In the name of ALLAH
Most GRACIOUS
Most MERCIFUL
HH Sheikh Hamad Bin Khalifa Al-Thani
Emir of the State of Qatar
HH Sheikh Tamim Bin Hamad Al-Thani
Heir Apparent
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Board of Directors

HE Abdullah Bin Hamad Al Attiyah
Deputy Premier
Minister of Energy and Industry
Chairman & Managing Director

HE Youssef Hussain Kamal
Minister of Finance
& Acting Minister of Economy and Commerce
Vice-Chairman
Mr. Fahad Hamad Al-Mohannadi
General Manager, QEWC
Member

Mr. Faisal Mohammed Al-Suwaidi
Vic-Chairman and Managing Director, Qatargas
Member

HE Dr. Ibrahim Al-Ibrahim
Economic Advisor to HH the Emir
Secretary General, Development Planning Council
Member

Mr. Hamad Rashid Al Mohannadi
Managing Director/CEO, RasGas
Member

Mr. Abdullah Hussain Salatt
Senior Advisor, the Deputy Premier, Minister of
Energy & Industry’s Office
Member

Mr. Fahad Hamad Al-Mohannadi
General Manager, QEWC
Member
Qatar Petroleum: Leading Qatar to Become the World’s Largest LNG Exporter

On behalf of the Board of Directors, and all directors, managers and staff of Qatar Petroleum (QP), I would like to convey our profound gratitude and highest respect to His Highness Sheikh Hamad Bin Khalifa Al-Thani, the Emir of the State of Qatar, and His Highness Sheikh Tamim Bin Hamad Al-Thani, the Heir Apparent, for their continuous support and encouragement in guiding us to deliver the vision of His Highness the Emir for the optimal utilization of our natural resources, through which we pursue our efforts to make Qatar the global largest LNG producer, and QP a world energy leader.

In the history of QP, 2006 was a true landmark year in many aspects, during which the corporation managed to distinguish itself as one of the global leaders in energy projects. On the national level, QP pursued its major role aimed to generate the main part of the national income, while, at the same time, providing the energy products for the domestic community and local industries. It developed excellent capabilities in managing resources, and became more efficient and commercially focused.

In the crude oil business, QP has been producing over half of Qatar’s total oil output, with the rest generated by international companies operating under production-sharing agreements covering oil fields. The current total oil output of 850,000 barrels per day (b/d) is expected to reach around one million b/d by the end of 2009. The development of the offshore Al-Shaheen field, announced by the end of 2005, will increase the production capacity of the structure to more than half a million b/d by then.

At the same time, QP continues to focus on four main areas, namely the liquefied natural gas (LNG), gas-to-liquids (GTL), gas pipeline exports, and gas feedstock for local industries and power plants. In addition, great expansion continues in the fields of petrochemicals and heavy industries.

During the year, Qatar witnessed the conclusion of agreements, the laying of the foundation stones and the coming on stream of a number of various gigantic projects, including a condensates refinery, an aluminum smelter, and two GTL plants. 2006 also witnessed the starting of work aimed at expanding the Ras Laffan Port, the construction of a dry dock for ship repairs, and the manufacturing of supportive materials, as well as the enhancement of ethylene and poly-ethylene output, and the production of an increasing volume of gas to meet the growing local needs.

In terms of mega projects achieved, the most impressive accomplishment was the prestigious inauguration of the ORYX GTL plant, the key step in Qatar’s bid to become the GTL capital of the world. The ORYX project is scheduled to yield 34,000 b/d of clean GTL products. The other major step on this bid was the launch of the world-scale integrated Pearl GTL project, which will consist of two 70,000 b/d GTL trains and associated facilities, to be completed by 2010.

The phase two of Al-Khaleej Gas (AKG-2) project, launched in July 2006, will further contribute in the rapid monetization of the country’s huge gas reserve. The AKG-2, scheduled to start up in the second half of 2009, will supply natural gas to domestic markets while recovering associated condensates and natural gas liquids.

With the coming on stream of RasGas Train 5, Qatar is on the target to be became the world’s largest LNG producer and exporter. Its production capacity had risen to 30 million tons per year. The expansion in natural gas projects will result in Qatar’s LNG production capacity reaching 77 million tons per year by 2010. In that context, the foundation stone for Qatargas 3 and Qatargas 4 LNG trains were laid during the year. Those projects are expected to generate...
a total of around 15.6 million tons of LNG per year, most of which are targeted for the United States markets.

2006 also witnessed the continuation of work on the Dolphin project, which aims at supplying up to 2 billion standard cubic feet per day of natural gas to the United Arab Emirates (UAE) through an offshore pipeline. The scheme is expected to come on stream by mid-2007.

In developing its mega projects, QP continues to implement an integrated approach, through either designing new projects adjunct to other existing plants in order to maximize synergies from the simultaneous execution of those projects, or optimally utilizing upstream feedstock in new local industrial projects. The ethylene cracker of the Ras Laffan Olefins Company, which is one of the largest crackers in the world, will use part of the feedstock produced in connection with the Dolphin project to yield 1.3 million tons of ethylene per year. Another example of how QP coped with this approach was the construction of the Laffan condensate refinery, with planned processing capacity of 146,000 b/d of gas condensates.

In the mean time, QP is working hard towards a goal of no harm to people and no harm to the environment. Maintaining the quality of the environment for future generations is an important part of these efforts to ensure the protection and welfare of people, environment and QP facilities.

We also continued to achieve progress in the Five-year Strategic Qatarization Plan in terms of mobilization of resources, close liaison and coordination between the Energy & Industry Sector and other ministries and educational institutions. At the end of 2006, Qatari nationals accounted for 1889 of QP’s workforce, or 21% of permanent positions in the establishment. A major achievement in this respect was the setting of the first Qatar Career Fair, which is to highlight employment opportunities in Qatar’s energy and industry sector.

QP continued in 2006 to play a significant role in organizing and hosting international and regional energy conferences. The most significant event was The 10th International Energy Forum, in which 59 countries and six international organisations took part. Other major events included the 11th International Middle East Gas Summit, and the International Symposium on Natural Gas and Sustainable Development. The choice of Qatar to host such major events is due, among other reasons, to the strong business relations Qatar has established with the most of the world-class energy players.

I would like finally to express my sincere appreciation to the QP management and staff for their outstanding professional efforts and dedication to making 2006 the year of great milestones in the history of the Corporation, pursuant to the wise vision and long-term strategy set by HH Sheikh Hamad Bin Khalifa Al-Thani, the Emir of the State of Qatar.
## Highlights of 2006

<table>
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<tr>
<th>Date</th>
<th>Events</th>
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| **January**| • QP & Occidental Petroleum of Qatar (OPQL) celebrate 10-years with Inauguration of PS-1K  
• QP Signs MoU with Korean Honam Petrochemical Corp                                                                                          |
| **February**| • Qatar Hosts the 11th International Middle East Gas Summit  
• HE Al-Attiyah Opens International Symposium on Natural Gas & Sustainable Development  
• HE Al-Attiyah Opens the 4th Major Energy Projects Opportunities in Qatar Conference (MEED)  
• QP Holds 1st Qatar Career Fair for Energy & Industry Sector                                                                                       |
| **March**   | • Energy City Qatar Project Launched  
• QP & Hydro Aluminum AS Sign Joint Venture  
• HE Al-Attiyah Inaugurates Industrial Partnership Fair  
• HE Al-Attiyah Signs Mesaieed Housing Project Contract                                                                                             |
| **April**   | • HH the Heir Apparent Sheikh Tamim Bin Hamad Al-Thani Inaugurates the 10th International Energy Forum  
• HH the Heir Apparent Lays the Foundation Stone for Qatargas 3 and 4 Projects  
• HH the Heir Apparent Lays the Foundation Stone for the Largest Condensate Refineries at RLC                                                                 |
| **May**     | • HH the Heir Apparent Inaugurates Qatofin Plant  
• HH the Heir Apparent Lays the Foundation Stone for Ras Laffan Olefins Company  
• HE Al-Attiyah Elected Chief of UN Panel  
• QP Participates in Qatar University Career Fair 2006                                                                                              |
| **June**    | • HH The Emir Inaugurates the World’s Largest GTL Plant at RLC  
• HH the Heir Apparent Lays the Foundation Stone for Q-Chem II  
• QP Hosts 21st GCC Drilling Technical Exchange Meeting                                                                                               |
| **July**    | • HE Al-Attiyah Signs Agreement Establishing Qatar Melamine Company  
• QP& Exxon Mobil Launch Al Khaleej Gas Phase-2 (AKG-2)  
• Qatargas 2 & Total Sign Long Term Contract  
• Doha Hosts OPEC Task Force on Sustainable Development                                                                                              |
| **August**  | • QP Health Safety Environment Organizes Awareness Event for Students  
• OPEC Holds Emergency Ministerial Meeting in Doha  
• QP & ExxonMobil Chemical Qatar Sign HOA for a Proposed $3bn Petrochemical Complex  
• QP, Kahrama and Marbeni (Japanese Corp) Sign Agreement for Power Plant  
• QP Receives Prestigious LNG Honor in Rome                                                                                                           |
| **October** | • HH The Emir Inaugurates Al-Khaleej Gas Project  
• HE Al-Attiyah Opens Qatar polymer Plant Expansion  
• QP & partners Sasol & Shell Launch GTL Fuelled School Buses  
• QP Joins Bearers of Asian Games Torch                                                                                                              |
| **November**| • HH the Heir Apparent Sheikh Tamim Bin Hamad Al-Thani Inaugurates the 10th International Energy Forum  
• HH the Heir Apparent Lays the Foundation Stone for Qatargas 3 and 4 Projects  
• HH the Heir Apparent Lays the Foundation Stone for the Largest Condensate Refineries at RLC                                                                 |
| **December**| • QP Participates in Gastech 2006 in Abu Dhabi  
• HE Al-Attiyah Receives Industry Innovator Award in Energy Field                                                                                     |
**Key Consolidated Financial Information**

### Sales Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
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<th>2004</th>
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<th>2006</th>
</tr>
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<tbody>
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<td>Sales Revenue</td>
<td>30,955</td>
<td>38,852</td>
<td>53,506</td>
<td>75,826</td>
<td>100,684</td>
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### Net Income

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<tr>
<th>Year</th>
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<th>2006</th>
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<td>Net Income</td>
<td>8,287</td>
<td>11,877</td>
<td>15,584</td>
<td>21,880</td>
<td>31,235</td>
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### Net Cash Flow from Operations

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<th>2004</th>
<th>2005</th>
<th>2006</th>
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<tr>
<td>Net Cash Flow from Operations</td>
<td>10,781</td>
<td>14,471</td>
<td>19,792</td>
<td>28,296</td>
<td>33,426</td>
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### Capital Expenditures

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<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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<tbody>
<tr>
<td>Capital Expenditures</td>
<td>5,528</td>
<td>6,519</td>
<td>13,714</td>
<td>20,008</td>
<td>32,995</td>
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### Total Assets

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>57,616</td>
<td>61,132</td>
<td>75,119</td>
<td>105,545</td>
<td>137,851</td>
</tr>
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Introduction
Having achieved ISO certification in February 2006, the Administration Directorate continued to pursue implementation of the DA Quality Management System (DA QMS) and its continual improvement. Towards this end, all Departments under the Directorate conducted customer satisfaction surveys and identified quality improvement programs from the analysis of the survey results. Simultaneously QA Department conducted a second party audit of the DA QMS during the period May to November 2006. Three tier continuous improvement teams at the Directorate, Department and Division levels were set up to assist respective managers to implement the continual improvement process.

The Directorate worked ambitiously to meet its business targets and to provide quality customer service with cost discipline to support QP core business in the five ‘Key Result Areas’ namely; Human Resources, Qatarization, Training, Medical, and Services i.e. housing, facilities, maintenance, transport, offices and recreation.

Human Resources
Several initiatives were made for the enhanced service delivery in Doha and locations for recruitment of Nationals and non-nationals, Qatari development, staff appraisal, compensation, job analysis and evaluation, policy development, employee grievance and disciplinary process and employee record management system. A service desk has been set up in Al Sadd Plaza by Personnel Administration to improve and upgrade service to Doha based employees. Employee self-service applications, HR business process enhancements, upgrades and automation, SAP business warehouse implementation to replace the existing reporting systems, progressive standardization of job titles, and putting job description guide on the intranet were some of the achievements.

To attract, national manpower, the Directorate continued to work towards building an image of Qatar Petroleum as an “Employer of Choice” through a well-developed public awareness plan stressing on company success, leadership, competitive package and options for personal development. For the year 2006, fresh Qatari high school graduates have been recruited for various technical and non-technical training programs in addition to Qatari direct hire staff and university graduates.

Qatar Petroleum’s 2006 Summer Training program has successfully attracted over 500 students, in addition to a further number of students receiving training in Qatar Petroleum subsidiaries. It was intended to encourage all Qatari students (male/female) to take full advantage of the summer holiday to properly plan for their future career, according to their qualifications and competencies and included on-the-job training in some technical fields, computer training and competencies...
and included on-the-job training in some technical fields, computer training and English language classes. This summer training program for young Qatari students will continue as an important part of its Strategic Qatarization Plan.

**Qatarization**

The Five-year Strategic Qatarization Plan continued to achieve progress in terms of mobilization of resources, close liaison and coordination between the Energy & Industry Sector and other ministries and education institutions. At the end of 2006 Qataris accounted for 1889 of the Qatar Petroleum workforce, or 21% of permanent positions in the establishment. (Based on headcount the Qatarization percentage is 35%). The percentage showed an appreciable drop mainly due to the decision to now calculate Qatarization against current - higher - establishment instead of the June 2000 establishment (QP has added some 1500 positions since December 2005), plus the growth in competing companies. A further 1306 Qataris were on development plans and in full-time education to prepare them for work in QP.

Qatar Petroleum works closely with outside organizations such as Qatar University, College of North Atlantic, Texas A&M University, Carnegie Mellon and other organizations within Qatar Foundation, and the Ministry of Civil Service Affairs and Housing to fulfill its Qatari human resource requirements.

Under the auspices of Ministry of Energy and Industry, the first Qatar Career Fair highlighting employment opportunities in Qatar’s energy and industry sector was held on February 12-14, 2006.

The Fair provided an opportunity to learn more about the energy and industry sector, what the business is and what individual company human resource plans are for Qataris and the kinds of recruitment and training opportunities available. The slogan of the Fair “Your future in your hands” expressed the message of ownership to over 2000 students who attended. Over 40 companies and educational institutes participated in the three-day event supported by a special website launched in both Arabic and English which provided further details about the event, exhibitors and schedule of presentations and competitions.

**Training**

The focus of the third key result area of “Training” remained on expanding the availability of high quality training and learning to all QP employees and also to play a crucial role in implementing the Energy and Industry sector’s Strategic Qatarization. To ensure quality training the Corporate Training Department has embarked on a new strategy:

- Outsource pre-university program to Qatar Foundation. Also, outsource vocational and technical education programs such as Tailor-made Program (TMP), Technician Preparation Program (TPP) and Clerical Preparation Program (CPP) to College of North Atlantic- Qatar, while retaining the workplace training with corporate training department.
- Focus on the Energy & Industry Company and line departments’ specific training requirements.
- Consolidate the workplace qualifications and establish a structured building block approach in training, using effective internal and outsourced training services that are governed by work competences and achieve internationally recognized certifications. This will ensure continual improvements of the training programs in line with international quality standards and also ensure their direct relevance to the requirements of the lines and subsidiaries.
- Enhance trainee & employee English training programs.
- Expand e-Learning technology application to enhance staff continuous learning and complement Professional Training programs. Number of the licensed users has been increased from 500 to 2000.
- Enhance & automate systems of training needs identification and programs evaluation.
- Automate central library & information system.
- Collaborate with colleges and universities and professional institutions in Qatar & overseas on undergraduate and post-graduate programs, and ensure compatibility with the O&G industry’s needs.

At the end of 2006 there are 1209 Qatari trainees in different vocational training programs in CT, out of which 706 are based in the College of North Atlantic-Qatar Campus (CNA-Q). The trainees in CNA-Q are enrolled in disciplines such as: business management, business administration, office administration, computer support specialists, laboratory technician, technician diploma, TPP, TMP, CPP, SPP and fire-fighting program. Additionally there are 569 trainees & staff-on-development at Qatari & overseas universities.
Corporate Training Department continued to expand its professional training programs and activities to develop the skills and competencies of the staff of QP and its affiliated companies. A total of 5,025 employees were trained in 2006, with a total of 15,329 man-days. 759 employees were trained overseas while 4266 were trained in Qatar. The training programs covered specializations such as: technical, computer, and non-technical.

Medical
The demand for ‘Medical Services’ in Qatar Petroleum in Doha and locations at Dukhan, Mesaieed and Ras Laffan continued to increase during the year 2006.

Several new initiatives at the Ras Abu Aboud Doha clinic were taken to improve the existing services, which include, streamlining the patient appointment system, continuous medical education program to keep the staff updated with latest strategies and technologies, centralising all pharmacy purchases and provision of more staff and space in treatment rooms for handling Emergency and urgent cases. To provide a more comprehensive service to all patients, a new integrated ‘Medical Management Information System’ has been acquired, which is expected to be in operation in the near future.

The Mesaieed Medical Centre (MMC) provided extended services such as, a separate clinic for QP employees to provide priority access to duty staff at the main MMC clinic, occupational clinics at MMC, NGL and Refinery clinics for medical surveillance, specialty clinics in diabetic and antenatal services, microbiology testing in the laboratory department, round the clock X-Ray service and regular ultrasound facility during morning hours.

The Dukhan Medical Centre continued to provide high standard comprehensive medical and dental services including pharmacy, pathology, x-ray, ultrasound and physiotherapy for a population consisting of QP staff and their families, local nationals and residents, police and other servicemen and the government officials. By establishing a satellite clinic at Dukhan Support Services Area (DSSA), QP Medical Services now provides service to an area where, approximately 6,000 contractor personnel are concentrated. Provision was made for round the clock emergency services comprising a fleet of four ambulances run by QP nursing and ambulance nursing team and an additional ambulance and crew provided by Hamad EMS. The newly completed extension to the Medical Centre building has provided the pharmacy, physiotherapy and laboratory increased space for better patient support.

The Ras Laffan Medical Services continued to expand to meet the needs of the Industrial City. It has commissioned the construction of a second medical clinic to cover the population of the west camp in 2007, and developed the occupational health capacity with experienced, trained personnel to develop an efficient occupational medicine support service to the end users in the city.

Services
General Services department, in its capacity as the custodian of the planned new centralized office complex, has finalized all QP requirements with respect to the offices, maintenance facilities, training centre, medical facilities, recreational facilities, support functions and dedicated parking space. This is a major project to be built within the Lusail Development in the northern part of Doha. The Lusail project is situated on a 600,000 M2 site. It is intended to accommodate most of the Doha-based staff of QP. The project is currently in the design stage. The construction phase is scheduled to start mid 2008 and due for completion at the end of year 2010. The completion of the QP centralized office complex would enable QP to eliminate most of the scattered office facilities in Doha.

During the year 2006, services were provided efficiently in the areas of housing, facilities services, facilities maintenance, transport and recreational services to support QP operations in Doha. GS department also assumed the function of Records Management (non-technical records) at all QP locations with effect from 13th December,2006. A new strategy was adopted to utilize fully furnished hotel apartments in Doha, as and when required for short durations, to meet the occasional shortage of accommodation.

Qatar Petroleum continued to provide support services to newly established joint venture/affiliated companies during their initial set up period.
The use of Information Technology (IT) is becoming increasingly pervasive and critical to operations in all business areas of QP. QP employs increasingly state-of-the-art technologies in order to produce its primary products. Most of these technologies are reliant on the analysis of large quantities of data and the use of IT therefore continues to play a major role in assisting the organization to achieve its goals.

During 2006 significant progress was made with the implementation project of the second phase of the enterprise resource planning system (SAP). The results and benefits of this long term project are already visible in various departments.

Accurate and timely modeling of Qatar’s hydrocarbon resource base is essential for the ongoing development of these natural resources. IT systems are comprehensively used for reservoir simulation modeling and processing of sub-surface 3D geological modeling.

Successful launches of web-based Geographic Information System (GIS) portals through the corporation’s Intranet such as eMap, Engineering Asset Spatial Explorer (EASE), and automation of a number of GIS end-user utilities have gained huge attention and utilization of GIS throughout QP.

IT is also becoming converged with systems such as Voice over Internet Protocol (VoIP), technologies involving process control, closed circuit TV (CCTV), and access control. These technological improvements are being investigated by QP and pilot systems are in place to measure the potential business value for the corporation.

QP continuously researches and investigates leading-edge IT systems in support of its business and operational processes and adopts the latest technologies as appropriate. Due to the high impact of IT and the important role that it plays in QP, it is also vital to maintain a high level of quality in IT services. Proof of the quality systems in place was again confirmed by renewal of the ISO 9001:2000 certification.

Corporate Environment & Sustainable Development Department (CESD) continued to act both as an environmental advisor to QP Operations and as support to developmental projects. It has also acted as an interface with the State regulator and other competent QP departments on issues relating to regional and multilateral environmental agreements.

The department undertook a major review of the state of compliance of QP operations with the newly promulgated national environmental regulations. It created a dialogue with the regulatory authority on issues relating to streamlining the requirements for compliance and is helping Operations draw up a compliance action plan for implementation.

The department spearheaded the introduction of the Clean Development Mechanism (CDM) and is working with Operations and Engineering Directorates to identify potential CDM projects.

CESD continued to manage QP air quality monitoring network and coordinates the QP-Total ozone modeling project, which will help QP develop an optimum strategy to control air pollution emissions by providing an accurate ozone forecasting and measurement tool. CESD also continues to give technical support to both the UNFCCC/Kyoto Protocol and the WTO national negotiation teams.

Corporate HSE Support provides advice, support and resources for materials safety and integrity, technical safety and loss prevention to ensure availability and high reliability of plant equipment. It has conducted a study of treated sewage water at the Fahahil Stripping Plant in Dukhan Field, for example, identifying monitoring parameters to improve plant reliability. A technical evaluation for the Halul Island Emergency Evacuation study was completed and the department launched a new SAP Incident Reporting System. It also developed a QP Safe Driving Manual and several road safety policies. Quarterly HSE Forums were established to bring together HSE representatives throughout QP and a health task force was created to collaborate with Medical Services. Meanwhile, the training division conducted 57 sessions on various aspects of safety, in addition to other courses such as Emergency Response Driving. A Fire Chiefs forum
was held for the first time to draft a Corporate standard for equipment inspection and testing.

Corporate Quality & Management Systems ensures that QP has effective and efficient quality and management systems. The endorsement of its Corporate Quality manual and Corporate Management System Procedures by QP MD was a major leap forward in providing a unified management system for QP. The department established a new Joint Quality Committee for QP, its subsidiaries and joint ventures. It offered consultancy services to QP departments on different ISO systems, including ISO 22000 Food Safety Policies and Procedures, and conducted audits throughout the year, on vendors, compliance, and quality assurance and control, for example. Ongoing staff training was provided on topics such as QMS, EMS, IMS, Auditing, Continuous Improvement and Business Excellence. The department provided consulting services to the Ministry of Energy and Industry, Planning Council, Gulf Drilling International, and Oryx GTL, and provided quality courses for Qatar University. It represented QP on local and international standards organizations, hosting the international OGP Standards Workshop in 2006. External consultancy services were also provided for Central Tender Committee and the Qatar National Health Authority.

The Oil Spill & Emergency Response Department finalized a national oil spill response plan and developed tailored response plans for Mesaieed and Ras Laffan ports, Dukhan and Offshore. Throughout the year, the department responded to reported oil spill incidents, following up and producing reports. It participated in the Eagle Resolve Exercise with the Ministries of Defense and Interior in preparation for the Asian Games, and represented QP and Qatar in local, regional and international organizations, such as the Offshore Arabia conference. Five oil spill agreements were signed with joint venture companies to provide oil spill response services and functional agreements were signed with QP operational areas to improve response coordination. The department installed an Oil Spill Modelling System that enables it to predict the movement and impact of oil and chemical spills. It also produced Qatar’s first Oil Spill Response and Coastal Sensitivity Atlas.

Corporate Security acted as a security advisor on a number of QP projects and partnered in a statewide Security Strategy to ensure the safety of people and facilities during the Asian Games. It completed a tender and commercial evaluation for the new QP-wide access control project; formulated and standardized QP threat level guidelines; and developed and implemented a Security Management System. Meanwhile, the new AVLS (Automatic Vehicle Location System) project entered the ‘pilot environment phase’. AVLS will provide automatic vehicle location, mapping, and reporting, as well as features such as driver status, and wireless internet connectivity. Corporate Security achieved International Ship & Port Facility Security code (ISPS) certification, an internationally recognized accreditation for evaluating risk for ships and port facilities.

Corporate HSE Strategy moved forward with several publicity and promotion campaigns, launching a Corporate HSE logo, video and other Corporate HSE publicity materials. It organized a workshop in conjunction with a major international oil and gas company on zero normal gas flaring, and coordinated a QP team visit to the company’s onshore and offshore facilities applying the technology. It supported Corporate HSE department events, such as a CDM workshop, with logistics, media relations, and publicity materials. It also coordinated Corporate HSE participation in international conferences, such as the World Gas Conference in Amsterdam, and in locally-held exhibitions such as Milipol, an international security exhibition. Corporate HSE Strategy takes a proactive role in State events such as Traffic Week and Civil Defense Day. It also made several community presentations to schools around Qatar.
Qatar Petroleum, Annual Report 2006

ONSHORE FIELDS

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/D). The API specific gravity of Dukhan crude oil is in the range of 40.0 degree, and sulphur content is in the range of 1.5 %.

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 209 oil producing wells, 181 water injection wells and 62 gas producers and injector wells. According to the latest well status the total number of wells in Dukhan is 629, including all production, injection, observation, closed-in and abandoned wells.

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.

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 a 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 staring 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 compressor station in Fahalil area.

Arab D gas cap recycling plant to process 800 million standard cubic feet per day (MMSCF/D) of Arab D Cap Gas and recover 38,000 (B/D) of stabilized condensate and 750 tons per day (T/D) of NGL was commissioned in 1998.

A major project to upgrade the Arab D plant facilities to recover C2+ raw NGL (about 5600 T/D 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 completed.

**Historical Achievements up to 2006**

1. Drilling of first well in Dukhan 1939/40
2. Shipment of first crude oil from Dukhan, 1949
3. Discovery of non-associated gas in Khuff reservoir, 1959/60
5. Commissioning of Arab D Gas Recycling plant to recover Condensate and NGL from Arab D Reservoir Gas Cap. 1998
6. Commissioning of NGL4/DKADU to recover 5600 (T/D) NGL from Arab D Cap Gas. 2003
7. Commissioning of Gas Lift project, 2003

**OFFSHORE FIELDS**

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

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 reservoir. The Bul Hanine (BH) field was discovered by well BH-1 (Arab D) in 1965. First production was obtained in1972. 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 some gas is sent to Halul for fuel.

The AP specific gravity of Qatar marine oil exported from Halul Island is roughly 32-33 degree and has sulphur content of 2.2%.
Major Achievements

Production

- **MM Field:**
  - Four new wells were drilled with the potential of 6,300 B/D.
  - One well (MM-87) drilled in 2005 produced in 2006, after completing hooking up, producing around 2,700 B/D.

- **BH Field:**
  - Two new wells were drilled in BH field with the potential of 5,500 B/D.
  - One well drilled in 2005 and produced in 2006, after completing hooking up, producing around 1,100 B/D.

Facilities Management.

- Vapor 24” pipeline PS-1/Mesaieed: Intelligent Pigging successfully completed. Preliminary results under evaluation. Fit-for-Purpose study is being initiated.

- 12” NGL (PS-1 to Mesaieed) pipeline Abandonment feasibility study was completed. Implementation plan shall be initiated following completion of 24” line fit-for-purpose study.

- Five marine QP vessels were taken out of service and replaced by new contracted vessels. Health, Safety and Environment (Offshore Fields) - (HS(O)- department restructuring was finalized where Doha HSE was separated from HS(O) and all high management positions were filled by Qataris.

- Offshore Operations and sub-departments were awarded accreditation for ISO 9001-2000 as part of DO Quality Management System (QMS).

- Benchmarking follow up for Halul is ongoing.

- Benchmarking of Marine (MR) & Production Offshore Fields-PD (O) were carried out, further discussion/ follow up on recommendations were initiated.

- In the year 2006 three departments: Halul Terminal (HT), PD and Filed Support (FS) completed “One Million Man Hour” without lost work day incident. Offshore Operations recorded 1.02 Lost Time Incident Frequency (LTIF).

Joint Venture


- TOTAL (TEPQ) achieved 100 millions barrels of cumulative production from ALK field.

- Signed Fiscal Metering Agreements with QPD and OPQL (Occidental Petroleum Qatar Limited).

Major Customers

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

Future Expansion Plans

Future expansion plans on production stations include installation of three new wellhead jackets in BH field and drilling of new wells as part of field development. Halul Island expansion plans include provision of new Control Room equipped with sophisticated instrumentation and control systems, construction of new marine building and maintenance workshop. PS-2/3 control system will be upgraded by implementation of DCS based on field-bus technology.

Exploration/Appraisal Activities

QP continued to adopt the policy of developing hydrocarbon resources through Exploration and Production Sharing Agreements (EPSA), and Development and Production Sharing Agreements (DPSA) with major international oil and gas companies.

EPSA Exploration Areas:

- Block-2 (Encana International Qatar Ltd. and ExxonMobil)
- Block-4 (Anadarko Qatar Block-4 Company)
- Block-5 Extension (Maersk Oil Qatar)
- Block-10 (Talisman Energy Qatar Inc.)
- Block-11 (Wintershall Consortium with Anadarko)
- Block-13 (Anadarko Qatar Energy Company with Marubeni)

Following is a summary of the 2006 activities in the EPSA Exploration Areas:

- **Block-2 (Encana):** Processing and interpreting the 2D and 3D seismic data were completed. Planning is underway to drill deep Paleozoic Exploration well in the 2nd quarter of 2007.

- **Block-4 (Anadarko):** 3D seismic acquisition programme was implemented as planned. A total of about 1800 sq.km. of 3D seismic data were acquired and the data processing is ongoing.
• **Block-5 Extension (Maersk Oil Qatar):** Revised FDP is under consideration and evaluation by QP. Preparations to acquire 140 sq. km. 3D seismic are ongoing.

• **Block-10 (Talisman Energy Qatar Inc.):** The Well TQ-2 was plugged and abandoned after it reached total depth (TD) at 6,687 feet. The well results are under evaluation before drilling the 3rd exploration well.

• **Block-11 (Wintershall Consortium and Anadarko):** The appraisal well WAQ-4 was drilled and reached TD at 5,513 feet. The main Targets (Sulaiy & Arab C) were found in the transition zone. Yamama and Kharaib tested water with traces of oil. Preparations for acquiring 3D seismic are ongoing.

• **Block-13 (Anadarko):** Reprocessing the 3D seismic data using gridded tomography pre-stack depth migration was completed. The first exploration well FAD-1 was drilled to its TD at 8,784 feet. Yamama formation tested water and all Jurassic reservoirs were found wet by log. The well was plugged and abandoned and the well results will be used to re-evaluate the block prospectively.

**Exploration Open Areas:**

• **Block-3 EPSA Bidding Campaign:** Bidding campaign for Block-3 was launched in August 2006. Forty five companies were invited and twenty seven companies attended the technical presentation and visited the data room. A total of 18 companies showed their interest and paid the fees to get the data.

• **Blocks-1, 7 & 14:** In-house hydrocarbon prospective studies continued as pre-bidding campaign phase of EPSAs.

**Regional Studies:**

• **Qatar Joint Paleozoic Exploration Study,** started on 10th November 2004 by QP/ExxonMobil Exploration Team. The study is ongoing as planned.

**ADPSA Areas:**

• **Najwat Najem Area:** Reprocessing and interpreting the 3D seismic data was completed. Preparation for drilling two appraisal wells is ongoing. Drilling operation will start in March 2007.

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

• **Al-Shaheen Field (Maersk Oil Qatar):** A new Field Development Plan (FDP 2005) was approved in December 2005, which calls for the drilling of over 160 wells from the 6 existing and 3 new locations. Also, many new platforms, pipelines and cables will be installed. Six drilling rigs are already in operation and most of the major engineering contracts have been awarded. Plateau production is expected to reach a level of 525,000 B/D by 2009/2010. Produced associated gas is already being exported to Mesaieed via NFA and will continue from the new facilities. Oil will continue to be exported via FSO. Produced water will be disposed into a shallow aquifer.

• **Al-Rayyan Field (Anadarko Qatar Energy Co.):** Reprocessing of 3D seismic data was carried out using Gridded Tomography technique. Based on updated geo-science and production data, new reservoir geo-model and simulation models were constructed. Additional development will be based on the outcome of the agreed results from these models. Besides studies, field activities were focused on improving operational efficiency and sustaining production through maintenance and well work-over. Two new Diesel Fuel Generators of 600 kW each were installed and will be used during outage of NFA Platform power supply.

• **Al-Khalij Field (Total E&P Qatar Ltd.):** A number of wells were drilled during 2006 for appraisal and production performance evaluation of Western and South-Western flank of the reservoir. Additional appraisal / production wells are to be drilled in 2007 for evaluation of the North Eastern flank. Various well work-over were also carried out for replacement of ESP for safety and preventive reasons. Extensive subsurface studies were carried out to create a new geo-model and a reservoir simulation model of the field. An updated development plan is being studied jointly by QP and the Operator to improve recovery and sustain production. Wellhead platforms WP1/DP1 up-gradation pre-project study is complete. Preparation of scope of works for
EPIC is in progress. Conceptual study for DP2/DP3/WP2 wellhead platforms upgrade conducted.

- **Idd El Shargi North Dome (Occidental Petroleum of Qatar Ltd.):**
  After completion of Phase-II development, implementation of an interim development plan continued during 2006. Preparation of the Phase-III development plan is underway. Shuaiba gas injection and Arab C Development Plan are under implementation. In-house engineering for PS-1M, new accommodation platform, was carried out and the platform will be ready for occupancy by 1st quarter 2008.

- **Idd El Shargi South Dome (Occidental Petroleum of Qatar Ltd.):**
  The implementation of the first stage of the revised full field development plan was carried out by drilling ISS-10 and ISS-12. Based upon the performance of ISS-10 producer and ISS-12 injector, drilling of NE sector producer/injector pair was deferred to 1st quarter 2007 for modifying the proposed well architecture and drilling approach. Geological and reservoir simulation models are under revision to incorporate interpretation of the 4C seismic data. Conceptual Design Engineering for the light weight structured nine (9) slots wellhead platforms IS-04B and IS-06B is complete.

- **Al-Karkara & A-Structures (Qatar Petroleum Development Co.):**
  Oil production commenced on 13th March 2006. During 2006 average oil production was 6,000 B/D and the gas 3–4.5 MMSCF/D. At present, all produced gas is being re-injected into the reservoir. The implementation of Full Field Development Plan is continuing. Plan for the second stage of development drilling was finalized. Full Field Development Plan for A-South Structure was submitted by QPD in December 2006. The plan is under review.
Halul Island is located around 80 km north east of the city of Doha, with an area of 1.5 square kilometers. Halul is the main storage and export terminal for Qatar marine crude oil. It has all the facilities of a major international oil terminal. The island is equipped with 11 large crude oil storage tanks, with a total capacity of 5 millions barrels, crude oil pumping facilities, power generation and water desalination plants. Oil is blended and exported from Halul to customer’s oil tankers moored offshore.

The island is provided with suitable housing accommodation and all related domestic facilities including restaurants, a club house and recreational areas to play sports. During year 2006 between 800 to 950 personnel, including contractors were present on the Halul Island on a daily basis. Halul received the Doha 2006- Asian Game’s Torch relay in November, 2006.

**Future Expansion Plans**

Halul Island expansion plans include provision of new Control Room equipped with a sophisticated instrumentation and control systems, construction of a new marine building and maintenance workshop.

PS-2/3 control system will be upgraded by implementation of DCS based on field-bus technology.
The Drilling Department carried out QP’s drilling, workover and well services operations in 2006 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.
  - 5 new wells were drilled, 3 wells were side tracked and 7 wells were worked over.
  - The total footage drilled was 92,937 ft.

- Onshore (Dukhan Fields) drilling rig count increased from 2 to 4. Rigs GDI-3 and GDI-4 commenced operations on 25 March, 2006 and 20 October, 2006 respectively.
  - 14 new wells were drilled, 1 well was side tracked, 29 wells were worked over/abandoned.
  - The total footage drilled was 152,610 ft.

**Major activities & Achievements**

**Onshore Operations**

- Development of Arab ‘C’ and Arab ‘D’ reservoirs through horizontal drilling and sidetracking of wells in Dukhan Field.
- Drilled and successfully completed fourteen (14) new wells in Dukhan Field.
- Successfully worked over/abandoned and sidetracked thirty (30) wells.
- Successfully abandoned 21 wells ahead of schedule, saving a total of 100 days.

- Cleared the obstruction in DK-179.
- Installed acoustic down hole monitoring system in DK-361A.
- Tested 93 wells via Mobile Test Separator (MTS) and Multi Phase Flow Meter (MPFM).
- Conducted AnnuI investigation on 10 wells.
- Maintained down hole pumps in 7 water wells.
- Operations were safely conducted with no fatality accidents.
- Successfully accomplished the policy “No Bit To Be Scraped” whereby all used bits are sent back to Materials Department for auction.

**Offshore Operations**

- Contracted and operated two jack up rigs (Gulf # 1 & 2) for Drilling, Workover, Completion & Testing operations for fifteen (15) wells in the BH and MM Fields.
- Drilled and successfully completed eight (8) wells in Bul Hanine and Maydan Mahzam fields.

- Successfully drilled and tested the Appraisal Multi Lateral Well, MM-80/80A/80B and then completed as an Arab C producer.

- Successfully changed the completions in two (2) subsea dumpflooder wells.

- Successfully worked over/abandoned and sidetracked nine (9) wells.

- Successfully worked over Well MM-42 by isolating the water zone in the horizontal section and regained the oil production with no water.

- Reduced corrosion levels by introducing Corrosion Coupons for all drilling assemblies and adjusting drilling mud parameters.

- Achieved all reservoir targets as required by Field Development.

- Conducted an Internal Training Project for the Qatari ELS staff utilizing Ras Laffan Workshop and the Senior Staff to offer weekly lessons on various well services operations.

- Completed updating the Operational Procedure Guide Manuals Volumes -1 & 2 to be incorporated into DQMS prior to the target date.

- Operations were safely conducted with no fatality accidents.

- Successfully accomplished the policy “No Bit To Be Scraped” whereby all used bits are sent back to Materials Department for auction.
QP Gas Operations

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.

Assets under the Gas Operations comprise of –
- Non-associated gas production at North Field Alpha (NFA) and Khuff Gas (KG)
- Gas Processing facilities at NGL Complex in Mesaieed
- LPG / Condensates export facilities at Mesaieed
- Transmission & Distribution pipeline network for distributing various hydrocarbon gas and liquids within the State of Qatar

North Gas Field

Discovered in 1971, the North Gas 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 Gas 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 resources is a significant factor in Qatar’s economic development.

Gas Projects:

North Field Alpha:
First utilization of North Field gas called Phase I (Alpha Project) was started in late 1991. The average production from this project is around 700 million standard cubic feet (MMSCF/D) of gas and roughly 25,000 B/D of stabilized condensates. Gas is mainly used for supply to the local market and condensate for refining or export. The gas produced from this project also serves to re-inject gas in the country’s contingency strategic reserve in Dukhan.

During 2006, production from the QP operated North Field Alpha was 252 billions standard cubic feet (BSCF) of gas and 9.1 million barrels of stabilized condensate.

Phase One in the development of this reservoir is called North Field Alpha. 2 pipelines (210 km long) carry raw gas and condensate liquids to Mesaieed NGL Complex via Ras Laffan for further processing into products. In addition, associated gas from Al-Shaheen offshore crude oil fields and surplus raw gas from Qatargas / RasGas LNG Complexes at Ras Laffan is also transferred for processing at Mesaieed through the same pipeline. NFA supplies its surplus electrical power to Al-Morjan offshore fields.

Khuff Gas - Khuff gas is an on-shore non-associated gas produced from wells in Dukhan area and is operated as a back-up during supply shortages.
North Field Injection Station - Surplus gas from NGL-3 plant is taken to NFIS in Dukhan area for injecting into KG and Arab "D" gas reservoirs.

NGL Complex consists of the following major plants and facilities for product processing / treatment, storage and exports-

• NGL-3 Gas plant and Gas Sweetening unit (AGR/ SRU)
• NGL-3 condensate plant
• NGL-2 Stripping plant
• NGL-1, NGL-2, NGL-4 Train 1 & 2 fractionation plants & NGL-1/ NGL-4 Merx plants
• Tank farm for storage of propane, butane, NGL condensate, NF condensate and Arab-D condensate.
• NGL Jetty for export of LPG and condensate

NGL Complex plants receive feed through long distance pipelines from various offshore and onshore upstream facilities.

• 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

NGL Complex Products & their distribution thereof-

• NF Lean Gas – Supplied as fuel and feedstock to State Power Plants and to Mesaieed based industrial plants – Q-Chem, QAPCO, QAFCO, QVC, QAFAC, QASCO, QP Refinery.
• OFFSAG- Offshore Stripped Associated Gas- Supplied as feedstock to QAPCO Ethane Recovery Unit (ERU) in Mesaieed.
• ERG- Ethane Rich Gas – Supplied as feedstock to petrochemical plants of QAPCO and Q-Chem in Mesaieed.
• Propane is exported thru NGL jetty and through trucks for various local industries.
• Butane is exported thru NGL jetty and is also supplied as feedstock to QAFAC MTBE plant in Mesaieed.
• NGL Condensate is exported thru NGL jetty
• NF Stabilised Condensate – Supplied as feedstock to QP Refinery in Mesaieed.
• Liquid Sulphur – Supplied to QAPCO for export from their end.

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 Condensate.
• Meet fuel gas / feedstock requirements for local Industry.

Transmission & Distribution Network transmits and distributes various raw and processed hydrocarbon gas and liquid streams within the State of Qatar through a countrywide network of over 2000 km of pipelines, associated manifolds and distribution stations. Various feed streams from NFA, FSP / Arab-D / DKADU from Dukhan, QP Refinery, QAPCO, QAFCO and Q-Chem are carried for processing to NGL Complex at Mesaieed. Similarly fuel / feedstock products from NGL Complex as well as fuel gas streams from Al-Khaleej Plant, QAPCO ERU and Khuff / Arab-D Fields are carried to State Power Plants and Industrial Consumers across the State of Qatar.
Ras Laffan Industrial City was inaugurated in February 1997 by His Highness the Emir with the mandate to manage and administer the city on behalf of Qatar Petroleum.

Ras Laffan Industrial City is the 250 square kilometre 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 all of the liquefied natural gas (LNG) and gas-to-liquids (GTL) projects, their derivative and supporting projects, and future downstream projects.

The Ras Laffan Industrial City Directorate (RLC) is responsible for developing and operating the industrial city and provides the services and infrastructure to enable its resident industries to operate effectively, and is therefore of critical strategic importance for Qatar to meet its LNG export target of over 77 million tons per annum (MMT/A) by 2010.

Main activities

In addition to industrial planning and performing its regulatory role, RLC provides many essential services and facilities to its customers, including: security, emergency response, medical, fire, safety, and environmental services; camps and catering, utilities, waste management and sewerage treatment; and large scale facilities such as the deep-water port and the Common Cooling Water (CCW) infrastructure.

2006 achievements

RLC’s achievements during 2006 included the following:

- Approval of the new organisational structure increasing the manpower capacity to 940 positions and vigorous recruitment to fill vacancies.
- Establishment of a new support services area on the west side of the city.
- Signing an MOU with Texas A & M University to establish the Ras Laffan Emergency & Safety College.
- Commencement of construction on the Central Kitchen that will have the capacity to cater for 150,000 meals per day.
- Award of FEED for the berths and port infrastructure of the Port Expansion Project.
- Award of EPC for Phase II Category 1 and FEED for CCW Phase II Category 2 of the Common Cooling Water Project.

Future plans

RLC has thus far experienced dramatic increases in developmental, operational and capacity demands in all spheres of activity. Unprecedented growth has placed, and will continue to do so, considerable pressure on RLC’s manpower, operational processes, business planning and budgets. From an organizational perspective, intense effort is expended to plan for and meet these demands through strategic focus, review of manpower requirements, evolving management systems, improving processes, integrating IT systems and increasing customer orientation.

Rapid growth in project activity (largely driven by planned GTL projects and continued LNG plant expansions) over the next few years has necessitated RLC to set ambitious goals through its business strategy and industrial Master Plan to increase the scale and scope of its facilities and services. Both the Port Expansion and Common Cooling Water projects will continue in multiple phases over the coming years to meet capacity demands as production and exports increase. Many large scale projects and studies are in various stages of planning and implementation to serve the future needs of Ras Laffan Industrial City.
Qatargas

Qatargas Operating Company Limited – or Qatargas 1 pioneered the LNG business in Qatar. The company was established in 1984 to own and operate a world-class onshore LNG plant utilizing natural gas from the North Field, and to market and export LNG and associated condensate worldwide. QP, the state oil company, is Qatargas’ major shareholder with 65%, along with joint venture participants Total (10%), ExxonMobil (10%), Mitsui (7.5%) and Marubeni (7.5%).

Due to the enormous investments necessary to put in place the entire LNG infrastructure, long-term contracts are required. In 1992 and 1994, two sales and purchase agreements were signed with Chubu Electric and seven other Japanese power and gas companies for Qatargas 1 to supply (MMT/A) of LNG for a 25-year period.

The company’s long-term commitment for LNG deliveries is primarily to eight Japanese customers. A total fleet of 10 new purpose-built LNG vessels, each with a capacity of 135,000 cubic meters (M3.), transports the LNG to these customers. In addition, Qatargas 1 has signed short and mid-term agreements to supply LNG cargo to a number of other country markets: Spain, Turkey, Italy, the US, France, Korea and the UK.

Current Operations:

Qatargas had a record production year through 2006, helped by the availability of import gas from Qatar Petroleum to supplement gas supply from its offshore platform – North Field Bravo - allowing use of the full debottlenecked capacity of the three LNG trains.

During 2006, three of the ten vessels assigned to the long term contract with the Japanese buyers lifted cargo number 100 at Ras Laffan, the first occurred in May 2006.

The Company also successfully completed the replacement of two of the three train’s scrub columns without incident. This was to overcome an issue with the previous equipment and will increase the reliability and productivity of the trains in the long term.

Significant progress was also made on the Plateau Maintenance Project (PMP). 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.

In 2000, Qatargas 1 became the world’s first LNG company to achieve certification in both ISO 9002 and 14001 for its quality and environmental management programs. One year later, in 2001, Qatargas 1 became the first company in Qatar to upgrade its ISO 9002:94 certification to the new ISO 9000:2000 level. Through a series of debottleneckings, production capacity at Qatargas 1’s three-train plant now stands at 9.5 (MMT/A), well above its original design capacity of 6 (MMT/A).
RasGas Company Limited

RasGas is one of the premier integrated liquefied natural gas (LNG) enterprises in the world, with world class facilities for the extraction, storage, processing and export of LNG. RasGas has have entered into long-term agreements to supply customers around the globe, including SPA agreements with Kogas, Petronet LNG of India, Edison Gas of Italy, Distrigas of Belgium and Endesa of Spain and with other customers in Taiwan and the United States.

The Project Owners are:

Ras Laffan Liquefied Natural Gas Company Limited abbreviated as ‘RL’

RL was established in 1993 to produce LNG and related products from its two trains: Trains 1 and 2. The two plants have a combined designed capacity of 6.6 (MMT/A) of LNG as well as about 45,000 B/D of condensate.

Ras Laffan Liquefied Natural Gas Company Limited (II) abbreviated as ‘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.

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. This plant includes inlet gas reception and treatment facilities, condensate stabilisation, gas liquefaction, sulphur recovery and loading facilities and all necessary utility and off-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 5

LNG Train 5 commissioned in November 2006 and will be inaugurated the first quarter of 2007.

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.

RasGas acts as the operating company for and on behalf of the Project Owners noted below. Its personnel manage and supervise the design, construction and operation of various facilities under the terms of a ‘Services Agreement for Operations and Maintenance’ signed in 2002. The company employs more than 1,400 staff, working on a variety of projects.

Shipping

RasGas considers the safe and reliable transportation of LNG a vital link in building its reputation as a world leading LNG producer. To guarantee this safety and reliability the company works closely with its customers on fleet requirements and is acquiring a long term charter fleet of LNG tankers of its own.

The RasGas charter fleet has been built through a series of time charter agreements with separate shipping companies and consortia. By 2008, RasGas fleet will also include 12 Q-Flex ships that will have a cargo carrying capacity of between 210,000m³ and 217,000m³. This will bring the RasGas charter fleet number to 26. The terms for a 27th ship have also been finalized. The 27th ship will be a 267,000m³ Q-Max carrier.

Projects under constructions

In May 2005, Qatar Petroleum, ExxonMobil and Edison signed a groundbreaking agreement for an LNG regasification facility - the Adriatic LNG Terminal off the coast of Italy. It ensures Qatar Petroleum and ExxonMobil a presence in the whole LNG value chain from gas production through liquefaction, shipping and LNG regasification.

In October 2003 joint-venture partners Qatar Petroleum, ExxonMobil and ConocoPhillips signed agreements that will make Qatar one of the largest suppliers of LNG to the growing United States market. QP and its partners have formed Golden Pass LNG to construct the receiving and regasification terminal near the coast of the Gulf of Mexico.

The Central Helium Recovery unit (HeRu)

Qatargas and RasGas (I & II) have a joint venture helium plant which is operated by RasGas Company Limited. The first liquid helium from the plant was produced in August 2005.

RasGas Company Limited, Qatargas Operating Company Ltd and the various expansion projects made considerable progress in 2006 towards achieving the vision of the State of Qatar to boost LNG production capacity to exceed 77 MMT/A by 2010.
Main Activities:
ORYX Gas To Liquids Ltd. is a joint venture between Qatar Petroleum (QP 51%) and Sasol of South Africa (49%), and is designed to produce ultra-clean gas-to-liquids fuels including sulphur free diesel, naphtha and LPG for global market.

ORYX GTL will use around 330 million cubic feet per day 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).

Marketing:
Marketing activities during 2006 focused on preparing for the sales of GTL diesel and GTL naptha as well as LPG following production start up. Resources were employed and critical service contracts were established to ensure a smooth product entry to the markets for these products.

ORYX GTL will be selling approximately 5 million barrels of GTL diesel and 250,000 metric tons (MT) of GTL naphtha during 2007 as ramp up to full production takes place in latter years.

Oryx GTL’S Commitment to the Environment:
ORYX GTL is strongly committed to protect the environment by best efforts and strict adherence to the environmental guidelines and requirements from Supreme Council for the Environment and Natural Reserves (SCENR) and Ras Laffan Industrial City. The ORYX GTL SHERQ Environmental Department started an environmental monitoring and reporting program, including monitoring of stack emissions, groundwater quality, treated effluent quantity and quality to sea, in accordance to the SCENR “Consent to Operate for ORYX-GTL” and other legal requirements. ORYX has identified various sources of waste streams in ORYX GTL and are planning to implement the concept of 4R’s: Reduce, Recycle, Reuse and Recover. Oryx is negotiating agreements with companies to implement the 4R principle e.g. used oil recycling and metal recovery from spent catalyst.

A feasibility study for the use of the ORYX GTL irrigation water within the Ras Laffan City boundaries commenced and good progress has been made.

Major Achievements:

<table>
<thead>
<tr>
<th>Date</th>
<th>Milestone</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>Qatar Petroleum and Sasol initiated talks</td>
</tr>
<tr>
<td>Jul 1997</td>
<td>Memorandum of Understanding (MoU) was signed for feasibility study of a 20,000 (B/D) plant</td>
</tr>
<tr>
<td>Jul 2000</td>
<td>New Memorandum of Understanding (MoU) was signed for 34,000 (B/D)</td>
</tr>
<tr>
<td>10 Jul 2001</td>
<td>The Joint Venture Agreement was signed</td>
</tr>
<tr>
<td>30 Jan 2003</td>
<td>EPC award to Technip</td>
</tr>
<tr>
<td>31 Jan 2003</td>
<td>Finance &amp; Project agreements signed</td>
</tr>
<tr>
<td>7 Dec 2003</td>
<td>Stone Laying Ceremony</td>
</tr>
<tr>
<td>6 June 2006</td>
<td>Inauguration Ceremony</td>
</tr>
</tbody>
</table>
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 “one stop” services to all investors and businesses in the Mesaieed Area; to develop a strategic plan 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 and medium industries to the area as well as support industries to meet the needs of the existing heavy industries and those planned for the future. MIC is also responsible for providing municipal, environmental, health & recreation services for the city’s residents and investors.

**Mesaieed: The City of Opportunity**

Mesaieed Industrial City is the leading industrial city in the State of Qatar and the major focus for the development of industrial projects in the field 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/construction materials industry. The relocation to MIC of all these industries, currently spread across Qatar, is well underway and will be well served by Mesaieed Port, through which all of these products are imported. Business related to this industry will be housed in a new location and provided with modern facilities & well maintained infrastructure.

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 & safe environment with modern and well maintained facilities & infrastructure ensuring the safety & security and availability of integrated Social Services to its residents and workers, making it a popular location to live and invest.

**MIC Mission**

- Promote the State of Qatar & Mesaieed both locally and internationally as an excellent investment location.
- Develop a cohesive self sustained community in Mesaieed including commercial, residential, recreational facilities and services.
- 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.

**Reasons to Invest in Mesaieed**

- MIC already hosts a variety of industries including a crude oil refinery, natural gas derivatives & processing industries in addition to chemical fertilizers plants, petrochemicals, metallurgical and light & supportive industries.
- A well established, 24 hour fully-serviced commercial port handling both hydrocarbon and general cargo.
- Excellent geographical location and proximity to European and Asian markets.
- Proximity (40Km) to Doha (the capital) 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.
- Grace period for tax exemption.
- Open foreign exchange regulations.
- Encouragement of joint venture initiatives and land leases at nominal prices.

**MIC Master Plan**

MIC has developed a Detailed Master Plan (DMP) which has a twenty-five year horizon to guide the major development of the Community Area of MIC. This DMP is currently being implemented in phases, as required, to meet the expanding needs and development of the city.

**Strategic Planning Initiative for Industrial Area & Port Development.**

In 2005, MIC undertook a Strategic Planning Initiative to look at the development of its Industrial and Port areas for the next 30 years. This study will provide an update 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.
Background

Qatar Petroleum Refinery started as a small topping plant in 1958, which has grown over the 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 the country’s natural wealth, improving refining economics and providing citizens with the necessary expertise in the areas of management, operation, engineering, maintenance and marketing.

YEAR 2006 OVERVIEW

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

The planned intakes and processing capacities for 2006, in barrels per stream day (B/SD) were as follows:

<table>
<thead>
<tr>
<th>FEED</th>
<th>B/SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude</td>
<td>80,000</td>
</tr>
<tr>
<td>NF Condensate</td>
<td>26,500</td>
</tr>
<tr>
<td>Arab ’D’ Condensate</td>
<td>30,000</td>
</tr>
<tr>
<td>Total</td>
<td>136,500</td>
</tr>
</tbody>
</table>

The total refined products exported during the year amounted to 2,938,597 metric tons, against the planned export volume of 2,855,000 MT.
MARKETING OF REFINERY PRODUCTS

The marketing and commercial aspects for the export sales of refinery products are being undertaken by Qatar Petroleum Marketing Directorate in close coordination with the Production Planning, Scheduling and Export Division. The Production Planning 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, Bakri Trading Company, Vitol SA, Itochu Corporation and Mitsui & Co. QP Refinery also supplies its refined products locally, mainly to WOQOD, SEEF, QAFAC, QAPCO and NGL.

The Arab Gulf is the traditional destination for refined products such as MFO, SRFO and gasoline. Naphtha is mainly exported to petrochemical plants in the 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 the US.

SEEF Plant

The Linear Alkyl Benzene (LAB) Plant, a joint stock company with 80% shares held by Qatar Petroleum (QP) and 20% by United Development Company (UDC). This plant is located adjacent to QP Refinery for its source of feedstock and sharing of various utilities of common use. The LAB Plant is designed to produce 100,000 MT/A of Linear Alkyl Benzene.

Its location adjacent to the Refinery was selected for its source of feedstock and sharing of various utilities of common use.

The LAB Plant started its production in March 2006.

Refined Products Export Destination

- Far East: 25%
- India: 3%
- South-East-Asia: 2%
- NW Europe: 13%
- Pacific Rim: 2%
- Africa: 1%
- Arab Gulf: 54%
Largest Quality Urea Producer

QAFCO, was founded in 1969. The company is now owned by Industries Qatar (IQ) as 75% shareholder and Yara Netherland BV as 25% shareholder.

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

In the year 2006 QAFCO posted record figures in the areas of production, sales and profits.

<table>
<thead>
<tr>
<th>Product</th>
<th>Production in MT</th>
<th>Exports in MT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ammonia</td>
<td>2,170,217</td>
<td>551,828</td>
</tr>
<tr>
<td>Urea</td>
<td>2,908,942</td>
<td>2,978,633</td>
</tr>
</tbody>
</table>

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 fertiliser 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.

The main markets for ammonia were India (63%), Jordan 29%, USA (4%), Korea (2%) and Australia (2%).

The main urea markets were Australia (14%), USA (13%), Thailand (12%), India (11%), South Africa (9%), Philippines and Korea (6%) each, Japan (4%), Sri Lanka (3%), New Zealand, Pakistan, Bangladesh, Iran, Vietnam, Taiwan (2%) each, Kenya, Sudan, Ethiopia, Brazil, Mexico, Spain, France, Mozambique (1%) each and others (2%).

As strong as the year was, QAFCO achieved excellent safety results in 2006. It had recorded no Lost Time Accidents and achieved zero lost days. QAFCO have reached about 3 million man-hours without Lost Time Accidents since 18.09.2005.

Qafco had a year of good performance and achievements with regard to the environmental compliances and legal requirements.

Future Prospects

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, QAFCO is planning a future expansion (QAFCO-5) which is expected to come on stream in early 2010. When operational, QAFCO-5 which will add around 4,400 (MT/D) of ammonia and 3,500 (MT/D) of urea to QAFCO’s production capacity.

QAFCO as well as boosting its fertiliser production it has gone into a new product areas and joint ventures for QAFCO. These new production areas include a Urea Formaldehyde plant, which went on stream on September 2004 producing the anti-caking agent vital to urea production. Another step in this move towards going into new product areas and joint ventures, in July 2006 QAFCO and Qatar Intermediate Industries Holding Company (QH) signed a shareholding agreement establishing the Qatar Melamine Company (QMC).

With a production capacity of 60,000 (MT/A), QMC plant will be the largest melamine plant in the Middle East and one of the largest melamine plants in the world. Construction work for the project commenced in the fourth quarter of 2006 and the plant is due for completion in the first quarter of 2009. The project is expected to add extra value for the urea produced by QAFCO and to boost QAFCO’s profitability.
Qatar Petrochemical Co. (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.

The Qatari petrochemical industry is presently on the threshold of unprecedented growth. The significant increase in petrochemical exports from Qatar has resulted in the petrochemical sector playing a very active role in the Qatari economy. In line with the industrialization development, Qatar Petrochemical Company Q.S.C. (QAPCO) was established with the aim of utilizing the associated and non-associated ethane gas from petroleum production. 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 sub-continent. Petrochemicals trading conditions in year 2006 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.

QAPCO focus 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 14 liaison offices which are located in many strategic markets around the world; three offices in China (Hong Kong, Shanghai, Beijing), 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. Two more offices in Taiwan and Bangladesh, and two warehouses in Egypt (Cairo) and Syria.

Expansion Projects

Ethylene Expansion (EP-2)

The Ethylene (Plant 2) expansion project is progressing smoothly and is expected to come online in the second quarter of 2007. The plant is expected to expand the ethylene production capacity of QAPCO from 525,000 (MT/A) to 720,000 (MT/A). The EP2 will also cover the integration of the QAPCO debutanizer with the Q-Chem depropanizer stream for the production of fully hydrogenated gasoline that would constitute the prime Benzene source for the upcoming LAB project in Qatar and the production of a fully hydrogenated propane/butane mix that will be added to the NGL production of LPG.

Future Expansion Projects

QAPCO is also considering other LDPE expansion projects for the future by having LDPE 3 Plant and study is under progress. The new plant capacity of LDPE will be 250,000 (MT/A). By the completion of this project in the 4th Quarter of 2009, QAPCO’s total LDPE production capacity will be increased up to 650,000 (MT/A).
QAFAC’s shareholders
Industries Qatar (IQ) 50%
OPIC Middle East Corporation (OMEC) 20%
International Octane Limited (IOL) 15%
LCY Middle Corp. (LCYMEC) 15%

Production:
Both Methanol and Methyl Tertiary Butyl Ether (MTBE) plants exceeded annual design capacity. The company produced 903,051 MT of Methanol, 8% over design capacity and 672,595 MT of MTBE, 10% over design capacity.

The first phase of Methanol Revamping Project was completed through the direct injection of imported CO2 to the synthesis loop. The second phase will be implemented during upcoming maintenance turnaround (March-April 2007) which will increase the Methanol plant capacity to around 3,000 (MT/D).

Many minor projects were implemented during the year that will increase plant reliability, plant performance, plant & personnel safety, environment protection, as well as company earnings.

Sales & Marketing
The year 2006 has experienced somewhat tight supply of Methanol in Asia due to a number of production issues. This was supported by strong prices shown in U.S. and European markets. The prices became stable with the greater flow of Chinese exports particularly in the North Asian region.

Major portion of QAFAC’s MTBE exports to U.A.E, during 2006 continued to be the highest at 470,317 (MT).

While the bulk of QAFAC’s Methanol exports this year went to the Far East at 451,754 M/tons, the tonnage exported to Taiwan stood second with 143,086 (MT) followed by Europe 31,704 M/tons and the local sales to QP Refinery 24,578 (MT).

QAFAC received twice (during August and December), the largest vessel (MT Mariella, SDWT 70,000 MT) that ever called at its berth since inception, and loaded at its December voyage, the single largest (combined) shipment quantity of 45,029 MT of MTBE.

QAFAC commenced sale of “Pentane Plus” through pipeline to QP’s NGL-1 Plant from July 2006.

Plant modifications
During the noted December outage work was undertaken in the installation of the LOW NOx modified outer row burners and tunnel modifications slated to reduce reformer cycling operation.

Seawater system upgrade includes replacement of the seawater impellers with a new cavitation resistant design. A further overall review of the seawater system will take place in 2007 for a possible 2010 implementation.

Manufacturing work continues on the modifications to the main methanol steam turbine to enhance control, power and reliability and on the reformer refractory systems for reliability and safety. Installation is slated for the 2007 turnaround.

Plant Services
QAFAC is in the process of obtaining the ISO9001:2000 in the first quarter of 2007 which is primarily concerned with “quality management”. Thus QAFAC would focus on the customer’s quality requirements, and applicable regulatory requirements, while aiming to enhance customer satisfaction, and achieve continual improvement of its performance in pursuit of these objectives.

QAFAC has started the initial stages of its Distributed control System (DCS) upgrade to be executed in the 2007 TA the upgrade is aimed to enhance the system reliability and enabled functionality to enhance the control of QAFAC processes.
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**

<table>
<thead>
<tr>
<th>Company</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qatar Petroleum</td>
<td>25.5%</td>
</tr>
<tr>
<td>QAPCO</td>
<td>31.9%</td>
</tr>
<tr>
<td>Norsk Hydro</td>
<td>29.7%</td>
</tr>
<tr>
<td>Arkema</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

**Annual production in metric tons (MT)**

<table>
<thead>
<tr>
<th>Product</th>
<th>MT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethylene dichloride (EDC)</td>
<td>210,000</td>
</tr>
<tr>
<td>Vinyl chloride monomer (VCM)</td>
<td>300,000</td>
</tr>
<tr>
<td>Caustic Soda (CS)</td>
<td>360,000</td>
</tr>
</tbody>
</table>

**Marketing**

QVC continues 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 2006 a total of 148 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.

**Operations Highlights**

Operations have shown that the plant may be operated consistently at loads 22% above hourly design on the chloralkali side while 36% above the design is possible for the VCM plant.

**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%. Chem’s world-class petrochemical plant produces 453,000 MT/A of high density polyethylene (HDPE) and 47,000 MT/A of 1-hexene (alpha olefin) using CPChem’s proprietary technologies.

**Marketing**

In a short period, Q-Chem has managed to establish a strong foothold in international markets. The targeted 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 enjoys the benefits of an extensive marketing network, widespread market recognition, and an established long-standing client base. Q-Chem products have been well accepted by users in all regions, and Q-Chem is now recognized as a leading PE supplier with consistent product quality and services.

Q-Chem Marketing has come a long way since its first produced branded Marlex® resins. In 2006, Q-Chem continued to achieve a sold-out position for its entire production volume.
Established in 1974 Qatar Steel Company Q.S.C. (QASCO), fully owned by IQ, is the first integrated steel producing company in the GCC region and Qatar’s sole steel producer. The main products manufactured by QASCO and Qasco Dubai Steel FZE (QDS), a 100% owned subsidiary located in Dubai are steel bars, billets and coils, which are sold primarily in the local and GCC market.

2006 was a successful year for QASCO as sales volume was higher year-on-year by 38%, while sales revenue was up by 56%. Even though there were no capacity increases during 2006, the sales were up due to the import of steel to meet the growing demand.

With strong supply and demand fundamentals existing in the GCC market, the short term focus of QASCO will continue to be the GCC market. Along with maintaining regular supplies to the domestic market, QASCO will continue its efforts in optimizing its share in each of the GCC countries.

The outlook for the future is bright given that the company intends to continue with its capital expenditure that has already seen its total assets increase since 2003.

**Existing Projects:**

Plant Expansion (Phase I): At a cost of QR (2.1 billion), this project is designed to more than triple QASCO’s annual production of DRI and double its bars production upon its completion in 2007. The project includes the building of a new DRI / HBI plant, melt shop and rolling mill. DRI / HBI and Bars production is expected to commence in Q 2 2007, and Billets production from Q 3 2007.

United Stainless Steel Company (USCO): USCO was established in February 2005. Construction of a cold rolled stainless steel mill commenced in April and is expected to be completed in 2007. The company is based in Bahrain and will be the first of its kind in the region. QASCO’s total investment in USCO is 25% of the equity.

<table>
<thead>
<tr>
<th>YEARS</th>
<th>CWIP</th>
<th>Other Assets</th>
<th>Cash &amp; Cash Equiments</th>
<th>Other Financial Assets</th>
<th>TOTAL ASSETS BY YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>0.9</td>
<td>0.6</td>
<td>1.6</td>
<td>0.0</td>
<td>1.8</td>
</tr>
<tr>
<td>2005</td>
<td>0.9</td>
<td>0.4</td>
<td>1.4</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>2004</td>
<td>0.9</td>
<td>0.4</td>
<td>0.8</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>2003</td>
<td>0.9</td>
<td>0.4</td>
<td>0.6</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>
Gulf Helicopters Company is a 100% subsidiary of Qatar Petroleum. The company has grown enormously since its acquisition by QP in 1998 and currently is one of the leading helicopter operators in the region.

GHC operates under QCAR Ops 3 regulations and is ISO 9001-2000 certified. A summary of the corporate growth of the company since inception is given below:

<table>
<thead>
<tr>
<th>Established and Incorporated in UK</th>
<th>July 1970</th>
<th>Gulf Aviation 51%; BOAC 32%; BEA 15%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March 1977</td>
<td>Gulf Air 100%</td>
</tr>
<tr>
<td></td>
<td>June 1993</td>
<td>De-registered from UK (division of Gulf Air)</td>
</tr>
<tr>
<td>Shareholding QP 100%</td>
<td>June 1998</td>
<td>Qatar Petroleum purchases Assets/Business</td>
</tr>
<tr>
<td></td>
<td>Dec 1998</td>
<td>Emiri Decree establishes Gulf Helicopters</td>
</tr>
<tr>
<td></td>
<td>Jan 1999</td>
<td>Gulf Helicopters incorporated as Qatar Company</td>
</tr>
</tbody>
</table>

**Historical Background**

1970 to date Provides helicopter services in Qatar for offshore operations of companies including QP, RasGas, Oxy, Qatargas, Total, Maersk, Anadarko, Shell, QPD, Wintershall, Talisman.

1987 to 1999 Operated in Oman

1989 Operations commence in Yemen

September 1994 Operations commence in India

1998 to 2006 Operated in Iran

2000 Operations commence in Sudan

Currently GHC operates twenty five helicopters including S92, Bell 412, Bell 212, Bell 230 and Bell 206. The services include transport of VVIP, offshore support, onshore/offshore seismic support, and under slung operations.

**Future Plans**

GHC is in the process of shifting its Operations Base from Doha International Airport to Al Khor Air Field by 2009. The facility at Al Khor will be managed and operated by GHC and will have a flying school, flying club and facilities to handle VIP & corporate flights, pleasure flights, domestic flights, and will be an ideal place for conducting trade shows and industry conferences. Other corporate and private aircraft owners will also be encouraged to base their aircrafts and will be provided with all the necessary facilities like hanger, office space etc.

Offshore flying is expected to increase in Qatar with the Oil & Gas project expansions. Company plans to add-on some AW-139 helicopters to its fleet shortly and also has plans to expand its operations to other geographical areas. The third party maintenance capability will be enhanced and developed.
SALES GAS (Local & Export):

Al-Khalij Gas Project (AKG):
The project will develop reserves from the North Field to supply 2.0 BSCFD of sales gas to the domestic consumers. The project will also produce condensate, ethane, LPG and sulfur. The project will enhance the diversification policy of the North Field gas utilization and maximize the utilization of the existing gas infrastructure. It will enhance the reserve utilization of Block-A through production from K-1 to K-4 reservoirs. It is also designed to accommodate the fractionation requirements of LNG 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 will supply 744 MMSCFD of sales gas to Ras Laffan IPP, Oryx GTL, Q-Power and to industries in Mesaieed area. All required gas sales agreements have been concluded. QP has installed a new 36” lean gas pipeline to supply Mesaieed industrial area with 240 MMSCFD initially. The design capacity of the pipeline is 1000 MMSCFD.

Phase-II of the AKG project has been initiated with nominal design capacity of 1250 MMSCF/D allocated to the local industries and power generation plants. FEED of AKG-2 onshore facilities has been completed by Chiyoda, EPC awarded on June 2005 and target startup by 2nd Quarter 2009. RasGas is the operator of the AKG facilities and also has the project management responsibility.

Barzan Gas Project:
The project seeks to develop approximately 1.7 BSCF/D of North Field gas and produce 1.5 BSCF/D of sales gas for the domestic market (power generation and industry) in addition to associated condensate, ethane, LPG and sulphur. The onshore plant of the project will be situated in Ras Laffan City and gas will be transported to the southern area consumers via a new pipeline. Target start up is 2nd quarter 2012.

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 BSCF/D to the United Arab Emirates. It is the first gas pipeline project between the GCC countries. The project includes processing of gas at Ras Laffan to strip out condensate, ethane, LPG and sulfur. The sweet lean gas will be delivered to UAE through a subsea pipeline.

The Full Field Development Plan (FFDP) was signed on 11th December 2003 according to the Development and Production Sharing Agreement (DPSA) dated 23rd December 2001 signed between QP and the Contractor comprising the UAE’s Offset Group 51%, Total of France and Occidental Petroleum of the USA 24.5% each. The main EPC contract has been awarded to JGC on 12th January 2004. First delivery of gas is scheduled for the 2nd half 2007.

LNG PROJECTS

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, LNG 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. Onshore and Offshore EPC contracts were awarded to Chiyoda / Technip consortia and NPCC in December 2004.

Qatargas 3 Project:
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 the Qatargas plot. The proposed train is a replica design of Qatargas 2 with some adjustments and will have synergy to the maximum possible extent, 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 the Qatargas plot. Both Qatargas 3 & 4 will be 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. Onshore EPC to Chiyoda/Technip Consortia (CTJV) and the Offshore EPC to McDermott. Target startup for Qatargas 4 is 2nd Quarter 2010.
**RasGas LNG 6 & 7:**

Joint Venture Agreement was signed with ExxonMobil in July 2005 to develop 2.9 BSCF/D of North Field gas from the contract location, which was assigned to RasGas Expansion Projects. This project is targeting the US market with two trains each sized for 7.8 MMT/A.

Shareholders are QP and ExxonMobil at 70% and 30% equity respectively; design of the trains is identical to Qatargas 2. Since the trains will be located within the RasGas plot, synergies will be maximized to reduce the capital cost.

Train 6 & 7 Onshore EPC contract was awarded to Chiyoda/Technip consortia (CTJV) and the Offshore EPC to McDermott in August 2005. Target commissioning of LNG 6 is May 2008 and LNG 7 will follow with 1-year interval.

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 Train 7 starts-up.

**GAS-TO-LIQUIDS (GTL) PROJECTS**

Qatar Petroleum is actively pursuing two world-scale gas-to-liquids conversion projects for the production of synthetic fuels and base lube oil. A brief summary for each project is given below:

**Oryx GTL Project:**

In December 2003, His Highness Sheikh Tamim Bin Hamad Al-Thani, the Heir Apparent, laid the Foundation Stone for the Middle East’s first Gas-to-Liquids plant.

The Project made excellent progress in all project tracks during 2006.

In June 2006 H.H. Sheikh Hamad Bin Khalifa Al-Thani, the Emir, inaugurated the ORYX Plant. The first product from the Oryx GTL plant will enter international markets during the 2nd quarter of 2007.

**Pearl GTL**

Pearl GTL is an integrated project which will develop about 1.6 BSCF/D of North Field Gas to produce approximately 140,000 B/D 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 1st Quarter 2010. An important milestone in July 2004 was achieved with the signing of a DPSA Agreement between QP and Shell.

Two appraisal wells have been drilled during 2004. Offshore & Onshore design has been completed. EPC tendering completed and all major packages were awarded during 3rd-4th quarter 2006.

**PETROCHEMICALS PROJECTS**

**Ras Laffan Ethane Cracker Project:**

A joint venture agreement signed by Q-CHEM (53.31%), QATOFIN (QAPCO and Total Petrochemicals will jointly own 45.69%) and QP (1%) to establish an ethane cracker plant in Ras Laffan Industrial City and a 120 km pipeline from Ras Laffan to Mesaieed to transport the ethylene produced. Ras Laffan Cracker will be one of the world’s largest ethane cracker plants. It will be expected to produce 1.3 million (MT/A) of ethylene, expandable to 1.6 million (MT/A) and is anticipated to start production by 4th quarter of 2008. The Cracker project is scheduled to start in the last quarter of 2008 and commercial production expected early 2009.

The derivatives of the polyethylene plants will be located in Mesaieed within the existing facilities of Q-CHEM and QAPCO. The ethane feedstock for the cracker unit will be supplied by the adjacent AKG Enhanced Gas Utilization (EGU) project and Dolphin project’s onshore facilities.

**QATOFIN Project:**

A joint venture signed by QAPCO (63%), Total Petrochemicals, (formerly ATOFINA), (36%) and QP (1 %) to establish a linear low density polyethylene (LLDPE) plant in Mesaieed, adjacent to the existing QAPCO plant. The feedstock ethylene is to be received through a pipeline from Ras Laffan to Mesaieed. The plant is expected to produce around 450,000 MT/A of polyethylene, expandable to 600,000 MT/A which will be mainly exported to Asia and Europe. The LLDPE project is scheduled to start in the last quarter of 2008 and commercial production expected early 2009.

**Mesaieed Derivatives Units (Q-Chem Expansion: Q-Chem II)**

The derivatives plant to be constructed in Mesaieed by Q-Chem II (51% QP and 49% CPChem) will consist of a single 350,000 (MT/A) HDPE train and a 350,000 (MT/A) normal alpha olefins (NAO) unit. The project is scheduled to start in the last quarter of 2008 and commercial production expected early 2009.

**DME Project with MGC**

A letter of intent was signed on 10 June 2003 with Mitsubishi Gas Chemicals (MGC) and ITOCHU to establish a project for the production of Di-Methyl-Ether (DME) at
Ras Laffan in Qatar.

The production capacity of the project is 1.7 million (MT/A) of DME. The project is planned to start-up around fourth quarter 2008.

**Fuel Grade-Methanol Project**

Heads of Agreement (HoA) was signed with Petroworld Ltd on 14 September 2003 for the development of a large scale fuel grade methanol project targeting on output of 12,000 to 15,000 (MT/D) at Ras Laffan. The partners expect the proposed project to come on stream by 2008.

**Other Projects**

**Aluminum Project**

Qatar Petroleum and Hydro signed in December 2004 a Heads of Agreement to develop one of the world’s largest aluminum plants in Qatar.

The plant, which will be built in the Mesaieed Industrial Area, will serve growing markets in Asia, Europe and also North America. Planned capacity of a first phase is expected to be more than 570,000 tons of primary aluminum. The power plant is scheduled to start commissioning in 3Q 2009, with first metal production planned for late 4Q 2009. Ramp-up to full capacity is expected during the 2nd half of 2010.

The project involves the construction of an aluminum metal plant, and casthouse, in addition to a dedicated power plant. Production will be based on Hydro’s reduction cell technology.

**Mesaieed Power Plant**

QP (20%), QEWC (40%) and Marubeni (40%) signed a Joint Venture Agreement to build a 2000 MW power plant in Mesaieed. The production will be sold to Kahramaa according to a Power Purchase Agreement for 25 years. It is expected that the first power will be produced in summer 2008 and the final power in April 2010.
LEGEND

List of Abbreviations Used:

ALG  Al-Khalij Field
BH   Bul Hanine Field
DPSA Development & Production Sharing Agreement
EPC  Engineering, Procurement and Construction
EPSA Exploration & Production Sharing Agreement
ESP  Electric Submersible Pump
FEED Front End Engineering and Design
FSO  Floating Storage & Offloading Vessel
GTL  Gas to Liquids
GCC  Gulf Cooperation Council
HoA  Heads of Agreement
IPP  Independent Power Producer
IS   Idd El-Shargi Field
ITT  Invitation to Tender
JGC  JGC Corporation is a Japan based leading global Engineering Company established in 1928.
JVA  Joint Venture Agreement
K&A  Al- Karkara and A-Structure Fileds
KBR  Kellog Brown & Roots (Engineering, Construction & Services Unit of Halliburton Co)
LNG  Liquefied Natural Gas
LPG  Liquefied Petroleum Gas
MM  Maydan Mahzam Field
MoU  Memorandum of Understanding
NFA  North Field Alpha
NGL  Natural Gas Liquids
NPCC National Petroleum Construction Company of UAE
PS   Production Station
PS-2 Production Station 2 – Maydan Mahzam
PS-3 Production Station 3 – Bul Hanine
SPA  Sale & Purchase Agreement

Nomenclature

bbls  Barrels
B/D barrels per day
B/SD barrels per stream day
BSCF billions standard cubic feet
BPS/D Barrels per stream day
BW/D Barrels of water per day
MMSCF/D Million standard cubic feet per day
MMT/A Million metric tons per annum
MT   Metric tons
MT/A Metric tons per annum
MMG/D Million gallons per day
T/A  Tons per annum
T/D Tons per day
TSCF/D Trillion standard cubic feet per day
ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT
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 2006 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, 2007, 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 1976 (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.

Deloitte & Touche

Doha - Qatar  
April 30, 2007

Samer H. Jaghoub, CPA  
License No. 88
<table>
<thead>
<tr>
<th>2006</th>
<th>2005 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NON CURRENT ASSETS:</strong></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>93,349,298</td>
</tr>
<tr>
<td>Deferred expenditure</td>
<td>318,549</td>
</tr>
<tr>
<td>Investments</td>
<td>1,718,371</td>
</tr>
<tr>
<td>Investment property</td>
<td>118,426</td>
</tr>
<tr>
<td>Other assets</td>
<td>4,773,333</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>100,277,977</strong></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>23,312,281</td>
</tr>
<tr>
<td>Debtors and prepayments</td>
<td>11,107,626</td>
</tr>
<tr>
<td>Inventories</td>
<td>3,153,062</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>37,572,969</strong></td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES:</strong></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>(2,243,415)</td>
</tr>
<tr>
<td>Creditors and accruals</td>
<td>(14,466,222)</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>(16,709,637)</strong></td>
</tr>
<tr>
<td><strong>NET CURRENT ASSETS</strong></td>
<td><strong>20,863,332</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS LESS CURRENT LIABILITIES</strong></td>
<td><strong>121,141,309</strong></td>
</tr>
<tr>
<td><strong>NON CURRENT LIABILITIES:</strong></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>(42,722,043)</td>
</tr>
<tr>
<td>Obligations under finance leases</td>
<td>(7,870,414)</td>
</tr>
<tr>
<td>Provision for employees’ end of service benefits</td>
<td>(576,462)</td>
</tr>
<tr>
<td>Amounts due to Ministry of Finance</td>
<td>(9,095,431)</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(1,108,698)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(327,163)</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td><strong>(61,700,211)</strong></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td><strong>59,441,098</strong></td>
</tr>
<tr>
<td><strong>CAPITAL AND RESERVES:</strong></td>
<td></td>
</tr>
<tr>
<td>Contributed capital</td>
<td>25,000,000</td>
</tr>
<tr>
<td>Other reserves</td>
<td>25,810,949</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>5,377,952</td>
</tr>
<tr>
<td>Minority interest</td>
<td>56,188,901</td>
</tr>
<tr>
<td><strong>Total Capital and Reserves</strong></td>
<td><strong>59,441,098</strong></td>
</tr>
</tbody>
</table>

Yousef Hussain Kamal  
Minister of Finance and  
Acting Minister of Economy & Commerce  
Vice Chairman

Abdullah bin Hamad Al-Attiyah  
Deputy Premier and  
Minister of Energy & Industry  
Chairman & Managing Director

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## Consolidated Statement Of Income

FOR THE YEAR ENDED 31 DECEMBER 2006  
(Amounts expressed in thousands of Qatar Riyals)

### OPERATING REVENUE

<table>
<thead>
<tr>
<th>Description</th>
<th>2006</th>
<th>2005 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>100,683,689</td>
<td>75,825,634</td>
</tr>
<tr>
<td>Other operating income</td>
<td>4,523,658</td>
<td>2,119,059</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td><strong>105,207,347</strong></td>
<td><strong>77,944,693</strong></td>
</tr>
</tbody>
</table>

### OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>2006</th>
<th>2005 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating, selling and administrative</td>
<td>(9,744,998)</td>
<td>(7,511,812)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(4,321,148)</td>
<td>(3,924,464)</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>(14,066,146)</strong></td>
<td><strong>(11,436,276)</strong></td>
</tr>
</tbody>
</table>

### NET OPERATING INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>2006</th>
<th>2005 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend and interest income</td>
<td>1,070,946</td>
<td>537,813</td>
</tr>
<tr>
<td>Finance charges</td>
<td>(1,765,565)</td>
<td>(1,531,874)</td>
</tr>
<tr>
<td><strong>INCOME BEFORE ROYALTIES, TAXES AND MINORITY INTEREST</strong></td>
<td><strong>90,446,582</strong></td>
<td><strong>65,514,356</strong></td>
</tr>
<tr>
<td>Royalties</td>
<td>(16,691,071)</td>
<td>(11,924,901)</td>
</tr>
<tr>
<td>Taxes</td>
<td>(41,433,693)</td>
<td>(30,772,614)</td>
</tr>
<tr>
<td><strong>INCOME BEFORE MINORITY INTEREST</strong></td>
<td><strong>32,321,818</strong></td>
<td><strong>22,816,841</strong></td>
</tr>
<tr>
<td>Minority interest</td>
<td>(1,086,344)</td>
<td>(957,245)</td>
</tr>
<tr>
<td><strong>NET INCOME FOR THE YEAR</strong></td>
<td><strong>31,235,474</strong></td>
<td><strong>21,859,596</strong></td>
</tr>
</tbody>
</table>

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YOUSSEF HUSSAIN KAMAL  
Minister of Finance and  
Acting Minister of Economy & Commerce  
Vice Chairman

ABDULLAH BIN HAMAD AL-ATTIYAH  
Deputy Premier and  
Minister of Energy & Industry  
Chairman & Managing Director
### Consolidated Statement Of Changes In Equity

**FOR THE YEAR ENDED 31 DECEMBER 2006**

(Amounts expressed in thousands of Qatar Riyals)

<table>
<thead>
<tr>
<th>Other reserves</th>
<th>Contributed Capital</th>
<th>Retained earnings</th>
<th>Hedging reserve</th>
<th>General reserve</th>
<th>Legal reserve</th>
<th>Sub-total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2005</td>
<td>10,000,000</td>
<td>2,976,150</td>
<td>(120,484)</td>
<td>10,102,279</td>
<td>579,934</td>
<td>10,561,729</td>
<td>23,537,879</td>
</tr>
<tr>
<td>Capital Contribution</td>
<td>15,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,000,000</td>
</tr>
<tr>
<td>Net Income for the year</td>
<td>-</td>
<td>21,859,596</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21,859,596</td>
</tr>
<tr>
<td>Transfer to General Reserve</td>
<td>-</td>
<td>(10,268,486)</td>
<td>-</td>
<td>10,268,486</td>
<td>-</td>
<td>10,268,486</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to Legal Reserve</td>
<td>-</td>
<td>(40,963)</td>
<td>-</td>
<td>-</td>
<td>40,963</td>
<td>-</td>
<td>40,963</td>
</tr>
<tr>
<td>Transfer to current account with Ministry of Finance</td>
<td>-</td>
<td>(10,241,251)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(10,241,251)</td>
</tr>
<tr>
<td>Balance at 31 December 2005</td>
<td>25,000,000</td>
<td>4,285,046</td>
<td>(53,982)</td>
<td>20,370,765</td>
<td>620,897</td>
<td>20,937,680</td>
<td>50,222,726</td>
</tr>
<tr>
<td>Net movement - Hedging Reserve</td>
<td>-</td>
<td>-</td>
<td>19,641</td>
<td>-</td>
<td>-</td>
<td>19,641</td>
<td>19,641</td>
</tr>
<tr>
<td>Net Income for the year</td>
<td>-</td>
<td>31,235,474</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>31,235,474</td>
</tr>
<tr>
<td>Transfer to General Reserve</td>
<td>-</td>
<td>(4,785,348)</td>
<td>-</td>
<td>4,785,348</td>
<td>-</td>
<td>4,785,348</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to Legal Reserve</td>
<td>-</td>
<td>(68,280)</td>
<td>-</td>
<td>-</td>
<td>68,280</td>
<td>-</td>
<td>68,280</td>
</tr>
<tr>
<td>Transfer to current account with Ministry of Finance</td>
<td>-</td>
<td>(25,288,940)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(25,288,940)</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2006</strong></td>
<td><strong>25,000,000</strong></td>
<td><strong>5,377,952</strong></td>
<td><strong>(34,341)</strong></td>
<td><strong>25,156,113</strong></td>
<td><strong>689,177</strong></td>
<td><strong>25,810,949</strong></td>
<td><strong>56,188,901</strong></td>
</tr>
</tbody>
</table>
### Consolidated Statement Of Cash Flows

**FOR THE YEAR ENDED 31 DECEMBER 2006**  
(Amounts expressed in thousands of Qatar Riyals)

<table>
<thead>
<tr>
<th>2006</th>
<th>2005 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Net income for the year before minority interest</td>
<td>32,321,818</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to cash provided from operating activities:</td>
<td></td>
</tr>
<tr>
<td>- Depreciation and amortization</td>
<td>4,321,148</td>
</tr>
<tr>
<td>- Provision for employees’ end of service benefits</td>
<td>179,944</td>
</tr>
<tr>
<td>- Deferred income taxes</td>
<td>316,813</td>
</tr>
<tr>
<td>- Release of investment provision</td>
<td>(19,799)</td>
</tr>
<tr>
<td>- Loss/Adjustment on sale/transfer of property, plant and equipments</td>
<td>241,918</td>
</tr>
<tr>
<td></td>
<td>37,361,842</td>
</tr>
<tr>
<td>(Increase) Decrease in operating assets and liabilities</td>
<td>(3,860,717)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>33,501,125</td>
</tr>
<tr>
<td>Payments and advances against employees’ end of service benefits</td>
<td>(74,747)</td>
</tr>
<tr>
<td></td>
<td>33,426,378</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Payments for property, plant and equipments, deferred expenditure and other assets</td>
<td>(32,994,566)</td>
</tr>
<tr>
<td>Proceeds from disposal of property, plant and equipments</td>
<td>984,584</td>
</tr>
<tr>
<td>Deposits maturing after 90 days</td>
<td>(1,252,679)</td>
</tr>
<tr>
<td>Purchase of investments-net</td>
<td>(166,470)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(33,429,131)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>23,607,929</td>
</tr>
<tr>
<td>Repayment of borrowings and obligations under finance leases</td>
<td>(6,947,382)</td>
</tr>
<tr>
<td>Net change in account with Ministry of Finance</td>
<td>(19,805,840)</td>
</tr>
<tr>
<td>Movement in minority interest</td>
<td>(530,327)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash (used in) available from financing activities</strong></td>
<td>(3,675,620)</td>
</tr>
<tr>
<td><strong>Net change in cash and cash equivalents</strong></td>
<td>(3,678,373)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the beginning of the year</strong></td>
<td>25,491,095</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td>21,812,722</td>
</tr>
</tbody>
</table>