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<td>Gulf Helicopters Co. (Gulf Helicopters)</td>
<td>100.0</td>
</tr>
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<td>Al Koot Insurance and Reinsurance Co</td>
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</tr>
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</tr>
<tr>
<td>Qatar Petroleum LNG Services (QGII) Ltd.</td>
<td>100.0</td>
</tr>
<tr>
<td>Qatar Terminal Co. Ltd.</td>
<td>100.0</td>
</tr>
<tr>
<td>Industries Qatar Q.S.C (IQ)</td>
<td>70.0</td>
</tr>
<tr>
<td>Qatar Nitrogen Co. (QAN)</td>
<td>50.0</td>
</tr>
<tr>
<td>Qatar Holding Int. Ind. Co Ltd. (Qatar Holding)</td>
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</tr>
<tr>
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<td>100.0</td>
</tr>
<tr>
<td>Amwaj Catering Services Company</td>
<td>100.0</td>
</tr>
<tr>
<td>Al Shaheen Energy Services Company</td>
<td>100.0</td>
</tr>
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<tr>
<td>Ras Laffan Liquefied Natural Gas Co.Ltd (RL)</td>
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<tr>
<td>RasGas Company Ltd. (RasGas)</td>
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<td>Ras Laffan Liquefied Natural Gas Co.Ltd (II) (RLII)</td>
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<tr>
<td>Qatar Chemical Company Ltd Q.S.C (Q-Chem)</td>
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</table>

<table>
<thead>
<tr>
<th>C- Other Investments</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Qatar Fuel Co. (WOQOD)</td>
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<td>Arab Petroleum Services Co. (APSC-Libya)</td>
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<table>
<thead>
<tr>
<th>D- Joint Ventures and Subsidiaries of QP Subsidiaries</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Qatar Petrochemical Co. Ltd. (QAPCO)</td>
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<tr>
<td>Qatar Fertilizers Co. Ltd. (QAFCO)</td>
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<tr>
<td>Qatar Fuel Additives Company Ltd (QAFAC)</td>
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<tr>
<td>Qatar Steel Co. Ltd. (SAQ) (QASCO)</td>
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<tr>
<td>South Hook Gas Co. Ltd.</td>
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<tr>
<td>South Hook LNG Terminal Co. Ltd.</td>
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<td>Adriatic LNG Terminal Ltd.</td>
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<tr>
<td>QTL U.S. Holding Corporation, Inc.</td>
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Qatar Petroleum, Committed to Excellence

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In the Name of Allah
the Most Gracious,
the Most Merciful
His Highness
Sheikh Hamad Bin Khalifa Al Thani
Emir of the State of Qatar
His Highness
Sheikh Tamim Bin Hamad Al Thani
The Heir Apparent
Contents

Board of Directors ................................................................. 8
Message from the Chairman ....................................................... 10
Highlights ............................................................................... 12
Key Consolidated Financial Information ...................................... 13
Administration ......................................................................... 14
Information Technology ............................................................ 16
Health, Safety and Environment .................................................. 17
QP Business
   Crude Oil and Gas ................................................................. 18
   North Field Operations .......................................................... 23
   Local Gas and NGL ............................................................... 26
   Refined Products .................................................................... 30
   Petrochemicals ....................................................................... 34
   Industrial Cities ....................................................................... 39
   Services Companies .............................................................. 43
Finance ..................................................................................... 49
Board of Directors

H. E. Abdullah Bin Hamad Al-Attiyah
Deputy Prime Minister
Minister of Energy and Industry
QP Chairman and Managing Director

H. E. Yousef Hussain Kamal
Minister of Economy and Finance
QP Vice Chairman
Dr. Ibrahim Al-Ibrahim  
Member  
Economic Expert, H. H. Emir’s Office

Abdullah Hussain Salatt  
Member  
Senior Advisor, Office of the Deputy Prime Minister and Minister of Energy and Industry

Faisal Mohammed Al Suwaidi  
Member  
Chairman and CEO  
QATARGAS Operating Co. Ltd.

Hamad Rashid Al Mohannadi  
Member  
Managing Director and CEO  
RasGas

Fahad Hamad Al Muhannadi  
Member  
General Manager, QEWC
Our remarkable achievements in 2007 have been clearly demonstrated in the ever increasing output in all sectors of the energy industry. The record growth rate of Qatar’s economy is a direct result of the unprecedented level of expansion in the energy sector, in terms of both size and diversity of oil, gas and petrochemical projects. Stemming from the clear vision of His Highness the Emir Sheikh Hamad bin Khalifa Al Thani, Emir of Qatar, to build a modern self-sufficient and sustainable economy, we are implementing a strategy to achieve the optimal utilization of the country’s natural resources. Without his vision, the wealth of our gas reserves would not have been unlocked over one decade ago and none of the great works in the fields of education, science, art and culture, which we are seeing today in Qatar, would be possible.

In the crude oil business, the daily average production of Al-Shaheen field reached more than 300 thousand barrels in 2007, making Al-Shaheen the most productive field in Qatar. We are currently working with our partners Maersk Oil Qatar to increase the production capacity of the field to reach 525 thousand barrels per day.

Capitalizing on our huge reserves of natural gas, our multi-directional and fast-track strategy to develop the gas industry is making rapid progress. Our large investments to develop the gas industry, extend across the entire value chain of LNG trains, tankers, receiving and gas storage facilities and pipelines.

On 20th March, 2007, His Highness Sheikh Hamad bin Khalifa Al Thani, Emir of Qatar, officially inaugurated RasGas train 5. The inauguration of train 5 has reinforced our position as the world’s largest exporter of LNG. More than half of Qatar’s total 14 LNG trains are now in operation, the remaining trains from Qatargas and RasGas, each with an annual production capacity of 7.8 million tonnes, are currently under various stages of construction.

Based on our profound belief of the leading role that we play in the natural gas industry, we will continue providing the world with reliable, long-term, clean and affordable energy, helping to develop sustainable economic growth around the world. As the global LNG market continues to expand, we will continue pursuing our current expansion plans of LNG projects to raise the annual production capacity to 77 million tonnes by the year 2010.

The economies of scale which come from these mega-size trains is reflected also in the building of an LNG carrier fleet consisting of 56 vessels, including the largest in the world, QMax and QFlex types, capable of delivering 265 thousand cubic meters of LNG, which allows us to make long term commitments to safely and economically supply gas to our customers in almost all parts of the world including distant markets such as the US.

The progress in LNG business has coincided with another equally important development in the diversified gas industry strategy when the Dolphin project achieved its target daily production rate of two billion standard cubic feet of gas. The gas supply from Qatar to the United Arab Emirates goes through a sub-sea gas pipeline, and will shortly fulfill a gas sales agreement to supply Oman. Achieving the agreed maximum daily production rate is the result of commitment and cooperation between the two states at all levels. The magnitude of the Dolphin project symbolizes a real breakthrough in regional cooperation in the field of energy, and paves the way for similar projects in order to achieve common economic goals.

On 22nd February, 2007, His Highness Sheikh Tamim Bin Hamad Al-Thani, the Heir Apparent of the State of Qatar, laid the foundation stone for the Pearl Gas-to-Liquids facility, the
world-scale largest integrated GTL project that will make Qatar the GTL capital of the world. When it is fully functional in 2011, the plant will generate 140,000 barrels per day of Naphtha, Diesel and Lube Base Stocks.

Laying the foundation stone of Qatalum aluminium plant marks the beginning of an aluminium industry in Qatar. By entering into the aluminium business, the State of Qatar is developing a new way to transform its energy into high-quality products for the export market. With Qatalum, Qatar will have a basic industry that will set the basis for a new wave of downstream factories that will flourish and produce added-value products for our domestic market as Qatalum will initiate new business opportunities based on aluminium starting from 2010.

On the other hand, the success we have made in developing Qatar's domestic energy sector, coupled with the growth in the global energy demand, has encouraged us to develop an international position and invest globally in the energy business. Through the establishment of Qatar Petroleum International, we are investing in upstream, midstream and downstream sectors within the oil and gas value chain in order to build a strong portfolio of global assets.

However, while pursuing our ambitions we remain fully aware of our social and environmental responsibilities. We believe that development of natural resources has to be safe and does not damage the natural environment nor harm people. A critical key in addressing this challenge is to do it in a balanced fashion. Keen to preserve the natural environment and provide a safe and healthy workplace, we adhere to a set of stringent local and international regulations and policies.

In 2007 QP continued to organize and host several international and regional energy conferences that attracted leaders and experts from the energy industry. During the year, Qatar has won its bid to host the 20th World Petroleum Congress in 2011, after a massive promotion campaign to host this prestigious event. The WPC conference and exhibition, held every three years, is regarded as the largest event of its kind. This will be the first time in the 75-year history of the World Petroleum Congress that the premier event is being held in the Middle East. Also, Qatar is the first OPEC country to host the event. It will rightly showcase QP’s efforts to place Qatar at the front of the world’s energy industry.

Finally, I would like to take this opportunity to express my sincere appreciation to all Qatar Petroleum employees for their dedication and hard work in making 2007 a great year of milestone achievements.

Abdullah Bin Hamad Al Attiyah
Deputy Premier and Minister of Energy and Industry
QP Highlights 2007

22 - 23 January  6th Annual Gas-To-Liquids Technology & Commercialization Conference

5 - 7 February  1st Joint QP-JCCP Environment Symposium

12 February  Inauguration of Linear Alkyl Benzene Project (LAB), (The SEEF Ltd. Co.), Mesaieed Industrial City

22 February  The Pearl GTL Stone-lying – Ceremony, Ras Laffan Industrial City

14 - 15 March  4th Annual Finance and Investment In Qatar, London

20 March  H. H. Sheikh Hamad Bin Khalifa Al-Thani, Emir of Qatar, Inaugurates RasGas Train 5 in Ras Laffan Industrial City

9 - 10 April  6th Gas Exporting Countries Forum - Doha

26 May  Qatar Petroleum signed a $2bn refinery deal with Tunisia

28 May  3rd Annual Review Meeting of the Five Year Strategic Qatarization Plan.

3 - 4 September  3rd Annual Lloyds List Middle East LNG & LPG Shipping Forum - Doha

4 - 5 September  Middle Eastern LPG Global Market Place Forum, Doha- Qatar

29 October - 1 November  6th Doha Conference on Natural Gas - Doha, Qatar

30 October  Deputy Premier, Minister of Energy & Industry, Chosen as Petroleum Executive of the Year, London

4 - 6 November  3rd Annual HSE Forum in the ME Oil & Gas

14 - 17 November  Qatar Career Fair 2007

19 November  H. H. Sheikh Tamim Bin Hamad Al-Thani, The Heir Apparent, lays Qatalum Foundation Stone, Mesaieed

29 November  Qatar won its bid to host the 20th World Petroleum Congress to be held in 2011

1 December  79th OAPEC Executive Office And Ministers Council Meeting, Doha, Qatar
Key Consolidated Financial Information

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<td>Sales Revenue</td>
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<td>Net Income</td>
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<td>Net Cash Flow from Operations</td>
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<td>33,416</td>
<td>28,296</td>
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<td>Capital Expenditures</td>
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<td>20,008</td>
<td>13,714</td>
<td>6,519</td>
</tr>
<tr>
<td>Total assets</td>
<td>188,336</td>
<td>137,846</td>
<td>105,545</td>
<td>75,119</td>
<td>61,132</td>
</tr>
</tbody>
</table>
INTRODUCTION

The Administration Directorate successfully passed the ‘Annual Surveillance Audit’ by the external certifying agency and maintained its ISO 9001:2000 Certification. The Directorate’s vision in support of QP Corporate Objectives is “To optimize all available resources so that Qatar Petroleum can be recognized nationally and internationally as an ‘employer of choice’ in the hydrocarbon industry”. This vision is cascaded down to each of the DA departments.

Human Resources Services

As part of attracting and retaining qualified competent people, QP benchmarked its compensation package with competitors in GCC and two general employee package adjustments were implemented. For the first time a corporate bonus was distributed in 2007 to show Management appreciation for employees’ contribution, commitment and efforts. The first phase of Integrated Performance Management System was tested in 2007, and is planned to be launched in near future.

The strong world-wide economic situation especially in the oil and gas industry and a rapid economic growth in all industrial sectors in Qatar are challenging our recruitment effort of nationals and expatriates. QP recruited 874 expatriates, 37 direct hire nationals, and 814 Qatari high-school graduates for different vocational training & university scholarship programs.

In line with industry best practice HR Department implemented several employee self-service e applications, HR process enhancements, upgrades and automation. SAP business warehouse was implemented to replace the existing reporting systems, as well as progressive standardization of job titles, and putting job description guide on the intranet.

HR policy awareness on employee related issues was enhanced among the line departments by conducting workshops in Doha and locations. Increased efforts on absenteeism have resulted in better time management and performance in QP departments.

Qatarization

Close liaison and coordination between other ministries and educational institutions have led to progress in terms of mobilization of nationals in QP’s Five-year Strategic Qatarization Plan. At the end of 2007 Qatars accounted for 1890 of the Qatar Petroleum workforce, or 19% of permanent positions in the establishment. Based on headcount the Qatarization percentage is 36%. Qatar Petroleum co-sponsored with Qatar Foundation and Qatar University the first country-wide Career Fair, and 101 companies participated with an estimated visitor count of more than 20,000 visitors.

Corporate Training Services

At the end of the year a total of 3157 Qatari trainees for QP and affiliates are enrolled in CT. Out of this 2334 Qatari trainees are enrolled in vocational training programs and 823 trainees & staff on academic development are undergoing training in Qatar & overseas universities.

Several new professional training programs such as coaching skills, other technical and non-technical programs were developed and conducted. A total of 7464 employees were trained during the year 2007 through overseas, local and in-house courses totaling 23343 man-days. More e-Learning applications were added to meet the staff professional and self development needs. The use of these e-learning programs has registered a four fold increase during the year.

Four new regional training centres in Dukhan, Ras Laffan, Mesaieed and Doha have been planned in accordance with end-users needs. The new Dukhan Training Centre construction is 50% completed and is scheduled to be functional in 4Q 2008.

Corporate Training synergized its efforts with the colleges, universities, and professional institutions in Qatar & overseas on undergraduate and post-graduate program design, and research to ensure compatibility with the O&G industry’s needs.

The Supreme Education Council attached the Technical Independent Secondary Schools to QP to ensure quality. QP will streamline the syllabus taught in the schools and cover up to TAFE certificate II for TPP in school itself. This will reduce the total TPP cycle time from four to two years.

Medical Services

Medical Services provided Health Service to 205,000 patients in company clinics situated in Doha and locations in Dukhan, Mesaieed, Ras Laffan and offshore. MS accomplishments include:

- Established Specialized Occupational Health Units in Doha, Ras Laffan, Dukhan, Mesaieed.
- Implemented QPMS Medical Information Management System across all of QP MS Points of Care.
- Developed and implemented Al-Koot Global Health Insurance Plan.
- Opened Al-Medina Clinic in Ras Laffan.
Completed refurbishment Dukhan Medical Centre.
Licensed all QP Doctors with the National Health Authority and achieved 90% competency assurance to EMT-B level for EMS Staff.
Public Health Programs in Influenza Immunization, Breast Awareness.
Delivered accredited CPR training to Community Members in Dukhan.
Connected all QP Clinics through a system of Video-Conferencing Unit.

To support QP core business, MS developed the following strategy:

- Shift focus from reactive to preventive healthcare.
- Develop extended role of Medical Aid Centres to accommodate temporary expansion plans.
- Focus on out-sourcing specialist and support services and,
- Strengthen liaison with National Heath Authority, Hamad Medical Corporation and Independent health sector.

General Services
General Services explored the ideal strategy for the Facility Management upon completion of QP centralized office complex project. GS in coordination with CT are overseeing the project implementation, procurement and installation of specialized training equipment in the new regional training centres. The department continued to provide efficient service in the areas of housing, facilities services & maintenance, and transport services to support QP operations in Doha and non-technical records centre services to QP departments in Doha, Dukhan, Mesaieed and Ras Laffan. GS continued to provide support service to newly established and affiliate companies. The operation of clubs in Doha was outsourced to Amwaj Catering Services Company.
Information Technology

Information Technology (IT) plays a strategic role in the continuous success of QP. Through ongoing research and employment of technological best practices, ITD ensures that QP data remains secure whilst being available to operational units within the organisation.

Significant progress was made during 2007 with projects designed to aid hydrocarbon production. A state-of-the-art 128 processor simulator was provided which has drastically reduced the modeling time of a single simulation. Further developments are planned to improve the time it takes to display rendered graphics on a user workstation.

Based on recommendations from the corporate Information Technology Geographic Information Systems (IT/GIS) strategy taskforce, the ultimate objective of IT/GIS is to become the spatial data hub for QP. To accomplish this objective, IT/GIS has invested a significant amount of financial and human resources to acquire a world leading GIS technology infrastructure. QP has witnessed a phenomenal growth in the utilization of GIS technology over the last four years and the QP centralized Geodatabase has now become the second largest database in the enterprise. Projects include the Automated Vehicle Location System (AVLS), Waste Management System, and other on-going GIS data collection activities at Ras Laffan Industrial City, Messaieed Industrial City, and Dukhan.

The expansion of the nationwide fiber-optic network is underway. This will be completed in 2008 and will pave the way for the implementation of a disaster recovery site; meet redundancy requirements between major campuses; and also cater for convergence requirements such as internet protocol telephony (IPT), closed circuit TV (CCTV), and access control.

Due to ever increasing traveling times, it has become increasingly difficult for staff to travel between sites to attend meetings. Videoconferencing has proven to be a viable alternative to travelling between sites and four systems were deployed in various sites during 2007. More implementations are planned for 2008 and this technology has proven to be an extremely useful tool to increase productivity.

ITD is working with the Industrial Security Directorate for defining and establishment of an enterprise-scalable corporate access control system. The pilot implementation is planned for Ras Laffan Industrial City. Some key benefits of the new system include a single card access solution utilizing smart-card technology, biometrics, advanced IP-based CCTV and interfaces to corporate business systems including SAP-HR.

In order to keep users better informed of ITD activities, ITD established the ‘Community Awareness Program’ (CAP) where all focal points for ITD meet on a regular basis to discuss IT-related issues. An ‘e-Mindset Committee’ has been established and ITD will be playing a pivotal role in support of this initiative for further IT-enablement of business processes, including striving towards the paperless office.
Health, Safety and Environment

Sustainable improvement of HSE performance across QP is the main focus of Corporate HSE.

Qatar Petroleum's (QP) dedication to Health, Safety, and Environment stems from His Excellency the Minister of Energy & Industry and extends throughout the corporation.

QP is committed to the health and safety of its employees, contractors, and visitors. The commitment is an integral part of QP business from drilling, construction, operation, and decommissioning safety forms an integral part of the daily business of QP and making sure that all activities are driven by the set HSE policy.

Preserving the natural environment for the future generations and oil spill monitoring and clean up for the State of Qatar is a crucial commitment.

Moreover, plant integrity plays a vital role especially when aging plants are being managed. In addition, to the three pillars health, safety and environment, QP places great emphasis on social responsibility towards the community. At heart, QP conducts its business with the ultimate goal of no accident or harm to employee, third party, or general public.

To achieve this, QP and its subsidiaries make every effort to meet or exceed all applicable standards and legislation on health, safety and environment, both national and State-ratified international conventions and protocols.

The Corporate HSE objectives consist of the following:

- Maintain existing quality systems, ISO 9001, and develop QMS (ISO 14001) and (OHSAS 1800) for all HSE activities.
- Develop, document, issue, maintain and review occupational health and safety policies, objectives, strategies corporate procedures, standards corporate wide.
- Monitor and manage corporate wide compliance on HSE through conducting HSE audits.
- Provide environmental, occupational health and technical safety support and advice corporate wide.
- Identify corporate initiatives and areas of improvement on all HSE matters.
- Promote and enhance employees, contractors, visitors, and general public awareness of HSE issues relevant to pertaining hazards.
- Participate in incident investigation and root cause analysis of major incidents; provide support for incident management on a corporate wide basis.
- Optimize QP’s HSE performance through benchmarking against best practice in Oil & Gas Industry.
- Manage oil spill response operations of the State of Qatar in accordance with national, regional and international legislations/conventions.
- Enhance QP's emergency response capability and preparedness by implementation of contingency planning and proper training and exercises.
- Formulate agreements with and ensure adherence by joint ventures, subsidiaries and government in pursuance of Industries HSE best practice.
- Monitor, guide, and manage corporate safety, environment and health risks.
- Develop and maintain the corporate regulations for the certification of lifting equipment and gas cylinders.
- Ensure compliance of all QP affiliates and contractors in the implementation of the regulations to ensure safety and integrity.
- Implement and monitor corrective and preventive actions effectively towards continuous improvement of the systems, procedures, operations and services.
- Manage the environmental authorization process for QP projects and operations and represent QP to regulatory bodies to ensure that QP complies with regulatory and legal requirements.
- Provide authoritative leadership and advice on sustainable development and oversee the establishment and maintenance of a techno-economic database. These systems shall be used for benchmarking corporate sustainable development performance and for selecting appropriate sustainable development projects that are beneficial for QP.
- Provide guidance and advice to QP operations to identify opportunities for potential Clean Development Mechanism (CDM) projects and to develop and implement CDM project activities to derive economic benefits from sustainable approach to environmental management in its operations.

Qatar Petroleum has incorporated HSE management systems as necessary, to cover all activities be it operations, engineering or administration, also educating and training all staff to make them conscious of their roles and responsibilities regarding HSE activities, improve awareness of HSE issues and promote voluntary participation in HSE activities.

Qatar Petroleum sponsors and promotes several activities and outreach programs to enhance HSE awareness among all its employees, the community, and the public. Developing communication channels to ensure HSE policies and its objective are understood by all our personnel, contractors, customers and to actively seek their input and feedback.
ONSHORE OPERATION

**Dukhan**

Dukhan is a large oil and gas field extending over an area of approximately 80 kms by 8 kms and is located about 80 kms to the west of Doha. Dukhan Field comprises three sectors from north to south - Khatiyah, Fahahil and Jaleha/Diyab Oil and gas are separated in four main degassing stations which are continuously manned namely Khatiyah North, Khatiyah Main, Fahahil Main and Jaleha. Unmanned satellite stations are Fahahil North and Fahahil South, while Khatiyah South is now a manned station. The Diyab satellite station at the south end of the field has no process facilities and the total oil production is sent to Jaleha station for processing. Stabilized crude oil is transported through pipeline to Mesaieed port about 100 km east of Dukhan.

Dukhan oil field has production facilities to produce up to 335,000 barrels per day (B/A). However actual annual production is based on reservoir management requirements. Other production facilities are related to associated gas, non-associated gas, raw NGL production from associated gas, Arab D gas cap NGL and Arab D condensate production. In addition to this, facilities for injection of North Field gas into Khuff Reservoir injection of lean gas into Arab D gas cap and water injection into the main oil reservoirs of Arab C and Arab D for pressure maintenance are also operated on continuous basis in Dukhan.

Dukhan Field has a total of 173 oil producing well, 176 water injection wells and 57 gas producers and injectors wells. According to the latest well status the total number of wells in Dukhan are 596, including all production, injection, observation, closed-in and abandoned wells.

Dukhan operation has storage and export facilities at Mesaieed Terminal. The terminal and export department receives, stores, schedule and exports crude oil and naphtha.

The production support activities comprise facilities of potable water distribution, power station, workshop facilities and communication network in Dukhan Field.

In addition to the above production/process facilities, various housing and recreational facilities are available in Dukhan and clubs, catering and security services are provided to Dukhan residents.

**Marketing and Development Plans**

The main products conditioned for export from Dukhan Fields are crude oil, condensate, NGL and stripped associated gas.

Future facilities expansion plans in consideration are acid gas recovery plant, produced water re-injection facilities, drilling of new well and abandonment of old wells.

**Major Customers**

These products are exported to various internal and external customers:

- Crude oil is exported through terminal operations department at Mesaieed and also supplied to QP refinery at Mesaieed.
- Condensate is exported to refinery in Mesaieed.
- Arab D NGL is exported to NGL-4 at Mesaieed.
- NGL is exported to NGL 1 and NGL 2 in Mesaieed.
- SAG is exported to QNCC, QAPCO and QAFCO via QP Gas Distribution System.

**Future Expansion Plans**

A major project of acid gas removal plant to supply sweet
gas to Dukhan consumers is being planned to be installed in Dukhan by 2011. The project is currently in FEED stage.

Another major project of full field 3-D seismic survey for Dukhan Field is being planned to start from 2008.

New residential, commercial and club facilities are planned for increased level of staff in Dukhan operations. In addition to this a new western district hospital is being constructed near Dukhan.

Historical Background on Dukhan Field Development

Development of Dukhan Field has taken place in various stages. The first well was drilled in 1939/40 confirming the presence of commercial quantity of oil. Further work was suspended due to World War II. Development of Khatiyah sector was started from 1947 onwards and first oil was exported from Mesaieed on 31 December 1949.

Development of the other two sectors Fahahil and Jaleha/Diyab in Dukhan was carried out in stages starting from Fahahil in 1954 followed by Jaleha in 1955. Dukhan Power station was commissioned in 1958. Khuff non-associated gas reservoir was discovered in 1959 at an average depth of 10,000 feet. In 1974 Fahahil stripping plant was also commissioned to recover raw NGL from associated gas. In 1976 first development well in Khuff reservoir was drilled and eight Khuff wellhead treatment plants were commissioned in stages from 1978 to 1982.

Powered water injection to maintain reservoir pressure of both Arab C and Arab D reservoirs was taken up in stages starting from 1989 with the last phase being completed in 1998.

The pressurization of Khuff reservoir with the surplus North Field gas was started from 1992 with the commissioning of a compressor station in Fahahil area.

Arab D gas cap recycling plant to process 800 mmmscf of Arab D Cap Gas and recover 38,000 B/D of stabilized condensate and 750 tonnes/day of NGL was commissioned in 1998. The residue gas is re-injected back into the same reservoir. A major project to upgrade the Arab D plant facilities to recover C2+ raw NGL (about 5600 TPD of NGL) and supply to NGL-4 Project in Mesaieed has been completed and the plant has been commissioned.

A major project of gas lift system to artificially lift the oil for enhancing production and increasing ultimate recovery from the field has been implemented.
Crude Oil and Natural Gas

OFFSHORE FIELDS

QP operates two offshore production stations located in the north east of Qatar territorial waters, PS-2 and PS-3. These are located in the Maydan Mahzam (MM) and Bul Hanine (BH) fields.

Both PS-2 and PS-3 platforms produce crude oil, associated gas and condensate. Oil with condensate is piped to Halul Island for storage and export. Gas is primarily used to assist in lifting the oil from reservoirs and utilized as Halul fuel gas and feed to Mesaieed NGL facilities.

Maydan Mahzam Field
The Maydan Mahzam (MM) field was discovered by well MM-1 in 1963 and was put on production in November 1965. MM field consists of series of heterogeneous carbonate reservoirs.

Oil is exported to the Halul oil terminal with a 14” pipeline. Associated gas is exported to PS1 with a 6” pipeline and from PS1 to Mesaieed with a 24” pipeline.

Bul Hanine Field
The Bul Hanine (BH) field was discovered by well BH-1 (Arab D) in 1965. First production was obtained in 1972. The field consists of a series of heterogeneous carbonate reservoirs.

Oil is exported to the Halul oil terminal with a 20” pipeline. Associated Gas is exported to PS1 with a 10” pipeline and from PS1 to Mesaieed with a 24” pipeline.

2007 Major Activities

MM & BH Reservoir Study Plan: For 2007 the BH Arab D simulation model was delivered and is now being used for well planning, development drilling and for reserves updating. The results of various development scenarios are being evaluated, and indicate a promising future for further development of this important reservoir. Good progress was made on 3D geological models for the Uwainat reservoirs, these models are expected to be submitted to reservoir engineering in the middle of 2008 for simulation history matching to commence. Good additions to our manpower resources were also made during the year to the FDM team for this modeling work. The studies remain on track to deliver all planned models by 2010.

Major Customers
Major customers to QP for the purchase of crude oil, gas and condensate include Mitsubishi Corporation, Exxon Mobil, Total, COSMO, Marubeni and Itochu.

Exploration/Appraisal Activities
QP continued to adopt the policy of increasing Qatar’s hydrocarbon resources by intensifying the exploration and appraisal activities to cover most of Qatar areas through Exploration and Production Sharing Agreements (EPSA) and Development and Production Sharing Agreements (DPSA) with major international oil and gas companies.

EPSA Exploration Areas
The following is a summary of 2007 exploration activities and achievements:

Block-2 (EnCana International Qatar Ltd. Co. Consortium) The Paleozoic well Jass-1 was spudded on 22nd August 2007. Drilling and testing operations are ongoing as programmed, under QP supervision.
Block-3 (Wintershall Consortium) The EPSA was signed on 24th October 2007. Activities shall start after the issue of the Emiri Decree to endorse the agreement.

Block-4 (Anadarko Qatar Company Consortium) The seismic processing of the newly acquired 3D volume continues and is expected to be finalized in early 2008.

Block-10 (Talisman Co.) The evaluation & incorporation of TQ-2 well results were completed. More exploration studies are being conducted, with QP support and supervision, to choose location for the next exploration well.

Block-11 (Wintershall Consortium) 645 sq. km of 3D seismic were successfully acquired and processed. The seismic volume is being interpreted and preparation to drill the exploration well WAQ-5 is ongoing.

Block-13 (Occidental Qatar Company Consortium) Occidental agreed with Anadarko to take over Anadarko’s interests in Block-13 and Block-12, and become the operator. QP has approved the agreement, and Occidental is conducting exploration studies on the said block, under QP supervision.

DPSA Appraisal Area
The following is a summary of 2007 appraisal activities and achievements:

Najwat Najem Appraisal Area: Appraisal well NN-3 was spudded on 6th July 2007. The drilling of the well was completed on 21st October 2007, followed by testing. The production testing of NN-3 appraisal well was completed on 9th Dec 2007 and results are close to expectations.

Appraisal well NN-4 was spudded on 19th December 2007. At the end of 2007, the drilling operations of NN-4 appraisal well were still ongoing as planned.

EPSA/DPSA Production Fields’ Activities
Currently there are seven offshore fields, which are under various stages of development by the following operating companies:

<table>
<thead>
<tr>
<th>Field</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al-Shaheen</td>
<td>Maersk Oil Qatar</td>
</tr>
<tr>
<td>Al-Rayyan</td>
<td>Occidental Qatar Energy Co.</td>
</tr>
<tr>
<td>Al-Khalij</td>
<td>Total E&amp;P Qatar Ltd.</td>
</tr>
<tr>
<td>Idd El Shargi North Dome</td>
<td>Occidental Petroleum of Qatar Ltd.</td>
</tr>
<tr>
<td>Idd El Shargi South Dome</td>
<td>Occidental Petroleum of Qatar Ltd</td>
</tr>
<tr>
<td>Al-Karkara / A Structure</td>
<td>Qatar Petroleum Development Co.</td>
</tr>
<tr>
<td>El Bunduq</td>
<td>Bunduq Company Ltd.</td>
</tr>
</tbody>
</table>
Crude Oil and Natural Gas

The 2007 crude oil production contribution from the QP Operated and EPSA / DPSA fields is shown below:

2007 Total Oil Production by Operator

- 56% QP Operated
- 44% EPSA / DPSA Operated

Exploration Open Areas
Several EPSA bidding campaigns have started during 2007 as follows:

- **Block-4 North Khuff Bidding**: EPSA Bidding campaign for Block-4 North was launched in October 2007, and is still ongoing. Eleven companies are currently participating in the bidding campaign.

- **Blocks A, B, C Pre-Khuff Bidding**: EPSA Bidding campaign for Blocks A, B & C was launched in October 2007, and is still ongoing. Fifteen companies are now actively participating in this bidding campaign.

- **Block-14 Post-Khuff Bidding**: EPSA re-bidding campaign for Block-14 post-Khuff was launched in June 2007, and is still ongoing. Several companies were invited and attended the technical & data room sessions.

Drilling Department
The Drilling Department carried out QP's drilling, workover and well services operations in 2007 in its Offshore (Maydan Mahzam and Bul Hanine) and Onshore (Dukhan) Fields using best industry practices in an economical, safe and environmentally friendly manner. The rig count and major operational activities were as follows:

- **Offshore Fields (MM/BH)** drilling rigs count remained at 2.
  - 4 new wells were drilled, 4 wells were side tracked and 5 wells were worked over.
  - The total footage drilled was 81,770 ft.

- **Onshore (Dukhan Fields)** drilling rigs count remained at 4.
  - 19 new wells were drilled, 39 wells were worked over/abandoned.
  - The total footage drilled was 195,176 ft.

**HALUL ISLAND**
Halul Island is part of the State of Qatar located around 80 km north of the city of Doha, with an area of 1.5 square kilometers. Qatar Petroleum operates the island, which has all the facilities of a major international oil terminal.

The island is a home of 11 large crude oil storage tanks, with a total capacity of 5 million barrels, crude oil pumping facilities, power generation and water desalination plants. Crude oil is blended and exported from Halul to customer oil tankers moored offshore. In year 2007, 134 crude oil tankers were loaded and exported more than with 91 millions barrels of crude oil from Halul Island.

Major customers were Mitsubishi Corporation, ExxonMobil, Total, Oxy, QPD.

The island is provided with suitable housing accommodation and all related domestic facilities including restaurants, a club house and recreational areas to play sports such as volleyball, basketball, football and tennis.

To enhance the greenery and landscaping a variety of flowering plants, trees and shrubs are being planted and sewage waste water is utilized to enhance greenery in Halul.

A new control room building at Halul equipped with sophisticated equipment, new 33/11 KV power distribution sub station project and Halul power generation phase-2 turbine projects were completed during 2007.
A benchmarking exercise was conducted for 2006 data with international and regional major oil companies. The terminal is going for another exercise for 2007 performance.

Halul Terminal and Export Department is maintaining the ISO 9001–2000 certificate and adhering to ISO guidelines.

Projects planned to execute during year 2008

- Replacement of turbine loading pumps with VSDs.
- Halul Harbor upgrade phase III and alternative jetty upgrade.
- Construction of fire station, central maintenance W/S and new club house.
- Halul environmental study for sustainable development.
- Remediation of encatchment areas.
- Halul lighting & fire sirens upgrade.

Halul Terminal and Export Department is maintaining a high standard of environmental procedures and practices at Halul Island. No formation water was disposed to sea during 2007.

Between 800 and 950 personnel, including contractors were present on the island on a daily basis.

Safety is a priority at Halul. As the operator of Halul Terminal, QP has given it considerable attention and a safety procedure is provided and strictly followed. All fire fighting and lifesaving appliances are properly placed and maintained in a state of readiness for immediate use.

NORTH FIELD ACTIVITIES

Discovered in 1971, the North Field lies off the northeast shore of the Qatar peninsula and covers an area of some 6,000 sq km, equivalent to about half the land area of the State of Qatar.

The North Field is considered to be the largest single non-associated gas reservoir in the world with total proven reserves of 900 trillion standard cubic feet (TSCF). The development of this major natural resource is a significant factor in Qatar’s economic development.

North Field Alpha

First commercial exploration of North Field gas started in late 1991 with initial gas production from Phase I (Alpha Project). The average production from this project in 2007 was around...
ANNUAL REPORT 2007

800 million standard cubic feet a day (MMSCF/D) of gas and roughly 25,000 B/D of stabilized condensate. Gas is mainly used for supply to the local market and condensate for refining or export. A portion of the gas produced from this project is re-injected into the country’s contingency strategic reserve in Dukhan.

During 2007, production from the QP operated North Field Alpha was 281 billion standard cubic feet per day of gas and 9.1 million barrels of stabilized condensate.

Al-Khaleej Gas Project (AKG)
The project will develop reserves from the North Field to supply 2.0 BSCF/D of sales gas to domestic consumers. The project will also produce condensate, ethane, LPG and sulfur. The project will enhance the diversification policy of the North Field and maximize the utilization of the existing gas infrastructure. It is also designed to accommodate the fractionation requirements of RasGas LNG Trains 4 and 5 as well.

The AKG Development and Production Sharing Agreement (DPSA) was signed with ExxonMobil on 2nd May 2000 and ratified on 12th July 2000 by an Emiri Decree.

The EPC for AKG Phase-I was awarded in March 2003, first commercial gas delivered on 2nd November 2005. This phase is supplying 744 MMSCF/D of sales gas to Ras Laffan Power Company Limited, Oryx GTL, Q-Power and to industries in Mesaieed area.

QP has installed a new 36” lean gas pipeline with a design capacity of 1000 MMSCFD to supply Mesaieed industrial area initially with 240 MMSCF/D.

Phase-II of the AKG project has been initiated with a nominal design capacity of 1250 MMSCFD allocated to local industries and power generation plants. FEED of AKG-2 onshore facilities was completed by Chiyoda and EPC awarded in June 2006. The target startup is by 3rd quarter 2009. RasGas is the operator of the AKG facilities and has project management responsibility.

Barzan Gas Project
Heads of Agreement (HoA) signed with ExxonMobil on 20th February 2007 to develop approximately 1.7 BSCF/D of North Field gas to produce 1.4 BSCF/D of sales gas for the domestic market (mainly for power generation) in addition to associated condensate, ethane, LPG and sulfur.

A joint venture (JV) company will be established with ExxonMobil holding 10% and QP holding 90% equity. The onshore plant of the project will be situated in Ras Laffan City to the west of Pearl GTL site.

Appraisal drilling has commenced, pre-FEED will be completed in 1st quarter 2008 and FEED award is planned for April 2008. RasGas will manage the project from the FEED stage onward and be the operator of the facility. The target start up is 2nd quarter 2013.
Dolphin Project
The Dolphin project entails development of reserves from the North Field for the production of wellhead gas sufficient to export lean gas at a rate of 2 BSCFD to the United Arab Emirates. The project processes gas at Ras Laffan where condensate, ethane, LPG and sulfur are stripped out and sweet lean gas is delivered to UAE through a sub-sea pipeline.

The Development and Production Sharing Agreement (DPSA) was signed between QP and the Contractor (comprising the UAE’s Offset Group 51% and Total of France & Occidental Petroleum of the USA 24.5% each) on 23rd December 2001. The Development Plan was signed on 11th December 2003. The main EPC contract for the onshore plant at Ras Laffan was awarded to JGC on 12th January 2004. The delivery of export gas from first stream commenced in 3rd quarter 2007 and it is expected that full lean gas export to UAE of 2 BSCF/D will be attained by 1st quarter 2008.
Qatargas

QATARGAS 1 PROJECT

Qatargas was set up in 1984 to develop and process North Field gas to produce LNG for export. The first LNG delivery to Japan was made in January 1997. Qatargas 1 operates 3 LNG trains. Initially the capacity of the trains was 2 million metric tonnes per annum (MMT/A) each. However, after a debottlenecking project completed in 2005 each train capacity has been increased to 3.3 MMT/A. The key long-term customers for Qatargas 1 are Chubu Electric Japan and seven other Japanese power and gas companies.

Qatargas Operating Company Ltd and the various expansion projects made considerable progress in 2007 towards achieving the vision of the State of Qatar to be exporting 77 MMT/A of liquefied natural gas (LNG). During 2007 the company celebrated 10 years of operations with a series of events and activities around this milestone.

Current Operations:
Qatargas had another outstanding production year through 2007, Qatargas produced 9.81 million tonnes of LNG which is close to the record levels set in 2006.

LNG deliveries in 2007 totaled a record 160 cargoes, including 108 under Qatargas long term contracts with Japanese buyers, 48 under Qatargas long term contracts with Gas Natural of Spain, and four under short, medium term contracts, or spot sales including two to the emerging Indian market.

Since start up in December 1996 and through year-end 2007, Qatargas has delivered 1342 cumulative cargoes, of which over 1000 are under Qatargas long term contracts with Japanese buyers.

In view of the record LNG production in 2007, the high level of activity on the by-products (condensates, sulphur and helium) has been sustained, and a total of nearly 17.94 million B/D exported along with 121.11 MMscf of liquid helium.

For sulphur, seven cargoes for a quantity of 208,580 metric tons were exported under the contract arranged by Qatar Petroleum with ICEC.

Work continued on the Plateau Maintenance Project (PMP) which included the drilling of two new wells and a capacity upgrade of the production platform. The project is a suite of measures to maintain the ability of the plant to continue to produce LNG at the debottlenecked levels and fully saturate the plant LNG capacity by controlling feed gas H2S content and optimizing reservoir production to maintain the plateau up to the end of the concession. The FEED for this work made significant progress in 2006 and EPC bidding is expected to be conducted in mid-2007.

QATARGAS 2 PROJECT

Target is to install two LNG trains of 7.8 MMT/A each for export to the UK market by 2008 and 2009 respectively. The two trains, Trains 4 & 5, will be installed in the existing Qatargas plot and will benefit from the existing infrastructure. Three wellhead platforms and two pipelines 36” & 38” are designed to produce 2.8 BSCF/D of gas and the associated condensate and transport the total produced fluids to Ras Laffan onshore plant in a wet scheme. 12 LNG carriers are being built to support shipping of the lean LNG to a dedicated UK terminal, South Hook. Onshore and offshore EPC contracts were awarded to Chiyoda / Technip consortia and NPCC in December 2004.

QATARGAS 3 PROJECT

A joint venture agreement was signed with ConocoPhillips in December 2005 to develop 1.4 BSCF/D of North Field gas and install an LNG train sized for 7.8 MMT/A within Qatargas plot. The proposed train is a modified replication of Qatargas 2 design, which will maximize synergies as much as possible with Qatargas 2 project, including joint procurement of the shipping fleet. The project is currently in the EPC stage with a target commissioning by mid 2009.

QATARGAS 4 PROJECT

Heads of Agreement (HoA) was signed with Shell on 27 February 2005 to develop 1.4 BSCF/D of North Field gas and install an LNG train sized for 7.8 MMT/A within Qatargas plot. Both Qatargas 3 & 4 have been implemented jointly under the responsibility of an integrated Project Management Team formulated from both ConocoPhillips and Shell. The two trains will share common utilities and will have maximum synergy with Qatargas 2. Onshore and offshore EPC contracts have been awarded, jointly for the two trains. The onshore EPC contract was awarded to Chiyoda/Technip Joint Venture (CTJV)) and the offshore EPC to Mc Dermott. Target startup for Qatargas 4 is 2nd quarter 2010.
RasGas Company Limited (RasGas) is one of the premier integrated liquefied natural gas (LNG) enterprises in the world. Since its creation in 1993, RasGas has developed world-class facilities for the extraction, storage, processing and export of LNG, and has entered into long-term agreements to supply LNG to customers in Korea, India, Italy, Spain, Belgium, Taiwan, and the United States of America.

RasGas has emerged as a leading player in the global natural gas industry, supplying (and delivering) LNG to international customers, with a fleet of long term chartered LNG vessels and initiating technology-led projects such as the production and sale of helium. RasGas currently produces over 20 MMT/A of with five trains in operation. It is expected that this production will be approximately 37 MMT/A by the end of the decade with the completion of seven operational trains.

RasGas acts as the operating company for and on behalf of the project owners noted below. The company’s personnel manage and supervise the design, construction and operation of various facilities under the terms of a ‘Service Agreement for Operation and Maintenance’ signed in 2002. The company employs more than 1400 staff, working on a variety of projects.

The Project Owners are:

- Ras Laffan Liquefied Natural Gas Company Limited ‘RL’
  Established in 1993 to produce LNG and related products from its two trains: Trains 1 and 2. The two trains have a combined capacity of 6.86 MMT/A of LNG as well as about 45,000 B/D of condensate. RL’s key customer is Korea Gas Corporation (KOGAS).

- Ras Laffan Liquefied Natural Gas Company Limited (II) ‘RL (II)’
  Established in 2001 to produce LNG and related products, RL (II) owns Trains 3, 4 and 5. Each of these trains has the capacity to produce 4.7 MMT/A of LNG and about 28,000 b/d of associated condensate. RL (II)’s key customers are Petronet LNG of India, Edison Gas of Italy, Distrigas of Belgium and Endesa of Spain.

- Ras Laffan Liquefied Natural Gas Company Limited (3) ‘RL (3)’
  RL (3) was formed in 2005 to produce LNG and related products, RL (3) owns Trains 6 and 7, which are currently being constructed. Trains 6 and 7 will each have capacity to produce 7.8 MMT/A of LNG and approximately 50,000 B/D of condensate. RL (3)’s customers will include the United States (Train 6) and the Asian market (Train 7).

RASGAS’ MAIN OPERATIONS

- Trains 1 and 2
  In June 1999, the first spot cargo was loaded on the LNG tanker GIMI marked a major milestone for RasGas. Trains 1 and 2 were RasGas’ first onshore LNG Trains, capable of producing a combined 6.6 MMT/A of LNG per year. This plant includes inlet gas reception and treatment facilities, condensate stabilisation, gas liquefaction and loading facilities and all necessary utility and on-site systems and infrastructure.

- Trains 3 and 4
  In February 2004, RasGas Train 3 began exporting LNG to India and was built to fulfill the major part of the agreement with India’s Petronet LNG to supply 5 MMT/A of LNG for a period of 25 years. The following year in August 2005, Train 4 was commissioned, under budget and ahead of schedule. The lean LNG produced by Train 4 fulfils RasGas’ European sales commitments. Train 3 and 4 each have a capacity of a 4.7 MMT/A representing a per-train increase of 40 per cent over Trains 1 and 2.

- Train 5
  The inauguration of Train 5 in March 2007 takes Qatar’s LNG production capacity to approximately 30.7 MMT/A, establishing Qatar at the top of the list of global LNG producers. Like Trains 3 and 4, Train 5 has a capacity of 4.7 MMT/A of LNG. The LNG from Train 5 will largely be exported to a growing portfolio of customers in Europe. Together, Trains 3, 4 and 5 form part of the first RasGas Expansion (RGX) project.

- Trains 6 and 7
  Over the next few years, RasGas will begin supplying LNG to a range of new customers around the world, including volumes to the United States following the start-up of Train 6 and into the Asian market following the start up of Train. This supply will extend for over 25 years. When they come on line, Trains 6 and 7 will each have a production capacity of 7.8 MMT/A of LNG. Train 6 is scheduled to come on stream in 2008 and Train 7 in 2009; both are currently being constructed at the RasGas site adjacent to its existing facilities at Ras Laffan Industrial City.
OTHER INDUSTRIES

Ras Laffan Helium Project
In 2000, RasGas and its sister company Qatargas commissioned a feasibility study into helium production at Ras Laffan. The study showed that recovering helium was a commercially viable position, and in 2003 contracts were awarded for the construction of facilities needed to extract helium from the North Field. At the same time, agreements for the sale of liquid helium were signed with BOC Group and Air Liquide. The first liquid helium from the plant was produced in August 2005. The start-up of the US$ 115 million helium project was completed on time within budget and with an excellent safety record. The helium project is a joint venture owned by RasGas (I), RasGas (II) and Qatargas, and operated by RasGas Company Limited.

QP Gas Operations under the Operations Directorate is responsible for managing the complete value chain for non-associated gas production, associated gas & liquid processing, local transmission & distribution and export of LPG & Condensates. Key operational objectives of Gas Operations are:

- Operate the plants with highest possible levels of personnel and plant safety while meeting all QP and State HSE regulations and guidelines.
- Optimise processing of various feed streams so as to maximize plant utilization and consequently maximize State revenues and income.
- Coordinate with various upstream and downstream entities within the State of Qatar to prepare year-wise Integrated Shutdown Plan so as to minimize aggregate industries downtime and consequently maximize State revenues and income.
- Meet fuel gas demands of State power plants.
- Meet export targets for LPG and NGL Condensates.
- Meet fuel gas / feedstock requirements for local Industry.

NGL Complex at Mesaieed receives feed from various offshore and onshore upstream facilities as under:

- NF raw gas/condensate from NFA
- Raw gas from Al-Shaheen offshore oil fields
- QG/RG raw gas from Qatargas/ RasGas (on availability )
- Offshore raw gas from PS-1/2/3 facilities
- FSP / Arab-D/ DKADU raw NGL and condensate from Arab-D/ DKADU plants
- Normal/ Cracked LPG from QP Refinery
- LPG from Ethane Recovery Unit at QAPCO
- Normal butane from Q-Chem
- Pentane from QAFAC plant in Mesaieed

Transmission & Distribution Network comprises of an interconnected oil and gas pipeline network of over 2200 kms, associated manifolds and more than 50 distribution stations located throughout the State of Qatar. This network caters to the fuel gas needs of State power plants for power generation and desalination. Additionally fuel / feedstock gases are supplied to various industries within the State of Qatar including QP Refinery, QAPCO, QFAC, QAFCO, QVC, Q-Chem, QNCC. Flexibility in operations is maintained to meet the key objective of supplying agreed gas quantities to the consumers without any interruptions.

Gas Operations through its Transmission & Distribution Department acts as the Integrated Shutdown Coordinator for all the hydrocarbon industries operating in the State of Qatar. Advance planning, coordination and flexibility in operations are utilized to minimize the aggregate downtime among all hydrocarbon industries in Qatar which ensures that the production losses are minimized and the revenue is maximized.

Transmission & Distribution Department also acts as the coordinator and facilitator for all pipeline road crossings and construction road openings throughout the State of Qatar. The necessary coordination is conducted with State agencies and organizations like the Q-Tel, UPDA (Urban Planning & Development), Armed Forces, NDIA (New Doha International Airport).
Gas Operations Highlights for 2007

128 MBD (equivalent) LPG and condensates was produced during 2007. Exports were made in line with allocations. Fuel gas and feedstock requirements for State power plants and industries were met in full.

NGL-3 plant throughput was increased to process extra gas feed ex-Al-Shaheen. High pressure drop across NGL-2 Stripping plant was resolved to significantly reduce flaring at PS-1/2/3. CEMS (Continuous Emission Monitoring System) was commissioned in NGL-4 plant.

Work-over operations were successfully carried out for 2 KG wells in Dukhan.

A new pipeline was commissioned to process extra LPG feed from QAPCO. New ethane pipeline was commissioned to bring ethane from Dolphin project to QAPCO for processing. Pipeline operations contracts were signed with Q-Chem.

NFA Topside Upgrade project and NGL Plant Flare Mitigation project are nearly completed. Project is on-going for increasing shutdown intervals from 2 to 4 years. Physical Development plan is finalized for NGL Complex at Mesaieed.

Production and plant improvement projects are on-going for SRU upgrade, new AGR train, Halon System phase-out, new condensate tank. Transmission & Distribution improvement projects on-going for Doha Urban Development pipeline relocation, gas pipeline for Mesaieed-A power plant and Qatalum (Qatar Aluminum) plant, sweet gas supply to medium and small industries. Studies are on-going for NGL Plants Feed Streams Integration, future developments at NGL Complex, LPG export back-up jetty.
Refined Products

QP REFINERY

Background
Qatar Petroleum Refinery started as a small topping plant in 1958, which has grown over years into a giant refinery organization, successfully making the State of Qatar self-sufficient and export-oriented in refined oil and petroleum products by providing added value to part of country’s natural wealth, improving refining economics and providing citizens with the necessary expertise in the areas of management, operations, engineering, maintenance and marketing.

Year 2007 Overview
The main activity of the refinery is to process the crude oil and condensate into various finished products, which are intended to meet the domestic demand as well as for export. The main finished products are liquefied petroleum gas (LPG), petrochemical naphtha, premium gasoline, super gasoline, jet fuel, diesel and marine fuel oil (MFO).

The planned intakes and processing capacities for 2007, in barrels per stream day (BPSD) were as follows:

<table>
<thead>
<tr>
<th>Product</th>
<th>Capacity (BPSD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude</td>
<td>80,000</td>
</tr>
<tr>
<td>NFC</td>
<td>26,000</td>
</tr>
<tr>
<td>DSC</td>
<td>31,000</td>
</tr>
<tr>
<td>Total</td>
<td>137,000</td>
</tr>
</tbody>
</table>

The total refined products exported during the year amounted to 2,766,220 (MT) against the planned export volume of 2,805,000 (MT). Refinery imported 343,372 (MT) of LGO during 2007 to meet high local demand.

Marketing Of Refinery Products
The marketing and commercial aspects for export sales of refinery products are being undertaken by Qatar Petroleum...
Marketing Directorate in close coordination with Production Planning, Scheduling and Export Division. The Production Planning, Scheduling and Export Division is responsible for working out the annual, quarterly and monthly planning and products export schedule.

Major Customers And Destinations
The major customers for export sales are ENOC Supply and Trading, Marubeni Corporation, Shell, Bakri Trading Company, and Vitol SA. QP Refinery also supplies refined products locally, mainly to WOQOD, SEEF, QAFAC, QAPCO and NGL.

The Arab Gulf is traditional destination for refined products such as MFO, SRFO and Gasoline. Naphtha is mainly exported to Petrochemical plants in Far East, while Jet A-1 is mainly exported to Europe. Some of the refined products are also being exported to India, South East Asia, Africa and USA.

Laffan Refinery
The detailed engineering for the refinery was completed in 2007 and construction on refinery facilities including the interconnecting pipeline corridor and storage and loading facilities progressed well. The refinery, which will be operated by Qatargas Operating Company Limited (Qatargas) is scheduled to start production in the second half of 2008. There were several major pieces of equipment placed during the year and installation will continue into 2008. The Laffan Refinery achieved several major safety milestones during the year.

As well, several major agreements were signed during the course of the year including the fuel gas, power, condensate and LPG processing agreements.

The 146,000 (BPSD) refinery will process untreated gas condensate from Qatargas, RasGas, and Al-Khaleej Gas to produce liquefied petroleum gas (LPG), naphtha, kerojet fuel and gas oil.

Seef Limited Company was established in April 2004 as a joint venture with 80% shares held by Qatar Petroleum (QP) and 20% by United Development Company (UDC) to deliver the vision of His Highness Sheikh Hamad Bin Khalifa Al Thani, the Emir of the State of Qatar in terms of involving the private sector in such projects. The plant is located in Mesaieed.

Our Products
The main product is linear alkyl benzene (LAB) which is an ingredient in the manufacture of environmentally-friendly detergents. It is produced at a rate of 100,000 metric tons per annum (MT/A). Also, heavy alkyl benzene (HAB) is produced as a by product at a rate of 3,600 (MT/A) in addition to normal paraffin and benzene.

Marketing
The company has consolidated its position across the world through a marketing strategy that is based on short/long term contracts as per the requirement of each case. Current customers are spread across South East Asia, Far East, GCC.
Gas-To-Liquids (GTL) Projects

Production from the recently completed world scale gas-to-liquids (GTL) plant Oryx GTL entered international markets during the 2nd quarter of 2007. Qatar Petroleum is also undertaking another world-scale GTL project named Pearl GTL.

**ORYX GTL**

Oryx GTL (QSC) was established in January 2003, as a joint venture between Qatar Petroleum (QP 51%) and Sasol of South Africa (49%), to develop, construct and operate a large-scale gas-to-liquids (GTL) plant in Qatar for converting natural gas into high quality GTL products.

Oryx GTL will use around 330 (mmscf/d) of lean gas from Qatar’s North Gas Field as feedstock to produce 34,000 (B/D) of liquids comprising 24,000 (B/D) of diesel, 9,000 (B/D) of naphtha and 1,000 (B/D) of liquefied petroleum gas (LPG).

Developed at a total cost of about US $1 billion, Oryx GTL is currently the world’s largest operating GTL company and has a nominal plant capacity of about 32,400 b/d. The GTL diesel and GTL naphtha produced by Oryx is marketed internationally by Sasol Synfuels International Marketing (SSIM).

**Milestones**

- Joint Venture Agreement signed 2001
- EPC contract awarded 2003
- Gas introduced to plant August 2006
- First product shipment April 2007
- Sustainable 2 train operations December 2007
- Awarded 4 Management System certificates December 2007
- Successfully marketed more than 1.2 million barrels of GTL diesel and 56,000 MT in 7 shipments during 2007.

**Forecast 2008**

The focus for 2008 shall be the implementation of technology related projects as part of Oryx GTL’s “Roadmap” to maximize production capability. Sales of GTL products are anticipated to be in the range of 4.2 million barrels of GTL diesel and 137,000 MT GTL naphtha requiring approximately 23 shipments in 2008.

**PEARL GTL**

Pearl GTL is an integrated project which will develop about 1.6 BSCFD of North Field Gas to produce approximately 140,000 BPD of synthetic fuels and base oils. Pearl GTL will be implemented in two phases; the first phase of approximately 70,000 B/D would come on stream during 2010. An important milestone was achieved in July 2004 with the signing of a DPSA Agreement between QP and Shell.

Final investment decision to proceed with the project was achieved in mid 2006 and all major contracts for the design and construction of the project were awarded in 2006. The project is proceeding well and construction work commenced on site during 2007. Onshore activities are being paralleled by offshore progress in drilling and in the design of platforms and pipelines.
QAFCO, was founded in 1969. The company is now owned by Industries Qatar (IQ) as 75% shareholder and Yara International as 25% shareholder.

Since its inception QAFCO has steered its way successfully, responding adequately to the world market demand for fertilizer. Through scientific strategic plans and integration of the latest technologies steadily developed over the years, QAFCO has lifted its production capacity to 3 MT/A of urea and 2 MT/A of ammonia. Accordingly QAFCO has become one of the main producers and exporters of ammonia and urea in the world.

**QAFCO’s Performance in 2007**

In the year 2007 QAFCO posted record figures in the areas of production, sales and profits.

### Production & Exports 2007

<table>
<thead>
<tr>
<th>Product</th>
<th>Production in MT</th>
<th>Exports in MT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ammonia</td>
<td>2,189,659</td>
<td>493,429</td>
</tr>
<tr>
<td>Urea</td>
<td>2,964,339</td>
<td>2,810,839</td>
</tr>
</tbody>
</table>

The main markets for ammonia were India (71%), Jordan (23%) and USA (6%).

The main urea markets were India (16%), USA (15%), Thailand (15%), South Africa (10%), Australia (7%), Brazil (7%), Philippines (7%), Iran (4%), Sri Lanka (3%), New Zealand (3%), Argentina (3%), Spain (2%), Sudan (2%), Korea (2%), and others (4%).

### Marketing

High quality products, a strategic geographical location, efficient logistic facilities and reliability in supply are among the factors that propelled the growth of QAFCO into a key producer and exporter in the international fertilizer market.

Deliveries have been made throughout the world, with India, Jordan, South Africa, South Korea and the USA of major importance in terms of QAFCO’s ammonia exports and the markets of Africa and Asia plus the USA predominating for QAFCO’s urea exports.

**Quality, Environment and Safety**

Giving high priority to excellence, QAFCO has scrupulously adhered to international standards of quality, safety, occupational health and environmental protection. The Company boasts three ISO Management System Certifications: ISO 9001: 2000, ISO 14001: 2004., and OHSAS 18001 standards. With these certifications QAFCO enjoys the prestige of a globally recognized manufacturer in the field of the chemical process industry.

### Future Prospects: QAFCO-5 Project

Counting upon its successful business experience in the course of the last 3 decades, and encouraged by the national vast reserve of natural gas, QAFCO has taken upon itself the task of drawing up an ambitious future vision to ensure further development of the company. In this context, in 2007 QAFCO started the practical steps in executing the (QAFCO-5) expansion project which is expected to come on stream in early 2010. The project upon completion, is set to bring QAFCO’s annual production capacity to around 3.8 MT of ammonia and 4.3 MT of urea.
Qatar Petrochemical Company (QAPCO)

Introduction and Plant Production Capacity
QAPCO was established in 1974 as a joint multinational venture. Shareholders are now Industries Qatar (80%) and Total Petrochemicals (20%). QAPCO’s facilities consist of an ethylene plant producing 525,000 (MT/A), two low density polyethylene (LDPE) plants with 360,000 (MT/A) and a sulphur plant with 70,000 (MT/A). The company began full commercial production in 1981.

Background
QAPCO is currently one of the leading producers of ethylene and variable grade low-density polyethylene (LDPE) in the Middle East, Far East, Africa and the Indian subcontinent. Petrochemicals trading conditions in year 2007 were dominated by continuing high and volatile feedstock prices. The sharp increase in oil prices, along with numerous unscheduled cracker shutdowns mainly in Europe and Asia, led to a state of extremely tight supply and acute demand for ethylene and its derivatives.

Production: Olefins
The production performance during the year 2007 was excellent, reaching around 550,000 metric tons (MT). This was on account good operation of existing train and of successful start-up of our ethylene expansion project EP2.

Once additional feed supply was available for EP2, design production exceeding 2200T per day were reached for EP2 thus counterbalancing the GSD non production time. Accordingly export shipment of ethylene started in October after feeding the full requirements of QVC.

The feed-gas supply position remained comfortable throughout the review period. The additional feed from Dolphin sources started with effect from 5th October 2007. This feed is being supplied through the new gas pipeline that has been installed to connect Mesaieed with the Ras Laffan facilities. In the same time the utilities plants were running smoothly and consistently without any significant problem. The plants met with the demand from QAPCO/QVC during the year.

QAPCO sulphur production was lower at 32,000 MT compared to the previous year’s production of 40,000MT. The lower production was due mainly to lower sulphur content in the feed.

Production: Polyolefins
Total LDPE production was good throughout the year with a figure of over 359,000 MT and so doing exceeding the projected production and achieving a globally good reliability following GSD restart. To be noted an excellent plant loading which compensated the few reliability issues throughout the production year. The respective production on LDPE-1 & LDPE-2 registered at 173,000 MT & 187,000 MT respectively. Also among the successes of this year was the development of specific high quality grades on LDPE1, and also an excellent sustained safety record throughout the year.

Operations
On the operational level, the year 2007 performance was exceptional by many aspects:

- Completion of site General Shutdown (GSD) in February and March, in the budgeted timeframe of 6 weeks, and followed by successful restart and full load production by end of March.
- Successful erection, commissioning & startup of EP2 expansion.
Consumption of Dolphin Energy feed supply in the last quarter of the year.

Excess production to budget on all plants, including the highest ever production on Ethylene Plant.

**Commercial & Marketing Strategy**

QAPCO focuses on the establishment of an effective and efficient global marketing network in order to cope with the challenges imposed by globalization has transformed local and regional competition into an international arena.

At present QAPCO has 16 liaison offices which are located in many strategic markets around the world; four offices in China (Hong Kong, Shanghai, Beijing, Gwanzu), One office in Egypt and another one in Syria, three more offices in India (Mumbai, Delhi and Chennai), two offices in Pakistan (in Karachi & Lahore), One in the UAE (Dubai), and an office in Lebanon and another in Jordan (Amman). Two more offices in Taiwan and Bangladesh and 2 warehouses in Egypt (Cairo) and Syria.

QAPCO continued in 2007 to mark monumental accomplishments, concurrent to the exceptional financial results, through the continuous pursuit of reinforcing the infrastructure of global marketing network through establishment of self operated offices and warehouses in all markets with strategic importance to the company. QAPCO’s Commercial and Marketing group continues to serve over 4000 customers spread over more than 85 countries with its renowned Lotrene LDPE.

In addition, and after the production startup of the EP2 project in Q2, 2008, QAPCO has reinstated its identity as net Ethylene suppliers, exporting its excess quantities, besides supplying the needs of QVC, to several major international companies worldwide.

QAPCO’s network expansion is to strengthen QAPCO’s presence in international markets so that a first-hand understanding of the specific needs of the customers is obtained and also a better picture of our competitors’ activities is formed. This will greatly assist us in delivering a high standard customer service that gains customer loyalty.

The marketing strategy and network of QAPCO benefit not only its own product line, but also part of HDPE production from Q-Chem I and Q-Chem II, EDC/VCM and Caustic Soda from QVC as well as LLDPE expected from QATOFIN by 2008 – and other petrochemical products from world-renowned suppliers.

**Expansion Projects: EP-2**

QAPCO’s growth plan involves the implementation of certain initiatives and projects in order to sustain its high turnover and profit growth along with strong positive cash flow generation.

The EP2 plant has expanded the ethylene production capacity of QAPCO from 525KMT/A to 720KMT/A. The production started on 07 August 2007 and the performance test for the whole ethylene plant was done 12 December 2007 for 72 hrs as per the contract and the net production achieved was 2,245 MT/d compared to commercial guarantee of 2,220 MT/D.

First export of net excess ethylene has been achieved in October 2007 and the plant maintained its operations without interruption at design capacity.

EP-2 Project was completed with a very high Safety Record of accumulated man-hours continuous reached 9,300,000 without Lost Time Accidents (LTA) since January 2005. Such result was due to the strong leadership and direction from QAPCO Management, the Project Team and the contractors/subcontractors with the QAPCO permanent organization support. EP2 project was completed on approved schedule and budget.

**Expansion Projects: New LDPE-3**

LDPE 3 is to be built based on the new Basell technology selected for a capacity of 250,000 MT/A expandable to 300,000 MT/A with the targeted grade identified by business Marketing.

LDPE3 Project was taken as an opportunity of the Ethylene available from QAPCO share in QATOFIN and the additional ethylene from EP2 Project. The Project is expected to be completed by 3rd quarter 2011.
QAFAC's shareholders

- Industries Qatar (IQ) 50%
- OPIC Middle East Corporation (OMEC) 20%
- International Octane Limited (IOL) 15%
- LCY Middle Corp. (LCYMEC) 15%

Major MTBE milestones in the year

- First turnaround after 3 years and without EPC contractor “Chiyoda” presence.
- First turnaround with highest number of process equipment opened & inspected since commissioning of the plant without any LTA.
- A unique job of mechanical cleaning of E-2201 A/B (Hot Combined Feed Exchangers) was taken up first time in Oleflex plant history with 100% success.
- Cold box warm-up and in-situ washing first time in QAFAC history with 100% success in performance achievement.
- Successful DCS upgrade during turnaround.
- Online replacement of molecular sieve in Reactor Effluent Driers (V-2208A/B/C)
- NGL-QAFAC Butane line painting.

In the first quarter of 2007 successfully accomplished yet another landmark, following extensive internal and external audits - accreditation to the ISO 9001:2000 quality certification.

During the year QAFAC completed its revalidation to the ISO 14001:2004 Environment Quality Management System. QAFAC continued to work closely with Supreme Council for Environment and Natural Reserves (SCENR) of Qatar in order to bring NOx emission levels to even lower levels.

During the year the company achieved its best-ever record of 2.23 million continuous working hours without a ‘lost time accident’. No ‘serious contractor accident’ has been recorded till date since May 2005. This is one of the best safety performances exhibited by the organisation, especially after taking into account the planned maintenance turnaround which had thousands of contractors and employees working on site.
Qatar Vinyl Company (QVC)

Qatar Vinyl Company was established in 1997 as a limited Qatari shareholding company. The company was inaugurated in 2001 by H H the Emir.

**Shareholders**
- Qatar Petroleum: 25.5%
- QAPCO: 31.9%
- Norsk Hydro: 29.7%
- Arkema: 12.9%

**Annual production in metric tons (MT)**
- Ethylene dichloride (EDC): 212,000
- Vinyl chloride monomer (VCM): 280,000
- Caustic Soda (CS): 348,000

**Operations Highlights**
Operations have shown that the plant may be operated consistently at loads 27% above hourly design on the chloralkali side while 50% above the design is possible for the VCM plant.

**Marketing**
QVC continue to pursue its market strategy to sell most of its products on a long-term contract basis and close to 75% of the EDC and caustic soda sales are made on a long-term contract basis and more than 85% of the VCM is sold on a similar basis.

During the year 2007 a total of 138 vessels were loaded with QVC products. Destinations include South Africa, South East Asia and Australia for caustic soda; India and South East Asia for EDC; and Pakistan, India and Australia for VCM.

**Expansion Project**
The expansion plans with doubling the chloralkali/EDC unit are continuing. Projects for debottlenecking of the chloralkali and the VCM units are also progressing.
Q-Chem was established on 16th November 1997 as a joint venture between Qatar Petroleum (QP) 51% and Chevron Phillips Chemical Company International Qatar Holdings LLC (CPChem) 49%. Q-Chem's world-class petrochemical plant produces high density polyethylene (HDPE) and 1-hexene (alpha olefin) using CPChem’s proprietary technologies.

Marketing
Q-Chem’s marketing strategy and goal is to be the preferred supplier in our target markets. Today Q-Chem has come a long way since its first produced branded Marlex® resins and in a short period of time, managed to establish a strong foothold in international markets. The target geographic markets include West Asia, China, East Asia, Africa, Europe and the Middle East.

In addition to the strategic location and easy access to the export markets, Q-Chem marketing enjoys the benefits of an extensive marketing network, widespread market recognition, and an established long-standing client base. Q-Chem is now being recognized as a leading PE supplier with consistent product quality and services which have been well accepted by users in all regions. In 2007, Q-Chem continued to achieve a sold-out position for its entire production volume.

Qatar Chemical Company II Ltd. (Q-Chem II)
Q-Chem II is a joint venture between QP (51%) and CPChem (49%) The new facility is being constructed adjacent to the existing Q-Chem plant in Mesaieed. It will be comprised of a 350,000 MT/A single train high density polyethylene plant and a 345,000 MT/A normal alpha olefins plant.

The majority of the engineering work for the new facilities in Ras Laffan and Mesaieed were completed in 2006, site preparation completed and construction started. The safety performance at both sites has been excellent. The project is expected to be completed and ready for start up in 2009.

Qatofin
Qatofin is a joint venture between QAPCO (63%), Total Petrochemicals - France (36%) and Qatar Petroleum (1%).

The Qatofin plant is scheduled to start operating by the fourth quarter of the year 2008.

The Qatofin project is to construct one of the largest linear low density polyethylene (LLDPE) plant in Mesaieed with an original capacity of 450,000 MT/A, expandable to 600,000 MT/A.

This plant is based on the technology provided by Univation with the target to produce 450,000 MT/A of LLDPE and other developments in QAPCO’s infrastructure.

The Qatofin project has been designed to optimize the utilization of the ethane gas feedstock that will be made available in Qatar as a result of the further development of the country’s gas resources, and to develop industrial synergies with other petrochemical ventures at Mesaieed Industrial City.

The plant will be completed by December 2008. QAPCO will be the operator of the plant.

RLOC
Ras Laffan Olefines Company is a joint venture between Qatofin and Q-Chem, to build a new world scale cracker. The target for the ethylene production is at the end of 2008 for a capacity of 1.3 MMKT/y which shall be delivered by pipeline to Mesaieed in which 600,000 MT/A is the share of Qatofin and 700,000 MT/A for QChem-2. The operator of the new RLOC as per the JV will be Q-Chem-2.

Melamine Project
QAFCO as well as boosting its fertilizer production, has gone into a new product areas and joint ventures. As well as the urea formaldehyde plant, which went on stream in September 2004, QAFCO in 2007 commenced the construction work of a US$250m melamine plant. With a production capacity of 60,000 MT/A the plant is due for completion in the first quarter of 2009 will be the largest melamine plant in the Middle East and one of the largest in the world. The project is expected to add extra value for the urea produced by QAFCO and to boost QAFCO’s profitability. The melamine project is owned by QAFCO (60%) and Qatar Intermediate Industries Holding Company (QIH) (40%).
Mesaieed Industrial City

Mesaieed Industrial City (MIC) is located approximately 40 km south of Doha. Mesaieed Industrial City Management was established in 1996 as a single point authority to provide a “one stop” investment and support service to all existing and prospective businesses and industries in Mesaieed. It is responsible for the development of strategic plans for the allocation of land and its development and to provide and develop common port, marine and infrastructure facilities for all industries and businesses located in the area. In addition, MIC is responsible for attracting light, medium and support industries to the area to meet the growing needs of existing and future heavy industries and also provides for municipal governance and services as well as health/hygiene and recreational services for the city’s businesses, industries and residents.

Mesaieed Industrial City is the leading industrial city in the State of Qatar and the major focus for the development of downstream industrial projects in the fields of petrochemicals, chemical fertilizers, oil refining, natural gas derivatives and metallurgical industries – not to mention numerous small and medium sized industries.

MIC is also home to Qatar’s building and construction materials industry — whose relocation to MIC is well underway and will be well served by Mesaieed Port, through which all of these products are imported. Businesses related to this industry will be zoned in a new location and provided with a well maintained infrastructure.

The city houses numerous QP and state sponsored joint ventures such as the Qatar Electricity and Water Company, Qatalum (aluminum smelter), QPCC, numerous expansion projects with existing industries such as QAFCO, QAPCO and Qatar Steel – not to mention the new Al-Shaheen Refinery and the Qatar Primary Materials Company — all of which makes MIC an ideal investment centre for international investors in the energy industry.

Mesaieed Industrial City is a major economic centre and major contributor to the economy of Qatar and through which over 60% of the country’s GDP passes through its port.

The city provides a healthy, clean and safe environment with modern and well-maintained facilities and infrastructure ensuring its residents safety and security as well as the availability of integrated social services - making it a popular location to live and invest in.

MIC Mission

- Promote the State of Qatar and Mesaieed both locally and internationally as an excellent investment location.
- Develop common facilities such as utilities and infrastructure ensuring that they meet the needs and requirements of all existing and future industries.
- Develop a cohesive, self sustained community in Mesaieed including commercial, residential, recreational facilities and services.
- Maintain safe environmental standards and implement a
comprehensive strategy for waste management as well as surveillance and monitoring of industrial projects.

**MIC Advantage**
- MIC hosts a variety of industries including crude oil refinery, natural gas derivatives and processing industries in addition to chemical fertilizers plants, petrochemicals, metallurgical and support industries.
- A well established, 24 hour fully-serviced commercial port exists which handles both hydrocarbon and general cargo.
- Proximity (40Km) to Doha (major population base) ensuring the availability of primary services required for industrial projects.
- Exemption from import duties and other levies on machinery, equipment and spare parts.
- Provision of energy sources at competitive prices.
- Open foreign exchange regulations.
- Encouragement of joint venture initiatives and land leases at nominal prices.

**Strategic Planning Initiative**
In 2005 MIC undertook a Strategic Planning Initiative to look at the development of the community, industrial and port areas for the next 30 years, with Phase I expected to be completed by early 2012. This study provides an update and expansion of the existing Master Plan based on international markets studies in order to maximize the utilization of Qatar’s natural gas resources. A critical component of the study is the concept design for a common seawater cooling system for the Industrial Area. The resulting plan will be used as a guide for future expansion and development stages in MIC. The latest major national initiative with MIC involvement is the planning and conceptualization of the New Qatar Port project and the Qatar Economic Zone.

**Current and future projects**
Current projects in the port include the upgrade of Crushed Stones Import Facilities which are used for the import of aggregates (gabbro) and clinker cement. A number of future industrial projects are in various stages of feasibility studies and construction stages. These include the expansion of existing industries such as QAPCO, QAFAC, Qatar Steel, QVC and Q-Chem.

Operating a port requires a continuing investment in infrastructure and facilities with large capital expenditure outlays. Mesaieed Industrial City Management considers this to be essential as Mesaieed Port plays a vital role in fulfilling the Mission and Objectives of MIC and meeting the needs of the State of Qatar.
Ras Laffan Industrial City was inaugurated in February 1997 by HH the Emir Sheikh Hamad Bin Khalifa Al Thani with the mandate to govern and administer the city on behalf of Qatar Petroleum.

Ras Laffan Industrial City (RLIC) is the 248 square kilometer base for the onshore activities of most of the current and future industries based on the North Field with its proven reserves of 900 trillion cubic feet of natural gas. These industries include liquefied natural gas (LNG) and gas-to-liquids (GTL) projects, their derivative and supporting projects, and future downstream projects.

RLIC is one of the State of Qatar’s most strategic developments and it is fast becoming the energy capital of the world. Within a decade, from the first LNG cargo in 1996, RLIC has become one of the world’s biggest producers and exporters of LNG. Due to its location on the international maritime shipping route, energy products from RLIC can reach markets all over the world quickly.

Main activities
The Qatar Petroleum Directorate, Ras Laffan City (RLC) is responsible for developing, operating and regulating the industrial city. It provides infrastructure and services to enable its resident industries and other customers to operate effectively. The deep-water port and the Common Seawater Facility (CSF) are good examples of the major common infrastructure facilities provided. Other essential services and facilities, provided by RLC, include: emergency response, medical, fire, safety, and environmental services; accommodation facilities and catering, utilities, waste management and sewerage treatment.

Major achievements
In 2007, RLC’s achievements included the following:
- On 3 June 2007 RLC celebrated its tenth anniversary.
- A scope extension audit was carried out by the international certifying body Det Norske Veritas (DNV) during June 2007, covering all RLC departments, and a certificate of compliance with the ISO 9001:2000 requirements was renewed on 27th September 2007.
- During the 4th Annual Seatrade Middle East and Indian Subcontinent Awards on 5 November 2007, Ras Laffan was voted Port Authority of the Year.
- In 2007 Ras Laffan Port pilots guided 2318 channel transits without any incident. The majority of these vessels were LNG and very large crude carriers, amongst the biggest ships in the world. This is a remarkable achievement given that pilots had to counter changes in current direction and strength, caused by the ongoing dredging and reclamation activities taking place around the RLC port.
- RLC maintained a 100% availability of seawater cooling supply to its end users.
- The site development of Phase I of the new Support Services and Support Industries area on the west side of Ras Laffan City has been completed and a few companies have already taken occupation. RLC is inundated with interest from potential investors. A total area of approximately 2000 hectare has been earmarked for this development.
The Ras Laffan road and access network has been upgraded and expanded.

Development plans
Back in 2004, more proven gas reserves, increased LNG train capacity, the commercial viability of GTL products and opportunities to increase efficiency by providing more shared services and utilities, necessitated a revision of the Master Plan. The revised plan identified a mix of gas-based and downstream industries and projected infrastructure and logistics requirements. RLC is currently implementing the updated Master Plan.

Power and Potable Water plants
Ras Laffan Power Company (RLPC) produces 750 megawatts of electricity and 40 million gallons of potable water per day. QPower, which will be inaugurated during the first quarter of 2008, has a capacity to produce 1025 megawatts of electricity and 60 million gallons of water per day. Ras Laffan C (RLC C), the third independent power plant is expected to produce 2500 megawatts of electricity in 2010.

Future expansion plans
- Ras Laffan Port expansion project Phase I and II: This project, aimed at accommodating more than double the current number of vessels and increasing export volume capacity from approximately 50 million tons per annum to 160 million tons per annum in 2012, is progressing according to plan. Dredging, land reclamation and the construction of breakwaters are scheduled for completion in 2008.
- Common Seawater Facility (CSF) expansion: When Phase II Category I becomes operational in 2008, the CSF capacity will increase from 308,000 to 923,000 m³ of seawater per hour.
- The new multi-purpose administration complex, scheduled for completion in 2010 will include amongst others office buildings, a conference centre, a training centre, a medical centre and a mosque.
- The RLC Emergency Control Centre will provide 24/7 state-of-the-art emergency control and disaster management facilities for the RLIC stakeholders.
- Ras Laffan Emergency and Safety College, a joint project with Texas Engineering Extension Service (TEEX) of Texas A & M University and scheduled for completion in 2010, is aimed at providing emergency safety training for all emergency services in the State of Qatar and the Middle East & North Africa (MENA) countries.
Gulf Helicopters Company (GHC) is a 100% subsidiary of Qatar Petroleum.

The Company, incorporated in 1970, has grown tremendously since its acquisition by QP in 1998 and currently is one of the leading helicopter operators in the Middle East region with operations extending to India, Yemen, Libya, Sudan and Iran. GHC operates under QCAR Ops 3 and JAR 145 regulations and is an ISO 9001-2000 certified company.

Company History and Business Growth

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1970</td>
<td>Established and Incorporated in the U.K. (Gulf Aviation 51%; BOAC 32%; BEA 15%)</td>
</tr>
<tr>
<td>March 1977</td>
<td>Gulf Air 100%</td>
</tr>
<tr>
<td>June 1993</td>
<td>De-registered in the U.K. (Division of Gulf Air)</td>
</tr>
<tr>
<td>June 1998</td>
<td>Taken over by QP 100%; Purchase of Assets / Business</td>
</tr>
<tr>
<td></td>
<td>December 1998 Emiri Decree establishing Gulf Helicopters</td>
</tr>
<tr>
<td>January 1999</td>
<td>Gulf Helicopters incorporated as a Qatar Company</td>
</tr>
<tr>
<td>1970 to Date</td>
<td>Provides helicopter services in Qatar for offshore operations of companies including QP, RasGas, Oxy, Qatargas, Total, Maersk, Anadarko, Shell, QPD, Wintershall, Talisman</td>
</tr>
<tr>
<td>1987 to 1999</td>
<td>Operated in Oman</td>
</tr>
<tr>
<td>1989</td>
<td>Operations commence in Yemen</td>
</tr>
<tr>
<td>1994 (Sept.)</td>
<td>Operations commence in India</td>
</tr>
<tr>
<td>1998 to 2006</td>
<td>Operated in Iran</td>
</tr>
<tr>
<td>2000 to 2006</td>
<td>Operated in Sudan</td>
</tr>
<tr>
<td>2007</td>
<td>Operations commence in Libya</td>
</tr>
<tr>
<td>2007</td>
<td>Introduced helicopters emergency medical services (HEMS) in Qatar for the first time in collaboration with National Health Authority and Hamad Medical Corporation.</td>
</tr>
</tbody>
</table>

Company Operations

GHC has a fleet of twenty six helicopters including one S 92, one AW 139, sixteen Bell 412s, six Bell 212s, one Bell 230 and one Bell 206. GHC offers services such as VIP transport, offshore support, onshore transport, seismic support, VFR & IFR, load lifting, photo flights and helicopter emergency medical services.

Future Plans

GHC is one of the stakeholders in the development of Al Khor Airfield as ‘Aerospace City’ and will be moving into the new facility in a few years’ time.

GHC’s operations are expected to increase manifold with the booming development in Qatar with the oil and gas project expansions.

GHC will be modernizing its fleet by adding more AW 139s, of which nine are on order. A second S92 will also be added to its fleet for VIP operations.

GHC will be adding two more aircrafts to its HEMS operations.

GHC is exploring opportunities to expand its operational bases to new geographical areas.

GHC will be entering into agreement for service centers for AgustaWestland and Sikorsky in the Middle East Region and also will collaborate with Sikorsky to set up a ‘Blade Repair Shop’.

Gulf Helicopters Company
2007 Performance Highlights
Qatar Steel Company was formed in 1974 as the first integrated steel plant in the Arabian Gulf. Commercial production commenced in 1978. Over the years the Government of Qatar acquired full ownership of the company and transferred the same to Qatar Petroleum (QP) which in turn transferred its shares to Industries Qatar (IQ) in exchange for shares in IQ. Today, Qatar Steel is and endeavors to be a leading and constantly growing force in the steel industry of the region, to be admired for its business culture, for building value to its shareholders and customers, and for bringing inspiration to its people.

With a committed, skilled and well trained workforce of about 1900, and endowed with excellent plants, Qatar Steel produces and sells a wide range of bars, billets and DRI / HBI throughout the GCC area and neighboring countries. Over the three decades that Qatar Steel has been in operation, it has forged a remarkable reputation for unrivalled quality, flexibility and reliability in all its product and service offerings.

Qatar Steel also operates a fully owned subsidiary - Qatar Steel Company, FZE Dubai, producing steel bars and coils. In addition, Qatar Steel has a sizeable stake in three associated companies namely United Stainless Steel Company (USCO), Bahrain, Gulf Industrial Investment Co, (GIIC) Bahrain and Qatar Metals Coating Company W.L.L (Q-Coat). USCO manufactures cold rolled stainless steel coils and sheets. GIIC is engaged in pelletization of Iron Ore which is an essential raw material for Qatar Steel while Q-Coat manufactures epoxy coated bars.
Qatar Plastic Products Company (QPPC) was established on 19 September 1998. The commercial production commenced on 23 August 2000 and was officially inaugurated by His Excellency Abdullah Bin Hamad Al Attiyah on 21 November 2000.

Around 90% of production is being sold to the local market while the balance is marketed in other Gulf countries and in Europe.

The production facility is located at Mesaieed Industrial City, 40 km south of Doha.

The company is equally shared between Qatar Petrochemical Company (QAPCO), Qatar Industrial Manufacturing Company (QIMCO) and FEBO s.p.a of Italy.

Main Activities:

All operations are controlled by a sophisticated computerized system that automatically checks the thickness and the width of the film. The products can be produced from different kind of components to satisfy customers’ requirements. The printing of the products is done using Flexographic printing lines up to 6-colours, which ensures excellent quality of printing. The printing lines are provided with controlled winding system, to ensure constancy of tension in winding.

from the very beginning to the end, thus eliminating problems such as film blocking.

Productions are tested in the quality control department. The analysis certificate detailing the composition, dimension and mechanical properties of the product is provided with every delivery of the products.

Safety data sheets and Certificate of Conformity are supplied upon request.

The products are:
- FFS (Form, Fill and Seal) Film
- Shrinkable Hood
- Shrinkable Film
- Construction Foil (Polythene Sheet)
- Polyethylene Sleevings
- Greenhouse and Agricultural Film
- Top Open Bags
- General Purpose Film
- Heavy Duty Trash Bag
- Marker Tape / Warning Tape

Expansion Plans:
In year 2007 QPPC started its growth strategy by expanding its operations. QPPC upgrades its electrical substation, install new chillers and install General Purpose Line No. 7. In year 2008-2009 new co-extrusion lines will replace the existing monolayer line. This anticipation is based on the present and future requirements of most of the petrochemical companies in the region for multilayer film.
Qatalum

Qatar Aluminium Co., Qatalum, is the new aluminium smelter that Qatar Petroleum is building in the Mesaieed Industrial City in partnership with the Norwegian company Norsk Hydro. The company is a 50% / 50% joint venture between the two partners. The project occupies an area of approximately 2.7 square kilometers.

Once construction is completed in 2010, the plant will be largest aluminium smelter ever build in one phase, with the capacity to produce 585,000 metric tons per year of premium-quality aluminium ingots. The plant will use Hydro’s proprietary technology HAL-270/300 for aluminium reduction. A main feature of the facility will be the 2 Potroom Buildings, where the actual aluminium reaction takes place, each one 1.1 kilometers long.

Alumina is the main raw material for the plant (1,100,000 metric tons per year) and it would be imported mainly from Australia and Brazil under long-term contracts already signed with alumina producers. Calcined petroleum coke (220,000 metric tones per year) and liquid coal tar pitch (55,000 metric tons per year) will also be imported as raw materials for making the anodes needed for the aluminium reaction.

Electricity is the key element to induce the reaction of alumina oxide (AL2O3) into aluminum. A captive power plant with a name plate capacity of 1200 MW is also being built as part of the project to supply the electricity needs of the smelter. Qatar Petroleum will supply approximately 200 million cubic feet per day of natural gas to the new power plant.

Qatalum is a complex facility that will also include, a Carbon Plant capable of producing up to 370,000 metric tons per year of high-quality anodes, a state-of-the-art Casthouse with a capacity to produce 625,000 metric tons per year of extrusion ingots, foundry alloys and standard ingots that will meet the most stringent quality standards of the market. The plant configuration also includes port and storage facilities to handle the imports of alumina, coke and pitch. Exhaust gasses from the aluminium reaction will be processed in a set of Fume Treatment Plants to secure that emission met world quality standards.

The aluminium production will be exported to markets in Europe, Asia, North America and the GCC countries under a long-term market offtake agreement signed with Hydro Aluminium.

The plant is currently under construction and by the end of June 2008; it has a reach a progress of 25% towards its completion. According to the schedule, first liquid metal production shall start during the 4Q of 2009, with commissioning activities progressing until the 2Q of 2010. Ramp-up to full production shall be accomplished during the second half of 2010.

Qatar Petroleum International

Qatar Petroleum International (QPI) has been established to leverage the existing domestic energy business and experience into developing an international position by transforming itself into an integrated energy company that will encompass selected focus industries within the oil and gas value chain. QPI will be actively investing in upstream, midstream and downstream assets within the next few years for it to realize its vision of becoming an integrated energy company.

During financial year 2007, QPI signed the following:


- Memorandum of Understanding between QPI together with Occidental Midstream Projects Ltd and the Ministry of Commerce and Industry of Panama to develop a refinery in Puerto Armuelles, Panama.

- Memorandum of Understanding between QPI and the Government of Tunisia to develop a refinery in La Shikra, Tunisía.
Established in May 2004 as the first offshore and onshore drilling service provider in Qatar, Gulf Drilling International Ltd. (GDI) specializes in the provision of contract land and offshore drilling services to oil and natural gas exploration and production companies.

GDI is a joint venture between Qatar Petroleum 70% and Japan Drilling Co. Ltd 30%, with a paid-up capital of US$ 103.2 million.

GDI is a growth-oriented company. From 2004 to 2008, GDI’s rig fleet grew from 1 to 9 rigs and its workforce from 100 to over 800. Today, its state-of-the-art rig fleet consists of 5 offshore Jack-up rigs and 4 Land rigs.

GDI strives to be an industry leader and the rig contractor of choice in Qatar, providing innovative drilling services by exceeding the expectations of customers, shareholders and employees.

To ensure continuous safe, efficient cost effective, high tech and quality drilling services to all its current and future customers, GDI’s performance in all its operations, be it technical, administrative, financial, human or social, is strictly governed by its core values: Customer Satisfaction, Employee Dynamics, Asset Integrity, Performance and Reliability, Environment Protection, and Ethics and Accountability.

GDI Achievements
GDI had another profitable year in 2007 posting revenues of QR594.6 million compared to QR317.3 million in 2006 for an increase of 87%. Net income in 2007 also grew to QR161.0 million compared to QR78.5 million in 2006 for an increase of 105%. The profitability of the company is also trending upward with net income amounting to 27% of revenues in 2007 compared to 25% in 2006.

GDI is expanding its asset base and is now has 9 drilling rigs (5 offshore Jack up rigs and 4 onshore land rigs) compared to 6 drilling rigs in 2006 (2 offshore Jack up rigs and 4 onshore land rigs). The higher revenue is being driven by an increase in rig operating days. Earlier this year, GDI has taken delivery of a new state of the art jack up rig, the “Al-Zubarah”, which is expected to drive GDI’s operating capacity, revenues and profits to higher achievements in 2008.

GDI Future
GDI will continue building on its way for excellence, having laid the foundation during the course of its short existence for substantial growth and profitability. With improved drilling performance and implementation of numerous system enhancements, GDI has positioned itself to be a successful, long term player in the lucrative drilling rig services market, both in Qatar and regionally, “Stronger By The Day” is the motto representing GDI’s enthusiasm.

Gulf Drilling International (GDI)
To His Highness The Emir of The State of Qatar
Doha – State of Qatar

We have audited the consolidated financial statements of Qatar Petroleum, (The "Corporation"), as of 31 December 2007 from which these abridged consolidated financial statements were derived, in accordance with International Standards on Auditing. In our report on the consolidated financial statements, dated April 30, 2008, based on our audit and the audit of the other auditors, we expressed an unqualified opinion on the consolidated financial statements from which these abridged financial statements were derived.

The Corporation has prepared its consolidated financial statements on the basis of the accounting policies described in Note 2.1 of the consolidated financial statements and the requirements of the Council of Ministers’ Decision No. 6 of 1975 (as amended).

In our opinion, the accompanying abridged consolidated financial statements are consistent, in all material respect, with the consolidated financial statements from which they are derived.

For a better understanding of the Corporation’s consolidated financial position and results of its operations for the year then ended and the scope of our audit, these abridged consolidated financial statements should be read in conjunction with the consolidated financial statements from which these abridged consolidated financial statements were derived and our audit report thereon.

Doha - Qatar
April 30, 2008

Muhammad Sahemia
License No. 103

Deloitte & Touche
Consolidated Balance Sheet
at 31 December 2007  (amounts expressed in Thousand of Qatar Riyals)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
<th>Restated</th>
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</thead>
<tbody>
<tr>
<td><strong>NON CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>135,161,300</td>
<td>93,344,657</td>
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<tr>
<td>Deferred expenditure</td>
<td>424,794</td>
<td>318,549</td>
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<tr>
<td>Investments</td>
<td>2,796,618</td>
<td>1,718,371</td>
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</tr>
<tr>
<td>Other assets</td>
<td>1,803,877</td>
<td>5,137,758</td>
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<tr>
<td>Investment Property</td>
<td>146,032</td>
<td>118,426</td>
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<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>140,334,811</strong></td>
<td><strong>100,637,771</strong></td>
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<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>30,873,428</td>
<td>23,312,281</td>
<td></td>
</tr>
<tr>
<td>Debtors and prepayments</td>
<td>12,346,255</td>
<td>10,743,191</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>3,779,715</td>
<td>3,153,062</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td><strong>46,999,398</strong></td>
<td><strong>37,208,534</strong></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors and accruals</td>
<td>(18,803,454)</td>
<td>(14,321,840)</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>(3,273,129)</td>
<td>(2,243,415)</td>
<td></td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>(21,076,583)</strong></td>
<td><strong>(16,565,255)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>NET CURRENT ASSETS</strong></td>
<td><strong>25,922,815</strong></td>
<td><strong>20,643,274</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS LESS CURRENT LIABILITIES</strong></td>
<td><strong>166,457,506</strong></td>
<td><strong>121,281,045</strong></td>
<td></td>
</tr>
<tr>
<td><strong>NON CURRENT LIABILITIES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>(53,615,837)</td>
<td>(42,722,043)</td>
<td></td>
</tr>
<tr>
<td>Obligations under finance lease</td>
<td>(11,211,397)</td>
<td>(7,970,251)</td>
<td></td>
</tr>
<tr>
<td>Provision for employees' end of service benefits</td>
<td>(777,584)</td>
<td>(576,462)</td>
<td></td>
</tr>
<tr>
<td>Amounts due to Ministry of Finance</td>
<td>(30,543,694)</td>
<td>(9,095,431)</td>
<td></td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(1,417,815)</td>
<td>(1,108,698)</td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(865,337)</td>
<td>(322,523)</td>
<td></td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td><strong>(103,958,664)</strong></td>
<td><strong>(61,985,408)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>62,497,932</strong></td>
<td><strong>59,585,037</strong></td>
<td></td>
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</tbody>
</table>

**Capital and Reserves:**

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution capital</td>
<td>25,000,000</td>
<td>25,000,000</td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>7,287,111</td>
<td>5,391,785</td>
<td></td>
</tr>
<tr>
<td>Other reserves</td>
<td>26,284,039</td>
<td>25,035,727</td>
<td></td>
</tr>
<tr>
<td>Minority interest</td>
<td>3,316,782</td>
<td>3,253,122</td>
<td></td>
</tr>
<tr>
<td><strong>Total Capital and Reserves</strong></td>
<td><strong>62,497,932</strong></td>
<td><strong>59,585,037</strong></td>
<td></td>
</tr>
</tbody>
</table>

ABDULLAH BIN HAMAD AL-ATTIYAH
Deputy Premier
Minister of Energy & Industry
Chairman and Managing Director

YOUSEF HUSSEIN KAMAL
Minister of Finance
Acting Minister of Economy and Commerce
Vice Chairman
### Consolidated Statement of Income
for the year ended 31 December 2007  
(amounts expressed in Thousand of Qatar Riyals)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>117,429,634</td>
<td>100,683,689</td>
</tr>
<tr>
<td>Other operating income</td>
<td>7,228,215</td>
<td>4,504,342</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td><strong>124,657,849</strong></td>
<td><strong>105,188,031</strong></td>
</tr>
</tbody>
</table>

| **OPERATING EXPENSES** |            |            |
| Operating, selling and administrative expenses | (14,865,390) | (9,744,998) |
| Depreciation and amortization | (4,823,545)  | (4,321,148)  |
| **Total Operating Expenses** | **19,684,935** | **14,066,146** |

| **NET OPERATING INCOME** |            |            |
| Dividend and interest income | 1,431,944  | 1,090,262  |
| Finance charges | (2,192,005)  | (1,735,565)  |
| **INCOME BEFORE ROYALTIES, TAXES AND MINORITY INTEREST** | **104,202,853** | **90,445,582** |

| Royalties | (20,589,810)  | (16,691,071)  |
| Taxes | (47,077,443)  | (41,433,653)  |
| **INCOME BEFORE MINORITY INTEREST** | **36,536,600** | **32,321,818** |

| Minority interest | (1,486,322)  | (1,085,344)  |
| **NET INCOME FOR THE YEAR** | **35,049,278** | **31,236,474** |

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ABDULLAH BIN HAMAD AL-KATRIYAH  
Deputy Premier  
Minister of Energy & Industry  
Chairman and Managing Director

YOUSEF HUSSAIN KAMAL  
Minister of Finance  
Acting Minister of Economy and Commerce  
Vice Chairman
### Contributed Capital
- **Balance at 1 January 2008**: 25,000,000
- **Net Income for the year**: -
- **Transfer to General Reserve**: -
- **Transfer to Legal Reserve**: -
- **Transfer to current account with Ministry of Finance**: -

### Retained Earnings
- **Balance at 1 January 2008**: 4,285,646
- **Net Income for the year**: 1,776
- **Transfer to General Reserve**: -
- **Transfer to Legal Reserve**: -
- **Transfer to current account with Ministry of Finance**: -

### Hedging Reserve
- **Balance at 1 January 2008**: (53,982)
- **Net movement in other reserves**: 13,833
- **Transfer to General Reserve**: 138,641
- **Transfer to Legal Reserve**: 68,280
- **Transfer to current account with Ministry of Finance**: (25,288,940)

### Foreign Currency Translation Reserve
- **Balance at 1 January 2008**: 1,776
- **Net movement in other reserves**: 20,370,765
- **Transfer to General Reserve**: -
- **Transfer to Legal Reserve**: -
- **Transfer to current account with Ministry of Finance**: -

### General Reserve
- **Balance at 1 January 2008**: 20,370,765
- **Net movement in other reserves**: 620,897
- **Transfer to General Reserve**: -
- **Transfer to Legal Reserve**: -
- **Transfer to current account with Ministry of Finance**: -

### Legal Reserve
- **Balance at 1 January 2008**: 20,938,456
- **Net movement in other reserves**: -
- **Transfer to General Reserve**: 20,938,456
- **Transfer to Legal Reserve**: -
- **Transfer to current account with Ministry of Finance**: -

### Sub-total
- **Balance at 1 January 2008**: 25,221,299
- **Net movement in other reserves**: 26,294,039
- **Transfer to General Reserve**: 58,581,150

### Total
- **Balance at 31 December 2007**: 25,000,000
- **Net Income for the year**: 7,287,111
- **Transfer to General Reserve**: 20,898,889
- **Transfer to Legal Reserve**: 759,673
- **Transfer to current account with Ministry of Finance**: 26,294,039

**Consolidated Statement of Changes in Equity for the Year ended 31 December 2007 (amounts expressed in Thousand of Qatar Riyals)**
### Consolidated Statement of Cash Flows
for the year ended 31 December 2007  
(amounts expressed in Thousand of Qatar Riyals)

<table>
<thead>
<tr>
<th>Description</th>
<th>2007</th>
<th>2006 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income for the year before minority interest</td>
<td>36,535,600</td>
<td>32,321,618</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to cash provided from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Depreciation and amortization</td>
<td>4,828,545</td>
<td>4,321,148</td>
</tr>
<tr>
<td>- Provision for employees' end of service benefits</td>
<td>306,450</td>
<td>179,944</td>
</tr>
<tr>
<td>- Deferred income taxes</td>
<td>271,685</td>
<td>316,613</td>
</tr>
<tr>
<td>- Release of investment provision</td>
<td>(40,222)</td>
<td>(19,798)</td>
</tr>
<tr>
<td>- Loss/Adjustment on sale/transfer of fixed assets</td>
<td>81,662</td>
<td>241,918</td>
</tr>
<tr>
<td>Decrease (Increase) in operating assets and liabilities</td>
<td>4,449,226</td>
<td>(3,871,287)</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>46,433,070</td>
<td>33,490,555</td>
</tr>
<tr>
<td>Payments and advances against employees' end of service benefits</td>
<td>(105,328)</td>
<td>(74,747)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>46,327,742</td>
<td>33,415,808</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for fixed assets, deferred expenditure and other assets</td>
<td>(47,037,116)</td>
<td>(32,989,924)</td>
</tr>
<tr>
<td>Proceeds from disposal of fixed assets</td>
<td>20,487</td>
<td>984,584</td>
</tr>
<tr>
<td>Deposits maturing after 90 days</td>
<td>(1,007,781)</td>
<td>(1,254,679)</td>
</tr>
<tr>
<td>Purchase of investments – net</td>
<td>(1,038,025)</td>
<td>(166,470)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(49,062,435)</td>
<td>(33,424,489)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>18,263,585</td>
<td>23,607,929</td>
</tr>
<tr>
<td>Repayment of loans and obligations under finance leases</td>
<td>(2,882,854)</td>
<td>(8,547,382)</td>
</tr>
<tr>
<td>Net change in account with Ministry of Finance</td>
<td>(5,265,007)</td>
<td>(19,805,840)</td>
</tr>
<tr>
<td>Movement in minority interest</td>
<td>(827,665)</td>
<td>(524,399)</td>
</tr>
<tr>
<td><strong>Net cash available from (used in) financing activities</strong></td>
<td>9,288,069</td>
<td>(3,669,692)</td>
</tr>
<tr>
<td><strong>Net change in cash and cash equivalents</strong></td>
<td>6,553,366</td>
<td>(3,678,373)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the beginning of the year</strong></td>
<td>21,812,722</td>
<td>25,491,099</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td>28,366,088</td>
<td>21,812,722</td>
</tr>
</tbody>
</table>