



ANNUAL REPORT 2008

Qatar Petroleum

Committed to Excellence

Qatar Petroleum (QP), formerly Qatar General Petroleum Corporation, is a state-owned corporation established by Emiri Decree No 10 in 1974. It is responsible for all phases of the oil and gas industry in Qatar. The principal activities of Qatar Petroleum and its subsidiaries and joint ventures are the exploration, production and sale of crude oil, natural gas and gas liquids and refined products, liquefied natural gas (LNG), production and sale of petrochemicals, fuel additives, fertilizers, steel, chartering of helicopters, underwriting insurance and other services.

QP's strategy of conducting hydrocarbon exploration and development are through Exploration and Production Sharing Agreements (EPSA) and Development and Production Sharing Agreements (DPSA) concluded with major international oil and gas companies.

The operations and activities of Qatar Petroleum are conducted at various onshore locations, including Doha, Dukhan and the Mesaieed and Ras Laffan Industrial Cities, as well as offshore areas, including Halul Island, offshore production stations, drilling platforms and the North Gas Field.

In addition to these operations, QP carries out its activities through the following subsidiaries, joint ventures and other investments:

	QP Interest %		QP Interest %
A - Subsidiaries		C - Other Investment <i>(continued)</i>	
Qatar Petroleum Qatar Gas (3) Limited	100.0	Qatar Real Estate Investment Company	0.7
Qatar Petroleum Gas Trading (QGII) Limited	100.0	Qatar Plastic Production Company (QPPC)	18.7
Qatar Petroleum LNG Services (QGII) Limited	100.0	Qatar Electricity and Water Company (QEWCo)	11.09
Qatar Terminal Company Limited	100.0	Ras Laffan Power Company Limited (RLPC)	10.0
Industries Qatar Q.S.C.	70.0	Qatar Gas Transportation Company Limited "NAKILAT"	10.0
Qatar Nitrogen Company	50.0	Arab Shipbuilding and Repair Yard Company (ASRY-Bahrain)	18.8
Qatar Holding Intermediate Industries Company Limited	100.0	Arab Maritime Petroleum Transport Company (AMPTC-Kuwait)	14.8
Qatar Petroleum International Limited	100.0	Arab Petroleum Investment Corp (APICORP-Saudi Arabia)	10.0
Amwaj Catering Services Company	100.0	Arab Petroleum Services Company (APSC-Libya)	10.0
Al Shaheen Energy Services Company	100.0	Arab Petroleum Pipelines Company (SUMED-Egypt)	5.0
Qatar Petroleum Qatar Gas (4) Company Limited	100.0	Nakilat Agency Company Limited	5.0
Gulf International Services Q.S.C.	30.0	United Stainless Steel Company (Bahrain)	17.5
		United Helicharters Private Limited (India)	10.8
		Mesaieed Power Company	20.0
B - Joint Ventures		Sphere Investments Limited (Australia)	6.16
Qatar Liquefied Gas Company Ltd Q.S.C.	65.0	Sphere Petroleum	3.64
Qatargas Upstream Joint Venture	65.0	Gulf Industrial Investment Company (Bahrain)	17.5
Ras Laffan Liquefied Natural Gas Company Ltd	63.0	Shield Mining (Australia)	3.08
RasGas Company Ltd	70.0	Gulf United Steel Company (Bahrain)	17.5
Ras Laffan Liquefied Natural Gas Company Ltd (II)	69.5	Mauritania Block	20.0
Qatar Chemical Company Ltd Q.S.C.	51.0	Others	*
Qatar Vinyl Company Ltd Q.S.C.	73.0	<i>*These represent various investments mainly in the Doha Stock Market.</i>	
Qatex Limited	51.0		
Oryx GTL Ltd	51.0	D- Joint Ventures and Subsidiaries of QP Subsidiaries	
Qatar Liquefied Gas Company Limited (II) (Q.S.C.)	67.5	Qatar Petrochemical Company Ltd (QAPCO)	56.0
SEEF Limited	80.0	Qatar Fertiliser Company Ltd (QAFCO)	52.5
Ras Laffan Liquefied Natural Gas Company Limited (3)	70.0	Qatar Fuel Additives Company Ltd (QAFAC)	35.0
Qatar Chemical Company II Limited	51.0	Qatar Steel Company Ltd (SAQ) (QASCO)	70.0
Qatargas Operating Company Limited	70.0	South Hook Gas Company Limited	70.0
Qatofin Company Limited (Q.S.C.)	36.6	South Hook LNG Terminal Company Limited	67.5
Ras Laffan Olefins Company Limited (Q.S.C.)	44.5	Qatar Liquefied Gas Company Limited (3)	68.5
Gasal Q.S.C.	30.5	Adriatic LNG Terminal Limited	45.0
Laffan Refinery Company Limited	51.0	Qatar Liquefied Gas Company Limited (4)	70.0
Qatar Aluminium Company Limited	50.0	QTL U.S. Holding Corporation, Inc	100.0
Qatar Engineering Consultancy Company Limited	50.0	Gulf Helicopters Limited	100.0
		Gulf Drilling International Limited Q.S.C.	70.0
C - Other Investment		QTL Hungary Financing	100.0
Qatar Fuel Company (WOQOD)	40.0	Al Shaheen Well Services	50.0
Qatar Shipping Company (Q-SHIP)	18.5	Fareej Real Estate Company Q.S.C	34.0
Qatar Metal Coating Company W.L.L.	35.0		

In the Name of **Allah**
the Most **Gracious**
the Most **Merciful**



His Highness
Sheikh Hamad Bin Khalifa Al-Thani
Emir of the State of Qatar



His Highness
Sheikh Tamim Bin Hamad Al-Thani
Heir Apparent

Table of Contents

Board of Directors	8
Message from the Chairman	10
Highlights	12
Key Consolidated Financial Information	13
Administration	14
<i>Human Resources Services</i>	
<i>Qatarization</i>	
<i>Corporate Training Services</i>	
<i>Medical Services</i>	
<i>General Services</i>	
Information Technology	16
Corporate HSE	17
Crude Oil and Natural Gas	19
<i>Dukhan Operations</i>	
<i>Offshore Operations</i>	
<i>EPSA/DPSA</i>	
<i>Drilling Department</i>	
<i>Halul Island</i>	
North Field	26
<i>North Field Alpha</i>	
<i>Al-Khaleej Gas Project (AKG)</i>	
<i>Barzan Gas Project</i>	
<i>Dolphin Project</i>	
<i>Qatargas Operating Company Ltd.</i>	
<i>RasGas Company Ltd.</i>	
<i>NGL and Local Gas</i>	





Refining

32

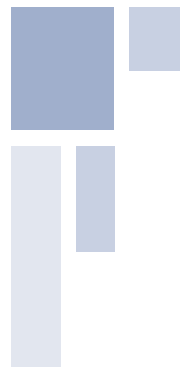
QP Refinery
Laffan Refinery
Ras Laffan Olefins Company Ltd (RLOC)
Oryx
Pearl GTL



Petrochemicals Industries

34

Qatar Fertiliser Company (QAFCO)
Qatar Petrochemical Company Ltd (QAPCO)
Qatar Fuel Additives Company (QAFAC)
Qatar Vinyl Company (QVC)
Qatar Chemical Company (Q-Chem)
Qatar Chemical Company II Ltd (Q-Chem)
Ras Laffan Ethane Cracker
Qatofin
Melamine



Industrial Cities

40

Mesaieed Industrial City
Ras Laffan Industrial City

Other Industries and Supporting Services

44

Gulf Helicopters Company
Qatar Steel Company (QSC)
Qatar Plastic Products Company (QPPC)
Qatar Aluminium (Qatalum)
Qatar Petroleum International (QPI)
Gulf Drilling International (GDI)

Financial Statements

49

Board of Directors



HE Abdullah Bin Hamad Al-Attiyah

Deputy Prime Minister
Minister of Energy and Industry
QP Chairman and Managing Director



HE Yousef Hussain Kamal

Minister of Economy and Finance
QP Vice Chairman



Dr. Ibrahim Al-Ibrahim
Member
Economic Expert, HH Emir's Office



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



Faisal Mohammed Al-Suwaidi
Member
Chairman and CEO,
Qatargas Operating Co. Ltd.



Hamad Rashid Al Mohannadi
Member
Managing Director and CEO, RasGas



Fahad Hamad Al Muhannadi
Member
General Manager, QEWC

Message from the Chairman



The global energy industry has faced challenging periods in the past. However, 2008 will be remembered as one of the most turbulent economic years in history. The first half of the year was marked by record prices for energy which saw oil peak at around \$147 a barrel; the second half was marked by a global financial meltdown that saw oil prices sink to below \$35 a barrel.

During this unsettling period, Qatar Petroleum (QP) stood strong and remained focused on achieving its long-term strategic targets and objects. We did so, confident in the knowledge that the success of investments in the energy industry is measured over decades, not months, and that the global economy would rebound, restoring the underlying fundamentals upon which QP's investment strategies are based.

We are proud to say that, despite the instability in the global economy, QP's investment plans remain substantially unchanged. This is not to say that all projects went ahead unaltered. Some major projects were deferred. Several of these will undoubtedly return stronger as QP takes advantage of a less heated construction market.

QP's achievements in the LNG industry illustrate the desire and commitment of His Highness the Emir of Qatar to these principles. Under his wise leadership, QP has become a global leader in the LNG industry and now plays an essential role in supplying gas to regional markets as well as those in North America, Asia and Europe.

Construction work on six new LNG trains is in its final stages. Once completed, these trains will be some of the largest LNG trains in the world, each with a capacity of 7.8 million tonnes per annum.



2008 also saw significant progress made in developing new and existing oil and gas fields in Qatar. In November, an Exploration and Production Sharing Agreement (EPSA) was signed with the German company Wintershall Holding to explore block-4 North (Khuff). Under the EPSA, hydrocarbon development will be carried out in line with the results of exploration studies. We continue to evaluate plans for the future development of existing fields. These will undoubtedly result in substantial projects with the potential to minimize natural declines in oil production. We also continue to develop the Al Shaheen field in conjunction with our Production Share Agreement partner Maersk. This field is now our largest oil producer.

In line with Qatar's growing demand for electricity and water, the State's second independent electricity and water production facility, Ras Laffan Plant (B), was inaugurated this year by H.H. the Emir Sheikh Hamad bin Khalifa Al Thani. In addition to that, H.H. the Heir Apparent Sheikh Tamim bin Hamad Al-Thani laid the foundation stone for a 2,000-megawatt electricity project in Mesaieed and QP closed the financing deal for the Ras Laffan (C) power and water plant. With a capacity of 2,730 megawatts of power and 65 million gallons of desalinated water per day, Ras Laffan (C) will be the largest power and water plant in Qatar and is expected to be completed by 2011.

QP is also actively expanding its international investment portfolio through strategic investments in energy and petrochemical projects around the globe. This is being managed through our international division - Qatar Petroleum International (QPI). The first investments administered by QPI will be LNG re-gasification

terminals in the UK, Europe and USA. Others will include an exploration project in Mauritania, a pre-feasibility study for a potential multi-billion dollar investment in a petrochemical and refinery complex in China, and the assessment of an opportunity to invest in a petrochemical plant in Singapore.

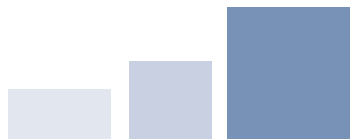
At a national level, 2008 saw the release of the Qatar National Vision 2030 which identifies key economic outcomes envisioned as a result of the responsible exploitation of the nation's oil and gas resources. These include establishing a balance between reserves and production, the generation of advanced technological innovations and the provision of clean energy for Qatar and for the world.

QP continues to work towards these outcomes and to embrace the four pillars of development stipulated in the Qatar National Vision 2030 - namely, human development, social development, economic development and environmental development.

Our success in achieving our goals owes much to our highly skilled and tremendously committed workforce. I am confident that with people such as these the future for QP in 2009 and beyond looks very bright.

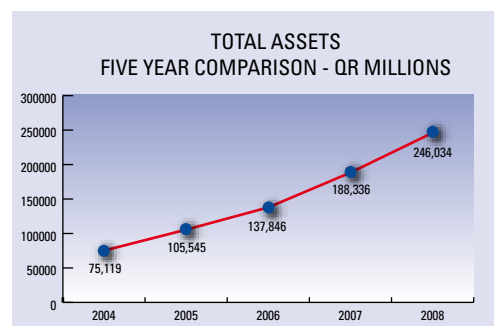
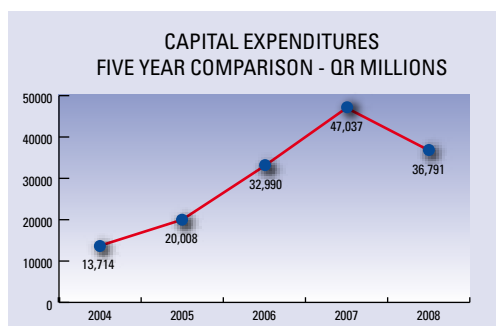
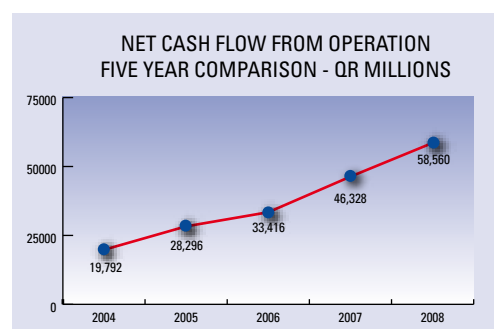
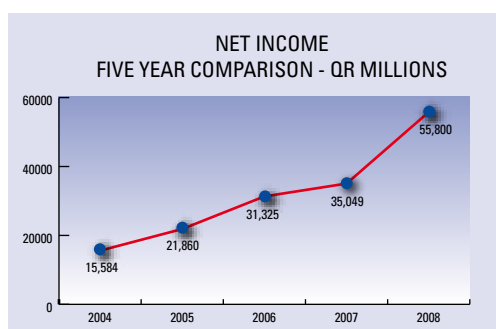
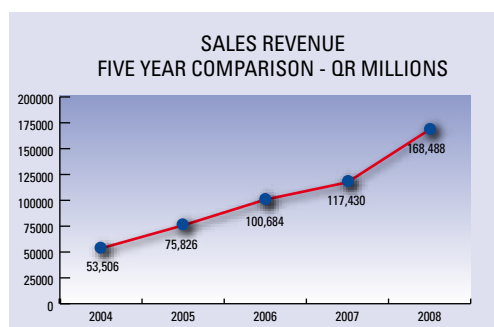
Abdullah Bin Hamad Al-Attiyah
Qatar Petroleum Chairman & Managing Director

2008 Highlights



- | | |
|------------------|--|
| January | <ul style="list-style-type: none"> Qatar Petroleum signed \$225 million joint venture agreement with Weatherford International to set up Al Shaheen Well Services Company QP Hosts 12th Annual Condensates & Naphtha Forum Qatar Petroleum International and Gaz de France establish long-term partnership |
| March | <ul style="list-style-type: none"> The Emir H.H. Sheikh Hamad bin Khalifa Al Thani opened the \$900 million Ras Laffan Plant (B), Qatar's second independent electricity and water production facility, at Ras Laffan Industrial City |
| April | <ul style="list-style-type: none"> QP Hosts 16th Middle East Petroleum & Gas Conference Qatar Petroleum International (QPI), signed a memorandum of understanding on oil and gas co-operation with Italy's energy major Eni, to seek joint investment opportunities in international projects in the exploration and production sector The Heir Apparent H.H. Sheikh Tamim bin Hamad Al Thani laid the foundation stone for the US\$3.2 billion QAFCO-5 and Qatar Melamine Projects in the industrial city of Mesaieed The Heir Apparent H H Sheikh Tamim bin Hamad Al Thani laid the foundation stone for the US\$2.3 billion Mesaieed power plant. The plant will have a 2,000-megawatt capacity on completion in April 2010 |
| May | <ul style="list-style-type: none"> Qatar Petroleum Environment Fair 2008 QP and Shell open Pearl Village for 35,000 workers The Heir Apparent H.H. Sheikh Tamim bin Hamad Al Thani and the Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE armed forces Sheikh Mohammed bin Zayed Al Nahyan opened Dolphin Energy's gas processing plant at Ras Laffan Industrial City |
| June | <ul style="list-style-type: none"> QPI, PetroChina and Shell sign a letter of intent for refinery and petrochemical manufacturing and marketing in China |
| August | <ul style="list-style-type: none"> QP concluded its Summer Training Programs for both high school and university students. The programs attracted more than 510 students, in addition to a number of students attending Summer Training in other companies in the energy and industry sector Qatar Petroleum receives special achievement award from at the American Environmental System Research Institute's 28th Annual User Conference in San Diego, California |
| September | <ul style="list-style-type: none"> Qatar Petroleum closed \$3.32 billion to finance a power and water plant in the industrial port of Ras Laffan. The project, which is expected to be completed by 2011, aims to enhance power production to help meet Qatar's growing demand |
| October | <ul style="list-style-type: none"> QP signed a memorandum of understanding with the Netherlands on technical cooperation |
| November | <ul style="list-style-type: none"> QP and Qatar Shell GTL Limited (Shell) signed two separate heads of agreements with Gulf Petroproducts Company and Tamilnadu Petroproducts Limited regarding supply of GTL Normal Paraffin from the Pearl GTL project in Qatar QPI and Korea's LNG Group and Chinese Bohai signed a confidentiality agreement and letter of intent to reconfirm their intention to further establish an alliance between the three companies and to explore petrochemical investment opportunities QP hosted Mena Nuclear Energy Forum QP signed an Exploration and Production Sharing Agreement (EPSA) for Qatar Offshore Block-4North (Khuff) with Wintershall Holding AG (German Company) |
| December | <ul style="list-style-type: none"> Qatar Petroleum and Maersk Oil Qatar Agree on Further Development of the Al Shaheen Field, Offshore Qatar Qatar Petroleum organized an HIV/Aids workshop for senior management staff |

Key Consolidated Financial Information



QR Millions	Dec-08	Dec-07	Dec-06	Dec-05	Dec-04
Sales Revenue	168,488	117,430	100,684	75,826	53,506
Net Income	55,800	35,049	31,235	21,860	15,584
Net Cash Flow from Operations	58,560	46,328	33,416	28,296	19,792
Capital Expenditures	36,791	47,037	32,990	20,008	13,714
Total assets	246,034	188,336	137,846	105,545	75,119

Administration

The Administration Directorate continued to pursue its vision to "optimize all available resources so that Qatar Petroleum can be recognized nationally and internationally as an 'employer of choice' in the hydrocarbon industry". Cost effective Quality Customer Service in support of QP corporate objectives remained the key value driver for the DA's departments. The Administration Directorate successfully maintained ISO certification during the year.

HUMAN RESOURCES SERVICES

QP rewarded its employees' contribution, commitment and efforts by linking merit pay and bonus to performance. An on-line Integrated Performance Management System cascading SMART (Specific, Measurable, Achievable, Realistic and Time bound) business objectives down to individual level was rolled out in 2008 achieving 100% participation of employees.

In spite of the challenging environment in the oil and gas industry QP recruited 1,361 expatriates for employment and 679 Qatari high-school graduates for different vocational training and university scholarship programs.

A second HR customer satisfaction survey of QP was conducted by the management. In addition, a larger survey was introduced to measure customer satisfaction of employees from different levels in the organization. Improvements were noticed in the areas where HR Department has implemented automated systems and streamlined its processes. A number of new improvement initiatives were identified and changes to improve customer involvement and satisfaction are being implemented on an ongoing basis.

QATARIZATION

At the end of 2008 Qataris in permanent positions accounted for 1,972 of the Qatar Petroleum workforce, or 19% of the establishment. If Qataris on training and development are included, the headcount is 3,855, for a Qatarization percentage of 36%.

CORPORATE TRAINING SERVICES

Corporate Training (CT) Department has developed into a leading learning provider in Qatar's energy and industry sector, and has become the recognized national reference on best practice and latest learning methodologies. Initiatives that ensure quality training are being pursued. CT is currently operating the Technical Independent School to ensure the supply of appropriately trained Nationals into the talent pool for Qatari industry.

Expansion of the application of e-learning technology and services to complement the professional training programs has increased the number of licensed users from 500 to 2,000.



CT administers a total of 3,642 students including trainees and staff-on-development in Qatar and overseas educational institutions.

CT continued to expand its professional training programs and activities to develop the skills and competencies of staff members of QP and affiliated companies. 6,234 employees were trained in 2008, totaling 52,197 man-days.

MEDICAL SERVICES

Medical Services (MS) Department is directly responsible for a population of approximately 205,000 patients, with health care clinics located at Doha, Dukhan, Mesaieed, Ras Laffan and offshore.

Frontline clinics were introduced in 2008 supporting QP employees, resulting in reduced travel time and sickness absence and the opportunity to promote



wellness within the workplace. MS Department introduced Nurse Lead Specialist chronic disease management in all primary health care clinics (diabetes, hypertension, and asthma). Ras Laffan East Camp Clinic expansion was completed, and now provides service with eight fully equipped consultation rooms and a radiology suite.

MS established a Customer Care Unit dedicated to customer care needs, and recommendations for improvements within the Department. All QP's health care professionals are licensed to practice in the State of Qatar.

GENERAL SERVICES

General Services (GS) Department has developed a database for QP office space requirements and leased more than 70,000 square meters of office space for Doha-based employees to meet with the increasing demand. The department continued to provide efficient service in the areas of housing, facilities services and maintenance, and transport services to support QP operations in Doha and non-technical records centre services to QP departments at all locations. GS continued to provide support services to newly established and affiliate companies.

Information Technology

The ITD (Information Technology Department) plays a strategic and core role in QP's operations by providing timely information and communications services to the organization. In addition to providing state-of-the-art supercomputing facilities that support the core exploration and production systems of QP, during 2008 ITD also implemented and expanded upon other leading-edge technologies such as IP converged network services which included, in addition to the traditional IP data services, IP telephony, videoconferencing, and IP-based access control and closed circuit television systems.

ITD activities can be categorized as being in one of two broad areas: business projects, and technology initiatives.

Business Projects

ITD continued to deliver service excellence to QP's business and operational activities during 2008. Multiple projects of diverse nature and size are in various stages of implementation or completion.

Focusing on the core business and in line with the QP corporate business plan strategy of maximizing value from QP-operated oil and gas fields, ITD implemented a 128-CPU (Central Processing Units) simulation server for creating reservoir models in a larger format and up to seven times faster than was previously possible. This supercomputing facility has allowed QP's geophysicists and geoscientists to improve their productivity due to the speed at which complex simulations can now be achieved.

e-Ras Laffan is a project to develop a portal that will greatly enhance efficiency at Ras Laffan and provide QP's internal clients, business partners, and the general public with improved interaction via this portal. In addition, the project to develop a services portal at Mesaieed is expected to streamline internal business processes and better serve Mesaieed stakeholders.

Technology Initiatives

ITD constantly researches ways to enhance the application capabilities of systems and the information technology infrastructure by utilizing new technology developments.

Some of the technology initiatives completed in 2008 were:

- **Server Virtualization:** a technique for maximizing server utilization in the data center, thereby optimizing power and cooling usage
- **Hierarchical Storage Management:** a technology that enables best use of data storage investments
- **Blackberry Enterprise Services:** a push-mail system for executives and professional staff
- **Helpdesk Automated Services System:** a comprehensive automated system based on

international best practices, for managing user-reported incidents and requests

- **Converged Networking:** the deployment of an IP-based converged network has allowed QP to mix data, voice, and video across a single rather than multiple networks. This has resulted in significant cost and administrative savings compared to legacy networking systems.
- Significant uses of the converged network have included widespread deployment of IP telephony and videoconferencing throughout QP. **IP telephony** is the latest telephone communication technology that will eventually replace all legacy telephone systems in the organization due to its flexibility, speed of deployment, and improved return on investment
- **Videoconferencing** has reduced the need for travel between QP building and sites with the attendant savings in time and travel that have resulted in improved efficiency

These initiatives have allowed ITD to keep QP at the forefront of technology through well researched and proven deployment of leading edge infrastructure and services.

ITD strives to continuously improve services provided to its users in line with the corporation's ISO9001 quality accreditation.

ITD moves into 2009 growing from strength to strength, assisted by an upcoming restructuring of the department that will strengthen ITD's position as a strategic partner to other QP departments and directorates, offering world-class services to them well into the next decade.



Corporate Health, Safety & Environment



Corporate Health, Safety & Environment (HSE) encompasses Corporate Environment & Sustainable Development, Corporate HSE Support, Corporate Quality & Management Systems, Oil Spill & Emergency Response, Doha Safety, and Corporate HSE Strategy.

Corporate HSE continued to provide policy and technical advice on HSE matters to QP operations, regions, projects and engineering directorates as well as external projects to achieve sustainable outcomes in meeting with its HSE obligations.

Corporate Environment & Sustainable Development

Corporate Environment & Sustainable Development Department (CESD) reviewed, commented and processed 30 permit applications for MOE approval relating to different types of new works/projects. The department reviewed and commented on 79 project documents.

CESD participated effectively in the preparation of QP facilities' compliance plans and schedules. Two contracts were awarded to identify and assess potential adverse impacts that QP operations may have on the air, land and groundwater environments.

Three projects were completed:

- The QP/TOTAL Air Quality Modeling Project successfully progressed to advance stages and is near completion
- The Sustainable Development Blueprint for QP was revised, based on comments and suggestions received from various department and directorates
- Implementation of the Halul Sustainable Environmental Management Program (SEMP) commenced in January 2008

Corporate HSE Support

Corporate HSE Support Department (ST) provided support to QP projects as well as external projects such as the State projects for petrol stations across Qatar.

In incident management, ST participated in 13 significant incident investigations and coordinated the delivery of training for detailed incident investigation and Hazards and Effects Management Process (HEMP).

ST continued to represent QP at the International Association of Oil & Gas Procedures to promote the usage of OGP-recommended guidelines and practices.



ST developed a QP guide to land transport and traffic safety management together with various supporting corporate level documents.

Corporate Quality & Management Systems

Corporate Quality & Management Systems ensures that QP has effective and efficient quality and management systems. Quality control activities it participated in:

- Projects bids evaluation
- Prequalification audits
- Mechanical Completion Certificates
- Contractors' documents
- Contractors' audits

In pipeline engineering activities it produced Pipeline Integrated Management Systems, provided recommendations for extended life of pipelines and contributed as member to North Field Pipeline Task Force Committee

In management system activities it supported the process of QP certification as the first organization in the world certified to the new ISO 9001:2008 standard. It also launched QP's QHSE Integrated Management System and prepared QP for "Business Performance Management System " and conducted Quality Audits through out QP.

In standardization activities it completed standards of various types, including Quality, Materials/Welding, Pipelines, Safety, and Medical/Health.

Oil Spill & Emergency Response

The Oil Spill & Emergency Response Department developed regionally recognized oil spill and emergency response organization for the State of Qatar. It represented The State of Qatar in the International Oil Pollution Compensation Fund 1992 Convention meetings and participated in the activities of Regional Clean Seas Organization.

The Department established and equipped the oil spill response base at Mesaieed, Offshore Halul and the main response centre at Ras Laffan. It also completed

the training of State of Qatar oil spill responders. It responded to 38 oil spill related incidents including three major incidents.

A number of oil spill and functional relationship agreements were signed in 2008.

The Oil Spill & Emergency Response Department completed the first edition of the Oil Spill Response and Coastal Sensitivity Atlas as well as drilling oil spill response packages, the study for QP Business Continuity Management and QP Emergency Control Centre.

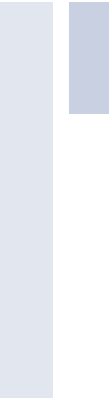
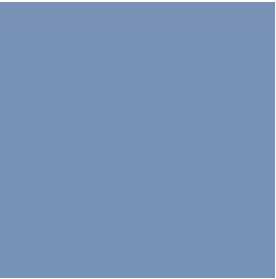
Corporate HSE Strategy

Corporate HSE Strategy produced publicity materials and conducted several HSE promotion campaigns. It organized a QP road safety campaign during GCC 24 Traffic Week. Together with Industrial Security Directorate, it organized a QP booth at the Milipol conference/exhibition and produced a special security awareness video.

Corporate HSE Strategy participated in Gulf Youth Road Accident Prevention Conference/Exhibition, and represented QP at the SPE-HSSE Conference/Exhibition. It organized a Corporate HSE booth at the QP Environmental Fair held in Doha in 2008. Together with Hamad Hospital, Corporate HSE Strategy organized and sponsored two TB awareness workshops. It also supported Corporate HSE department events, such as a mercury awareness workshop and the HSE Forum meeting. Corporate HSE Strategy successfully completed a consultancy study for zero normal gas flaring at various QP sites, to be implemented at a later date. It also conducted several HSE awareness presentations to QP staff and trainees.

Doha Safety

Doha Safety completed safety inspection and Floor Marshal training for all QP offices in Doha. It also conducted HSE Management supervision of all QP new offices projects in the Doha area and participated in accident/incident investigation and reporting in Doha.



Crude Oil and Natural Gas

DUKHAN OPERATIONS

Main Activities of Dukhan

Dukhan is a large oil and gas field extending over an area of approximately 80 kms by 8 kms and is located about 80 kms to the West of Doha. Dukhan Field is comprised of 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. These are 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 kms east of Dukhan.

Dukhan oil field has production facilities to produce up to 335,000 barrels per day (b/d). However actual annual production is based on reservoir management requirements. Other production facilities are related to associated gas, non-associated gas, raw natural gas liquids (NGL) production from associated gas, Arab D gas cap NGL and Dukhan Stabilized 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 a continuous basis in Dukhan.

Dukhan Field has a total of 300 oil-producing wells, 182 water injection wells and 58 gas-producing and injector wells. According to the latest well status the total number of wells in Dukhan is 605, including all production, injection, observation, closed-in and abandoned wells.

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

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

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





Marketing and Development Plan

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

Future facilities expansion plans in consideration are acid gas recovery plant, produced water re-injection facilities, drilling of new wells, abandonment of old wells and well integrity investigation/repair for safe operation of oil and gas wells.

Major civil infrastructure development projects are being implemented in Dukhan. Some of the major projects are: relocation of industrial facilities outside of Dukhan; the Dukhan-Umm Bab-Salwa road; a new sewage treatment plant; Dukhan housing projects, and other civil projects.

Major Customers

These products are exported to various internal and external customers:

- Crude oil is exported through terminal operations department at Mesaieed and also supplied to the refinery at Mesaieed
- Condensates are exported to the refinery in Mesaieed
- Arab D NGL is exported to NGL4 at Mesaieed
- FSP Raw NGL is exported to NGL1 and NGL2 in Mesaieed
- SAG is exported to QNCC, QAPCO and QAFCO via QP Gas Distribution System

History

Development of Dukhan field has taken place in various stages. The first well was drilled in 1939/40 confirming the presence of commercial quantities of oil. Further work was suspended due to World War II. Development of Khatiyah sector began in 1947 and the 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,

beginning with 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 commissioned to recover raw NGL from associated gas. In 1976 the 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 beginning in 1989, with the last phase being completed in 2005.

The pressurization of Khuff reservoir with surplus North Field gas began in 1992 with the commissioning of compressor station in Fahahil area.

A gas recycling (RG) 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. The residue gas is re-injected back into the same reservoir. A major project to upgrade the RG plant facilities to recover C2 and raw NGL (about 5,600 t/d of NGL) and supply to the NGL4 project in Mesaieed was commissioned in 2003.

A major project for a gas lift system to artificially lift the oil for enhancing production and increasing ultimate recovery from the field was also completed in 2003.

Dukhan: Major Achievements

1939/40	Drilling of first well in Dukhan
1949	Shipment of first crude oil from Dukhan
1959/60	Discovery of non-associated gas in Khuff reservoir
1989	Commencement of power water injection in Dukhan reservoirs for pressure maintenance
1998	Commissioning of gas recycling plant to recover condensate and NGL from Arab D Reservoir Gas Cap
2003	Commissioning of NGL4/DKADU to recover 5,600 t/d NGL from Arab D Cap Gas
2003	Commissioning of gas lift project
2004	Attainment of ISO 9001-2000 Quality Certification for Dukhan Operations
2005	Central office building for Dukhan Operations completed



Future Expansion Plans

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

Another major project for a full field 3D seismic survey of Dukhan Field is underway. The project is expected to be completed in 3rd quarter 2011. A complete reservoir study will be carried out for Dukhan Fields and is expected to be completed in 2012.

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

OFFSHORE OPERATIONS

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

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

Crude oil from three other offshore fields operated by QP joint venture partners on a production sharing

arrangement with QP is also processed, stored and exported at Halul Island. Occidental Petroleum of Qatar Ltd (OPQL) operates PS-1 (Idd El-Shargi Field, North and South Domes), TOTAL Exploration & Production-Qatar (TEPQ) operates Al-Khalij field, and Qatar Petroleum Development-Japan (QPD) operates Al-Karkara and A-Structure Fields.

Main activities are:

- Oil production in 2008 for PS-2 and PS-3 was about 31.1 millions barrels (84,995 b/d)
- Joint Ventures facilities (PS-1, ALK, K & A): Combined oil production from these three joint venture production facilities in 2008 was 57.4 millions barrels (156,873 b/d)

Major Achievements

MM Field: Four wells, MM-1, 5, 21 & 76 were worked-over/ side-tracked with the production potential of 3,979 b/d.

BH Field: Five new wells BH-126, 127, 130, 131 & 132 were drilled with potential of 14,200 b/d. But, production will be restricted to 7,500 b/d for reservoir management. Five wells, BH-51, 52, 53, 70 & 105, were worked-over/ side-tracked. Production potential is 9,250 b/d.

Major Customers

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

Joint Ventures

- QPD completed drilling of new wells A-9H and KK-5H. Well A-7 closed due to failure of ESP. Plant running with almost zero gas flaring
- Signed Crude Oil Lifting Procedure with QPD
- Signed Marine Service agreements with Dolphin Energy, Qatargas and Wintershall
- Follow up on revision of Halul Facilities Usage Tariff for JVs ongoing

New Projects completed in 2008

- Installation of three new multi-slot wellhead jackets, BH-D05, BH-I03 and BH-M04 completed. Production potential of BH field will be enhanced when new wells are drilled from these jackets
- Implementation of new DCS based on field-bus technology on PS-3 completed and ongoing in PS-2. This state of the art technology has enhanced process control and diagnostics
- Commissioned new data automation system (FlexView) in PS-2/3 that will improved data gathering, transmission and analysis
- Installation of intelligent pigging facilities for inter-field gas/liquid lines ongoing in order to evaluate pipeline integrity
- Completed the following projects in Halul:
 - Mini nitrogen plant
 - New diesel filling station
 - New seawater pump house

Future Expansion Plans

Future expansion plans on production stations include the following major projects:

- Continue installation of intelligent pigging facilities for inter-field gas/liquid lines from PS-2/3 to PS-1 and commence pipeline cleaning and intelligent pigging exercise
- Building new production chemistry laboratory in Doha and upgrading of laboratory in Halul
- Enhance oil removal from disposed water by introducing new technologies
- Implement production optimization by introducing "Shell Smart Field" system - fieldware, gas lift and well test modules

Exploration/Appraisal Activities

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

Block-4North (Wintershall Holding AG): The EPSA was signed on November 17, 2008. Activities shall start after the issue of the Emiri Decree to endorse the agreement.

Exploration Open Areas: Block "BC" (Pre-Khuff): Block "BC" EPSA bidding campaign is progressing as planned.

EPSA/DPSA

The following is a summary of 2008 exploration and appraisal activities and achievements:

EPSA Exploration Areas	
Block	Operator
Block-2	EnCana International Qatar Ltd. Co. Consortium
Block-3	Wintershall Consortium
Block-4	Anadarko Qatar Block-4 Company
Block-4North	Wintershall Holding AG
Block-10	Talisman Energy (Qatar) Company
Block-11	Wintershall Consortium
Block-13	Occidental Qatar Company Consortium

EPSA/DPSA Production Fields Activities

Currently there are seven offshore fields, which are under various stages of development by the following operating companies:

Field	Operator
Al Shaheen	Maersk Oil Qatar
Al Rayyan	Occidental Qatar Energy Company
Al Khalij	Total E&P Qatar Ltd.
Idd El Shargi North Dome	Occidental Petroleum Of Qatar Ltd.
Idd El Shargi South Dome	Occidental Petroleum Of Qatar Ltd.
Al Karkara & A-Structures	Qatar Petroleum Development Company
El Bunduq	Bunduq Company Ltd.

Al Shaheen Field (Maersk Oil Qatar): Implementation of the approved 2005 Field Development Plan (FDP) continued throughout 2008 with six drilling rigs in operation. Some 46 wells were drilled during the year, bringing the total number of wells drilled to 86 out of





the planned 169 FDP 2005 wells. Installation of new jackets, pipelines and cables as part of FDP 2005 continued in 2008.

Average yearly production for the year 2008 stood at 331,000 b/d, approximately 8% higher than 2007 production rate. This increase was primarily due to increase in the number of producers and water injection as a result of continuous drilling activities. Water injection increased from 330,000 b/d in 2007 to 390,000 b/d in 2008. Some 121 million barrels of oil were produced from Al Shaheen in 2008, bringing the total oil produced from the field to 831 million barrels at the end of 2008.

A high-resolution 3D seismic survey covering the entire Al Shaheen Field, which was acquired in 2006/2007, was fully processed in 2008. The 3D seismic survey consisted of 2,300 sq kms of marine streamer survey and 125 sq kms of seabed cable data.

Study work on the application of Enhanced Oil Recovery (EOR) techniques continued in 2008.

Al Rayyan Field (Occidental Qatar Energy Company): In October 2007, Occidental Qatar Energy Company (OQEC) acquired Anadarko's interest and became the operator of the Al Rayyan field.

Geophysics, petrophysics, well trajectory and geology for the field were reviewed and updated. Following the development of the revised geologic model an updated numerical simulation model was developed incorporating all new information and changes. Two wells, ALR-22 and ALR-23, were drilled during 2008. Field activities were focused on improving operational efficiency and sustaining production through maintenance and well workover.

Al Khalij Field (Total E&P Qatar Ltd): Drilling of infill development wells in addition to pending well workover has been ongoing during 2008 in parallel to

various geological and reservoir studies.

Average yearly production for the year 2008 stood at 38,000 b/d and average water injection of about 175,000 b/d. Some 13.6 million barrels of oil were produced from Al Khalij in 2008, bringing the total oil produced from this field to 133.1 million barrels at the end of 2008.

A new Field Development Plan (FDP) is under discussion. Implementation of this FDP is expected to extend the production plateau level and lead to a substantial increase in reserves.

Idd El Shargi North Dome (Occidental Petroleum of Qatar Ltd): Drilling activity continued during 2008 as part of the Phase III Development Plan. Anisotropy data derived from the 4C seismic interpretation was extensively used for better placement of wells and avoiding conductive features during drilling of the injectors. Shuaiba gas injection pilot monitoring continued during 2008.

To increase the water injection, three additional wellhead platforms for source wells and new injectors are planned.

Idd El Shargi South Dome (Occidental Petroleum of Qatar Ltd): As part of the first stage of the revised full field development plan, wells ISS-10 and ISS-12 were drilled in 2006. Wells performance was monitored during 2007-2008. ISS-13, a producer well was drilled in 2007 which was then converted to a water injector and a second lateral was added. ISS-14 was drilled as a producer in 2008. The well was prop-fractured and put on production. Geological and reservoir simulation models are under revision to incorporate interpretation of the 4C seismic data.

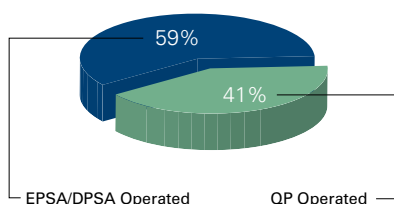
Conceptual Design Engineering for the light weight structured nine slots wellhead platforms IS-04B and IS-06B is complete.

Al Karkara & A-Structures (Qatar Petroleum Development Company): QPD commenced oil production on March 13, 2006. The implementation of Full Field Development Plan is continuing. The second stage of development has been completed by drilling 2 wells (A-9H and KK-5H) during late 2007 and early 2008. The third stage plan will start by drilling one well (KK-4H) in 2009. Full Field Development Plan for A-South Structure was approved by QP in 2007 and it is being executed. Drilling is expected in 2009 and the field is anticipated to come on production in 2010.

At present, the excess produced sour gas is being re-injected into the reservoir to achieve zero gas flaring objective.

The 2008 crude oil production contribution from the QP Operated and EPSA / DPSA fields is shown below:

2008 Total Oil Production by Operator



DRILLING DEPARTMENT

The Drilling Department carried out QP's drilling, workover and well services operations in 2008 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 three.

- Five new wells were drilled, five wells were sidetracked and 11 wells were worked over
- The total footage drilled was 135,758 feet

Onshore (Dukhan Fields) drilling rigs count remained at four.

- 27 new wells were drilled, two wells were sidetracked, six wells were worked over and 16 were abandoned
- The total footage drilled was 212,967 feet

Major Activities & Achievements

Offshore Operations:

- Contracted and operated three jack up rigs Al Doha-1, Gulf-2 and Al-Zubarah rig for Drilling, Workover, Completion & Testing operations for 24 wells in the Bul Hanine (BH) and Maydan Mahzam Fields (MM)
- Drilled and successfully completed 10 wells in BH and MM fields
- Successfully worked over 11 wells as re-completed, logged, stimulated and re-tested the same
- Successfully acidized and tested 10 wells with satisfied production test result
- Continued to acquire savings through implementing of new technologies to optimize drilling performance and generate new operation records

- Successfully implemented new technologies of Rotary Steerable System in build up and reservoir sections, running Roller Boogies to break ceramic disk at 75 degree, Pressure Volume Temperature (PVT) sampling took three fluids samples in one run, perforation using Tractor on wire line to 74 deg. succeeded in optimizing performance, saving operation
- Drilled 16» hole used one Hughes tricone bit in well BH-130 and sidetracked well BH-82A used one 8.5 inch Security PDC bit saving time and cost
- Ran the longest 4.5 inch Liner (4,700 feet) with good isolation behind the liner, ran the longest seven inch liner (7,360 feet) in BH-51B
- Completed Logging Campaign of 22 wells for 2008, included MM-91 and MM-78 wells carried out by tractor logging
- Two dump flooder sub sea wells logging was completed in one day
- Completed held up depth runs in 13 North Field Alpha (NFA) wells using roller boggies for first time in gas wells and achieved deeper depths in some wells.
- Drilled in difficult directional wells where encountered four faults without any major problems
- Changed out SCSSV in PS-3 during hard sea condition to restore an oil production of 330 b/d day for well BH-10
- Logged riglessly with tractor on BH-80 well
- Ran five downhole gauges with the completion and installed Advanced System Control Unit surface on the planned jackets for further downhole pressure monitor
- Installed FMC actuator for first time on MM-1 X-mass tree
- Created a new recording control for environmental waste management system for the workshop and wire line boats
- Logged nine wells of NFA
- Ran new completion for Khuff wells





- Continued to identify and close out NPT
- Continued to facilitate EPSA/ DEPSA Drilling Managers meetings
- Upgraded DIMS database software to Open Wells system

HALUL ISLAND

Halul Island is located around 80 kms North-East of Doha, with an area of 1.5 sq kms. Halul is the main storage and export terminal for Qatar Marine Crude (QMC) 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 five millions barrels, crude oil pumping facilities, power generation and water desalination plants. Crude oil is blended and exported from Halul to customers' oil tankers moored offshore.

Oil exported from Halul in 2008 was around 90 millions barrels of oil, 33o API, carried by 137 oil tankers.

Major customers were Mitsubishi Corporation, Exxon Mobile, Total, Oxy, QPD, etc. The island is provided with suitable housing accommodation and all related domestic facilities including restaurants, a club house and recreational areas to play sports such as volleyball, basketball, football and tennis.

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

The new Control Room building at Halul is equipped with the most sophisticated equipment.

Halul Island expansion plans include the following major projects:

- Halul Harbor upgrade phase III and alternative jetty upgrade
- Construction of fire station, central maintenance workshop and new club house
- Installation of PS-2/3 crude oil metering system with fiscal grade accuracy
- Power Management System
- Upgrade of crude oil import/export facilities
- Installation of Al-Khalij low pressure gas compressor
- CCTV and access control system for operation and security

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

Onshore Operations:

- Contracted and operated four land rigs, GDI-1, GDI-2, GDI-3, GDI-4 for Drilling and Deviated Workover operations in Dukhan Fields (DK)
- Development of Arab 'C' and Arab 'D' reservoirs through horizontal/vertical drilling of wells in Dukhan Field
- Successfully Drilled and completed twenty five (25) wells in DK, included one well of Khuff Gas Producer
- Successfully worked over six wells, included one well of Khuff Gas producer and abandoned 16 wells
- Drilled and completed 25 wells in DK, included one well of Khuff Gas producer
- Worked over six wells, included one well of Khuff Gas Producer and Abandoned 16 wells
- Carried out 84 Wells Integrity Testing
- Completed Logging Campaign of 104 wells
- Acidized and tested 17 wells
- Carried out Testing 104 wells with Mobile Test Separator and Multi Phase Flow Meter
- Modified isochronal test – Down Hole gauge, PVT bottom hole sampling, Pressure Build Up for 13 Wells
- Carried out gas lift operations for 22 wells, six jobs (for well integrity investigation)

Drilling Engineering – Projects:

- Continued working on multi-lateral project
- Updated the BOCP. Conducted Well Control audit and rig crew awareness training
- Conducted offshore and onshore blow-out drills in house
- Working on DQMS updating project to use third party
- Optimized well design using drilling engineering software as required
- Continued monitoring mud chemicals and mud engineering performance
- Monitored the performance of the directional drilling contractors
- Management representative in Drilling for DO IMS

North Field

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

The North Field is considered to be the largest single non-associated gas reservoir in the world with total proven reserves of 900 trillion standard cubic feet (tscf). The development of this vast natural resource is of great strategic significance in Qatar's overall economic development.

NORTH FIELD ALPHA

First commercial exploration of North Field gas resource started in late 1991 with initial gas production from Phase I (Alpha Project). The average production from this project in 2008 was around 750 mmscf/d of gas and roughly 24,000 b/d of stabilized condensate. Gas is mainly used for supply to the local market and condensate for refining or export.

During 2008, production from the QP-operated North Field Alpha was 276 billion standard cubic feet of gas and 8.7 million barrels of stabilized condensate.

AL-KHALEEJ GAS PROJECT (AKG)

The project will develop reserves from the North Field to supply 2.0 billion standard cubic feet per day (bscf/d) of sales gas to domestic consumers and produce condensate, ethane, LPG and sulfur.

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 Phase-I (AKG-1) was awarded in March 2003 and first commercial gas delivered on 2nd November 2005. This phase is supplying 744 mmscf/d of sales gas to Ras Laffan Power Company Limited, Oryx GTL, Q-Power and to industries in Mesaieed area.

QP has installed a new 36-inch lean gas pipeline with a design capacity of 1.0 bscf/d to supply Mesaieed industrial area initially with 240 mmscf/d.

Phase-II (AKG-2) has a nominal design capacity of 1250 mmscf/d allocated to local industries and power generation plants. FEED of AKG-2 onshore facilities was completed by Chiyoda and EPC awarded in June 2006. AKG-2 is currently under construction and targeted for startup by 3rd Quarter 2009. RasGas is operator of the AKG facilities and has project management responsibility.

BARZAN GAS PROJECT

A Heads of Agreement (HoA) was signed with ExxonMobil on 20th February 2007 to develop approximately 1.7 bscf/d of North Field gas to produce

1.4 bscf/d of sales gas for the domestic market (mainly for power generation) in addition to associated condensate, ethane, LPG and sulfur.

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

Appraisal drilling has commenced. The Offshore FEED was awarded to McDermott, and the Onshore FEED was awarded to Chiyoda in April 2008. RasGas will manage the project from the FEED stage onward and be the operator of the facility.

DOLPHIN PROJECT

The Dolphin project entails development of reserves from the North Field for the production of wellhead gas sufficient to export 2.0 bscf/d of gas to the United Arab Emirates. The project processes gas at Ras Laffan where condensate, ethane, LPG and sulfur are stripped out and sweet lean gas is delivered to UAE through a sub-sea pipeline.

The Development and Production Sharing Agreement (DPSA) was signed with the Contractor (comprising the UAE's Offset Group 51% and TOTAL of France & Occidental Petroleum of the USA 24.5% each) on 23rd December 2001. The Development Plan was approved on 11th December 2003. The main EPC contract for the onshore plant at Ras Laffan was awarded to JGC on 12th January 2004. The delivery of export gas from first stream commenced in 3rd Quarter 2007. The second stream started production in February 2008 and full lean gas export to UAE of 2.0 bscf/d was achieved in 1st Quarter 2008.





QATARGAS OPERATING COMPANY LIMITED



Qatargas was established in 1984 to develop and process natural gas from Qatar's North Field to produce liquefied natural gas (LNG) for export. The first LNG delivery to Japan was made in 1997.

Qatargas 1 operates three LNG trains with a total production of about 10 million tons per annum (mmt/a) of LNG. The key long term customers for Qatargas 1 are Chubu Electric and seven other Japanese power and gas companies.

The various expansion projects under Qatargas Operating Company Limited made considerable progress in 2008 towards achieving Qatar's vision to export 77 mmt/a of LNG.

Current Operations

Qatargas 1: In 2008, Qatargas produced 10.088 million tons of LNG, setting a new annual production record (the previous record was 9.85 in 2006). As a result, condensate and helium production were also considerably higher during the year. The total condensate production was 21.033 million barrels while helium production reached 178.4 million standard cubic feet of liquid Helium.

Qatargas 1 delivered a record 171 LNG cargoes in 2008 consisting of 107 under long term contracts with Japanese buyers, 54 under mid/long term contracts with Gas Natural of Spain and 10 deliveries to Japan and Korea under short term or spot contracts. Additionally,

Qatargas 1 was able to achieve the first full-loaded Q-Flex delivery to Japan to Tokyo Gas Co.

2008 was completed without a Lost Time Accident both Offshore and Onshore. Offshore and onshore have completed over six and five years respectively, without LTAs.

Qatargas 2: Qatargas 2 is the first and largest of Qatargas' expansion projects. It is the world's first fully integrated value chain LNG venture and involves the development of two world class gas LNG trains (Train 4 and Train 5) each with a capacity of 7.8 mmt/a and 850,000 tons per annum (t/a) of Liquefied Petroleum Gas (LPG), 140,000 b/d of condensate, three storage tanks, power utilities and water injection systems, a fleet of 14 ships and a receiving terminal.

The shareholders in Train 4 are Qatar Petroleum (70%) and ExxonMobil (30%) while in Train 5 in addition to Qatar Petroleum (65%) and ExxonMobil (18.3%), Total hold a 16.7% stake. The main destination for the LNG will be the specially built South Hook terminal located in the deep-water port of Milford Haven, United Kingdom. From there the gas will find its way to customers in the UK natural gas market.

Construction activities are safely progressing activities at all sites. Commissioning of LNG Train 4 was the main focus during 2008. Significant progress was made in all areas with production of LNG targeted for 2009.

Qatargas 3: Qatargas 3 is a joint venture between Qatar Petroleum (68.5%), ConocoPhillips (30%) and Mitsui & Co. Ltd. (1.5%). The project involves the construction of one LNG train (Train 6) with a capacity of 7.8 mmt/a. Ten new generation Q-Flex and Q-Max LNG vessels with capacities ranging from 210,000 cubic meters to 266,000 cubic meters will be used to transport the LNG to markets primarily in the United States.

At the end of December 2008 the overall Project was 86.% complete. Production is expected to commence in 2010.

Qatargas 4: Qatargas 4, a joint venture between Qatar Petroleum (70%) and Royal Dutch Shell (30%) involves the construction of one LNG train (Train 7) with a capacity of 7.8 mmt/a. Qatargas 4 will be fully integrated with Qatargas 3 offshore and onshore, engineering and EPC of both trains will also be integrated.

With a dedicated fleet of eight LNG carriers (Q-Flex and Q-Max), the primary markets for Qatargas 4 will be the United States and Europe. Construction of the Qatargas 4 project made good progress in 2008. Production is expected to commence in 2010.

RASGAS COMPANY LIMITED

RasGas Company Limited (RasGas) is a Qatari Joint Stock Company established by Qatar Petroleum and ExxonMobil who are 70% and 30% shareholders respectively.

RasGas is one of the premier integrated liquefied natural gas (LNG) enterprises in the world. Since its creation in 1993, RasGas has developed world-class facilities for the extraction, storage, processing and export of LNG, and has entered into long-term agreements to supply LNG to customers in South Korea, India, Italy, Spain, Belgium, Taiwan and the United States of America.

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

RasGas acts as the operating company for and on behalf of the Project Owners noted below. The company's personnel manage and supervise the design, construction and operation of various facilities under the terms of a 'Services Agreement for Operation

and Maintenance' signed in 2002. The company employs more than 2,500 staff working on a variety of operations and projects.



Ras Laffan Liquefied Natural Gas Company Limited (RL)

RL was established in 1993 to produce LNG and related products from its two trains; Trains 1 and 2. The two trains have a combined capacity of 6.6 mmt/a as well as about 45,000 b/d of condensate. RL's key customer is Korea Gas Corporation (KOGAS).

Ras Laffan Liquefied Natural Gas Company Limited (II) (RL (II))

Established in 2001 to produce LNG and related products, RL (II) owns Trains 3, 4 and 5. Each of these trains has a capacity to produce 4.7 mmt/a and about 28,000 b/d of associated condensate. RL (II)'s key customers are Petronet LNG of India, Edison Gas of Italy, Distrigas of Belgium and Endesa of Spain.

Ras Laffan Liquefied Natural Gas Company Limited (3) (RL (3))

RL (3) was formed in 2005 to produce LNG and related products. RL (3) owns Trains 6 and 7, which are currently being constructed. Train 6 and 7 will each have a capacity to produce 7.8 mmt/a and approximately 50,000 b/d of condensate. RL (3)'s customers will include the United States (Train 6) and Asian market (Train 7).





Main Operations

Train 1 and 2: In June 1999, the first spot cargo loaded onto the LNG tanker GIMI marked a major milestone for RasGas. Train 1 and 2 were RasGas' first onshore LNG Trains, capable of producing a combined 6.6 mmt/a. This facility includes inlet gas reception and treatment facilities, condensate stabilization, gas liquefaction, sulfur recovery and loading facilities, and all necessary utility and off-site systems and infrastructure.

Train 3 and 5: In February 2004, a third RasGas LNG train began exporting LNG to India. Train 3 was built to fulfill the major part of the agreement with India's Petronet LNG to supply 5.0 million tons of LNG per annum for a period of 25 years. In August 2005, **Train 4** was commissioned within budget and ahead of schedule. The lean LNG produced by Train 4 fulfills RasGas' European sales commitments. Trains 3 and 4 each have a capacity of 4.7 mmt/a, representing a per-train increase of 40% over Train 1 and 2.

Train 5: The inauguration of Train 5 in March 2007 took Qatar's total LNG production capacity to approximately 30.7 mmt/a, establishing Qatar at the top of the list of global LNG producers. Like Train 3 and 4, Train 5 has a production capacity of 4.7 million tons of LNG per annum. Train 5 also produces 13,000 b/d of propane and butane and approximately 33,000 b/d of gas condensate. The LNG from Train 5 is largely exported to a growing portfolio of customers in

Europe. Together, Train 3, 4 and 5 formed part of the first RasGas Expansion (RGX) project.

Trains 6 and 7: RasGas' sixth LNG train will come online in 2009, boosting total LNG production capacity to approximately 28.5 mmt/a. It is expected that this production capacity will increase to approximately 37 mmt/a by the end of the decade with the completion of RasGas' seventh LNG train.

NGL AND LOCAL GAS

QP Gas Operations under the Operations Directorate is responsible for managing the complete value chain for non-associated gas production, associated gas and liquid processing, local transmission and distribution and export of liquefied petroleum gas (LPG) and condensates.

Key operational objectives of Gas Operations are:

- Operate the plants with highest possible levels of personnel and plant safety while meeting all QP and State HSE regulations and guidelines
- Optimize 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

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
- Storage tanks for LPG and condensates
- LPG/condensates export facilities at Mesaieed
- Transmission and distribution pipeline network for distributing various hydrocarbon gas and liquids within the State of Qatar

North Field Alpha (NFA)

The average production from this project in 2008 was around 840 mmscf/d of raw gas and 33,000 b/d of condensate. NFA raw gas and condensate are transported to NGL Complex at Mesaieed for further processing and value-addition through a separate gas and liquid pipelines (210 km long). 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 also supplies its surplus electrical power to Al-Morjan offshore oil fields.

Khuff Gas (KG)

KG is an onshore non-associated gas produced from Khuff reservoirs in Dukhan area and is operated as a back-up during supply shortages.

North Field Injection Station (NFIS)

Surplus NF lean gas after processing at NGL-3 is re-injected into the Khuff and Arab «D» gas reservoirs in Dukhan area.

NGL Complex

The NGL complex at Mesaieed receives feed from various offshore and onshore upstream facilities and process plants as under:

- NF raw gas/condensate from North Field Alpha Offshore gas fields
- Raw associated gas from Al-Shaheen Offshore Oil Fields

- Raw gas from Qatargas/RasGas plants at Ras Laffan (on availability)
- Raw associated gas from PS-1/2/3 offshore oil facilities
- Raw NGL/condensates from Fahahil Stripping Plant, Arab-D/DKADU plants in Dukhan
- Normal and cracked LPG from QP Refinery, LPG from QAPCO Ethane Recovery Unit and QAPCO Expansion Project, normal butane from Q-Chem and pentane from QAFAC

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 Trains 1 & 2 fractionation plants
- Tank farm for storage of LPG and condensates
- NGL jetty for export of LPG and condensates

QP Gas Operations: Products and Distribution

NFA raw gas and unstabilized condensate	Produced at NFA offshore platform and supplied to NGL-3 plant for further processing
Khuff Gas	Produced at KG reservoirs in Dukhan and supplied as fuel gas to State power plants and local industries
NF Lean Gas	Produced at NGL-3 gas plant and supplied as fuel and feedstock to State power plants and to local industries – Q-Chem, QAPCO, QAFAC, QVCO, QAFAC, QASCO and QP Refinery
OFFSAG	OFFSAG (offshore stripped associated gas) is produced at NGL-2 stripping plant and supplied as feedstock to QAPCO Ethane Recovery Unit (ERU) in Mesaieed and to QAFAC fertilizer plants
ERG	ERG (ethane rich gas) is produced at NGL-1/2/4 plants and supplied as feedstock to petrochemical plants of QAPCO and Q-Chem in Mesaieed
Propane	Produced at NGL-1/2/4 plants and exported through NGL jetty and through trucks for various local industries
Butane	Produced at NGL-1/2/4 plants and exported through NGL jetty and also supplied as feedstock to QAFAC MTBE plant in Mesaieed
NGL Condensate	Produced at NGL-1/2/4 plants and exported through NGL jetty or multi-product berth
NFC	NFC (NF stabilized condensate) is produced at NGL-3 liquid plant and supplied as feedstock to QP Refinery in Mesaieed or exported through NGL jetty or Multi-product Berth
Liquid Sulfur	Produced at SRU plant and supplied to QAPCO for export from their end

In addition to the above, onshore SAG from Fahahil stripping Plant, ALK gas from ALK plants in Ras Laffan, ERG from Dolphin Energy plants in Ras Laffan and tail gas from QAPCO ERU, Mesaieed is also received for distribution to various consumers in Qatar

Transmission and Distribution Network

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

Gas Operations, through its Transmission and Distribution Department, acts as integrated shutdown coordinator for all the hydrocarbon industries operating in Qatar. Advance planning, coordination and flexibility in operations are utilized to minimize the aggregate downtime, ensuring that production losses are minimized and revenue is maximized.

2008 Highlights for Gas Operations

- 127 million barrels per day (mmb/d) equivalent LPG and condensates, 811 mmscf/d NF Lean gas, 118 mmscf/d OFFSAG, 109 mmscf/d KG and 4,260 million tons per day (mmt/d) ERG were produced during 2008
- 1,900 mmscf/d gas was supplied as fuel and feedstock to State power plants and various industries within Qatar. LPG and NGL Condensate exports of 90 mmb/d were made. In addition local supplies of 14 mmb/d butane to



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

QAFAC, 23 mmb/d NFC to QP Refinery, 2250 mmt/d ERG to Q-Chem and 1975 mmt/d ERG to QAPCO were also made

- Gas Operations is ISO 9001 (QMS) certified. As part of QP Integrated Management System implementation plan. Actions are initiated towards obtaining ISO 18001 (OHSAS) and ISO 14001 (EMS) certifications
- Gas Operations facilities are fully compliant with the revised Consent-to-Operate conditions of the Qatar Ministry of Environment. Continuous emission monitoring system (CEMS) is operational.
- Projects are in hand for new Gas Operations support campus and new Doha distribution center. As a continuing part of asset up-grade and augmentation, New GDS (gas distribution system) Stations V, A1 and A2 within the Ras Laffan Industrial City are operational. All preparations are completed for commencing gas supplies to SAMI (Small & Medium Industries complex) in Doha and Mesaieed-A power plant/ Qatalum aluminum complex in Mesaieed. Major pipeline projects are on-going for 36-inch Ras Laffan-Mesaieed strategic pipelines, Doha urban development pipelines project, etc. NFA topside upgrade project works are completed. Studies are on-going for NFA critical systems upgrade. Studies are also on-going for NGL plants feed streams integration, NFA critical systems upgrade and future plans for NGL-1/2 plants

Refining

QP REFINERY

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 country's natural wealth, improving refining economics and providing citizens with the necessary expertise in the areas of management, operations, engineering, maintenance and marketing.

Year 2008 overview

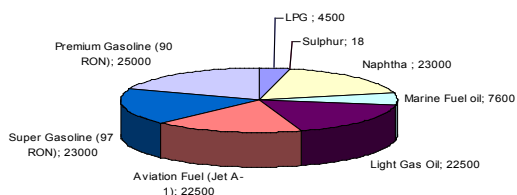
The main activity of the refinery is to process crude oil and condensate into various finished products, which are intended to meet both domestic and export demand. The main finished products are liquefied petroleum gas (LPG), petrochemical naphtha, premium gasoline, super gasoline, jet fuel, diesel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

The planned intakes and processing capacities for 2008, in barrels per stream day (bps/d) were as follows:

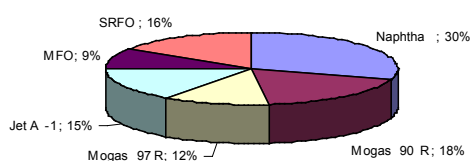
Crude	80 000
NFC	26 000
DSC	31 000
Total	137 000

The total refined products exported during the year amounted to 2,346,750 metric tons against the planned export volume of 2,240,000 metric tons. Refinery imported 572,102 metric tons of LGO during 2008 to meet the high increase in local demand.

REFINERY FINISHED PRODUCTS



REFINERY PRODUCTS EXPORT IN 2008



Marketing of refinery products

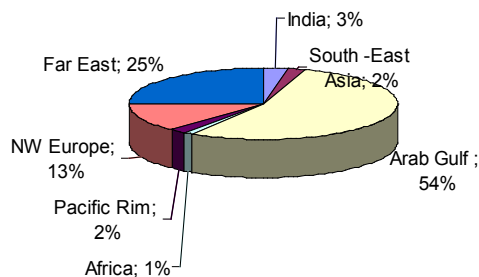
The marketing and commercial aspects for export sales of refinery products are being undertaken by Qatar Petroleum Marketing Directorate (Tasweeq) in close coordination with Production Planning, Scheduling and Export Division. The Production Planning, Scheduling and Export Division is responsible for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

Major customers and destinations

The major customers for export sales are ENOC Supply and Trading, TOTAL Oil Trading SA (TOTSA), IPG-Kuwait, Marubeni Corporation, Shell, Bakri Trading Company, and Vitol SA. QP Refinery also supplies refined products locally, mainly to WOQOD, SEEF, QAFAC, QAPCO and NGL.

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

REFINED PRODUCTS EXPORTS DESTINATIONS



LAFFAN REFINERY

The Laffan Refinery project is jointly owned by Qatar Petroleum, ExxonMobil, TOTAL, Idemitsu, Cosmo, Mitsui & Marubeni companies with Qatargas Operating Company as the operator. The project involves the construction of a 146,000 b/d condensate refinery, with ancillary storage and loading facilities. Production is expected to start in 2009.

RAS LAFFAN OLEFINS COMPANY LTD (RLOC)

Ras Laffan Olefins Company Ltd (RLOC) is a Qatari company, 53.31 % owned by Qatar Chemical Company II Ltd (Q-Chem II), 45.69 % owned by Qatofin Company Limited (Q.S.C.) (Qatofin) and 1 % owned by Qatar Petroleum (QP). RLOC is currently constructing a world-class 1.3 mmt/a ethylene cracker unit which will be operated by Q-Chem II on behalf of Q-Chem II and Qatofin.



Ethylene produced by RLOC will be transported from Ras Laffan to Q-Chem II and Qatofin derivatives units in Mesaieed via a 133-kilometer pipeline. In Mesaieed, 700,000 t/a of ethylene will be allocated to Q-Chem II and 600,000 t/a will be allocated to Qatofin.

stock to produce low sulfur diesel mainly in Western Europe and GTL naphtha was used for the production of ethylene mainly in Asia. Customers include Shell, BP, TOTAL, Chevron, QP, Morgan Stanley, Reliance (naphtha) and others.

ORYX

ORYX GTL (QSC) was established in Doha, Qatar in January 2003 with the mandate to develop, construct and operate a large-scale gas-to-liquids (GTL) plant in Qatar for converting natural gas into high quality GTL products (GTL diesel and GTL naphtha). The shareholders are Qatar Petroleum (51%) and Sasol (49%). Oryx GTL business performed well during 2008 and exceeded expectations as agreed with the Board in all the areas of business including safety, production volumes, operating cost and overall income profit.

Achievements 2008

The total recordable injury rate (TRIR), including employees and all contractors, was 0.23 at the end of December 2008, which is a world-class safety performance.

Oryx continue to improve monthly production volumes after successful modifications made to the plant during a shutdown in February/ March 2008 to a point close to design capacity towards the end of 2008. The average production volumes of diesel and naphtha were 26,226 b/d during December 2008, and the maximum proven rate, excluding LPG product, achieved at the end of 2008 was 29,758 b/d. The design capacity of the plant is 32,400 b/d.

Marketing and Customers

Oryx has sold more than one million tons, or more than eight million barrels, of premium GTL products to the market to date and the feedback from customers is positive. Premium GTL diesel (low sulfur, low aromatics and high cetane number) was used as diesel blending

Future expansion plans

The main focus for 2009 is the improvement of the availability of the plant, which will further increase average production volumes. In addition the installation of an LPG hydrogenator will allow Oryx to sell LPG to AKG in 2010, which will increase production volumes to the design capacity. Oryx also plan to commence with engineering studies to investigate the debottlenecking of the facility beyond the 100% design capacity.

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 will come on stream during 2010. An important milestone was achieved in July 2004 with the signing of a DPSA Agreement between QP and Shell.

A final investment decision to proceed with the project was achieved in mid 2006 and all major contracts for the design and construction of the project were awarded in 2006. The project is proceeding well and at the end of 2008 construction work was making good progress. The project has achieved an excellent safety record so far, taking into consideration the fact that the project has over 40,000 employees engaged in the construction activities and living in the Pearl Village on site.

Onshore activities are being paralleled by offshore progress in drilling and in the design of platforms and pipelines.

Petrochemicals Industries

QATAR FERTILISER COMPANY (QAFCO)

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

Since its inception QAFCO has steered its way successfully responding adequately to the world market demand for fertilizer. Through scientific strategic plans and integration of the latest technologies steadily developed over the years, QAFCO has lifted its production capacity to 3 mmt/a of urea and 2.15 mmt/a of ammonia. Accordingly, QAFCO has become one of the main producers and exporters of ammonia and urea in the world.

QAFCO's Performance in 2008

In the year 2008 QAFCO posted record figures in the areas of production, sales and profits.

Production & Exports 2008		
Product	Production in Metric Tons	Exports in Metric Tons
Ammonia	2,182,553	468,906
Urea	2,996,138	3,119,715

The main markets for ammonia were India (46%), Jordan (29%), USA (8%) and China (7%). The main urea markets were USA (17%), Thailand (15%), India (12%), South Africa (10%), Philippines (6%), Brazil (6%), Australia (5.5%), South Korea (5.5%), Sri Lanka (4%), Bangladesh (4%), New Zealand (3%), Sudan (2%), Vietnam (1%), Ethiopia (1%), and others (8%).

Marketing

Some of the factors which have propelled QAFCO to a leading position in the international fertilizer market include: high quality products, a strategic geographic location, efficient logistic facilities, and reliability in supply.

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

Quality, Environment and Safety

Giving high priority to excellence, QAFCO has scrupulously adhered to international standards of quality, safety, occupational health and environmental protection.

The company boasts three ISO Management System Certifications: ISO 9001: 2000, ISO 14001: 2004, and OHSAS 18001 standards. With these certifications QAFCO enjoys the prestige of a globally recognized manufacturer in the chemical process industry.

Future Prospects

QAFCO-5 Project: Counting upon its successful business experience in the course of the last three decades, and encouraged by the national vast reserve of natural gas, QAFCO has taken upon itself the task of drawing up an ambitious future vision to ensure further development of the company. In this context, in 2007 QAFCO started the practical steps in executing the (QAFCO-5) expansion project which is expected to come on stream in early 2011. Upon completion, the project is set to bring QAFCO's annual production capacity to around 3.8 million tons of ammonia and 4.3 million tons of urea.





QATAR PETROCHEMICAL COMPANY LTD (QAPCO)

Qatar Petrochemical Company Ltd. (QAPCO) is one of the Middle East's leading producers of ethylene and low-density polyethylene (LDPE), which is marketed under the 'Lotrene' brand name.

QAPCO was established in 1974 as a joint multinational venture to utilize the associated and non-associated ethane gas from petroleum production in line with the industrialization plan of the State of Qatar. QAPCO commenced commercial production in 1981 and soon became well established in the global market for its commitment to quality and reliability. QAPCO is jointly owned by Qatar Industries (IQ) with 80% share and TOTAL Petrochemicals of France with 20% share.

Plants, Activities and Line of Production

QAPCO manufacturing facilities consist of an ethylene plant with a capacity of 720,000 t/a following the beginning of commercial production at ethylene plant project EP2 in October 2007, two LDPE plants with a total annual capacity of 400,000 t/a and a sulfur plant with an annual rated capacity of 700,000 t/a, as well as self sufficient utilities plants and other offsite and auxiliary facilities.

Different LDPE grades are available to satisfy the requirements of most thermoplastics processing techniques and suitable for applications such as films, pipes and other major molded products having wide usage all over the world.

LDPE Plant (3)

The project is now underway, with a capacity of 250,000 t/a (expandable to 300,000 t/a) at its existing operational facilities located at Mesaieed Industrial City (MIC). The LDPE-3 Project is forecasted to be completed by mid-2012. QAPCO's total LDPE production capacity is hoped to be increased to 650,000 t/a.

Major Achievements in 2008

Year 2008 was the most successful in QAPCO's history. We set new records in productivity and revenue. Operational and maintenance excellence was the centerpiece of this success and achievement.

The focus in 2008 was to optimize asset performance. Maintenance utilized a preventive maintenance system to identify and correct equipment deficiencies in advance rather than reactive problem solving. The system is checked for optimum deployment of resources vis-à-vis achievement of targeted equipment availability.

After the commissioning of EP2 in the last quarter of 2007, ethylene plant capacity has been increased to 720,000 t/a. Plant performance was exceptional in 2008. Ethylene production reached a level of over



800,000 t/a with over 110% capacity utilization. LDPE production has also been extremely good at 413,000 t/a, very close to record figures.

In addition, QAPCO has reinstated its identity as net ethylene supplier, exporting excess quantities to several major international companies worldwide as well as supplying the needs of QVC.

Marketing/Development Plans

QAPCO continued in 2008 to reinforce its global marketing network through the establishment of self operated offices and warehouses in all markets with strategic importance to the company.

QAPCO's global marketing network has so far embraced 26 self operated offices and five regional warehouses. Office locations: four in China (Hong Kong, Shanghai, Beijing, Guangzhou); four in India (Mumbai, Delhi, Chennai & Ahmadabad); two in Pakistan (Karachi, Lahore); and one each in Egypt (Cairo), Syria (Tartous), the UAE (Dubai), Lebanon (Beirut), Taiwan (Taipei), Bangladesh, Jordan (Amman), Yemen, Thailand, Malaysia, Vietnam, Australia, Indonesia, Sri Lanka, Singapore and The Philippines, as well as an agent network to serve QAPCO's customers. Subsequently, and in a strategic drive to become local suppliers in markets of strategic importance, QAPCO has been active in establishing regional warehouses in Syria, Egypt and one each in Guangzhou, Shanghai and Qingdao in China.

New Business Development

In its drive to offer a larger basket of petrochemical products to its worldwide customers, QAPCO is expanding the range of products it markets. This means that QAPCO currently markets 60% of QVC's production of EDC, VCM and caustic soda, apart from 10% of Q-Chem1 HDPE production.

In the very near future QAPCO will be marketing the products of Q-Chem II (10%) and QATOFIN (50%), upon commencement of the commercial production of these units which is expected by Q3 2009. To showcase its product range and current capabilities to worldwide customers, QAPCO regularly participates in regional and international trade fairs and industry-specific exhibitions.

QATAR FUEL ADDITIVES COMPANY (QAFAC)

Qatar Fuel Additives Company (QAFAC), established in 1991, is a joint venture between Industries Qatar (50%), OPIC Middle East Corporation (20%), International Octane Limited (15%), and LCY Middle East Corp (15%). The company commenced operations in 1999. The company aims to optimize the utilization of the country's vast hydrocarbon resources through producing and exporting methanol and methyl tertiary butyl ether (MTBE).

Production

QAFAC produces and supplies methanol and MTBE to the local, regional and international markets. Its methanol plant was designed to produce 832,500 tons annually. After the successful revamping of the methanol plant during 2007, design capacity has increased to 982,350 tons, of which 750,000 tons is earmarked for export. The balance is used as feedstock for the MTBE plant which is designed to produce 610,000 tons annually.

Methanol production reached 997,000 tons for the first time in 2008. The reliability rate of the plant also maintained high levels. MTBE production of 642,000 million tons was marginally higher than the budgeted figure. The MTBE plant also recorded higher reliability rates and lower butane consumption rates.

During the year QAFAC successfully completed the Re-Hazop and QRA (Quantitative Risk Assessment) studies of the methanol and utility plants.

Marketing

During 2008 the methanol produced at QAFAC maintained a prominent presence in markets such as

South East Asia, Far East Asia and West Asia, Europe, the United States and the Middle East. Similarly, MTBE was exported to Far East Asia, Europe and the Middle East. The 2008 sales volumes were around 773,000 million tons for methanol and 631,000 million tons for MTBE.

Health, Safety and Environment

QAFAC successfully completed 2008 with no lost-time accidents and during the year achieved one million safe working hours for employees and contractors, combined, and two million safe working hours for contractors. Apart from the emergency drills normally engaged in during standard business hours, this year, for the first time, emergency drills were also conducted during silent hours.

During 2008 the Supreme Council of Environment and Natural Reserves (SCENR) of Qatar released new standards for environment emissions. QAFAC received re-certification to the ISO14001:2004 Environment Quality Management System for another three years.





QATAR VINYL COMPANY (QVC)

Qatar Vinyl Company was established in 1997 as a limited Qatari shareholding company. The company was inaugurated in 2001 by HH the Emir. Its shareholders are Qatar Petroleum (55.2%), QAPCO (31.9%) and Arkema (12.9%).

Annual production in metric tons	
Ethylene dichloride (EDC)	198,000
Vinyl chloride monomer (VCM)	328,000
Caustic Soda (CS)	366,000

Marketing

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

During 2008 a total of 158 vessels were loaded with QVC products. Destinations included 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 27% above hourly design on the



chloralkali side, while 50% above the design is possible for the VCM plant

Health, Safety and Environment

QVC operations have passed 3.5 million safe man-hours since start up and continue with no lost time injuries and no occupational illness. QVC is meeting the standards as defined in the Environmental Protection Law and the Consent to Operate as issued by the Ministry of Environment.



QATAR CHEMICAL COMPANY LTD (Q-CHEM)

Q-Chem was established on 16th November 1997 as a joint venture between QP (51 %) and Chevron Phillips Chemical Company International Qatar Holdings LLC (CPCIQ) (49%). Q-Chem's world-class petrochemical plant produces high density polyethylene (HDPE) and 1-hexene (alpha olefin) using Chevron Phillips Chemical's proprietary technologies.

Approximately US \$1 billion was invested to engineer, construct and commission the Q-Chem facility, which began operations in 2003.

The Q-Chem complex in Mesaieed Industrial City is comprised of an ethylene unit, a polyethylene facility, and a 1-hexene unit having a capacity to produce in excess of 500,000 t/a of saleable products. Q-Chem assets also include a sulfur recovery and solidification plant, a bagging and storage warehouse, a nitrogen plant, a water treatment plant, a seawater cooling system, dock facilities and various administrative buildings.

Marketing

Q-Chem's Marketing Strategy and goal is to be the preferred supplier in its target markets. Q-Chem has come a long way since it began production of its first branded Marlex resins, and has established a strong foothold in international markets, including Asia, Africa, Europe and the Middle East.

In addition to its strategic location and easy access to export markets, Q-Chem Marketing enjoys the benefits of an extensive marketing network, widespread market recognition, and an established, long-standing client base. Q-Chem is now recognized as a leading PE and hexene supplier with consistent product quality and services which have been well accepted by users in all regions. In 2008, Q-Chem continued to achieve a sold-out position for its entire production volume.

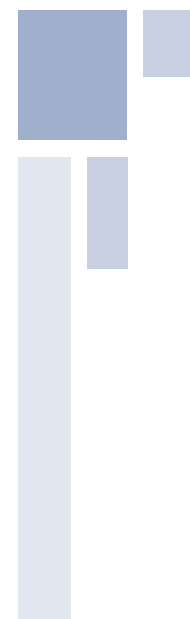


QATAR CHEMICAL COMPANY II LTD (Q-CHEM II)

Q-Chem II is a Qatari company owned by QP (51 %) and CPCIQ (49 %). The new Q-Chem II facility is adjacent to the existing Q-Chem plant in Mesaieed. The site will include a 350,000 t/a single train high-density polyethylene (HDPE) plant and a 345,000 t/a normal alpha olefins (NAO) plant. The Q-Chem II facility will produce polyethylene products used to manufacture bottles and blow-molded parts and films, as well as NAO products used in plastic co-monomers, detergents, lubricants, synthetics, drilling fluids, plasticizers and specialty waxes.

RAS LAFFAN ETHANE CRACKER PROJECT

A world class cracker is owned by Ras Laffan Olefins Company (RLOC). This project is a Qatari company, 53.31 % owned by Qatar Chemical Company II Ltd (Q-Chem II), 45.69 % owned by Qatofin Company Limited





(QSC) (Qatofin) and 1% owned by Qatar Petroleum. The project will establish an ethane cracker plant in Ras Laffan Industrial City and a 120-km pipeline from Ras Laffan to Mesaieed to transport the ethylene.

Ras Laffan Cracker will be one of the world's largest ethane cracker plants. It will be expected to produce 1.3 mmt/a of ethylene, expandable to 1.6 mmt/a. In Mesaieed, 700,000 t/a of ethylene will be allocated to Q-Chem II and 600,000 to Qatofin. The ethylene cracker unit in Ras Laffan Industrial City will be operated by Q-Chem II on behalf of Q-Chem II and Qatofin. All plants of Qatofin/Ras Laffan Olefins Company are scheduled to start in the last quarter of 2009.

QATOFIN PROJECT

Qatofin, a joint venture between QAPCO (63%), TOTAL Petrochemicals of France (36%) and Qatar Petroleum (1%), is in the process of constructing a low linear density polyethylene (LLDPE) facility of 450,000 t/a (expandable to 600,000 t/a) in Mesaieed, adjacent to QAPCO's plant. Production is expected

in fourth quarter of 2009. The ethylene feed will be supplied from the Ras Laffan Cracker (in which Qatofin owns 46% share) through a pipeline from Ras Laffan to Mesaieed. The total project cost to Qatofin of the LLDPE plant and its share in RLOC Cracker is estimated at US\$1.35 billion.

The project will utilize the ethane gas feedstock that will be made available as a result of further development of the country's gas resources, combining the interests of the existing petrochemical investors in Qatar to develop synergies with other ventures at MIC. Qatofin will export the surplus ethylene and LLDPE to world markets.

MELAMINE PROJECT

In addition to its focus on boosting fertilizer production, QAFCO has gone into new product areas and joint ventures. In September 2004 a new urea formaldehyde plant went into production, while in 2007 QAFCO commenced the construction of a US\$320 million melamine plant. With a production capacity of 60,000 tons per annum the plant is due for completion in the third quarter of 2009 while plant takeover is expected in the first quarter of 2010. This will be the largest melamine plant in the Middle East as well as one of the largest in the world.

The project is expected to add extra value for the urea produced by QAFCO and is expected to boost QAFCO's profitability. The melamine project is owned by QAFCO (60%) and Qatar Intermediate Industries Holding Company (QH) (40%).

Industrial Cities

MESAIEED INDUSTRIAL CITY

Mesaieed Industrial City (MIC) is located approximately 40 kms south of Doha. MIC management was established in 1996 as a single point authority to provide one-stop services to all businesses and industries located in Mesaieed, to create a strategic land development plan for the Mesaieed region, and to provide common port, marine and infrastructure facilities. In addition, MIC is dedicated to attracting light, medium, and support industries to complement the larger businesses and basic heavy industries.

Mesaieed Industrial City is the leading industrial city in the State of Qatar. It is the major focus for the development of industrial projects in the fields of petrochemicals, chemical fertilizers, oil refining, natural gas derivatives and metallurgical industries, as well as supporting numerous small and medium-sized industries. Mesaieed Industrial City is a major economic centre and a major contributor to the economy of Qatar. 60% of the country's GDP passes through its port.

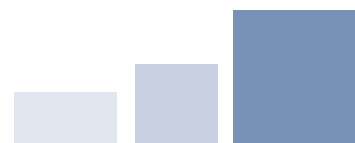
MIC is home to Qatar's building and construction materials industry. The relocation to MIC of these industries is well underway. Businesses related to this industry will be housed in a new location within the Mesaieed region and provided with modern facilities and a well-maintained infrastructure.

The city provides a healthy, clean and safe environment with modern and well-maintained facilities and infrastructure. Professional systems and staff ensure the safety, security and availability of integrated social services to residents and workers, making MIC a popular place for residents and investors.

MIC's Vision is to:

- ♦ Be a world class industrial city with a major focus for industrial development in southern Qatar
- ♦ Be a self-contained community providing a high quality of life for all its residents and workers, with modern facilities, a full range of services and well maintained and modern infrastructure
- ♦ Provide a vibrant, healthy, clean and safe environment in which to live and work





MIC's Mission is to:

- ◆ Promote Mesaieed both locally and internationally as an excellent investment location
- ◆ Modernize and develop utilities, services and infrastructure
- ◆ Manage the municipal role in Mesaieed to ensure clean, orderly, and hygienic public facilities, including restaurants, parks, recreation facilities, commercial districts, beaches, etc
- ◆ Develop a cohesive community in Mesaieed
- ◆ Collaborate with local industries to plan and develop growth within the industrial area and its community
- ◆ Cooperate with businesses to develop and upgrade the heavy and light industrial areas and the adjacent community

Reasons to Invest in Mesaieed

- ◆ Leverage a business plan to take advantage of a variety of industries including crude oil, hydrocarbon, metallurgical and petrochemicals
- ◆ Large, well established, 24-hour, serviced port
- ◆ Proximity to Asian and European markets
- ◆ Abundance of energy sources at competitive prices
- ◆ Open exchange regulations
- ◆ MIC management encourages and supports joint venture initiatives and competitive land leasing rates

MIC Strategic Master Plan

MIC has developed a strategic master plan to guide the industrial and community development of Mesaieed over the next 25 years. This plan is used in

the expansion and development of the industrial and port areas in MIC as well as the town. It provides an update for these areas based on new market studies to maximize the utilization of Qatar's natural gas resources.

Major Achievements up to the End of 2008

- ◆ Permanent labor accommodation and related recreation facilities expanded
- ◆ Completion of Phase One of the MIC housing project (1,500 accommodation units)
- ◆ Construction of the MIC international and community schools
- ◆ Construction of a hazardous and waste treatment center
- ◆ Completion of MIC's Strategic Master Plan

Marketing and Development Plans

- ◆ Development of the light and support industrial areas
- ◆ Expansion and development of the northern, central and southern areas of MIC port

Major Customers

- ◆ The wide range of products produced in Mesaieed Industrial City is supplied to local, regional, and international markets including UAE, France, UK etc

Future Expansion Plans

- ◆ Roads and infrastructure upgrades throughout the town
- ◆ Completion of road and infrastructure upgrades in the industrial area

RAS LAFFAN INDUSTRIAL CITY

Ras Laffan Industrial City (RLIC) was inaugurated in February 1997 by HH the Emir Sheikh Hamad Bin Khalifa Al Thani with the mandate to govern and administer the city on behalf of Qatar Petroleum.

Ras Laffan Industrial City is the 294 sq km base (including the area enclosed by the port) for the onshore activities of most of the current and future industries based on extraction from the North Field with its proven reserves of 900 trillion cubic feet of natural gas. These industries include liquefied natural gas (LNG), gas-to-liquids (GTL) projects, gas processing facilities, their derivative and supporting projects, and future downstream projects.

RLIC is one of the State of Qatar's most strategic developments and it is fast becoming the energy capital of the world. Within a decade, RLIC has become one of the world's biggest producers and exporters of LNG. Due to its location on the international maritime shipping route, energy products from RLIC can without difficulty reach markets all over the world.

Main Activities

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

Major customers

RLIC hosts a variety of industries.

- LNG plants include Qatargas I and II (Trains 1 to 4) and RasGas I and II (5 trains). Qatargas Trains 5 (Qatargas II) and 6 (Qatargas III) are scheduled for completion in 2009 and Qatargas IV (one train) a year later. RasGas III (two trains) is also expected to be completed in 2009
- GTL plants include Oryx GTL which is already operational and Pearl GTL, a Shell Corporation project, which is under construction and expected to come on stream in 2010
- Petrochemicals and refinery plants include Ras Laffan Olefins Company Ltd (RLOC) and Laffan Refinery. Both are expected to become operational towards the end of 2009

- Gas projects: Al-Khaleej Gas Project (AKG I) and Dolphin are operational. AKG II is expected to become operational in 2009 while the start-up date for Barzan Gas has been set for 2014
- Desalinated water and electricity projects: Ras Laffan Power Company (RLPC) produces 750 megawatts of electricity and 40 million gallons of potable water per day. QPower has a capacity to produce 1,025 megawatts of electricity and 60 million gallons of water per day. Ras Girtas is expected to produce 2,730 megawatts of electricity and 65 million gallons of water per day upon completion in 2011
- Related green industries: Qatar Solar Technologies' new polysilicon plant is in the planning and design phase and is projected at this time to become operational in 2011



Major Achievements

There were some extraordinary contributions in all spheres of RLC activities during the past year. Listed below are a few examples:

- RLIC was awarded the Seatrade (Middle East and Indian Subcontinent) 2008 Energy: Oil and Gas Award, following the 2007 Seatrade Port Authority Award
- RLC was recertified as ISO 9001:2000 and ISO 14001:2004 compliant by DNV
- Dredging, land reclamation and the construction of breakwaters of the new port expansion project were completed
- RLC maintained an overall facility availability of 99.99% during 2008





- ♦ RLC maintained a lost time injury frequency rate of 0.25 or less throughout 2008
- ♦ In line with one of RLC's strategic objectives we managed to reduce the percentage vacancies in RLC by 11% during 2008

Development Plans

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

Future Expansion Plans

- ♦ The mega port expansion project is on schedule. The next milestone is the completion of berths and port infrastructure, due to be completed in 2011

- ♦ Development of the ship repair yard (Nakilat) at RLC Port is scheduled for completion in 2010
- ♦ CSF expansion: When Phase II Category I becomes operational in 2009, the CSF capacity will increase from 308,000 to 833,000 cubic meters of seawater per hour. Phase II Category II is expected to be completed in 2010
- ♦ The Ras Laffan Emergency and Safety College, which is a joint project with Texas Engineering Extension Service (TEEX) of Texas A & M University, is scheduled for completion in 2010
- ♦ Site development for the Westside Support Industries and Support Services (WSSA) Phase II and development of utilities for WSSA Phases I and II will commence in 2009
- ♦ Expansion of the RLIC road network and Landscaping Phases II and III will continue until 2012
- ♦ The Multi-Purpose Administrative Complex has been deferred and construction will commence earliest in 2010

Other Industries and Supporting Services

GULF HELICOPTERS COMPANY

Gulf Helicopters Company (GHC) is owned 100% by Gulf International Services (GIS), a Qatar Joint Stock Company of which QP is the largest shareholder.

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

Company History

The following chronological summary enumerates the history of the company since its inception:

Timeline	Development
July 1970	Established and Incorporated in the UK (Gulf Aviation 51%; BOAC 32%; BEA 15%)
March 1977	Gulf Air 100%
June 1993	De-registered in the UK (Division of Gulf Air)
June 1998	Taken over by QP 100%; Purchase of assets/business
December 1998	Emiri Decree establishing Gulf Helicopters
January 1999	Gulf Helicopters incorporated as a Qatar Company

The business growth of the Company is as follows:

Timeline	Development
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 commenced in Yemen
1994 (Sept.)	Operations commenced in India
1998 to 2006	Operated in Iran
2000 to 2006	Operated in Sudan
2007	Operations commence in Libya
2007	Introduced Helicopters Emergency Medical Services (HEMS) in Qatar for the first time in collaboration with National Health Authority and Hamad Medical Corporation.
2008	Added 3 more AW 139s to the fleet

Company Operations

Gulf Helicopters has a fleet of twenty nine helicopters including two S 92, four AW 139, sixteen Bell 412s, six Bell 212s, and one Bell 206. GHC offers services such as VVIP transport, offshore support, onshore transport, seismic support, VFR & IFR, load lifting, photo flights and HEMS.

Future Plans

GHC is one of the stakeholders in the development of Al Khor Airfield as 'Aerospace City' and will eventually move to the new facility.

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

GHC will modernize its fleet by adding more AW 139s, to have 10 AW 139 by year 2010.

GHC is pursuing more international contracts due to its fleet expansion.

GHC is exploring opportunities to expand its operational bases to new geographical areas and also to expand its scope of services.



QATAR STEEL COMPANY (QSC)

2008 has been one of the most successful years for Qatar Steel. The new DRI/HBI combo plant and the SMS plant were commissioned successfully completing Phase I of the expansion project that included the new bar mill which was commissioned in 2007. This phase was initiated in 2005 with a total project cost of US\$ 575 million. Upon completion of Phase 1, total production capacity of DRI reached 2.4 mmt/a, Steel Billets 1.6 mmt/a and Steel Bars 1.55 mmt/a.

2008 Highlights

The Company is determined to pursue its future growth plans aimed at producing four million tons of steel annually during the next five years. We are also working diligently on increasing our production capacity and developing our business further by trying to get into overseas joint venture projects in the mining and pelletization sector for ensuring steady supply of raw materials needed for our increasing production capacity. Gulf Industrial Investment Company (GIIC) in Bahrain is an example of such projects.



Qatar Steel's total production during 2008 reached 1.64 million tons of DRI/HBI, 1.43 million tons of molten steel, 1.41 million tons of billets and 1.15 million tons of bars. In addition, 102,000 tons of coils were produced at Qatar Steel Dubai. During the year, we delivered 72,000 tons of billets and 1,632,000 tons of reinforcing steel bars.

The record output levels of our various production units, including the direct reduction, electric arc furnaces, continuous casting and rolling mill units, in 2008 is a direct reflection of the strong demand for Qatar Steel's products. The consolidated net income of Qatar Steel was QR1,020 million in 2008 compared to QR 858 million in 2007.

The Company is currently initiating a new project for revamping of its electric arc furnaces and continuous casting units to increase production capacity to 2.5 mmt/a of steel billets. This will ensure requirements of the two bar mills at Mesaieed and the wire rod and bar mills in Dubai are fully met, and there is sufficient quantity for sale.

The Qatar Steel joint venture project in Bahrain – United Stainless Steel Company (USCO) – was completed and commissioning and start up activities were begun. Commercial production of cold rolled stainless steel coils and sheets will commence from this facility in the second half of 2009.

During the year 2008, Gulf United Steel Holding Company (Foulath) was established in Bahrain by the same shareholders of GIIC and USCO as a holding company with all shares in both companies transferred proportionately to Foulath. Three new joint venture affiliates under Foulath were also established. They are: United Steel Company (Sulb) for an integrated steel project (DRI, melt shop and rolling mill), Foulath Egypt and Foulath Oman joint venture projects (pelletization).

Also, Qatar Steel has withdrawn from the El-Aouj mining project in Mauritania, but will consider indirect investment in potential mining projects through Foulath later.

QATAR PLASTIC PRODUCTS COMPANY (QPCC)

Qatar Plastic Products Company (QPCC) was established on 19th September 1998. Commercial production commenced in August 2000 and was officially inaugurated by His Excellency Abdullah Bin Hamad Al Attiyah on 21 November 2000.

Around 90% of production is being sold to the local market while the balance is marketed in other Gulf countries and in Europe. The production facility is located at Mesaieed Industrial City, 40 kms south of Doha.

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

Main Activities

Certified under ISO 9001:2000 Quality Management System, products are extruded in modern blow film lines.

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

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

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

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

Products

The company produces the following products:

- ♦ FFS (form, fill and seal) film
- ♦ Shrinkable hood
- ♦ Shrinkable film
- ♦ Construction foil (polythene sheet)
- ♦ Polyethylene sleeving
- ♦ Greenhouse and agricultural film
- ♦ Top open bags
- ♦ General purpose film
- ♦ Heavy duty trash bags
- ♦ Marker tape/warning tape

Expansion Plans

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





QATAR ALUMINIUM (QATALUM)

Qatar Aluminium (Qatalum) is the new aluminum smelter being built by Qatar Petroleum in Mesaieed Industrial City in partnership with the Norwegian company Norsk Hydro. The company is a 50%/50% joint venture between the two partners. The project occupies an area of approximately 2.7 sq kms.

Once construction is completed in 2010, the plant will be largest aluminum smelter ever to be built in one phase, with the capacity to produce 585,000 tons per year of premium-quality aluminum ingots. The plant will use Hydro's proprietary technology HAL-270/300 for aluminum reduction. A main feature of the facility

is also being built as part of the project to supply the electricity needs of the smelter. Qatar Petroleum will supply approximately 200 mmscf/d of natural gas to the new power plant.

Qatalum is a complex facility that will also include a carbon plant capable of producing up to 370,000 t/a of high-quality anodes, a state-of-the-art casthouse with a capacity to produce 626,000 t/a of extrusion ingots, foundry alloys and standard ingots that will meet the most stringent quality standards of the market. The plant configuration also includes port and storage facilities to handle the imports of alumina, coke and pitch. Process gasses from the reduction process will go through dry and wet scrubbing in fume treatment plants to secure



will be the two potroom buildings, where the actual aluminum reaction takes place, each one 1.2 kms long.

Alumina is the main raw material for the plant (1.1 mmt/a) to be imported mainly from Australia and Brazil under long-term contracts already signed with alumina producers. Calcined petroleum coke (220,000 t/a) and liquid coal tar pitch (55,000 t/a) will also be imported as raw materials for making the anodes needed for the aluminum reaction.

Electricity is the key element to induce the reaction of alumina oxide (AL₂O₃) into aluminum. A captive power plant with a name plate capacity of 1,350 megawatts

that emissions meet world quality standards, making Qatalum one of the most environmentally advanced plants in the world.

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

The plant is currently under construction and by April 2009 it is 73% complete. According to the schedule, first liquid metal production shall start during the fourth quarter of 2009. Full production shall be accomplished during the second half of 2010.

QATAR PETROLEUM INTERNATIONAL (QPI)



Qatar Petroleum International (QPI) has been established to make strategic commercial investments across the energy value chain around the world and is currently 100% owned by Qatar Petroleum (QP).

Potential opportunities are intended to span the value chain to include, but are not limited to: upstream, petrochemicals, gas and power, refineries, LNG plants and terminals, and may be greenfield or brownfield projects.

2008 Activities

- Investment (20%) in two blocks as a non-operator in an exploration project in Mauritania with TOTAL E&P Mauritania as operator. Seismic and drilling studies are being completed to commence the drilling program in 2009
- Evaluations and pre-feasibility studies for investment (24.5%) to build a multi billion petrochemical and refinery complex in China with government owned Petrochina and Shell China
- Completed evaluation and due diligence to invest in Shell's share of a petrochemicals plant in Singapore. A final bid will be submitted to Shell in 2009
- Memorandums of Understanding have been signed around the globe particularly with international and national oil companies and governments to ensure development of potential investment opportunities
- Studies to build power plants at LNG terminal sites are to be progressed in 2009
- QPI continues to build a team of people who will actively evaluate investment opportunities in oil and gas
- Completed QPI's strategic direction for investments in global projects
- Current QP interests in LNG terminals (South Hook, Adriatic and Golden Pass) will be legally transferred to QPI in due course

Future Plans

QPI will continue to explore, evaluate and invest in strategically viable projects around the globe and build a team of resources to execute and maintain successful investments.

GULF DRILLING INTERNATIONAL (GDI)



Established in May 2004 as the first offshore and onshore drilling service provider in Qatar. Gulf Drilling International (GDI) specializes in the provision of contract land and offshore drilling services to oil and gas exploration and production companies.

GDI was originally formed as a joint venture between Qatar Petroleum and Japan Drilling Co. Ltd with a paid-up capital of US\$103.2 million. The shares of QP, comprising 70% ownership in GDI, were transferred to Gulf International Services QSC (GIS) effective 12 February 2008.

GDI is a growth-oriented company. From 2004 to 2008, GDI's rig fleet grew from one to nine rigs and its workforce from 100 to over 800. Today, its state-of-the-art rig fleet consists of five offshore jack-up rigs and four land rigs.

GDI holds 100% of the onshore rig market share and 22% of the offshore rig market, and aspires to gradually increase the offshore market share.

GDI's Achievements

GDI had another profitable year in 2008 posting revenues of QR839.4 million compared to QR594.6 million in 2007 for an increase of 41%. Net income in 2008 also grew to QR326.5 million compared to QR161.0 million in 2007 for an increase of 103%. The profitability of the company is also increasing, with net income amounting to 39% of revenues in 2008 compared to 27% in 2007.

GDI has had all of its rigs working since the middle of 2008. GDI have been awarded ISO 9001, 140001 and OHSAS 18001 certification for Quality, the Environment and Health and Safety respectively.

GDI's Future

GDI will continue building its way to excellence, having laid the foundations for substantial growth and profitability. With improved drilling performance and implementation of numerous system enhancements, GDI has positioned itself to be a successful, long term player in the competitive drilling rig services market, both in Qatar and regionally.

Key:

<i>mmscf/d</i>	Millions of standard cubic feet per day
<i>bbscf/d</i>	Billions of standard cubic feet per day
<i>mmt/a</i>	Millions of tons per annum
<i>t/a</i>	Tons per annum
<i>t/d</i>	Tons per day
<i>mmb/d</i>	Millions of barrels per day
<i>b/d</i>	Barrels per day



FINANCIAL STATEMENTS



Qatar Petroleum
SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
31 December 2008

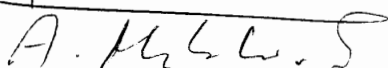
INDEPENDENT AUDITOR'S REPORT TO HIS HIGHNESS THE EMIR OF THE STATE OF QATAR ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS OF QATAR PETROLEUM

We have audited the consolidated financial statements of Qatar Petroleum (the "Corporation") for the year ended 31 December 2008, from which the summarized financial statements were derived, in accordance with International Standards on Auditing. In our report dated 24 March 2009, we expressed an unqualified opinion on the financial statements from which these summarized financial statements were derived.

The Corporation has prepared its consolidated financial statements in accordance with the basis of preparation and accounting policies described in Note 2 to the consolidated financial statements and the Council of Ministers' Decision No 6 of 1976 as amended.

In our opinion, the accompanying summarized financial statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the Corporation's financial position and the results of its operations for the period and of the scope of our audit, these summarized financial statements should be read in conjunction with the financial statements from which these summarized financial statements were derived and our audit report thereon.



Akram Mekhael, F.C.C.A.
of Ernst & Young
Auditor's Registration No. 59

Date: 24 March 2009
Doha



Qatar Petroleum
CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2008

	2008 QR'000	2007 QR'000
OPERATING REVENUE		
Sales	168,488,206	117,429,634
Other operating income	<u>9,713,776</u>	<u>7,228,215</u>
Total operating revenue	<u>178,201,982</u>	<u>124,657,849</u>
OPERATING EXPENSES		
Operating, selling and administrative	(21,381,220)	(14,866,390)
Depreciation and amortisation	<u>(5,177,510)</u>	<u>(4,828,545)</u>
Total operating expenses	<u>(26,558,730)</u>	<u>(19,694,935)</u>
NET OPERATING INCOME	151,643,252	104,962,914
Dividend and interest income	1,726,561	1,431,944
Finance charges	<u>(2,790,859)</u>	<u>(2,192,005)</u>
INCOME BEFORE ROYALTIES, TAXES AND MINORITY INTERESTS	150,578,954	104,202,853
Royalties	(28,801,109)	(20,589,810)
Taxes	<u>(63,571,221)</u>	<u>(47,077,443)</u>
INCOME BEFORE MINORITY INTERESTS	58,206,624	36,535,600
Minority interests	<u>(2,406,521)</u>	<u>(1,486,322)</u>
NET INCOME FOR THE YEAR	<u>55,800,103</u>	<u>35,049,278</u>

.....
Abdulla Bin Hamad Al-Attiyah
Deputy Premier and Minister of Energy and Industry
Chairman and Managing Director

.....
Yousef Hussain Kamal
Minister of Economy and Finance
Vice Chairman

Qatar Petroleum

CONSOLIDATED BALANCE SHEET

at 31 December 2008

	2008 QR'000	2007 QR'000
ASSETS		
Non-current assets		
Property, plant and equipment	177,367,821	135,161,390
Deferred expenditure	1,060,418	424,794
Investments, net	3,210,708	2,796,618
Other long term assets	4,138,803	1,803,977
Investment properties	124,347	148,032
	<u>185,902,097</u>	<u>140,334,811</u>
Current assets		
Cash and cash equivalents	41,389,244	30,873,428
Debtors and prepayments	12,952,833	13,348,255
Inventories	5,790,108	3,779,715
	<u>60,132,185</u>	<u>48,001,398</u>
TOTAL ASSETS	<u>246,034,282</u>	<u>188,336,209</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Contributed capital	25,000,000	25,000,000
Retained earnings	9,288,610	7,287,111
Other reserves	25,410,453	26,294,039
	<u>59,699,063</u>	<u>58,581,150</u>
Minority interest	6,390,066	3,916,782
Total equity	<u>66,089,129</u>	<u>62,497,932</u>
Non-current liabilities		
Loans	62,447,822	53,615,837
Obligations under finance lease	22,135,352	11,211,397
Provision for employees' end of service benefits	885,007	777,584
Amounts due to Ministry of Finance	68,886,873	36,848,694
Deferred income taxes	1,811,266	1,417,815
Other liabilities	750,700	88,337
	<u>156,917,020</u>	<u>103,959,664</u>
Current liabilities		
Creditors and accruals	17,639,987	18,603,484
Loans	5,388,146	3,275,129
	<u>23,028,133</u>	<u>21,878,613</u>
Total liabilities	<u>179,945,153</u>	<u>125,838,277</u>
TOTAL EQUITY AND LIABILITIES	<u>246,034,282</u>	<u>188,336,209</u>

Abdulla Bin Hamad Al-Attiyah
Deputy Premier and Minister of Energy and Industry
Chairman and Managing Director

Yousef Hussain Kamal
Minister of Economy and Finance
Vice Chairman

Qatar Petroleum

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2008

	2008 <i>QR'000</i>	2007 <i>QR'000</i>
Cash flows from operating activities		
Net income for the year before minority interest	58,206,624	36,535,600
Adjustments to reconcile net income before minority interest to net cash provided from operating activities:		
- Depreciation and amortisation	5,177,510	4,828,545
- Provision for employees' end of service benefits	254,615	306,450
- Deferred income taxes	122,399	271,815
- Release of investment provision	(57,786)	(40,222)
- Loss/adjustment on sale/transfer of fixed assets	94,258	81,662
	<u>63,797,620</u>	<u>41,983,850</u>
(Increase) decrease in operating assets and liabilities	<u>(5,090,576)</u>	<u>4,449,220</u>
Cash flow from operations	58,707,044	46,433,070
Payments and advances against employees' end of service benefits	<u>(147,191)</u>	<u>(105,328)</u>
Net cash from operating activities	<u>58,559,853</u>	<u>46,327,742</u>
Cash flows from investing activities		
Payments for property, plant and equipment, deferred expenditure and other assets	(36,791,445)	(47,037,116)
Proceeds from disposal of property, plant and equipment	443,858	20,487
Deposits maturing after 90 days	(1,001,630)	(1,007,781)
Purchase of investments – net	<u>(356,304)</u>	<u>(1,038,025)</u>
Net cash used in investing activities	<u>(37,705,521)</u>	<u>(49,062,435)</u>
Cash flows from financing activities:		
Proceeds from borrowings	13,494,082	18,263,585
Repayment of loans and obligations under finance leases	(3,204,306)	(2,882,854)
Movement in minority interest	66,763	(827,665)
Net change in account with Ministry of Finance	<u>(21,696,685)</u>	<u>(5,265,007)</u>
Net cash (used in) from financing activities	<u>(11,340,146)</u>	<u>9,288,059</u>
Net change in cash and cash equivalents	<u>9,514,186</u>	<u>6,553,366</u>
Cash and cash equivalents at the beginning of the year	<u>28,366,088</u>	<u>21,812,722</u>
Cash and cash equivalents at the end of the year	<u>37,880,274</u>	<u>28,366,088</u>

Qatar Petroleum

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2008

	Contributed capital QR '000	Retained earnings QR '000	Hedging reserve QR '000	Foreign currency translation QR '000	General reserve QR '000	Legal reserve QR '000	Total QR '000	Minority interests QR '000	Total QR '000
Balance at 1 January 2007	25,000,000	5,391,785	(34,341)	124,778	25,156,113	689,177	56,327,512	3,258,125	59,585,637
Net movement in other reserves	-	-	(46,261)	268,891	-	-	222,630	-	222,630
Net income for the year	-	35,049,278	-	-	-	-	35,049,278	1,486,322	36,535,600
Transfer to general reserve	-	(65,186)	-	-	65,186	-	-	-	-
Transfer to legal reserve	-	(70,496)	-	-	-	70,496	-	-	-
Transfer to current account with Ministry of Finance	-	(33,018,270)	-	-	-	-	(33,018,270)	-	(33,018,270)
Net movements	-	-	-	-	-	-	-	(827,665)	(827,665)
Balance at 31 December 2007	25,000,000	7,287,111	(80,602)	393,669	25,221,299	759,673	58,581,150	3,916,782	62,497,932
Net movement in other reserves	-	-	(351,373)	(603,131)	-	-	(954,504)	-	(954,504)
Net income for the year	-	55,800,103	-	-	-	-	55,800,103	2,406,521	58,206,624
Transfer to general reserve	-	(22,355)	-	-	22,355	-	-	-	-
Transfer to legal reserve	-	(41,385)	-	-	-	41,385	-	-	-
Share of excess transaction costs	-	-	-	-	-	7,178	7,178	-	7,178
Transfer to current account with Ministry of Finance	-	(53,734,864)	-	-	-	-	(53,734,864)	-	(53,734,864)
Net movements	-	-	-	-	-	-	-	66,763	66,763
Balance at 31 December 2008	25,000,000	9,288,610	(431,975)	(209,462)	25,243,654	808,236	59,699,063	6,390,066	66,089,129