



**REPORT AND ACCOUNTS  
FOR THE YEAR ENDED  
31 DECEMBER 2005**

**BUNDUQ COMPANY LTD**



# **BUNDUQ COMPANY LIMITED**

(Registered in England No. 985387)

## **ANNUAL REPORT AND ACCOUNTS FOR 2005**

Board of Directors:-

Nobuyuki Kitamura	(Chairman)
Mohammed Butti Al-Qubaisi	
Said Mubarak Al-Muhannadi	
Julia Bell	
Tim Alcock	
Michel Hourcard	
Philippe Roy	
David Dalton	
Sadayuki. Togashi	
Seiji Koya	
Tetsuro Hanada	
Arnoud Chaperon	(Alternate to Michel Hourcard)

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### **DIRECTORS' REPORT**

The directors submit their report and the accounts for the year ended 31 December 2005.

**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 18,794 barrels per day for the year and currently is at 18,322 barrels per day. The average daily production for the year ending on 31 December 2006 is expected to decrease to 18,082 barrels.

**Results and dividends:** The profit for the year ended 31 December 2005 amounted to \$67,196 (2004 \$ 76,608). The profit has been deducted from accumulated losses, which at 31 December 2005 totalled \$ 12,376,210 (2004 - \$ 12,443,406).

The directors do not recommend the payment of a dividend.

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

**BUNDUQ COMPANY LIMITED  
DIRECTORS' REPORT  
YEAR ENDED 31 DECEMBER 2005**

**Directors and their interests:** Changes in office since 1 January 2006 are as follows:

	<b>Appointed</b>	<b>Resigned</b>
Yasuhiro Uchida		27 March 2006
Tetsuro Hanada	27 March 2006	
Chozo Oishi		27 March 2006
Sadayuki Togashi	27 March 2006	

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.

By order of the Board

  
\_\_\_\_\_  
Janet Elvidge  
Secretary

Y S ALI

Building G  
Chertsey Road  
Sunbury on Thames  
Middlesex TW16 7BP

**Date: 30 May 2006**

**BUNDUQ COMPANY LIMITED**  
**31 DECEMBER 2005**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the directors to prepare accounts 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 accounts 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUNDUQ COMPANY LIMITED**

We have audited the Company's financial statements for the year ended 31 December 2005, 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 on the basis of 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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 affairs of the Company as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

*30 May 2006*

**BUNDUQ COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2005**

	<u>NOTES</u>	<u>2005</u> US \$	<u>2004</u> US \$
<b>Turnover</b>	2	124,861,708	99,451,077
<b>Cost of sales</b>		<u>124,711,857</u>	<u>99,280,981</u>
<b>Gross profit</b>		149,851	170,096
Administrative expenses		(95,512)	(98,529)
Other operating income		<u>6,072</u>	<u>7,850</u>
<b>Operating Profit before interest and taxation</b>	5	60,411	79,417
Bank interest received		<u>20,652</u>	<u>9,157</u>
<b>Profit on ordinary activities before taxation</b>		81,063	88,574
Tax on profit on ordinary activities	9	<u>(13,867)</u>	<u>(11,966)</u>
<b>Profit retained for the financial year</b>	18	<u><u>67,196</u></u>	<u><u>76,608</u></u>

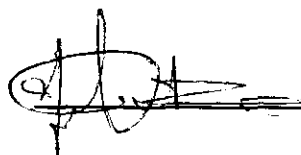
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 DECEMBER 2005**

There were no recognised gains or losses other than the profit of \$ 67,196 for the year ended 31 December 2005 (2004: profit of \$76,608).

**BUNDUQ COMPANY LIMITED**  
**BALANCE SHEET**  
**31 DECEMBER 2005**

	<u>NOTES</u>	<u>2005</u> US \$	<u>2004</u> US \$
<b>Fixed assets</b>			
Tangible assets	10	<u>186,028,519</u>	<u>148,857,658</u>
<b>Current assets</b>			
Stocks	11	5,639,646	3,923,951
Debtors	12	17,176,710	18,586,352
Cash at bank and in hand	20( c )	<u>4,511,016</u>	<u>1,705,061</u>
		<u>27,327,372</u>	<u>24,215,364</u>
<b>Creditors - amounts falling due within one year</b>	13	<u>63,893,222</u>	<u>48,118,583</u>
<b>Net current liabilities</b>		<u>(36,565,850)</u>	<u>(23,903,219)</u>
<b>Total assets less current liabilities</b>		<u>149,462,669</u>	<u>124,954,439</u>
<b>Creditors - amounts falling due after more than one year</b>	14	<u>145,559,978</u>	<u>120,791,525</u>
<b>Provisions for liabilities and charges</b>	16	<u>1,961,204</u>	<u>2,288,623</u>
<b>Net assets</b>		<u><u>1,941,487</u></u>	<u><u>1,874,291</u></u>
<b>Capital and reserves</b>			
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>(12,376,210)</u>	<u>(12,443,406)</u>
<b>Equity shareholders' funds</b>		<u><u>1,941,487</u></u>	<u><u>1,874,291</u></u>

The Accounts were approved by the Board of Directors on 30 May 2006 and signed on their behalf by :



**N. Kitamura, Chairman**

**BUNDUQ COMPANY LIMITED**  
**CASH FLOW STATEMENT**  
**31 DECEMBER 2005**

	<u>NOTES</u>	<u>2005</u> US \$	<u>2004</u> US \$
Net cash inflow from operating activities	20(A)	15,487,116	1,285,469
Returns on investment & servicing of finance :			
Interest received		20,652	9,157
Capital Expenditure			
Acquisition of tangible fixed assets			
Production & development assets		(70,888,356)	(20,974,056)
Other assets		(13,457)	(16,203)
Receipts from sale of fixed assets		<u>0</u>	<u>136</u>
Net cash used in investing activities		<u>(70,901,813)</u>	<u>(20,990,123)</u>
Net cash outflow before financing activities		<u>(55,394,045)</u>	<u>(19,695,497)</u>
Financing activities			
Shareholders' advances received	15	<u>58,200,000</u>	<u>19,950,000</u>
Increase in cash	20(B)	<u><u>2,805,955</u></u>	<u><u>254,503</u></u>



**BUNDUQ COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**  
**31 DECEMBER 2005**

**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 accounts 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 accounts have been prepared in accordance with the provisions of the SORP.'

**(b) Fixed 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 and production during 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.

**(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.

**BUNDUQ COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 DECEMBER 2005**

**(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 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 ACCOUNTS (continued)**  
**31 DECEMBER 2005**

**2. Turnover**

Turnover comprises gross proceeds from 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% (2004: 12.5%) of gross sales at posted prices; the royalty amount of \$ 48,832,751 (2004: \$ 36,345,543) is included in cost of sales.

**5. Operating profit**

This is stated after charging

	<u>2005</u> <u>US \$</u>	<u>2004</u> <u>US \$</u>
Depreciation of owned fixed assets	33,730,952	33,733,727
Auditors' remuneration (note 6)	62,995	59,807

**6. Auditors' remuneration**

	<u>2005</u> <u>US \$</u>	<u>2004</u> <u>US \$</u>
Audit services	43,796	49,000
Other fees	19,199	10,807
	<u>62,995</u>	<u>59,807</u>

**7. Directors' emoluments**

Two directors received fees totaling £ 15,000 (\$ 27,109) [2004 - two directors £ 15,000 (\$ 27,638)].

**BUNDUQ COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 DECEMBER 2005**

**8. Employees**

	<u>2005</u>	<u>2004</u>
	US \$	US \$
(a) Employee costs :		
Wages and salaries	5,784,411	5,333,817
Social security costs	133,041	296,105
End of service benefits	222,473	285,359
	<hr/>	<hr/>
	<u>6,139,925</u>	<u>5,915,281</u>
	<hr/>	<hr/>
(b) Average number of employees (non UK)	<u>2005</u>	<u>2004</u>
Administration	29	30
Development	11	10
Production	51	55
Health, safety and environment (HSE)	4	3
Trainees	3	3
	<hr/>	<hr/>
	<u>98</u>	<u>101</u>
	<hr/>	<hr/>

**BUNDUQ COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 DECEMBER 2005**

**9. TAXATION**

**Tax on profits on Ordinary activities**

	<u>2005</u>	<u>2004</u>
	US \$	US \$
<b>Current tax</b>		
UK corporation tax on profits of the year	13,867	11,966
	<u>13,867</u>	<u>11,966</u>

The potential amount of deferred taxation at  
31 December 2005 is \$ Nil (2004 : \$ 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>2005</u>	<u>2004</u>
	US \$	US \$
Profit on ordinary activities before tax	<u>81,063</u>	<u>88,574</u>
Profit on ordinary activities multiplied by standard rate in the UK (30%) (2004:30%)	24,319	26,572
Effects of:		
Profits not chargeable to UK tax	(16,207)	(21,382)
Mark-up on costs	4,390	4,625
Expenses not deductible for tax purposes	1,365	2,151
	<u>13,867</u>	<u>11,966</u>

**BUNDUQ COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 DECEMBER 2005**

**10. Fixed assets - Tangible assets**

<u>Cost:</u>	<u>Furniture &amp; Fittings US \$</u>	<u>Production Facilities Completed &amp; Under Construction US \$</u>	<u>Total US \$</u>
At 1 January 2005	1,312,793	663,867,234	665,180,027
Additions	13,457	70,888,356	70,901,813
Disposals	0	(967)	(967)
<b>At 31 December 2005</b>	<b>1,326,250</b>	<b>734,754,623</b>	<b>736,080,873</b>
 <u>Depreciation:</u>			
At 1 January 2005	891,768	515,430,601	516,322,369
Provided during the year	79,847	33,651,105	33,730,952
Disposals	0	(967)	(967)
<b>At 31 December 2005</b>	<b>971,615</b>	<b>549,080,739</b>	<b>550,052,354</b>
 <u>Net book value:</u>			
<b>At 31 December 2005</b>	<b>354,635</b>	<b>185,673,884</b>	<b>186,028,519</b>
At 31 December 2004	421,025	148,436,633	148,857,658

**11. Stocks**

	<u>2005 US \$</u>	<u>2004 US \$</u>
Crude oil	2,095,643	1,282,082
Drilling materials, equipment & spare parts, net of provisions	3,544,003	2,641,869
	<b>5,639,646</b>	<b>3,923,951</b>

**BUNDUQ COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 DECEMBER 2005**

	<u>2005</u>	<u>2004</u>
	US \$	US \$
<b>12. Debtors</b>		
Trade debtors	15,450,306	12,737,644
Other debtors	562,057	425,599
Prepayments	<u>1,164,347</u>	<u>5,423,109</u>
	<u>17,176,710</u>	<u>18,586,352</u>

Included in trade debtors is US \$ 1,640,578 which is receivable after more than one year  
(2004: US \$ 1,559,514)

**13. Creditors - amounts falling due within one year**

	<u>2005</u>	<u>2004</u>
	US \$	US \$
Shareholders' advances (note 15)	30,346,180	30,410,593
Trade creditors	24,987,903	9,869,173
Royalties due to Governments of		
Abu Dhabi & Qatar	8,057,533	6,977,868
Taxation	13,867	11,966
Other creditors	329,990	674,675
Accruals and provisions	<u>157,749</u>	<u>174,308</u>
	<u>63,893,222</u>	<u>48,118,583</u>

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

	<u>2005</u>	<u>2004</u>
	US \$	US \$
Shareholders' advances (note 15)	<u>145,559,978</u>	<u>120,791,525</u>

**BUNDUQ COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 DECEMBER 2005**

<b>15. Shareholders' advances</b>	<b>United Petroleum Development Co. Ltd. (Japan)</b>	<b>BP Exploration Company Ltd.</b>	<b>Total</b>
	<b><u>US \$</u></b>	<b><u>US \$</u></b>	<b><u>US \$</u></b>
At 1 January 2005	146,530,489	4,671,629	151,202,118
Advances	56,454,000	1,746,000	58,200,000
Reduction in shareholders' advances through offset against oil sales debtors	<u>(32,474,364)</u>	<u>(1,021,596)</u>	<u>(33,495,960)</u>
<b>At 31 December 2005</b>	<b><u>170,510,125</u></b>	<b><u>5,396,033</u></b>	<b><u>175,906,158</u></b>
Analysed as follows:		<b><u>2005</u></b>	<b><u>2004</u></b>
		<b><u>US \$</u></b>	<b><u>US \$</u></b>
Due in one year or less (note 13)		<b>30,346,180</b>	30,410,593
Due in more than one year but not more than two years		<b>29,423,681</b>	24,621,216
Due in more than two years but not more than five years		<b>77,044,041</b>	64,967,106
Due in more than five years		<b><u>39,092,256</u></b>	<u>31,203,203</u>
		<b><u>175,906,158</u></b>	<u>151,202,118</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.

<b>16. Provision for liabilities and charges</b>	<b><u>2005</u></b>	<b><u>2004</u></b>
	<b><u>US \$</u></b>	<b><u>US \$</u></b>
End of service benefit:		
At 1 January	<b>2,288,623</b>	2,602,488
Profit & Loss account charge for the year	<b>222,473</b>	285,359
Paid	<b><u>(549,892)</u></b>	<u>(599,224)</u>
<b>At 31 December</b>	<b><u>1,961,204</u></b>	<u>2,288,623</u>



**BUNDUQ COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 DECEMBER 2005**

**17. Share capital**

Authorised, allotted, called up and fully paid		<u>2005</u>	<u>2004</u>
	£	US \$	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
	75,000	142,995	142,995

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>2005</u>				
	<u>Share Capital</u>	<u>Share Premium</u>	<u>Exchange Reserve</u>	<u>Profit &amp; Loss account</u>	<u>Total</u>
	US \$	US \$	US \$	US \$	US \$
At 1 January 2005	142,995	14,157,649	17,053	(12,443,406)	1,874,291
Profit for the year	-	-	-	67,196	67,196
At 31 December 2005	142,995	14,157,649	17,053	(12,376,210)	1,941,487

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 \$5,346,872 (2004: \$ 57,186,455).

**BUNDUQ COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 DECEMBER 2005**

**20. NOTES TO THE STATEMENT OF CASH FLOWS**

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

	<u>2005</u> <u>US \$</u>	<u>2004</u> <u>US \$</u>
Operating profit before interest and taxation	60,411	79,417
Depreciation	33,730,952	33,733,727
Loss on sale of fixed assets	0	26,288
Fixed assets written off	0	0
Adjustment		
(Increase)/Decrease in Stock	(1,715,695)	491,572
Decrease/(Increase) in Debtors	1,409,642	(6,850,745)
Increase in creditors	15,825,185	7,919,508
Reduction in shareholders advances through offset against oil sales debtors	(33,495,960)	(33,800,433)
Decrease in provision for liabilities and charges	<u>(327,419)</u>	<u>(313,865)</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>15,487,116</u>	<u>1,285,469</u>

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

	<u>2005</u> <u>US \$</u>	<u>2004</u> <u>US \$</u>
Increase in cash in the year	2,805,955	254,503
Increase in shareholders' advances	(58,200,000)	(19,950,000)
Changes in net debt resulting from cash flows	(55,394,045)	(19,695,497)
Other changes in debt	33,495,960	33,800,433
Movement in net debt	(21,898,085)	14,104,936
Net debt at 1 January	(149,497,057)	(163,601,993)
Net debt at 31 December	<u>(171,395,142)</u>	<u>(149,497,057)</u>

**BUNDUQ COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 DECEMBER 2005**

20. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(C) ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2005	Cash flows	Other Changes	At 31 December 2005
Cash at bank and in hand	1,705,061	2,805,955	-	4,511,016
Debt due within 1 year	(30,410,593)	-	64,413	(30,346,180)
Debt due after 1 year	(120,791,525)	(58,200,000)	33,431,547	(145,559,978)
Total	<u>(149,497,057)</u>	<u>(55,394,045)</u>	<u>33,495,960</u>	<u>(171,395,142)</u>

(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 ACCOUNTS (continued)**  
**31 DECEMBER 2005**

**21. RELATED PARTIES**

Details of the related party transactions during 2005 and outstanding balances at 31 December 2005 are set out below:

	<b>United Petroleum Development Co. Ltd (Japan)</b>	<b>BP Exploration Company Ltd</b>	<b>BP Abu Dhabi</b>	<b>BP Exploration (Middle East) Ltd</b>
<b>A. TRANSACTIONS DURING THE YEAR</b>	<b><u>US \$</u></b>	<b><u>US \$</u></b>	<b><u>US \$</u></b>	<b><u>US \$</u></b>
Turnover (a)	121,115,864	-	1,872,922	1,872,922
Administration expenses (b)	1,906,027	-	-	-
<b>B. AMOUNTS DUE FROM/(TO)</b>				
Trade debtors - oil sales (a)	14,986,829	-	231,739	231,739
Trade creditors (b)	(382,392)	(2,024)	-	-
Shareholders' advances (c)	(170,510,125)	(5,396,033)	-	-

- 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 administration expenses.
- c) The shareholders' advances are used to fund the Company's operations - refer note 15.

**BUNDUQ COMPANY LIMITED**  
**SUPPLEMENTARY INFORMATION**  
**31 DECEMBER 2005**

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

	<u>2005</u> <u>mml barrels</u>	<u>2004</u> <u>mml barrels</u>
At the beginning of the year	56.3	63.7
Change in the year attributable to :		
revision of estimate	(0.1)	(0.0)
production	<u>(6.9)</u>	<u>(7.4)</u>
Total change	<u>(7.0)</u>	<u>(7.4)</u>
At the end of the year	<u>49.3</u>	<u>56.3</u>

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