



Gulf Petrochemical Industries Co. (B.S.C.)

Progress... with sustainability

ANNUAL REPORT | 2012



ACCOMPLISHING PURE SUCCESS

P.O. Box 26730, Manama, Kingdom of Bahrain, Tel: (+973) 17 731777
Fax: (+973) 17 731047, E-mail: gpic@gpic.com • www.gpic.com



H.M. King
Abdullah bin Abdulaziz Al Saud
Custodian of the Two Holy Mosques
Kingdom of Saudi Arabia



H.M. King
Hamad bin Isa Al Khalifa
The King of the Kingdom of Bahrain



H.H. Sheikh
Sabah Al Ahmed Al-Jaber Al Sabah
Amir of the State of Kuwait



Sustenance through environmental excellence



The first vertical garden in Bahrain - part of GPIC's contribution towards society and the environment

Contents

The Chairman's Message	4 - 5
The Board of Directors	6
The Board of Directors' Report	7 - 8
Executive Management	9
GPIC's Vision, Mission & Corporate Values	10
Sustainability	11
Safety, Health and Environment	12 - 13
Management Systems	14
Enterprise Risk Management	15
International Awards and Accolades	16
Production Performance	17 - 24
Technical Services Support	25 - 27
Maintenance	28 - 30
Marketing	31 - 32
Training and Development	33 - 34
Information Technology and Knowledge	35
Official Visits	36 - 37
The GPIC Ladies Working Committee	38
Donations and Sponsorships	39 - 41
Summer Programme	42
Social Events	43

The Chairman's Message



H.E. Shaikh Isa bin Ali Al Khalifa
Chairman

Gulf Petrochemical Industries Company has achieved many outstanding feats during the year 2012 at both local and global levels, and in many different areas. This has all been achieved through the strict application of safety, occupational health, environmental and social responsibility standards, targeting sustainable approaches and complying with the United Nations' Global Compact Principles.

Speaking about social responsibility, it must be emphasised that the Company pays much attention to maintaining the safety of its workers, their families and all citizens, through its commitment to boosting safety, health and environmental systems. GPIC has been able to enhance its systems smoothly, resulting in receiving a number of top awards at local, regional and global levels. For example, the Company has won the Arabia Corporate Social Responsibility Award for the second consecutive year, competing against companies from the Arab World.

In addition to this, the Company won the RoSPA Chemical Sector Award in the area of safety, occupational health and environment granted by the Royal Society for the Prevention of Accidents (RoSPA).

In terms of profitability, the Company achieved US\$ 212 million profit by the end of the year. This outstanding performance reflects the integrity and reliability of the complex and the efficiency of our

operational management and workers. It also reflects the strength of the relationship and good coordination between shareholders and marketers of the Company's products.

Throughout this, though, the Company has not overlooked its environmental responsibilities. Nurturing the environment tops GPIC's list of priorities. This year, the Company implemented many leading environmental projects and programmes within and outside its compound. This added a new dimension to the concept of caring for the environment. Indisputably, this is a testament to our environmentally friendly, sustainable industry strategy.

As planned for this year, the Company has safely implemented the most comprehensive periodic maintenance in its history, keeping within the approved budget and timeframe. This has contributed to an increase in production from all plants, reaching levels never seen before. This shall lead to increased returns in the coming years, God willing.

With regard to the human element, the Company has continued to make great strides in this aspect, because it places great importance on people and their part in the success of the Company. GPIC furnished its employees with everything they need to ensure that they work proficiently in a safe environment, and developed a comprehensive plan to realize their aspirations. For this

Achieving sustainable development through a commitment to social responsibility

GPIC has been able to enhance its systems smoothly, resulting in receiving a number of top awards at the local, regional and global levels.



reason, the Company received the Shield of Excellence and was honoured among the institutions exempted from contributions to vocational training and human resource development for 2011. The Company also received the 2012 ASTD Best Award from the American Society for Training and Development.

These outstanding and continued achievements, made during this year and the previous years, can only be attributed to God Almighty, and then to the support and guidance of our leadership that facilitated the means for success and created an exemplary investment climate in the Kingdom of Bahrain. I sincerely thank His Majesty King Hamad bin Isa Al Khalifa, the Prime Minister His Royal Highness Prince Khalifa bin Salman Al Khalifa and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Deputy Supreme Commander. I pray to God that they will remain an asset for this country and be blessed with foresight.

I would also like to thank all government agencies and shareholders, in particular, the National Oil and Gas Authority in the Kingdom of Bahrain, the Saudi Basic Industries Corporation (SABIC), and Kuwait's Petrochemical Industries Company for their support for

this leading Gulf Company. I also commend the valuable efforts of the members of the Board of Directors for their wise and enlightened opinions that have contributed to the success and future of this Company.

In conclusion, I convey my deep pride and appreciation to members of the Executive Management of the Company, commending their teamwork and dedication. This devotion has a great impact on GPIC's accomplishments.

Isa bin Ali Al Khalifa
Chairman of the Board of Directors

The Board of Directors



H.E. Shaikh Isa bin Ali Al Khalifa
Chairman



**Mr. Yousef A. Rahman
Al Zamel**
Deputy Chairman



**Mr. Anwar Saeed
ben Salamah**
Managing Director



**Dr. Ahmed Ali
Al Sharyan**
Board Member



**Mr. Mohammed bin
Ali Al Yemni**
Board Member



**Mr. Sa'ad
Mohammed Al Ajmi**
Board Member



**Shaikh Fahad Bin
Salman Al Khalifa**
Board Member



**Mr. Abdunasser
Ahmed Al Babtain**
*Board Member
(From 1st Aug 2012)*



**Mr. Fahad Hamad
Al Dubayan**
*Board Member
(Till 31st July 2012)*



**Mr. Ibrahim
Al-Musaitir**
*Board Member
(From 1st Aug 2012)*



**Mr. Hamad Dakheel
Al Sebaie**
*Board Member
(Till 31st July 2012)*

The Board of Directors' Report to the Shareholders

For the year ending 31st December, 2012

GPIC received the 2012
ASTD Best Award
from the American
Society for Training and
Development.



The Board of Directors of Gulf Petrochemical Industries Company (GPIC) has the honour to present its detailed Annual Report of the Company's achievements during the past year.

The Company has continued this year, as in previous years, to achieve remarkable accomplishments based on its philosophy of adopting sustainable principles. This has in turn inspired the Company to issue its first Sustainability Report, which has been accredited by the Global Reporting Initiative (GRI) and has enhanced GPIC's contribution to safety, health, environment and social responsibility, while still progressing in its production and sales to yield good profits and financial stability.

In terms of occupational health, safety and the environment the Company received the RoSPA Chemical Sector Award from the United Kingdom's Royal Society for the Prevention of Accidents (RoSPA) for the twelfth time. The award was presented to GPIC for its excellence in the application of SHE standards and undertaking a leading role in this area. The Company completed 14,399,398 incident free working hours for its workforce and contractors.

Due to the Company's excellent performance in the Corporate Social Responsibility (CSR) sector, it also

received a deserved Arabia CSR Award for the second consecutive year.

In recognition of GPIC's great efforts to train Bahraini employees, the Company was ranked first among institutions exempted from contributions to vocational training and human resources development. It received the Award of Excellence in the field of training and qualifying the national workforce in private sector employment, in addition to the General Excellence Shield rated 'First Class' from the Ministry of Labour of the Kingdom of Bahrain. The Company also received the 2012 ASTD Best Award from the American Society for Training and Development.

These achievements have formed a strong moral impetus among Company workers and boosted their performance rates, which is reflected in the excellent high quality uninterrupted production of all our products'. Total production reached 1,454,298 tonnes, while exports were 1,106,093 tonnes of petrochemicals, transported on board 64 ships globally.

In a positive new step, GPIC was able to obtain the Low Risk System from the Australian company Hunter Quality Solutions. The inspection firm is authorised by the government of New Zealand and entrusted to

The Board of Directors' Report to the Shareholders

For the year ending 31st December, 2012

examine and inspect fertilizer factories that export to New Zealand, in accordance with the criteria adopted for the quarantine system by the Ministry for Primary Industries.

Furthermore, the Company managed to improve its international qualifications from a systems point of view, by adding ISO 31000 Enterprise Management system to its large number of quality management certifications. Due to the enormous effort exerted in enhancing the reliability of all the plants, they achieved record production figures. The Methanol plant achieved 961 days of continuous daily production, the Ammonia plant achieved 950 days of continuous daily production and the Urea plant achieved 600 days of continuous daily production.

Based on the Turnaround 10 Years Rolling Plan, the Company executed its latest Turnaround during November 2012. This was the largest Turnaround in the history of GPIC in terms of work carried out, workforce involved and the quantity of capital expenditure projects executed, in addition to the statutory inspections. The Turnaround culminated in a smooth startup of all the plants, with increased reliability and a record rise in production. The investment involved in the Turnaround 2012 was US\$ 59 million for maintenance, including the replacement of major equipment and capital items.

Due to the above exceptional achievement and to the excellent cooperation with the marketers in Saudi Basic Industries Corporation (SABIC) in Saudi Arabia and Petrochemicals Industries Company (PIC) in Kuwait, GPIC achieved a net profit of US\$ 212 million for 2012.

Based on the above, the Board of Directors wishes to express sincere thanks and gratitude to His Majesty King Hamad bin Isa Al Khalifa, the Prime Minister His Royal Highness Prince Khalifa bin Salman Al Khalifa and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Deputy Supreme Commander for their unwavering support for the Company and for establishing the foundations for the success and development of the industrial sector in the Kingdom.

Appreciation is also extended to all government institutions and shareholders, in particular, the National Oil and Gas Authority (NOGA) in the Kingdom of Bahrain, the Saudi Basic Industries Corporation (SABIC) and Kuwait's Petrochemical Industries Company for their continued support and trust in the Board of Directors.

In conclusion, the Board of Directors cannot but convey profound thanks and appreciation to the members of the Executive Management of the Company, commending the dedication, loyalty and hard work of all the employees.

Executive Management



Symbolizing strength, leadership & success

Standing from left to right

Mr. Zuhair A. Aziz Tawfiqi
Public Relations Manager

Mr. Ahmed Ghuloom Ismael
Maintenance Manager

Mr. Ahmed Mahmood Abdulghani
Marketing Manager

Mr. Adnan A. Razzaq Al Mahmood
*Information Technology &
Knowledge Manager*

Mr. Jassim Ahmed Darwish
Safety, Health & Environment Manager

Mr. Yasser A. Rahim Mohamed
Technical Services Manager

Sitting from left to right

Mr. Adel Ahmed A. Malik
Finance Manager

Mr. Ahmed Abdulla Nuruddin
General Manager-Special Projects

Mr. Abdulrahman A. Hussain Jawahery
President

Mr. Fadhel Malalla Al Ansari
General Manager-Manufacturing

Mr. Yusuf Ebrahim Fakhroo
Human Resources Manager

GPIC's Vision, Mission & Corporate Values

One of the factors, among many others, which has contributed to GPIC's success is its realistic Vision, sound Mission and solid Corporate Values. These are the main drivers of all GPIC operations and activities and set the framework for the way our business is conducted.

VISION

To be a global, dynamic world-class petrochemical and fertiliser company of choice, recognized for excellence.

MISSION

To grow and add value to our customers and shareholders by meeting their expectations whilst:

- Producing high quality products
- Focusing on customers
- Optimising business in a cost - effective, safe, environmentally - friendly and socially responsible way
- Embracing knowledge, creativity and best practices

VALUES

- Excellence
- Integrity & Fairness
- Respect
- Transparency
- Safety
- Professionalism
- Social Responsibility
- Creativity
- Team Work

Sustainability

GPIC becomes a permanent member of UN Global Compact



GPIC has always believed that sustainable development is a global imperative and the only way forward to revolutionize sustainability is to focus on an urgent basis on the global environmental, social and economic challenges. Climate change will only compound the challenges that include poverty, scarcity of power, food and clean drinking water, a decline in eco-systems and a lack of decent jobs especially for the youth.

GPIC renewed its commitment and passion to corporate sustainability by joining ranks with the leading

organizations worldwide by becoming a permanent member of United Nations Global Compact (UNGC) in 2012. By doing so, GPIC has committed to advancing the UN Global Compact principles in the areas of Human Rights, Labour Standards, Environment and Anti-Corruption.

Moreover in continuation with its strides towards sustainability and corporate social responsibility, GPIC has published its first sustainability report on GRI guidelines in 2012.



Safety, Health and Environment



GPIC wins "RoSPA" award

In 2012, GPIC continued to enhance and strengthen its Safety, Health and Environmental (SHE) management systems. These efforts culminated in achieving a record number of working hours (14,417,194) without any lost-time accidents which is equivalent to 3,991 days of work. This comes after a year full of achievements and unprecedented honours in the field of safety, health and the environment both locally and globally.

This year the company deservedly won the award for Health and Safety in the Chemicals Sector, given by the British organisation, the Royal Society for the Prevention of Accidents (RoSPA), outperforming approximately 5,000 other major international companies: This is the twelfth time in twelve years for GPIC to head the Chemicals Sector, an unprecedented achievement within the group. The company also won a Safety Award from the British Safety Council for the fifth time in a row, and in the area of environment, GPIC won the Arabia Corporate Social Responsibility Award for the second time as the best organisation in the Arab world. These awards reflect the depth and breadth of involvement that GPIC has with local society and the environment.

The following is a list of the significant SHE achievements

during 2012:

1. The company reaffirmed its compliance to local and international occupational health, safety & environment laws and regulations and successfully qualified for the integrated management system of Publicly Available Standards (PAS 99) from the British Standards Institute (BSI).
2. Safety training continued to be provided for both Operations and Non-Operations personnel. During 2012 there were 33 Modulised Emergency Response Training (MERT) sessions, attended by the Plant's Operators. Furthermore, 44 Safety Training sessions were held for personnel including administrative and technical staff.
3. Behavioural Based Safety (BBS) courses, considered one of the cutting edge safety programmes available in which employees gain an increased awareness of good safety practices and these practices then become natural behavior, were conducted. This in turn ensured that the company's activities were carried out in the safest environment possible, thus raising productivity to a new level. More than 30927 observations were captured and corrected during 2012, so making GPIC a safer workplace.
4. 1170 PTW audits were carried out in all the plants.

Safety, Health and Environment

GPIC achieved a new record number of over 14 million working hours without any lost-time accidents.



In addition, 32 integrated SHE audits were carried out throughout the year to ensure that all work areas were controlled in such a way that they remained safe.

5. As part of its annual contribution to replenish the national fish stock in the territorial waters of the



Kingdom, GPIC further enhanced its fish farm to hold 80,000 sea bream fish.

6. Publicizing environmental awareness amongst future generations progressed as planned. Our engineers presented a number of environmental lectures in both public and private schools. The total number of students benefiting from this programme has now risen to 21962 since launching the programme in 2001.
7. For the ninth consecutive academic year, GPIC sponsored the Ministry of Education/GPIC Environmental Research Programme for the GPIC Environment Award for secondary school students. This award has developed momentum and become the best Environment Award available to secondary school students.
8. The Medical Centre held 8 health education lectures to increase employees' health awareness. In addition to these, various health campaigns were conducted, such as GPIC's Smoke-Free Campaign, the "Earth Day" Campaign, and the Obesity Management Programme.
9. As part of Periodic Medical Examinations, 350 employees were screened at the GPIC medical centre.



Management Systems

GPIC implemented an Enterprise Risk Management (ERM) programme, addressing potential risks at the corporate level. The ERM programme involves identification of key risks applicable to GPIC at the highest level and devises a formal framework to monitor, manage, reduce and/or eliminate these risks.

A comprehensive internal risk audit programme was initiated by GPIC to evaluate, assess and ensure robust mechanisms are in place to:

- Identify significant risks and prioritise them.
- Measure the risk exposure levels to the risk appetite level based on the tolerance limits.
- Analyse the resources of each of the risks and have in place appropriate controls in the shape of preventive and corrective measure.
- Undertake regular Risk Audits to ensure that the preventive measures continue to remain in place and the planned corrective action have been undertaken within the agreed target dates.
- Update ERM register and Risk Matrix.
- Periodically report the status of the risk and trends.

GPIC established its Enterprise Risk Management (ERM) Framework, based on the COSO ERM methodology and in 2012, GPIC aligned its ERM Framework with ISO 31000 Risk Management's – Principles and Guidelines, which provides a robust framework to effectively identify, assess and manage risk when consistently implemented and maintained. GPIC had identified key risks (ERM risks) at the enterprise level and defined the risk owners, risk sponsors, risk champion, risk appetite and mitigation plans for these ERM risks and consolidated them into a Risk Register.

GPIC Management has recently updated the current status of these ERM risks with regard to the risk rating, contributory factors and mitigation plans and updated the risk cards. The GPIC team conducted several interviews and workshops with Management personnel in the process of updating the risk cards.

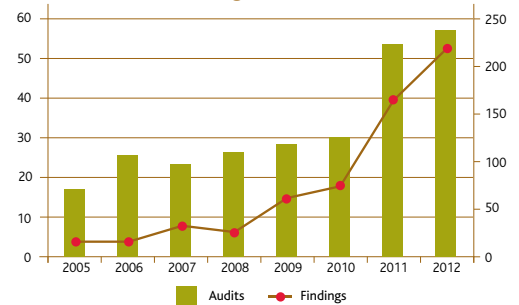
On 10th December 2012, after going through a rigorous two-stage assessment by the external auditors, GPIC received a certificate from BSI of the United Kingdom, confirming that the company meets ISO 31000 standard requirements.



Enterprise Risk Management

After detailed external audit, the ISO 27001 information security management system certification was revalidated until 2015

Enhancing Internal Audit



During the periodic maintenance of the company's plants, new types of internal audits were introduced to make sure that the preparation, planning and safe execution of this Turnaround were at a very high standard and were completed in the most efficient and proficient manner.

A total of seven internal audits were conducted before, during and after the Turnaround to review and follow-up the preparedness and readiness for the shutdown. A Risk Assessment Team was assigned during the shutdown to follow-up and audit the risk assessments for all major and critical jobs before starting. A Combined Risk Assessment Report for all plants was issued on a daily basis throughout the Turnaround. The report highlighted the total number of jobs risk assessed, observations, concerns, scope for improvements and good practices witnessed during these major Turnaround activities. All of the findings of these audits helped in avoiding possible risks, ensuring better management and planning for the next Turnaround.

Moreover, a schedule of quarterly internal audits has been introduced for checking the procedure of dispensing medicines from the Medical Centre's Pharmacy using the Medicines Inventory System. The criteria for conducting Process Safety Management (PSM) audits was also changed, which led to an increase in the number of PSM audits conducted in 2012.

In addition to the above efforts, all external audits were conducted by third party assessors according to the 2012 schedule, i.e. Integrated Management Systems audit (PAS 99), Information Security Management System audit, Responsible Care audit, and Process Safety Management audit. It is very pleasing to announce that all these external audits were successfully carried out without a single issue of nonconformity.

A number of awareness lectures were conducted for both internal auditors and GPIC employees, aiming to improve and enhance their knowledge related to Management Systems requirements.



International Awards and Accolades



The Arab Social Responsibility Award

This is a pan-Arabian award which is given to the entity or corporation that is most effective and focused in the areas of social responsibility, sustainability, environmental protection, corporate governance, transparency and other global standards related to institutional operations. It is awarded by the Arabia CSR network based in United Arab Emirates.

The RoSPA Chemical Sector Award

This award is presented by the Royal Society for Prevention of Accidents (RoSPA) and is given to the winner following an extensive evaluation of its safety, health and environment management systems, including strength of leadership, effective participation by the workforce, effective communication, risk analyses, performance monitoring and evaluation and personal initiatives.



The ASTD Best Award 2012

This award is presented by the American Society for Training & Development to businesses and companies for the training and development of their personnel.

Production Performance

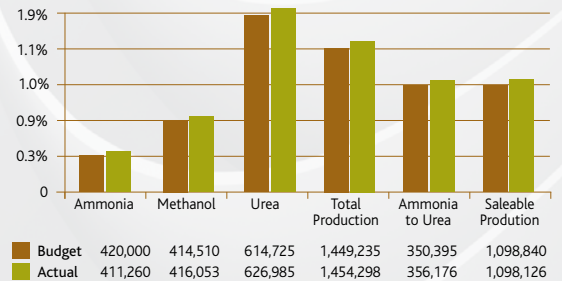
By the end of December 2012, GPIC had passed another challenging year with flying colours in the Plant Operations Department. All plants were operated in a reliable, safe and efficient manner whilst maintaining the quality of all products. Below is a brief summary of the actual production performance during 2012 with respect to budgets. All

these achievements are testimony to the dedication of the Plant Operations Department employees. Management Systems for Quality, Environment, Safety and Information Technology were rigorously used throughout the year in order to maintain strict quality controls in all areas.

Production and performance factors

Product	Budget tonnes	Actual tonnes	Variance
Ammonia	420,000	411,260	2% Lower
Methanol	414,510	416,053	0.4% Higher
Urea	614,725	626,985	2% Higher
Total Production	1,449,235	1,454,298	0.3% Higher
Ammonia to Urea	350,395	356,176	1.6% Higher
Saleable Production	1,098,840	1,098,126	0.06% Higher

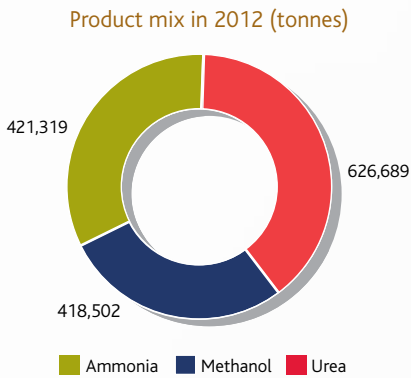
Annual Production (tonnes)



Aerial view of the Complex

Production Performance

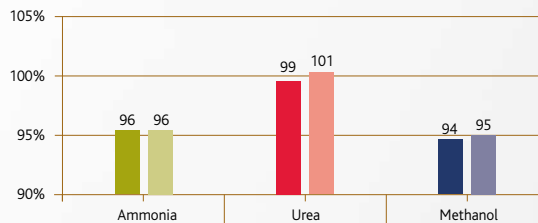
The overall distribution of quantities produced during 2012 was as follows:



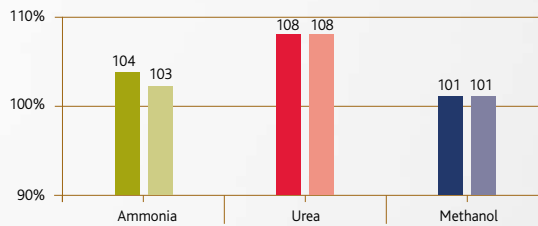
The Carbon Dioxide Recovery (CDR) unit, which helps GPIC reduce CO₂ emissions and promote environmental care, was continuously in service. The liquid and gaseous effluents were monitored continuously and strict controls were in place, in order to be in line with the Bahrain Government's regulations. On line monitoring of gaseous effluents is now connected to the office of the Public Commission for Marine Resources, Environment & Wild Life.

The performance factor charts below give an overview of the plant's performance during 2012:

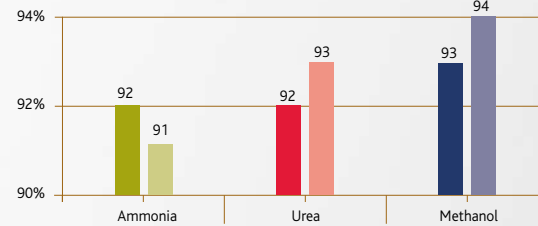
Capacity utilisation achieved in 2012



Utilisation factor achieved in 2012



On stream factor achieved in 2012



Legend: Budget (dark color), Actual (light color)



Production Performance



Ammonia Plant

The Ammonia Plant

- The Ammonia plant ran at above a 100% load in a stable manner throughout the year. The average daily Ammonia production achieved was 1,236 tonnes/day for the operating days.
- The Ammonia plant achieved 94% capacity utilization and 103% utilization factor in the year 2012.
- An on-stream factor of 91% was achieved by the Ammonia plant during the year 2012.
- Since inception in 1985 to the end of 2012, the Ammonia plant has produced 11.30 million tonnes of Ammonia.
- The Ammonia plant completed 950 days of continuous production before it was shut down on 3rd November for Turnaround. This is the longest run ever achieved.



Production Performance



Urea Plant

The Urea Plant



Urea Bagging Unit

- In December the Urea plant achieved the highest ever monthly production of 60,618 tonnes during 2012.
- Since inception in 1998 to the end of 2012, the Urea plant has produced 8.82 million tonnes of Urea.
- The Urea plant completed 600 days of continuous production before it was shut down on 3rd November 2012 for the annual turnaround. This is the longest run ever achieved by the plant.

- The Urea plant ran at well above a 100% load in a stable manner throughout the year. The average daily Urea production was 1,852 tonnes/day for the operating days.
- The Urea plant achieved 101% capacity utilization and 109% utilization factor in the year 2012.
- An on-stream factor of 93% was achieved by the Urea plant during 2012.



Production Performance

The Methanol Plant

- The Methanol plant ran at more than a 100% load in a stable manner throughout the year. The average daily Methanol production was 1,210 tonnes/day for the operating days.
- The Methanol plant achieved 95% capacity utilization and 101% utilization factor in 2012.
- An on-stream factor of 94% was achieved by the Methanol plant during the year.
- Since inception in 1985 to the end of 2012 the Methanol plant has produced 11.13 million tonnes of Methanol.
- The Methanol plant completed 961 days of continuous production before it was shut down on 3rd November for Turnaround. This is the longest run ever achieved.



Methanol Plant

Production Performance

The Utilities Plant

- The Utilities plant gave full support to the main process plants on a continuous basis throughout the year, in order for the plants to achieve their production targets.
- In order to have a less risky and more environmentally friendly operation, a new hypochlorite unit was installed in 2012, in addition to the existing unit. This unit along with the existing unit can cater for the complete chlorination requirements of the complex. Commissioning of the new hypochlorite unit was completed and the unit was brought into service on 16th May. The chlorination unit was stopped as planned. As mentioned before, this was another step in GPIC's efforts to promote environmental care.
- In order to optimize the high pressure steam utilization and enhance the steam reliability of the complex, GPIC is installing a new high pressure steam boiler B-5301. The new boiler's installation work has started and is progressing well as per the plan.

- A new substation (SS No: 10) was installed in order to cater for the electrical power requirements of the new boiler, the new hypochlorite unit and any future expansion projects. The newly installed substation 10 was commissioned successfully on 4th of April 2012.



Seawater Intake Area



High pressure steam boilers

Production Performance



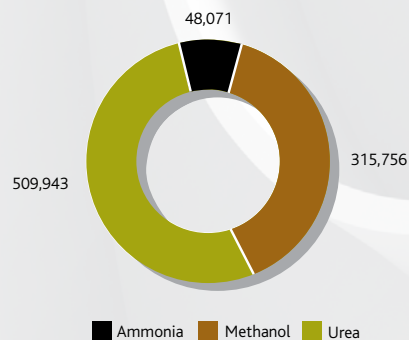
Urea Export Terminal

Products Handling and Exports

- The Product handling and exports section provided uninterrupted support in exporting premium quality products throughout the year. A total of 1.1 million tonnes of high quality product was exported during 2012.
- New Zealand is one of the most important markets for GPIC. The Urea production, storage & export facility at GPIC was recently certified as a "low risk system status" for exporting Urea to New Zealand in line with



Exports during 2012, tonnes



Production Performance



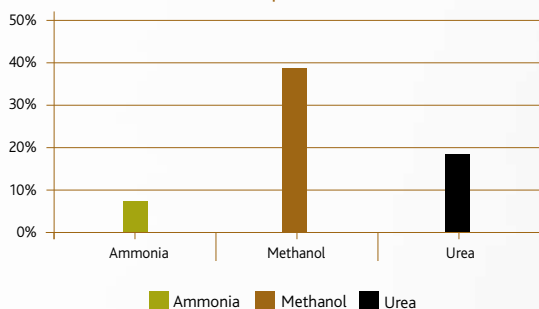
Urea bulk storage warehouse

New Zealand's Approved Quarantine System. This is certainly another jewel in GPIC's crown.

- The 50,356-tonne Urea ship loaded during June (loading completed by 11th June) was the largest ever Urea consignment loaded at GPIC.

- The first Urea shipment to Sudan was sent in the month of September 2012.

Number of ships loaded in 2012



Urea bagging storage warehouse

All the above results substantiate the fact that 2012 was yet another challenging year, but the Plants Operation Department still passed with flying colours.

Technical Services Support

Materials & Procurement Section

During 2012, GPIC received materials with an approximate value of BD 29 million, which were required to support the maintenance and reliability of plant equipment and cater for all operational requirements.

The warehouse service level was more than 99% throughout the year, indicating the ready availability of materials required by the plants. It is also a clear indication of the close and effective coordination between suppliers and contractors, both local and foreign.

Turnaround 2012 commenced in November 2012. The Materials and Procurement Section was successful in supplying all the materials required for major projects and in ensuring the availability of spares for maintenance activities. For shutdown activities more than 400 Purchase Orders were issued, upon which all the materials and spares were delivered due to effective expediting and close follow-up with suppliers and spares manufacturers.

Projects & Plants Reliability

2012 was a year of many challenges. During this year, a new Hypochlorite Unit was successfully commissioned after exhaustive engineering efforts. Substation-10, with a capacity of 5 MVA, was commissioned and hooked up to cater for the electrical demands of the Hypochlorite Unit and the new high pressure auxiliary boiler. Engineering for this boiler was completed during the year.

In addition to the above major projects, 2012 was important because it was a Turnaround year and the focus of the Turnaround was to enhance the safety and reliability of the plants through implementation of modifications and Capital Projects. The efforts of the Engineering Section were devoted to the implementation of these projects.

During Turnaround 2012, 25 Capital Projects were implemented, amounting to a cumulative expenditure of BD 17 million. The number of modifications implemented during the Turnaround was 110.



Inauguration of GPIC Electrical Substation No. 10

Technical Services Support

Some of the major Reliability Projects completed during the year were: replacement of the Ammonia Reactor Basket; Ammonia Reformer Tubes; replacement of the Reformer Catalyst and Synthesis Catalyst in the Ammonia and Methanol Plants.

Replacement of the 23 year old ammonia converter basket with a new one of improved design will also help in reducing the energy consumption in the Ammonia Plant.

Electrical & Instrumentation equipment replaced with improved design due to obsolete items were: 3.3 KV switchgear, an Uninterrupted Power Supply for the Urea Plant and PLCs for various Product Handling Systems.

Recommendations from Process Licensors for changing the line sizes of critical lines and increasing the capacities of Critical PSVs and Control Valves were implemented during the Turnaround. This has helped in enhancing the reliability of the Ammonia and Urea Plants at higher loads.

All the modifications and Capital Projects have undergone rigorous Process Hazard Analysis Studies to ensure a sustained and reliable plant operation.



Spare Parts Warehouse

Technical Services Support



Laboratory Analysis Session

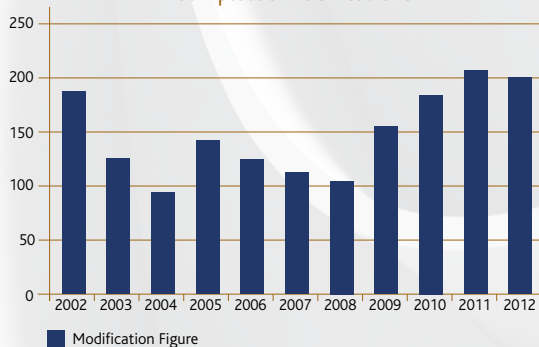
Reliability and Proactive Action

During the 2012 Turnaround, more than 370 items of equipment were inspected, which included 76 items of statutory equipment, 228 PSVs and 130 NRVs. During the Turnaround the latest inspection and testing techniques were utilised such as TOFE, phased array, and safe radiation. One of the major inspection activities during the turnaround was the inspection of the Urea Omegabond stripper, which is the first of its kind in the world in terms of the manufacturing materials and the advanced technology used.

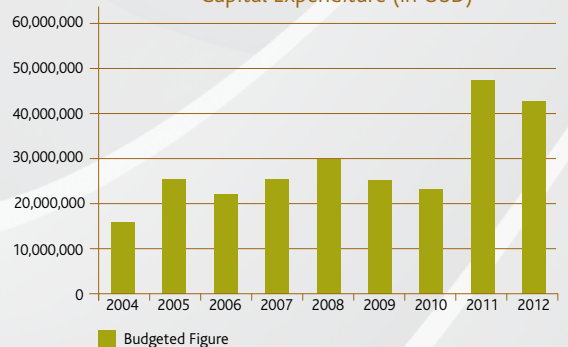
As part of the proactive approach toward reliability and asset integrity assurance, GPIC engaged reputable international inspection agencies to follow up the manufacturing progress, quality assurance and quality control of high pressure vessels, heat exchangers and other critical items which were scheduled for replacement during the 2012 Turnaround.

The year also witnessed the progress of the Risk Based Inspection (RBI) programme to enhance the existing inspection systems and procedures. By the end of Turnaround 2012, all recommendations were successfully completed and implemented.

Completed Modifications



Capital Expenditure (in USD)



Maintenance



During 2012, GPIC went through the biggest turnaround it has seen in the thirty years since its establishment in 1985.

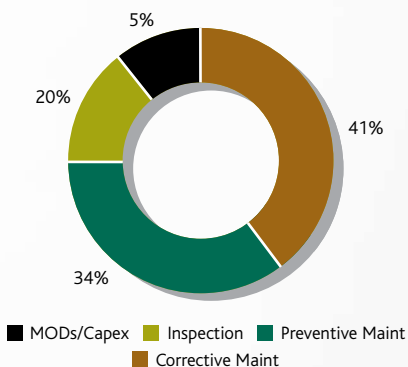
The Maintenance Department continued its consistent efforts to enhance safety and reliability throughout the complex, placing special emphasis on the process plants. Accordingly, objectives and key performance indicators for the department were set early in the year and monitored closely every quarter, resulting in the successful achievement of all the objectives.

Turnaround 2012 was another successful turnaround with outstanding performance, achieving excellent results, maintaining safety at its best and

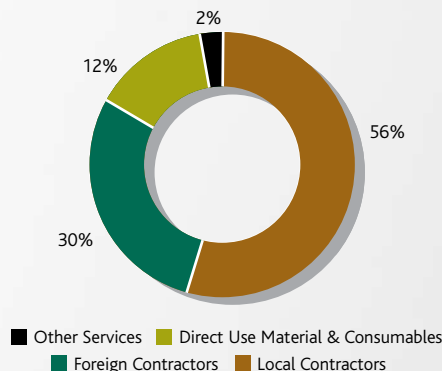
completing the entire project within the allocated budget with synchronized efforts and a "ONE TEAM" spirit. Some of the major jobs executed during Turnaround 2012 were:

- 1) The Basket & Catalyst replacement of the Ammonia Converter.
- 2) The Replacement of the Ammonia Reformer's Tubes & Catalyst.
- 3) The Overhaul of ten (10) Compressor barrels.
- 4) Catalyst Replacement of the Methanol Converter.
- 5) The Urea Reactor Relining job.

2012 Turnaround Maintenance Orders



2012 Turnaround Maintenance Budget Utilization



Maintenance

- 6) The Overhaul of Gas Turbines.
- 7) Replacement of 3.3 KV switch boards in Substation #2.

The department also completed, as a part of routine Maintenance activities, a large number of tasks as part of its drive towards enhancement of reliability.

These included:

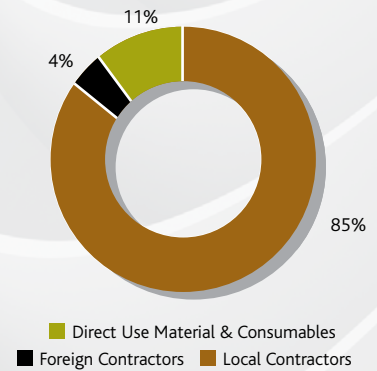
- a) 58 modifications & capex.
- b) 6090 preventive maintenance orders.
- c) 2047 corrective maintenance orders.
- d) 211 inspection orders.

Some of the major jobs executed were:

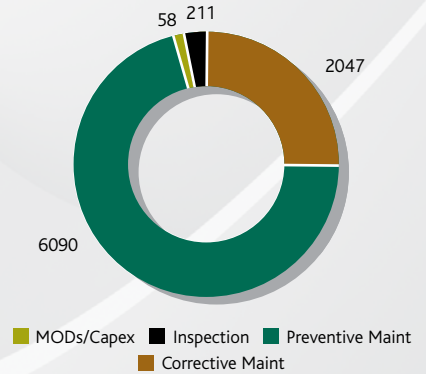
- 1) Painting of the export conveyor gallery completed.
- 2) Export gallery piles: blasting and painting job in progress [96% completed].
- 3) Urea plant pipe rack painting phase II, power brushing and painting completed.



2012 Routine Maintenance Budget Utilization



2012 Routine Maintenance Orders



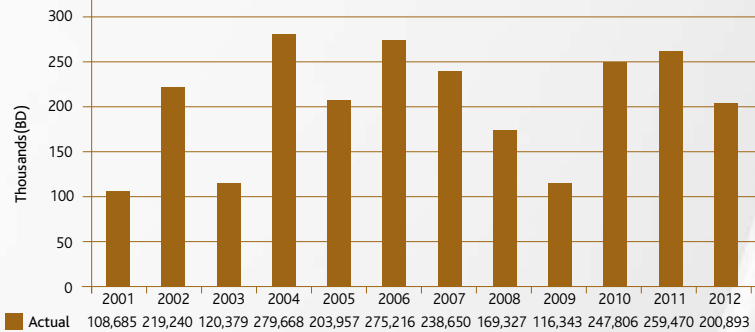
Maintenance



In-house spares manufacturing continued unabated with strict quality controls, and resulted in a saving of nearly US\$ 532,366, taking the total saving to more than US\$ 6.47 million since the inception of the programme in 2001.

Training and development of personnel continued to be at the top of the Maintenance Department's agenda. In addition to familiarizing all maintenance staff with the company's Corporate Objectives and the Department's own objectives, 68% of all Maintenance staff attended training. The training rate achieved was 62 hours per employee. Total Training Hours achieved: 5,077.

In-House Spare Parts Manufacturing Actual Savings



Marketing

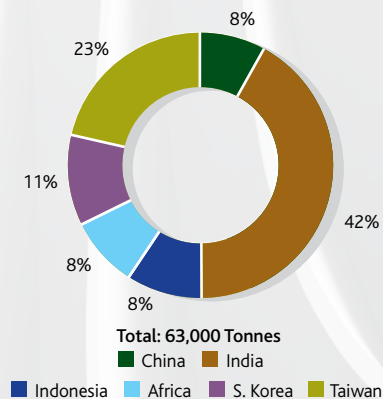
Even though world economic activity slowed somewhat in 2012 compared to 2010-11 due to economic uncertainties in the Euro Zone and volatility in international currency exchange rates, the overall impact on food and agriculture has not been very significant. Throughout 2012, grain and cash crop prices saw a gradual rise in world markets as food security has become a burning topic for most countries around the world.

In this context, international fertilizer prices, especially Ammonia and Urea, have remained above the US\$ 400 PMT mark for the major part of the year. Likewise, Methanol prices have also remained steady around US\$ 300 PMT throughout the year, this being largely attributed to the sanctions and shutdowns in major producing countries. In spite of being a challenging and quite demanding year for

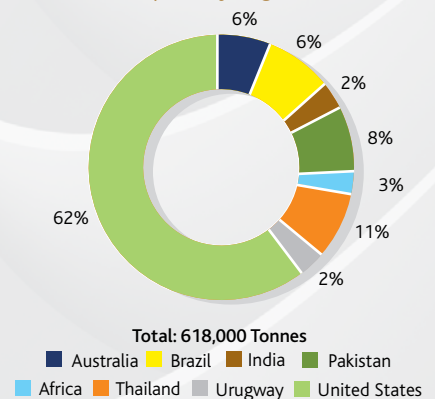
world markets, GPIC has still managed to conclude it on a promising note, whilst achieving attractive netbacks on all its products and in terms of volumes of products marketed to world markets.

During 2012, the company was able to fully achieve its marketing objectives by successfully meeting customer expectations, particularly with regards to the quality and timely delivery of its products. The USA once again proved to be the biggest market for GPIC's products during the year, with nearly 445 MT, or 40% share of the total exports of GPIC, destined for this strategic market. The year also saw the largest Urea shipment from GPIC onboard a single vessel, totaling 50,356 MT. Moreover, the company was also able to improve and further expand its market share in key world markets, namely USA, China, Thailand and South America.

Ammonia Exports by Regions 2012



Urea Exports by Regions 2012



Urea ship loading

Marketing

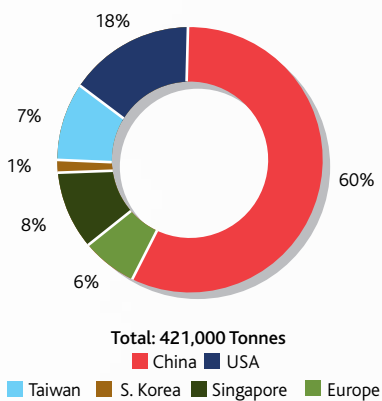
During 2012, GPIC's sales of Ammonia, Urea and Methanol totaled 1,101,243 tonnes, which included 62,566 tonnes of Ammonia, 617,692 tonnes of Urea and 420,985 tonnes of Methanol. Included in the above Urea figure are 1,316 tonnes of bagged Urea which was supplied to the local Bahraini Market.

This brings the total of GPIC Ammonia and Methanol exports to world markets since the company's inception in 1985 to nearly 6.3 million tonnes of Ammonia and 11.1 million tonnes of Methanol. GPIC's Urea exports since the launch of its Urea operations in 1998 total around 8.8 million tonnes, while the cumulative total of all products

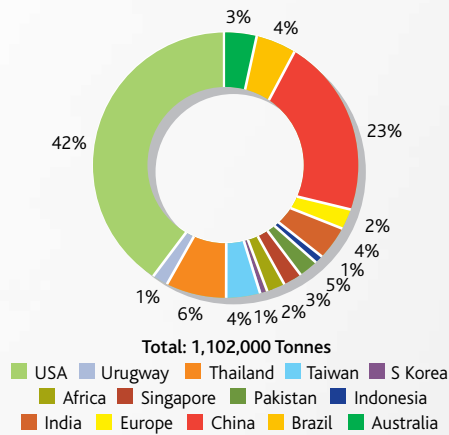
exported from GPIC now exceeds 26.2 million tonnes.

The above results have only been made possible through the intense dedication, hard work, sound planning and close coordination of the company's Marketing Department with both the marketing partners at SABIC and PIC and all the other stakeholders. The department is fully committed to achieving premium returns on the company's exports by capitalizing on the markets created by the reduction in the supplies of the major consuming countries, and at the same time exploring new and attractive opportunities and markets for its products through its marketing partners.

Methanol Exports by Region 2012



GPIC Total Exports 2012



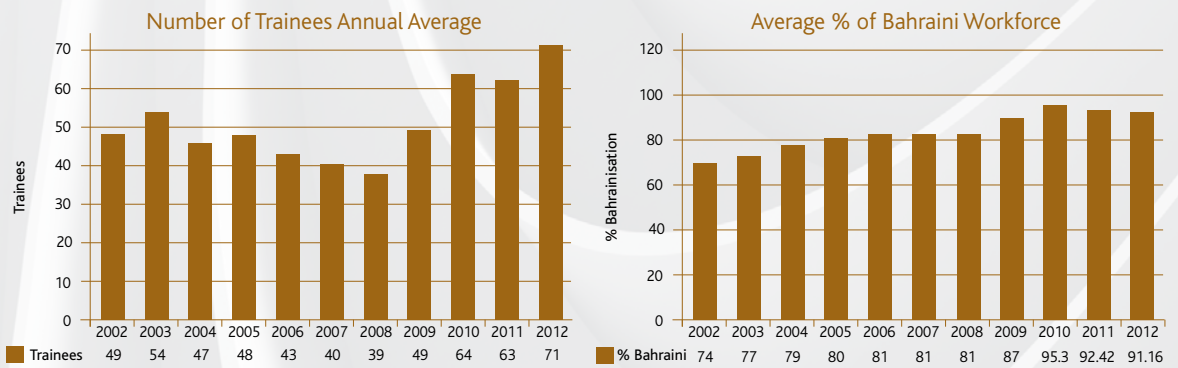
Ammonia / Methanol ship loading facilities

Training and Development

GPIC became the only Company in the Middle East to earn the ASTD Best Award 2012, for training and development.



E-learning



On the 8th of November 2010, the former Minister of Oil and Gas Affairs and Chairman of the National Oil and Gas Authority, H.E. Dr. Abdul Hussain bin Ali Mirza, inaugurated the Academy of Leadership and Learning (ALL), formerly known as the Training and Development Centre. This came in line with GPIC's efforts to keep up with the development of its future training strategies and directives.

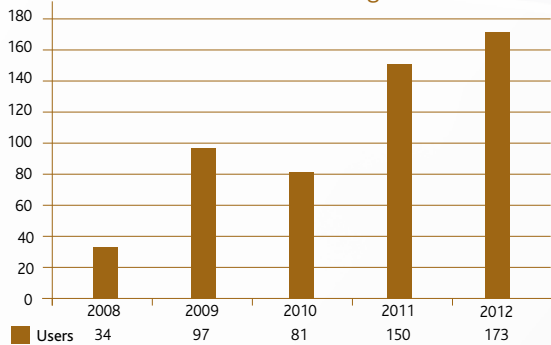
GPIC's training policy aims to achieve comprehensive development of current and newly-recruited Bahraini staff through training programmes prepared by the ALL. This part of the training process and ongoing development combines

practical training with running courses, either internally, locally or abroad (in accordance with established company policies).

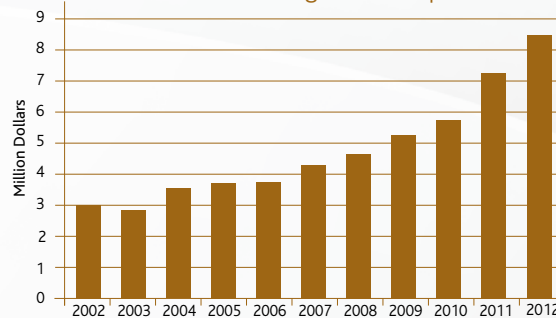
In February 2012, the ALL launched its new Competency-based Training (CBT), philosophy to providing training. This is a qualitative step to boost training within the Company, with the aim of enhancing staff skills, capabilities, creating equal training opportunities and improving productivity, training and development. This pioneering project will help in the development of individual plans for staff training in addition to the annual training plan, and shall contribute

Training and Development

Number of e-Learning Users



Investment in Training and Development



to the development of specific competencies for every position.

In 2012, the total workforce reached 475, and following their passing of a comprehensive training programme, 71 additional trainees were appointed in various positions including plant operators, technicians, chemists, engineers and supervisors. The ALL is also overseeing the training of 11 employees to assume future top supervisory positions.

In addition to the training of new graduates, the Academy has carried out a number of training and development programmes to meet Company and staff needs. 779 employees took part in 53 training sessions that were held at the Academy and Company Club. In addition, a total of 77 courses and conferences were held in Bahrain with the participation of 381 employees. Training courses held outside Bahrain totalled 42, attended by 162 staff members. These courses reached 167 courses involving 1,322 employees and trainees. This is in addition to the development and awareness programmes carried out by GPIC for all new recruits in the areas of health, safety, environment and quality.

207 students were trained during 2012 in the various departments of the Company under the supervision of qualified staff. This stems from the management's keenness to provide training opportunities to develop trainees' technical, leadership, communication, planning and teamwork skills in order to nurture a young generation that have distinct skills and competencies that will contribute to the development and prosperity of our beloved country.

The Company's e-learning centre reinforces the training and development plan, comprising 51 programmes in a variety of fields, including communication skills, management of financial resources, self-development skills, safety, health and the environment, computer applications, leadership and project management. Twenty-one additional technical programmes are also provided, covering areas of expertise to boost technical competence for the technical, maintenance and plant operations departments, as well as other functional departments. By the end of 2012, participants had completed 17,412 hours of training and 385 training programmes; a significant feat in training.

Owing to this policy of intensive training and replacement, GPIC was able to increase Bahrainisation to 91.16% by the end of 2012.

In October 2012, GPIC won the American Society for Training and Development (ASTD) Best Award 2012. It has become the only company in the Middle East to earn such an award, beating off stiff competition from major global and regional companies.



English tutorials

Information Technology and Knowledge

IT Security - a continuous improvement process.



IT Server Room

Safeguarding the Company's systems and information against potential cyber threats and vulnerabilities that could negatively affect its operation is an important aspect of our IT process. The Company has deployed a number of industry standard IT Security solutions and measures to protect its information assets. During this year's Turnaround, a dedicated team was formed from the IT & Knowledge department to inspect and scrutinize all IT-related devices and peripherals used by contractors during the Turnaround. This is an aspect that many companies would normally outsource or rely on contractors to address.

However, in GPIC it was thought that the Company should be responsible for this process. Therefore, a solution was developed to address the unique needs and requirements of the business because the Company deals with a number of key contractors, most of which use their own IT equipment and applications to do their work.

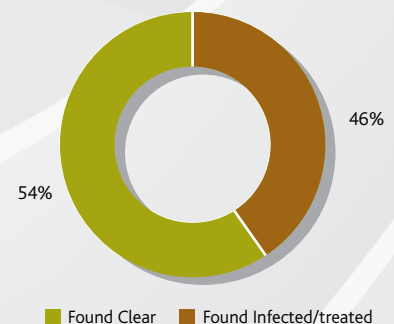
Strict controls on the IT equipment use policy and procedure were also developed and blessed by the Executive Management to be communicated to all Turnaround Contractors prior to their arrival on site. During the Turnaround, contractors' devices were thoroughly assessed and scanned throughout the period. This

process yielded many positive results such as;

- Increased awareness of good IT Security practices both amongst visitors and contractors, as well as the organization.
- Capturing and rectifying many security threats found in some devices, that could have negatively impacted the Turnaround.

Knowing that there is no 100% protection, the organization will be continuously enhancing IT security measures and systems to minimize the associated risk of cyber threats to business.

Turnaround 2012 Security of Contractor Devices



Community Support and Social Care

Official Visits

الزيارات الرسمية



زيارة سعادة وزير الصناعة والتجارة لمجمع الشركة
Visit of H.E. the Minister of Industry & Commerce to GPIC



زيارة سعادة السفير الياباني لمجمع الشركة
Visit of H.E. the Japanese Ambassador to GPIC



زيارة أعضاء لجنة البيئة للشركات التابعة للهيئة الوطنية للنفط والغاز
NOGA's affiliated Companies' Environment Committee
visit GPIC



زيارة سعادة الدكتور عبدالعزيز أبل لمجمع الشركة
Visit of H.E. Dr. AbdulAziz Abul to GPIC



زيارة الوفد المشارك في ورشة العمل الثانية للإتحاد الخليجي للبتروكيماويات والكيماويات لمجمع الشركة
Visit of the Delegation participating in the second "Product Stewardship" Workshop of the GPCA to GPIC

Official Visits

الزيارات الرسمية



زيارة سعادة السفير الروسي لمجمع الشركة
Visit of H.E. the Russian Ambassador to GPIC



زيارة سعادة السفير الأمريكي لمجمع الشركة
Visit of H.E. the US Ambassador to GPIC



زيارة سعادة وكيل وزارة الخارجية لمجمع الشركة
Visit of H.E. the Undersecretary of Ministry of Foreign Affairs to GPIC



زيارة سعادة السفير التونسي لمجمع الشركة
Visit of H.E. the Tunisian Ambassador to GPIC



زيارة سعادة السفير السوداني لمجمع الشركة
Visit of H.E. the Sudanese Ambassador to GPIC

Community Support and Social Care

The GPIC Ladies Working Committee

لجنة المرأة العاملة بالشركة



دعم دار المنار لرعاية الوالدين
Donation to Dar Al Manar Elderly Centre



طبق الخير
Charity Plate



مشاركة الأطفال المرضى فرحة العيد
Sharing Sick Children on Eid



التبرع بالشنط المدرسية
Donating School bags



الإحتفال بيوم المرأة البحرينية
Bahrain Women's Day Celebration

Donations and Sponsorships

التبرعات و الرعاية



المحافظة الجنوبية
Southern Governorate



معرض البحرين الدولي للطيران
Bahrain International Airshow



مستشفى الملك حمد الجامعي
King Hamad Hospital campus



برنامج ولي العهد للمنح الدراسية
Crown Prince's Scholarship Programme



بطولة اتحاد غرب آسيا الثانية للسيدات
Second West Asian Federation for Ladies

Community Support and Social Care

Donations and Sponsorships

التبرعات و الرعاية



مركز الرحمة لرعاية الشباب
AlRahma Center



وزارة التنمية الإجتماعية
Ministry of Social Development



الإتحاد النسائي البحريني
Bahrain Women's Union



الإتحاد البحريني لألعاب القوى
Bahrain Athletics Association



وزارة التربية والتعليم
Ministry of Education



منتدى إستثمار في البحرين
Invest in Bahrain Forum



المؤتمر والمعرض الوطني الأول للسلامة والصحة المهنية
First National Occupational Safety and Health
Conference and Exhibition



الإتحاد البحريني لكرة القدم
Bahrain Football Association



جمعية البحرين لمكافحة السرطان
Bahrain Cancer Society



لجنة عدائي البحرين
Bahrain Roadrunners



تكريم أبناء الموظفين المتفوقين
Awarding Ceremony for Employee's Children



الفائزون في مسابقات أسبوع الصحة والسلامة والبيئة العائلي
Awarding the winners during SHE family night



رحلة إلى جنة دلمون المفقودة
Excursion to Lost Paradise of Dilmun Water Park



الحفل السنوي
Annual Day Celebration



برنامج التربية وجيبك للبحث البيئي
Ministry of Education & GPIC's Environmental Projects Programme



حصول نادي الشركة على جائزة أفضل مشروع سياحي وترفيهي
في الشرق الأوسط وشمال أفريقيا
GPIC Club wins the Middle East & North Africa Travel Award



أبناء الموظفين المتفوقين
Awarding Ceremony for Employee's Children



حفلة السلامة العائلي
SHE Family Night