

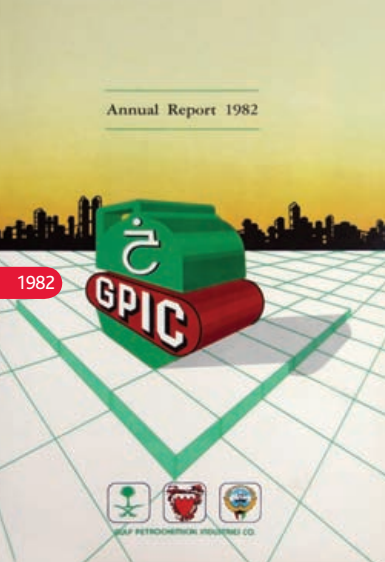
2013 | ANNUAL REPORT

Flourishing in Harmony



Gulf Petrochemical Industries Co. BSC (c)





1982



1983



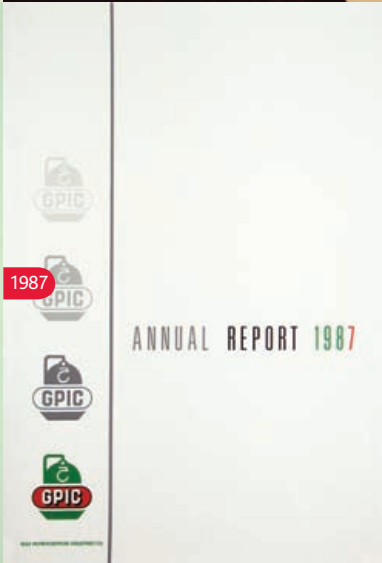
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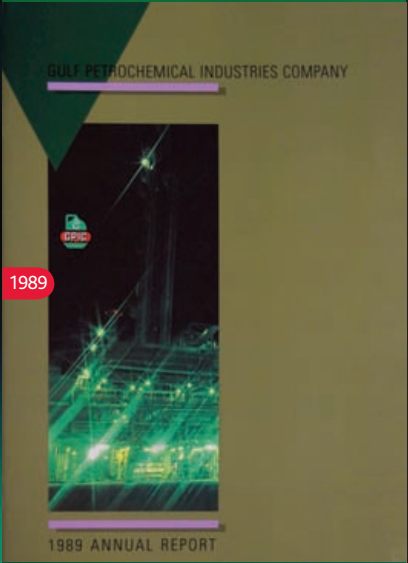
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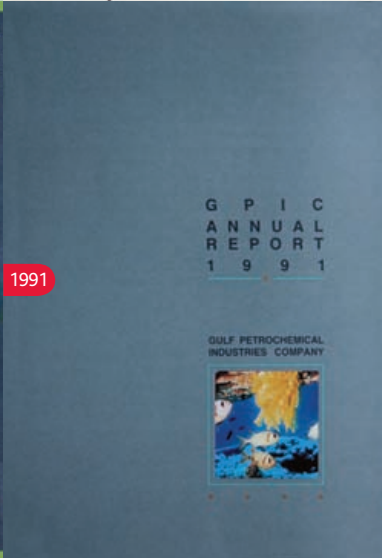
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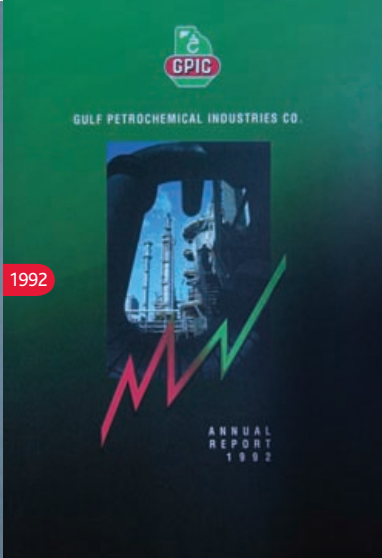
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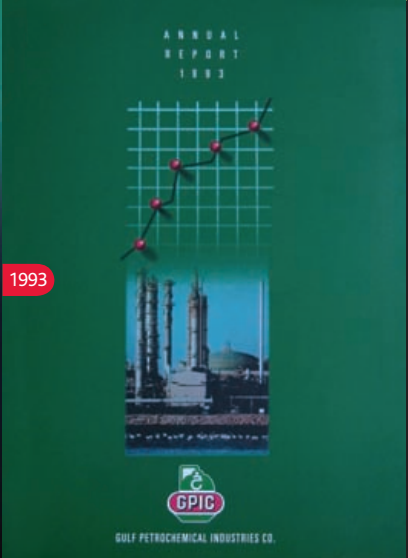
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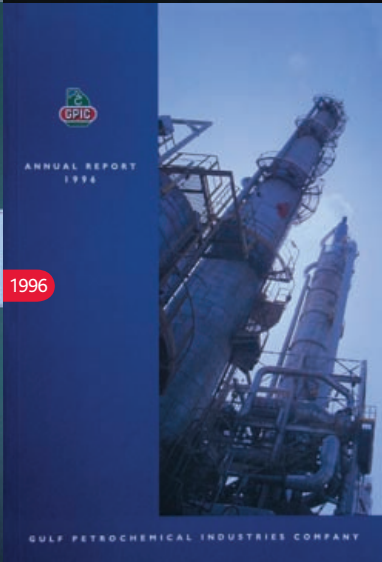
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1996



1997



Nurturing NATURE'S PURITY

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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



Rapidly evolving organic success



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The Chairman's Message



H.E. Shaikh Isa bin Ali Al Khalifa
Chairman

GPIC continued to make vast strides towards realising further achievements on both local and international levels based upon the declared solid principles of the Company. GPIC is a company on the road to sustainable development, as demonstrated by its commitment to corporate social responsibility, concern for the environment and enhancement of its financial position.

One of our prime duties to corporate social responsibility is maintaining the safety of our employees and fellow citizens. For this purpose, the Company has focused its efforts on strictly complying with all CSR principles. Such efforts were rewarded when the Company won the prestigious Arab Social Corporate Responsibility Award 2013 in recognition of its clear vision and strategy for serving the community in which it operates.

In addition, following the certification of GPIC's occupational health, safety and environment systems, the Company achieved record levels which surpassed internationally recognised standards. This development enabled the Company to win a number of prestigious awards on local, regional and international levels in a clear reaffirmation of the strength of the Company's systems and the professionalism of its Occupational Safety, Health and Environment Department, which is on a par with the highest international standards. Such achievement was further enhanced by the RoSPA International Safety Award and the RoSPA Chemical Sector Award in the areas

of occupational safety, health and environment presented by the Royal Society for the Prevention of Accidents and won by the Company for the thirteenth successive year. In addition, the Company received a merit certificate presented by the British Safety Council for the third successive time.

Owing to the role of human resources in the Company's growth and success, GPIC has ensured the provision of all occupational requirements and an ideal working environment for its valued staff. An overall plan was drawn up to achieve its job aspirations and a significant part of the plan was implemented during the year. In recognition of such continuous efforts, GPIC won The Best Employer Award – Middle East & North Africa presented by AON Hewitt. Further, GPIC also won the IFTDO Global HRD Award 2013 which was presented by His Excellency the President of India.

Indeed, 2013 was a truly outstanding year as GPIC also registered the highest annual total production and the highest urea production since the plants went on stream. Thanks to the excellent relationship existing between ourselves and our marketers, the Company was able to make US\$186 million in profits by the end of the year. This is a significant achievement and is a demonstration of the plants' safety and reliability, and the high level of efficiency of the executive management and employees.



In 2013, GPIC continued to make vast strides on both local and international levels based on the declared solid principles of the Company.

However, such excellent performance and the continuous achievements of the Company in 2013 and in previous years could not have been possible without the support and directives of the country's wise leadership who made such success possible. Tribute must be paid to His Majesty King Hamad bin Isa Al Khalifa, King of the Kingdom of Bahrain; HRH Prince Khalifa bin Salman Al Khalifa, Prime Minister and HRH Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister. With their support and assistance, we look forward to further successes and accomplishments in the coming year.

We would also like to express our thanks to all the government organisations in the Kingdom of Bahrain and our shareholders, namely the Oil & Gas Holding Company of the Kingdom of Bahrain, the Saudi Basic Industries Corporation of Saudi Arabia and the Petrochemical Industries Company of the State of Kuwait for their continuous support and encouragement.

I would also like to seize this opportunity to express my thanks and appreciation for the tremendous efforts of my fellow members of the Board of Directors whose prudent policies, constructive ideas and excellent professionalism have contributed to the Company's growth and prosperity. Finally, I wish to express my thanks to members of the executive management and employees whose loyalty and sincere efforts have made such achievements possible.

I am fully confident that the spirit, drive and vision exhibited by all of those involved in the past successes of GPIC will enable the Company to further grow and prosper in the coming years.

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. Sa'ad
Mohammed Al Ajmi**
Deputy Chairman
(From 18th June 2013)



**Mr. Anwar Saeed
ben Salamah**
Deputy Chairman
(Until 17th June 2013)



**Mr. Yousef A. Rahman
Al Zamel**
Managing Director



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



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



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



**Mr. Abdalnasser
Ahmed Al Babbain**
Board Member



**Mr. Emad Mahmoud
Sultan**
Board Member
(From 18th June 2013)



**Mr. Ibrahim
Al MUSAITEER**
Board Member

The Board of Directors' Report to the Shareholders

GPIC registered a new record for totalling more than 16,600,000 working man hours, maintaining its clean record for lost time accidents since May 2002.

With the advent of the new year, the GPIC Board of Directors is pleased to present to the shareholders this annual report to survey the outstanding achievements of the Company during 2013, in addition to the Company's safety, occupational health, environment, financial, technical, administrative and marketing activities.

Overall, 2013 has been a year of significant growth and remarkable achievements. The Company continued its efforts to further develop and enhance its systems related to the basic pillars of sustainable development, namely, corporate social responsibility, protection of the environment and consolidation of the Company's financial position.

In 2013, GPIC was able to register a new record for the number of working hours without lost time accidents totalling more than 16,600,000 man-hours, for both GPIC staff and contractors. Indeed, the Company has been able to maintain its clean record for lost time accidents since May 2002.

Meanwhile, GPIC has honoured its pledge to issue its annual sustainability report and publish its own statements related to the United Nations Global Compact principles in the areas of human rights, labour, environmental protection, and anti-corruption measures. Further, the Company has reaffirmed its commitment to



the UN principles by joining the United Nations Global Compact.

GPIC efforts and initiatives enabled the Company to win numerous prestigious awards during 2013, with the most important being the RoSPA International Safety Award and RoSPA Chemical Sector Award in the areas of occupational safety, health and the environment presented by the Royal Society for the Prevention of Accidents. The Company won these two awards for the 13th successive year.

Moreover, the Company won a safety recognition certificate from the British Safety Council for the third successive time.

Thanks to the intensive training and development programmes, GPIC achieved a Bahrainisation level of around 91% by the end of the year, inclusive of trainees.

In appreciation of the continuous efforts made by GPIC in the employment and training and development of human resources, the Company won The Best Employer Award – Middle East & North Africa presented by AON Hewitt. GPIC also won the IFTDO Global HRD Award 2013 which was presented to the Company by His Excellency the President of India.

To crown its achievements during the year, GPIC was

The Board of Directors' Report to the Shareholders

able to win the e-Government Excellence Award 2013 for the Joint Sector. This Award is usually won by public organisations that prove their ability to make use of technological solutions in providing and supporting education in the Kingdom of Bahrain. This has been proven by the Company through its commitment to e-learning and launch of training programmes that ensure its staff members keep abreast of rapidly changing technological developments.

In addition, GPIC won the Arab Corporate Social Responsibility Award 2013 for middle-size enterprises during the Arab Corporate Social Responsibility Award Forum presented by the Arab Network for Corporate Social Responsibility. This recognition is a clear demonstration of the Company's sound policy and strategic vision in serving the community in which it operates and its significant commitment to corporate social responsibility.

On the production level, the Company was able to produce 1,594,647 tonnes combined production of ammonia, urea and methanol which is the highest annual output of the Company since its inception. Also the Urea Plant registered the highest annual output since it came on stream in 1998 with a production of 687,760 tonnes during 2013.

The close co-operation with our marketers, the Saudi Basic Industries Corporation (SABIC), Saudi Arabia and Petrochemical Industries Company Kuwait, contributed to the smooth export operations of the Company's products to overseas markets. A total of 1.192 million tonnes of the Company's products were shipped on board 66 vessels and bulk carriers.

Owing to the tremendous record of continuous and safe operations and strict measures for the realisation of expenses and qualification of our manpower, GPIC was able to make net profits which totalled US\$186 million.

The Company's achievements have been the focus of professionals involved in the petrochemical industry worldwide, a feat that has not been possible without the backing and support enjoyed by the Company from Bahrain's senior leadership.

On this occasion, the Board of Directors seizes this opportunity to express its sincere thanks and appreciation to His Majesty King Hamad bin Isa Al Khalifa, King of the Kingdom of Bahrain; HRH Prince Khalifa bin Salman Al Khalifa, Prime Minister and HRH Prince Salman bin Hamad Al Khalifa, Crown Prince of Bahrain, Deputy Supreme Commander, First Deputy Prime Minister for their continuous support and assistance to the Company and for ensuring the growth and success of the Kingdom's oil industry.

The Board of Directors would also like to express its sincere thanks and gratitude to the shareholders: the Oil & Gas Holding Company, Kingdom of Bahrain; Saudi Basic Industries Corporation (SABIC), Saudi Arabia and Petrochemical Industries Company, State of Kuwait for their continuous commitment to the Company's success and its operational and marketing activities.

Furthermore, the Board of Directors would like to praise the sincere efforts of the executive management and all the employees of the Company for their team work spirit which has helped maintain the Company's status as an international complex for the manufacture of petrochemicals and fertilisers.

Executive Management



Symbolising strength, leadership & success

Standing from left to right

Mr. Zuhair A. Aziz Tawfiq
Public Relations Manager

Mr. Ahmed Ghuloom Ismael
Maintenance Manager

Mr. Khalid Yusuf Al Binali
Technical Services 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
Plants Operation 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

The main factors which have contributed to GPIC's success are 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, recognised for excellence.

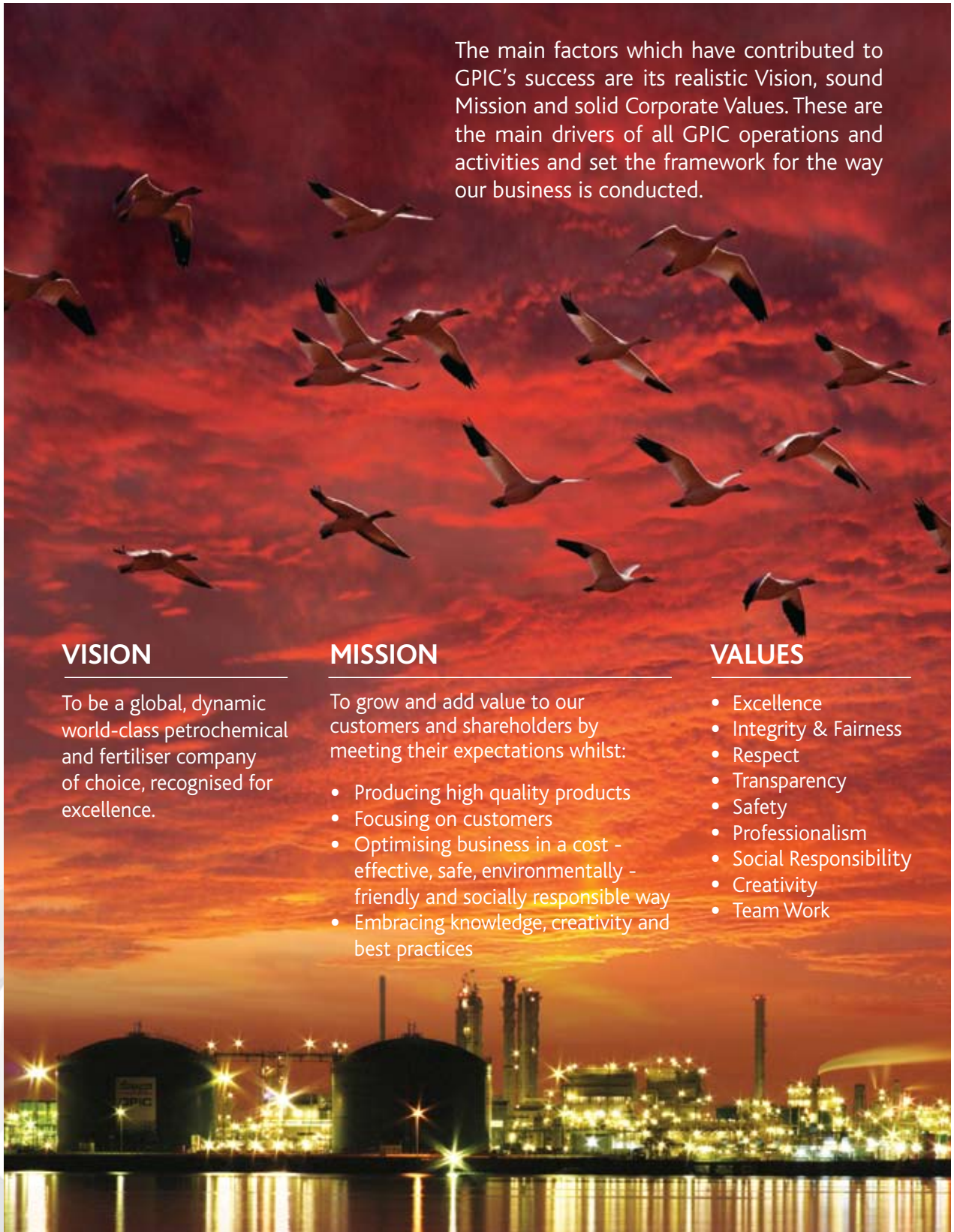
MISSION

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's focus on sustainability is embedded in everything we do – our strategy, operations and daily actions. Our sustainability strategy reflects our commitment to addressing social and environmental challenges and reducing our global footprint as we profitably operate and grow.

GPIC, a permanent member of the UN Global Compact since 2012, reaffirmed its commitment to the UN Global Compact by issuing its annual Communication on Progress (COP) in June 2013. COP is a public disclosure to stakeholders on progress made in implementing the ten principles of the UN Global Compact, and in supporting broader UN development goals. The COP is the most visible expression of GPIC's commitment to the Global Compact and its principles, it advances transparency and accountability and drives continuous performance improvement. As a member of the UN Global Compact and the International Fertilizer Industry Association (IFA), GPIC is mindful of the fact that food and nutrition security are central to the post-2015 Development Agenda and the Sustainable Development Goals.

GPIC seeks to ensure that the Company continues to safeguard human rights across its business operations and make its work environment safe, inclusive and diverse. As part of our commitment to our female workforce we continue to recruit and train new female talent and provide them with ample opportunities of growth. "Being

a role model for women's empowerment in the private sector remains one of our top priorities". In 2013 we also established an Equal Opportunity Committee to oversee practices of fairness between men and women and to ensure adherence to the human rights of women.

At GPIC, corporate social responsibility is all about how we manage our business processes to produce an overall positive impact on society. GPIC takes a substantial responsibility towards the societies and communities in which it works. Winning the Arabia CSR award is a testimony to GPIC's successful strategy towards building a culture that has extended far beyond the traditional understanding of Corporate philanthropy. It has taken on the form of proactive, hands-on engagement, to assist in meeting the myriad of social sector needs, in education, health, skills development, poverty alleviation, women's empowerment and infrastructure improvement.

GPIC is mindful that responsible organisations cannot ignore the fact that climate change is one of the biggest global challenges of sustainability. As such, the Company continued to reduce its carbon footprint through efficient operations and the use of cutting edge technology and equipment. In continuation with its strides towards sustainability and corporate social responsibility, GPIC will be publishing its second biennial sustainability report on GRI Guidelines in 2014.

Safety, Health and Environment



In 2013 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 (16,300,580) without any lost-time which is equivalent to 4631 days of work. This achievement 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 organization, the Royal Society for the Prevention of Accidents (RoSPA), outperforming other major international companies. This is the thirteenth time in fourteen 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. In the area of environment and corporate social responsibility, GPIC was the second runner up for the Arabia Corporate Social Responsibility Award. 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 2013:

1. GPIC successfully celebrated its annual SHE week during the month of November. A SHE exhibition was also arranged at Bahrain City Centre to spread SHE awareness amongst the community members. It focused on the mobile ban while driving, care for the environment and our commitment to sustainability and UNEP showcasing the MY World – The United Nations Survey for a better world. Responsible Care, a global cutting edge initiative on driving excellence in safety, security, health and environmental management was also highlighted at GPIC's exhibition at City Centre. GPIC has been a certified Responsible Care Company since 2010 and is committed to the principles and codes of this leading programme. GPIC is one of the first signatory companies to GPCA's commitment to Responsible Care. Responsible Care is the cultural foundation of GPIC's commitment to health, safety, security, community and the environment.
2. Safety training continued to be provided for both Operations and Non-Operations personnel. During

Safety, Health and Environment

2013 there were 33 Modulised Emergency Response Training (MERT) sessions, attended by Plant operators. Furthermore, 44 Safety Training sessions were held for personnel including administrative and technical staff.

3. 1170 PTW audits were carried out on all the plants. 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.
4. GPIC, in association with the National Safety Council, has launched a programme to ban all mobile phone use while driving with an objective to reduce road accidents caused by distracted driving.
5. In order to make GPIC free from ozone-depleting substances, a phased replacement of aging ACs and ones using R-22 with environmentally friendly refrigerant is in progress. During 2012/2013, about 100 units were replaced with environmentally friendly refrigerants.
6. In order to facilitate liquid waste management at GPIC, the construction of a 1000m³ capacity evaporation pond has started and its expected completion is by the first quarter of 2014.
7. Expansion of the green belt at the company's periphery in the second quarter of 2013 has increased the green area to 83473 m² which is 12.64% of the total area of 660000m².
8. Publicising 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 crossed 24,000 since launching the programme in 2001.

9. 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 for secondary school students.
10. As part of the health awareness programme, GPIC's medical centre arranged several lectures to increase the employees' health awareness on subjects like vitamin D deficiency, the adverse effects of smoking, dental care, food in Ramadan, etc. Additionally, various health campaigns took place such as the GPIC Smoke-Free Campaign, and Obesity Management Programme.
11. As part of the Periodic Medical Examinations, 380 employees were screened at GPIC's medical centre.
12. A group of 2nd year medical students from the Royal College of Surgeons in Ireland - Medical University of Bahrain (RCSI Bahrain) visited the Medical Centre, as part of the syllabus in Occupational Health in the college, to learn about the Occupational Health practices at GPIC.
13. As part of corporate social responsibility 171 GPIC employees donated blood during 2013.



Management Systems

In 2013, GPIC conducted third party management audits to enhance business strategies, and do more in less time with low costs.

In order to remain competitive in this ever changing and dynamic industry such as oil and gas, companies are required to become more effective and efficient, enhance their business strategies, and do more with less cost and time. As a result, frequent performance evaluation of their management systems becomes very essential to these companies as the business pressure accelerates.

GPIC's Executive Management gives their utmost determinations and importance for consistently conducting Management Review meetings for Integrated Management Systems (PAS 99), Responsible Care (RC 14001), and the Information Security Management system (ISO 27001). The outputs of these meetings are considered to be the roadmap for the continual improvement and progress of Management Systems in the current and future years.

2013 was another challenging year for Management Systems. Management systems' objectives are tailored to match the overall corporate objectives and standards requirements simultaneously. Modifying and producing quality documents is a preparatory part for gaining a new edge in Business Continuity Management Systems ISO 22301. A number of enhancements were introduced in the management systems procedures to keep abreast of changes required for transiting to the more recent versions of PAS 99 and RC 14001.

Numerous awareness lectures were conducted for all GPIC's employees in order to cover and highlight the main differences between the recent versions of PAS 99 and RC 14001. In general, such awareness lectures aim

to improve and enhance the employees' understanding and knowledge related to the requirement of these Management Systems.

Setting new criteria for allocating specific requirements for the scope of each Internal Audit was another improvement made to the Internal Audit process, which led to more effective and productive audits. Moreover, they streamlined the frequency of testing of each standard's requirements.

As part of continuous developments and enrichment of the Internal Auditors' competencies with respect to the Management Systems' requirements, a number of Internal Auditor and Lead Auditor Training Courses were organised by the company and conducted by a certification body during the year in order to have a variety of certified internal auditors and lead auditors in the company.

In addition to the above strides, all third party external audits were conducted according to the 2013 schedule, i.e. Integrated Management Systems Assessment (PAS 99), Information Security Management System Assessment and Responsible Care Assessment. It is very pleasing to announce that all these external audits were successfully carried out and concluded without a single major issue or nonconformity.



Integration of Enterprise Risk Management (ERM) with Business Continuity Management (BCM)

After the successful implementation and adoption of the Enterprise Risk Management (ERM) programme, GPIC’s top management decided to take its next strategic step for combining the Business Continuity Management (BCM) with ERM. Integrating BCM as part of a comprehensive ERM programme allows complete understanding of the environment of business risk faced by GPIC. This integration creates efficiencies on how the company reacts to catastrophic risks.

A Business Resilience Committee has been established and based on GPIC’s top management commitments. GPIC sought the assistance of a well established international third party certification body to provide their professional assessment of its systems and procedures in preparation for certification for ISO 22301 Societal Security – Business Continuity Management System. Several in-house workshops were conducted for the Business Resilience Committee members and senior staff in order to stand on the same level of understanding and knowledge of the integrated systems.

GPIC established its Enterprise Risk Management initially based on the COSO ERM Framework. In 2012, GPIC aligned its ERM Framework with ISO 31000 Risk Management which provides a robust framework to effectively identify, assess and manage risk when consistently implemented and maintained. GPIC has 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.

The BCM established the Business Impact Analysis and the recovery plans to get back into normal business again with a specified time bound in order to control and mitigate any potential business losses and the consequential financial cost implications incurred from such interruptions.

The GPIC ERM-BCM (Business Resilience) Policy has been prepared and issued to relevant interested parties.



Production Performance

The plants were operated safely and in a stable condition during 2013. The following are the production summary, events and achievements.

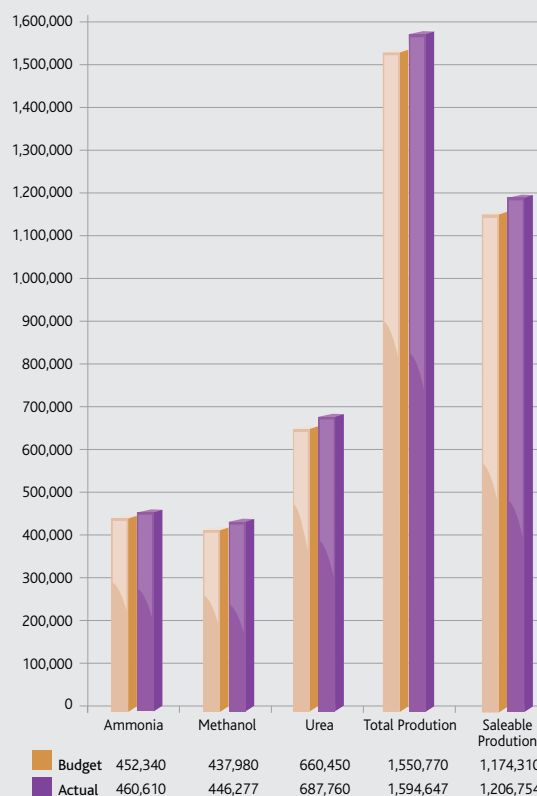
- All the plants were operated in a reliable, safe and efficient manner whilst maintaining the specified standards in terms of quality for all products.
- All the plants have been producing well in line with the approved production budgets.
- The table below illustrates the summary of the various budgets versus actual production figures.
- In the month of December 2013 the Urea plant achieved the highest ever monthly production of 62,210 tonnes in the history of the plant since the commissioning in January 1998.
- In April 2013, the average daily Urea production was 2,010 tonnes. This is the highest ever daily average Urea production achieved in a month.
- The Methanol plant achieved the highest ever monthly production of 39,091 tonnes and the highest ever daily average production of 1,261 tonnes during the month of December 2013.

- A new high pressure steam boiler was successfully commissioned in April 2013 and was lined up to the Steam network on 16th June. The load on four boilers was optimised and integrated to enhance operational reliability.

Production and Sales Performance

Product	Budget tonnes	Actual tonnes	Variance
Ammonia	452,340	460,610	1.8% Higher
Methanol	437,980	446,277	1.9% Higher
Urea	660,450	687,760	4.1% Higher
Total production	1,550,770	1,594,647	2.8% Higher
Saleable production	1,174,310	1,206,754	2.8% Higher

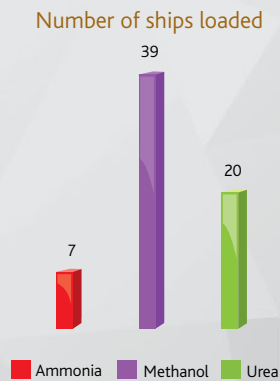
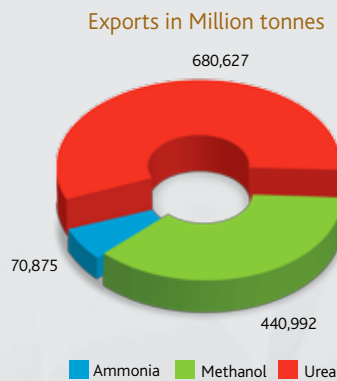
Production & Sales (Budget vs Actual (tonnes))



Product Handling & Exports



- The Product Handling & Export section provided uninterrupted support by loading the cargos within the allocated time throughout the year.
- Throughout the year, Ammonia, Methanol and Granular urea were produced to the highest quality specifications, for the premium market. A total of 1.2* million tonnes of product was exported during the year 2013.
- On 30 June 2013, GPIC made a land mark by loading the 2000th Ship, while loading Methanol ship M.T. STOLT SNELAND.
- The GPIC Products handling and export facility maintains its compliance with the DAFF and the HQS certifications for its Urea export to Australia and New Zealand respectively as level-1 Gold Status.
- We achieved the highest production levels of Methanol, Urea, total products, desalination water and high pressure steam in the month of August 2013, compared to the figures achieved in 2010, 2011 and 2012 for the same month.

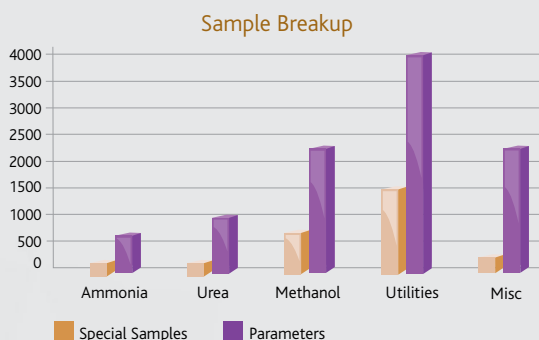
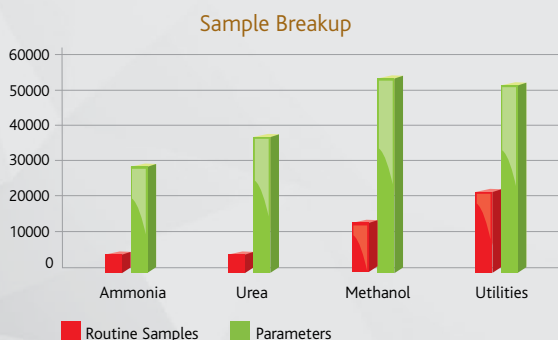


Technical Services Support



LABORATORY SECTION

During 2013, the laboratory collected approximately 50,000 samples from various sections of the plant and analysed 175,000 parameters to meet the analytical requirement of the plant. In addition to routine samples, approx. 3000 special samples were analysed for 10,000 parameters. The break-up of samples and parameters is shown below in figures.



The Quality of the products was regularly monitored and approx. 150 quality certificates were issued. Monitoring of waste water and gaseous emission from stacks was carried out as per the requirement of the Supreme Council for the Environment.

To strengthen the analytical capabilities, the laboratory is

being equipped with new analytical techniques utilising the latest instruments.

- Gas Chromatograph with Auto-injector for analysis of Ethanol & TMA in Methanol and analysis of ACT-1
- Gas Chromatograph for NG analysis
- "Oil- in- Water" analyzer

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

- Upgrade of AAS to the Flameless system
- Particle Size and Shape Analyser
- PM10 Analyser

Laboratory personnel are being provided with "On-the-job" & specialised training by external agencies to keep them abreast of the latest developments in the analytical field. Five new analytical methods have been introduced during the year.

ENGINEERING SECTION - PROJECTS & PLANTS RELIABILITY

The year 2013 is considered to be a smooth year for streamlining the major approved Capex's that will be implemented during turnaround 2015. These approved Capex's shall help in enhancing the safety and reliability of plants.

During 2013, 17 Capital Projects were being processed amounting to a cumulative expenditure of \$27.5 million. Moreover, more than 200 modifications were processed. The Efforts of the Engineering Section were devoted towards the processing of these modifications and Capex's projects. Some of the major Reliability Projects which are under close study and follow-up with consultant and licensors are:

1. Urea Flare Project.
2. Ammonia Venting System Project.
3. Replacement of existing 415V Switchboard at Substation #1.
4. Replacement of Emergency Diesel Generator set.
5. Replacement of tubes & tube sheet for reject stages 16, 17 & 18 for both desalination trains.
6. Replacement of IT Data Server UPS.
7. Procurement of Ion Exchanger vessel.
8. Replacement of various critical heat exchangers in the complex.



Technical Services Support

In addition to the processing of approved capex's, the year 2013 was an important year because all the documents related to the modifications and capex's implemented during the previous turnaround (November 2012) were updated in all the GPIC libraries.

Also, a new high pressure Auxiliary Boiler was commissioned during April 2013 with a capacity of 100Ton/hr. The new boiler is considered a strategic project from steam availability point of view.

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

MATERIALS & PROCUREMENT SECTION

During 2013, GPIC received materials with an approximate value of BD 22 million, which were required to support the maintenance and reliability of plant equipment and cater for all operational requirements. Approximately 1300 Purchase Orders for Materials and services were issued in 2013. 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 with suppliers and contractors, both local and foreign.

After completing the Plants Turnaround in November 2012, the Materials and Procurement Section started ordering the spare parts and materials which were consumed during Turnaround. In addition, materials reservations and requests have started for the projects and modifications which will be implemented in the coming Turnaround in 2015.

INSPECTION SECTION

GPIC continued with its proactive approach toward enhancing the reliability and mechanical integrity of its assets. During the course of the 2012 turnaround, a total of 365 pieces of equipment were inspected, out of which 76 were statutory items. 46 heat exchangers were subject to EC/IRIS inspection. 130 NRVs and 228 PSVs were also inspected during this time.





One of the major inspection activities performed during the Turnaround was the inspection of the first Omegabond Urea Stripper in the world for the first time since it was installed in Turnaround 2010, utilising the most advanced Non Destructive Testing.

use of SAFERAD inspection to replace traditional radiography for weld examinations, a dedicated inspection team for each plant and utilising TOFD and phased array techniques for thick piping welds inspection.

Furthermore, many new enhancements and new inspection techniques were used to ensure inspection activities were done in a reliable and effective manner. These were proven successful and are recommend for future turnarounds. The main enhancements were: the

In line with the company training and development programme for its workers, a number of the inspection engineers have successfully completed Internationally recognised examinations, such as API and CSWIP.



Maintenance Department

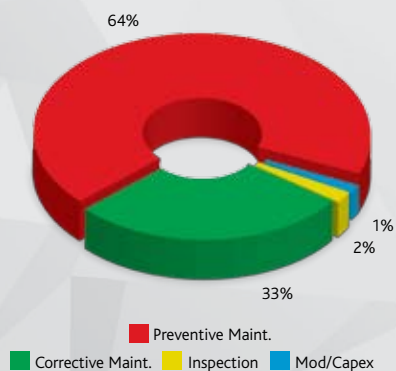


In 2013, the Maintenance Department continued its consistent efforts to enhance safety and reliability throughout the complex, placing special emphasis on the process plants. Accordingly, the Objectives and Key Performance Indicators for the department were set and monitored closely on a quarterly basis, resulting in the achievement of nearly all objectives.

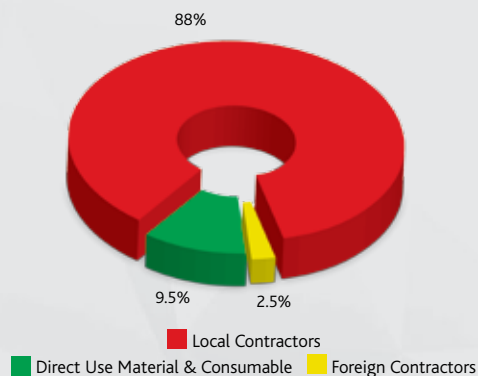
Also, the department completed the following as a part of Routine Maintenance activities:

- 1) 79 Modification & Capital Projects.
 - 2) 6177 Preventive Maintenance Orders.
 - 3) 3180 Corrective Maintenance Orders.
 - 4) 197 Inspection Orders.
- Major jobs executed during 2013:
- 1) Renovation of Export Gallery Piles Phase IV.
 - 2) Renovation of Urea Plant Pipe Rack: Power Brushing and Painting completed.
 - 3) Preventive Maintenance of Ammonia/Methanol Product Loading Arms.
 - 4) Painting of Pipe Rack Structure at Ammonia Plant Area#41.

Routine Maintenance Orders (Completed)



Routine Maintenance Budget Utilization



- 5) Painting of Sea Water Intake steel structures [20% completed].
- 6) Renovation of Safety, Health and Environment Building [61% completed].
- 7) Construction of Evaporation Pond [45% completed].
- 8) Painting of Urea Production Conveyor Gallery Structures Phase V [5% completed].
- 9) Granulation Unit: Granulation washing activities were completed 12 times from the beginning of the year up to date.



Improvements & Achievements:

- 1) Integrated Management System: 25 documents were introduced & 228 reviewed during 2013.
- 2) 87 Maintenance employees involved for including SHE training courses.
- 3) 72 training courses (Technical, Non-Technical, English and General) attended.
- 4) 8,703 training hours achieved against target 2,904 hours.
- 5) 100 training hours per Employee against 33 training hours for each employee.
- 6) 56 employees were awarded with course certificates.

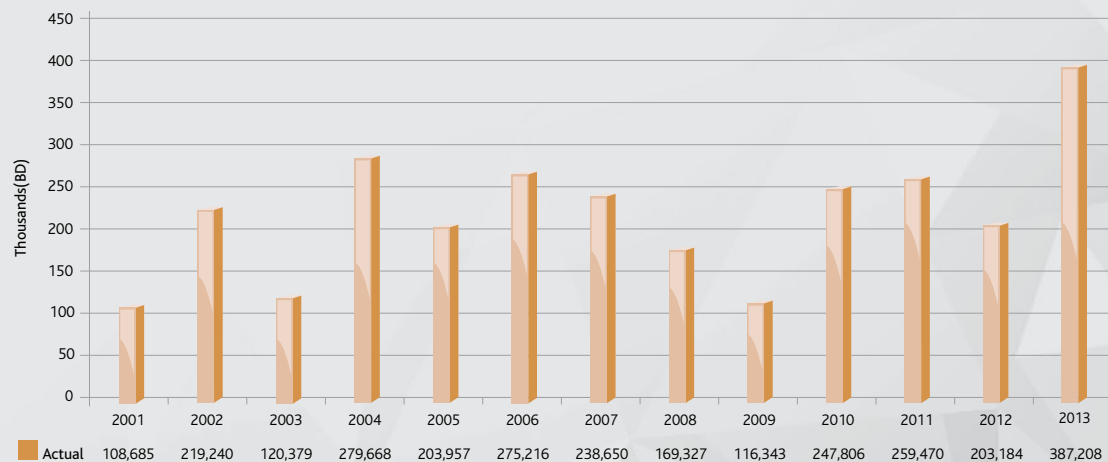
In-House spare parts manufacturing continued unabated with strict quality control and resulted in a saving of nearly US\$ 1,026,101 taking the total saving to more than US\$ 7.49 million since the inception of the programme in 2001.

Employees' Training & Development (Status from 01/01/2013 until 31/12/2013):

Training and development of personnel continued to be at the top of the Maintenance Department's agenda. In addition to familiarising all maintenance staff with the company's Corporate Objectives and the Department's own objectives, 87% of all Maintenance staff attended training. The training rate achieved was 100 hours per employee. Total training hours achieved: 8,703 hrs.

In-House Spare Parts Manufacturing (Status from 01/01/2013 until 31/12/2013):

In-House Spare Parts Manufacturing Actual Savings



Marketing



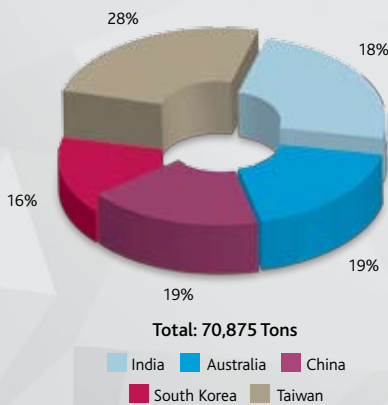
In 2013 GPIC was able to achieve all its marketing objectives in terms of maintaining its market shares in the global markets and achieving the best returns on sales, even though there was a significant decline in world urea prices. The United States retained its share as the biggest importer of the company's urea product as it accounted for 52% of the total urea exports.

Meanwhile, China maintained its position as the biggest importer of methanol from GPIC with a share of around 57% of the total exports of methanol. As part of the GPIC's strategy to broaden the geographical reach of its

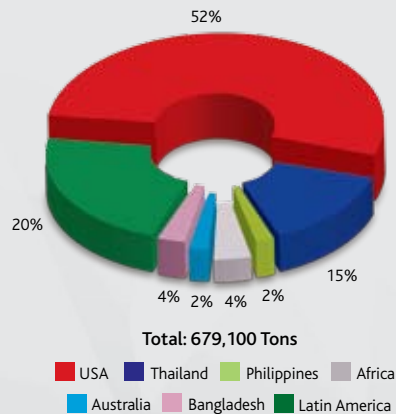
products, the company was able to increase its exports share to Latin American markets, depicting a rise in supplies of around 139,000 tons or 20% of the total urea exports.

In 2013, GPIC sales of ammonia, methanol and urea totaled 1,192,347 tons which included 70,874 tons of ammonia, 440,846 tons of methanol and 680,627 tons of urea, of such sales a total of 70 tons of methanol and 1,527 tons of bagged urea were supplied to Bahrain's local market.

GPIC Exports of Ammonia 2013



GPIC Exports of Urea 2013

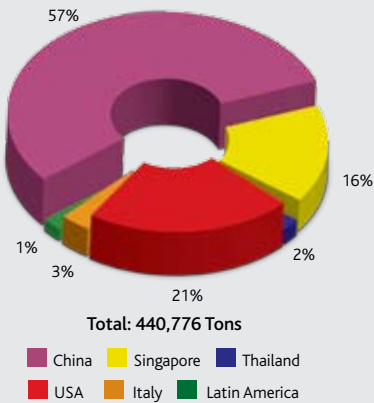


The United States retained its share as the biggest importer of the company's urea as it captured 52% of the total urea exports.

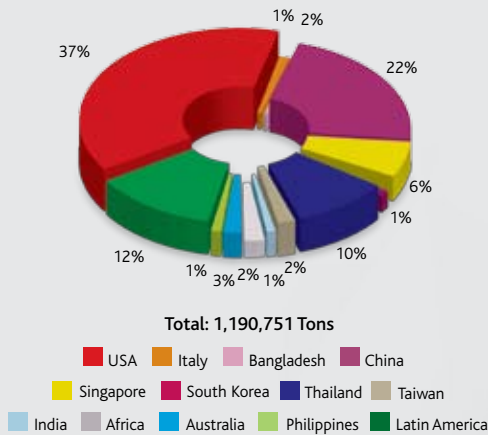
These figures put the total GPIC exports of ammonia and methanol to the world markets since the start of exports in 1985 to 6.4 million tons of ammonia and 11.5 million tons of methanol. While GPIC total exports of urea since the commencement of exports in 1998, are around 9.4 million tons. This takes the total product exports tally to above 27.3 million tons since 1985.

There is no doubt that these figures reflect the excellent co-ordination and co-operation between the company's Marketing Department and marketing partners - PIC Kuwait for ammonia and urea, and SABIC Saudi Arabia for methanol - along with other entities with the aim of achieving the best returns from GPIC exports to world markets.

GPIC Exports of Methanol 2013



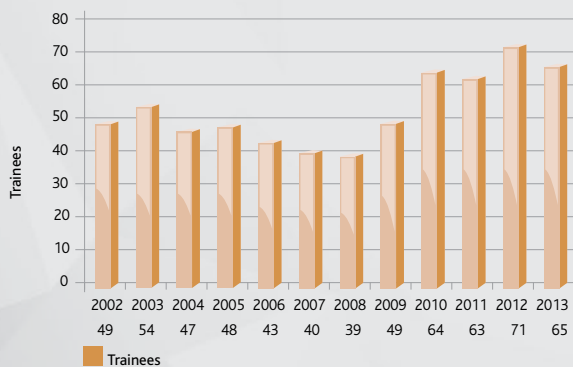
GPIC Total Exports 2013



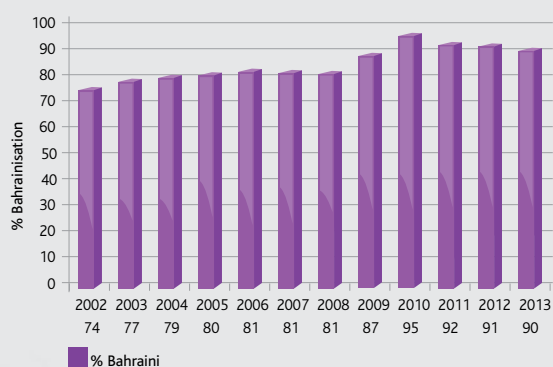
Training and Development



Number of Trainees Annual Average



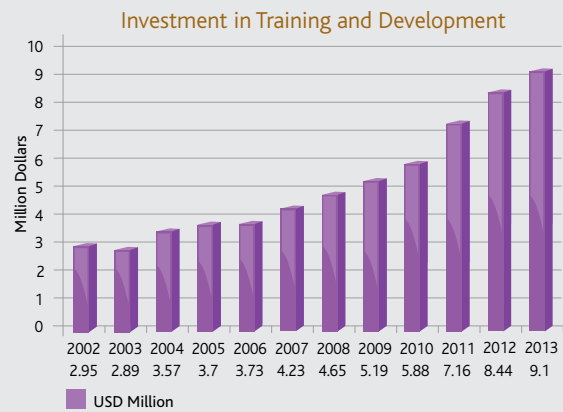
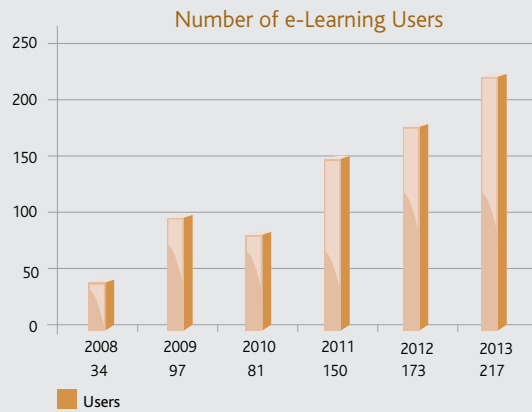
Average % of Bahraini Workforce



The training and development of Bahraini employees constitutes a major priority for GPIC management. To keep pace with the development of its strategies and future trends of training and development in the company, on 8th November 2010, H.E Dr. Abdul Husain bin Ali Mirza, Former Minister of Oil and Gas Affairs and President of the National Oil and Gas Authority inaugurated the GPIC's Academy of Leadership and Learning.

The company's training policy aims to achieve the full development of Bahraini employees through training courses designed by the Leadership and Learning Academy, for both newly recruited employees and existing staff members. This practice is part of the continuous training and development that combines practical training with in-house training courses and those arranged overseas.

Training and Development



The GPIC Academy of Leadership and Learning utilises competency-based training (CBT) for the training and development of its staff. This scheme is considered as a qualitative step in the development of training with a view to the enhancement of staff skills, through boosting their capabilities, achieving equal training opportunities, improving productivity and developing skills to bridge the competency gap amongst staff. This pioneering project contributes to devising individual plans for the training of employees, in addition to the annual training plan and leads to the development of efficiency for every position.

In 2013, the company's total workforce comprised of 475 employees in addition to 36 trainees employed in different jobs such as plant operators, technicians, technical personnel, chemists, engineers and supervisors who have been qualified after attending intensive training programmes.

The Academy of Leadership and Learning also oversees the development of 9 employees to qualify them for occupying senior supervisory positions in the future.

Apart from the training of new graduates, the Academy conducted a number of training and development courses to meet the requirements of both the company and the employees. This process involved the organisation

of 114 training courses held in the Academy and GPIC Club, attended by a total of 1,601 employees. This is in addition to 88 training courses and conferences held in Bahrain involving 385 employees, and a total of 135 training courses held outside Bahrain attended by 386 employees. These courses represented a total of 338 courses attended by 2,372 employees and trainees.

The company adopted a Company-wide Mentoring Programme. The Academy of Leadership and Learning prepared all Managers, Superintendents and Senior Advisors to provide guidance for junior staff members. A total of 100 employees benefitted from the Mentoring process.

GPIC has a separate scholarship scheme that strives to encourage employees to complete their academic studies. In addition to this scheme, scholarships are offered to the outstanding students of the Bahrain University in the studies and specialisations needed by the company, in addition to giving scholarships to employees' children.

Training and Development

In 2013, GPIC trained 215 students in various departments of the company under the supervision of qualified employees. The executive management of the company are keen to provide training opportunities to students to upgrade their technical and leadership skills, communication skills, planning and team work. This is a part of GPIC's commitment to play its community role by developing a generation of young people who have enhanced skills and abilities to contribute to the country's growth and development.

The e-Learning Centre provides support to the training and development plans in GPIC as it offers 51 training programmes in a wide range of topics, such as communication skills, financial resource management, self-development skills, safety, health, environment, computer applications, leadership skills and project management skills. There are 21 technical programmes, on offer for the upgrading of technical skills and knowledge for workers in the technical departments, such as the Maintenance Department, Plant Operations Department and other technical areas in the Company.

Last October, a total of 50 comprehensive training courses were launched in the areas of safety, health and the environment in co-operation with Safety Media.

Thanks to this intensive training policy and Bahrainisation scheme, the company was able to achieve a 91% Bahrainisation level by the end of 2013.

In March of this year, GPIC launched the electronic library through the company's own Intranet. The new library comprises numerous magazines, journals, periodicals and valuable publications. Further, the Academy of Leadership and Learning library boasts of having more than 1800 titles covering a wide range of topics.

The Academy has also been accredited by the US National Safety Council (NSC) as a recognised centre for First Aid training.

In addition, GPIC won the Electronic Learning Award for the Corporate Sector at the e-Government Excellence Award ceremony in April 2013. The event was held under the patronage of HH Shaikh Mohamed bin Mubarak Al Khalifa, Deputy Prime Minister and Chairman of the IT & Communications Supreme Committee Chairman. The award is given to corporations which are able to achieve the optimum benefit from technical solutions that support the learning process in the Kingdom of Bahrain.



Information Technology and Knowledge

Computer networks enable the members of an organisation to share I.T. resources across a geographical area and provide a cost effective infrastructure that can optimise the investments of an organisation. Proper networking helps in achieving "Optimised Database Operations", which aids the extraction of timely information. This can greatly improve the performance of business functions as well as enable the organisation to make quick and real time decisions.

With technology evolution and increased business demands, I.T. Networks need continuous evaluation and capacity management reviews. Recent trends in data transfer over the network backbone is moving towards Voice and Video transfer rather than simple data packets. In order to cater for these developments and to accommodate the future flow of information and knowledge, Network Technology Vendors and I.T. System architects should re-evaluate the present network topologies and designs to meet the future trends.

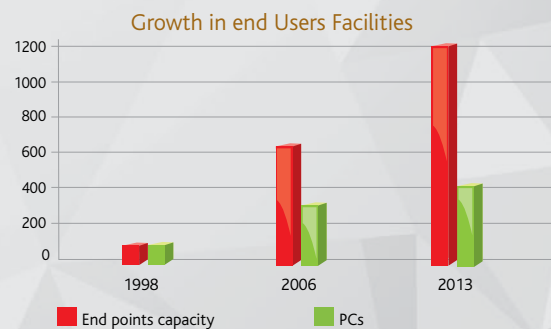
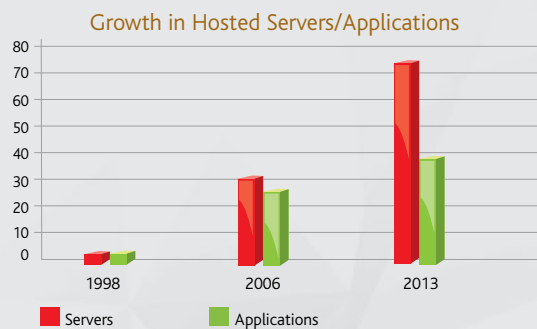
The IT & Knowledge Department at GPIC has already set its strategies and aligned the plans for its infrastructure to accommodate the upcoming changes and provide the enterprise with a scalable Network Infrastructure. The Local Area Network at GPIC was first launched in 1998 with a 100 Mbps (Mega bits per second) bandwidth. This underwent a major review in 2006 which resulted in the upgrade to 1 Gbps (Giga bits per second) bandwidth. The growth in data transfer within the GPIC network and the future requirements triggered yet another review and in the year 2013, when a CAPEX Project was executed, the bandwidth was increased to 10 Gbps.

Several aspects were taken into consideration during the requirement analysis and design phases for this review and upgrade project. The resulting Enterprise network will be



scalable, efficient, highly available, easily manageable, support mobility, and meet the future business needs for the coming ten years. The new hardware offers greater architectural flexibility and revolutionary scale to meet the requirements of the next-generation Data Centres built on state-of-the-art Cisco Nexus Technology.

All the above mentioned were achieved with a reduction in energy consumption, which curbs greenhouse gas emissions and is also in line with our strategy of adopting "Green Computing". The project was executed over a three-month period, where all the backbone cables and infrastructure were replaced, followed by the replacement of the Complex Building Access Switches with new active and passive components. Minimising the impact on system availability to the end users during the implementation, was also set as a priority. To achieve this most of the activities were performed during off peak hours, and transition to the new infrastructure was optimised and cut-off periods shortened.



Official Visits to GPIC Complex



Visit of H.E. the Minister of Transportation



Visit of H.E. Iain Lindsay, the British Ambassador to the Kingdom



Visit of H.E. Governor of Southern Governorate



Visit of H.E. Asaad Al Saad PIC Chief Executive



Visit of AFA Board of Directors



Visit of H.E. Charlotte Hebebrand, IFA Director General

Official Visits to GPIC Complex



Visit of a delegation from the Royal Charity Organisation chaired by H.E. Dr. Mustafa ALSayed, Secretary General



Visit of two Lady members from the Saudi Shura Council



Visit of H.E. Saad Hael, Jordanian House of Representatives Speaker



Visit of the H.E. Under Secretary for Ministry of Foreign Affairs and H.E. The Chinese Ambassador



Visit of a delegation from the Bilateral US-Arab Chamber of Commerce



Visit of H.E. Dr. Khalid Al Ohali, President of Arabian Gulf University

Exhibitions



Bahrain International Garden Show



Middle East Oil show



2nd Energy & Water Conservation Expo & Forum



Corporate Social Responsibility Conference and Exhibition



8th International Chamber of Commerce Exhibition

Exhibitions



GPCA Annual Forum



1st Energy Management Conference & Exhibition



First GCC Petroleum Media Forum



Kuwait Oil and Gas Show 2013



Invest in Bahrain Exhibition

Women's Day Celebrations



Women's Day Celebrations



Women's Day Celebrations



Ladies Working Committee



Dar AlManar for Parent Care



Dar Al Karama Shelter



Shaikhan Alfarsi Comprehensive Center Communication



BBK Rehabilitation Center



Batelco Child Care Home



Sitra for Parents Care

Corporate Social Responsibility

Donations and Sponsorships



Al Rahma Centre



Bahrain Child Development Society



Bahrain Football Association



Shaikh Nasser Bin Hamad Award for Scientific Research in the field of Sports



Bahrain Chamber of Commerce

Corporate Social Responsibility

Donations and Sponsorships



Royal Charity Organization



Bahrain International Air Show



International Conference of Management Sciences



Southern Governorate



Bahrain Free Labour Union Federation

Corporate Social Responsibility

Donations and Sponsorships



inJAz Bahrain



Al Sanabel Orphans Care Society



International Sports for All Federation



Al Hoor & Ghudaibia Charity Fund



Bahrain Roadrunners



Bahrain Doctors Society

Corporate Social Responsibility

Donations and Sponsorships



Mohamed bin Khalifa Cardiac Centre



Bahraini Women's Day



The 29th GCC Traffic Week



Bahrain Maritime Sports Association



Bahrain Journalists Association



A'ali Charity Work Society

Social Events & Activities



Labour Day Celebration



Interdepartmental Football Tournament



inJaz Programme



Employee's Children Awarding Ceremony

Social Events & Activities



Annual Camping



Blood Donation Campaign



Trip to Al Areen



Awarding the winners during SHE Family Night

Social Events & Activities



Ministry of Education & GPIC's Environmental Projects Programme



Beach Cleaning Campaign



Photography Competition



Inauguration of the new Health Club

Social Events & Activities



Annual Day Celebration



SHE Week Celebration



Bahrain National Day Celebration at GPIC Camp



GPIC Walking Day

Summer Programme



Summer Programme

