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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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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 2008, 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. 1,464 million (2007: QR. 2,367 million) as of December 31, 2008 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 financial statements.

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

INDEPENDENT AUDITOR'S REPORT (

company's internal control. An audit als
policies used and the reasonableness o
evaluating the overall presentation of the

We believe that the audit evidence we
basis for our audit opinion.

Opinion

In our opinion and based on the clear
consolidated financial statements prese
Qatar Gas Transport Company Limite
financial performance and its cash flows
Financial Reporting Standards.

Other Legal and Regulatory Requireme

Furthermore, in our opinion the consolida
by the Qatar Commercial Companies'
Association. We are also of the opinion
Company and the contents of the directo
statements. To the best of our knowledge
no contraventions of the Law or the Co
the year which would materially affect the

Doha – Qatar
March 25, 2009

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2008
(Amount Expressed in Thousands of Qatari Riyals)

	Note	2008	2007 (Restated)
ASSETS			
Current Assets:			
Cash and bank balances	4	1,990,319	2,474,944
Trade and other receivables	5	133,999	96,091
Due from joint venture companies		3,155	53
Inventory		7	10
Total Current Assets		**2,127,480**	**2,571,098**
Non-Current Assets:			
Loans to joint venture companies	6	587,919	1,547,241
Investment in joint venture companies	7	1,464,444	2,367,200
Available-for-sale-investments	8	96,508	130,045
Construction in progress	9	17,663,840	9,210,178
Property and equipment	10	2,284,476	1,336
Deferred financing costs		252,911	171,521
Total Non-Current Assets		**22,350,098**	**13,427,521**
Total Assets		**24,477,578**	**15,998,619**

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, 2008
(Amount Expressed in Thousands of Qatari Riyals)

	Note	2008	2007 (Restated)
LIABILITES AND EQUITY			
Current Liabilities:			
Borrowings	11	114,787	-
Accounts payable and accruals	12	227,645	191,133
Due to related party		83	32
Total Current Liabilities		**342,515**	**191,165**
Non-Current Liabilities:			
Borrowings	11	19,116,727	10,077,421
Fair value of interest rate swaps	13	5,015,695	1,021,993
Provision for end of service benefits		3,325	1,642
Total Non-Current Liabilities		**24,135,747**	**11,101,056**
Capital and Reserves:			
Share capital	14	5,537,655	5,536,666
Legal reserve	15	46,438	33,554
Fair value reserve		50,040	83,577
Translation reserve		24,042	20,173
Retained earnings		251,930	135,774
Total equity before hedge reserve and minority interest		**5,910,105**	**5,809,744**
Hedging reserve	16 & 22	**(5,915,253)**	**(1,107,002)**
Minority Interest		**4,464**	**3,656**
Total Liabilities and Equity		**24,477,578**	**15,998,619**

These consolidated financial statements were approved on March 25, 2009.

Abdullah Bin Hamad Al Attiyah
Chairman

M. Ghannam

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, 2008
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the Year Ended December 31, 2008	For the Year Ended December 31, 2007 (Restated)
Income:			
Operating income from wholly owned vessels		24,653	-
Share of profits from joint ventures		118,564	14,732
Income from marine and agency services		31,195	26,941
Profit from Islamic banks		81,089	96,350
Interest and dividend income		22,804	19,075
Other income		8,845	8,127
Total Income		**287,150**	**165,225**
Expenses:			
General and administrative		(45,543)	(35,250)
Depreciation	10	(8,273)	(241)
Amortization of deferred financing cost		(5,381)	-
Interest expense		(13,875)	-
Total Expenses		**(73,072)**	**(35,491)**
Net profit from operations		**214,078**	**129,734**
Less: Fair value hedge loss from joint ventures	**7& 21**	**(84,208)**	**(39,302)**
Net profit for the year		**129,870**	**90,432**
Attributable to:			
Equity holders of the parent		129,062	89,509
Minority interest		808	923
Total		**129,870**	**90,432**
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, 2008
(Amount Expressed in Thousands of Qatari Riyals)

	Share Capital	Legal Reserve	Fair Value Reserve	Translation Reserve	Retained Earnings	Total Equity Before Hedge Reserve and Minority Interest	Hedging Reserve	Minority Interest
Balance as of January 1, 2007 (Reported)	2,770,131	23,012	26,200	17,283	85,237	2,921,863	(476,973)	2,733
Restatement of opening balances (Note 21)	-	-	-	-	(26,091)	(26,091)	28,424	-
Balance as of January 1, 2007 (Restated)	2,770,131	23,012	26,200	17,283	59,146	2,895,772	(448,549)	2,733
Capital contribution	2,766,535	-	-	-	-	2,766,535	-	-
Expenses incurred on second cash call against capital	-	(2,339)	-	-	-	(2,339)	-	-
Changes in fair value of investments	-	-	57,377	-	-	57,377	-	-
Decrease in fair value of cash flow hedging derivatives	-	-	-	-	-	-	(544,103)	-
Group share of joint ventures' changes in fair value of cash flow hedging derivatives	-	-	-	-	-	-	(114,350)	-
Exchange difference arising on translating foreign operations	-	-	-	2,890	-	2,890	-	-
Net profit for the year	-	-	-	-	89,509	89,509	-	923
Transfer to legal reserve	-	12,881	-	-	(12,881)	-	-	-
Balance as of December 31, 2007 (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)	-	-
Changes in fair value of investments	-	-	(33,537)	-	-	(33,537)	-	-
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)	-
Exchange difference arising on translating foreign operations	-	-	-	3,869	-	3,869	-	-
Net 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**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Amount Expressed in Thousands of Qatari Riyals)

	Note	For the year ended December 31, 2008	For the year ended December 31, 2007 (Restated)
Cash Flows from Operating Activities:			
Net profit for the year		129,870	90,432
Adjustments for:			
Depreciation		8,273	241
Amortization of deferred financing cost		5,381	-
Interest expense		13,875	-
Share of profits from joint ventures		(34,356)	24,570
Profit from Islamic banks		(81,089)	(96,350)
Interest, dividend and other income		(31,650)	(27,202)
Provision for doubtful debts		971	3,599
		11,275	**(4,710)**
Working Capital Changes:			
Trade and other receivables		(458)	(27,727)
Accounts payable and accruals		30,623	60,826
Other current assets		(26,467)	-
Due from joint venture companies		(1,003)	18,943
Due to related party		10	32
Inventory		2	2
Cash generated from operations		13,982	47,366
Interest paid		(783,758)	(451,072)
Net Cash Used in Operating Activities		**(769,776)**	**(403,706)**
Cash Flows from Investing Activities:			
Loans to joint venture companies		(383,529)	(999,605)
Refund of / (investment in) joint venture companies		126,956	(341,980)
Dividend income received from joint ventures		51,647	19,734
Acquisition of property and equipments		(20,379)	(1,167)
Investment income received		114,092	173,144
Time deposits maturing after ninety days		670,215	432,548
Construction in progress		(10,059,869)	(5,398,478)
Deferred financing costs		(3,703)	(3,879)
Net Cash Used in Investing Activities		**(9,504,570)**	**(6,119,683)**
Cash Flows from Financing Activities:			
Proceeds on second cash call		989	2,766,535
Payment for bonds issue costs		-	(9,686)
Proceeds from borrowings		10,467,208	4,161,878
Repayment of borrowings		-	(1,820,764)
Expenses incurred on second cash call against capital		(22)	(2,339)
Net Cash from Financing Activities		**10,468,175**	**5,095,624**
Net Increase / (Decrease) in Cash and Cash Equivalents		**193,829**	**(1,427,765)**
Cash and Cash Equivalents at Beginning of the Year		**1,759,386**	**3,187,151**
Cash and Cash Equivalents at End of the Year	17	**1,953,215**	**1,759,386**

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 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.

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.

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

Standards and Interpretations effective in the current period

Three Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 11 Group and Treasury Share Transactions which is effective for annual periods beginning on or after 1 March 2007, IFRIC 12 Service Concession Arrangements which is effective for annual periods beginning on or after 1 January 2008 and IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction which is effective for annual periods beginning on or after 1 January 2008.

The adoption of these three Interpretations had no significant effect on the financial statements of the Group for the year ended December 31, 2008.

Standards and Interpretations in Issue Not Yet Adopted

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

Revised standards

IAS 1	(Revised) Presentation of Financial Statements (effective on or after January 1, 2009);
IAS 23	(Revised) Borrowing Costs (effective on or after January 1, 2009);
IAS 27	(Revised) Consolidated and Separate Financial Statements (effective on or after July 1, 2009);
IAS 28	(Revised) Investments in Associates (effective on or after July 1, 2009);
IAS 31	(Revised) Interests in Joint Ventures (effective on or after July 1, 2009);
IAS 32	(Revised) Financial Instruments: Presentation (effective on or after January 1, 2009);
IFRS 1	(Revised) First time adoption (effective on or after January 1, 2009);
IFRS 2	(Revised) Share-based Payments (effective on or after January 1, 2009);
IFRS 3	(Revised) Business Combinations (effective on or after July 1, 2009);

New standard

IFRS 8	Operating Segments (effective on or after January 1, 2009);

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

New interpretations

IFRIC 13	Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008);
IFRIC 15	Agreement for Construction of Real Estate (effective January 1, 2008);
IFRIC 16	Hedges of Net Investment in Foreign Operations.
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers

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 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.

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

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:

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 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.

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 in the accrual method in line with agreements entered into with charter parties.

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.

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.

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 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.

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 market 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 Finance Charges

Finance charges incurred in the arrangement of debt are deferred and are amortized to interest expense on the straight-line basis over the long term revenue contracts for 35 years.

(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:

	2008	2007
Cash on hand	347	233
Current account	587,509	714,310
Time deposits	1,374,457	1,724,155
Other bank balances*	28,006	36,246
Total	**1,990,319**	**2,474,944**

The effective interest and profit rates on the time deposits varies between 3.375% to 6.85% (2007: 4.25% to 6.15%).

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

5. Trade and Other Receivables:

	2008	2007
Trade receivable	13,140	17,240
Less: Provision for doubtful debts	(1,098)	(3,599)
	12,042	13,641
Accrued income	35,706	31,551
Other receivables	86,251	50,899
Total	**133,999**	**96,091**

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.2.7million (2007: QR.4 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, 2008 the ageing of trade receivables and movement in the provision for doubtful debts are as follows:

	2008	2007
(i) Ageing of neither past due nor impaired		
Less than 60 days	**9,297**	**9,641**

(Amount Expressed in Thousands of Qatari Riyals)

5. Trade and Other Receivables (continued):

	2008	2007
(ii) Ageing of past due but not impaired		
61-90 days	955	1,821
91-120 days	2	196
Over 120 days	1,788	1,983
Total	**2,745**	**4,000**
(iii) Ageing of impaired trade receivables		
Less than 60 days	-	10
Over 120 days	1,098	3,589
Total	**1,098**	**3,599**
(iv) Movement in the provision of doubtful debts:		
Balance at the beginning of the year	3,599	-
Additional provision during the year	971	3,599
Recovery of doubtful debts during the year	(1,142)	-
Doubtful debts written off during the year	(2,330)	-
Balance at end of the year	**1,098**	**3,599**

6. Loans to Joint Venture Companies:

	2008	2007
India LNG Transport Company No. 3 Limited **(1)**	23,732	45,187
Teekay Nakilat Corporation **(2)**	50,188	16,236
Teekay Nakilat (III)Corporation **(3)**	-	1,380,234
Teekay Nakilat (III)Corporation **(4)**	-	10,127
Nakilat Svitzerwijsmuller WLL **(2)**	138,752	95,457
Gulf LPG Transport Company WLL **(5)**	375,247	-
Total	**587,919**	**1,547,241**

(1) The loan will be repaid once the vessels become operational and subject to liquidity of the joint venture company.

(2) The repayment is subject to liquidity of the joint venture company.

(3) During the year borrowings recorded by one of the QGTC's subsidiary is novated to its joint venture as a result loan to joint venture is offset.

(4) This loan has been repaid by joint venture during the year.

(5) This loan has been given to this new joint venture at an interest rate of LIBOR + 1%.

(Amount Expressed in Thousands of Qatari Riyals

7. Investment in Joint Ventures Companies:

Balance – January 1, 2007 (Reported)	2,193,066
Restatement of share of hedging gain from a joint venture	2,333
Balance – January 1, 2007 (Restated)	**2,195,399**
Investment in joint venture entities during the year	341,980
Share of loss for the year	(24,569)
Amount written off against loan	7,501
Transfer to loan to joint venture	(25,289)
Share of hedging reserve for the year *	(110,978)
Share of exchange difference arising on translating foreign operations	2,890
Dividend received	(19,734)
Balance – December 31, 2007 (Restated)	**2,367,200**
Refund of investment in joint venture entities during the year	(63,304)
Share of profit for the year	34,356
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**

* This excludes the share of losses on the hedging reserve from the joint ventures amounting to a total of QR.24.2 million (2007: QR 3.3 million) which has been adjusted against the loan to the respective joint venture.

Details of the Group's joint venture companies at December 31, 2008 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 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:

	2008	2007 (Restated)
Total assets	28,286,873	23,541,419
Total liabilities	(26,302,132)	(19,511,234)
Net Assets	1,984,741	4,030,185
Group's share of joint venture's net assets	1,464,444	2,367,200

	For the Year Ended December 31, 2008	For the Year Ended December 31, 2007 (Restated)
Revenue	1,943,285	638,188
Profit for the year	215,135	(6,587)
Group's share of joint venture result for the year*	34,356	(24,569)

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

8. Available for Sale Investments:

	2008	2007
Balance at January 1	130,045	72,668
Changes in fair value	(33,537)	57,377
Balance at December 31	**96,508**	**130,045**

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

9. Construction in Progress:

	Vessels Under Construction: Ship-Building Cost	Vessels Under Construction: Other Program Cost	Vessels Under Construction: Sub Total	Dry Docking Facility Under Construction	Software System Implementation Cost	Total
At 1 January 2007	3,302,636	324,914	3,627,550	7,192	-	3,634,742
Additions during the year	5,304,742	420,733	5,725,475	10,478	11,004	5,746,957
At 31 December 2007	8,607,378	745,647	9,353,025	17,670	11,004	9,381,699
Reclassified to deferred financing costs	-	(171,521)	(171,521)	-	-	(171,521)
At 31 December 2007	**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	3,245	10,724,695
Transfer to property and equipment	(2,083,594)	(176,435)	(2,260,029)	-	(11,004)	(2,271,033)
At 31 December 2008	**16,116,279**	**1,479,698**	**17,595,977**	**64,618**	**3,245**	**17,663,840**
Note	(a)	(b)			(c)	

(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.873 million (2007: QR.362 million) being interest expense capitalized net of interest income.

Note (c): This cost relates to second phase of software system implementation however cost incurred during first phase is transferred to property and equipment.

10. Property and Equipment:

	Vessels*	SAP	Building	Computer Equipment	Office Equipment	Telecom Equipment	Furniture and Fixture	Vehicles	Total
Cost:									
At 1 January 2007	-	-	-	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
Additions during the year	-	17,667	-	2,498	16	33	166	-	20,380
Transfer from CWIP	2,260,029	11,004	-	-	-	-	-	-	2,271,033
At 31 December 2008	**2,260,029**	**28,671**	**216**	**3,010**	**422**	**101**	**723**	**52**	**2,293,224**
Accumulated Depreciation:									
At 1 January 2007	-	-	-	142	54	25	13	-	234
Charge for the year 2007	-	-	43	123	38	14	18	5	241
At 31 December 2007	-	-	43	265	92	39	31	5	475
Charge for the year 2008	6,143	1,434	43	466	65	15	97	10	8,273
At 31 December 2008	**6,143**	**1,434**	**86**	**731**	**157**	**54**	**128**	**15**	**8,748**
Net Carrying Amount:									
At 31 December 2008	**2,253,886**	**27,237**	**130**	**2,279**	**265**	**47**	**595**	**37**	**2,284,476**
At 31 December 2007	-		173	247	314	29	526	47	1,336

*During the year two LNG vessels commenced their operations and were therefore, transferred from Construction in Progress to vessels.

11. Borrowings:

These consist of the following:	2008	2007
Loan - **note (a)**	1,820,764	1,820,764
Senior bank facilities - **note (b)**	9,744,729	1,638,687
Subordinated bank facilities - **note (c)**	633,626	18,208
Loan - **note (d)**	-	1,313,115
Senior bonds – Series "A" - **note (e)**	3,095,299	3,095,299
Subordinated bonds Series "A" - **note (f)**	1,092,458	1,092,458
KEXIM Facility - **note (g)**	1,464,890	314,573
KEIC Covered Facility - **note (h)**	1,414,775	819,344
Less issuance costs of bonds	(35,027)	(35,027)
Total	**19,231,514**	**10,077,421**

(Amount Expressed in Thousands of Qatari Riyals)

11. Borrowings (continued):

Classified as:	2008	2007
Payable within one year	114,787	-
	========	========
Payable after one year	19,116,727	10,077,421
	========	========

Note (a):
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.

Note (b) :
Represents the draw down amounting to USD 2,216 million against the senior bank facility Tranche I and draw down amounting to USD 460 million against the senior bank facility Tranche II. The first repayment of Tranche I will occur in December 2010 and the last repayment in December 2025. The first repayment of Tranche II will occur in June 2011 and the last repayment in December 2025.

Note (c) :
Represents the draw down amounting to USD 174 million against the subordinated bank facility Tranche I. The first repayment of Tranche I will occur in December 2010 and the last repayment in December 2025.

Note (d) :
This loan was taken by one of the joint venture of the Group's subsidiary and subsidiary has recorded its share only. The repayment of loan has been started since the vessels belonging to the joint venture started operations. However during the year this loan is novated to joint venture.

Note (e) :
Represents the senior bonds issued under the Tranche I financing program. The first repayment will occur in June 2021 and the last repayment in December 2033.

Note (f) :
Represents the subordinated bonds issued under the Tranche I financing program. The first repayment will occur in December 2010 and the last repayment in December 2033.

Note (g) :
Represents the drawdown against the KEXIM facility Tranche I. The first repayment will occur in December 2009 and the last repayment in December 2020.

Note (h) :
Represents the draw down amounting to USD 225 million against the KEIC facility Tranche I and draw down amounting to USD 164 million against the KEIC facility Tranche II. The first repayment of Tranche I will occur in December 2009 and the last repayment in December 2020. The first repayment of Tranche II will occur in December 2010 and the last repayment in December 2021.

The weighted average interest rate on short/long term at December 31, 2008 is 4.554% (2007: 6.077%)

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:

	2008	2007
Accounts payable	72,658	38,002
Advances from customers	49,133	56,580
Payable to shareholders **(1)**	27,848	36,246
Other accruals	36,187	60,305
Provision for hedge losses **(2)**	41,819	-
Total	**227,645**	**191,133**

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

(2) Due to the hedging losses Group's investment in one of the joint venture becomes nil. Additional losses are provided for and a liability is recognized.

13. Fair Value of Interest Rate Swaps:

The Group has entered into interest rate swap agreements with several financial institutions. As at December 31, 2008 the total notional amount of swap agreements is QR. 15,928 million (2007: QR.15,928 million) and net fair value is negative QR. 5,016 million (2007: QR. 1,022 million).

14. Share Capital:

	2008 Number of Shares	2007 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	**5,537,655**	**5,536,666**

At December 31, 2008, 521,736 issued shares are 50% paid (2007: 719,495 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.

The negative hedging reserve represents an accounting entry from the revaluation to fair value of 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 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.

(Amount Expressed in Thousands of Qatari Riyals)

17. Cash and Cash Equivalents:

	2008	2007
Cash and bank balances	1,990,319	2,474,944
Less: Time deposits maturing after 90 days	(9,098)	(679,312)
Other bank balances	(28,006)	(36,246)
	1,953,215	**1,759,386**

18. Related Party Transactions:

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

	2008	2007
Compensation of key management personnel	2,148	1,741
Board of Directors Remuneration	700	700

19. Subsidiaries:

Details of the Company's subsidiaries at December 31, 2008 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.	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

(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 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.

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.

	2008	2007 (Restated)
Profit for the year	129,062	89,509
Weighted average number of shares outstanding during the year	553,765,492	553,666,613
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. Prior Year Restatement:

Towards the end of the year 2008, certain of the overseas joint ventures (JV) of the Group informed the Company that the hedge documentation internally prepared by the overseas JV management relating to the designated cash flow hedges did not meet the strict interpretations of the applicable accounting standards. Although management continue to believe that the applicable derivative transactions were consistent with the risk management policies and that the overall risk management policy continue to be sound, based on the interpretation of accounting standards, it was concluded that these derivatives that were originally designated as effective hedges do not qualify for hedge accounting. In addition to the above, one of the subsidiaries did not revalue one of its swaps to fair value.

Although management believes that these derivative instruments were and continue to be effective economic hedges, for accounting purposes, the change in the fair value of these derivative instruments from the date of original designation as hedges, have been accounted for as increases or decreases to net income (loss) in the consolidated financial statements, instead of being reflected as increases or decreases to hedging reserves.

The above change in the accounting treatment is only a non – cash accounting entry and does not affect the economics of the derivative transactions or the cash flows or liquidity of the Group.

Also the share of hedging reserves of certain of the joint ventures were accounted for in the prior year based on management accounts provided by the entities. These were restated based on the audited financial statements of the joint ventures for the year 2007. The effect of this restatement is a change in hedging reserve as at December 31, 2007 with a corresponding change in investment in joint ventures. This has no impact on the income statement or retained earnings.

22. 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, 2008.

(Amount Expressed in Thousands of Qatari Riyals)

22. Financial Risk Management (continued):

Interest rate risk exposures

With the exception of certain term loans amounting to QR 13,258 million (2007 : QR 2,791 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 2008 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-08				31-Dec-07			
	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	-	1,961,966	28,353	1,990,319	-	2,438,465	36,479	2,474,944
Loans to joint ventures	-	587,919	-	587,919	-	1,537,114	10,127	1,547,241
	-	2,549,885	28,353	2,578,238	-	3,975,579	46,606	4,022,185
Financial liabilities								
Interest bearing loans and borrowings	4,152,730	1,820,764	-	5,973,494	4,152,730	3,133,879	-	7,286,609
Interest rate swap	13,258,020	-	-	13,258,020	2,790,812	-	-	2,790,812
	17,410,750	1,820,764	-	19,231,514	6,943,542	3,133,879	--	10,077,421
Net financial assets/ (liabilities)	**(17,410,750)**	**729,121**	**28,353**	**(16,653,276)**	**(6,943,542)**	**841,700**	**46,606**	**(6,055,236)**

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, 2008 would be an increase / decrease by QR.3.6 million.

(Amount Expressed in Thousands of Qatari Riyals)

22. **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	
	2008	2007	2008	2007	2008	2007
	%	%	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	(5,016)	(1,022)

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. 815 million as of December 31, 2008 (2007: negative fair value of QR.114 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.

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

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 24(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)

22. 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. 9.6 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.

23. 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	2008	2007 (Restated)
Total debt (Borrowings)	11	19,231,514	10,077,421
Cash and cash equivalents	17	(1,953,215)	(1,759,386)
Net debt		**17,278,299**	**8,318,035**
Total equity before hedge reserve and minority interest		5,910,105	5,809,744
Add: Minority interest		4,464	3,656
Adjusted Equity (i)		**5,914,569**	**5,813,400**
Net debt to adjusted equity ratio		292%	143%

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

(Amount Expressed in Thousands of Qatari Riyals)

24. Commitments and Contingencies:

A) Capital Commitments:

(i) One of the subsidiaries of Qatar Gas Transport Company Limited (Nakilat) (QSC) had at December 31, 2008 outstanding commitments for the construction of its vessels.

Details of the commitments are as follows:

	USD '000'	QR. '000'
Commitments to shipbuilders	1,650,287	6,009,566
	========	========

(ii) The Group's share of capital commitments (shipbuilding cost) with regard to joint ventures amounted to approximately USD 47.5 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 December 31, 2008, the Group had the following undrawn facilities:

	USD	QR.
Senior bank facilities	465 million	1,693 million
KEXIM facility	98 million	356 million
KEIC facility	287 million	1,043 million
Subordinated bank facilities	125 million	455 million

Commitment fees relating to these undrawn facilities have been paid up to December 31, 2008.

25. 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.

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. 5,016 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.

26. Profit for the year:

Profit for the year is arrived at after charging staff cost amounting to QR 45.4 million (2007: QR 20.8 million).

27. Comparative Figures:

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