



# A Year of **Intensity**

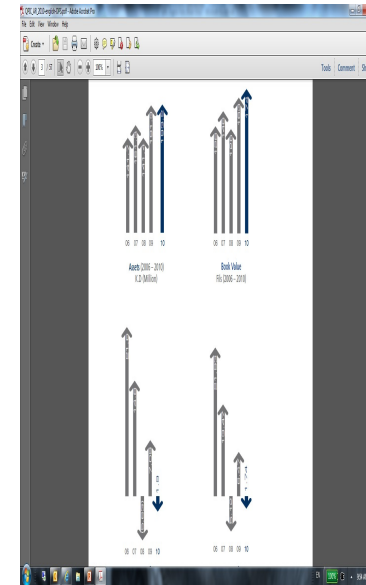
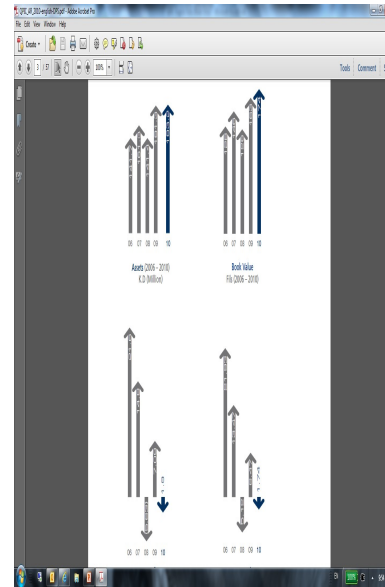
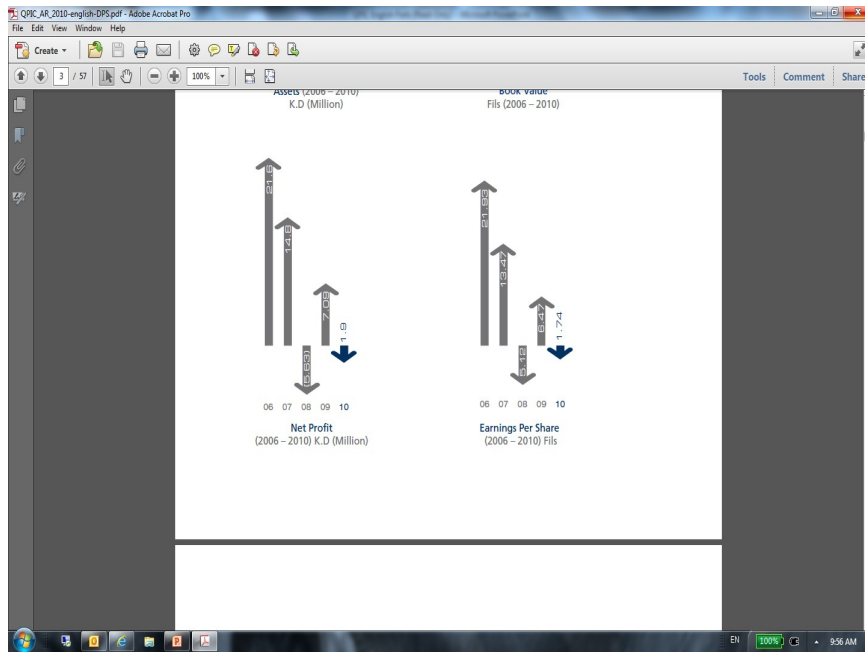
# About Qpic

Qurain Petrochemical Industries Company is part of the KIPCO Group - one of the largest diversified holding companies in the Middle East and North Africa. KIPCO has significant ownership interests in a portfolio of over 60 companies operating across 26 countries. The company's main business sectors are financial services and media. Through the subsidiaries and affiliates of its core companies, KIPCO also has interests in the industrial, real estate, education and the management & advisory sectors.

KIPCO's financial services interests include holdings in commercial and investment banking, asset management and insurance companies. The Group's core operating companies in this sector include Burgan Bank, United Gulf Bank and Gulf Insurance Company. In the media sector, the Group has a presence through the Orbit Showtime Network, the leading pay-TV operator in the region.

Qurain Petrochemical Industries Company (QPIC) was established by Amiri Decree No. 34/2004 dated 10.11.2004 with a share capital of Kuwaiti Dinars 110 million divided into 1.1 billion shares of 100 Fils each. QPIC is a private company sourcing investments in petrochemicals and the related sectors, established by Petrochemical Industries Company ("PIC") to encourage more private sector engagement in major petrochemical projects in Kuwait and the rest of the world and, hence, utilize the available wealth to set up local industries that add value to our national economy and provide job opportunities for the people of our beloved Kuwait.

# 2010 Financial Performance



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## Financial Highlights

	2006*	2007	2008	2009	2010
<b>Income Statement Highlights (KD million)</b>					
Net Profit	21.60	14.80	(5.69)	7.09	<b>(1.90)</b>
Dividend / Fils	-	10	-	-	-
<b>Financial Statement Highlights (KD million)</b>					
Capital	110.00	110.00	110.00	110.00	<b>110.00</b>
Shareholders' Equity	141.00	160.00	139.00	178.90	<b>191.50</b>
Liquid assets	31.90	31.00	3.90	15.20	<b>9.97</b>
Assets available for sale	85.10	89.60	102.50	130.70	<b>142.60</b>
Investment in associates	20.70	19.90	34.80	45.30	<b>30.61</b>
Total Assets	141.70	161.90	141.40	191.90	<b>193.22</b>
Book value per share / Fils	128	146	126	163	<b>174</b>
<b>Profitability</b>					
Earnings per Share (fils)-restated	21.93	13.47	(5.12)	6.47	<b>(1.74)</b>
Return on Average Assets	15.24%	2.44%	(-0.83%)	1.17%	<b>(-0.25%)</b>
Return on Average Equity	15.92%	2.49%	(-0.94%)	1.12%	<b>(-0.26%)</b>
<b>Capital</b>					
Equity / Total Assets	99.51%	99.19%	98.30%	93.52%	<b>90.11%</b>
Debt / Equity	00.00%	00.00%	00.00%	9%5.59	<b>5.22%</b>
<b>Liquidity &amp; Business Indicators</b>					
Investments / Total Assets	74.66%	79.80%	97.10%	92.00%	<b>94.35%</b>
Liquid Assets / Total Assets	22.09%	19.78%	2.76%	7.95%	<b>5.16%</b>

\* Statements for Y2006 represent 22 months

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# 2010 Challenges & Achievements

- In Q1, under the auspices of H.H. Sheikh Sabah Al Ahmad Al Jaber Al Sabah, The Amir of Kuwait, Aromatics and Olefins Plants were inaugurated and commenced operation where QPIC holds 20% and 6% stake, respectively. The capacity of the Paraxylene Project, which is 100% owned by Kuwait Aromatics Company, stands at 820,000 tons of paraxylene and 450,000 tons of benzene, as well as other accompanying products. The capacity of the Olefins Plant is 850,000 tons of ethylene and 600,000 tons of ethylene glycol.
- Furthermore, all of Qurain's contributions succeeded in achieving distinctive results compared to previous years, especially the contributions in EQUATE Petrochemical Company and Kuwait Olefins Company. These results are expected to reflect in the coming year through the distribution of cash dividends.

# 2010 Challenges & Achievements

- During 2011, the management reviewed its long-term strategic plan for 2008-2017, taking into account the changes that have occurred in the petrochemical sector, given the negative repercussions of the global financial crisis. Following extensive discussions, several fundamental amendments to this strategic plan were approved, and a new plan for 2010-2019 was endorsed in line with the current and future circumstances.
- QPIC assigned an international consulting firm specialized in petrochemical industry, to analyze the performance of its companies compared to the performance of their international competitors and advice the management on how to enhance the performance of these companies, assist them in overcoming challenges and improve their international competitiveness.

# 2010 Challenges & Achievements

·Kuwait Aromatics Company – in which Al Qurain holds a 20% stake – was unable to make positive results, and its net realized losses came to KD 9.08 million. Most of this loss can be attributed to the Paraxylene Project, which is 100% owned by Kuwait Aromatics Company. Although the justifications for these realized losses by the Paraxylene Projects are known, work is underway to verify this and then to take the necessary measures to deal with the situation and to improve the performance results. Against the realized losses by the Paraxylene Project, Kuwait Styrene Company – in which Kuwait Aromatics Company holds a 57.5% stake – made positive results during the year, and its realized profits came to KD 2.62 million.

•Since the beginning, Al Qurain worked to review the project's preliminary study and to compare it to the current costs, as well as to make proposals and seek consultations in order to take measures to limit losses and improve competitive status. Despite these challenges, the complete commercial operation of the company's plants will greatly support its production capacity, and thereby consolidate the indications for the growth of the company's investments in 2011. This would reflect positively on the company's profits in the coming year.

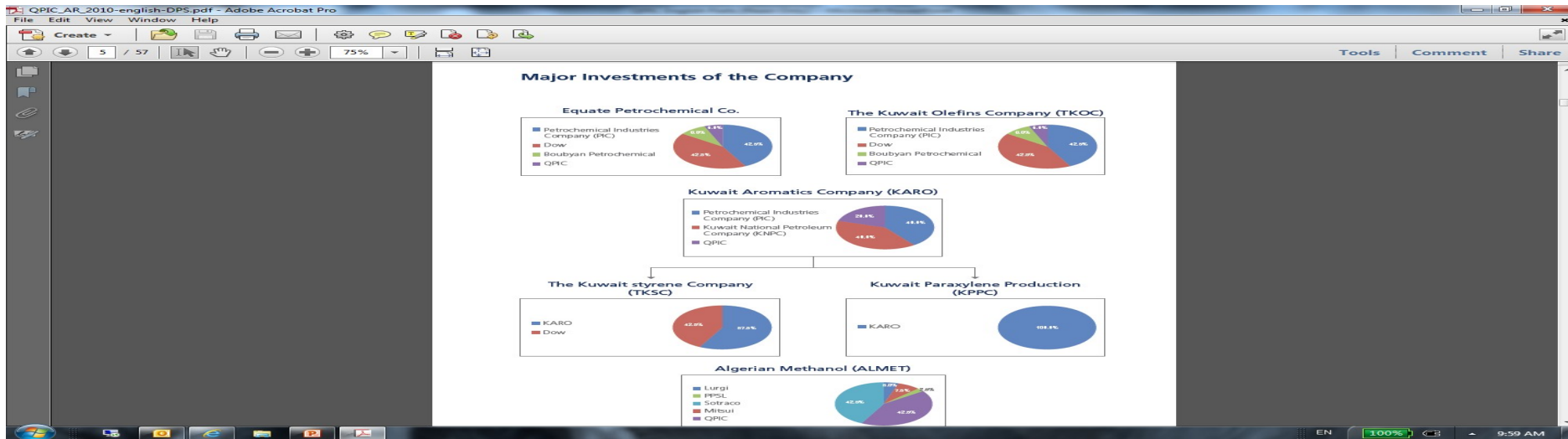
# 2010 Challenges & Achievements

- Regarding Algerian Methanol Project, The Algerian partner Sonatrach requested significant changes to the framework agreement. Therefore, QPIC is re-evaluating its position in the project which aims to produce one million tons of methanol in Algeria. The project is worth US\$ 700-800 million.
- The United Petrochemical Company was established with the aim of constructing a petrochemical plant of high production capacity at the cost of US\$ 700 million. The United Petrochemical Company obtained all the required licensing from the Public Authority for Industry to construct plants that produce the basic products used in the production of polyester, i.e. purified terephthalic acid (PTA) and polyethylene terephthalate (PET), which depend on the products of the Paraxylene Plant. These plants are the first of their kind in Kuwait. PAT is used in the production of plastic film and fibers, as well as in plastic water bottles and different types of food packaging.

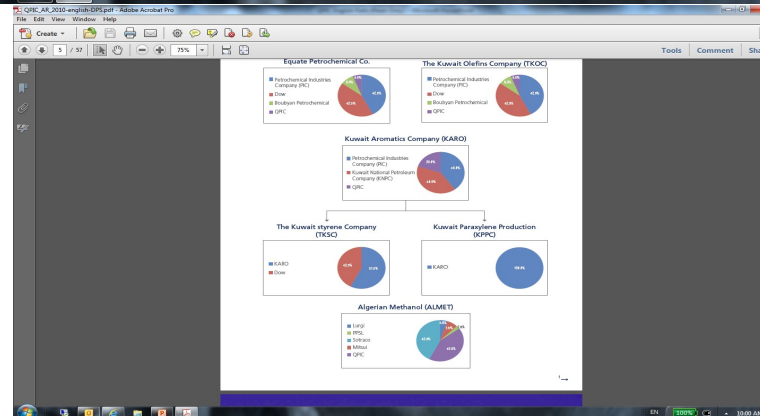
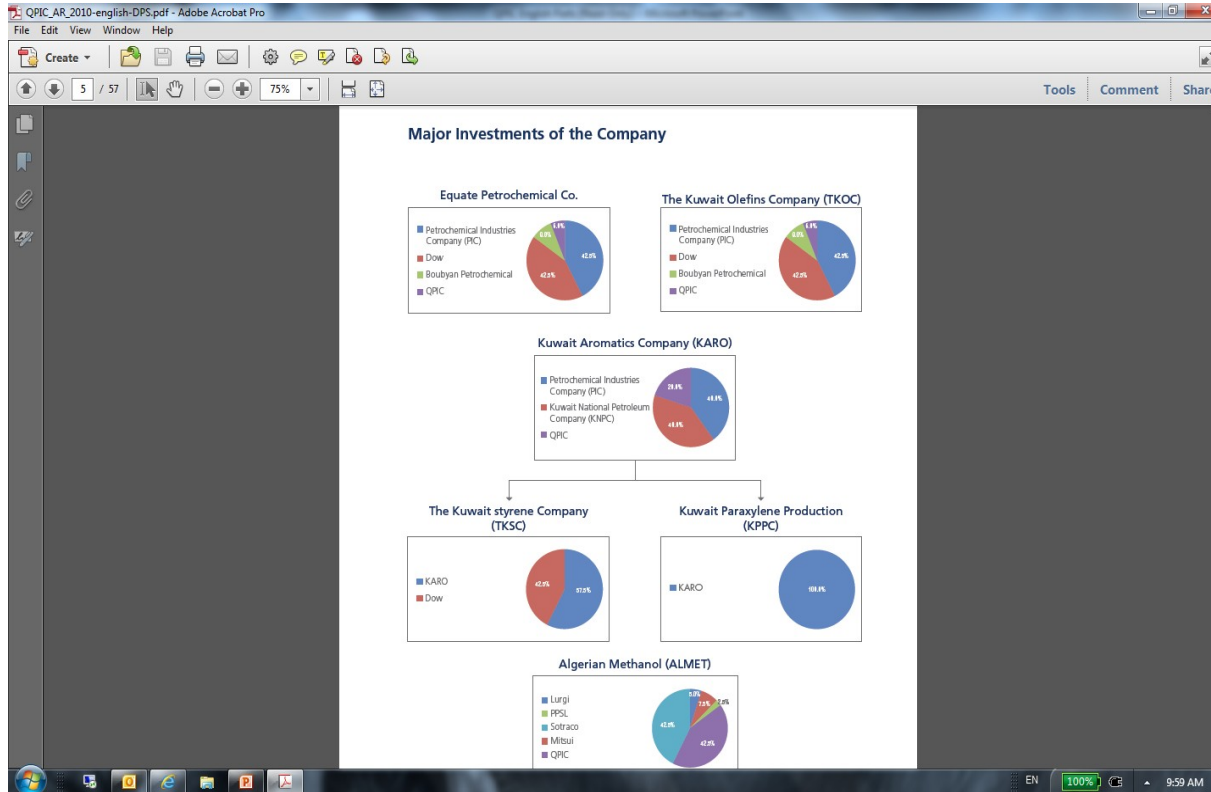
# 2010 Challenges & Achievements

- During 2010 QPIC acquired another 14.4% of United Oil Projects Company to become a 34.4% stake holder.
- Al Qurain's management supported and followed the GC 16 Project with Kuwait Oil Company, through Al Khorayef Kuwait - one of the investments of United Oil Projects Company, in which Al Qurain is the largest shareholder. The project is worth KD 87 million over a period of seven years. It is expected to greatly increase the profits of Al Qurain's subsidiary.

# QPIC Investments



# QPIC Investments



- Al Qurain also reviewed its financial status and completely paid off its matured loan worth KD 10 million. As such, the company has no noteworthy commitments to banks.
- At present, work is underway to prepare a detailed analysis of the company's financial status and the expected cash flow, as well as recruiting one of the three international credit rating companies to grant Al Qurain the credit rating that it deserves, as of 2011.

·Al Qurain is committed to strong contribution in diverse petrochemical projects locally and internationally, and to placing specific standards for performance, as well as standards for corporate governance through excellence in the field of financial management and responsible corporate citizenship. The company's strategy is based on constantly searching for rewarding opportunities in the petrochemical industry and developing specialized projects of promising returns in line with the company's strategic plans, its aspirations and its status in the petrochemical industry. We are optimistic towards positive market indications for the near future, and we look to the coming year with optimism and hope that the petrochemical sector will recover and exit from the crisis that it is currently going through, and to make positive profit.