

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

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS TOGETHER WITH
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2008

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

Contents	Page
Independent Auditor's Review Report	--
Interim Condensed Consolidated Balance Sheet	1
Interim Condensed Consolidated Statement of Income	2
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity	3
Interim Condensed Consolidated Statement of Cash Flows	4
Notes to the Interim Condensed Consolidated Financial Statements	5 – 10

INDEPENDENT AUDITOR'S REVIEW REPORT

To The Board of Directors
Qatar Gas Transport Company Limited (Nakilat) (Q.S.C.)
Doha - Qatar

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of **Qatar Gas Transport Company Limited (Nakilat) (Q.S.C.)**, which comprise the interim condensed consolidated balance sheet as of June 30, 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of selected explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with **International Accounting Standard No. (34), "Interim Financial Reporting"**. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

As mentioned in note 14, due to time constraints the financial information of the joint ventures for the six month period ended June 30, 2008 were based on accounts which were certified by management. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with **International Accounting Standard No. (34), "Interim Financial Reporting"**.

Doha - Qatar
August 3, 2008

For Deloitte & Touche



Muhammad Bahemia
License No. 103

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2008
(Amounts expressed in thousands of Qatari Riyals)

<u>ASSETS</u>	<u>Note</u>	<u>June 30, 2008 (Reviewed)</u>	<u>December 31, 2007 (Audited)</u>
Current Assets:			
Cash and bank balances	3	1,832,378	2,474,944
Trade and other receivables		197,587	96,091
Due from joint venture companies		4,497	53
Inventories		8	10
Total Current Assets		<u>2,034,470</u>	<u>2,571,098</u>
Non-Current Assets:			
Loans to joint venture companies		2,241,747	1,547,241
Investment in joint venture companies	4	2,278,204	2,457,184
Available-for-sale investments		168,952	130,045
Construction in progress	5	15,212,286	9,381,699
Property and equipment	6	1,743	1,336
Total Non-Current Assets		<u>19,902,932</u>	<u>13,517,505</u>
Total Assets		<u>21,937,402</u>	<u>16,088,603</u>
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities:			
Accounts payable and accruals		220,055	191,133
Due to related party		40	32
Total Current Liabilities		<u>220,095</u>	<u>191,165</u>
Non-Current Liabilities:			
Borrowings	7	15,844,289	10,077,421
Fair value of interest rate swaps	8	1,184,015	1,021,993
Provision for end of service benefits		2,222	1,642
Total Non-Current Liabilities		<u>17,030,526</u>	<u>11,101,056</u>
Capital and Reserves:			
Share capital	9	5,537,404	5,536,666
Legal reserve	10	33,532	33,554
Fair value reserve		122,484	83,577
Hedging reserve	11	(1,322,370)	(1,082,411)
Translation reserve		20,173	20,173
Retained earnings		291,532	201,167
Equity Attributable to Equity Holders of the Parent		<u>4,682,755</u>	<u>4,792,726</u>
Minority interest		4,026	3,656
Total Equity		<u>4,686,781</u>	<u>4,796,382</u>
Total Liabilities and Equity		<u>21,937,402</u>	<u>16,088,603</u>

These interim condensed consolidated financial statements were approved on August 3, 2008 by:



Muhammad Ghannam
Managing Director

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008
(Amounts expressed in thousands of Qatari Riyals)

	<u>Six Month Period Ended June 30, 2008 (Reviewed)</u>	<u>Six Month Period Ended June 30, 2007 (Reviewed)</u>
Income:		
Income from marine and agency services	15,548	9,417
Dividend income	40	--
Profit from Islamic banks	42,465	38,312
Interest income	9,352	5,883
Share of income from joint ventures	40,232	16,411
Other income	5,026	2,290
Total Income	<u>112,663</u>	<u>72,313</u>
Expenses:		
General and administrative	(21,711)	(17,516)
Depreciation	(217)	(103)
Impairment on available for sale investments	-	(1)
Total Expenses	<u>(21,928)</u>	<u>(17,620)</u>
Net Profit for the Period	<u>90,735</u>	<u>54,693</u>
Attributable to:		
Equity holders of parent	<u>90,365</u>	<u>54,351</u>
Minority interest	<u>370</u>	<u>342</u>
Basic and diluted earnings per share (expressed in QR. per share)	<u>0.163</u>	<u>0.108</u>

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008
(Amounts expressed in thousands of Qatari Rivals)

	Share Capital	Legal Reserve	Fair Value Reserve	Hedging Reserve	Translation Reserve	Retained Earnings	Attributable to Equity Holders of Parent	Minority Interest	Total
Balance as on December 31, 2006 (Audited)	2,770,131	23,012	26,200	(476,973)	17,283	85,237	2,444,890	2,733	2,447,623
Capital contribution	2,766,051	--	--	--	--	--	2,766,051	--	2,766,051
Expenses incurred on second cash call against capital	--	(2,285)	--	--	--	--	(2,285)	--	(2,285)
Changes in fair value of investments	--	--	13,084	--	--	--	13,084	--	13,084
Impairment recognized directly in the statement of income	--	--	1	--	--	--	1	--	1
Movements in fair value of cash flow hedging derivatives	--	--	--	678,586	--	--	678,586	--	678,586
Group share of joint ventures' changes in fair value of cash flow hedging derivatives	--	--	--	120,339	--	--	120,339	--	120,339
Net profit for the period	--	--	--	--	--	54,351	54,351	342	54,693
Balance at June 30, 2007 – (Reviewed)	5,536,182	20,727	39,285	321,952	17,283	139,588	6,075,017	3,075	6,078,092
Balance as on December 31, 2007 (Audited)	5,536,666	33,554	83,577	(1,082,411)	20,173	201,167	4,792,726	3,656	4,796,382
Capital contribution	738	--	--	--	--	--	738	--	738
Expenses incurred on second cash call against capital	--	(22)	--	--	--	--	(22)	--	(22)
Changes in fair value of investments	--	--	38,907	--	--	--	38,907	--	38,907
Movements in fair value of cash flow hedging derivatives	--	--	--	(162,023)	--	--	(162,023)	--	(162,023)
Group share of joint ventures' changes in fair value of cash flow hedging derivatives	--	--	--	(77,936)	--	--	(77,936)	--	(77,936)
Net profit for the period	--	--	--	--	--	90,365	90,365	370	90,735
Balance at June 30, 2008 – (Reviewed)	5,537,404	33,532	122,484	(1,322,370)	20,173	291,532	4,682,755	4,026	4,686,781

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008
(Amounts expressed in thousands of Qatari Riyals)

	<u>Six Month Period Ended June 30, 2008 (Reviewed)</u>	<u>Six Month Period Ended June 30, 2007 (Reviewed)</u>
Cash Flows from Operating Activities:		
Net profit for the period	90,735	54,693
Adjustments for:		
Depreciation	217	103
Dividend income	(40)	--
Profit from Islamic banks	(42,465)	(38,312)
Interest and other income	(14,378)	(8,173)
Share of income from joint ventures	(40,232)	(16,411)
Provision for end of service benefits	580	328
Impairment on available-for-sale investments	--	1
	<u>(5,583)</u>	<u>(7,771)</u>
Working Capital Changes:		
Trade and other receivables	(87,284)	(303)
Due from joint venture companies	(4,444)	18,926
Accounts payable and accruals	37,591	(5,535)
Due to related party	8	57
Inventory	2	(5)
Cash (used in) / from Operating Activities	(59,710)	5,369
Interest paid	(318,617)	(193,973)
Net Cash Used in Operating Activities	<u>(378,327)</u>	<u>(188,604)</u>
Cash Flows from Investing Activities:		
Loans to joint venture companies	(644,874)	(662,159)
Refund / (Investment) in joint venture companies	72,976	(16,314)
Dividend received from joint venture companies	24,539	19,733
Acquisition of property and equipment	(624)	(216)
Investment income received	36,799	28,909
Time deposits maturing after ninety days	654,763	(102,025)
Construction in progress	(5,515,043)	(2,280,242)
Net Cash Used in Investing Activities	<u>(5,371,464)</u>	<u>(3,012,314)</u>
Cash Flows from Financing Activities:		
Proceeds from issue of shares	738	2,766,051
Payments for bonds issue costs	--	(9,686)
Repayment of borrowings	--	(1,820,764)
Proceeds from borrowings	5,766,868	1,189,583
Expenses incurred on second cash call against capital	(22)	(2,285)
Net Cash from Financing Activities	<u>5,767,584</u>	<u>2,122,899</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	<u>17,793</u>	<u>(1,078,019)</u>
Cash and Cash Equivalents at Beginning of Period	<u>1,759,386</u>	<u>3,187,151</u>
Cash and Cash Equivalents at End of Period	<u>1,777,179</u>	<u>2,109,132</u>

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008
(Amounts expressed in thousands of Qatari Riyals)

1. Legal Status and Activities:

Qatar Gas Transport Company Limited (Nakilat) (QSC) ("QGTC" or "the Company") is a Public Shareholding Company, incorporated in the State of Qatar on June 9, 2004, under Commercial Registration Number 28566, in accordance with Article No. 68 of the Qatar Commercial Companies Law No. 5 of year 2002. The approval for the formation of the Company was made under decision No. 70 of the Minister of Economy and Commerce. The Company is governed by its Memorandum and Articles of Association and Law No. 5 of 2002 concerning commercial companies. The shares of the Company started trading on the Doha Securities Market on April 7, 2005.

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

These interim condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the company (its subsidiaries) and its joint venture entities referred to as the "Group".

The operations of the Group are conducted within the economic environment in the State of Qatar.

2. Basis of Preparation and Significant Accounting Policies:

These interim condensed consolidated financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting" under the historical cost convention except for certain financial instruments which have been stated at fair value. The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended December 31, 2007 and these interim condensed consolidated financial statements should be read in conjunction with the 2007 annual financial statements and the notes attached thereto, except for the adoption of certain revised new interpretations which are effective as of January 01, 2008. Adoption of these interpretations did not have any effect on the financial position or performance of the Company.

These interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the six months ended June 30, 2008 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2008.

3. Cash and Bank Balances:

	<u>June 30,</u> <u>2008</u> <u>(Reviewed)</u>	<u>December 31,</u> <u>2007</u> <u>(Audited)</u>
Cash on hand	295	233
Current account	281,365	714,310
Time deposits	1,520,068	1,724,155
Other bank balances*	30,650	36,246
Total	<u>1,832,378</u>	<u>2,474,944</u>

The effective interest and profit rates on the time deposits varies between 3.37% to 6% (2007: 4.25% to 6.15%).

*This bank balance relates to cash payable to shareholders for unclaimed proceeds of their shares auctioned related to the second IPO call.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008
(Amounts expressed in thousands of Qatari Riyals)

4. **Investments in Joint Ventures Companies:**

	<u>QR.</u>
Balance – January 1, 2007 (Audited)	2,193,066
Investment in joint venture entities during the year	341,980
Share of profit for the year	14,732
Amount written off against loan	5,602
Transfer to loan to joint venture	(25,289)
Share of hedging reserve for the year	(56,063)
Share of exchange difference arising on translating foreign operations	2,890
Dividend received	(19,734)
Balance – December 31, 2007 (Audited)	<u>2,457,184</u>
Refund of investment in joint venture entity during the period	(72,976)
Transfer to loan to joint venture	(42,165)
Share of profit for the period	37,495
Share of hedging reserve for the period	(76,795)
Dividend received	(24,539)
Balance – June 30, 2008 (Reviewed)	<u>2,278,204</u>

5. **Construction in progress:**

	<u>June 30, 2008 (Reviewed)</u>	<u>December 31, 2007 (Audited)</u>
Vessels Under Construction:		
Shipbuilding costs -note (a)	13,961,755	8,607,378
Other program costs -note (b)	<u>1,167,155</u>	<u>745,647</u>
	15,128,910	9,353,025
Dry docking facility under construction	66,537	17,670
Software system implementation costs	16,839	11,004
Total	<u>15,212,286</u>	<u>9,381,699</u>

Note (a):

Represents payment made to shipbuilders in accordance with the terms of the shipbuilding contracts for vessels currently under construction.

Note (b):

Included in other programme costs is QR.800 million (December 31, 2007: QR.484 million) being interest expense capitalized net of interest income.

6. **Property and Equipment:**

	<u>Building</u>	<u>Computer Equipment</u>	<u>Office Equipment</u>	<u>Telecom Equipment</u>	<u>Furniture and Fixtures</u>	<u>Vehicles</u>	<u>Total</u>
Cost:							
At January 1, 2007	--	316	198	68	62	--	644
Acquisitions during the year	<u>216</u>	<u>196</u>	<u>208</u>	<u>--</u>	<u>495</u>	<u>52</u>	<u>1,167</u>
At December 31, 2007 (Audited)	216	512	406	68	557	52	1,811
Acquisitions during the period	<u>--</u>	<u>580</u>	<u>16</u>	<u>--</u>	<u>28</u>	<u>--</u>	<u>624</u>
At June 30, 2008 (Reviewed)	<u>216</u>	<u>1,092</u>	<u>422</u>	<u>68</u>	<u>585</u>	<u>52</u>	<u>2,435</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008
(Amounts expressed in thousands of Qatari Riyals)

6. Property and Equipment (continued):

	<u>Building</u>	<u>Computer Equipment</u>	<u>Office Equipment</u>	<u>Telecom Equipment</u>	<u>Furniture and Fixtures</u>	<u>Vehicles</u>	<u>Total</u>
Accumulated Depreciation:							
At January 1, 2007	--	142	54	25	13	--	234
Charge for the year	43	123	38	14	18	5	241
	-----	-----	-----	-----	-----	-----	-----
At December 31, 2007 (Audited)	43	265	92	39	31	5	475
Charge for the period	22	107	33	7	43	5	217
	-----	-----	-----	-----	-----	-----	-----
At June 30, 2008 (Reviewed)	65	372	125	46	74	10	692
	-----	-----	-----	-----	-----	-----	-----
Net Carrying Amount:							
At June 30, 2008 (Reviewed)	151	720	297	22	511	42	1,743
	=====	=====	=====	=====	=====	=====	=====
At December 31, 2007 (Audited)	173	247	314	29	526	47	1,336
	=====	=====	=====	=====	=====	=====	=====

7. Borrowings:

These consist of the following:

	<u>June 30, 2008 (Reviewed)</u>	<u>December 31, 2007 (Audited)</u>
Loans	3,586,494	3,133,879
Senior bank facilities	6,281,636	1,638,687
Subordinated bank facilities	18,208	18,208
Senior bonds – Senior “A”	3,095,299	3,095,299
Subordinated bonds – “Series A”	1,092,458	1,092,458
KEXIM Facility	985,877	314,573
KEIC Covered Facility	819,344	819,344
Less: Issuance cost of bonds	(35,027)	(35,027)
	-----	-----
Total	15,844,289	10,077,421
	=====	=====
Classified as:		
Payable within one year	--	--
	=====	=====
Payable after one year	15,844,289	10,077,421
	=====	=====

8. Fair Value of Interest Rate Swaps:

The Group has entered into Interest Rate SWAP agreements with several financial institutions. At June 30, 2008 the notional amount of SWAP agreements is QR.15,928 million (2007: QR.15, 928 million) and net fair value is negative QR.1,184 million (2007: QR. 1,022 million).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008
(Amounts expressed in thousands of Qatari Riyals)

9. **Share Capital:**

	<u>June 30,</u> <u>2008</u> <u>(Reviewed)</u> <u>Number of</u> <u>Shares</u>	<u>December 31,</u> <u>2007</u> <u>(Audited)</u> <u>Number of</u> <u>Shares</u>
Authorised share capital	560,000,000	560,000,000
Issued share capital	<u>554,026,360</u>	<u>554,026,360</u>
	<u>Amount</u>	<u>Amount</u>
Issued and paid up capital with a par value of QR.10 each.	<u>5,537,404</u>	<u>5,536,666</u>

At June 30, 2008, **571,855** issued shares are 50% paid (2007: **719,495** issued shares were 50% paid).

10. **Legal Reserve:**

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

11. **Hedging Reserve:**

This represents the fair value of interest rate swaps (note 8) and 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.

12. **Cash and Cash Equivalents:**

	<u>Six Month</u> <u>Period Ended</u> <u>June 30, 2008</u> <u>(Reviewed)</u>	<u>Six Month</u> <u>Period Ended</u> <u>June 30, 2007</u> <u>(Reviewed)</u>
Cash and bank balances	1,832,378	3,323,017
Less:		
Time deposits maturing after 90 days	(24,549)	(1,213,885)
Other bank balances	(30,650)	--
	<u>1,777,179</u>	<u>2,109,132</u>

13. **Commitments and Contingencies:**

A) Capital Commitments:

- (i) One of the subsidiaries of Qatar Gas Transport Company Limited (Nakilat) (QSC) had at June 30, 2008 outstanding commitments for the construction of its vessels.

Details of the commitments are as follows:

	<u>USD '000'</u>	<u>QR. '000'</u>
Commitments to shipbuilders	2,814,116	10,247,682
	=====	=====

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008
(Amounts expressed in thousands of Qatari Riyals)

13. Commitments and Contingencies (continued):

- (ii) The Group's share of capital commitments (shipbuilding cost) with regard to joint ventures amounted to approximately USD 202 million (2007: USD 406 million).

B) Swap Commitments:

- (i) Qatar Gas Transport Company Limited (Nakilat) (QSC) and one of its joint venture partners are contractually liable to Interest Rate Swap obligations contracted by certain joint venture entities in case the joint venture entities default on their obligations. The share of QGTC in the aggregate principle amount of the swap is USD 627 million.
- (ii) Qatar Gas Transport Company Limited (Nakilat) (QSC) is committed to honor any swap indebtedness arising upon any termination or unwinding of any Swap Agreement contracted by one of its joint venture. The liability is limited to the amount, by which the total swap under the applicable swap agreement exceeds 20% of the notional principal amount by reference to which payment under the swap agreement would, had that swap agreement and / or any interest exchange arrangements there under not been terminated.

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 amounting to QR.0.391 million (2007: 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 June 30, 2008, the Group had the following undrawn facilities:

	<u>USD</u>	<u>QR.</u>
Senior bank facilities	491 million	1,788 million
Kexim facility	229 million	835 million
Subordinated bank facilities	169 million	615 million

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

14. Critical Accounting Judgments and Key Sources of Estimation Uncertainty:

Critical judgment in applying the Group's Accounting Policies

In application of the Group's accounting policies, 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 at the time of preparing these interim condensed consolidated financial statements. Actual results may differ from these estimates. The underlying assumptions are reviewed on an ongoing basis.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008
(Amounts expressed in thousands of Qatari Riyals)

14. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued):

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 is recorded in equity under hedging reserve.

Key sources of estimation uncertainty

In the process of preparing these interim condensed consolidated financial statements, management has made use of certain key assumptions that may have an impact on the current reported results.

Results of operations from joint venture entities

The Company uses the equity method of accounting to account for its joint ventures. Due to time constraints, the financial information of the joint ventures included in these interim condensed consolidated financial statements is based on the management accounts of these joint ventures for the six month period ended June 30, 2008 which were not independently reviewed.