



**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2007**

BUNDUQ COMPANY LTD

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BUNDUQ COMPANY LIMITED

(Registered in England No 985387)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR 2007

Board of Directors.-

Eiji Okuyama	(Chairman)
Mohammed Butti Al-Qubaisi	
Said Mubarak Al-Muhammadi	
Gautier Chatelus	
Graham Day	
Michel Hourcard	
Philippe Roy	
David Dalton	
Sadayuki Togashi	
Seiji Koya	
Shunsuke Ubukata	

DIRECTORS' REPORT

The directors submit their report and the financial statements for the year ended 31 December 2007

Principal activity and review of the business: The Company is engaged in the production and export of crude oil from El-Bunduq field. Production was at the rate of approximately 16,083 barrels per day for the year. The average daily production for the year ending on 31 December 2008 is expected to decrease to 13,290 barrels and the total for 2008 to approximately 4.718 million barrels.

Results and dividends: The profit for the year ended 31 December 2007 amounted to \$48,617 (2006 - \$ 28,196). The profit has been deducted from accumulated losses, which at 31 December 2007 totalled \$ 12,299,397 (2006 - \$ 12,348,014).

The directors do not recommend the payment of a dividend.

Company risks have been identified as follows:

Major project delivery

Poor delivery of any major project that underpins production growth and / or a major programme designed to enhance shareholder value.

Drilling and production risks

Exploration and production require high levels of investment and have particular economic risks and opportunities and may often involve innovative technologies. They are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of an oil or natural gas field. The cost of drilling, completing or operating wells is often uncertain. The company may be required to curtail, delay or cancel drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions and compliance with governmental requirements.

Security risk

Acts of terrorism that threaten our plants and offices, pipelines, transportation or computer systems would severely disrupt business operations.

Key Performance Indicators

The Directors conduct regular review and evaluation of the Company's performance and focus on areas including capital expenditure levels against target, estimates of crude oil reserves and crude oil production levels. Reserves and production related matters are addressed on a regular basis in meetings of the Company's Technical Committee.

Directors and their interests. The present directors of the Company are listed above.

**BUNDUQ COMPANY LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2007**

Directors and their interests

Arnaud Chaperon (Alternate to Michel Hourcard) is no more a member on the board

All other directors served throughout the year.

Auditors: Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting

Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirm that

To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware, and

Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information

By order of the Board



Yasin S. Ali
Secretary

Building G
Chertsey Road
Sunbury on Thames
Middlesex TW16 7BP

Date: 11 June 2008

BUNDUQ COMPANY LIMITED
31 DECEMBER 2007

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether all applicable accounting standards have been followed, subject to any material departures discussed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUNDUQ COMPANY LIMITED

We have audited the Company's financial statements for the year ended 31 December 2007, which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement, Statement of Total Recognised Gains and Losses and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

17 June 2008

BUNDUQ COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2007

	<u>NOTES</u>	<u>2007</u> US \$	<u>2006</u> US \$
Turnover	2	131,149,318	131,805,482
Cost of sales		<u>130,999,508</u>	<u>131,725,138</u>
Gross profit		149,810	80,344
Administrative expenses		(121,352)	(105,725)
Other operating income		<u>11,396</u>	<u>81,287</u>
Operating profit before interest and taxation	5	39,854	55,906
Bank interest received		<u>30,581</u>	<u>24,505</u>
Profit on ordinary activities before taxation		70,435	80,411
Tax on profit on ordinary activities	9	<u>(21,818)</u>	<u>(52,215)</u>
Profit retained for the financial year	18	<u>48,617</u>	<u>28,196</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2007

There were no recognised gains or losses other than the profit of \$ 48,617 for the year ended 31 December 2007 (2006 profit of \$ 28,196)

BUNDUQ COMPANY LIMITED
BALANCE SHEET
31 DECEMBER 2007

	<u>NOTES</u>	<u>2007</u> US \$	<u>2006</u> US \$
Fixed assets			
Tangible assets	10	<u>151,082,810</u>	<u>169,571,066</u>
Current assets			
Stocks	11	7,849,899	6,941,543
Debtors	12	20,828,097	15,424,474
Cash at bank and in hand	20(c)	<u>4,698,205</u>	<u>1,905,902</u>
		<u>33,376,201</u>	<u>24,271,919</u>
Creditors - amounts falling due within one year	13	50,926,596	45,395,451
Net current liabilities		<u>(17,550,395)</u>	<u>(21,123,532)</u>
Total assets less current liabilities		<u>133,532,415</u>	<u>148,447,534</u>
Creditors - amounts falling due after more than one year	14	128,907,717	144,309,285
Provisions for liabilities and charges	16	<u>2,606,398</u>	<u>2,168,566</u>
Net assets		<u>2,018,300</u>	<u>1,969,683</u>
Capital and reserves			
Called up share capital	17	142,995	142,995
Share premium account	18	14,157,649	14,157,649
Exchange reserve	18	17,053	17,053
Profit and loss account	18	<u>(12,299,397)</u>	<u>(12,348,014)</u>
Equity shareholders' funds		<u>2,018,300</u>	<u>1,969,683</u>

The financial statements were approved by the Board of Directors on 11 June 2008 and signed on their behalf by

 E. Okuyama, Chairman

BUNDUQ COMPANY LIMITED
CASH FLOW STATEMENT
31 DECEMBER 2007

	<u>NOTES</u>	<u>2007</u> US \$	<u>2006</u> US \$
Net cash inflow/(outflow) from operating activities	20(A)	521,586	(16,312,717)
Returns on investment & servicing of finance :			
Interest received		30,581	24,505
Capital Expenditure			
Acquisition of tangible assets			
Production & development assets	10	(11,896,962)	(18,481,509)
Other assets	10	(174,502)	(43,875)
Receipts from sale of tangible assets		<u>11,600</u>	<u>8,482</u>
Net cash used in investing activities		<u>(12,059,864)</u>	<u>(18,516,902)</u>
Net cash outflow before financing activities		<u>(11,507,697)</u>	<u>(34,805,114)</u>
Financing activities			
Shareholders' advances received	15	<u>14,300,000</u>	<u>32,200,000</u>
Increase/(decrease) in cash	20(B)	<u><u>2,792,303</u></u>	<u><u>(2,605,114)</u></u>

BUNDUQ COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2007

1. Accounting policies

The principal accounting policies of the Company are set out below. The policies are consistent with those adopted in previous years.

(a) Basis of preparation

These financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards. In addition to the requirements of accounting standards, the accounting for exploration and production activities is governed by the Statement of Recommended Practice ('SORP') 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities' issued by the UK Oil Industry Accounting Committee on 7 June 2001. These financial statements have been prepared in accordance with the provisions of the SORP.

The directors consider it appropriate to prepare the financial statements on a going concern basis, since the parent undertaking agreed to provide sufficient finance, whether directly or through one of its subsidiaries to enable the company to meet its liabilities as they fall due for the foreseeable future.

(b) Tangible Assets :

(i) Production assets

The accumulated capital costs of production facilities including the cost of development drilling are depreciated on the unit of production basis. Depreciation is calculated using the ratio of production during the year to the sum of the estimated quantity of commercially producible reserves at the end of the year. Depreciation is calculated taking into account future development costs.

(ii) Exploration expenditure

The Company follows the 'successful efforts' method in accounting for exploration costs. As a result, exploration costs are initially included in intangible assets pending determination of commercial reserves. Should the efforts be determined unsuccessful, the costs are then charged to income.

(iii) Other assets

Furniture and fittings are depreciated on a straight line basis over their expected useful lives, estimated to be 10 years.

BUNDUQ COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
31 DECEMBER 2007

(c) Foreign currencies

Expenditure in currencies other than US Dollars is recorded in US Dollars at the exchange rate ruling at the date the expenditure is incurred. Assets and liabilities in currencies other than US Dollars have been translated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the profit & loss account.

(d) Stocks

Stocks are stated at the lower of cost and net realisable value. Stocks of crude oil are valued at the average cost of production. Stocks of drilling materials, equipment and spare parts are valued on a basis which approximates to value based on the first in first out method, after making due allowance for any obsolete or slow moving items.

(e) Oil reserves

Proved developed and undeveloped reserves are estimated quantities of commercially producible oil which existing geological, geophysical and engineering data show to be recoverable in future years from known reservoirs.

(f) Effect of changes in estimates

The effect of revisions of previous estimates of proved developed and undeveloped oil reserves is taken up prospectively in unit of production calculations.

(g) End of service benefits

Provision is made in accordance with Company's personnel policy for the cost of employees' end of service benefits to cover liabilities under the United Arab Emirates Labour Law for locally engaged employees of non UAE nationality for services up to the balance sheet date.

BUNDUQ COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
31 DECEMBER 2007

2. Turnover

Turnover is attributable to one continuing activity, sales of crude oil effected in Abu Dhabi

All of the Company's turnover is receivable from United Petroleum Development Co Ltd and BP Exploration Company Ltd as shareholders in Bunduq Company Ltd. Prices and terms of settlement for these transactions are in accordance with an agreement between the shareholders dated 18th December, 1970

3. Segmental information

For the purpose of the Companies Act 1985, the operations of the Company constitute one continuing class of business, the exploration for and production of oil, offshore in the Middle East

4. Royalty

Royalty is calculated at 12.5% (2006 12.5%) of gross sales at posted prices, the royalty amount of \$ 51,469,704 (2006 \$ 59,059,768) is included in cost of sales

5. Operating profit

This is stated after charging

	<u>2007</u> US \$	<u>2006</u> US \$
Depreciation of owned tangible assets	30,541,049	34,963,213
Auditors' remuneration (note 6)	81,775	71,074

6. Auditors' remuneration

	<u>2007</u> US \$	<u>2006</u> US \$
Audit services	64,456	53,498
Other fees	17,319	17,576
	<u>81,775</u>	<u>71,074</u>

7. Directors' emoluments

Two directors received fees totaling £ 15,625 (\$ 31,776) (2006 - two directors £ 15,000 (\$ 27,933))

BUNDUQ COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
31 DECEMBER 2007

8. Employees	<u>2007</u> US \$	<u>2006</u> US \$
(a) Employee costs		
Wages and salaries	6,494,561	5,911,949
Social security costs	176,646	146,344
Employees end of service benefits	889,732	704,866
	<u>7,560,939</u>	<u>6,763,159</u>
(b) Average number of employees (non UK)	<u>2007</u>	<u>2006</u>
Administration	28	29
Development	10	11
Production	44	45
Health, safety and environment (HSE)	4	4
Trainees	1	2
	<u>87</u>	<u>91</u>

BUNDUQ COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
31 DECEMBER 2007

9. TAXATION

Tax on profits on Ordinary activities

	<u>2007</u>	<u>2006</u>
	US \$	US \$
Current tax		
UK corporation tax on profit of the year	21,818	52,215
 Tax on profit on ordinary activities	<u>21,818</u>	<u>52,215</u>

The potential amount of deferred taxation at
31 December 2007 is \$ Nil (2006 \$ Nil)

Factors affecting tax charge for the periods:

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below

	<u>2007</u>	<u>2006</u>
	US \$	US \$
Profit on ordinary activities before tax	<u>70,435</u>	<u>80,411</u>
Profit on ordinary activities multiplied by standard rate in the UK (30%) (2006 30%)	21,130	24,123
Effects of		
Profit not chargeable to UK tax	(8,395)	7,609
Mark-up on costs	6,077	6,278
Expenses not deductible for tax purposes	3,006	14,205
	<u>21,818</u>	<u>52,215</u>

BUNDUQ COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
31 DECEMBER 2007

10. Tangible assets

<u>Cost:</u>	<u>Furniture & Fittings US \$</u>	<u>Production Facilities Completed & Under Construction US \$</u>	<u>Total US \$</u>
At 1 January 2007	1,220,242	753,183,935	754,404,177
Additions	174,502	11,896,962	12,071,464
Disposals	(27,436)	(13,079)	(40,515)
At 31 December 2007	1,367,308	765,067,818	766,435,126
 <u>Depreciation:</u>			
At 1 January 2007	917,281	583,915,830	584,833,111
Provided during the year	86,362	30,454,687	30,541,049
Disposals	(13,718)	(8,126)	(21,844)
At 31 December 2007	989,925	614,362,391	615,352,316
 <u>Net book value:</u>			
At 31 December 2007	377,383	150,705,427	151,082,810
At 31 December 2006	302,961	169,268,105	169,571,066

11. Stocks

	<u>2007 US \$</u>	<u>2006 US \$</u>
Crude oil	1,113,154	1,383,232
Drilling materials, equipment & spare parts, net of provisions	6,736,745	5,558,311
	7,849,899	6,941,543

BUNDUQ COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
31 DECEMBER 2007

	<u>2007</u>	<u>2006</u>
	US \$	US \$
12. Debtors		
Trade debtors	18,579,965	13,726,549
Other debtors	663,834	442,944
Prepayments	1,584,298	1,254,981
	<u>20,828,097</u>	<u>15,424,474</u>

Included in trade debtors is US \$ 1,791,424 which is receivable after more than one year
(2006 US \$ 1,720,989)

13. Creditors - amounts falling due within one year

	<u>2007</u>	<u>2006</u>
	US \$	US \$
Shareholders' advances (note 15)	27,483,307	28,569,375
Trade creditors	12,813,633	7,980,009
Royalties due to Governments of Abu Dhabi & Qatar	6,766,998	8,265,560
Taxation	48,068	52,215
Other creditors	3,604,410	348,818
Accruals and provisions	210,180	179,474
	<u>50,926,596</u>	<u>45,395,451</u>

14. Creditors - amounts falling due after more than one year

	<u>2007</u>	<u>2006</u>
	US \$	US \$
Shareholders' advances (note 15)	<u>128,907,717</u>	<u>144,309,285</u>

BUNDUQ COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
31 DECEMBER 2007

15. Shareholders' advances	United Petroleum Development Co Ltd (Japan)	BP Exploration Company Ltd	Total
	US \$	US \$	US \$
At 1 January 2007	167,589,724	5,288,936	172,878,660
Advances	13,871,000	429,000	14,300,000
Reduction in shareholders' advances through offset against oil sales debtors	<u>(29,853,979)</u>	<u>(933,657)</u>	<u>(30,787,636)</u>
At 31 December 2007	<u>151,606,745</u>	<u>4,784,279</u>	<u>156,391,024</u>
Analysed as follows		<u>2007</u>	<u>2006</u>
		US \$	US \$
Due in one year or less (note 13)		27,483,307	28,569,375
Due in more than one year but not more than two years		34,209,451	28,459,630
Due in more than two years but not more than five years		88,155,233	66,706,456
Due in more than five years		<u>6,543,033</u>	<u>49,143,199</u>
		<u>156,391,024</u>	<u>172,878,660</u>

The advances, on which no interest is payable, are called in accordance with the Company's requirements and repaid according to an agreement between the shareholders dated 18 December 1970

The amount due in one year or less represents the estimated balance of the shareholders' advances which will be settled by way of offset against the receivable arising from the proportion of the turnover which represents the depreciation charge for the following year. No cash transaction arises as a result of the settlement of this balance.

16. Provisions for liabilities and charges	<u>2007</u>	<u>2006</u>
	US \$	US \$
Employees end of service benefits		
At 1 January	2,168,566	1,961,204
Profit & Loss account charge for the year	889,732	704,866
Paid	<u>(451,900)</u>	<u>(497,504)</u>
At 31 December	<u>2,606,398</u>	<u>2,168,566</u>

Provision is made in accordance with Company's personnel policy for the cost of employees' end of service benefits to cover liabilities under the United Arab Emirates Labor Law for locally engaged employees of non UAE nationality for services up to the balance sheet date.

BUNDUQ COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
31 DECEMBER 2007

17. Share capital

Authorised, allotted, called up and fully paid	£	<u>2007</u> US \$	<u>2006</u> US \$
50,000 'A' shares of £ 1 each	50,000	95,330	95,330
25,000 'B' shares of £ 1 each	25,000	47,665	47,665
	<u>75,000</u>	<u>142,995</u>	<u>142,995</u>

Except in so far as the holders of the "A" and "B" shares constitute separate groups of shareholders, the "A" and "B" shares rank pari passu in all respects

18. Movement on reserves and reconciliation of movements in shareholders' funds

	<u>2007</u>				
	<u>Share</u> <u>Capital</u> US \$	<u>Share</u> <u>Premium</u> US \$	<u>Exchange</u> <u>Reserve</u> US \$	<u>Profit & Loss</u> <u>account</u> US \$	<u>Total</u> US \$
At 1 January 2007	142,995	14,157,649	17,053	(12,348,014)	1,969,683
Profit for the year	-	-	-	48,617	48,617
At 31 December 2007	<u>142,995</u>	<u>14,157,649</u>	<u>17,053</u>	<u>(12,299,397)</u>	<u>2,018,300</u>

The exchange reserve arises from the restatement of balances from Sterling to US Dollars at 31 December 1976 and is not distributable

19. Financial commitments

The estimated amount of future capital expenditure contracted but not provided for is \$356,879 (2006 \$ 3,619,953)

BUNDUQ COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
31 DECEMBER 2007

20. NOTES TO THE CASH FLOW STATEMENT

(A) RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<u>2007</u> US \$	<u>2006</u> US \$
Operating profit before interest and taxation	39,854	55,906
Depreciation	30,541,049	34,963,213
Loss on sale of tangible assets	7,071	11,142
Adjustment		
Increase in stocks	(908,356)	(1,301,897)
(Increase)/decrease in debtors	(5,403,623)	1,752,236
Increase/(decrease) in creditors	6,595,395	(16,773,181)
Reduction in shareholders advances through offset against oil sales debtors	(30,787,636)	(35,227,498)
Increase in provisions for liabilities and charges	<u>437,832</u>	<u>207,362</u>
NET CASH INFLOW /(OUTFLOW) FROM OPERATING ACTIVITIES	<u>521,586</u>	<u>(16,312,717)</u>

(B) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<u>2007</u> US \$	<u>2006</u> US \$
Increase/(decrease) in cash in the year	2,792,303	(2,605,114)
Increase in shareholders' advances	<u>(14,300,000)</u>	<u>(32,200,000)</u>
Changes in net debt resulting from cash flows	(11,507,697)	(34,805,114)
Other changes in debt	<u>30,787,636</u>	<u>35,227,498</u>
Movement in net debt	19,279,939	422,384
Net debt at 1 January	<u>(170,972,758)</u>	<u>(171,395,142)</u>
Net debt at 31 December	<u>(151,692,819)</u>	<u>(170,972,758)</u>

BUNDUQ COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
31 DECEMBER 2007

20. NOTES TO THE CASH FLOW STATEMENT (continued)

(C) ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2007 US \$	Cash flows US \$	Other changes US \$	At 31 December 2007 US \$
Cash at bank and in hand	1,905,902	2,792,303		4,698,205
Debt due within 1 year (note 15)	(28,569,375)		1,086,068	(27,483,307)
Debt due after 1 year (note 14)	(144,309,285)	(14,300,000)	29,701,568	(128,907,717)
Total	(170,972,758)	(11,507,697)	30,787,636	(151,692,819)

(D) Debt comprises Shareholders' advances (note 15)

(E) Other changes in debt comprise the reduction in shareholders' advances through the offset against oil sales debtors

BUNDUQ COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
31 DECEMBER 2007

21. RELATED PARTIES

Details of the related party transactions during 2007 and outstanding balances at 31 December 2007 are set out below

	TOTAL	United Petroleum Development Co. Ltd (Japan)	BP Exploration Company Ltd	BP Abu Dhabi	BP Exploration (Middle East) Ltd
	US \$	US \$	US \$	US \$	US \$
A. TRANSACTIONS DURING THE YEAR					
Turnover (a)	131,149,318	127,214,846	-	1,967,236	1,967,236
Cost of sales (b)	1,682,711	1,682,711	-	-	-
B AMOUNTS DUE FROM/(TO)					
Trade debtors - oil sales (a)	18,579,965	18,022,611	-	278,677	278,677
Trade creditors (b)	(507,937)	(480,077)	(27,860)	-	-
Shareholders' advances (c)	(156,391,024)	(151,606,745)	(4,784,279)	-	-

- a) The Company's turnover is entirely derived from the sales of crude oil to its shareholders or their wholly owned subsidiary companies. The invoiced sales are in proportion to the quantity of crude oil lifted. The oil sales to United Petroleum Development Co. Ltd (Japan) ("UPD") are split equally between the Qatar and Abu Dhabi branch.
- b) UPD, through its Head Office in Tokyo, second staff and provide technical support to the Company. The related costs are included in cost of sales.
- c) The shareholders' advances are used to fund the Company's operations - refer note 15.

BUNDUQ COMPANY LIMITED
SUPPLEMENTARY INFORMATION
31 DECEMBER 2007

**ESTIMATED NET PROVED DEVELOPED AND UNDEVELOPED
RESERVES OF CRUDE OIL**

	<u>2007</u> <u>mml barrels</u>	<u>2006</u> <u>mml barrels</u>
At the beginning of the year	42 6	49 3
Change in the year attributable to		
revision of estimate	12 9	0 0
production	<u>(5 4)</u>	<u>(6 7)</u>
Total change	<u>7 5</u>	<u>(6 7)</u>
At the end of the year	<u>50 1</u>	<u>42 6</u>

The associated gas reserves are not disclosed because they are not owned by the Company