

قطر ستيل
QATAR STEEL



Qatar Steel | 2010
Annual Performance Report

WE MAKE STEEL MATTER

We Make Steel Matter



قطر ستيل
QATAR STEEL



QATAR

Qatar Steel Company (Q.S.C)

P.O. Box 50090, Mesaieed, State of Qatar

Tel. +974 44778778, Fax +974 44771424

e-mail: pro@qatarsteel.com.qa

website: www.qatarsteel.com.qa

DUBAI

Qatar Steel Company FZE

P.O. Box 18255- Jebel Ali Free Zone - Dubai, UAE

Tel. +971 4 8053111, Fax +971 4 8053222

email: info@qatarsteel.ae

website: www.qatarsteel.ae

بسم الله الرحمن الرحيم

وأَنْزَلْنَا الْحَدِيدَ فِيهِ بَأْسٌ شَدِيدٌ وَمَنَافِعٌ لِلنَّاسِ

صَدَقَ اللَّهُ الْعَظِيمُ





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





His Highness
Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani
Heir Apparent





Contents

• Board of Directors	06
• Senior Management	08
• Chairman's Message	11
• Director & General Manager's Message	13
• Brief about Qatar Steel	19
• Material Control Department	20
• Direct Reduction Department	24
• Steel Making Department	26
• Rolling Mill Department	30
• Commercial Division Department	32
• Engineering Department	34
• Strategic Planning Department	35
• Business Development Department	37
• Qatar Steel Dubai	38

Board of Directors



H.E. Yousef Hussain Kamal
Chairman



H.E. Dr. Mohammed Bin Saleh Al-Sada
Vice Chairman



Mr. Ali Bin Hassan Al-Murakhi
Director & General Manager



Mr. Fahad Hamad Al-Mohannadi
Director



Mr. Abdel Rahman Ahmed Al-Shaibi
Director



Dr. Nasser Mubarak Shafi Al-Shafi
Director



Mr. Mohamed Hitmi Ahmed Al-Hitmi
Director

Senior Management



Mr. Ali Bin Hassan Al-Murakhi
Director & General Manager



Eng. Mohammed Tahir Al-Hammadi
Projects Division Manager



Mr. Saad Rashid Al-Mohannadi
Procurement & Warehousing
Division Manager



Mr. Yousef Abdulla Q. Al-Emadi
Production Division
Manager



Mr. Salah Babiker
Finance Department
Manager



Mr. Kefah Mustafa Al-Mulla
Administration Division
Manager



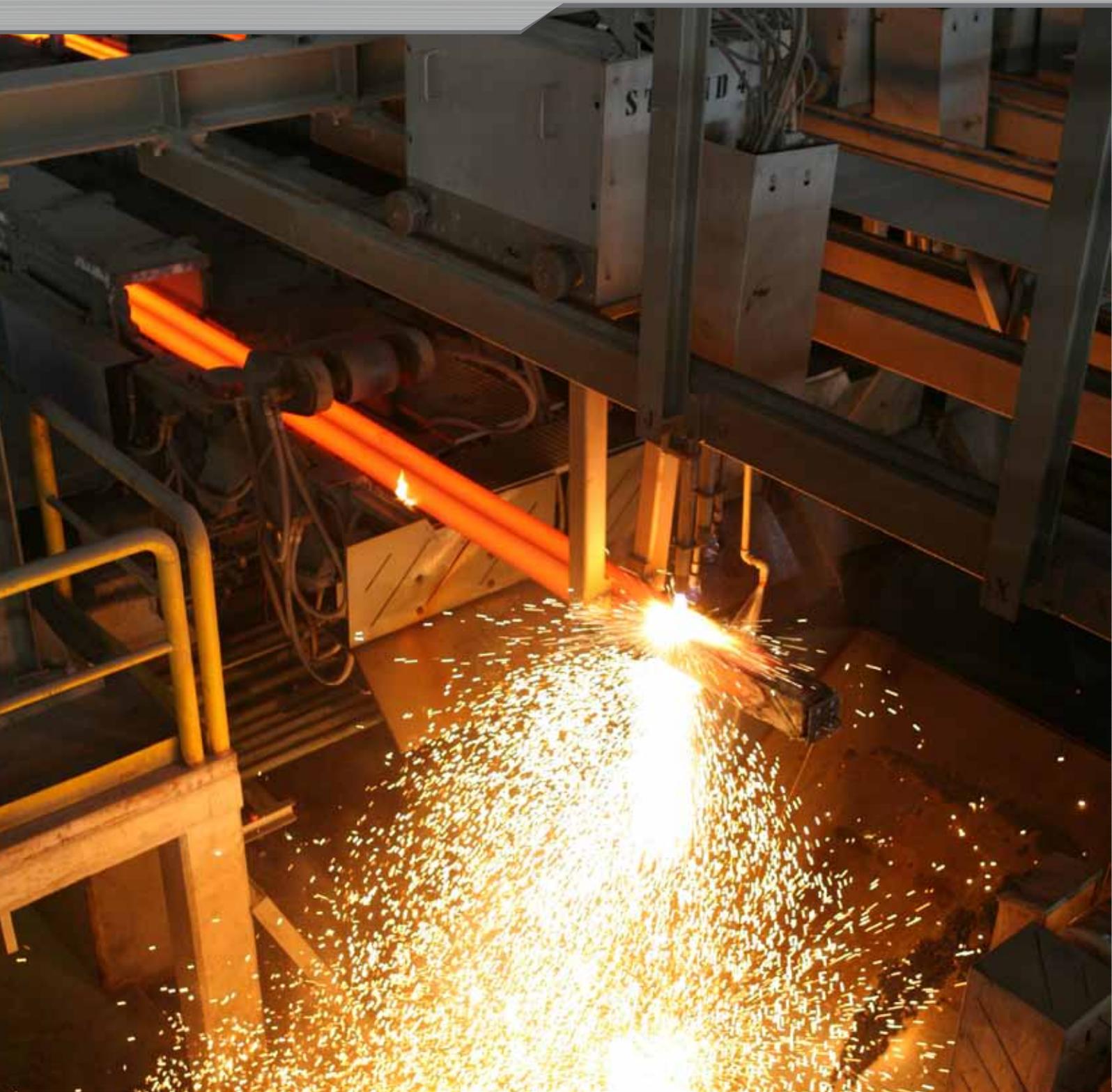
Dr. Idris I. Gamil
Senior Legal Advisor
& Board Secretary



Mr. Husein Hassan Murrar
Business Development
Manager



Mr. Malek Hamdieh
IT Department
Manager



Chairman's Message



The adverse impacts of the global financial crisis, which shook the international economy and affected the performance of many economies around the world, spilt into 2010 as well.

With a view to protecting the interests of both our shareholders and investors, we concentrated on devising various plans and strategies to counter the impacts of the global financial crisis during 2010. We adopted a new marketing strategy and undertook an exhaustive search for new markets, which led to Qatar Steel broadening its market base. This, in turn, helped the Company to consolidate its position in the local, regional and international markets.

Our ability to adapt to the evolving market conditions by adopting new strategies and plans as well as by exploring new markets ensured that Qatar Steel reaped satisfactory results. The efforts undertaken in 2010 will definitely pave the way for a brighter future in the years to come.

The year posed a wide range of challenges for all our departments. This, in turn, inspired us to pursue a path of innovation and creativity, which helped us to ensure a steady stream of revenues for the Company as well as its shareholders and investors. We are determined to broaden our market base and at the same time, satisfy all the emerging needs of the local market. The domestic economy is presently on an upward trend. This places a greater responsibility on the shoulders of the national companies, as they have to collectively play an active role in the progress and development of the national economy.

We, at Qatar Steel, are determined to move forward on the track of success that the Company has been pursuing for the last three decades.

Finally, I would like to take this opportunity to extend our sincere gratitude and appreciation to HH Sheikh Hamad Bin Khalifa Al-Thani, Emir of the State of Qatar and HH Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani, the Heir Apparent for their inspiring leadership and wise directives, which have in turn helped Qatar Steel to sustain its pioneering position in all its spheres of operations.

H.E. Yousef Hussain Kamal
Chairman





The year 2010 saw a number of achievements and successes which promote excellence and uniqueness. In terms of production, Qatar Steel was able to realize record production levels in 2010 in spite of the rise in raw material prices.

Over the years, Qatar Steel has been able to establish a wide customer base and an excellent reputation both regionally and internationally for its high quality products, variety and first-class after-sales service of high-level. It will strive to secure the requirements of the local market and will do its best to maintain its share in the GCC market through the allocation of part of its sales to this market, which has been a key market for the Company's products since its inception. Qatar Steel sees the continuity of its exports to this market as a strategic indispensable objective.

The World's prices of steel products, including steel bars, have been highly volatile recently due to changes in raw material prices which were previously based on annual contracts that have been transformed into quarterly contracts which have increased the potential of price fluctuations. As Qatar Steel imports 100% of its raw materials under quarterly contracts, it has to take such fluctuations into account when announcing the prices of all its products while taking into consideration to keep its prices close to the competitive prices in the neighboring countries. Given the growing demand for raw materials, particularly by China which consumes the largest part of the global consumption, and the lack in other raw materials such as scrap, the rise in raw material prices is expected to continue to rise, which will be reflected on the prices of steel bars as well.

The strategy developed and followed in Qatar Steel is to move forward in finding new projects and to invest in regional and global steel companies. This has already been done in several investments in Bahrain, Saudi Arabia and Sapphire Company of Australia.

Thanks to the wise leadership of HH Sheikh Hamad Bin Khalifa Al-Thani, the Emir of the State of Qatar, and HH the Heir Apparent, our efforts will continue for more excellence and success.

Mr. Ali Bin Hassan Al-Murakhi
Director & General Manager



ACQUINA

Vision

We endeavour to be universally recognised as a leading and constantly growing force in the steel industry of the region, and to be admired for our business culture, for building value for our shareholders and customers, and for bringing inspiration to our people.

Mission

We will continue to be the first name in the region's steel industry by harnessing our assets and resources to achieve profitable growth, operational and organisational excellence, and good corporate citizenship.



Values

- A 'PRINCIPAL' Player
- The drivers of our ambition
 - Trustworthy
 - Reliable
 - Dynamic
 - Creative
 - Perceptive

Purpose

To reach a league where we will matter beyond normal commercial objectives.

To become the standard for quality enterprise and to exclude a winning attitude in order to make a difference in our environment.



Qatar Steel Company, which was established in 1974 as the first integrated steel plant in the Arabian Gulf, commenced commercial production in 1978. Over the years, the Government of Qatar acquired complete ownership of the Company and transferred the same to Qatar Petroleum (QP) which in turn transferred its shares to Industries Qatar (IQ). Today, Qatar Steel is recognized as a leading and constantly growing force in the steel industry of the region, and is admired for its business culture, for building value for its shareholders and customers, and for inspiring its people.

With a committed, skilled and well-trained workforce of about 1,900, and excellent plants, Qatar Steel produces and sells a wide range of bars, billets and DRI/HBI throughout the GCC region and other neighboring countries. Over the three decades that Qatar Steel has been in operation, it has earned a remarkable reputation for unrivalled quality, flexibility and reliability in all its product and service offerings.

Qatar Steel operates a fully owned subsidiary – Qatar Steel Company, FZE Dubai – that produces steel bars and coils. Qatar Steel also has a sizeable stake in three associate companies – United Stainless Steel Company (USCO), Bahrain, Gulf Industrial Investment Co. (GIIC), Bahrain and Qatar Metals Coating Company W.L.L. (Q-Coat). USCO manufactures cold rolled stainless steel coils and sheets. GIIC is engaged in the pelletization of iron ore which is an essential raw material of Qatar Steel and Q-Coat manufactures epoxy coated bars.

Material Control Dept.



Material Control Department has the pleasure in reporting the excellent achievement recorded in the various operating fields during the year 2010 as summarized below;

Raw Material Received Details:

Material	Mode of Transport	Quantity (Mtons)
Iron Ore	By Vessels	3,251,821
Ferro Alloys	By Vessels	27,118
Ferro Alloys	By Trailers	12,070
Ferro Alloys	By Containers	3,947
Lime (lump, dolomite & sized)	By Trucks/ Trailers	94,415
Scrap (Shredded, Heavy & Engine Block)	By Trucks	227,244
Inplant Process Scrap	Internal receiving	90,590

Receiving of Iron Ore: As both the DR modules are running on an average production, the receiving of iron ore increased to >3 Million Tons/ year. Plan to receive/ discharge around 3.6 Million Ton during the year 2011.

Export Material (Bulk) Transportation & Loading :

Material	No. of Vessels	Quantity (Mtons)
Direct Reduction Iron (DRI)	4	115,940
Hot Briquetted Iron (HBI)	8	237,353
By Container	-	527
Total	12	353,820
Iron Oxide Fines	1	41,624
Processed Iron Ore Fines	2	68,200
Total	3	109,824

Material Receiving (Import/ Export) & Utilization of Resources :

Vessels Receiving/ Discharging/ Loading/ Jetty Operations\$				
Material	No. of Vessels	Quantity (Mtons)	Berth Utilized (Hrs.)	Berth Utilized (%age)
Iron Ore Pellets	48	3,251,821	3214	37%
Clinker/ Aggregates (other)	-	-	-	
Berth No.1	48	3,251,821	3214	14%
Ferro Alloys	5	27,118	157	
Steel Scrap	-	-	-	
Re-bar Discharging	2	6,777	144	
Billet Discharging	4	7,295	216	
Product Loading (DRI/HBI)	12	381,283	453	
By-Product Loading	3	109,824	295	
Clinker/ Aggregates (other)	-	-	-	
Berth No.2 & 3	26	532,297	1,265	

Equipment Utilization :

Main Equipment Utilization				
Equipment /Materials	No. of Vessels	Quantity (Mtons)	Equipment usage (Hrs.)	Equipment usage (%age)
Unloader (Iron ore pellet)	48	3,251,821	2830	32%
Reclaimer-01, Reclaimer-02 & Shovel (pellet supply to DR-1 daybins)		1,139,283	3640	42%
Reclaimer-02, Reclaimer-01 & Shovel (pellet supply to DR-2 daybins)		1,935,441	2898	33%
Receiving Hopper	48	1,301,754	2723	31%
Shore Crane (LIEBHERR)	36	673,439	2195	25%
Re-bar Discharging	-	-	-	-
Billet Loading	-	-	-	-
Stacker (I)	16	1,135,283	993	11%
Stacker (01) Product Stacking (DRI & HBI)	DR1	588,922	2561	48%
	HB1	228,320	1630	
Stacker (02)	32	2,116,538	2065	24%
Soft Loader	15	463,117	748	9%
Clinker/ Aggregates	-	-	-	-

Slag Separation Plant –Performance Report:

Item	Quantity	Remarks
Raw Slag used for processing	188,050	
Processed Metal Recovery	15,044	Calculated (8%)
Actual Recovery/ shifting	11,910	6.3%
Processed Metal used in EF	12,835	Supplied to basket
Crushed Slag received	173,006	92%
Crushed Slag used for Slag Pots	84,186	@3.5T/ heat (Total 24,053 heats)
Crushed Slag used for QS plot & internal land filling activities in 2010	160,084	

Operation Highlights :

Cost reduction was achieved by receiving & processing (by sub-con) about 50,659Mtons of skull & returnscrap from various operation stages and supplying to furnaces.



New Facilities :

Installation, commissioning of New Truck Scale (Weigh Bridge) located near to Q.S. Gate No.5 at the south side completed. The project is done by Engineering Department and handed over to Material Control Department for operation.



General (Scrap Receiving from Local Market) :

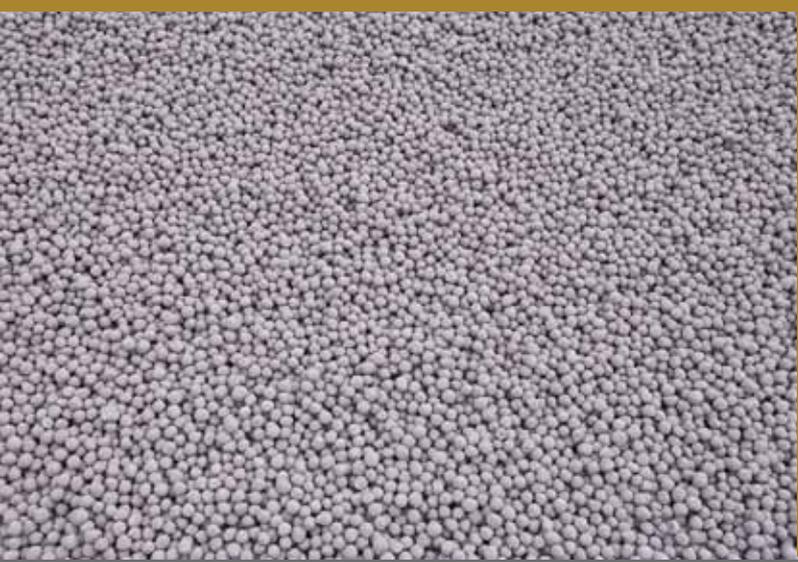
Receiving of scrap from local market has increased, receiving per quarter during year 2010 was about 60,000 Mtons and average of 20,000 mtons/ month. Usually, 3rd quarter is affected due to peak summer time.



Content Analysis

File(F) Edit(E) Display(V) Analysis(A) Reports(R) Help(H)

Ele.Name	Ave.	Net
C	0.297	0.100
Si	0.29	0.20
Mn	1.51	1.91
P	0.012	0.012
S	0.011	0.011
	0.008R	0.008



Direct Reduction Dept.



1. Plant Productivity 2010

DR-1 Module	DR-2 module			Total CDRI Production in DR-1 & DR-2 (MT)	Grand Total (CDRI + HBI) Production in DR-1 & DR-2
CDRI Production (MT)	CDRI Production (MT)	HBI Production (MT)	Total Production (CDRI + HBI) (MT)		
814,157	1,053,736	289,100	1,342,836	1,867,893	2,156,993

2. Product Quality 2010

CDRI				HBI	
DR-1		DR-2		DR-2	
Metallization (%)	Carbon (%)	Metallization (%)	Carbon (%)	Metallization (%)	Carbon (%)
95.59	1.86	95.63	2.62	95.61	1.24



3. SYNTHESIS

- Both Modules together produced 2,156,993 MT (DR-1 produced 814,157 MT CDRI and DR-2 produced 1,053,736 MT CDRI and 289,100 MT HBI.)
- Premium quality CDRI with high metallization was produced in both modules as per the requirement of our Internal Customer.
- Carbon content in CDRI was controlled as per the requirement of the consumer melt shops.
- Premium quality Export HBI was produced exceeding the contractual quality of each customer.
- New monthly production record of 156,919 MT achieved in October.
- During 2010, 115,848 MT of CDRI and 279,608 MT of HBI were exported to satisfied customers in Asia and Far East.

4. Achievements & Awards

- **HSE Excellence:** Both modules had excellent safety performance. There was no occurrence of Lost Time Accident. In recognition of excellent safety performance, Department achieved the following awards: (a) First place in safety award (b) First place in beautification award (c) Award for zero loss time accident (d) Near miss accident reporting yearly award.
- **Processing Cost Control:** Measures were taken to maximize production so that cost of converting Iron Ore to Reduced Iron is minimized. While Seal gas compressor first stage (CP-DO3) alone was in operation in DR-2, it was possible to exceed the design production capacity and achieve an hourly tonnage of 205 Ton/hr by innovative measures like replacing seal gas with nitrogen at product cooler bottom, replacing seal gas with nitrogen at product storage bin etc. Consequently, Processing Cost could be controlled approx. 3% below the target figure.

Steel Making Dept.



Production Performance comparison 2010 with budget and previous best records

SHOP	BUDGET (Tons)	ACTUAL (Tons)	Difference (Tons)	Previous Best Record (tons)	Difference (Tons)
EF 1 & 2	562,027	615,534	53,507	665,299	
EF3	557,259	649,097	91,838	525,087	
EF2R	607,400	710,306	102,906	574,139	
EF TOTAL(T)	1,726,686	1,974,937	248,251	1,472,612	502,325

SHOP	BUDGET (Tons)	ACTUAL (Tons)	Difference (Tons)	Previous Best Record (tons)	Difference (Tons)
CC 1 & 2	552,472	575,464	22,992	678,715	
CC3	547,785	595,091	47,306	496,860	
CC2R	597,075	775,888	178,813	618,182	
CC TOTAL(T)	1,697,332	1,946,443	249,111	1,448,114	498,329

ESTABLISHED NEW YEARLY PRODUCTION RECORDS:

EF = 1,974,937 MT (Previous record= 1,472,612 MT in 2009)

CC = 1,946,443 MT (Previous record = 1,448,115 MT in 2009)

NEW MONTHLY PRODUCTION RECORDS

SHOP	ACTUAL (Tons)	Previous Best Record (tons) May 2010	Difference (Tons)
EF 1 & 2	54,241	54,883	
EF3	63,945	58,899	
EF2R	70,252	67,154	
EF TOTAL(T)	188,438	180,936	7,502

SHOP	ACTUAL (Tons)	Previous Best Record tons) May 2010	Difference (Tons)
CC 1 & 2	52,461	52,904	
CC3	59,580	55,270	
CC2R	73,788	70,203	
CC TOTAL(T)	185,829	178,376	7,453

ESTABLISHED NEW MONTHLY PRODUCTION RECORDS:

EF = 188,438 MT (Previous record= 180,936 MT in May 2010)

CC = 185,829 MT (Previous record = 178,376 MT in May 2010)

Electric Arc Furnace

Analysis of results:

- Total Production exceeded by 502,325t (34%) from the previous highest record.
- Oxygen injection increased to 35 NM3/T in EF2R and 15 NM3/T in EF3.
- EF3 produced the highest output with 649,097 tons (previous best in 2009 with 525,092t) due to installation of Ladle Furnace in 2007 and oxygen & carbon sets in 2009.
- Production of EF2R increased to 710,306 tons, the highest by far (previous best in 2009 with 574,139t) and exceeding design capacity of 666,000t by 8%. This was achieved by increasing oxygen from 26 NM3/t to 35 NM3/t.
- Budget was exceeded by close to 250 000t (14,5%) that made this additional tonnage available to supply new Dubai Rebar Mill with lower cost billets compared to importing billets.
-
- With close to 2,0 mill.tons/year, the steelplant is exceeding design capacity of 1,8 mill t by over 10%.





CONTINUOUS CASTING

2.-CC2R Production and Sequence ratio:

- this modern, four strand Danieli casting machine has exceeded all our expectations with 776 000t prime,high quality billets for 2010 and is the “workhorse” of Qatar Steel Manufacturing with design capacity of 656 000t exceeding by 120 000t (18%).
-
- we also succeeded to cast 130 mm billet section successfully the first time since commissioning early in 2010,which was not possible before to supply most of the billets for Dubai rolling mills from CC2R.
-
- main improvement came from June 2009 after successful implementation of Ladle shroud that allowed us to cast much longer sequences from av. around 12 heats to more than av. 40 now and max. of over 60 heats (two days uninterrupted casting without stoppage.)
-
- this together with second ladle car for tapping and purging station and in addition casting at higher casting speed increased flexibility of machine which allowed us to cast full ladles from CC ½ and mostly CC3 in between to avoid furnace delays on other production lines.
-
- this means that caster output of CC2R was 85 000t more than EF2R produced by casting steel from the two other production lines in between.
- This amount of steel or more would have been lost during 2010 was it not for CC2R exceptional performance,because EAF’s would have had to be stopped.
-
- one can clearly see from table (Production results of the year 2010) that close to 40 000t steel was cast at CC2R originating from EF1/2 and 50 000t from EF3, including casting losses / yield.

REFRACTORY AND LOGISTIC SECTION

- Large improvements have been achieved to reduce specific refractory material consumptions at EF's, Ladles and Tundishes.
 - reduction in Ladle refractories from 2007 to 2010 by 30%
 - after introduction of Ladle Furnace.
 - reduction in Tundish refractories from 2007 to 2010 by 23%.
- Installed Gunning Robots in EF1 & EF2 which resulted in achieving campaign life upto 1404 heats of previous 800 heats. Gunning consumption reduced by 41%, which reduced turnaround time considerably.
 - reduction in EF2R and EF3 gunning and fettling consumptions by making use of RHI Gunning Robots by up to ~20% and increased refractory campaign life up to 870 heats in EF3 and 1048 heats in EF2R.
- Large reductions in crane (logistics) delays (~40%).
 - producing 100% DRI heats to avoid delays on EF's
 - second Ladle Tapping car at EF2R and EF3 and Ladle holding station.
 - much longer sequences on CC2R
 - increased Ladle refractory life
 - reduction in EF's relining time from 48 hours to 36 hours.
 - much less steel skulls produced.





1- Achievements:

- New annual production record for RM#2 “814,614 tons” last record was in 2009 “795,211 tons”
- Bar quenching project for RM#1 old mill executed successfully.
- Change over of all product sizes to herring bone rib was done successfully
- Bar quenching project for RM#1 HSBFM executed successfully.
- RM#2 monthly record productions in month of June 2010 of 80509 MT with 100.34 % yield beating 75994 T in month of May 2010.
- Good achievement in average cobble rate around 0.37% for both mills
- Good achievement in annual operations delays 20 min/1000 tons for both mills
- Produce D10 in RM2 with average production per day 1515 tons, RRR 86.3% and productivity 73 t/h in 2010 against average production/ day 1043 tons, RRR 61.6% and productivity 70t/h
- Modify the roll pass design of D14 in RM#2 to save around 21000 euro to Qatar steel (G.M prize taken).

- Achieve more than -3.5% in weight /meter in the most of sizes (in both mills)
- Work to modify all the work forms to achieve good control on the rolling process
- Implement the biggest shutdown of reheating furnace of RM#2 where all the refractory layers replaced in April 2010 in which around 21 meter length of furnace is demolished and recast with hard face material to avoid abrasive resistance of top layer for getting good life of furnace.
- New CNC Notching Machine commissioning completed.

3- New Records:

- New records in RM#2 as follows:

Sr. No.	Size	Date	Production	Yield	R.R.R.	Tons/Hr
1	D 10	15/05/2010	1706.292	95.304	91.597	77.62
2	D 12	28/02/2010	2627.244	99.339	96.389	113.57
3	D 14	2/08/2010	2587.164	97.371	91.181	118.23
4	D 16	4/03/2010	2942.64	100.305	96.181	127.48
5	D 18	23/07/2010	2876.832	100.430	94.028	127.48
6	D 20	3/07/2010	3144.96	100.146	98.611	132.89
7	D 25	03/07/2010	3146.051	100.559	98.542	132.98
8	D 32	8/01/2010	3105.113	100.261	99.306	130.28
9	D 40	30/04/2010	2738.332	98.442	99.444	114.73

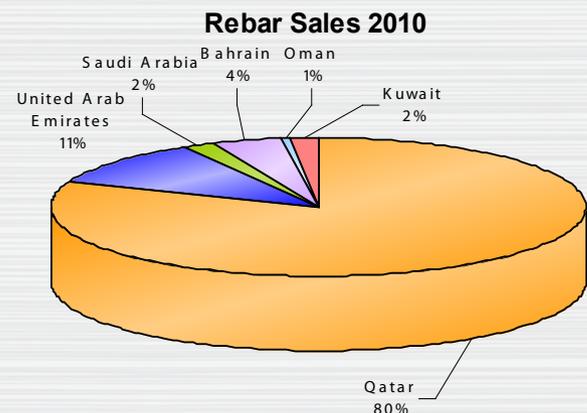


Commercial Division

The Global Steel industry in Y2010 began on a sluggish note following the depressing trend of Q4'2009 mainly with US and European economies reeling under the economic turmoil. The emerging economies in Asia held up the demand in early part of 2010 driven by China which was backed by robust government stimulus package. The first quarter of the year did see steel prices rally high on soaring raw material costs. With Chinese production up, spot iron prices started to soar, again seasonal factors pushed up scrap prices. End of March 2010 saw the historic agreement between major miners Vale and BHP with Japanese and Korean steel makers ending 40 Year Old Iron Ore Benchmark Pricing as they shifted into Short-Term Pricing Contracts (quarterly basis), this was followed by Rio Tinto also announcing short-term pricing contracts for 2010-'11. This deviation from annual contracts brought with it great volatility in the market, with steel makers challenged to control costs during seasonal lows in demand during a year. As raw material prices in early part of Q2'10 shot through the roof, scrap prices escalated to \$460/M CFR Turkey, and with steel prices remaining a function of raw material prices steel prices moved up sharply. However the market was to take a dramatic turn from Mid-Q2'10 as scrap prices plummeted with scrap supplies easing after the winter in Europe and US, thereby sending rebar prices down. Moving ahead through Q2'10 with rising iron ore costs and lowering returns integrated steel mills were forced to lower their productivity. With Chinese daily production dropping month-on-month since May'10 as high prices were not any more acceptable in their market and with stricter government regulation on property market, the governments intensified energy saving

and emission reduction program resulting in curb to the growth of construction steel production; the global steel prices came under severe pressure. Further with seasonal slowdown setting in with the arrival of Monsoon rainy season in end of Q2'10 steel prices began to lower further. Q3'10 followed the lowering trend seen toward the latter part of Q2'10 and steel prices remained at very low levels which also started pressuring the raw material spot prices. Moving through Q4'10 contract iron ore and spot iron ore prices dropped with weak Q3'10 spot levels. However with Chinese steel production picking up since September'10 and early startup of harsh winter in major scrap collection zones in US, Europe and CIS steel prices began to pick up toward end of the year.

Since April'10 in all Key GCC markets of Saudi Arabia, Oman, UAE, Kuwait and Bahrain there has been re-imposition of 5% import duty on rebars for non-members of the Cooperation Council for the Arab States of the Gulf (CCASG) which has put Turkish imports un-competitive in the Gulf region. Further with domestic steel capacities increasing the imported quantities have also come down. Although Dubai construction activity remained muted the



rebar demand in the Gulf region was propped up large scale Saudi construction industry. The rebar prices maintained similar trend as the global steel industry with the prices moving up from February and peaking in May before lowering until early Q4'10. Crude Oil prices which is considered the main drivers of the construction industry in the Gulf region have been moving up strongly since September'10 which has helped the average crude prices to settle at around \$77/bbl well above the 2010 budgeted oil prices in most the six Gulf states resulting in budget surpluses to support construction activity in the region.

Despite the demand remaining only at moderate levels in the Gulf market Qatar Steel maintained high its supplies to the GCC markets. The after shocks of credit crisis of 2008 had affected fresh projects in 2010 and as a result Qatar rebar demand had seen drop of 7.5% to around 0.98 million in Y2010. Qatar Residential/Commercial and Infrastructure projects which together contribute the highest towards construction projects in the country were affected as a result of the economic crisis which resulted in the drop in consumption of rebars. Qatar Steel total sales for Y2010 was up by 9% backed up by strong marketing efforts and greater supplies from Dubai facility since Q4'09. Total sales to the Export market were significantly higher YOY (58% higher) while domestic sales YOY were down 16%. Although the ensuing financial crisis and tightening of credit had lowered the construction activity in Qatar mainly in the real estate sector over the last two years (2009-2010) the future looks highly prospective driven by strong economic and demographic fundamentals and the FIFA tournament in 2022. Although the government as part of its National Vision 2030 had

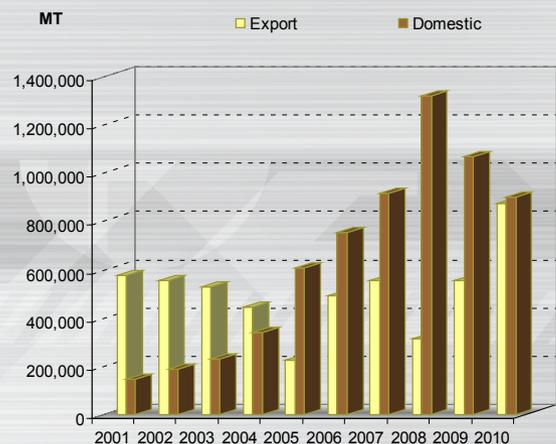
massive investment plans set forth in future years the successful FIFA bidding is set to put these plans into action and take shape in the coming years to support the big event. The football event alone is expected to launch a construction boom valued around \$55bn in the country over the next ten years With an objective to communicate effectively the corporate vision, Qatar Steel made a meticulous attempt in the year 2010 to facilitate strengthening of brand reputation and its corporate values among the stakeholders in Middle East.

To remain abreast with the international standard of CARES, Qatar Steel launched the new rebar herringbone pattern during Traders Annual Gathering held on Feb 17, 2010 at Hotel Sharq Village & Spa.

Qatar Steel remained at the helm of Brand Externalization activities throughout the year. The Company remained glued in the region through their active participation in all the leading exhibitions within the Gulf region.

Overall, the performance of Commercial Division during Y2010 was commendable and noteworthy.

REBAR SALES (2001-2010)





The project was initiated to replace the 32 years old equipments of EF1,2 & CC1,2 with new electric Arc furnace of 95 Tons capacity, a new Ladle furnace of 95 Tons capacity, a continuous casting machine of 5 strand, Primary and secondary de-dusting system, New cranes, water treatment plants and related auxiliaries.

The new project is designed to produce steel billets of approximately 1 million tons per annum.

The contract for Project management was awarded to Inteco on 1st quarter of 2010. The contract for core equipment supply with Siemens Germany was signed on 2nd Quarter of 2010.

Major Activities Completed in 2010:

- Basic Engineering of Civil and Core Equipments - Approved
- Basic Engineering of Electrical – Approved
- Basic Engineering of Utilities - Approved
- Detail Engineering in progress
- Technical Evaluation for EOT cranes completed.
- Tender docs for shed strengthening – completed.
- Tender docs for Utilities – Completed.
- Order for SVC placed.
- Expert Utility Consultancy contract Signed
- Tender floated for Metering outfit.
- Tender floated for new substation breakers.

Qatar Steel's long term Strategic Business Plan document QS/SBP2010-2019/Non'09/Rev-0, approved by Qatar Steel Board Members, articulates the high level strategic direction that the company is heading for in terms of achieving its mission and vision and its growth plans over a 10-year period.

"The SBP 2010-2019 vision target is to triple in economic value amounting to 14% CAGR and aimed at reaching 5.6 million tons of saleable products during the vision period from the level of 2.68 million at the beginning of 2010"

It was based on a detailed understanding and assessment of economic outlook and steel industry trends at the global and regional levels. Primary researches were carried out to critically analyze the steel market trends in terms of raw material, supply demand and price trend for finished products that would affect Qatar Steel in the short term, medium and long-term. The product options in terms of long and flat products were arrived at after looking at import demand, competition, target markets, return on investment and risk for all products through a structured analysis and based on a series of senior management review meetings.

The forecasts for the long-term business plan had taken into consideration business assumptions and all possible risks: any global financial crisis or recession, volatility in oil prices, geo-political issues, steel demand and competition from GCC Mills and others. It is well documented to reflect on the fact that Qatar Steel is operating under a turbulent and rapidly changing global economic conditions.

The growth strategies addressed in the business plan are:

Expand business Qatar with new products and new customer base

- Re-bar capacity expansion in Qatar to meet the growing domestic and export demand
- Diversification to flat products-product mix of HRC/HR Plates/CRC/Galvanized Steel
- Development of value added down stream long products [PC strands, Galvanized Wires]



**Regional Consolidation and growth through Acquisitions:
Joint ventures in iron and steel related production facilities to secure
basic raw material for production and to seize market opportunities
for downstream products**

- Strategic Alliance with South Steel Company , Jizan, Saudi Arabia: supply of 0.930 million tons of DRI/HBI, possible joint venture for downstream products on their production of billets and re-bars
- Investments through Foulath –United Steel Company [SULB] , Bahrain for section products and in pelletizing plants in Egypt and Oman.

The master plan in terms of project management will address economics of upgrading existing production facilities, new expansions to consider supply of billets to Qatar Steel, Dubai, DRI/HBI to South Steel and other output of finished products as planned.

The strategic priorities are to

1. Defend and reinforce our core re-bar business by achieving regional cost leadership, improving market presence and seizing possible regional consolidation opportunities
2. mitigate risk by diversifying to flat products
3. upgrading and aligning all support processes [HR, IT and others] as a preparation for future expansions
4. building local capabilities as part of Quality Qatarization
5. Enhance HSE standards and reinforce waste minimization program

SBP 2010-2019 will be reviewed and updated every year. The progress of each major expansion plan and strategic priority will be monitored and reported. Should there be any change in expansion plans—in terms of revamping, new expansions and acquisitions, it will be reported with revision to the original plan as an addendum.

- Concluded acquisition of 20% in South Steel Company of Saudi Arabia in April 2010
- Concluded long term Industrial Gases Supply Agreement with Gasal in August 2010.
- Participated in the review, evaluation and finalization of Sulb's EPC Contracts, Financing arrangements and related Projects.
- Participated in the review and evaluation of affiliated companies operations and overall performance.
- Conducted various studies relating to Expansion Plans and Potential Investments.





Qatar Steel Dubai

Total production in Qatar Steel Company FZE rose by 83% to 400,837 M.T in 2010. This is the highest annual total ever.

Annual sales also rose by 79% compared to 2009. Improved utilization of the new rolling mill –RM3 is the leading factor to this achievement.

The better out put with improved production yield (1.20% hike) helped to reduce the power & fuel consumption by 5% & 3.4% respectively.

010 witnessed few record production performances in RM3 plant- Highest production in a day -1467.82M.T on 17th March 2010 & Highest production in a month – 31,213 M.T -ever produced in RM3.

New herring bone rib pattern adopted for re-bars and secured the approval from DCL & CARES.