In The Name Of Allah,
The Most Merciful,
The Most Compassionate

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

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

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Board of Directors

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

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

Mr. Salem Batti Al Naimi
Member

Mr. Najeeb Khalifa Al Saada
Member

Mr. Ali Mohammad Al Hammadi
Member

Mr. Nasser Mohammad Al Naimi
Member

Mr. Yaseen Ali Al Binali
Member

Chairman's Message

Al Salam alaikum,

On behalf of the Board of Directors of Qatar Gas Transport Company Ltd. (Nakilat), I have the pleasure to welcome you to our Annual General Meeting and present the Company's Fourth Annual Report, and significant achievements for the year ending 31st December 2008.

Throughout 2008, Nakilat continued the development and building of our important partnerships with our key joint venture companies which together own and operate 29 liquefied natural gas (LNG) carriers, ranging in capacity from 145,000m³ to 216,000m³. Nakilat's ownership percentage of these partnership vessels range between 20% and 60% an average 43% interest. As of the end of December 2008, 28 of these vessels had been delivered; the final vessel will be delivered in 2009.

In addition to the 29 jointly-owned vessels Nakilat has 25 wholly-owned LNG carriers. All of these ships, ordered from Korean shipyards, incorporate the latest technology for safe, reliable and cost-effective transportation of LNG over many years, and are the result of several years of engineering design work and testing. As of March 31, 2009 eleven of the wholly-owned ships have been received from the ship yards and 14 remain to be delivered. These 25 wholly-owned vessels represent a total investment by Nakilat of approximately US $7.5 billion.

In total, Nakilat's LNG fleet will include 54 LNG carriers comprised of 9 conventional vessels (145,000-154,000m³), 31 Q-Flex vessels (210,000-216,000m³) and 14 Q-Max vessels (263,000-266,000m³). The Q-Flex has approximately 50% and the larger Q-Max has over 80% more capacity than conventional LNG carriers and consume 40% less energy. They are the world's largest and most advanced LNG carriers.

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

In addition to the 54 LNG vessels Nakilat and Qatar Shipping Company Ltd. (Q-Ship), through a Joint Venture Agreement established a special purpose company, "Gulf LPG Transport Company W.L.L." to build and own 4 Very Large Gas Carriers (VLGC's). Nakilat and Q-Ship each has 50% share in the ships built at Hyundai Heavy Industries Co., Ltd., Korea. All 4 ships were delivered by March 2009.

The following are some of the notable achievements realized by Nakilat in 2008.

- **LNG Ship Naming Ceremonies:**

  With RasGas, Nakilat celebrated the naming of 12 Q-Flex ships at the Korean shipyards.

  Five were named at Daewoo Shipbuilding and Marine Engineering Co. Ltd. (DSME), "Al Aamriya", "Murwab", "Fraiha", "Al Oraiq" and "Umm Al Amad".

  Four were named at Samsung Heavy Industries Co. Ltd. (SHI), "Al Kharsaah", "Al Huwaila", "Al Shamal" and "Al Khuwair".

  Three ships, "Al Thumama", "Al Sahla" and "Al Utouriya" were named at Hyundai Heavy Industries Co., Ltd. (HHI). All 12 vessels are under long-term charter agreements to RasGas.

  With Qatargas, Nakilat celebrated the naming of 6 Q-Max ships.

  On July 11th, Her Highness Sheikha Mozah Bint Nasser Al-Missned named the first Q-Max (266,000 CBM) LNG carrier "MOZAH", the very first Q-Max ever built and the largest and most advanced LNG carrier in the world. The special ceremony was held at SHI shipyard. At a later ceremony, “Umm Slal” and “Bu Samra” were also named at Samsung.

Three Q-Max ships, “Al Ghuwairiya”, “Lijmiliya” and “Al Samriya” were named at DSME. All six vessels are under long-term charter agreements to Qatargas.

- **LNG Ship Deliveries:**

  Four Q-Max were delivered in 2008:

  In September, “Mozah”, the world’s largest LNG carrier was delivered to Nakilat at Samsung. “Mozah” is the very first of 14 Q-Max ships and is also the first of Nakilat’s 25 wholly-owned LNG carriers.

  “Umm Slal” and “Bu Samra” were also delivered at SHI and Al Ghuwairiya” was delivered at Daewoo.

  It is also note worthy to mention that Nakilat celebrated the safe arrival of the first Q-Flex LNG carrier to the United States. “Al Gharrafa” discharged her cargo at the newly commissioned Sabine Pass LNG Terminal in Louisiana and was the largest LNG carrier to ever transit the Sabine Channel.

- **Liquid Petroleum Gas (LPG) Ships:**

  Nakilat and Q-Ship named 4 Very Large Gas Carriers’ (VLGC’s), “Bu Sidra”, “Umm Laqhab”, “Al Wukir” and “Lubara” at naming ceremonies held at Hyundai. The 4 VLGC’s are owned through a 50:50 joint venture between Nakilat and Q-Ship named “Gulf LPG Transport Company W.L.L.”. All ships were delivered by March 2009.

  The vessels are commercially employed under a Joint Operating Venture between Gulf LPG and MOL.

- **Ship Repair Yard:**

  In 2007, Nakilat and Qatar Petroleum finalized the definition of the five-phase strategy to develop facilities for the construction and maintenance of a wide range of marine and offshore structures.

  During 2008, implementation of the strategy proceeded according to plan. The centre point is a large Ship Repair Yard, designed for the repair and maintenance of very large LNG carriers and a wide range of other vessels, as well as the conversion of tankers to Floating Production, Storage and Offloading (FPSO) and Floating Storage and Offloading (FSO) units.

  The 43-hectare Ship Repair Yard, built on reclaimed land, is part of the massive expansion of the Port of Ras Laffan, and is scheduled to begin operations in 2010. Work also commenced in 2008 on building a Ship Construction Facility for small, high-value vessels, and is scheduled for completion in late 2009.

- **Major Contract Awards:**

  Nakilat awarded a major contract to Hyundai Samho Heavy Industries Company Limited and Hyundai Corporation (acting collectively as the contractor) for ten (10) jib cranes. The cranes are required for operation alongside the quays and dry-docks of Nakilat’s new world-class shipyard which is being built in the Port of Ras Laffan.

  Nakilat signed an agreement with WOQOD to supply marine lubricants and technical services to Nakilat’s fleet of 25 wholly-owned LNG carriers. The agreement includes the supply of both the initial fill volumes required by the shipyards prior to delivery of each vessel and the top up volumes required for operations by the fleet on a global basis.

  Nakilat entered the first fifteen of its wholly owned LNG vessels with the two largest P&I clubs in the world – Assuranceforeningen Gard and The Standard Club. The announcement marked the conclusion of a detailed selection process culminating in a closed bid competitive tender by a shortlist of international P&I clubs.

- **Finance:**

  Nakilat successfully raised US$1.5 billion of debt under its existing program financing from a group of 12 international and regional banks, together with Korean Export Insurance

Corporation (KEIC). The incurrence of this debt will keep Nakilat adequately funded and solidly on track to complete its acquisition of a fleet of 25 LNG vessels currently under construction at the Korean shipyards.

The senior secured debt rating and the subordinated secured debt rating of ‘A+’ and ‘A’ by S&P respectively, and ‘Aa2’ and ‘Aa3’ by Moody’s respectively, were maintained in an increasingly deteriorating market. Nakilat completed $1.5 billion financing in difficult market conditions once again proving Nakilat’s prime status in today’s financial market.

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

The Nakilat Agency Company acts as the exclusive “full port agency service” for all local and international ships calling at the Port of Ras Laffan.

The business is diverse and the agency attends to all port and regulatory matters to ensure the most effective turnaround of ships loading or offloading at Ras Laffan.

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

In conclusion, I believe that Nakilat is well placed financially, operationally and managerially to meet its planned strategic targets and to seize new opportunities. In a few short years Qatar will produce over 30% of the global LNG supply and Nakilat will deliver Qatar’s energy to the world in a safe and reliable manner.

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

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


AL MAYEDA
المايدة

Board of Directors Report

The Board of Directors of Qatar Gas Transport Company Ltd. (Nakilat) is pleased to present its Annual Report, which covers the year 2008. Nakilat (which means "carrier" in Arabic) was established in 2004 by the State of Qatar to coordinate the overall transportation requirements for all LNG projects in the country.

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

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

As part of the progression to integration of the full LNG supply chain in Qatar and in order to create a vehicle for private investment in the LNG industry to Qatari citizens, Nakilat's activities are currently focused on the transportation of LNG to global markets. In addition, Nakilat also plans to operate in other sectors of the Qatari marine services market including ownership and operations of a world-class Ship Repair Yard and the inclusion of LPG carriers and sulphur vessels into their fleet.

With its range of gas-based export projects and a growing portfolio of gas expansion schemes, Qatar has proved to be one of the most adaptable Gulf states in opening its doors to foreign direct investment. Nakilat is an example of this investment opportunity. Such foresight from the Emir, H.H. Sheikh Hamad Bin Khalifa Al-Thani, has laid the foundation for the country's impressive economic advancement.

About Nakilat

Nakilat (which means “carriers” in Arabic) is a Qatari shipping company that forms an integral link of the LNG supply chain for the State of Qatar. It was established in 2004 and is a joint stock company owned 50% by its founding shareholders and 50% by the public as a result of an IPO in 2005.

Nakilat is building a large fleet of vessels to transport LNG produced from Qatar’s North Field, the world’s largest non-associated gas field with approximately 15% of the world’s proven reserves, to global markets. By 2010, Nakilat will own 54 LNG vessels, making it the largest LNG ship owner in the world.

Nakilat Ships at Samsung Heavy Industries Ltd., Geoje Island Korea.

Our Strengths

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

Nakilat is a Highly Rated World-Class Carrier:
The senior bonds issued by Nakilat received very high investment-grade ratings from the international rating agencies: Aa2 from Moody's, A+ from S&P and A+ from Fitch, recognizing the very strong credit underlying the financing.

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

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

Sound Operating and Management Program:
Nakilat has entered into a strategic

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

World-Class Ship Repair Yard:
Nakilat is developing a new world-class ship repair yard and dry dock facility in Ras Laffan and has formed a Joint Venture with Keppel Offshore & Marine - a global leader in ship conversion and repair as well as a specialized shipbuilder - to operate the new yard.

Strong sponsorship of the entire chain from the State of Qatar

Upstream

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

ExxonMobil
قطر للبترول Qatar Petroleum
ConocoPhillips
Marubeni CORPORATION
TOTAL
MITSUI & CO.,LTD.

Midstream/Shipping

Qatari upstream ventures ship LNG in the state of the art vessels, which are chartered through long-term time charters with reputable ship owners and operators including Nakilat.

NAKILAT ناقلات

Downstream/Regasification

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

ExxonMobil
ConocoPhillips
TOTAL
قطر للبترول Qatar Petroleum

Marketing

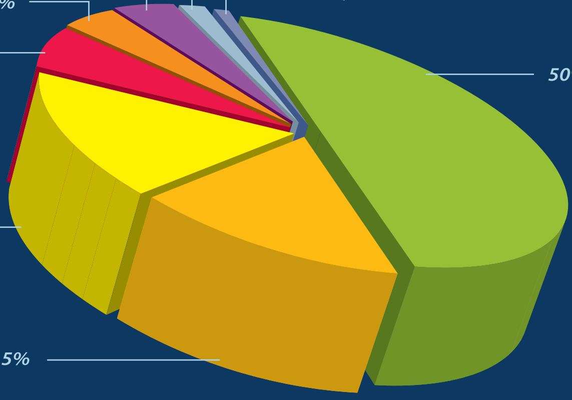
Qatari upstream ventures have long term LNG sales contracts with a range of credit worthy off-takers in multiple markets in the United States, Asia & Europe.

Snapshot of Nakilat

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

- LNG critical to Qatar Petroleum (QP) and State of Qatar
- RasGas and Qatargas ventures vital to QP and international oil companies partners
- Transportation integral to connecting gas reserves and infrastructure to market
- Nakilat established to play a key role in shipping for Qatari LNG projects

Our Shareholders



Qatar Petroleum (QP)

QP manages Qatar's interests in substantially all oil, gas, petrochemical and refining enterprises in Qatar and abroad. QP, previously known as Qatar General Petroleum Corporation, was created in 1974 by Emiri Decree and is wholly-owned by the State of Qatar. QP is engaged in all phases of the hydrocarbon business, including exploration drilling, production, refining, transportation, storage, regional sales and exports. Since 1988, the State of Qatar has entrusted QP with the responsibility of supervising hydrocarbon exploration and production activities conducted in Qatar in conjunction with foreign companies. QP owns a majority interest in companies engaged in crude oil, LNG, steel and fertilizer production and most of the companies engaged in petrochemical production in Qatar.

Additionally, QP is involved, either through joint ventures or as the agent of the State of Qatar, in all the GTL and pipeline gas supply projects in Qatar. Further information about QP can be found at www.qp.com.qa

Qatar Shipping Company (Q.S.C)

Q-Ship is a diversified Qatar- based shipping company offering comprehensive services to meet specific needs in the shipment of LPG, LNG, crude and clean oil.

Further information about Q-Ship can be found at: www.qship.com.

Qatar National Navigation & Transport Company (QNNTC)

QNNTC is also a diversified Qatar- based shipping company offering, among other things, marine transport, freight, trading, vessel repair and fabrication, shipping agency and cargo handling ervices.

QNNTC also provides offshore service vessels. QNNTC owns a large fleet of container vessels, general cargo vessels, barges and tugs.

Further information about QNNTC can be found at: www.qatarnav.com.

Since inception, Nakilat has formed a number of joint ventures with international shipping companies, with non-operating equity interests, ranging from 20-60%, in 29 LNG vessels. These international shipping companies include: Maran Gas, Teekay, OSG, Pronav, MOL, Mitsui & Co, NYK, K-Line and Iino Lines. In addition, Nakilat has contracted to build 25 wholly-owned Q-Flex & Q-Max LNG vessels that will be fully operational by 2010. Nakilats' total LNG fleet will consist of 54 vessels.

Mesaimeer on Sea Trials

Our Ventures

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

Nakilat Inc.

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

Nakilat Shipping (Qatar) Limited

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

Nakilat-Keppel Offshore & Marine

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

Nakilat Agency Company Limited

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

Nakilat Svitzerwijsmuller W.L.L.

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

Gulf LPG Transport Company W.L.L.

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

Maran Nakilat Company Limted

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

Peninsula LNG Transport No. 4 Ltd.

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

Teekay Nakilat Corporation

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

OSG Nakilat Corporation

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

QGTC Nakilat (2245-8) Investment Ltd.

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

J5 Nakilat No.1 to No 8 Ltd Companies

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

Teekay Nakilat (III) Corporation

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

India LNG Transport Company (N0. 3) Limited

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

Our Charterers

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

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

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

Qatargas Operating Company Limited (Qatargas)

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

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

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

Today Qatargas is exporting 10 mta of LNG from the existing three LNG trains to customers in Japan and Spain.

Currently the company is undergoing a period of rapid expansion, which when completed in 2010 will see Qatargas exporting 42 mta per annum of LNG to markets in Europe, Asia and North America.

RasGas Company Limited (RasGas)

RasGas is one of the premier integrated LNG enterprises in the world. Since its creation in 2001, RasGas has developed world-class facilities for the extraction, storage, processing and export of LNG, and has entered into long-term agreements on behalf of the project owners to supply LNG to customers in Korea, India, Italy, Spain, Belgium, Taiwan and the United States of America.

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

RasGas operated LNG projects currently produce over 20 mta with five trains in operation. It is expected that this production will reach 35 mta by the end of the decade with the completion of seven operational trains.

In 2008, we made excellent progress. Following are some of the notable achievements realized by Nakilat in 2008:

- Significant progress achieved in setting up company Safety, Health and Environment (SHE) management systems and the foundation laid for Nakilat Corporate, Fleet, Agency and Ship Repair Yard Project SHE management. Nakilat achieved "zero harm" to company employees and the Ship Repair Yard Project achieved 2.6 million main hours without a Lost Time Incident (LTI).
- Construction of Nakilat's 25 wholly-owned LNG vessels continues on schedule. Four of the vessels were delivered in 2008; an additional 18 will be delivered in 2009 and 3 in early 2010.
- Systems and procedures were established to administer the Master Services Agreement (MSA) with Shell International Trading and Shipping Company Ltd. (STASCO) to contractually operate Nakilat's wholly-owned LNG vessels.
- Her Highness Sheikha Mozah Bint Nasser Al-Missned named the very first Q-Max (266,000 CBM) LNG carrier, "MOZAH" - the world's largest LNG vessel - at a special ceremony held at Samsung Heavy Industries Co., Ltd. in Korea
- At year-end 2008, twenty-eight (28) joint venture (JV) LNG vessels were in operation; the final JV vessel will be delivered in 2009.
- Celebrated the safe arrival of the first Q-Flex LNG carrier – "Al Gharrafa" to the United States.
- "Duhail" became the first Q-Flex and the largest LNG ship to pass through the Suez Canal.
- Nakilat and Qatar Shipping Company (Q-Ship), finalized a 50:50 Joint Venture Agreement establishing a special purpose company, "Gulf LPG Transport Company W.L.L" which is responsible for the construction, ownership and operation of 4 Very Large Gas Carrier's (VLGC's) built at Hyundai Heavy Industries Co., Ltd., Korea. All of the ships were delivered by March 2009.
- Nakilat signs an agreement with WOQOD to supply marine lubricants and technical services to Nakilat's fleet of 25 wholly-owned LNG carriers
- Nakilat's procurement of Hull & Machinery insurance for its 25 wholly-owned vessels was one of the largest placements in marine insurance history.
- The senior secured debt rating and the subordinated secured debt rating of 'A+' and 'A' by S&P respectively, and 'Aa2' and 'Aa3' by Moody's respectively, were maintained in an increasingly deteriorating market.
- Nakilat completed $1.5 billion financing in difficult market conditions once again proving Nakilat's prime status in today's financial market.
- Nakilat and QP finalized a five-phase strategy to develop a world-class Ship Repair Yard. All five phases have made excellent progress.
- Recruitment and training of seafarers required for Nakilat's 100% owned fleet is progressing in accordance with the implementation plan.

Nakilat financial results for the year ended 31 December 2008 include the following highlights:

- Total 2008 net profit from operations was QR 214.1 million compared with QR 129.7 million for 2007, an increase of 65%. 2008 net profit after fair value hedge loss from joint ventures was QR 129.9 million compared with QR 90.4 million for 2007. The fair value hedge loss of QR 84.2 million for 2008, compared with QR 39.3 million for 2007, was due to a technical disqualification (for accounting purposes) of the applicable derivatives (carried in the books of certain of the company's overseas joint ventures) as hedging instruments in accordance with International Accounting Standard 39. The change in the accounting treatment is only a non-cash accounting entry and does not affect the economics of the derivative transactions nor the cash flows or liquidity of the company. Nakilat and its joint ventures are exposed to high interest rate risk on borrowed funds. The risk is managed by the use of interest rate swap contracts, which will protect the company from increases in interest rates in the future. Majority of Nakilat and its joint ventures borrowings were obtained at the time the company's time charter party agreements were signed with our charterers.
- Total Assets of Nakilat as of 31 December 2008 was QR24.5 billion, increased by QR8.5 billion from 2007. Current assets, including cash and bank balances stood at QR2.1 billion as of 31 December 2008. Non-current assets, consisting mainly of investments in LNG carriers, property and equipment and other assets, were QR22.3 billion, increased by QR8.9 billion from 2007.
- Total borrowing as of 31 December 2008 was QR19.1 billion compared to 10.1 billion as of 31 December 2007 reflecting additional loan incurred primarily to finance the construction of LNG vessels.
- Total equity before hedge reserve and minority interest as of 31 December 2008 was QR5.9 billion compared to QR5.8 billion as of 31 December 2007. Negative hedging reserve as of 31 December 2008 was QR5.9 billion compared with QR1.1 billion as of 31 December 2007. The negative hedging reserve represents an accounting entry from the revaluation to fair value of interest rate swaps. The hedging reserve is expected to decrease over time as loans are repaid and 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 operations. 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.

Construction

2008 proved to be another milestone year when Nakilat took delivery of the world's largest LNG vessel "Mozah", named after Her Highness Sheikha Mozah bint Nasser Al Missned, on 29 September 2008. This delivery was followed closely by "Umm Slal" on 29 November, "Al Ghuwairiya" on 15 December and "Bu Samra" on 29 December, 2008. Another 18 vessels are due to be delivered in 2009 and the remaining 3 in 2010. By the third quarter of 2010 all of Nakilat's twenty-five (25) wholly-owned LNG vessels are expected to be in operation.

The three major shipyards in Korea, namely Hyundai Heavy Industries Co. Ltd. (HHI), Daewoo Shipbuilding & Marine Engineering Co. Ltd. (DSME) and Samsung Heavy Industries Co. Ltd. (SHI), were contracted to build all of Nakilat's vessels.

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

Wholly-Owned LNG Vessels:

Nakilat has 25 wholly-owned LNG carriers. All of these ships, ordered from Korean shipyards, incorporate the latest technology for safe, reliable and cost-effective transportation of LNG over many years, and are the result of several years of engineering design work and testing. These 25 wholly-owned vessels represent a total investment by Nakilat of approximately US $7.5 Billion.

In total, Nakilat's LNG fleet will include 54 LNG carriers comprised of 9 Conventional vessels (145,000 - 154,000 m^3), 31 Q-Flex vessels (210,000 - 216,000 m^3) and 14 Q-Max vessels (263,000 - 266,000 m^3).

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

WHOLLY- OWNED LNG VESSELS

	Hull Number (Name)	Type	Operator
1)	1675 (Mozah)	Q-Max	NAKILAT / STASCO
2)	1676 (Umm Slal)	Q-Max	NAKILAT / STASCO
3)	2255 (Al Ghuwairiya)	Q-Max	NAKILAT / STASCO
4)	1677 (Bu Samra)	Q-Max	NAKILAT / STASCO
5)	2256 (Lijmiliya)	Q-Max	NAKILAT / STASCO
6)	2257 (Al Samriya)	Q-Max	NAKILAT / STASCO
7)	1694 (Al Mayeda)	Q-Max	NAKILAT / STASCO
8)	1908 (Mesaimeer)	Q-Flex	NAKILAT / STASCO
9)	1695 (Mekaines)	Q-Max	NAKILAT / STASCO
10)	2264 (Al Sheehaniya)	Q-Flex	NAKILAT / STASCO
11)	1696 (Al Ghashamiya)	Q-Flex	NAKILAT / STASCO
12)	2265 (Al Sadd)	Q-Flex	NAKILAT / STASCO
13)	1697 (Al Mafyar)	Q-Max	NAKILAT / STASCO
14)	2266 (Onaiza)	Q-Flex	NAKILAT / STASCO
15)	1909 (Al Kharaitiyat)	Q-Flex	NAKILAT / STASCO
16)	1910 (Al Rekayyat)	Q-Flex	NAKILAT / STASCO
17)	2283 (Al Khattiya)	Q-Flex	NAKILAT / STASCO
18)	2284 (Al Kharaana)	Q-Flex	NAKILAT / STASCO
19)	1726 (Al Dafna)	Q-Max	NAKILAT / STASCO
20)	2285 (Al Nuaman)	Q-Flex	NAKILAT / STASCO
21)	1751 (Shagra)	Q-Max	NAKILAT / STASCO
22)	1752 (Zarga)	Q-Max	NAKILAT / STASCO
23)	2286 (Al Bahiya)	Q-Flex	NAKILAT / STASCO
24)	1753 (Aamira)	Q-Max	NAKILAT / STASCO
25)	1754 (Rasheeda)	Q-Max	NAKILAT / STASCO

Nakilat has key joint venture partnerships with the world's leading shipping companies which together own and operate 29 LNG carriers. Nakilat's ownership percentage of these partnership vessels range between 20% and 60% and averages 43% interest.

Nine (9) are Conventional sized with cargo capacity of 150,000 m^3 and 20 are Q-Flex vessels with cargo capacity of 210,000 m^3 - 216,000 m^3.

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

JOINTLY-OWNED LNG VESSELS

	Vessel's Name	Type	Nakilat's Equity	Operator
1	Maran Gas Asclepius	Conventional	30%	Maran Gas Maritime
2	Umm Bab	Conventional	30%	Maran Gas Maritime
3	Simaisma	Conventional	30%	Maran Gas Maritime
4	Al Jassasiya	Conventional	30%	Maran Gas Maritime
5	Al Marrouna	Conventional	30%	Teekay Shipping
6	Al Areesh	Conventional	30%	Teekay Shipping
7	Al Daayen	Conventional	30%	Teekay Shipping
8	Ejnan	Conventional	30%	NYK
9	Hull No. 1686	Conventional	20%	Petronet
10	Al Huwaila	Q-Flex	60%	Teekay
11	Al Kharsaa	Q-Flex	60%	Teekay
12	Al Shamal	Q-Flex	60%	Teekay
13	Al Khuwair	Q-Flex	60%	Teekay
14	Al Gharrafa	Q-Flex	50.1%	OSG
15	Al Hamla	Q-Flex	50.1%	OSG
16	Al Gattara	Q-Flex	50.1%	OSG
17	Tembek	Q-Flex	50.1%	OSG
18	Al Ruwais	Q-Flex	45%	PRONAV
19	Al Safliya	Q-Flex	45%	PRONAV
20	Duhail	Q-Flex	45%	PRONAV
21	Al Ghariya	Q-Flex	45%	PRONAV
22	Al Aamriya	Q-Flex	40%	MOL
23	Murwab	Q-Flex	40%	MOL
24	Fraiha	Q-Flex	40%	MOL
25	Al Thumama	Q-Flex	40%	NYK
26	Al Sahla	Q-Flex	40%	NYK
27	Al Utouriya	Q-Flex	40%	NYK
28	Al Oraiq	Q-Flex	40%	K-Line
29	Umm Al Amad	Q-Flex	40%	K-Line

LPG Vessels

In addition to its fleet of LNG vessels, Nakilat owns 4 Very Large Gas Carriers (VLGC's) of 82,000 cbm each. These VLGC's are managed and operated by a special purpose company "Gulf LPG Transport Company W.L.L." through a 50:50 joint venture agreement with Qatar Shipping Company (Q-Ship). All 4 ships were built at Hyundai Heavy Industries Co., Ltd., Korea.

Nakilat also provides shipping services to Tasweeq to cover its LPG and Sulphur export requirements.

	Vessel's Name	Size	Nakilat's Equity	Operator
1	Bu Sidra	82,200 m³	50%	NAKILAT / STATSCO
2	Umm Laqhab	82,200 m³	50%	NAKILAT / STASCO
3	Al Wukir	82,200 m³	50%	NAKILAT / STASCO
4	Lubara	82,200 m³	50%	NAKILAT / STASCO

Ship Management

Management of the LNG Fleet is contracted to Nakilat Shipping through a Master Services Agreement (MSA) signed with Shell International Trading and Shipping Company Limited (STASCO) in 2006. This agreement covers a full range of services including the provision to hand over the full management of the LNG vessels within 8 to 12 years after delivery of the last Q-Max vessel. The Agreement also allows for Nakilat to appoint STASCO to handle the technical management of the LPG vessels, under similar arrangements to those of the LNG vessels.

Nakilat Shipping Operations

Nakilat has developed its own Shipping Operations, Health, Safety, Environment & Quality (HSEQ) and Technical sections to administer and oversee the activities of shipbuilding and management to ensure that standards exceed international industry requirements, that costs are controlled and that Joint Venture owners operate the jointly-owned LNG vessels competently, upholding the reputation of Nakilat.

In addition, Nakilat with the assistance of the Qatar Foundation is conducting a feasibility study for the establishment of a high caliber, internationally recognized International Maritime Academy in Qatar (IMAQ) to service and support the rapidly growing maritime sector. The intention is to establish an IMAQ in alliance with one of the world's leading maritime institutions to create a regional "center-of-excellence" in education and training in the marine, shipping and offshore industries.

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

Conventional LNG Benchmark (145,000m^3)

- Smaller capacity limits economies of scale, capital cost, operating efficiency
- Boil-Off-Gas (BOG) used for steam propulsion, larger cargo loss amplified on longer trips

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

- Reliquefaction system separates the propulsion system from BOG handling, maximizing delivered volumes
- Twin engine/twin screw, enhanced propulsion
- Superior fuel efficiency, reliability and maneuverability
- Increased hull size, but maintaining same draft, due to depth limitation in Ras Laffan Port

Key Technologies on the Nakilat Fleet of Q-Flex and Q-Max Vessels

Superior Ship Technology Coupled with Proven Design Principles

"Gaz Transport" Membrane

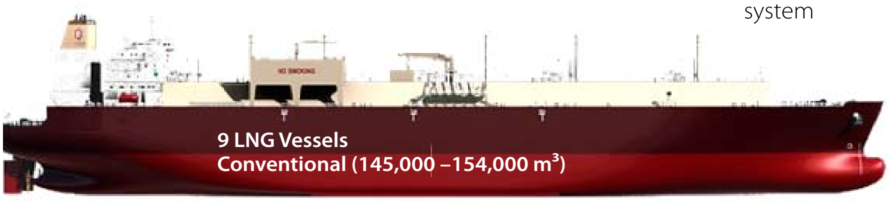
- Increased shipyard capacity
- Reduced Suez Canal fees/ costs
- Flat deck reduces wind resistance

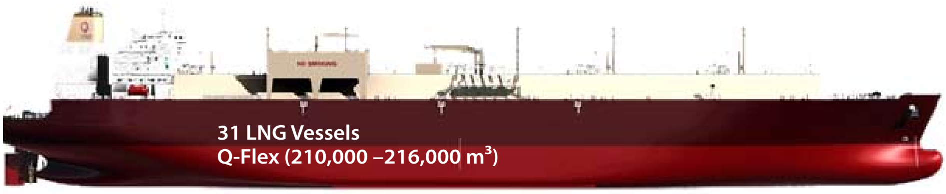
Enhanced Reliquefaction System

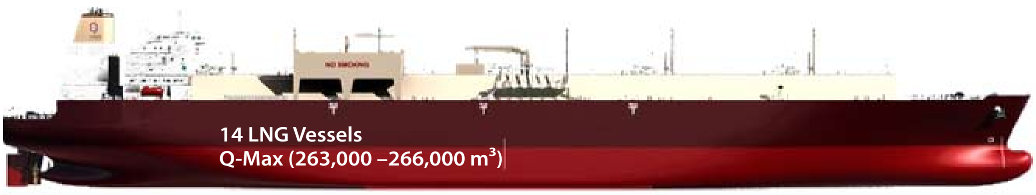
- Separates propulsion from BOG
- Simple two cycle reliquefaction converts BOG to liquid
- Maximizes LNG delivered
- Backup by gas combustion unit

Advanced Propulsion Technology

- Diesel engines
- Thermal efficiency
- Proven reliability
- Twin skeg. Twin propellers and rudders
- Hydrodynamic efficiency, redundancy, maintainability
- Latest hull antifouling protection.
- Improved fire-protection system







Ship Repair Yard & Related Ventures

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

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

Phase	Activity
Phase 1	Repair and conversion of very large ships (e.g. LNGCs, VLCCs)
Phase 2	Repair of medium-sized ships (e.g. 20,000 dwt to 80,000 dwt)
Phase 3	Fabrication and maintenance of offshore structures (and components for land-based petrochemical plant)
Phase 4	Construction of high value small ships (< 120m length)
Phase 5	Repair of small ships (< 20,000 dwt)

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

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

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

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

Site area: 43 hectares.

Dry docks: One dock 400m long x 80m wide; one dock 360m long x 66m wide; both with 12m of water over the sill.

Floating dock: One floating dock 230m long x 38 m wide, 20,000t lift capacity.

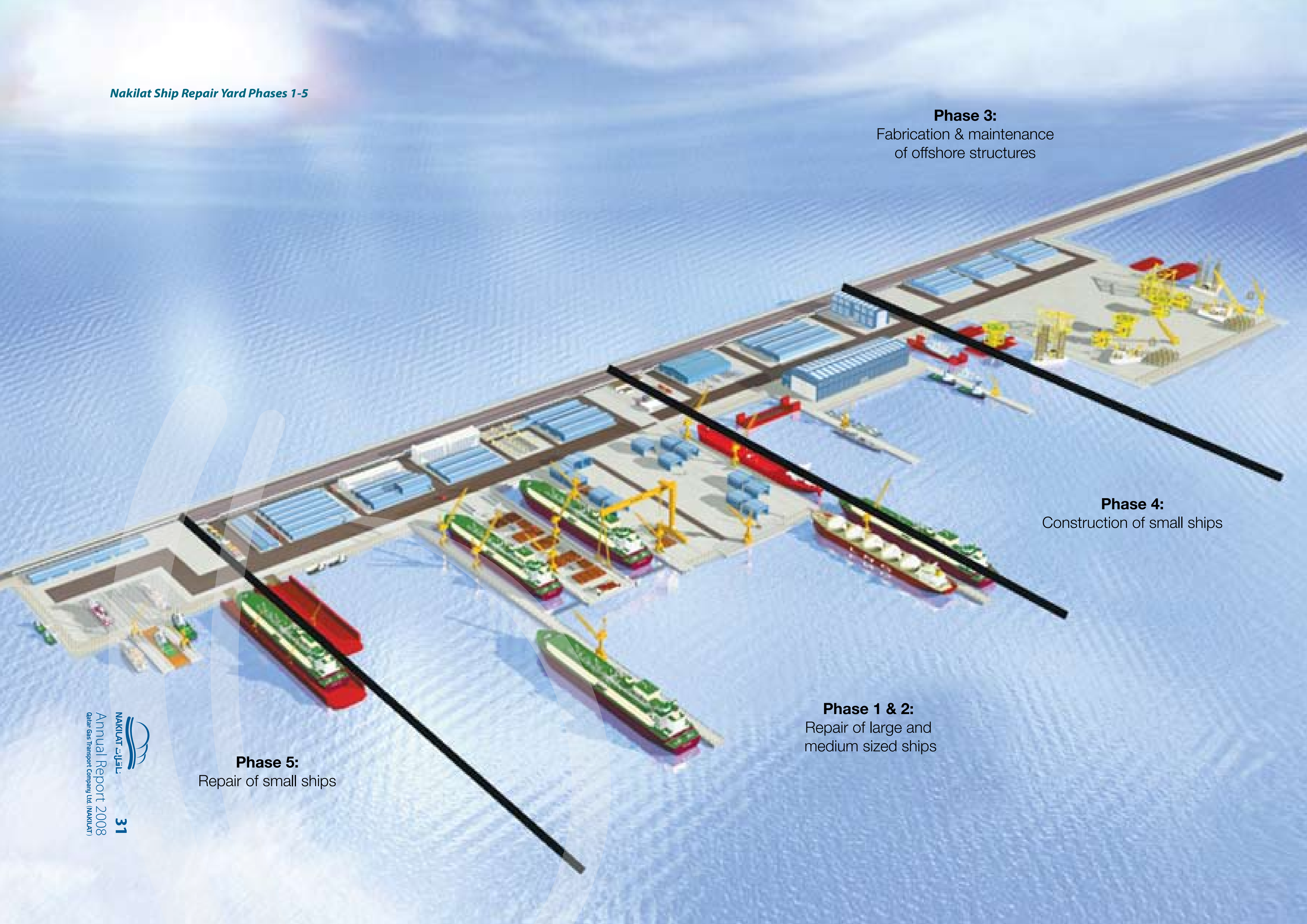
Quays: Six full length berths, totalling 2.4 kms in length.

Workshops: Full range of support facilities, such as machine shop, pipe shop, steel shop, stores.

Other: Offices, amenities, medical centre, fire station, facilities for ships' crew, etc.

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

Nakilat Ship Repair Yard Phases 1-5



Satellite photo of the Port of Ras Laffan

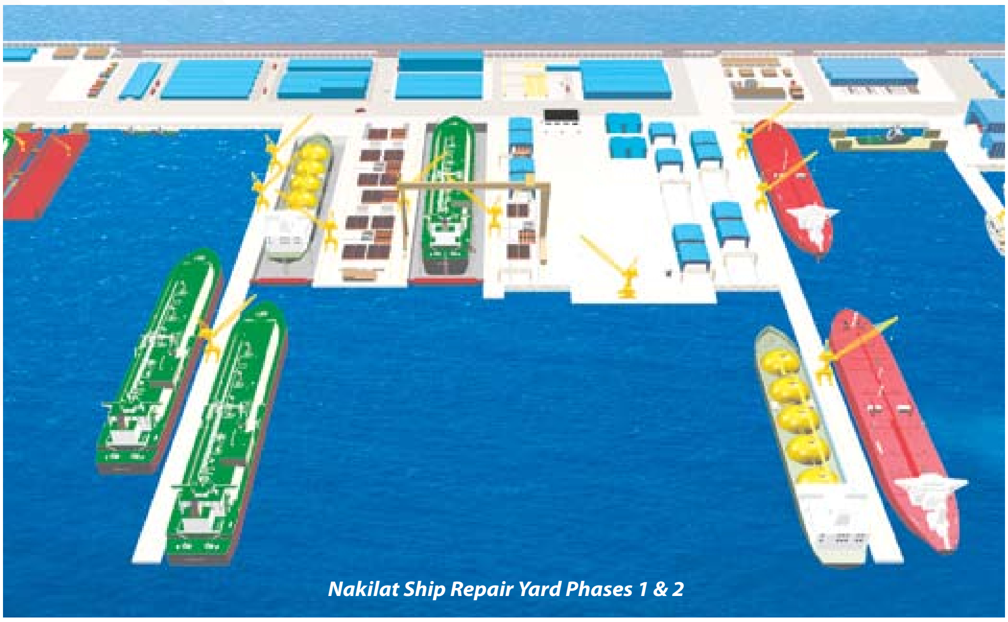
By the end of 2008, the PTF comprised some 55 persons, and much had been achieved:

Phases 1 and 2:

Major Ship Repair Yard

- Environmental Impact Assessment completed, and Permit to Construct obtained from the Ministry of the Environment.
- Basic design and engineering work complete.
- Site reclamation (some 43 hectares) complete.
- Detailed design well advanced.
- Major construction contracts awarded.
- Procurement of major items of equipment complete.
- Dewatering of dry docks excavation complete.
- Construction of dry docks commenced.
- Piling for buildings more than 90% complete.
- Erection of steelwork for buildings commenced. .

Phases 1 and 2 are scheduled to commence operations in early 2010. Construction work is currently on schedule.



Nakilat Ship Repair Yard Phases 1 & 2

Nakilat Ship Repair Yard Phases 3 & 4

Phase 3:

Yard for Fabrication and Maintenance of Offshore Structures

By the end of December 2008, the status of Phase 3 was as follows:

- Market Assessment complete.
- Key characteristics of site determined.
- Overall facility layout complete.
- Site reclamation almost complete.
- Feasibility Study well underway.

The target date for completion of Phase 3 will be determined during 2009, following completion of the Feasibility Study.

Phase 4:

Ship Construction Facility (Vessels < 120m length).

The range of activities to be undertaken in the new Ship Construction Facility was agreed with QP to be as follows:

Ship types:

- Commercial vessels.
- Coastal defence vessels (Navy and Coastguard).
- Luxury yachts.

Ship sizes:

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

Activities:

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

As of end-December 2008, the status of Phase 4 was:

- Ground investigation complete.
- Reclamation of site complete.
- Engineering more than 80% complete.
- Environmental Impact Assessment complete, and Permit to Construct obtained from the Ministry of the Environment.
- Major construction contracts awarded.
- Piling for buildings more than 90% complete.
- Erection of steelwork for buildings commenced.
- Procurement of major items of equipment complete.

The target completion date for Phase 4 is end-December 2009. Construction work is currently on schedule.

Phase 5:

Repair of Small Ships:

Phase 5 is an extension of Phases 1 and 2, optimized for the repair of small ships. The addition of Phase 5 will give Nakilat the capability to cover entire ship repair / refit / conversion market from smallest to largest vessels trading into and operating within the Arabian Gulf.

By the end of 2008, the Market Study for Phase 5 had been completed, and the bund for reclamation of the site was almost complete. It is planned to complete the reclamation using surplus material which will become available from Phases 1 & 2, when the cofferdam around the dry docks construction is removed in early 2010.

The schedule for completion of Phase 5 will be determined upon completion of the Feasibility Study in 2009.

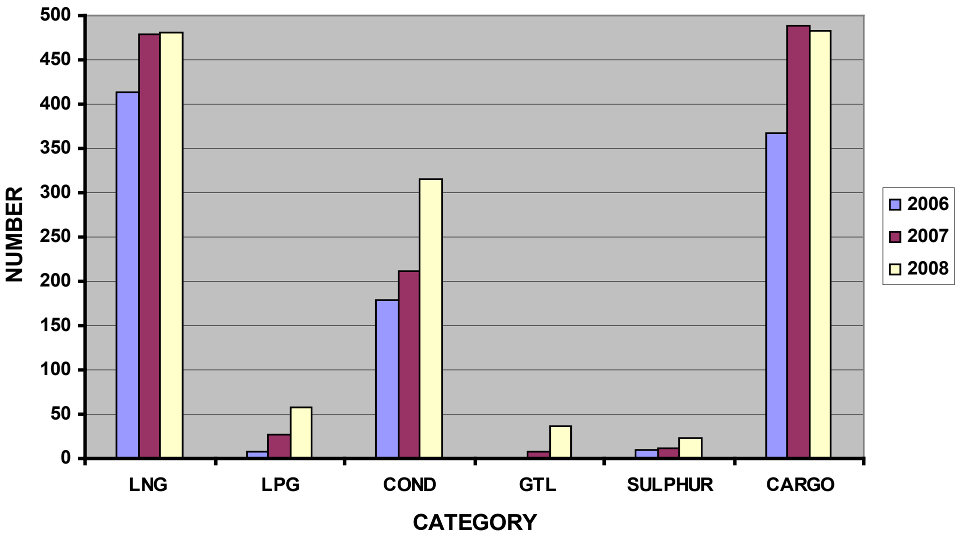
Nakilat Agency

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

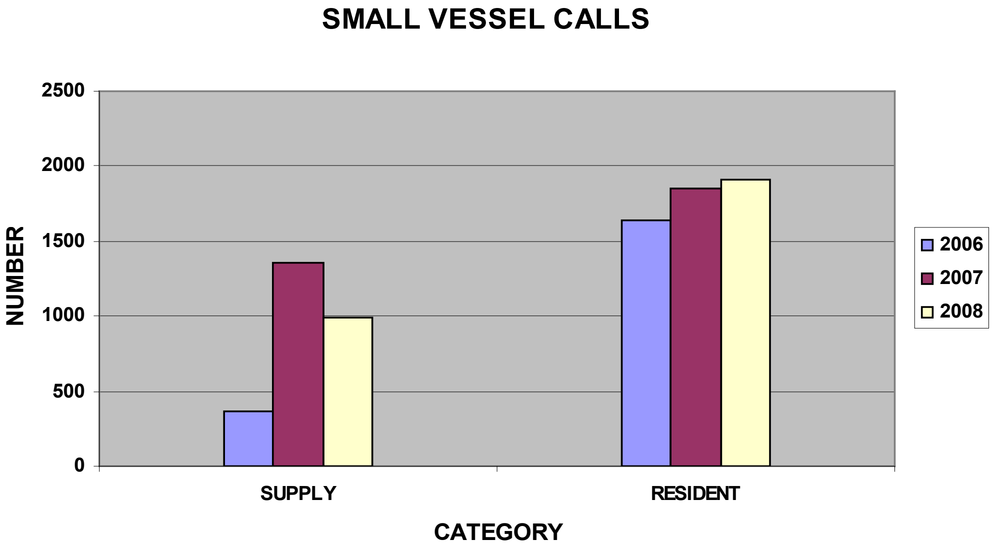
The categories of ships and vessels attended to are:

- Gas Tankers loading LNG for export
- Products and Oil Tankers loading Condensates and GTL Diesel for export.
- Products and Oil Tankers loading Condensates at the SPM 54 km offshore
- Dry Bulk Cargo ships loading Sulphur for export
- LPG Tankers loading gas for export
- General Cargo ships discharging imported construction material and equipment
- Supply and Service vessels supporting the offshore installations and operations
- Dredgers, tugs and barges supporting project work in and around Ras Laffan Port.
- Rigs, tugs and equipment supporting drilling operations.

LARGE VESSEL CALLS



Traffic to and from Ras Laffan Port and the number of vessel calls attended to by NAC are shown in the graphs above. The total number of vessel calls reached 4.344 in 2008.



Growths in product exports continue due to the expansion of current exporters Qatargas, RasGas, Oryx GTL and Dolphin Energy. Nakilat also attend to the vessels loading at the Single Point Mooring buoys 54 kilometers out at sea.

Construction still demands large imports. There was a significant increase in aggregate shipping into Ras Laffan. Supply and Services to offshore installations remained the same, but drilling exercises and dredging operations have been reduced as a number of the offshore and port expansion projects were completed.

LNG exports for Qatargas were supported by Nakilat through a Hub Agency agreement. Customers in Japan, Korea, India, Singapore, Middle East, Egypt, Spain, the United Kingdom and the United States were represented through the S5 Agency Group.

A Government Liaison section, staffed by Nationals, was formed and a milestone was reached when computers and systems were installed and linked to the National Systems for Immigration allowing for the issue of visas and electronic payments to Government bodies at the port.

Manpower is at the full complement. A final round of recruitment in the last quarter of the year has resulted in a skilled and competent workforce.

Port Agency Services

Towage and Harbour Services

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

Vessel Support Services

Nakilat provides vessel support services to all ships calling at Qatari ports. These services include chandlery supply; ship spares management and engineering services at competitive rates. This "One-Stop-Shop" service will assist vessels in meeting demanding voyage schedules efficiently.

Tug Boats Positioning LNG Carrier In the Port of Ras Laffan

NAKILAT ناقلات

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

Contents

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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.

Opinion

In our opinion and based on the clearance reports of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects the financial position of **Qatar Gas Transport Company Limited (Nakilat) Q.S.C.** as of 31 December 2008, 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

Muhammad Bahemia
License No. 103

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**

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

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.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
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			Dry Docking Facility Under Construction	Software System Implementation Cost	Total
	Ship-Building Cost	Other Program Cost	Sub 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.

QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QSC)
DOHA – QATAR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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.