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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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INDEPENDENT AUDITOR'S REPORT

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of **Qatar Gas Transport Company Limited (Nakilat) Q.S.C.** (the "Company)**,** which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. The consolidated financial statements include the Group's share of net assets of its joint ventures amounting to QR. 2,164.1 million (2006: QR. 2,159.5 million) as of December 31, 2007 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and based on the clearance report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respect the financial position of **Qatar Gas Transport Company Limited (Nakilat) Q.S.C.** as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Legal and Regulatory Requirements

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

For **Deloitte & Touche**

Doha – Qatar
March 16, 2008

Samer Hussein Jaghoub
License No. 88

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2007
(Amount Expressed in Thousands of Qatari Riyals)

	Note	2007	2006
ASSETS			
Current Assets:			
Cash and bank balances	4	2,474,944	4,299,011
Trade and other receivables	5	96,091	57,654
Due from joint venture companies		53	18,996
Inventory		10	12
Total Current Assets		**2,571,098**	**4,375,673**
Non-Current Assets:			
Loans to joint venture companies	6	1,547,241	496,712
Investment in joint venture companies	7	2,457,184	2,193,066
Available-for-sale-investments	8	130,045	72,668
Construction in progress	9	9,381,699	3,634,742
Property and equipment	10	1,336	410
Total Non-Current Assets		**13,517,505**	**6,397,598**
Total Assets		**16,088,603**	**10,773,271**

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

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2007
(Amount Expressed in Thousands of Qatari Riyals)

	Note	2007	2006
LIABILITES AND EQUITY			
Current Liabilities:			
Borrowings	11	--	1,820,764
Accounts payable and accruals	12	191,133	101,099
Due to related party		32	--
Total Current Liabilities		**191,165**	**1,921,863**
Non-Current Liabilities:			
Borrowings	11	10,077,421	5,925,229
Fair value of interest rate swaps	13	1,021,993	477,889
Provision for end of service benefits		1,642	667
Total Non-Current Liabilities		**11,101,056**	**6,403,785**
Capital and Reserves:			
Share capital	14	5,536,666	2,770,131
Legal reserve	15	33,554	23,012
Fair value reserve		83,577	26,200
Hedging reserve	16	(1,082,411)	(476,973)
Translation reserve		20,173	17,283
Retained earnings		201,167	85,237
Equity Attributable to Equity Holders of the Parent		**4,792,726**	**2,444,890**
Minority Interest		3,656	2,733
Total Equity		**4,796,382**	**2,447,623**
Total Liabilities and Equity		**16,088,603**	**10,773,271**

These consolidated financial statements were approved on March 16, 2008.

Abdullah Bin Hamad Al Attiyah
Chairman

Muhammad Ghannam
Managing Director

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

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2007
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2007	For the Year Ended December 31, 2006
Income:			
Income from marine and agency services		26,941	14,332
Dividend income		3,482	4,269
Profit from Islamic banks		96,350	14,604
Interest income		15,593	16,857
Share of profits from joint ventures	**7**	14,732	14,444
Other income		8,127	3,065
Total Income		**165,225**	**67,571**
Expenses:			
General and administrative expenses		(35,250)	(21,745)
Depreciation	**10**	(241)	(159)
Impairment on available for sale investments		--	(376)
Total Expenses		**(35,491)**	**(22,280)**
Net Profit for the Year		**129,734**	**45,291**
Attributable to:			
Equity holders of the parent		128,811	44,933
Minority interest		923	358
Total		**129,734**	**45,291**
Basic and diluted earnings per share (expressed in QR. per share)	**20**	**0.23**	**0.16**

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, 2007
(Amount Expressed in Thousands of Qatari Riyals)

	Share Capital	Legal Reserve	Fair Value Reserve	Hedging Reserve	Translation Reserve	Retained Earnings	Attributable to equity holders – of the parent	Minority Interest	Total
Balance as of January 1, 2006	**2,770,131**	**18,519**	**77,930**	**(45,177)**	**-**	**44,797**	**2,866,200**	**2,295**	**2,868,495**
Increase in minority stake	-	-	-	-	-	-	-	80	80
Changes in fair value of investments	-	-	(52,106)	-	-	-	(52,106)	-	(52,106)
Impairment recognized directly in the statement of income	-	-	376	-	-	-	376	-	376
Decrease in fair value of cash flow hedging derivatives	-	-	-	(477,889)	-	-	(477,889)	-	(477,889)
Group share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	46,093	-	-	46,093	-	46,093
Net profit for the year	-	-	-	-	-	44,933	44,933	358	45,291
Transfer to legal reserve	-	4,493	-	-	-	(4,493)	-	-	-
Exchange difference arising on translating foreign operations	-	-	-	-	17,283	-	17,283	-	17,283
Balance as of December 31, 2006	**2,770,131**	**23,012**	**26,200**	**(476,973)**	**17,283**	**85,237**	**2,444,890**	**2,733**	**2,447,623**
Capital contribution	2,766,535	-	-	-	-	-	2,766,535	-	2,766,535
Expenses incurred on second cash call against capital	-	(2,339)	-	-	-	-	(2,339)	-	(2,339)
Changes in fair value of investments	-	-	57,377	-	-	-	57,377	-	57,377
Decrease in fair value of cash flow hedging derivatives	-	-	-	(544,103)	-	-	(544,103)	-	(544,103)
Group share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	(61,335)	-	-	(61,335)	-	(61,335)
Exchange difference arising on translating foreign operations	-	-	-	-	2,890	-	2,890	-	2,890
Net profit for the year	-	-	-	-	-	128,811	128,811	923	129,734
Transfer to legal reserve	-	12,881	-	-	-	(12,881)	-	-	-
Balance as of December 31, 2007	**5,536,666**	**33,554**	**83,577**	**(1,082,411)**	**20,173**	**201,167**	**4,792,726**	**3,656**	**4,796,382**

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, 2007
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the year ended December 31, 2007	For the year ended December 31, 2006
Cash Flows from Operating Activities:			
Net profit for the year		129,734	45,291
Adjustments for:			
Depreciation		241	159
Dividend income		(3,482)	(4,269)
Profit from Islamic banks		(96,350)	(14,604)
Share of profits from joint ventures		(14,732)	(14,444)
Interest and other income		(23,720)	(19,922)
Gain on disposal of shares to minority		-	(20)
Provision for doubtful debts		3,599	-
Property and equipment -written off		-	72
Impairment on available for sale investments		-	376
		(4,710)	**(7,361)**
Working Capital Changes:			
Trade and other receivables		(27,727)	(34,568)
Accounts payable and accruals		97,072	56,513
Due from joint venture companies		18,943	(18,996)
Due to related party		32	-
Inventory		2	(12)
Cash used in operations		83,612	(4,424)
Interest paid		(451,072)	(131,664)
Net Cash Used in Operating Activities		**(367,460)**	**(136,088)**
Cash Flows from Investing Activities:			
Acquisition of investments in joint venture companies		(341,980)	(445,701)
Acquisition of property and equipments		(1,167)	(22)
Increase in refundable second IPO call		(36,246)	-
Dividend income received from joint ventures		19,734	-
Investment income received		173,144	32,643
Time deposits maturing after ninety days		432,548	(1,009,630)
Construction in progress		(5,402,357)	(3,462,556)
Net Cash Used in Investing Activities		**(5,156,324)**	**(4,885,266)**
Cash Flows from Financing Activities:			
Proceeds on second cash call		2,766,535	-
Payment for bonds issue costs		(9,686)	(25,341)
Proceeds from borrowings		4,161,878	7,771,334
Repayment of borrowings		(1,820,764)	-
Proceeds from disposals of shares to minority		-	100
Loans to joint venture companies		(999,605)	(402,249)
Expenses incurred on second cash call against capital		(2,339)	-
Net Cash from Financing Activities		**4,096,019**	**7,343,844**
Net (Decrease) / Increase in Cash and Cash Equivalents		**(1,427,765)**	**2,322,490**
Cash and Cash Equivalents at Beginning of the Year		**3,187,151**	**864,661**
Cash and Cash Equivalents at the End of the Year	17	**1,759,386**	**3,187,151**

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

1. Legal Status and Activities:

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

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

The Company operates either directly or through its subsidiaries and joint venture companies (collectively referred to as the **"Group"**). The operations of the Group are conducted within the economic environment in the State of Qatar.

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

In the current year, the Group has adopted IFRS 7 Financial Instruments: Disclosures which are effective for annual reporting periods beginning on or after January 1, 2007, and the consequential amendments to IAS 1 Presentation of Financial Statements.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these consolidated financial statements regarding the Group's financial instruments and management of capital.

Four Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. These are: IFRIC 7 Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies; IFRIC 8 Scope of IFRS 2; IFRIC 9 Reassessment of Embedded Derivatives; and IFRIC 10 Interim Financial Reporting and Impairment. The adoption of these Interpretations has not led to changes in the Group's accounting policies.

Standards and Interpretations in Issue Not Yet Adopted:

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

Amendments to standards
IAS 23 (Revised) Borrowing Costs (effective on or after January 1, 2009);
IAS 1 Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income (effective for accounting periods beginning on or after 1 January 2009);

New standard
IFRS 8 Operating Segments (effective for accounting periods beginning on or after January 1, 2009);

New interpretations
IFRIC 11 IFRS 2: Group and Treasury Share Transactions (effective March 1, 2007);
IFRIC 12 Service Concession Arrangements (effective January 1, 2008);
IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1July 2008)
IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective January 1, 2008).

Management anticipates that all of the above standards and interpretation as applicable will be adopted in the Group's financial statements in future period and that the adoption of those Interpretations and Standards will result in some cases of amendments and additional disclosures in these consolidated financial statements of the Group in the period of initial application.

Although mostly the joint venture entities are located abroad, their trading activities 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.

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 19 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 balance sheet at cost as adjusted for post acquisition changes in the Group's share of the net assets of the joint venture entity less impairment in value of individual investment.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture except to the extent that unrealised losses provide evidence of an impairment of the asset transferred.

e) Property and Equipment

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

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

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

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 organized markets, fair value is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

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.

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 their contributions which are expensed when due and remitted to the Pension Authority on a monthly basis.

l) **Revenue**

Revenue is recognised as and when the service is 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.

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

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.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Impairment of Non Financial Assets

The carrying amounts of the Group's assets other than inventories are reviewed at each balance sheet 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 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.

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 balance sheet date. Income and expenses are translated at the average exchange rates for the year unless exchange rates fluctuated significantly during the year in which case the exchange rates at the dates of the transactions are used.

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

(Amount Expressed in Thousands of Qatari Riyals)

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

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.

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 Finance Charges

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

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:

	2007	2006
Cash on hand	233	149
Current account	714,310	45,378
Time deposits	1,724,155	4,253,484
Other bank balances*	36,246	-
Total	**2,474,944**	**4,299,011**

The effective interest and profit rates on the time deposits varies between 4.25% to 6.15% (2006: 4.4% to 6%).

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

(Amount Expressed in Thousands of Qatari Riyals)

5. Trade and Other Receivables:

	2007	2006
Trade receivable	17,240	18,305
Less: Provision for doubtful debts	(3,599)	-
	13,641	18,305
Accrued income	31,551	17,243
Other receivables	50,899	22,106
Total	**96,091**	**57,654**

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

Included in the Group's trade receivable balance are receivables with a carrying amount of QR.4 million (2006: QR.9 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.

As at December 31, 2007 the ageing of trade receivables and movement in the provision for doubtful debts are as follows:

	2007	2006
(i) Ageing of neither past due nor impaired		
Less than 60 days	**9,641**	**9,225**
(ii) Ageing of past due but not impaired		
61-90 days	1,821	385
91-120 days	196	535
Over 120 days	1,983	8,160
Total	**4,000**	**9,080**
(iii) Ageing of impaired trade receivables		
Less than 60 days	10	-
Over 120 days	3,589	-
Total	**3,599**	**-**
(iv) Movement in the provision of doubtful debts:		
Balance at the beginning of the year	-	-
Additional provision during the year	3,599	-
Balance at end of the year	**3,599**	**-**

(Amount Expressed in Thousands of Qatari Riyals

6. Loans to Joint Venture Companies:

	2007	2006
India LNG Transport Company No. 3 Limited **(1)**	45,187	64,948
Teekay Nakilat Corporation **(2)**	16,236	93,226
Teekay Nakilat (III)Corporation **(3)**	1,380,234	335,017
Teekay Nakilat (III)Corporation **(4)**	10,127	3,521
Nakilat Svitzerwijsmuller WLL **(5)**	95,457	-
Total	**1,547,241**	**496,712**

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

(2): This loan bears interest at the rate of LIBOR + 1% and repayment has started since the related vessels are operational. The repayment is subject to liquidity of the joint venture company.

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

(4): This loan is interest free.

(5): This loan bears interest at the rate of LIBOR +1% and repayment will be started from January 2009 subject to liquidity of the joint venture company.

7. Investment in Joint Ventures Companies:

Balance – January 1, 2006	1,667,168
Investment in joint venture entities during the year	445,701
Share of profit for the year	14,444
Amount written off against loan	6,328
Share of hedging reserve for the year *	48,785
Share of Exchange difference arising on translating foreign operations	17,283
Dividend received	(6,436)
Capitalized interest transferred to construction in progress	(207)
Balance – December 31, 2006	**2,193,066**
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	**2,457,184**

* This excludes the share of losses on the hedging reserve from the joint ventures amounting to a total of QR 5.3 million (2006: QR 2.7 million) which has been adjusted against the loan to the respective joint venture.

(Amount Expressed in Thousands of Qatari Riyals

7. Investment in Joint Ventures Companies (continued):

Details of the Group's joint venture companies at December 31, 2007 are as follows:

Name of Joint Venture	Place of Incorporation and Operation	Proportion of Ownership Interest	Principal Activity
Maran Nakilat Company Ltd.	Cayman Islands	30%	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 Island	45%	Chartering of vessels
Neptora Schiffsbetriebsgesellschaft mbH & Co. TS "Julia" KG	Liberia	45%	Chartering of vessels
Teekay Nakilat (III) Corporation	Marshall Island	60%	Chartering of vessels
OSG Nakilat Corporation	Marshall Island	50.1%	Chartering of vessels
Nakilat Svitzerwijsmuller WLL *	Qatar	70%	Chartering of vessels
India LNG Transport Company No. 3 Ltd.	Malta	20%	Chartering of vessels

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

In addition to the above, the Group has entered into negotiations with Qatar Shipping to form a new joint venture to own vessels for chartering. The amount paid to the joint venture partner for a 50% interest is included in Investment in Joint Venture.

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

	2007	**2006**
Total assets	23,610,086	14,614,887
Total liabilities	(19,511,234)	(9,820,881)
Net Assets	4,098,852	4,794,006
Group's share of joint venture's net assets	2,457,184	2,193,066

	For the Year Ended December 31, 2007	**For the Year Ended December 31, 2006**
Income	638,188	208,569
Profit for the year	62,080	46,918
Group's share of joint venture result for the year*	14,732	14,444

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

(Amount Expressed in Thousands of Qatari Riyals

8. Available for Sale Investments:

	2007	2006
Balance at January 1	72,668	124,774
Changes in fair value	57,377	(52,106)
Balance at December 31	**130,045**	**72,668**

Available for sale investments represent investment in listed securities in Doha Securities Market.

9. Constructions in Progress:

	2007	2006
Vessels Under Construction:		
Shipbuilding costs - **note (a)**	8,607,378	3,302,636
Other program costs - **note (b)**	745,647	324,914
	9,353,025	3,627,550
Dry docking facility under construction	17,670	7,192
Software system implementation costs	11,004	-
Total	**9,381,699**	**3,634,742**

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. 484 million (2006: QR. 159 million) being interest expense capitalized net of interest income.

10. Property and Equipment:

	Building	Computer Equipment	Office Equipment	Telecom Equipment	Furniture and Fixture	Vehicles	Total
Cost:							
At 1 January 2006	-	327	198	68	101	-	**694**
Acquisitions during the year	-	11	-	-	11	-	**22**
Written off	-	(22)	-	-	(50)		**(72)**
At 31 December 2006	-	316	198	68	62	-	**644**
Acquisitions during the year	216	196	208	-	495	52	**1,167**
At 31 December 2007	**216**	**512**	**406**	**68**	**557**	**52**	**1,811**

(Amount Expressed in Thousands of Qatari Riyals)

10. Property and Equipment (continued):

	Building	Computer Equipment	Office Equipment	Telecom Equipment	Furniture and Fixture	Vehicles	Total
Accumulated Depreciation:							
At 1 January 2006	-	36	21	11	7	-	**75**
Charge for the year	-	106	33	14	6	-	**159**
At 31 December 2006	-	142	54	25	13	-	**234**
Charge for the year	43	123	38	14	18	5	**241**
At 31 December 2007	**43**	**265**	**92**	**39**	**31**	**5**	**475**
Net Carrying Amount:							
At 31 December 2007	**173**	**247**	**314**	**29**	**526**	**47**	**1,336**
At 31 December 2006	**-**	**174**	**144**	**43**	**49**	**-**	**410**

11. Borrowings:

These consist of the following:

	2007	2006
Loan - **note (a)**	-	1,820,764
Loan - **note (b)**	1,820,764	1,396,158
Senior bank facilities - **note (c)**	1,638,687	18,208
Subordinated bank facilities - **note (d)**	18,208	18,208
Loan - **note (e)**	1,313,115	330,239
Senior bonds – Series “A” - **note (f)**	3,095,299	3,095,299
Subordinated bonds Series “A” - **note (g)**	1,092,458	1,092,458
KEXIM Facility - **note (h)**	314,573	-
KEIC Covered Facility - **note (i)**	819,344	-
Less issuance costs of bonds	(35,027)	(25,341)
Total	**10,077,421**	**7,745,993**

Classified as:

	2007	2006
Payable within one year	-	1,820,764
Payable after one year	10,077,421	5,925,229

Note (a) :
This loan was repaid fully in March 2007.

Note (b):
This represents an unsecured facility of USD 500 million comprising of a revolving loan up to December 31, 2009 and eventually to be converted to a term loan. The amount drawn down bears interest at LIBOR + 1.15%.

11. Borrowings (continued):

Note (c) :
Represents the draw down against the senior bank facility amounting to a total of USD 2,216 million and carries interest at the rate of LIBOR + 0.45%. The senior debt will mature by 2025.

Note (d) :
Represents the initial draw down against the subordinated bank facility amounting to USD 174 million and carries interest at the rate of LIBOR + 0.95%. The subordinated debt will mature by 2025.

Note (e) :
This loan was taken by one of the joint venture of the Group and carries interest at the rate of LIBOR + 0.9% per annum. This loan will only be repayable once the vessels belonging to the joint venture become operative.

Note (f) :
The principal will be payable in semi-annual installments on June 30 and December 31 of each year, beginning on June 30, 2021. These bonds bear interest at the rate of 6.067% per annum and are payable semi-annually in arrears on June 30 and December 31 of each year beginning June 30, 2007. The bond will mature on December 31, 2033.

Note (g) :
The principal will be payable in semi-annual installments on June 30 and December 31 of each year, beginning on December 31, 2010. These bonds bear interest at the rate of 6.267% per annum and are payable semi-annually in arrears on June 30 and December 31 of each year beginning June 30, 2007. The bond will mature on December 31, 2033.

Note (h) :
Represents the draw downs against the KEXIM Facility amounting to a total of USD 500 million and carries interest at the rate ranging from 4.9413% to 5.3390%. The KEXIM Facility will mature on December 31, 2021.

Note (i) :
Represents the drawdown against the KEIC Covered Facility amounting to a total of USD 225 million and carries interest at the rate ranging from 5.1521% to 5.4781%. The KEIC Facility will mature on December 31, 2021. This Loan has been fully drawn.

The bank facilities and bonds will be used to finance the acquisition of the vessels currently under construction.

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, inter-company 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:

	2007	2006
Accounts payable	38,002	8,404
Advances from customers	56,580	20,345
Payable to shareholders *	36,246	-
Other accruals	60,305	72,350
Total	**191,133**	**101,099**

* 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, 2007 the total notional amount of swap agreements is QR. 15,928 million (2006: QR.11,016 million) and net fair value is negative QR. 1,022 million (2006: QR. 478 million).

14. Share Capital:

	2007 Number of Shares	2006 Number of Shares
Authorized share capital	560,000,000	560,000,000
Issued share capital	554,026,360	554,026,140
	Amount	**Amount**
Issued and Paid up capital with a par value of QR. 10 each	**5,536,666**	**2,770,131**

At December 31, 2007, **719,495** issued shares are 50% paid (2006: All issued shares were 50% paid).

15. Legal Reserve:

The Articles of Association of the Company provides for legal reserve to the extent of 10% of net profit for the year until it reaches 50% of paid up share capital. This reserve is not available for distribution except for circumstances specified in the Articles of Association and the Commercial Companies Law.

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.

17. Cash and Cash Equivalents:

	2007	2006
Cash and bank balances	2,474,944	4,299,011
Less:		
Time deposits maturing after 90 days	(679,312)	(1,111,860)
Other bank balances	(36,246)	-
	1,759,386	**3,187,151**

(Amount Expressed in Thousands of Qatari Riyals)

18. Related Party Transactions:

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

	For the Year Ended December 31, 2007	For the Year Ended December 31, 2006
Compensation of key management personnel	1,741	1,874
	==========	=======
Board of Directors Remuneration	700	700
	==========	=======

19. Subsidiaries:

Details of the Company's subsidiaries at December 31, 2007 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 Fuji WLL	Qatar	60%	Marine services
Nakilat Inc.	Marshall Islands	100%	Holding Company
Nakilat Haloul Inc. (formerly known as S.H.I. Hull No. 1675 Inc.)	Marshall Islands	100%	Chartering of vessels
Nakilat Umm Slal Inc. (formerly known as S.H.I. Hull No. 1676 Inc.)	Marshall Islands	100%	Chartering of vessels
Nakilat Bu Samra Inc. (formerly known as S.H.I. Hull No. 1677 Inc.)	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1694 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1695 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1696 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1697 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat H.H.I 1908 Inc	Marshall Islands	100%	Chartering of vessels
Nakilat H.H.I. 1909 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat H.H.I 1910 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat Al Ghuwairiya Inc. (formerly known as DSME Hull No. 2255 Inc.)	Marshall Islands	100%	Chartering of vessels
Nakilat Lijmiliya Inc. (formerly known as (DSME Hull No. 2256 Inc.)	Marshall Islands	100%	Chartering of vessels
Nakilat Al Samriya Inc. (formerly known as DSME Hull No. 2257 Inc.)	Marshall Islands	100%	Chartering of vessels

(Amount Expressed in Thousands of Qatari Riyals)

19. Subsidiaries (continued):

Name of Subsidiaries	Place of incorporation (or registration) and operation	Proportion of ownership & Voting interest	Principal activity
Nakilat DSME 2264 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat DSME 2265 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat DSME 2266 Inc.	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1726 Incorporation	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1751 Inc. **(note 1)**	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1752 Inc. **(note 1)**	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1753 Inc. **(note 1)**	Marshall Islands	100%	Chartering of vessels
Nakilat S.H.I. 1754 Inc. **(note 1)**	Marshall Islands	100%	Chartering of vessels
Nakilat DSME 2283 Inc. **(note 1)**	Marshall Islands	100%	Chartering of vessels
Nakilat DSME 2284 Inc. **(note 1)**	Marshall Islands	100%	Chartering of vessels
Nakilat DSME 2285 Inc. **(note 1)**	Marshall Islands	100%	Chartering of vessels
Nakilat DSME 2286 Inc. **(note 1)**	Marshall Islands	100%	Chartering of vessels
QGTC Nakilat (1643-6) Holding Corporation **(note 2)**	Marshall Islands	100%	Holding Company
QGTC Nakilat (2245-8) Investment Limited (formerly known as Nakilat Shipping Ltd.")	Marshall Islands	100%	Holding Company
Nakilat Marine Services Limited **(note 2)**	Marshall Islands	100%	Holding Company
Nakilat Shipping (Qatar) Limited **(note 1)**	Qatar	100%	Shipping Management Company

Note 1 These are the new subsidiaries established by the Group during the year.

Note 2 Shares capital in these subsidiaries was issued at no par value.

(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.

	2007	2006
Profit for the year	**128,811**	**44,933**
Weighted average number of shares outstanding during the year	**553,666,613**	**277,013,070**
Basic and diluted earnings per share (expressed in QR. per share)	**0.23**	**0.16**

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 cash flow 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 to effectively fix the interest cost on the proposed loans. The difference between the fixed-rate interest cost (payment) and the variable-rate interest cost (receipt) is settled periodically.

(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, 2007.

(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 2,791 million (2006 : QR 36 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 2007 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:

	31-Dec-07				31-Dec-06			
	Fixed interest rate QR'000	Floating interest rate QR'000	Non-interest bearing QR'000	Total QR'000	Fixed interest rate QR'000	Floating interest rate QR'000	Non-interest bearing QR'000	Total QR'000
Financial assets								
Bank balances and cash	-	2,438,465	36,479	2,474,944	-	4,298,862	149	4,299,011
Loans to joint ventures	-	1,537,114	10,127	1,547,241	-	493,191	3,521	496,712
	-	3,975,579	46,606	4,022,185	-	4,792,053	3,670	4,795,723
Financial liabilities								
Interest bearing loans and borrowings	4,152,730	3,133,879	-	7,286,609	4,162,416	3,547,161	-	7,709,577
Interest rate swap	2,790,812	-	-	2,790,812	36,416	-	-	36,416
	6,943,542	3,133,879	--	10,077,421	4,198,832	3,547,161	-	7,745,993
Net financial asset/ (liabilities)	**(6,943,542)**	**841,700**	**46,606**	**(6,055,236)**	**(4,198,832)**	**1,244,892**	**3,670**	**(2,950,270)**

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, 2007 would be an increase / decrease by QR.4.2 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	
	2007	2006	2007	2006	2007	2006
	%	%	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	11,016	(1,022)	(478)

In addition to the above the Group has also accounted for its share of negative fair value of interest rate swaps relating to Joint Ventures amounting to QR. 61 million as of December 31, 2007 (2006: positive fair value of QR.46 million).

The interest rate swap settles on a quarterly basis up to June 30, 2009 and thereafter semi annually. The floating rate on interest rate swaps is LIBOR. The Group will settle the difference between the fixed and floating rate on net basis.

All interest rate swap contract 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

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. 13 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, minority interest, 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 as follows:

	Note	2007	2006
Total debt (Borrowings)	11	10,077,421	7,745,993
Cash and cash equivalents	17	(1,759,386)	(3,187,151)
Net debt		**8,318,035**	**4,558,842**
Total Equity		4,796,382	2,447,623
Add: Hedging reserves deficit	16	1,082,411	476,973
Adjusted Equity (i)		**5,878,793**	**2,924,596**
Net debt to adjusted equity ratio		141%	156%

(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:

(i) One of the subsidiaries of Qatar Gas Transport Company Limited (Nakilat) (QSC) had at December 31, 2007 outstanding commitments for the construction of its vessels.

Details of the commitments are as follows:

	USD '000'	QR. '000'
Commitments to shipbuilders	**4,284,482**	**15,602,061**
	========	========

(ii) The Group's outstanding capital commitment in respect of investments in joint ventures as of December 31, 2007 is NIL (2006: USD 93 million).

(iii) The Group's share of capital commitments (shipbuilding cost) with regard to joint ventures amounted to approximately USD 406 million (2006: USD 1 billion).

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

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 (2006: 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.

(Amount Expressed in Thousands of Qatari Riyals)

23. Commitments and Contingencies (continued):

E) Undrawn Facilities:

As at December 31, 2007, the Group had the following undrawn facilities:

	USD	QR.
Senior bank facilities	1,766 million	6,431 million
Kexim facility	414 million	1,506 million
Subordinated bank facilities	169 million	615 million

Commitment fees relating to these undrawn facilities have been paid up to December 31, 2007.

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 recognised in these consolidated financial statements.

Hedge effectiveness:

Management reviews its hedging relationship between the interest rate swaps and the underlying loans on a regular basis. The hedge was found to be highly effective. As result, the fair value of the derivative (a total deficit of QR. 1,022 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 20.8 million (2006: QR 12.3 million).

26. Comparative Figures:

Certain prior year's figures have been reclassified, where necessary, to conform to current year's presentation.