



YESTERDAY

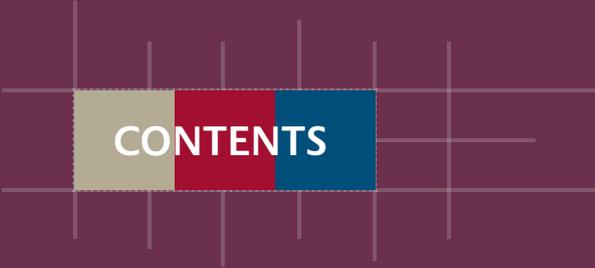


TODAY



TOMORROW

CHRONICLES OF AN EPIC JOURNEY...



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Since its inception as a joint venture multinational in 1974, QAPCO has been a leading producer of quality ethylene and low density polyethylene (LDPE) in the Middle East. Today, Qapco is not only a name synonymous with plastics but also an organization with a strict and uncompromising approach towards protecting the environment. With such a view, Qapco has endorsed an Environmental Management Policy that commits the company to:

- Identify and evaluate the environmental aspects of the company's products and activities
- Comply with all relevant applicable environmental regulations
- Establish pollution prevention programs to systematically reduce the generation of wastes and the release of pollutants into the environment.

This annual report showcases QAPCO's impressive journey through yesterday, today and the promises for tomorrow. It also highlights the benefits of plastics in our lives.

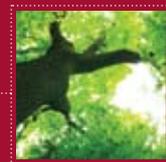
YESTERDAY

A multinational company is born, to set an example and to become a leader in its field



TODAY

A name synonymous with outstanding achievements and protection of environment



TOMORROW

The leader continues its journey reaching newer heights and setting new records



*In the name of Allah
the Beneficent the Compassionate*

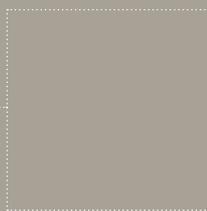


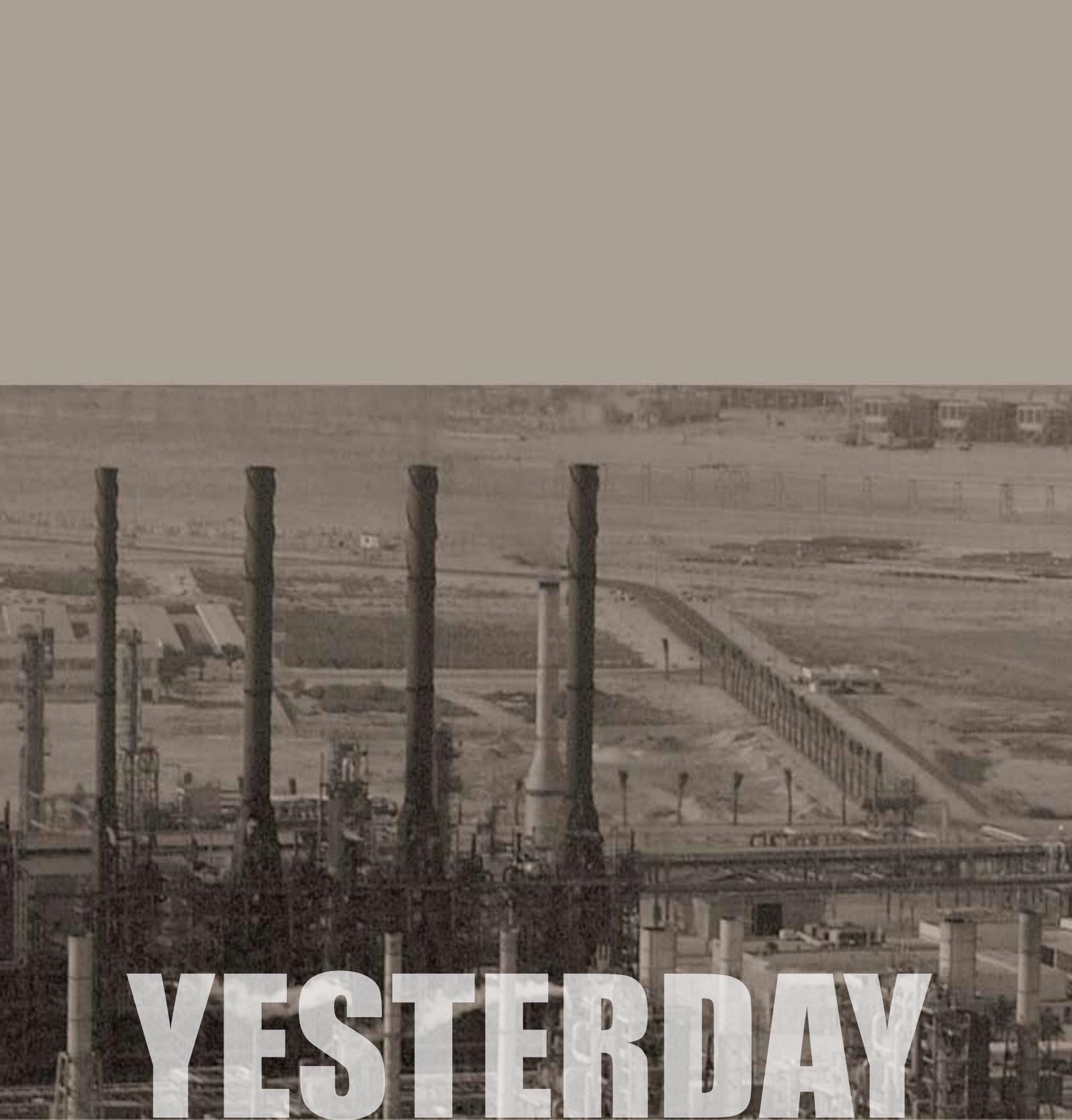
His Highness
Sheikh Hamad Bin Khalifa Al-Thani
Emir of the State of Qatar



His Highness
Sheikh Tamim Bin Hamad Al-Thani
Heir Apparent







YESTERDAY

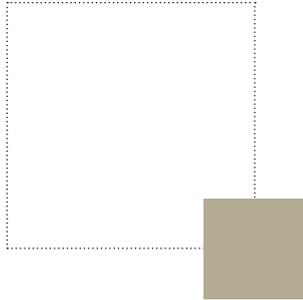
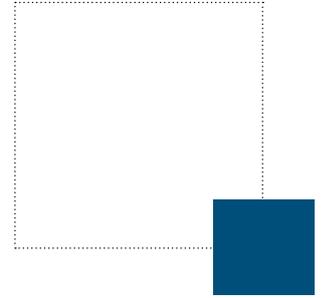
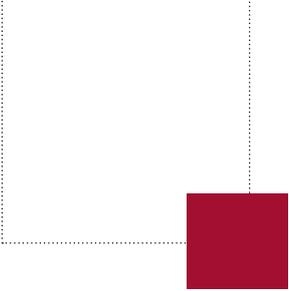
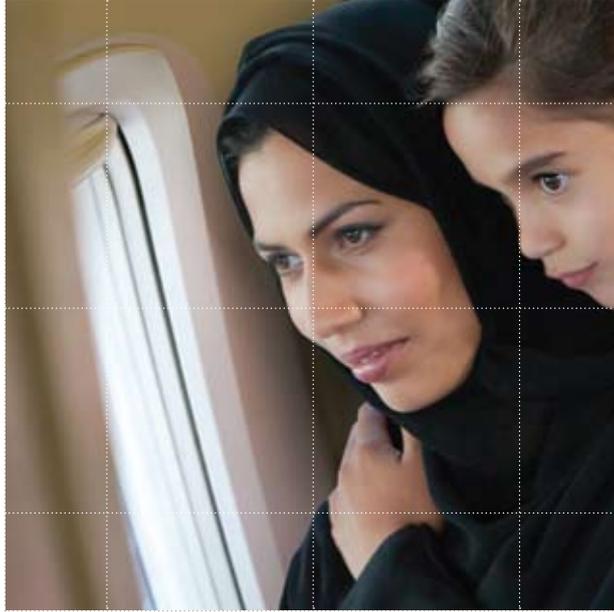
Qapco was established in 1974 as a multinational venture to utilize the associated and non-associated Ethane gas from petroleum production in line with the industrialization plan of Qatar. QAPCO commenced commercial production in 1981 and quickly became well-known for quality and reliability.





YESTERDAY





*A beautiful journey is one that's sprinkled
with pleasant memories*

Board of Directors



H. E. Abdullah Bin Hamad Al-Attiyah
Chairman



Eng. Hamad Rashid Al-Mohannadi
Vice Chairman



Dr. Mohammad Yousef A. Al-Mulla
General Manager and Board Member



Mr. Rashid Ali Al-Mohannadi
Member



Mr. Brian Canfiled
Member



Mr. J. B. Lartigue
Member



Mr. Sultan Khalifa Al-Bana'li
Member

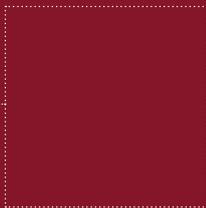


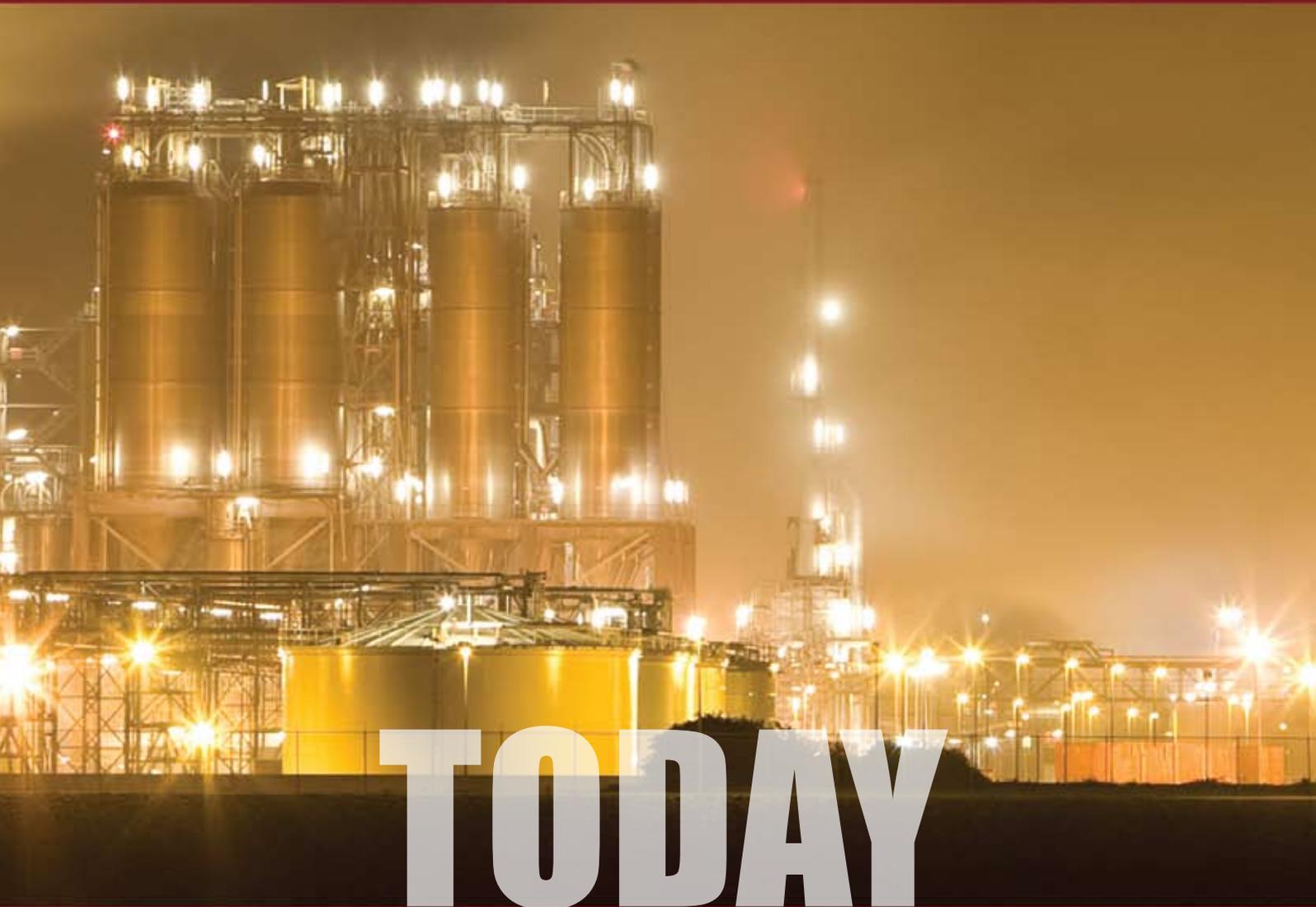
Mr. Mohammed Jasem Al-Baker
Member



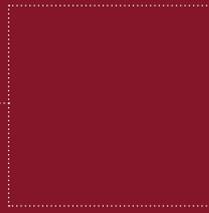
Mr. Ahmed Mohd. Ahmed Darwish
Member

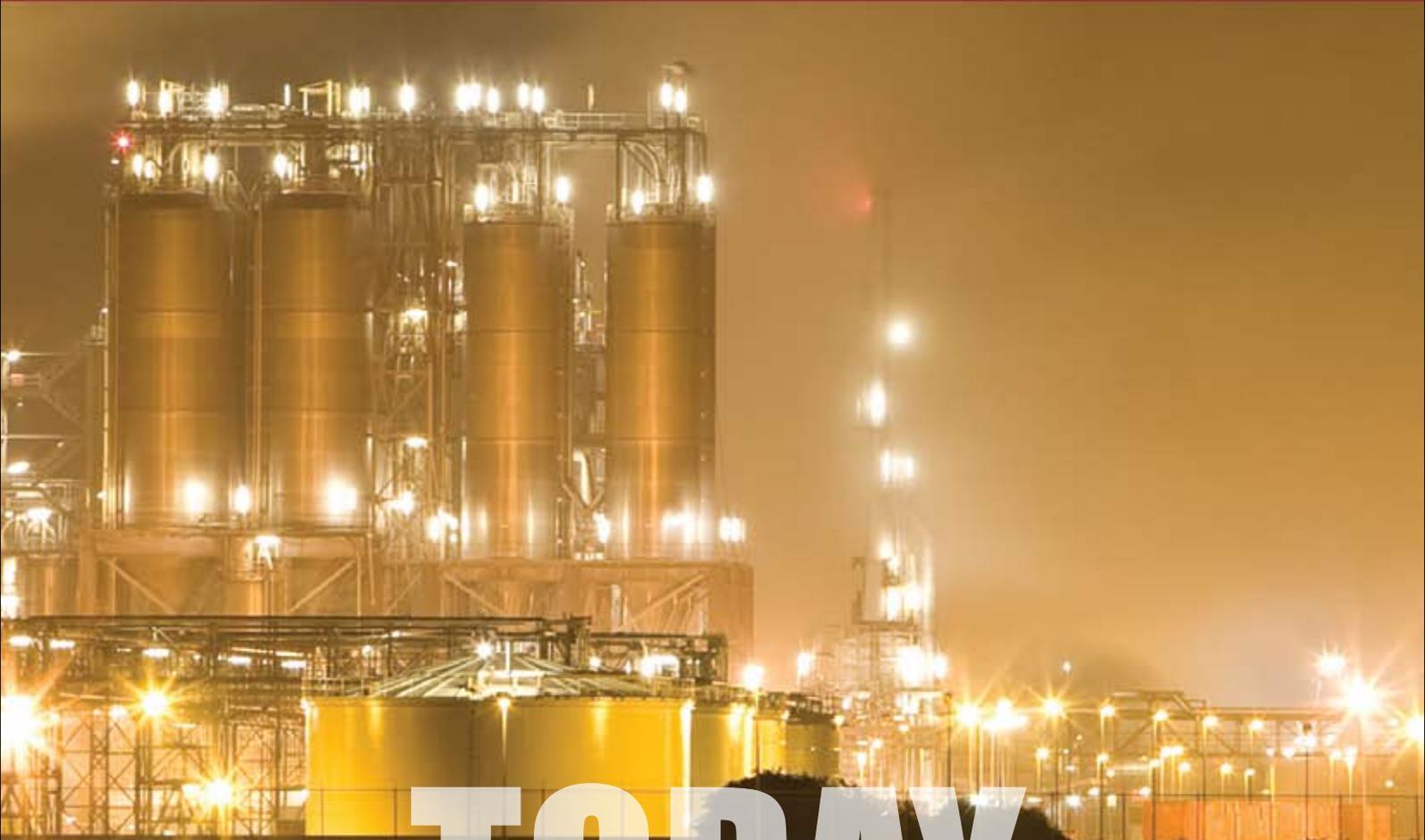






Today, with its global marketing network of 26 offices and 3 regional storage facilities, QAPCO produces 800,000 tons of Ethylene annually, 400,000 tons of Low Density Polyethylene (LDPE) and 70,000 tons of sulphur while meeting a considerable part of the Middle East's requirements of Ethylene.





TODAY



Management Team



Dr. Mohammad Yousef A. Al-Mulla
General Manager and Board Member



Mr. Chippon Didier
Group Manager, Operations



Mr. Abdulrahman Al-Abdulla
Group Manager,
Commercial and Marketing



Mr. Saleh Al-Halaki
Group Manager, Major Projects

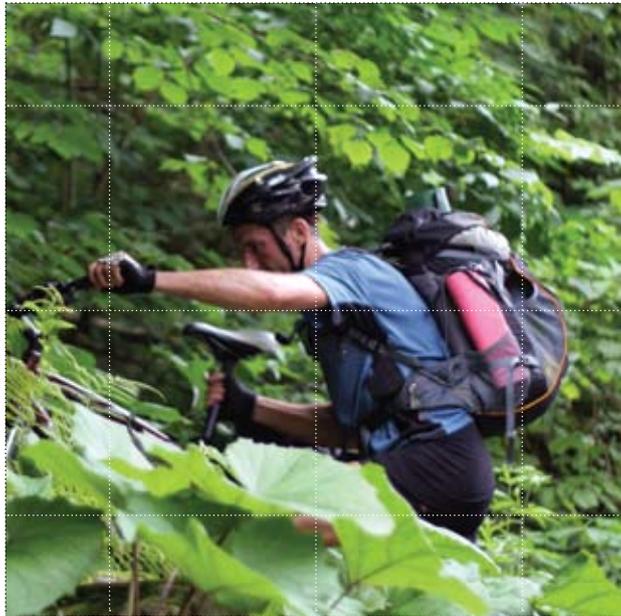


Mr. Rashid Abdullah S. Al-Sulaiti
Group Manager, Administration

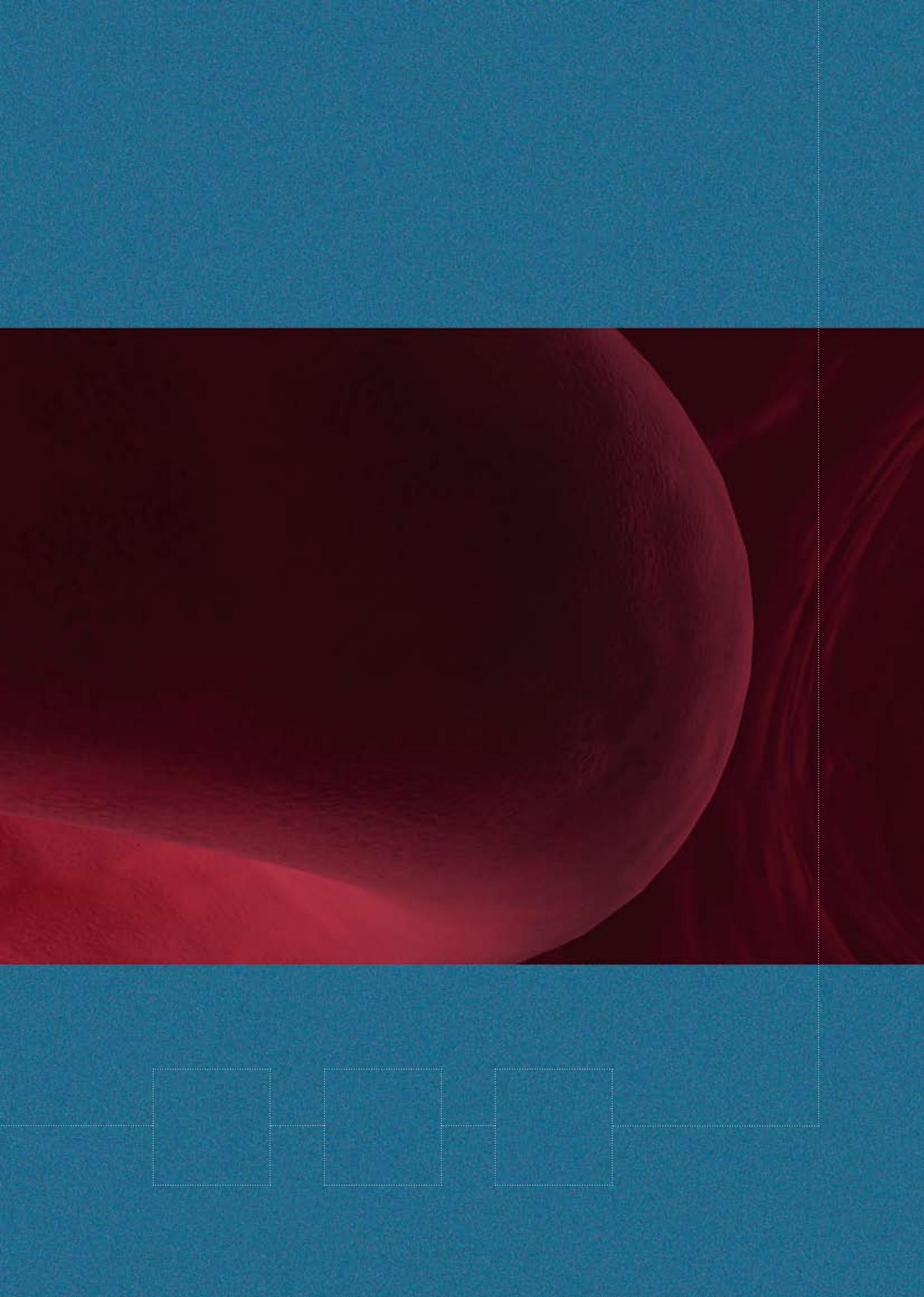


Mr. J.A. Jayadewa Jayakody
Acting Group Manager, Finance





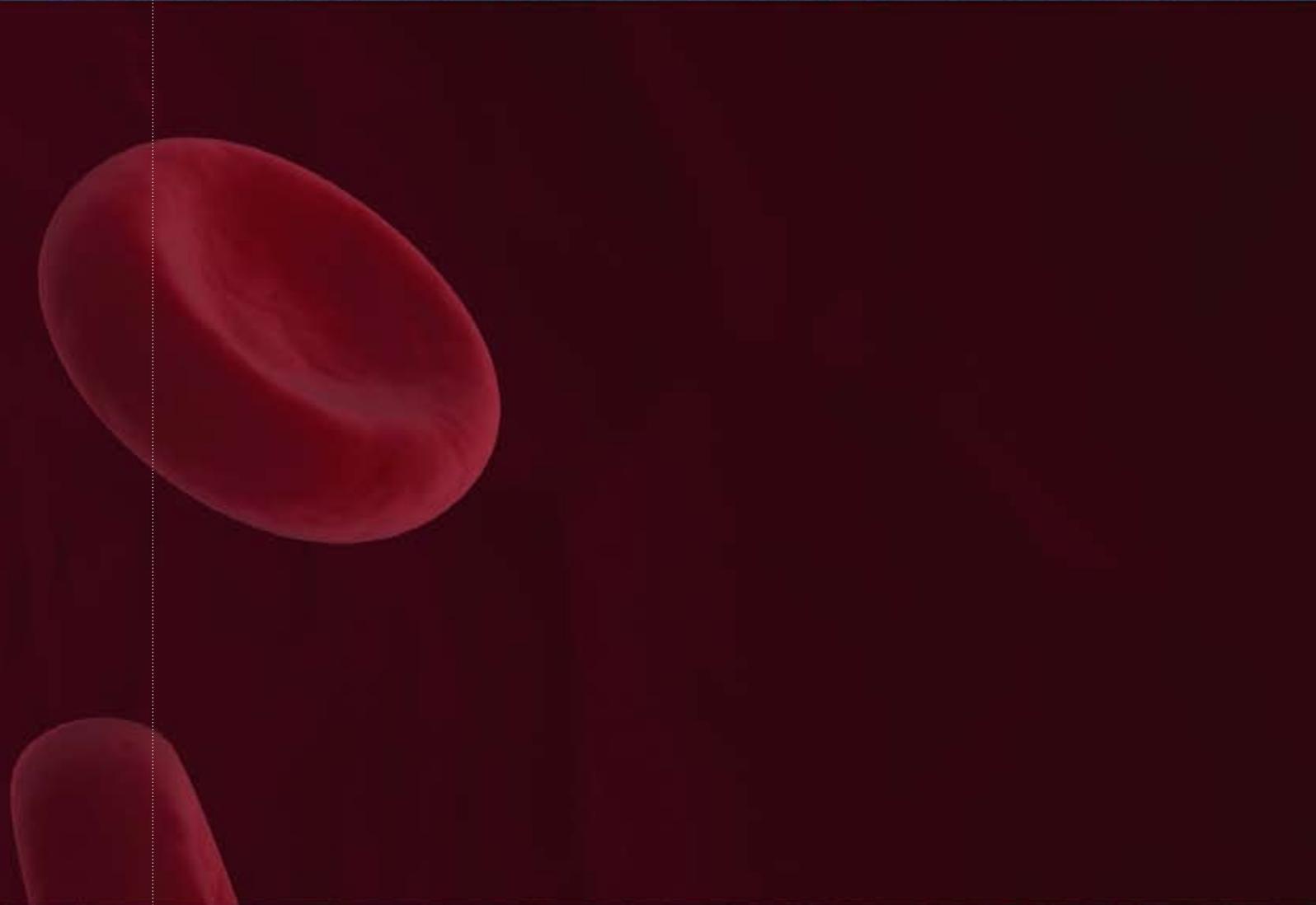
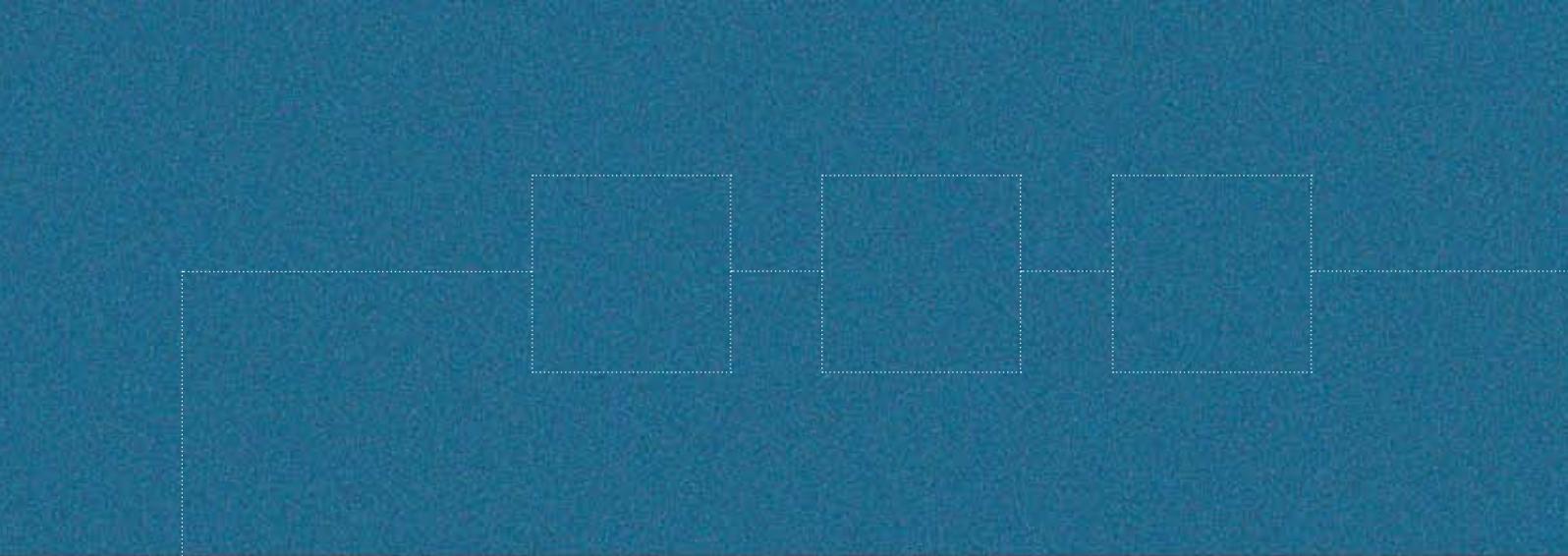
*A successful journey is one that's
filled with exciting discoveries*





TOMORROW

Apart from other extraordinary achievements QAPCO hopes to play a key role in making Qatar the regional hub of the petrochemical industry and to raise production from the current 18 million tons a year to 30 million tons by 2014





TOMORROW

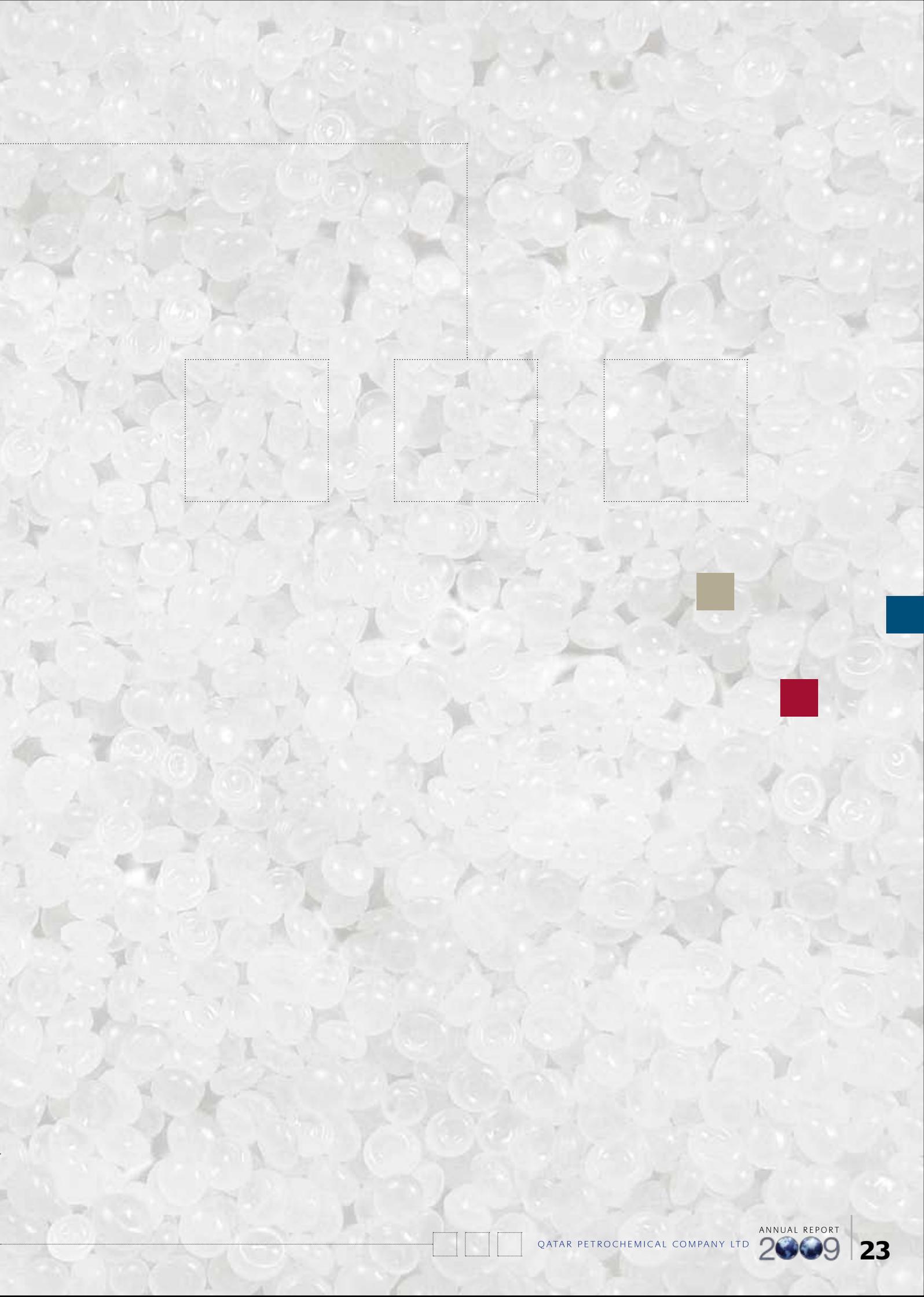


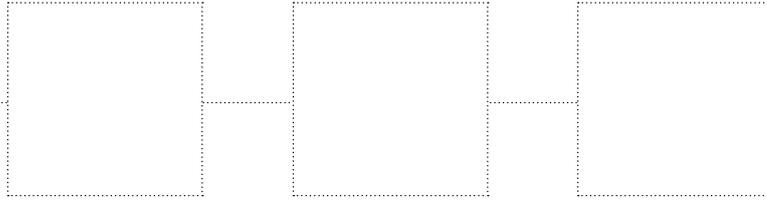
Plastics - the wonder material in our lives

Thousands of essential products are made from petrochemicals including soaps and detergents, paints and drugs, fertilizers and pesticides, and of course, the most versatile material of all – **plastics**.

Plastics - A blessing for our civilization and an indispensable, everyday companion.

Today, life is unthinkable without plastics. From medical equipments to toys, from household utilities to automobile accessories, from credit cards to office stationery, plastics today unarguably cover every niche in the journey of our lives.





& Vision Mission values

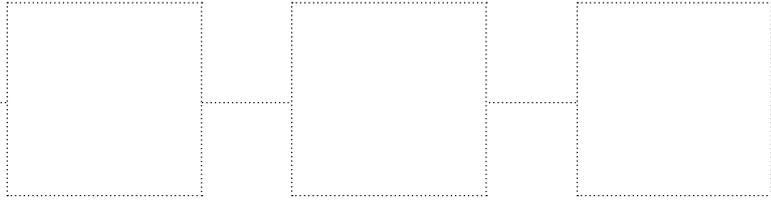
OUR VISION

“To become one of the leading, reliable and prime sources of producing and supplying ethylene and polyethylene from the Middle East to the global market”

OUR MISSION

“We are a quality focussed organization supplying ethylene and polyethylene to the plastic industry, while remaining committed to our customers, employees, owners and the community”





Our Corporate values

- Integrity and Ethics
- Relationship/Trust
- Teamwork/Collaboration
- Achievement of Goals
- Creativity/Innovation
- Freedom to Act
- Recognition of Achievements
- Learning and Growth

Quality Policy

“QAPCO Management is committed to implementation of effective Quality Management System to support continual improvement of our business processes, product quality, customer satisfaction and market share”.

We shall accomplish this through the following objectives:

- Enhance our business processes through development and implementation of Strategic Business Planning (SBP) & Performance Management Systems (PMS).
- Deploy quality culture and continually improve the effectiveness of the QMS.
- Ensure safety and protection of the environment, manpower, equipment and the product.
- Enhance Training and Development to meet organizational and customers’ requirements.
- Comply with applicable regulatory requirements.
- Monitor benchmark and continually improve our business.
- Improve market share and develop new markets.
- Enhance customer satisfaction.



*A perfect journey is one that's
full of vital lessons*



H.E. Abdullah Bin Hamad Al-Attiyah

Deputy Prime Minister
Minister of Energy & Industry
Chairman of QP & QAPCO Boards of Directors

It is my utmost pleasure to shed light on the outstanding results of Qapco's performance during the financial year of 2009, a year that was plagued by International financial crisis and global recession. Qapco, on the contrary, through the illuminating support and contribution of the shareholders and the devotion of its management cadre has been able to stabilize its production and profit through investments in high profile industrial projects that have granted the company the recognition and status of a well reputed international producer and exporter of ethylene and polyethylene.

Inspired and guided by the farsightedness of His Highness Sheikh Hamad Bin Khalifa Al Thani, the Emir of the State of Qatar and his Heir Apparent, translated in the form of solid action plan to absorb the catastrophic financial impacts of global crisis, QAPCO as well as other QP entities have turned the difficulties and crisis faced by their international competitors into outstanding financial success. At the same time, the company has continued to record exceptional achievements such as the inauguration of the Qatofin project composed of an LLDPE plant, representing a joint venture project, with Qapco as a major shareholder. Having fortified its production, Qapco has proved itself as a pillar of strength and support to Qatar's national economy through the expansion processes in terms of size and diversity of projects. In all its processes, Qapco has been driven by distinguished zeal and enthusiasm to achieve the highest quality of products and elevated services that guarantee customer satisfaction. Qapco has also launched its third low density polyethylene plant in its site in Mesaieed Industrial City, through a contracting agreement with Udhe of Germany, which is expected to start production in 2011.

Chairman's Message

Coupled with the outstanding production capacity of the company, Qapco's worldwide marketing network has gained an international credit of trust and has attracted many new customers whose industries depend on Qapco's output. The performance of the marketing strategy implemented in Qapco has been particularly successful for its dedication to customer satisfaction and a vision based on existing international markets through representative offices that enhance the strategic partnerships with the company's end-users.

With an ambition to be the premier Middle East producer of high quality ethylene and polyethylene, Qapco is striving to develop the interface of the petrochemical industry utilizing safe, effective and environment friendly state-of-the-art technologies that guarantee the full utilization of the country's human and natural resources.

GM's Message



Dr. Mohammad Yousef A. Al-Mulla

General Manager and Member of the Board

It gives me immense pleasure to inform you at the onset of a new financial year that 2009 has once again been an excellent period for QAPCO as we continued our growth and expansions with astonishing all round performance. The shadow of economic recession, which saw the global economy nose-dive in 2008 and continued to exasperate the commercial and financial results of the majority of global petrochemical suppliers however couldn't upset the equilibrium of QAPCO. The company exhibited exceptional financial results while recording remarkable horizontal and vertical marketing integration.

Our performance during 2009 was not the result of sheer luck but a definite outcome and natural harvest of a well implemented strategy, vision and early realization of the evolution of the petrochemical industry. Our commitment to the newly acclaimed challenges and competition, while recognizing the necessity to pursue our recipe for success, our commitment to quality and our dedicated customer service, all this helped us remain unaffected.

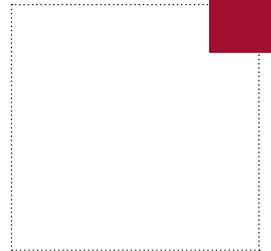
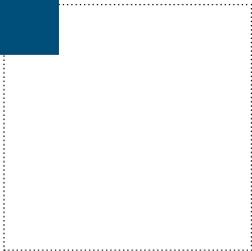
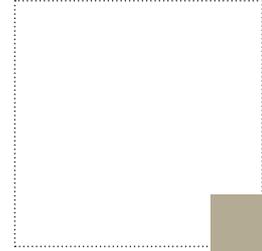
The establishment of global marketing network that's devoted exclusively to identify and deliver the specific needs of our customers in each and every market of strategic importance has earned QAPCO a leadership status far ahead from other suppliers. 26 self-operated offices have been set up in different parts of the world - 4 in China (Hong Kong, Shanghai, Beijing and Guangzhou), 4 in India (Mumbai, Delhi, Chennai and Ahmedabad), 2 in Pakistan (Karachi and Lahore) and one in each of the following countries: Egypt, Syria, UAE, Lebanon, Taiwan, Bangladesh, Jordan, Yemen, Thailand, Malaysia, Vietnam, Australia, Indonesia, Sri Lanka, Singapore and Philippines. Subsequently, and in a strategic drive to become a local supplier in markets of significant importance, QAPCO has been active in establishing regional warehouses in Syria, Egypt, Lebanon, and one each in Guangzhou, Shanghai and Qingdao in China.

As QAPCO continues on its growth path, several additional offices and warehouses are expected to come up to complement the expansion programs. Such programs would enable QAPCO to raise LDPE output to 700,000 tonnes annually by 2011 end. In addition to the success achieved in marketing QAPCO's products of LDPE to over 4500 customers spread over 85 countries worldwide, QAPCO has been equally successful in assuming marketing responsibilities of percentage Q-chem I and Q-chem II, HDPE products in the GCC and Middle East along with QVC's EDC, VCM and Caustic Soda globally, in addition to marketing QATOFIN LLDPE worldwide. Not to ignore QAPCO's role in marketing of some internationally renowned petrochemical suppliers products in the Middle East.

QAPCO has signed an agreement to set up an LDPE plant at a cost of QR 2.9 bn expected to be completed by 2011 end. It will produce 300,000 tonnes of LDPE per annum. Apart from that, Qatofin, a QAPCO subsidiary which has production capacity of 450,000 tonnes a year has already started LLDPE production in November 2009.

Thank you.





*A thrilling journey is one that ventures
into uncharted territories*



Qatar Petrochemical Co. (QAPCO), a joint venture between Industries Qatar (80%) and Total Petrochemicals France (20%), was established in 1974. Today QAPCO enjoys an enviable leading position in the production of ethylene and polyethylene for the petrochemical markets. The company’s global reach, worldwide marketing network, state-of-the-art technology, environment friendly initiatives and clean image has helped QAPCO generate new business opportunities for its shareholders.

Shareholders



Industries Qatar (IQ) was founded in 2003 with a paid-up capital of QR5 billion and remains as the majority shareholder in QAPCO. 70% of the paid-up capital is held up by Qatar Petroleum and 30% is held by public and non-profit organizations. Industries Qatar enjoys the distinction of being the largest listed company on the Doha Securities Market in terms of market capitalization.



When it comes to chemicals manufacturers, Total Petrochemicals commands the top position as the largest publicly traded integrated oil and gas company in the world. Total Petrochemicals of France holds 20% of the equity in QAPCO and is present in 130 countries.





Moving ahead with winning moves

QAPCO has always moved ahead with future plans to continue the company's uninterrupted growth policy. In its quest to integrate and expand its downstream industrial base and diversify its income resources, QAPCO has taken new initiatives and participated in a number of new projects in Qatar.

Shareholding Pattern

Qatofin

QATOFIN is the result of a joint venture between QAPCO, Total Petrochemicals and QP and is a world-class linear low density polyethylene (LLDPE) plant in Mesaieed adjacent to the existing QAPCO plant. The plant is expected to produce around 450,000 MT of polyethylene every year, which will be mainly exported to Asia and Europe.



Q-Chem, QATOFIN and QP have signed a joint venture agreement to establish an ethane cracker plant and a 120 km pipeline from Ras Laffan to Mesaieed to transport the produced ethylene. The plant is scheduled to be located in Ras Laffan Industrial City and will be one of the world's largest ethane cracker plants. The cracker plant will have a capacity to produce 1.3 MMT of ethylene every year. The derivatives polyethylene plants will be located in Mesaieed within the existing facilities of Q-Chem and QAPCO. The ethane feedstock for the cracker unit will be supplied by the adjacent Enhanced Gas Utilization (EGU) project and Dolphin Project's onshore facilities. The new ethylene pipeline from Ras Laffan to Mesaieed will supply ethylene to the NAO and HDPE plants of Q-Chem II and the LLDPE plant of QATOFIN. Initially, the ethylene pipeline will transport 1.3 MMT of ethylene every year. However, at a later stage, it can be expanded to carry 1.6 MMT of ethylene.

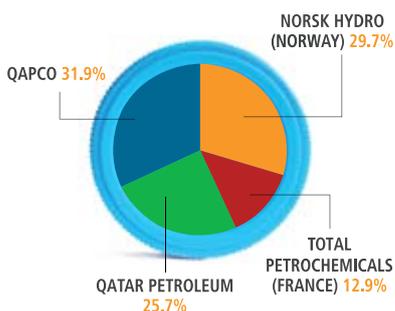
QPPC

Qatar Plastic Products Company was established by QAPCO in association with Qatar Industrial Manufacturing Company (QIMCO) and the Italian Company FEBO. QPPC is to produce heavy duty bags, plastic sheets and other plastic products for industrial purposes. The principal raw material of polyethylene is supplied by QAPCO. The plant is designed to produce about 2700 MT of FFS films, 700 MT of shrinkable films, 2 MT of top-open bags and 500 MT of recycled PE per annum. These will meet the bagging requirements of QAPCO greatly.

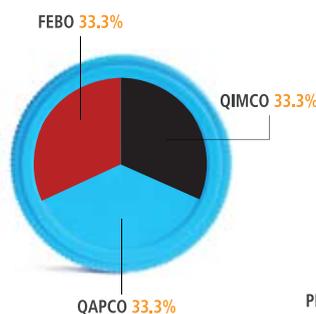


Qatar Vinyl Company, which is Qatar's first downstream petrochemical project, is a limited shareholding company of Qatar Petroleum, QAPCO, Norsk Hydro of Norway and Total Petrochemicals of France. QAPCO holds 31.9% stake in it. QVC is designed to produce 290,000 MT/y of caustic soda, 175,000 MT/y of Ethylene Dichloride (EDC) and 230,000 MT/y of Vinyl Chloride Monomer (VCM).

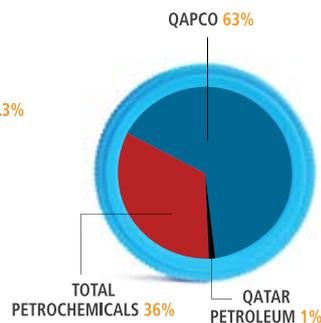
QVC



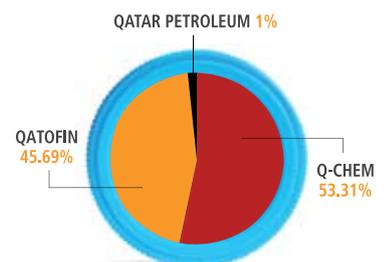
QPPC



Qatofin



RLOC



Plastics - Adding colours to the world of children







Colourful and unbreakable plastic toys have replaced old wooden toys all over the world. A change for the better that saves precious resources such as metals and wood; One of the many instances why plastics are here to stay.



Our performance enhancers

FIVE –YEAR STRATEGIC BUSINESS PLAN

In line with the five-year Strategic Business Plan (SBP), QAPCO implemented the Balanced Scorecard, as a measurement tool in order to achieve its strategic goals. Key Performance Indicators (KPIs) are identified to measure the performance of 17 corporate objectives. The SBP also defined specific departmental work plans to meet internal needs and external challenges.

QAPCO Strategic Business Plan stipulates Key Performance Indicators to achieve the following objectives:

- Sustain market growth and achieve price premium
- Maximize return on investment and reduce controllable cost
- Benchmark key prices, cost to develop targets (to meet service level agreements)
- Improve internal processes to maximize production capacity and promote efficiency (i.e., cost control, production capacity)
- Implement the Performance Management System and enhance training to support corporate goals

QUALITY MANAGEMENT SYSTEM

In July 2009, QAPCO successfully achieved certification to the new revised standard ISO 9001: 2008, by BSI Management Systems.

QUALITY CONTROL (QC), RESEARCH & DEVELOPMENT (R&D) YEARLY REPORT (2009)

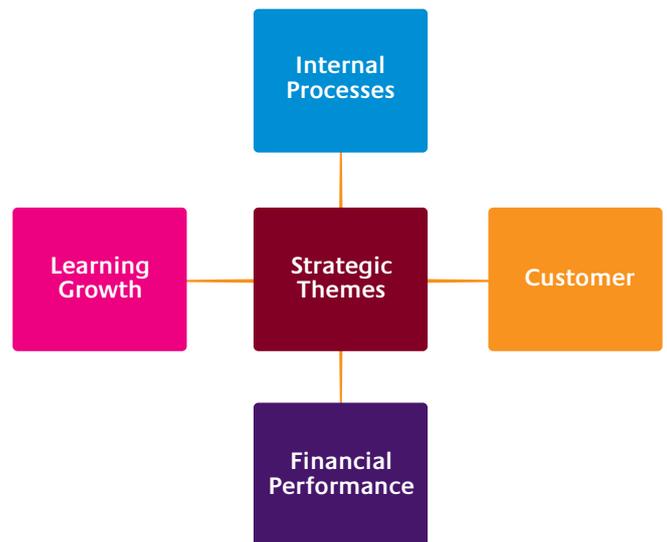
The year 2009 has been a year of outstanding performance from QC, R&D team for which it was awarded the Department Status as an appreciation to its excellent performance and contribution. Recently the QC, R&D management moved to a new building, keeping both LDPE and Ethylene QC labs and gasoline labs in the old building.

QATOFIN LLDPE LAB:

New Lab is set and ready for the Qatofin LLDPE operation.

- Equipment needed for the Quality Control of the LLDPE installed and commissioned.

Strategic Themes



Plastics - Changing the course of history in automobile since yesterday







Through the use of plastics, the average passenger car has lost 145 pounds since 1988. The lighter weight has been translated into better fuel efficiency which has so far saved approximately 21 million barrels of oil.



Ethylene Plant

- Olefins-Ethylene achieved another accident free year in 2009. The cumulative accident free days from last incident in July 2002 until end of December, 2009 reached 2722 days.
- Olefins-Ethylene achieved the budgeted production of 772541 MT by third week of December 2009 and by the end of the year the production reached 800117 MT which was a challenging achievement.

Olefins-Ethylene production summary at a glance:

| Particular | Unit | Budget | Actual | Delta |
|------------------------|------|--------|--------|-----------|
| Ethylene | MT | 772541 | 800117 | (+) 27576 |
| Sulphur* | MT | 68370 | 44280 | (-) 24090 |
| Pygas | MT | 18541 | 17708 | (+) 518 |
| LPG (C3/C4) as per SPA | MT | 41718 | 46708 | (+) 4990 |

General

Olefins department reiterated its commitment to Environment. Olefins in co-ordination with HSSE department. completed the total overhaul and revision of our Environmental aspects and Risk assessment process, and accordingly revised the Environmental Management Programs to comply with the requirements of Ministry of Environment.

Olefins department coordinated with ERP project to migrate the existing system to ERP and we have successfully switched over all our activities such as maintenance work order, etc from Impower to ERP from beginning of 2009.

New pattern of shift duty from 8 hours to 12 hours has been implemented by Qapco with effect from 1st April 2009 without any adverse effect on the remuneration of shift staff. Olefins shift staff adapted this system without any difficulties and the feedback is encouraging.

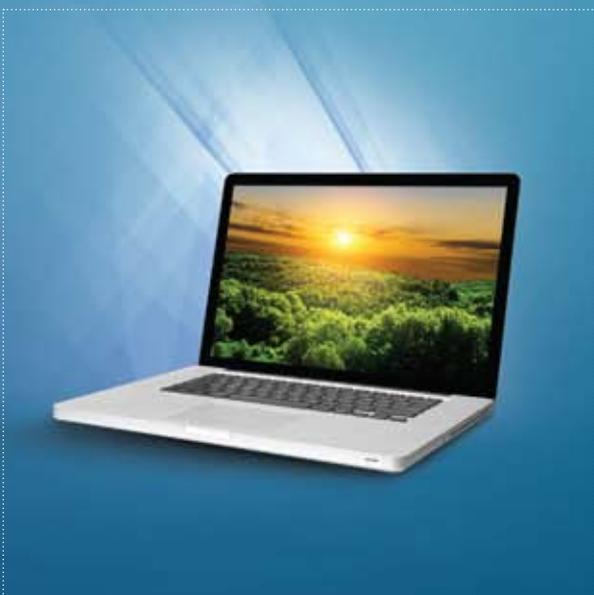
Plastic - A winning solution for tomorrow's technology







British scientists say they have created a unique plastic that can store and release electricity. This invention will help laptops, mobile phones, iPods and other such gadgets to have surprisingly enhanced battery life than now. Also, the gadgets will become sleeker and immensely lightweight.



Summary of Environment Section Achievement During 2009

The environment activities have increased significantly in Qapco, over the last few years. The year 2009 was full of various environmental activities and many major targets achieved. The milestones of the year 2009 are listed below:

ISO 14001:2004 EMS Audit:

QAPCO has successfully completed two EMS surveillance audits for establishing, implementing and maintaining the Environment Management System (EMS) as per the requirements of the standards ISO 14001: 2004. This is in line with our commitment to operate the plant under safe, healthy and environmentally acceptable working conditions to prevent pollution, health risk to personnel and damages to property.

Internal SEMS Audit (ISO 14001: 2004 and OHSAS 18001; 2007)

Conducted the Internal SEMS Audits by QAPCO's Internal Auditors:

- 01/2009 Internal SEMS Audit: From 18 - 20 May 2009.
- 02/2009 Internal SEMS Audit: From 02-03 Nov 2009.

SEMS Surveillance Audit (ISO 14001:2004 and OHSAS 18001:2007)

The BSI had conducted the SEMS Surveillance Audits:

- 01/2009 SEMS Surveillance Audit: From 27 - 28 May 2009.
- 02/2009 SEMS Surveillance Audit: From 11 - 12 Nov 2009.

- Environmental Legislation:
Obtained or renewed all the required Environmental permits, indicated below:
- Consent to Operate (CTO) for Qapco
- Consent to Operate (CTO) for Qatofin
- Environmental Permit, for LDPE – 3 Project

- Licenses in accordance with the Radiation Protection Law
- Internal Environmental Awareness Training:
- Successfully achieved the target of providing Internal Environmental awareness

Training to increase the environmental awareness among Qapco's employees

- Total attendees for year 2009: 231 persons (25.5%)
- Total attendees for year 2008: 243 persons (27%)
- Total attendees for year 2007: 272 persons (27.09%)
- Total attendees for years 2007, 2008 and 2009: 746 persons (80%).
The training will continue to cover at least 25% staff every year.
- Waste Management During 2009 the waste management was very well planned and executed
- Disposed 497 tons of wastes to MIC-HWTC as detailed below:
- Disposed 92.73 m³ of Used Oil to Qatar Reclamation Oil Plant (QROP) for oil recovery
- Disposed 2412 nos. of empty metal drums through Scrap Contractor for recycling
- Disposed 8.34 tons of Coke Fines to QASCO for use in their manufacturing process
- Environmental Monitoring

Carried extensive Environmental Monitoring, as per the Env. Monitoring Program, based on the Consent to Operate requirements, and sent the Quarterly reports to the Ministry of Environment.



QAPCO's product split

Products that make QAPCO a leader

Ethylene

It's no surprise that QAPCO with its matchless performance has acquired an international reputation of being a high quality producer of ethylene. The ethylene plant at QAPCO has an annual production capacity of 800,000 MTA. The ethane feedstock needed for the production of ethylene is supplied by the State-owned Qatar Petroleum (QP). Due to its high purity, most of the ethylene produced by QAPCO is used as feedstock for the LDPE plants to produce the internationally renowned Lotrene®. Rest of the ethylene produce is supplied to its subsidiary, Qatar Vinyl Company (QVC) to produce Ethylene Dichloride, Vinyl Chloride Monomer and Caustic Soda.

LDPE

QAPCO is recognized as one of the largest producers of LDPE in the Middle East. The company produces a wide range of LDPE grades suitable to all thermoplastics processing techniques with applications such as films, pipes, cables and wires and other moulded products having wide usage all over the world. LDPE is produced from two production lines; each of 180,000 MT/year capacity and using tubular and vessel reactor technology.

Sulphur

At QAPCO, sulphur is a by-product generated from its production processes. The sulphur plant which has an annual capacity of 70,000 MTA produces high quality sulphur which is mostly exported to the Indian sub-continent. Due to its purity and low moisture content, the sulphur produced by QAPCO is in high demand.

Utilities

The Ethylene, LDPE I, LDPE II, Sulphur plants require a broad range of utilities & offsite facilities in order to operate. The utilities and offsite facilities are responsible for producing, amongst other items electricity, steam at various pressure levels, process & instrument air, nitrogen, desalinated water, industrial water, drinkable water etc. The philosophy of QAPCO is to be self sufficient in these areas.

‘ Supplying the right product, to the right customer, at the right price, at the right time. ’

Plastics,
making the roof
a storehouse of
energy!







'Solé' is one of the latest inventions in the world of plastic that converts sunlight into electricity while it works and looks like clay roof tiles. The lightweight recyclable plastic tile is the first solar roofing system designed for traditional California architecture. It's tough and moldable and is fused with a sheet of flexible solar chips that give it a distinct blue color.



Maintenance Annual Report – 2009 summary

Despite the economical environment of QAPCO which became more severe this year, QAPCO was able to sustain a significant competitive advantage over industry through competitive marketing strategies and effective asset management programs. Maintenance Department played an essential role with regards to the latter.

The Maintenance was focused to optimize the asset performance and utilized preventive and predictive maintenance system in a pro-active manner to identify and correct equipment deficiencies in advance rather than reactive problem solving.

Maintenance recorded highest safety performance in 2009 and maintenance works were executed without any disabled accidents reducing the incident rate from 1.99 to 1.17.

The new QATOFIN LLDPE plant was commissioned and dedicated to the nation by H.H the Emir of Qatar on 24 Nov 2009.

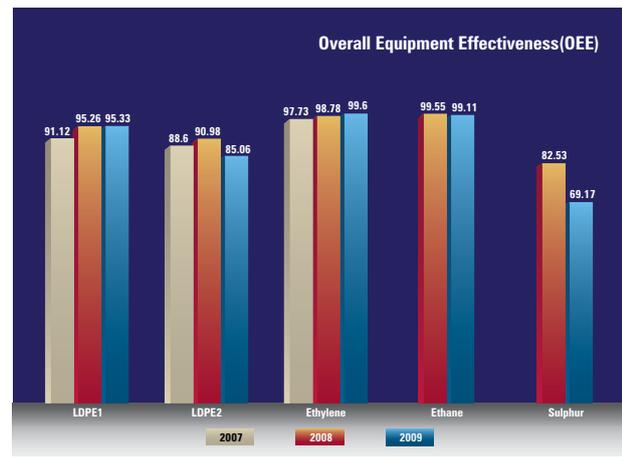
Maintenance has actively participated in the pre-commissioning and commissioning of the Plant by assigning dedicated teams. Pending punch-lists were reviewed and appropriate actions were undertaken.

The ERP System went live from January 01, 2009, dedicated maintenance team is working to support end users, and move towards phase 2 which should allow among other things to develop a much improved reporting tool.

A taskforce team under the leadership of maintenance was formulated, which, after studying the preliminary causes, recommended short term and long term actions for implementation.

Despite the total shutdown, the plant performance was remarkably good in 2009. The Total Effective Equipment Performance (TEEP) of the Ethylene Plant was 98.74% against 98.78% last year, indicating excellent reliability achieved outside above mentioned shutdown.

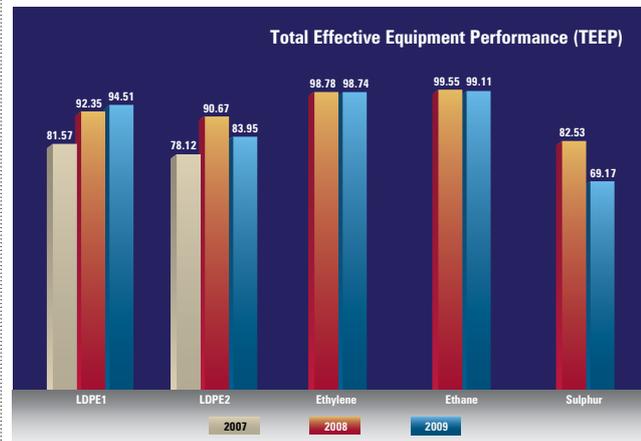
LDPE I recorded all time highest OEE of 95.48% an increase of 2.83% from previous year and the Total Effective Equipment Performance (TEEP) of 94.51%. The improvement is noticeable in the plant performance rate, an increase of 2.48% from previous year. This has allowed the plant to establish its best ever production record, for the 1st time exceeding 200KTY.



A shutdown (mini GSD) for 13 days was planned in the beginning of January 2010. However, the equipment reliability has been increased from 96.3% to 96.6% in 2009. This is consistent with the plant on stream which remained at budget level, highlighting that limitations were more related to improper loading.

Maintenance had executed various planned and unplanned shutdowns in plant effectively. Different unit shutdowns were also carried out in Utilities plant, like GT2 Major Overhaul, GT4 & 5 Hot Gas Path Inspection, SDU 1 & 2 works, Nitrogen 1 & 2 works, etc., to improve plant performance.

LDPE 2 recorded TEEP of 83.95% only, 6.72% less than previous year mainly due to the limitation in reactor profile after the decomposition in end of 2008. A shut down (Mini-GSD) for 13 days was planned on beginning of January 2010 to resolve this issue



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Based on a consciousness of its role as leading national company, Qapco shouldered social responsibility toward the society represented in its participation in the projects that add value and benefit to the society in which it operates. This participation has been an integral part of its policy ever since its foundation. Motivated by the encouragement and support of the Chairman H.E Abdullah Bin Hamad Al Attiyah and the Board members, Qapco takes the initiatives to support the educational, health and social projects that bring back benefit to the State of Qatar and all its residents. By so doing, Qapco achieves its belief in the importance of investing in human resource, the basis for any economic or industrial flourishing in any country.

In 2009, the social contributions Qapco has carried out diversified to include a wide range of fields. In the health sector, Qapco organized more than one blood donation campaign for the Blood Bank Unit at Hamad Medical Corporation. By means of these campaigns, Qapco urges its employees to donate their blood for those in need for it, and the donation is carried out in Qapco's headquarters in MIC and at its office in Doha.

In the educational field, Qapco has renewed its sponsorship of the graduation ceremony of the Omar Bin Al Khattab Educational Campus, and has also sponsored other educational institutions such as Qatar University and College of North Atlantic. These sponsorships come in line with Qapco's belief in the importance of advocating and supporting the educational institutions in Qatar as a means to enhance the chances of the Qatari students to gain the knowledge they need in order for them to be able to lead Qatar's booming technological and industrial development.

It is in those students that Qapco invests as part of its strategic plan, so when they graduate, they will be able to implement what they have gained for the benefit of Qapco and its manufacturing processes.

On the environmental level, Qapco pays special attention to the environment and its protection through the development and implementation of programs to ensure continual improvement in QAPCO'S environmental performance. The practices and programs adopted by Qapco, with the target to match the regulatory requirements of the Ministry of Environment, have enabled Qapco to obtain the ISO 14001: 2004 Certification, as well as the OHSAS 18001-2007. For the benefit of environmental protection, Qapco implements the following categorical "Environment Protection" programs, including Environmental Awareness Programs, Environmental Legislation Compliance, Environmental Management System, Environmental Monitoring Program and Qapco's Environmental Improvements and Projects Program. These programs are designed to raise environmental awareness among all the Qapco employees to guarantee a healthy operating environment for all its employees.



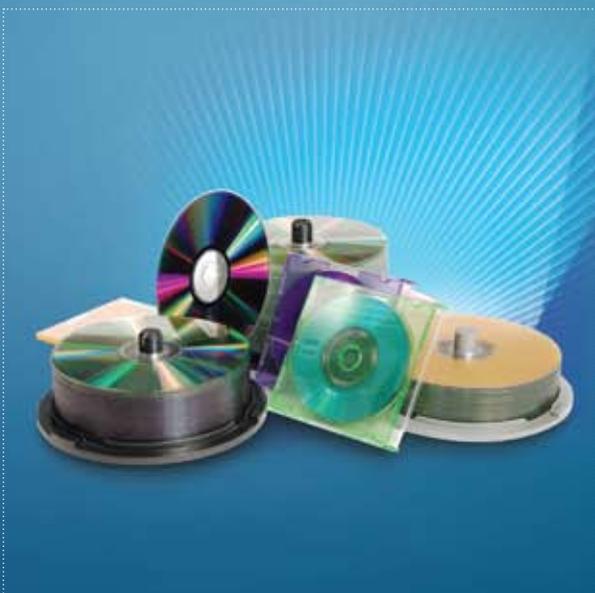
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free from the
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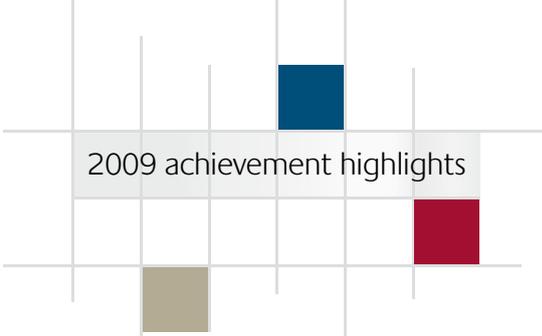






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2009 achievement highlights

QAPCO sponsors 9th 'ARABPLAST' in Dubai

With a view to further promote its high quality products and services; QAPCO participated in the 9th Arab International Plastic & Rubber Industry Show 'ARABPLAST' as platinum sponsor, held from 10-13 Jan. 2009 at the Dubai International Exhibition Center.

QAPCO to sell Ethylene to Marubeni Corporation

Qatar Petrochemical Company recently signed a contract with Marubeni Corporation of Japan to sell a portion of its surplus ethylene. The contract is worth USD 35,000,000 (QR 126,000,000)

QAPCO signs COA with Norgas Carrier for shipping Ethylene

Qatar Petrochemical Company signed a Contract of Affreightment (COA) with Norwegian company Norgas Carrier for shipping ethylene.

QAPCO opens 4th Liaison office in India- Ahmadabad

On February 3rd, 2009, QAPCO, under the patronage of H.E Abdullah Bin Hamad Al-Attiyah, Deputy Prime Minister, Minister of Energy and Industry, Dr. Mohd Yousef Al-Mulla, General Manager and Board Director officially inaugurated its 4th liaison office in Ahmadabad, India. This step comes in pursuit of QAPCO's objective to structure one of the most competent global marketing network ever established by any petrochemical supplier.

QAPCO signs Ethylene Sale agreement with EPCL of Pakistan

Qatar Petrochemical Company Ltd. a joint venture between Industries Qatar and Total Petrochemical Company – France signed an Ethylene Sales and Purchase Agreement (SPA) with Engro Polymer & Chemicals Limited (EAPCL) of Pakistan and Mitsubishi Corporation-Japan.

QAPCO Participates in 7th 'PLASTINDIA' in New Delhi, INDIA

With an eye to the strategic importance of the Indian market, Qatar Petrochemical Co. recently participated in PLASTINDIA (Exhibition for Plastics), in New Delhi.

QAPCO supports Qatar Scientific Club

In support of all social and humane activities taking place in the country, QAPCO contributed another batch of its old computers to the "Green Computer Project", implemented by Qatar Scientific Club.

QAPCO signs Ethylene Sale Contract with Sumitomo Corporation

QAPCO recently signed an Ethylene Sales Contract with Sumitomo Corporation of Asia in Doha.

QAPCO opens its new representative office in Singapore

On March 18, 2009, H.E Abdullah Bin Hamad Al-Attiyah, Deputy Prime Minister, Minister of Energy and Industry, and chairman of Qatar Petrochemical Company (QAPCO) inaugurated a representative office in Singapore.

QAPCO Opens Representative office in Bangkok

In line with the company's policy to expand its marketing network in different strategic markets worldwide, QAPCO inaugurated a representative office in Bangkok, Thailand.

QAPCO signs COA with Eitzen Gas Carrier for shipping Ethylene

QAPCO signed a Contract of Affreightment (COA) with Eitzen Gas, a famous Danish shipping company.

QAPCO participates in 'Career Fair'

In compliance with the state's Qatarisation policy, QAPCO participated in the 'Career Fair' at the Doha Exhibition Centre from 12-16 April 2009.

QAPCO participates in the 23rd CHINAPLAS Exhibition in Guangzhou - China

Due to the importance of China as a strategic market, Qatar Petrochemical Co. participated in the 23rd CHINAPLAS Exhibition on Plastics and Rubber Industries, held in Guangzhou, from 18-21 May, 2009.

QAPCO's Re-certification to ISO 9001-2008

QAPCO's Quality Management System achieved another milestone by receiving the upgraded certification to ISO 9001:2008 new standards as a result of the improvements and revisions undertaken in the last months.

QAPCO Sponsors QCCI public-private partnership Conference

Within the framework of its corporate social responsibility and in line with its policy to support the society, QAPCO sponsored a conference on public-private partnership, which was held in Doha Sheraton Hotel, under the patronage of HE Sheikh Hamad Bin Jassim Bin Jabor al-Thani, the Prime Minister and Foreign Minister.

QAPCO opens its new representative office in Ho Chi Minh, Vietnam

QAPCO, under the patronage of H.E Abdullah Bin Hamad Al-Attiyah, Deputy Prime Minister, Minister of Energy and Industry, and chairman of Qatar Petrochemical Company, Dr. Mohd Yousef Al-Mulla, General Manager and Board Director of QAPCO, inaugurated its representative office in Ho Chi Minh, Vietnam on December 18, 2009.

QAPCO opens its new representative office in Kuala Lumpur, Malaysia

QAPCO, under the patronage of H.E Abdullah Bin Hamad Al-Attiyah, Deputy Prime Minister, Minister of Energy and Industry, and chairman of QAPCO, Dr. Mohd Yousef Al-Mulla, General Manager and Board Director of QAPCO inaugurated its representative office in Kuala Lumpur, Malaysia on December 22, 2009.

QAPCO opens its New Representative Office in Jakarta, Indonesia

QAPCO, under the patronage of H.E Abdullah Bin Hamad Al-Attiyah, Deputy Prime Minister, Minister of Energy and Industry, and chairman of QAPCO, Dr. Mohd Yousef Al-Mulla, General Manager and Board Director of QAPCO inaugurated its representative office in Jakarta, Indonesia on December 26, 2009, in the presence of H.E Mr. Ahmad Abdulla Al-Muhannadi, Qatar's Ambassador to Indonesia, Excellencies of GCC and other ambassadors and diplomats of Middle East, senior Indonesian government dignitaries and a number of Indonesian customers and businessmen.

Qatofin inaugurates New LLDPE Plant

H.H. the Emir Sheikh Hamad bin Khalifa Al Thani recently inaugurated the Qatofin LLDPE Plant in Mesaieed Industrial City. Present at the ceremony were ministers, ambassadors, CEOs and other high ranking dignitaries, as well as overseas guests including top level management of Total Petrochemicals of France. After the ceremony, H.H. the Emir was escorted on a live tour around the new plant.

Heir Apparent lays Foundation Stone for LDPE-3

H.H. Sheikh Tamim Bin Hamad Al-Thani, the Heir Apparent has laid the Foundation Stone for Qatar Petrochemical Company's new LDPE-3 plant. An official ceremony was held on this occasion in Mesaieed Industrial City's Celebration Hall.



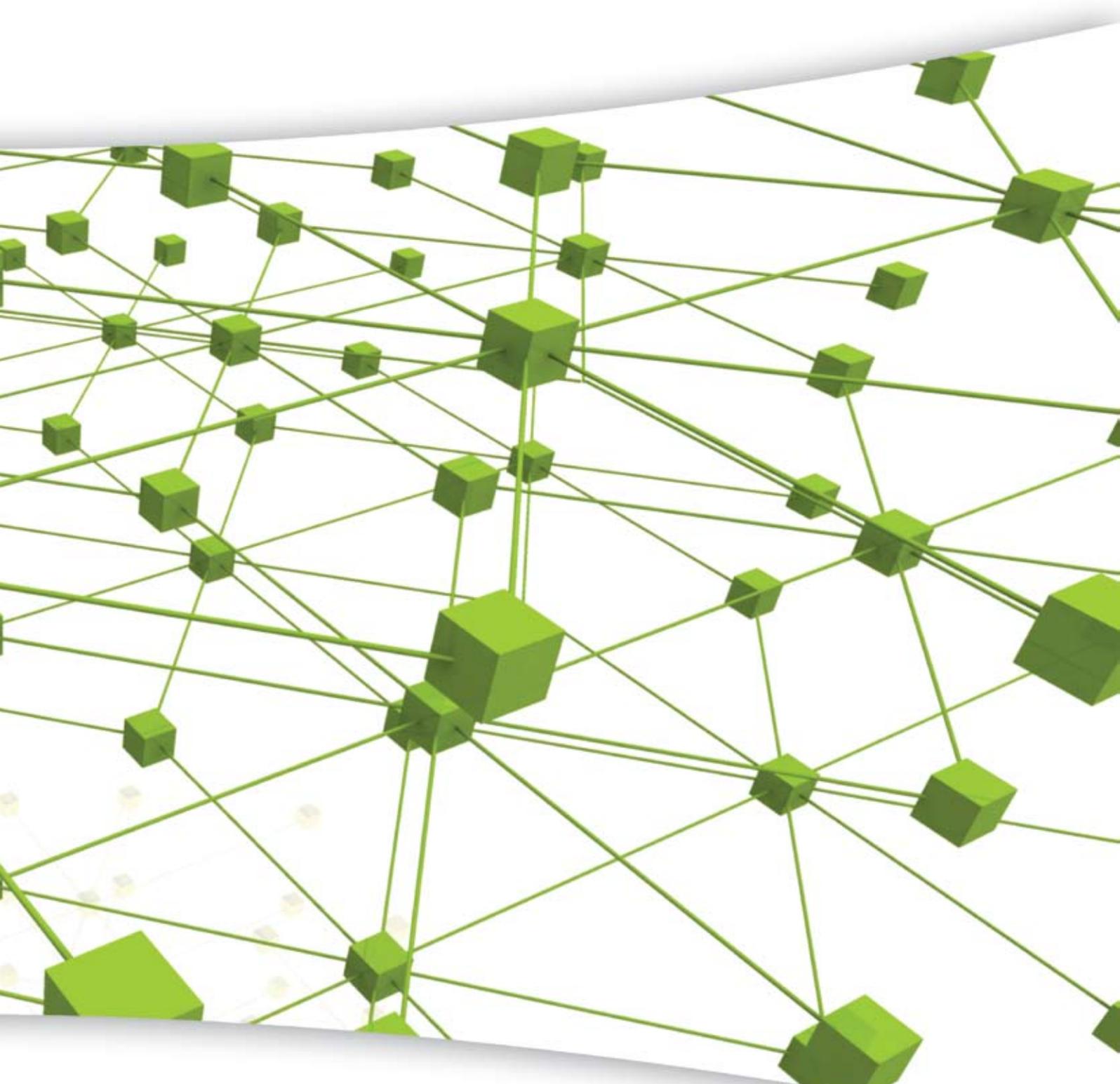


Presence that spans the world

Out of our conscientiousness as the leading LDPE supplier in the Middle East, where leadership has its privileges and obligations, we exerted enormous efforts to win our customers' trust, loyalty and support, simultaneously we relentlessly worked under the obligation to behold to our leadership drivers: That's superiority in quality and customer service.

After all said and done, the establishment of dedicated self operated offices devoted exclusively to identify the specific needs of its customers in each market of strategic importance, and fulfilling these needs has earned QAPCO legitimately a leadership status far ahead from other suppliers. Such strategic devotion drove us so far to establish 26 self operated offices and several regional warehouses.

Offices location: 4 in China (Hong Kong, Shanghai, Beijing, Guangzhou), 4 in India (Mumbai, Delhi, Chennai & Ahmedabad), 2 in Pakistan (Karachi, Lahore) one in each of the following countries: Egypt, Syria, the UAE, Lebanon, Taiwan, Bangladesh, Jordan, Yemen, Thailand, Malaysia, Vietnam, Australia, Indonesia, Sri Lanka, Singapore and Philippines as

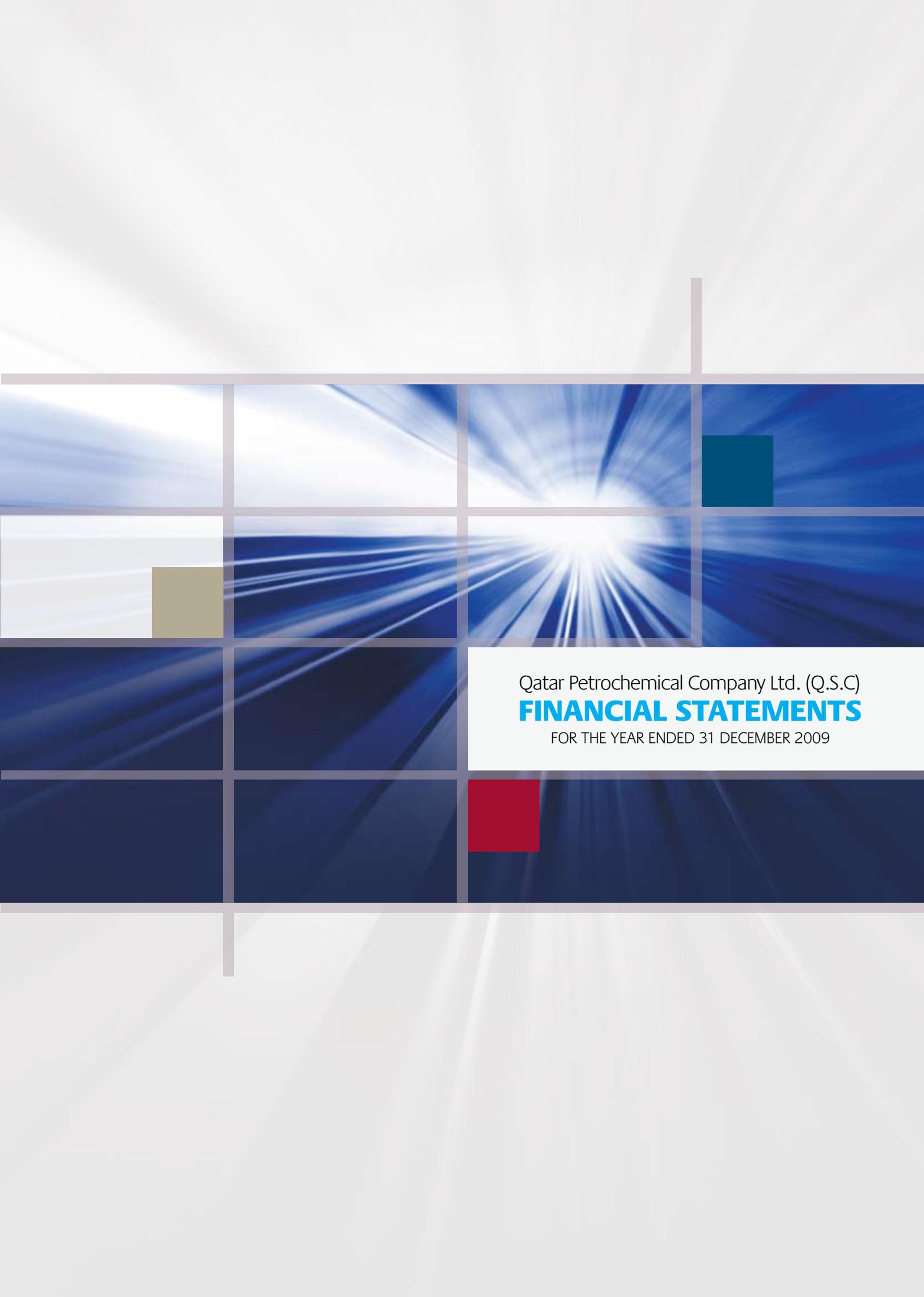


well as an agent network to serve QAPCO's customers. Subsequently, and in a strategic drive to become local suppliers in markets of strategic importance, QAPCO has been active in establishing regional warehouses in Syria, Egypt, Lebanon and one each in Guangzhou, Shanghai and Qingdao in China.

It's essential to note that several additional offices and warehouses are in the pipelines to cope with QAPCO's future expansion developments.

In addition to the great success achieved in marketing QAPCO's products of LDPE to over 4500 customers spread over 85 countries worldwide, QAPCO has been similarly successful in assuming marketing responsibilities of percentage Q-chem I and Q-chem II HDPE products in the GCC and Middle East along with QVC's EDC , VCM and Caustic Soda globally, in addition to marketing QATOFIN LLDPE worldwide. Not to ignore QAPCO's role in marketing of some internationally renowned petrochemical suppliers products in the Middle East.





Qatar Petrochemical Company Ltd. (Q.S.C)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

Independent Auditors' Report

To
The Shareholders
Qatar Petrochemical Company Limited Q.S.C.
Doha
State of Qatar

Report on the financial statements

We have audited the accompanying financial statements of Qatar Petrochemical Company Limited Q.S.C. ('the Company') which comprise the statement of financial position as at 31 December 2009 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibility of the directors for the Financial Statements

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2009 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In addition, in our opinion, the Company has maintained proper accounting records and the financial statements are in agreement therewith and a physical count of inventories was carried out in accordance with established principles. We are not aware of any violations of the provisions of Qatar Commercial Companies Law No 5 of 2002, to the extent applicable, or the terms of Articles of Association having occurred during the year which might have had a material effect on the business of the Company or its financial position as of 31 December 2009. Satisfactory explanations and information have been provided to us by the management in response to all our requests.

18 February 2010
Doha
State of Qatar
Number 251

Gopal Balasubramaniam
KPMG
Qatar Auditors Registry



Qatar Petrochemical Company Limited Q.S.C.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

In Qatari Riyals

| | 2009 | 2008 |
|---|----------------------|----------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 2,103,268,757 | 1,363,774,619 |
| Projects under development | 2,616,500,778 | 2,174,740,492 |
| Investments in associates | 474,735,923 | 488,955,966 |
| Intangible assets | 119,748,622 | 89,634,174 |
| Other non-current assets | 1,409,345 | - |
| Total non-current assets | 5,315,663,425 | 4,117,105,251 |
| Current assets | | |
| Inventories | 237,056,934 | 255,421,321 |
| Due from related parties | 386,708,581 | 434,956,710 |
| Accounts receivable and prepayments | 383,148,726 | 454,831,558 |
| Cash and cash equivalents | 2,040,338,353 | 3,145,993,164 |
| Total current assets | 3,047,252,594 | 4,291,202,753 |
| Total assets | 8,362,916,019 | 8,408,308,004 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 436,000,000 | 436,000,000 |
| Legal reserve | 87,200,000 | 87,200,000 |
| Cumulative changes in fair values | (74,885,047) | (127,077,740) |
| Retained earnings | 4,903,206,239 | 4,861,915,968 |
| Total equity | 5,351,521,192 | 5,258,038,228 |
| Non-current liabilities | | |
| Employees' end of service benefits | 67,396,512 | 64,417,604 |
| Non-current portion of syndicated loans | 1,667,384,265 | 1,459,582,794 |
| Non-current portion of interest rate swap | 40,933,242 | 127,077,740 |
| Total non-current liabilities | 1,775,714,019 | 1,651,078,138 |
| Current liabilities | | |
| Due to related parties | 244,357,750 | 422,037,673 |
| Current portion of syndicated loans | 57,481,532 | - |
| Accounts payable and accruals | 375,499,192 | 366,147,126 |
| Income tax payable | 524,390,529 | 711,006,839 |
| Current portion of interest rate swap | 33,951,805 | - |
| Total current liabilities | 1,235,680,808 | 1,499,191,638 |
| Total liabilities | 3,011,394,827 | 3,150,269,776 |
| Total equity and liabilities | 8,362,916,019 | 8,408,308,004 |

These financial statements were approved by the shareholders and signed on their behalf by the following on 18 February 2010.

Abdullah Bin Hamad Al-Attiyah
Chairman of the Board of Directors

Mohammad Yousef A. Al-Mulla
General Manager and Member of the Board

JAJ. Jayakody
Acting Group Manager, Finance





Qatar Petrochemical Company Ltd. (Q.S.C.)

STATEMENT OF INCOME

For the year ended 31 December 2009

In Qatari Riyals

| | 2009 | 2008 |
|---|-----------------------------|-----------------------------|
| Revenue | 2,705,113,024 | 3,726,909,279 |
| Cost of goods sold | <u>(765,796,345)</u> | <u>(872,275,190)</u> |
| Gross Profit | 1,939,316,679 | 2,854,634,089 |
| Other income | 110,673,457 | 61,881,200 |
| Selling expenses | (86,833,978) | (99,301,694) |
| Administration expenses | (203,221,612) | (166,881,525) |
| Gain / (loss) on foreign exchange | <u>6,512,656</u> | <u>(77,801,511)</u> |
| Results from operating activities | 1,766,447,202 | 2,572,530,559 |
| Finance charges | (3,640,000) | - |
| Finance income | 101,735,335 | 94,366,842 |
| Share of profit of equity accounted investees | <u>90,284,357</u> | <u>100,639,180</u> |
| Profit for the year | <u>1,954,826,894</u> | <u>2,767,536,581</u> |





Qatar Petrochemical Company Ltd. (Q.S.C.)

STATEMENT OF CASH FLOW

For the year ended 31 December 2009

In Qatari Riyals

| | 2009 | 2008 |
|--|-------------------------------|-------------------------------|
| OPERATING ACTIVITIES | | |
| Net profit for the year | 1,954,826,894 | 2,767,536,581 |
| Adjustments for: | | |
| Share of results of associates | (90,284,357) | (100,639,180) |
| Depreciation | 110,570,663 | 92,595,334 |
| Provision for employee's end of service benefits | 16,833,501 | 15,058,024 |
| Loss on disposal of property, plant and equipment | 2,910,195 | - |
| Finance Income | (101,735,335) | (94,366,842) |
| | <u>1,893,121,561</u> | <u>2,680,183,917</u> |
| Working capital changes | | |
| Increase in other non-current assets | (1,409,345) | - |
| Increase in inventories | (32,146,778) | (7,195,424) |
| Decrease / (increase) in due from related parties | 48,248,129 | (104,036,626) |
| Decrease in accounts receivable and prepayments | 71,682,832 | 115,321,155 |
| (Decrease)/ increase in due to related parties | (177,679,923) | 167,300,096 |
| Increase / (decrease) in accounts payable and accruals | 9,352,066 | (64,166,620) |
| | <u>1,811,168,542</u> | <u>2,787,406,498</u> |
| Employee's end of service benefits paid | (7,243,311) | (6,142,629) |
| Advances paid against end of service benefits | (6,611,282) | (2,306,388) |
| | <u>(13,854,593)</u> | <u>(8,449,017)</u> |
| Net cash from operating activities | <u>1,797,313,949</u> | <u>2,778,957,481</u> |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (804,252,638) | (237,445,288) |
| Movement in intangible assets | (30,114,448) | 756,730 |
| Investments in projects under development | (439,971,479) | (699,609,525) |
| Movement in long-term advances to contractors | - | 1,902,001 |
| Dividend received from associates | 104,504,400 | - |
| Finance income received | 101,735,335 | 94,366,842 |
| | <u>(1,068,098,830)</u> | <u>(840,029,240)</u> |
| Net cash used in investing activities | <u>(1,068,098,830)</u> | <u>(840,029,240)</u> |
| FINANCING ACTIVITIES | | |
| Dividend paid | (1,389,146,094) | (856,319,319) |
| Income tax paid | (711,006,839) | (661,244,581) |
| Net proceeds from syndicated loan | 265,283,003 | 496,941,708 |
| | <u>(1,834,869,930)</u> | <u>(1,020,622,192)</u> |
| Net cash used in financing activities | <u>(1,834,869,930)</u> | <u>(1,020,622,192)</u> |
| Net increase in cash and cash equivalents | <u>(1,105,654,811)</u> | 918,306,049 |
| Cash and cash equivalents at the beginning of the year | <u>3,145,993,164</u> | <u>2,227,687,115</u> |
| Cash and cash equivalents at the year end | <u>2,040,338,353</u> | <u>3,145,993,164</u> |



Qatar Petrochemical Company Ltd. (Q.S.C.)
STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

In Qatari Riyals

| | Share capital | Legal reserve | Cumulative changes in fair values | Retained earnings | Total |
|--|---------------|---------------|-----------------------------------|-------------------|----------------|
| 2008 | | | | | |
| Balance at 1 January 2008 | 436,000,000 | 87,200,000 | (28,041,413) | 3,661,705,545 | 4,156,864,132 |
| <i>Total comprehensive income for the year</i> | | | | | |
| Net profit for the year | - | - | - | 2,767,536,581 | 2,767,536,581 |
| <i>Other comprehensive income</i> | | | | | |
| Net movement in fair value of cash flow hedges | - | - | (99,036,327) | - | (99,036,327) |
| Total comprehensive income for the year | - | - | (99,036,327) | 2,767,536,581 | 2,668,500,254 |
| <i>Transaction with owners recorded directly in equity</i> | | | | | |
| Income tax payable for the year | - | - | - | (711,006,839) | (711,006,839) |
| Dividend paid | - | - | - | (856,319,319) | (856,319,319) |
| Balance at 31 December 2008 | 436,000,000 | 87,200,000 | (127,077,740) | 4,861,915,968 | 5,258,038,228 |
| 2009 | | | | | |
| Balance at 1 January 2009 | 436,000,000 | 87,200,000 | (127,077,740) | 4,861,915,968 | 5,258,038,228 |
| <i>Total comprehensive income for the year</i> | | | | | |
| Profit for the year | - | - | - | 1,954,826,894 | 1,954,826,894 |
| <i>Other comprehensive income</i> | | | | | |
| Net movement in fair value of cash flow hedges | - | - | 52,192,693 | - | 52,192,693 |
| Total comprehensive income for the year | - | - | 52,192,693 | 1,954,826,894 | 2,007,019,587 |
| <i>Transaction with owners recorded directly in equity</i> | | | | | |
| Income tax payable for the year | - | - | - | (524,390,529) | (524,390,529) |
| Dividend paid | - | - | - | (1389,146,094) | (1389,146,094) |
| Balance at 31 December 2009 | 436,000,000 | 87,200,000 | (74,885,047) | 4,903,206,239 | 5,351,521,192 |

During the year, dividend of QR 4,817 per share totaling QR 2,100,152,933 has been paid for 2008. The Board of Directors have proposed dividend of QR 4,128 per share totaling to QR 1,800,000,000 for 2009, which is subject to the approval of the shareholders at the Annual General Meeting.

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