensive income / (loss) for the year									
-Changes in fair value of investments	-	-	(33,537)	-	-	-	(33,537)	-	-
-Exchange difference arising on translating foreign operations	-	-	-	3,869	-	-	3,869	-	-
-Decrease in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	(3,993,702)	-
-Group share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	(814,549)	-
-Total profit for the year	-	-	-	-	-	129,062	129,062	-	808
Transfer to legal reserve	-	12,906	-	-	-	(12,906)	-	-	-
Balance as of December 31, 2008	5,537,655	46,438	50,040	24,042	-	251,930	5,910,105	(5,915,253)	4,464
Capital contribution	**157**	-	-	-	-	-	**157**	-	-
Adjustment due to liquidation of a subsidiary	-	-	-	-	-	**294**	**294**	-	**(617)**
Comprehensive income / (loss) for the year									
-Changes in fair value of investments	-	-	**10,600**	-	-	-	**10,600**	-	-
-Exchange difference arising on translating foreign operations	-	-	-	**4,584**	-	-	**4,584**	-	-
-Increase in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	**2,884,718**	-
-Group share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	-	**421,287**	-
-Total profit for the year	-	-	-	-	-	**588,427**	**588,427**	-	**515**
Transfer to legal reserve	-	**58,842**	-	-	-	**(58,842)**	-	-	-
Proposed cash dividend	-	-	-	-	**277,013**	**(277,013)**	-	-	-
Balance as of December 31, 2009	**5,537,812**	**105,280**	**60,640**	**28,626**	**277,013**	**504,796**	**6,514,167**	**(2,609,248)**	**4,362**

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, 2009
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the year ended December 31, 2009	For the year ended December 31, 2008
Cash Flows from Operating Activities:			
Total Profit for the year		**588,942**	129,870
Adjustments for:			
Depreciation of property and equipment		**307,305**	8,273
Amortization of deferred financing cost		**7,380**	5,381
Finance charges		**753,970**	13,875
Share of profits from joint ventures		**(301,046)**	(34,356)
Profit from Islamic banks		**(65,401)**	(81,089)
Interest, dividend and other income		**(44,991)**	(31,650)
Provision for doubtful debts		**161**	971
		1,246,320	11,275
Working Capital Changes:			
Trade and other receivables		**17,971**	(26,925)
Accounts payable and accruals		**27,916**	30,623
Due from joint venture companies		**1,451**	(1,003)
Due to related party		**524**	10
Inventory		**7**	2
Cash generated from operations		**1,294,189**	13,982
Finance charges paid		**(1,254,421)**	(783,758)
Net Cash from/ (Used) in Operating Activities		**39,768**	(769,776)
Cash Flows from Investing Activities:			
Loans to joint venture companies		**(537,382)**	(383,529)
Refund of / (investment in) joint venture companies		**(641)**	126,956
Dividend income received from joint ventures		**89,230**	51,647
Acquisition of property and equipments		**(1,592)**	(2,712)
Investment income received		**127,073**	114,092
Time deposits maturing after ninety days		**9,098**	670,215
Construction in progress		**(5,707,565)**	(10,077,536)
Deferred financing costs		**-**	(3,703)
Net Cash Used in Investing Activities		**(6,021,779)**	(9,504,570)
Cash Flows from Financing Activities:			
Proceeds on second cash call		**157**	989
Proceeds from borrowings		**5,896,415**	10,467,208
Repayments of borrowings		**(114,785)**	-
Expenses incurred on second cash call against capital		**-**	(22)
Net Cash from Financing Activities		**5,781,787**	10,468,175
Net (Decrease)/ Increase in Cash and Cash Equivalents		**(200,224)**	193,829
Cash and Cash Equivalents at Beginning of the Year		**1,953,215**	1,759,386
Cash and Cash Equivalents at End of the Year	4.1	**1,752,991**	1,953,215

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

(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 Ministry of Business and Trade (formarly Ministry 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 Qatar Exchange (successor of 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 (collectively referred to as the **"Group"**). The operations of the Group are conducted within the economic environment in the State of Qatar.

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

2. *Adoption of New and Revised Standards:*

2.1 Standards and Interpretations effective in the current period

At the date of authorization of these consolidated financial statements, the following standards and interpretations were effective:

(i) Revised standards:

• IAS 1 (Revised) - Presentation of Financial Statements	IAS 1 has introduced the following: ➢ Terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. ➢ Comprehensive revision including requiring a statement of comprehensive income.
• IAS 23 (Revised)- Borrowing Costs	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these consolidated financial statements because it has always been the Group's accounting policy to capitalize borrowing costs incurred on qualifying assets.
• IFRS 7 (Revised)- Financial Instruments	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.
Various	In addition to the amendments described earlier in this section, various standards were also amended. The Improvements have led to changes in the detail of the Group's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.

(ii) New Standard:

- IFRS 8 – *Operating Segments*

(iii) New Interpretations:

- IFRIC 13 - *Customer loyalty Programmes*
- IFRIC 15 - *Agreement for Construction of Real Estate*
- IFRIC 16 - *Hedges of Net Investment in Foreign Operations*

The adoption of these standards and Interpretations had no significant effect on the financial statements of the Group for the year ended **December 31, 2009**, other than certain presentation and disclosure changes.

2. *Adoption of New and Revised Standards (continued)*

2.2 Standards and Interpretations in issue not yet effective

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

(i) Revised Standards:

Effective for annual periods beginning on or after July 1, 2009

- IAS 27 (Revised) - *Consolidated and Separate Financial Statements*
- IAS 28 (Revised) - *Investments in Associates*
- IAS 31 (Revised) - *Interest In Joint Ventures*
- IAS 38 (Revised) *– Intangible Assets*
- IAS 39 (Revised) *– Financial Instruments: Recognition & Measurement*
- IFRS 2 (Revised) - *Share-based Payments*
- IFRS 3 (Revised) - *Business Combinations*
- IFRS 5 (Revised) *– Non Current assets Held for Sale & Discontinued Operations*

Effective for annual periods beginning on or after January 1, 2010

- IAS 1- *Presentation of Financial statements*
- IAS 7 (Revised) - *Statement of Cash Flows*
- IAS 17 (Revised) - *Leases*
- IAS 36 (Revised) - *Impairment of Assets*
- IAS 39 (Revised) *– Financial Instruments: Recognition & Measurement*
- IFRS 1 (Revised) - *First time adoption*
- IFRS 2 (Revised) - *Share-based Payments*
- IFRS 5 (Revised) *– Non Current assets Held for Sale & Discontinued Operations*
- IFRS 8 (Revised) *– Operating Segments*

Effective for annual periods beginning on or after January 1, 2011

- IFRS 24 (Revised) *– Related Party Disclosures*

(ii) New Standard:

Effective for annual periods beginning on or after January 1, 2013 (Early adoption allowed)

- IFRS 9- Financial Instruments –Classification and Measurement

(iii) New Interpretations:

Effective for annual periods beginning on or after July 1, 2009

- IFRIC 17 - *Distributions of Non-Cash Assets to Owners*

Effective for transfers from customers received on or after July 1, 2009

- IFRIC 18 - *Transfers of Assets from Customers*

2. *Adoption of New and Revised Standards (continued)*

Effective for annual periods beginning on or after July 1, 2010

- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

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

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

a) *Basis of Preparation*

These consolidated financial statements are prepared under the historical cost convention, except for certain financial instruments which have been stated at fair value. These consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS).

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 collectively referred to as the "Group". Refer to notes no. 7 and 18 for details.

All figures are expressed in thousands of Qatari Riyals except where stated otherwise.

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 statement of financial position 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.

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

e) *Property and Equipment*

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

Vessels	2.5%
Building	20%
Computer equipment	33.33 %
Office equipment	15 %
Furniture and fixture	15 %
Telecom equipment	20 %
Vehicles	20%
SAP	20%

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

f) *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.

g) *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 year.

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

h) *Trade and Other Receivables*

Trade receivables are stated at original invoice amount less provision for any uncollectible amounts. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

i) *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.

j) *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.

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

k) *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. The Company's obligations are limited to its contributions which are expensed when due and remitted to the Pension Authority on a monthly basis.

l) *Revenue*

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

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

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

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

m) *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.

n) *Impairment*

Impairment of Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. All impairment losses are recognized in the consolidated statement of income.

Impairment of Non Financial Assets

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

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

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

o) ***Foreign Currencies***

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

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

p) ***Derivative Financial Instruments and Hedging Activities***

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

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

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

The total fair value of hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

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

q) ***Interest bearing Loans and Borrowings***

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

r) ***Deferred Financing Costs***

It relates mainly to the capitalization of borrowing cost of joint ventures and subsidiaries. Finance costs incurred in the arrangement of debt are deferred and are amortized to on the straight-line basis over the life of the vessels.

(Amount Expressed in Thousands of Qatari Riyals)

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

s) *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.

4. *Cash and Bank Balances:*

	December 31, 2009	December 31, 2008
Cash on hand	**396**	347
Current account	**609,949**	587,509
Time deposits	**1,142,078**	1,374,457
Other bank balances*	**26,516**	28,006
Total	**1,778,939**	1,990,319

The effective interest and profit rates on the time deposits varies between **0.25%** to **6.5%** (2008: 3.375% to 6.85%).

Cash does not include preplacement of funds to a joint venture of QR 313.2 million as mentioned in note no.6 (2).

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

4.1 *Cash and Cash Equivalents:*

	December 31, 2009	December 31, 2008
Cash and bank balances	**1,778,939**	1,990,319
Less: Time deposits maturing after 90 days	**-**	(9,098)
Other bank balances	**(25,948)**	(28,006)
	1,752,991	1,953,215

5. *Trade and Other Receivables:*

	December 31, 2009	December 31, 2008
Trade receivable	**10,920**	13,140
Less: Provision for doubtful debts	**(1,198)**	(1,098)
	9,722	12,042
Accrued income	**21,104**	35,706
Other receivables	**70,816**	86,251
Total	**101,642**	133,999

The Group has provided fully for all receivables where collection of the amount is no longer probable.

The average credit period is approximately 60 days. Included in the Group's trade receivable balance are receivables with a carrying amount of **QR 2.6 million** (2008: QR 2.7 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

(Amount Expressed in Thousands of Qatari Riyals)

5. *Trade and Other Receivables (continued):*

As at **December 31, 2009** the ageing of trade receivables and movement in the provision for doubtful debts are as follows:

	December 31, 2009	December 31, 2008
(i) ***Ageing of neither past due nor impaired***		
Less than 60 days	**7,096**	9,297
(ii) ***Ageing of past due but not impaired***		
61-90 days	**663**	955
91-120 days	**426**	2
Over 120 days	**1,537**	1,788
Total	**2,626**	2,745
(iii) ***Ageing of impaired trade receivables***		
Over 120 days	**1,198**	1,098
(iv) ***Movement in the provision of doubtful debts:***		
Balance at the beginning of the year	**1,098**	3,599
Additional provision during the year	**161**	971
Recovery of doubtful debts during the year	**(8)**	(1,142)
Doubtful debts written off during the year	**(53)**	(2,330)
Balance at end of the year	**1,198**	1,098

6. *Loans to Joint Venture Companies:*

	December 31, 2009	December 31, 2008
India LNG Transport Company No. 3 Limited **(1)**	**35,484**	23,732
Teekay Nakilat Corporation **(1)**	**17,846**	50,188
Nakilat Svitzerwijsmuller WLL **(1)**	**118,585**	138,752
Gulf LPG Transport Company WLL **(1)**	**499,836**	375,247
Nakilat-Keppel Offshore & Marine Limited **(1 & 2)**	**436,255**	-
Total	**1,108,006**	587,919

(1) These interest bearing loans have been given to the joint ventures and repayment is subject to liquidity of the joint venture companies. The weighted average interest rate at **December 31, 2009** is **2.7%** (2008: 4.2%).

(2) Includes a preplacement of funds of QR 313.2 million for the Company's share of the joint venture capital expenditures requirements.

(Amount Expressed in Thousands of Qatari Riyals)

7. ***Investment in Joint Ventures Companies:***

Balance – January 01, 2008 (Restated)	2,367,200
Refund of investment in joint venture entities during the year	(63,304)
Share of operating profit for the year	118,564
Loss on derivative instruments from joint ventures	(84,208)
Profit adjusted against loan to joint venture	(35,389)
Transfer to loan to joint venture	(42,165)
Share of hedging reserve for the year *	(748,476)
Share of exchange difference arising on translating foreign operations	3,869
Dividend received	(51,647)
Balance – December 31, 2008	1,464,444
Refund of investment in joint venture entity during the year	**(641)**
Share of operating profit for the year	**281,107**
Gain on derivative instruments from joint ventures	**19,939**
Loss adjusted against loan to joint venture	**30,411**
Share of hedging reserve for the year *	**366,370**
Share of exchange difference arising on translating foreign operations	**4,584**
Dividend received	**(89,230)**
Balance – December 31, 2009	**2,076,984**

* This excludes the share of losses on the hedging reserve from the joint ventures amounting to a total of **QR 13.1million** (2008: QR 24.2 million) which has been adjusted against the loan to the respective joint venture.

Details of the Group's joint venture companies at **December 31, 2009** are as follows:

Name of Joint Ventures	***Place of Incorporation and Operation***	***Proportion of Ownership Interest***	***Principal Activity***
Maran Nakilat Company Ltd.	Cayman Islands	30%	Chartering of vessels
J5 Nakilat No. 1 to 8 Ltd.	Japan	40%	Chartering of vessels
Peninsula LNG Transport No. 4 Ltd.	Marshall Islands	30%	Chartering of vessels
Teekay Nakilat Corporation	Marshall Islands	30%	Chartering of vessels
Pronav:			
- Neptana Schiffsbetriebsgesellschaft mbH & Co. TS "Alexandra" KG	Germany	45%	Chartering of vessels
-Nausola Schiffsbetriebsgesellschaft mbH & Co. TS "Britta" KG	Netherlands	45%	Chartering of vessels
-Nauranto Schiffsbetriebsgesellschaft mbH & Co. TS "Gabriela" KG	Marshall Islands	45%	Chartering of vessels
-Neptora Schiffsbetriebsgesellschaft mbH & Co. TS "Julia" KG	Liberia	45%	Chartering of vessels
Teekay Nakilat (III) Corporation **	Marshall Islands	60%	Chartering of vessels
OSG Nakilat Corporation **	Marshall Islands	50.1%	Chartering of vessels
India LNG Transport Company No. 3 Ltd.	Malta	20%	Chartering of vessels
Nakilat Svitzerwijsmuller WLL **	Qatar	70%	Chartering of vessels
Gulf LPG Transport Company WLL	Qatar	50%	Chartering of vessels
Nakilat-Keppel Offshore & Marine Ltd**	Qatar	80%	Operate and maintain the Ship Repair Yard.

****** Although the Group holds more than half of the equity shares in this entity, it does not exercise significant influence on the entity. Decisions need unanimous consent of both parties. Consequently, the Group accounts for this investment as a joint venture.

(Amount Expressed in Thousands of Qatari Riyals)

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

7.1 Summarized financial information in respect of the Group's joint venture companies are set out below:

	December 31, 2009	December 31, 2008
Total assets	**29,016,278**	28,676,262
Total liabilities	**(24,312,423)**	(25,336,844)
Net Assets	**4,703,855**	3,339,418
Group's share of joint venture's net assets	**2,076,984**	1,464,444

	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008
Revenue	**2,576,400**	1,940,853
Profit for the year	**602,259**	209,944
Group's share of joint venture result for the year*	**301,046**	34,356

*After making the necessary adjustments to certain joint venture financial statements to comply with the Group accounting policies.

8. *Available for Sale Investments:*

	December 31, 2009	December 31, 2008
Balance at January 1	**96,508**	130,045
Changes in fair value	**10,600**	(33,537)
Balance at December 31	**107,108**	96,508

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

9. *Construction in Progress:*

	Vessels Under Construction						
	Ship-Building Cost	***Other Program Cost***	***Sub Total***	***Dry Docking Facility Under Construction***	***Software System Implementation Cost***	***Building Under Construction***	***Total***
At January 1, 2008	8,607,378	574,126	9,181,504	17,670	11,004	-	9,210,178
Additions during the year	9,592,495	1,082,007	10,674,502	46,948	20,912	-	10,742,362
Transfer to property and equipment	(2,083,594)	(176,435)	(2,260,029)	-	(28,671)	-	(2,288,700)
At December 31,2008	16,116,279	1,479,698	17,595,977	64,618	3,245	-	17,663,840
Additions during the year	**5,320,011**	**859,742**	**6,179,753**	**23,397**	**11,626**	**1,136**	**6,215,912**
Transfer to property and equipment	**(18,229,012)**	**(1,996,754)**	**(20,225,766)**	**-**	**-**	**-**	**(20,225,766)**
Transfer to loan to JV	**-**	**-**	**-**	**(29,802)**	**-**	**-**	**(29,802)**
At December 31, 2009	**3,207,278**	**342,686**	**3,549,964**	**58,213**	**14,871**	**1,136**	**3,624,184**
Note	**(a)**	**(b)**					

(Amount Expressed in Thousands of Qatari Riyals)

9. ***Construction in Progress (continued):***

Note (a): Represents payment made to shipbuilders in accordance with the terms of the shipbuilding contracts for vessel currently under construction.

Note (b): Included in other program costs is **QR 141 million** (2008: QR 873 million) being interest expense capitalized net of interest income.

10. ***Property and Equipment:***

	Vessels	*SAP*	*Building*	*Office Equipment*	*Furniture and Fixture*	*Vehicles*	*Total*
Cost:							
At January 1, 2008	-	-	216	986	557	52	1,811
Acquisitions during the year	-	-	-	2,547	166	-	2,713
Transfer from Construction in progress	2,260,029	28,671	-	-	-	-	2,288,700
At December 31, 2008	2,260,029	28,671	216	3,533	723	52	2,293,224
Additions during the year	**-**	**-**	**-**	**1,324**	**238**	**30**	**1,592**
De-recognition of assets	**-**	**-**	**-**	**(27)**	**(13)**	**(52)**	**(92)**
Transfer from Construction in progress	**20,225,766**	**-**	**-**	**-**	**-**	**-**	**20,225,766**
At December 31, 2009	**22,485,795**	**28,671**	**216**	**4,830**	**948**	**30**	**22,520,490**
Accumulated Depreciation:							
At January 1, 2008	-	-	43	396	31	5	475
Charge for the year 2008	6,143	1,434	43	546	97	10	8,273
At December 31, 2008	6,143	1,434	86	942	128	15	8,748
Charge for the year 2009	**300,129**	**5,734**	**43**	**1,269**	**119**	**11**	**307,305**
Related to de-recognized assets	**-**	**-**	**-**	**(27)**	**(13)**	**(19)**	**(59)**
At December 31, 2009	**306,272**	**7,168**	**129**	**2,184**	**234**	**7**	**315,994**
Net Carrying Amount:							
At December 31, 2009	**22,179,523**	**21,503**	**87**	**2,646**	**714**	**23**	**22,204,496**
At December 31, 2008	2,253,886	27,237	130	2,591	595	37	2,284,476

11. ***Borrowings:***

These consist of the following:	**December 31, 2009**	December 31, 2008
Loan - **note (a)**	**1,820,764**	1,820,764
Senior bank facilities - **note (b)**	**13,768,617**	9,744,729
Subordinated bank facilities - **note (c)**	**1,107,025**	633,626
Senior bonds – Series “A” - **note (d)**	**3,095,299**	3,095,299
Subordinated bonds Series “A” - **note (e)**	**1,092,458**	1,092,458
KEXIM Facility - **note (f)**	**1,741,600**	1,464,890
KEIC Covered Facility - **note (g)**	**2,422,408**	1,414,775
Less: Issuance costs of bonds	**(33,626)**	(35,027)
Total	**25,014,545**	19,231,514

(Amount Expressed in Thousands of Qatari Riyals)

11. *Borrowings (continued):*

Classified as:	**December 31, 2009**	December 31, 2008
Payable within one year	**458,140**	114,787
Payable after one year	**24,556,405**	19,116,727

Note (a):
This represents an unsecured facility of USD 500 million.

Note (b) :
Represents the draw down amounting to USD 2,216 million against the senior bank facility Tranche I, draw down amounting to USD 925 million against the senior bank facility Tranche II and draw down amounting to USD 640 million against senior bank facility Tranche III. The repayment of Tranche I will begin from December 2010 and end in December 2025. The repayment of Tranche II will begin from June 2011 and end in December 2025. The repayment of Tranche III will begin from June 2011 and end in December 2019.

Note (c) :
Represents the draw down amounting to USD 174 million against the subordinated bank facility Tranche I, draw down amounting to USD 125 million against the subordinated bank facility Tranche II and draw down amounting to USD 5 million against subordinated bank facility Tranche III. The repayment of Tranche I will begin from December 2010 and end in December 2025. The repayment of Tranche II will begin from June 2011 and end in December 2025. The repayment of Tranche III will begin from June 2011 and end in December 2019.

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

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

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

Note (g) :
Represents the draw down amounting to USD 215 million against the KEIC facility Tranche I and draw down amounting to USD 450 million against the KEIC facility Tranche II. The repayment of Tranche I began from December 2009 and will end in December 2020. The repayment of Tranche II will begin from December 2010 and will end in December 2021.

The weighted average interest rate on borrowings at **December 31, 2009** is **2.7099**% (2008: 4.5361%).

The bank facilities and bonds are used to finance the construction of the vessels.

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

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

(Amount Expressed in Thousands of Qatari Riyals)

12. ***Accounts Payable and Accruals:***

	December 31, 2009	December 31, 2008
Accounts payable	**58,860**	72,658
Advances from customers	**52,332**	49,133
Payable to shareholders *	**25,948**	27,848
Other accruals	**37,200**	36,187
Provision for social and sports fund contribution	**12,649**	-
Provision for hedge loss	**-**	41,819
Total	**186,989**	227,645

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

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

The Group has entered into interest rate swap agreements with several financial institutions. As at **December 31, 2009** the total notional amount of swap agreements is **QR 15,928 million** (2008: QR 15,928 million) and net fair value is negative **QR 2,131 million** (2008: negative QR 5,016 million).

14. ***Share Capital:***

	December 31, 2009	December 31, 2008
	Number of Shares	Number of Shares
Authorized share capital	**560,000,000**	560,000,000
Issued share capital	**554,026,360**	554,026,360
	Amount	Amount
Issued and Paid up capital with a par value of QR. 10 each	**5,537,812**	5,537,655

At **December 31, 2009**, a total of **490,337** issued shares are 50% paid (2008: 521,736 issued shares were 50% paid).

14.1 ***Proposed Cash Dividend:***

The Board of Directors has proposed a cash dividend of **QR 277 million** for the current year which is subject to the approval of shareholders in the Annual General Meeting.

15. ***Legal Reserve:***

The Articles of Association of the Company provides for a legal reserve at 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.

16. ***Hedging Reserve:***

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

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

(Amount Expressed in Thousands of Qatari Riyals)

17. ***Related Party Transactions:***

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

	For the year ended Dec. 31, 2009	**For the year ended Dec.31, 2008**
Compensation of key management personnel	**2,272**	2,148
Board of Directors Remuneration	**700**	700

18. ***Subsidiaries:***

Details of the Company's subsidiaries at **December 31, 2009** are as follows:

Name of Subsidiaries	***Place of Incorporation (or registration) and Operation***	***Proportion of Ownership & Voting Interest***	***Principal Activity***
Nakilat Agency Company Limited (Q.S.C)	Qatar	95%	Agency services
Nakilat Inc.	Marshall Islands	100%	Holding Company
Nakilat Haloul Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat Umm Slal Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat Bu Samra Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1694 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1695 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1696 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1697 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat H.H.I 1908 Inc	Marshall Islands	100%	Chartering of vessels
Nakilat H.H.I. 1909 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat H.H.I 1910 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat Al Ghuwairiya Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat Lijmiliya Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat Al Samriya Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat DSME 2264 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat DSME 2265 Inc.	Marshall Islands	100%	Chartering of vessels

(Amount Expressed in Thousands of Qatari Riyals)

18. *Subsidiaries (continued):*

Name of Subsidiaries	*Place of Incorporation (or registration) and Operation*	*Proportion of Ownership & Voting Interest*	*Principal Activity*
Nakilat DSME 2266 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1726 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1751 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1752 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1753 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1754 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat DSME 2283 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat DSME 2284 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat DSME 2285 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat DSME 2286 Inc.	Marshall Islands	100%	Chartering of vessels
QGTC Nakilat (1643-6) Holding Corporation *	Marshall Islands	100%	Holding Company
QGTC Nakilat (2245-8) Investment Limited *****	Marshall Islands	100%	Holding Company
Nakilat Marine Services Limited *****	Marshall Islands	100%	Holding Company
Nakilat Shipping (Qatar) Limited	Qatar	100%	Shipping Management Company

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

19. *Provision for Social and Sports Fund Contribution:*

Based on a circular issued by the Ministry of Economy & Finance, the Group has deducted **QR 12.6 million** from profits, being 2.5% of the net profit of the Group from operations for the year which excludes gain from derivative instruments and adjustment of the previous year's joint ventures' profit for the contribution towards a "social and sports fund".

(Amount Expressed in Thousands of Qatari Riyals)

20. *Earnings Per Share:*

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

	For the year ended December 31, 2009	For the year ended December 31, 2008
Profit for the year	**588,427**	129,062
Weighted average number of shares outstanding during the year	**553,781,192**	553,765,492
Basic and diluted earnings per share (expressed in QR. per share)	**1.06**	0.23

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

21. *Financial Risk Management:*

Financial Risk Factors

These risks include interest rate risk, liquidity risk, credit risk and market risks.

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

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

(a) Interest Rate Risk

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

(i) *Interest Rate Sensitivity Analysis*

The Group is exposed to interest rate risk on its bank balances, loans to joint ventures and borrowings. The table below demonstrates the sensitivity of the Group’s profit to reasonably possible changes on the Group’s profit for one year, based on the floating interest rate of financial assets and liabilities held at December 31, 2009.

(Amount Expressed in Thousands of Qatari Riyals)

21. *Financial Risk Management (continued):*

Interest rate risk exposures

With the exception of certain term loans amounting to **QR 15,928 million** (2008 : QR 13,258 million), which are covered by interest rate swap contracts (Note 13), a portion of the Group's financial assets and liabilities as of 31 December 2009 are exposed to interest rate fluctuations. The Group's exposure to interest rate risk and the effective interest rates on its financial assets and liabilities are summarized below:

	December 31, 2009				December 31, 2008			
	Fixed interest rate	***Floating interest rate***	***Non-interest bearing***	***Total***	*Fixed interest rate*	*Floating interest rate*	*Non-interest bearing*	*Total*
Financial assets								
Bank balances and cash	**-**	**1,778,543**	**396**	**1,778,939**	-	1,989,972	347	1,990,319
Loans to joint ventures	**-**	**1,108,006**	**-**	**1,108,006**	-	587,919	-	587,919
	-	**2,886,549**	**396**	**2,886,945**	-	2,577,891	347	2,578,238
Financial liabilities								
Interest bearing loans and borrowings	**4,154,131**	**1,820,764**	**-**	**5,974,895**	4,152,730	1,820,764	-	5,973,494
Interest rate swap	**15,928,250**	**3,111,400**	**-**	**19,039,650**	13,258,020	-	-	13,258,020
	20,082,381	**4,932,164**	**-**	**25,014,545**	17,410,750	1,820,764	-	19,231,514
Net financial assets/ (liabilities)	**(20,082,381)**	**(2,045,615)**	**396**	**(22,127,600)**	(17,410,750)	757,127	347	(16,653,276)

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the net effect on the profit for the year ended **December 31, 2009** would be an increase / decrease by **QR 10.2 million**.

(Amount Expressed in Thousands of Qatari Riyals)

21. *Financial Risk Management (continued):*

(ii) Interest rate swap contracts

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

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

Cash flow hedges

Outstanding receive floating Pay fixed contracts	*Average contracted fixed interest rate*		*Notional principal amount*		*Fair value*	
	2009	2008	**2009**	2008	**2009**	2008
	%	%	**QR (million)**	QR (million)	**QR (million)**	QR (million)
Less than 1 year	**--**	--	--	--	--	--
1 to 2 years	**--**	--	--	--	--	--
2 to 5 years	**--**	--	--	--	--	--
5 years and above	**5.58**	5.58	**15,928**	15,928	**(2,131)**	(5,016)

In addition to the above the Group has also accounted for its share of fair value of interest rate swaps relating to Joint Ventures amounting to **QR 421 million** as of **December 31, 2009** (2008: negative fair value of QR 815 million).

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

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

(b) Liquidity Risk

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group’s short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 23(E) is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

(c) Credit risk

The Group has no significant concentration of credit risk.

(Amount Expressed in Thousands of Qatari Riyals)

21. *Financial Risk Management (continued):*

(d) *Market risk*

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

A 10% increase or decrease in market value of the Group's portfolio of available-for-sale investments is expected to result in an increase or decrease of **QR 10.7 million** in the assets and equity of the Group.

Fair Value of Financial Instruments

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows quoted by the respective swap counter parties. The fair value of other financial instruments approximates their carrying value.

22. *Capital Management:*

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

Gearing ratio

The Group's management reviews the capital structure on a regular basis.

The gearing ratio at the year end was as follows:

	Note	December 31, 2009	December 31, 2008
Total debt (Borrowings)	**11**	**25,014,545**	19,231,514
Cash and cash equivalents	**4.1**	**(1,752,991)**	(1,953,215)
Net debt		**23,261,554**	17,278,299
Total equity before hedge reserve and non-controlling interest		**6,514,167**	5,910,105
Add: Non-controlling interests		**4,362**	4,464
Adjusted Equity (i)		**6,518,529**	5,914,569
Net debt to adjusted equity ratio		**357%**	292%

(i) Adjusted equity includes all capital and reserves except cash flow hedge reserve deficit of the Group.

(Amount Expressed in Thousands of Qatari Riyals)

23. *Commitments and Contingencies:*

A) *Capital Commitments:*

One of the subsidiaries of Qatar Gas Transport Company Limited (Nakilat) (QSC) had at **December 31, 2009** outstanding commitments for the construction of its vessels.

Details of the commitments are as follows:

	USD '000'	QR. '000'
Commitments to shipbuilders	**177,846**	**647,631**
	========	========

B) *Swap Commitments:*

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

C) *Guarantees:*

(i) *Cross Guarantees*

Qatar Gas Transport Company Limited 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.

(ii) Bank Guarantees at **December 31, 2009** amounted to **QR 0.1 million** (2008: QR. 0.391 million).

D) *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.

E) *Undrawn Facilities:*

As at **December 31, 2009**, the Group had the following undrawn facilities:

	USD	QR.
Senior bank facilities	163 million	594 million
Subordinated bank facilities	141 million	513 million

Commitment fees relating to these undrawn facilities have been paid up to **December 31, 2009**.

24. *Critical Accounting Judgments:*

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

Critical judgment in applying accounting policies:

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

Useful life of vessels:

As described in note 3(e), the Group's management reviews the estimated useful life of the property & equipment at the end of each annual reporting period.

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

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 **2,131** million) is recorded in equity under hedging reserve.

Impairment of available – for – sale equity investments:

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

25. *Profit for the year:*

Profit for the year is arrived at after charging staff cost amounting to **QR 44 million** (2008: QR 27 million).

26. *Comparative numbers:*

Certain comparative numbers have been reclassified to conform to the presentation adopted in the current year.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