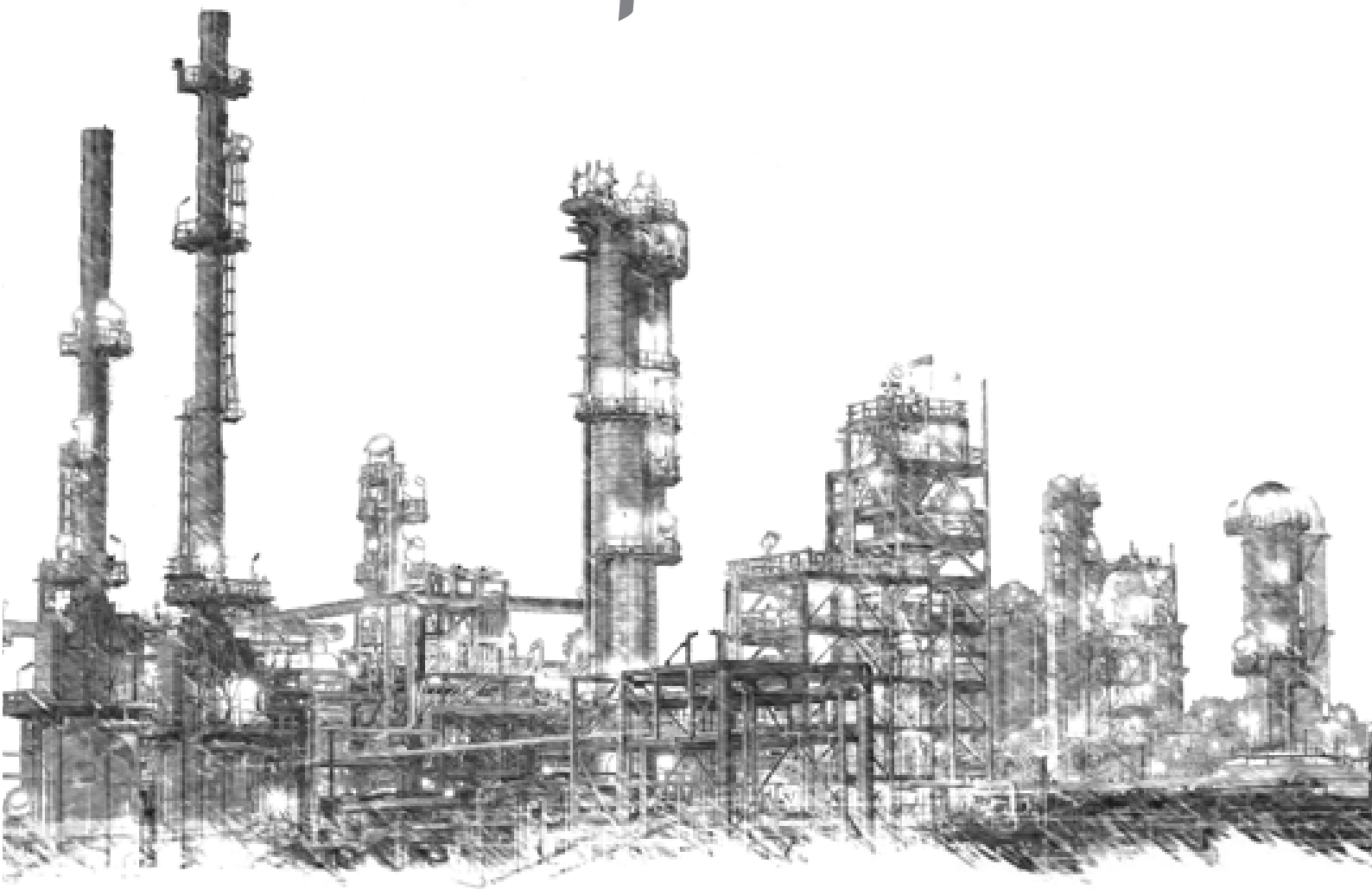


Four Decades of Visionary Growth



QAPCO

شركة قطر البتروكيماويات
QATAR PETROCHEMICAL COMPANY



ANNUAL REPORT 2012



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DISCLAIMER

Qatar Petrochemical Company (QAPCO) Q.S.C. has made every effort to ensure the accuracy of the information contained in this annual report. However, this annual report is intended for QAPCO's shareholders and no one else. QAPCO does not guarantee the appropriateness, accuracy, usefulness or any other matter whatsoever regarding this information.

This document contains forward-looking statements that reflect the management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond QAPCO's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. QAPCO, its directors, employees or agents do not accept or assume any obligation or responsibility to any other person in connection with this document, and has no responsibility to update any forward-looking statements to reflect events or circumstances after the date of these materials.

*In the Name of Allah,
the Most Gracious, the Most Merciful*



HIS HIGHNESS
SHEIKH HAMAD BIN KHALIFA AL-THANI
EMIR OF THE STATE OF QATAR



HIS HIGHNESS
SHEIKH TAMIM BIN HAMAD BIN KHALIFA AL-THANI
HEIR APPARENT

Contents

Milestones – A Year in Review	5
2012 At a Glance	6
Vision and Mission	8
QAPCO, in just about everything	9
Our Values	10
Corporate Governance & Management Systems	12
Shareholding Pattern	14
Profile of Subsidiaries/Associates	16
Board of Directors	18
Chairman’s Message	19
Vice Chairman & CEO’s Statement and Executive Performance Overview	20
The Establishment of MUNTAJAT	28
Delivering on the QNV 2030	30
Highlights of Each Core Functional Group	
- Special Projects	34
- Operations	38
- HR & Learning	44
- Finance	48
Financial Statements	
- Independent Auditors’ Report	52
- Statement of Financial Position	53
- Income Statement	54
- Statement of Changes in Equity	55
- Statement of Cash Flows	56

Milestones

A Year in Review



Heads of Agreement with Qatar Petroleum to jointly develop a **mega-petrochemical complex** in Ras Laffan Industrial City

Successful **start-up of LDPE 3** and groundbreaking launch

Production reaches an **all-time high**

Reporting **solid financial results**

Sales dominance via quality excellence

Qatarization **champion**

Facilities modernization for a **sustainable future**

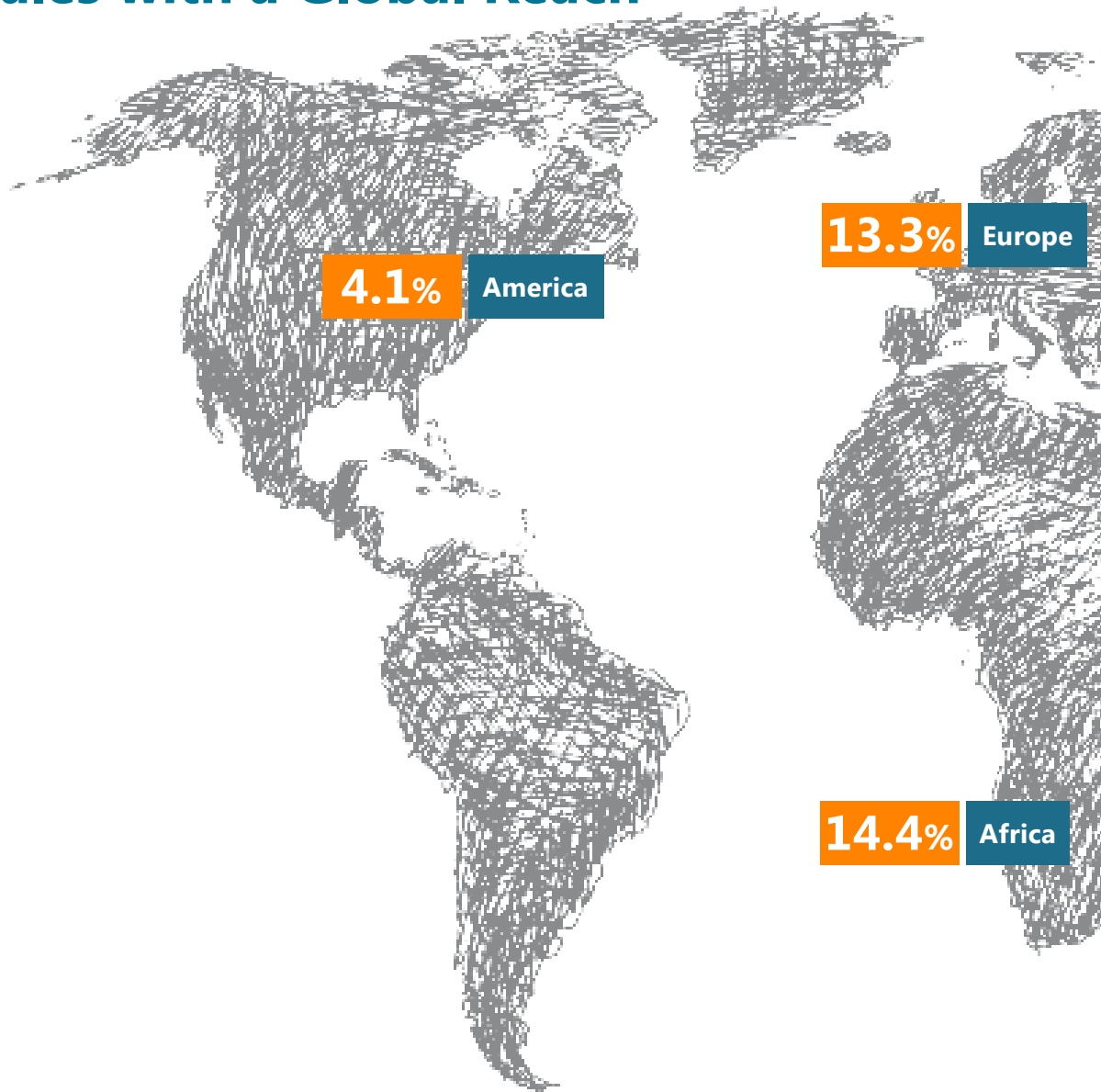
Safety first via outstanding indicators

Clearly delivering on **Qatar National Vision 2030**

Community Partner, more than ever

2012 At a Glance

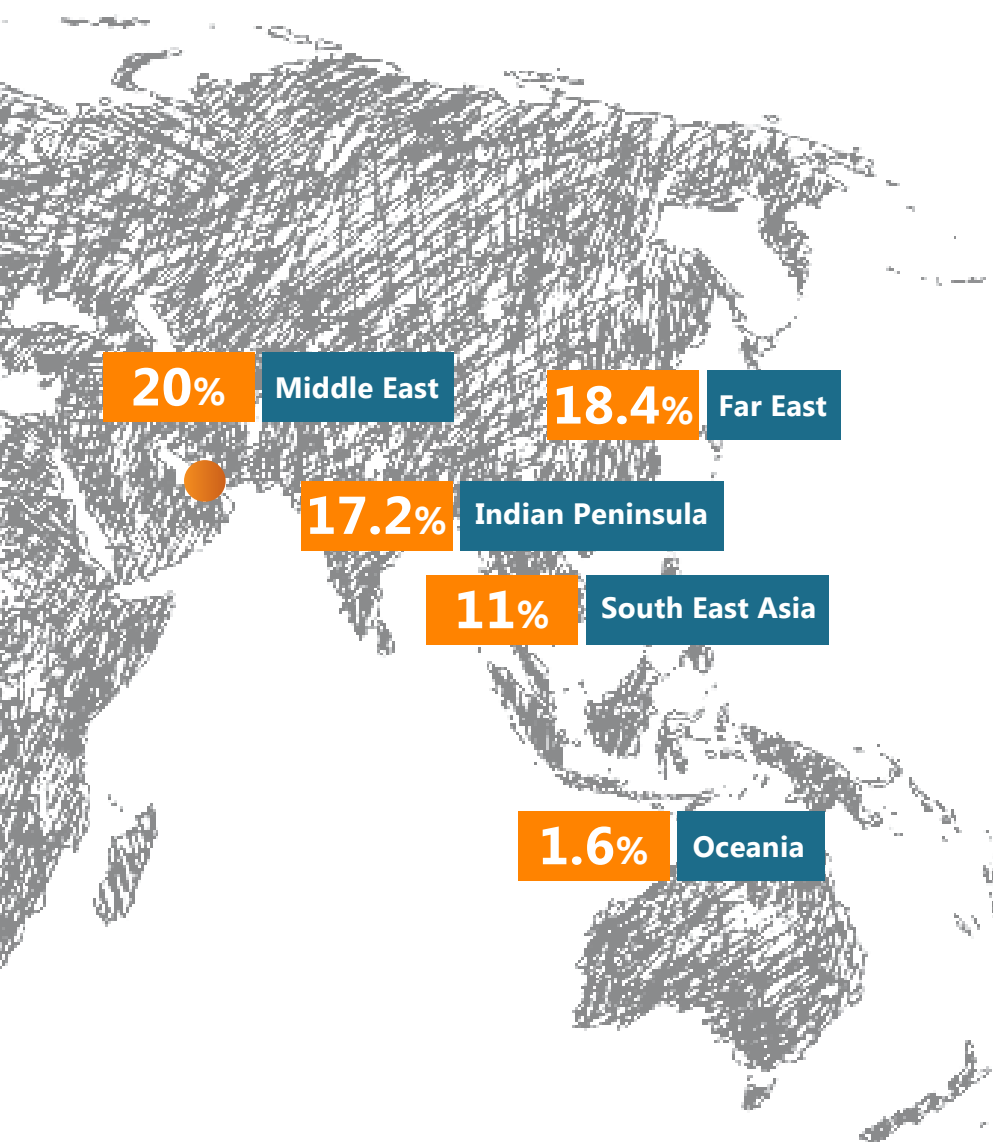
From Qatar to the World
LDPE Sales with a Global Reach



1,224 employees

6 production plants

Capacity Output **700** KTPA of LDPE



10.801 bn
Total Assets

6.071 bn
Revenues

3.629 bn
Profit before tax

Figures are consolidated, in Qatari Riyal (QR): QAPCO stand-alone and its share in its JVs, Qatofin, QVC and QPPC

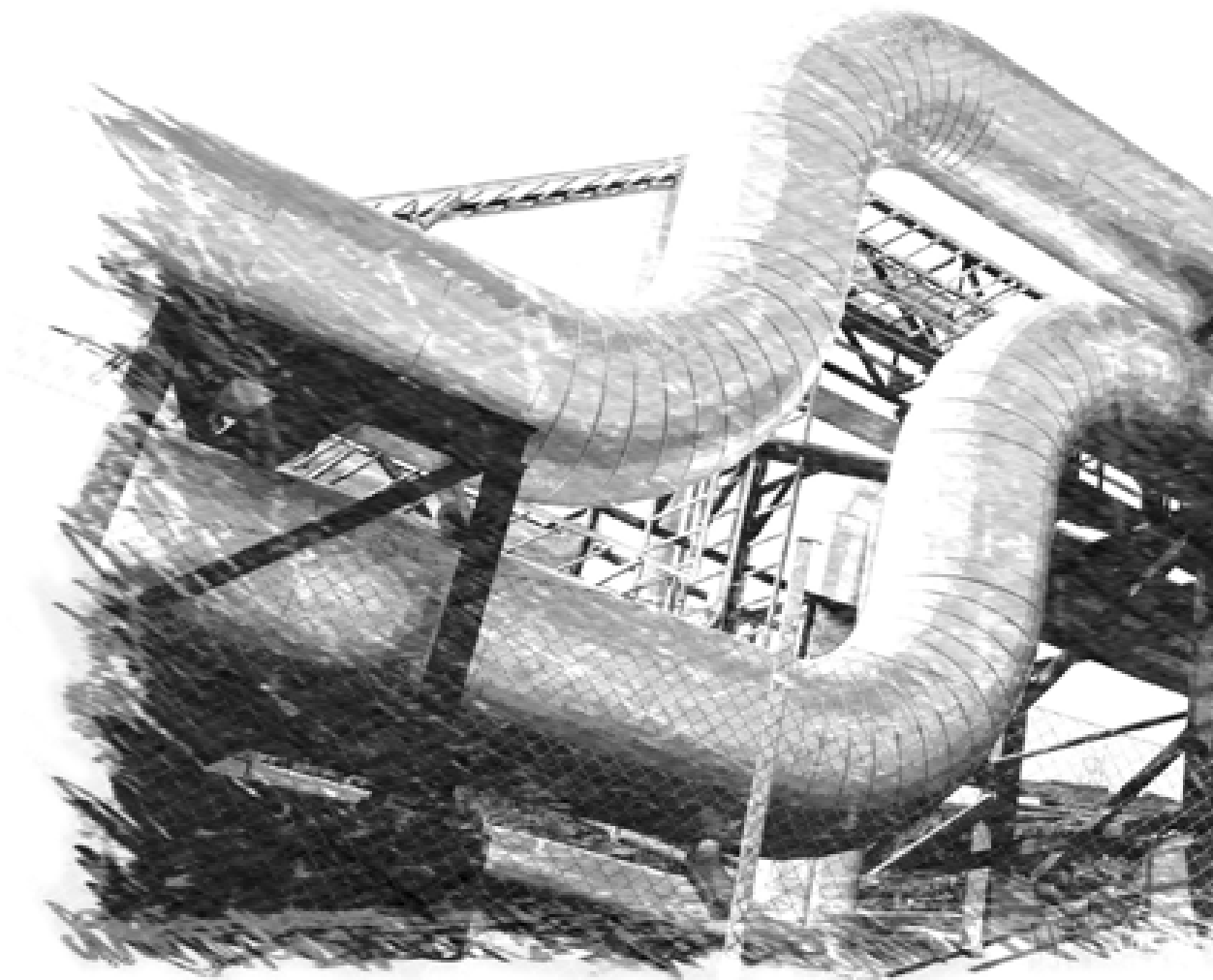
Vision and Mission

Qatar Petrochemical Company (QAPCO) Q.S.C. was established to utilize fully the natural resources of the State of Qatar. By processing, transforming and adding value to the associated and non-associated gas related to oil & gas exploitation, QAPCO produces a number of petrochemical products.

For almost four decades, QAPCO has grown continuously and is now considered to be one of the leading petrochemical powerhouses in the region.

Our vision is to become one of the leading, reliable and prime sources of producing and supplying ethylene and polyethylene in the regional market.

As our mission, we can state that we are a quality-focused organization supplying ethylene and polyethylene to the plastic industry, while committed to our customers, employees, owners and the community.



QAPCO

in just about everything

What is the common denominator in a greenhouse, a kid's toy, a plane, a car, a plastic bag, a wire, a disposable picnic set, a CD case, a pipeline, a bottle, a milk pack or a credit card?

The answer is... QAPCO.

For the past four decades, at QAPCO, we have been producing prime LDPE, which is considered to be one of the most common and widely used forms of plastics.

By virtue of their applications, our products are used all over the world and are part of the daily lives of everyone.

At QAPCO, we are proud to be
...in just about everything.

We are committed to making your everyday life more practical, safer and in a sustainable manner, thanks to innovative products that match your constantly changing needs.

As the world's population is growing, demand for our products is rising too.

Plastic is known for its many features, such as resistance and flexibility. Plastic can also be moulded and recycled and can come in any shape or color.

Plastics, from Qatar, to the World.
The future is QAPCO.



Our Values



Integrity & Ethics

because being responsible, transparent, accountable for our actions and aiming for the best for QAPCO is at the heart of everything we do. We believe in best practices and it is reflected from our daily operations to our end products.

Relationship/Trust

because we believe in our people and their judgment, and building strong connections within QAPCO and externally adds tremendous value to what we do.

Teamwork/Collaboration

because cooperation, respect and solidarity brings the best out of us, enhancing productivity and cohesion and enabling us to achieve more together, to meet stringent deadlines and to build a united multicultural organization.

Achievement of Goals

because being reliable is crucial to us and we strongly motivate ourselves to achieve, and often exceed our targets no matter what, to ensure our stakeholders are satisfied. At QAPCO, we deliver.

Creativity/Innovation

because the best original ideas often come from within, we foster creative thinking and encourage progress. We believe in the continuous development of our people, operations and products.

Freedom to Act

because we believe in autonomy and sense of initiative and thanks to our procedures in place, we like to empower our people, enabling fast decision-making and flexibility, to serve you better.

Recognition of Achievements

because we acknowledge successes and reward people that make a difference.

Learning & Growth

because constant evolution is crucial, we focus on the development of human talent and to ensure our employees are accomplished. On a global level, we continuously strive to grow and to be recognized as a leading petrochemical powerhouse. We pursue excellence.

Corporate Governance & Management Systems

Preserving the interests of our stakeholders is essential for QAPCO and it is a fundamental part of our success.

We have a rigorous and comprehensive corporate governance system in place that directs and controls business decisions by specifying the distribution of rights and responsibilities for all the members of the organization, including the board, the management, shareholders and other stakeholders, within the context defined by legal, regulatory, competitive and ethical forces.

Our corporate governance framework is based on transparency, responsibility, accountability and fairness.

The Corporate Governance System is systematic and profoundly embedded within our strategy, dictating the entire behavior of the organization and safeguarding the interests of the stakeholders in the long term and ultimately increasing the satisfaction of our customers.

Rules and procedures for decision-making are clearly stated at all levels. For example our Table of Financial and Non-Financial Authorities is a tool used to determine the level of financial authority and identify the relevant signatories and was implemented in 2008 and ensures efficiency and clarity within QAPCO.

Our audit committee, for instance, ensures the compliance and implementation of our Policies and Procedures, which are based on the best practices and are insured by Quality Management Systems such as ISO 9001.

In accordance with international standards, our accounting and financial policies and manuals are based on IFRS regulations.

From a Health, Safety and Environment perspective, minimizing the risk related to our operations and products is fundamental and we operate in strict compliance with the requirements of EMS 14001 and OSHAS 18001.

Our Risk Management Committee evaluates, anticipates and mitigates the risks via our risk management framework and Consolidated Risk Register with a number of preventive and reactive measures to limit uncertainties in the best possible way.

Our Tender Committee acts as per the Procurement Procedures to guaranty integrity and due processes.

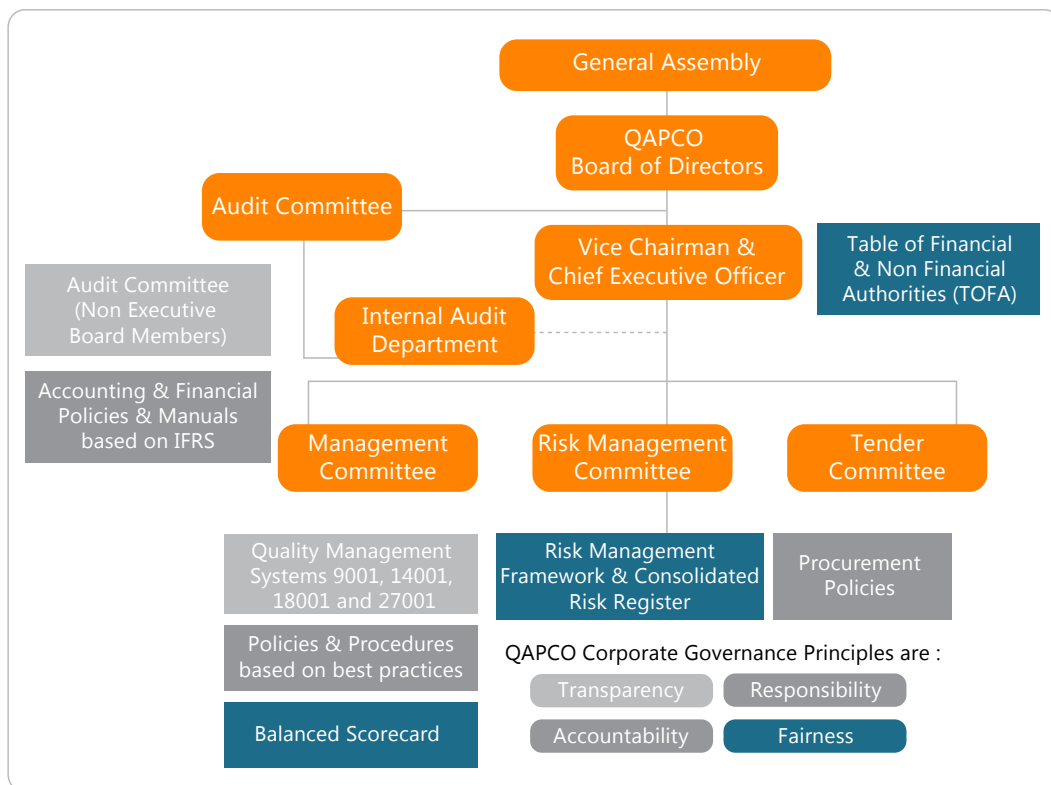
Overall, for the past 5 years, led by our Business Excellence Department, we have been pioneers and have implemented our Balanced Scorecards aligned with our vision to ensure efficiency, measure performance, monitor and enhance clarity and visibility.

Continuous improvement is our policy and we are in the process of auditing and certifying our Corporate Governance Framework.

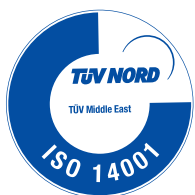
Ensuring that our suppliers and contractors comply with our procedures and standards is a number one priority to ensure consistency throughout all the processes.

QAPCO via its numerous processes ensures prime ethical corporate behaviors at all times amongst the board, the management, employees, suppliers, contractors and partners and it gives us a sharp edge.

Corporate Governance Framework



Certified by:



Environmental
Management
System
(EMS 14001)



Occupational
Health & Safety
(OHSAS 18001)



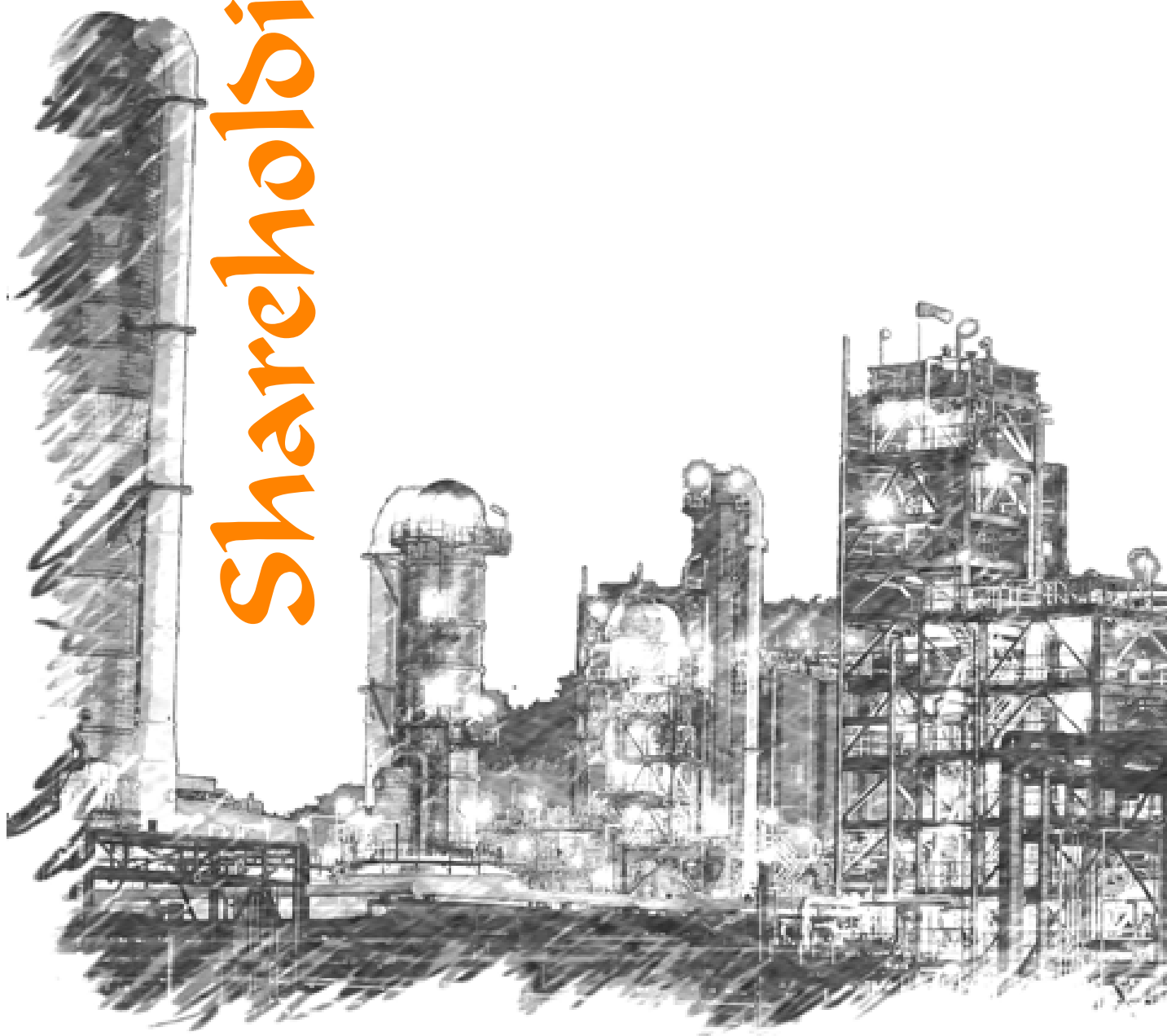
Quality
Management
System
(ISO 9001:2008)

Shareholding Pattern



Industries Qatar (IQ) Q.S.C.

is the majority shareholder with an **80%** stake. IQ was founded in 2003 with a paid-up capital of QR 5 billion and just celebrated its 10th anniversary since its successful IPO. IQ is one of the largest publicly traded companies on the Qatar Exchange. Qatar Petroleum holds a 51% share in IQ, while the remaining is held by the public and non-profit organizations. IQ is considered to be one of the most important industrial giants in the region.

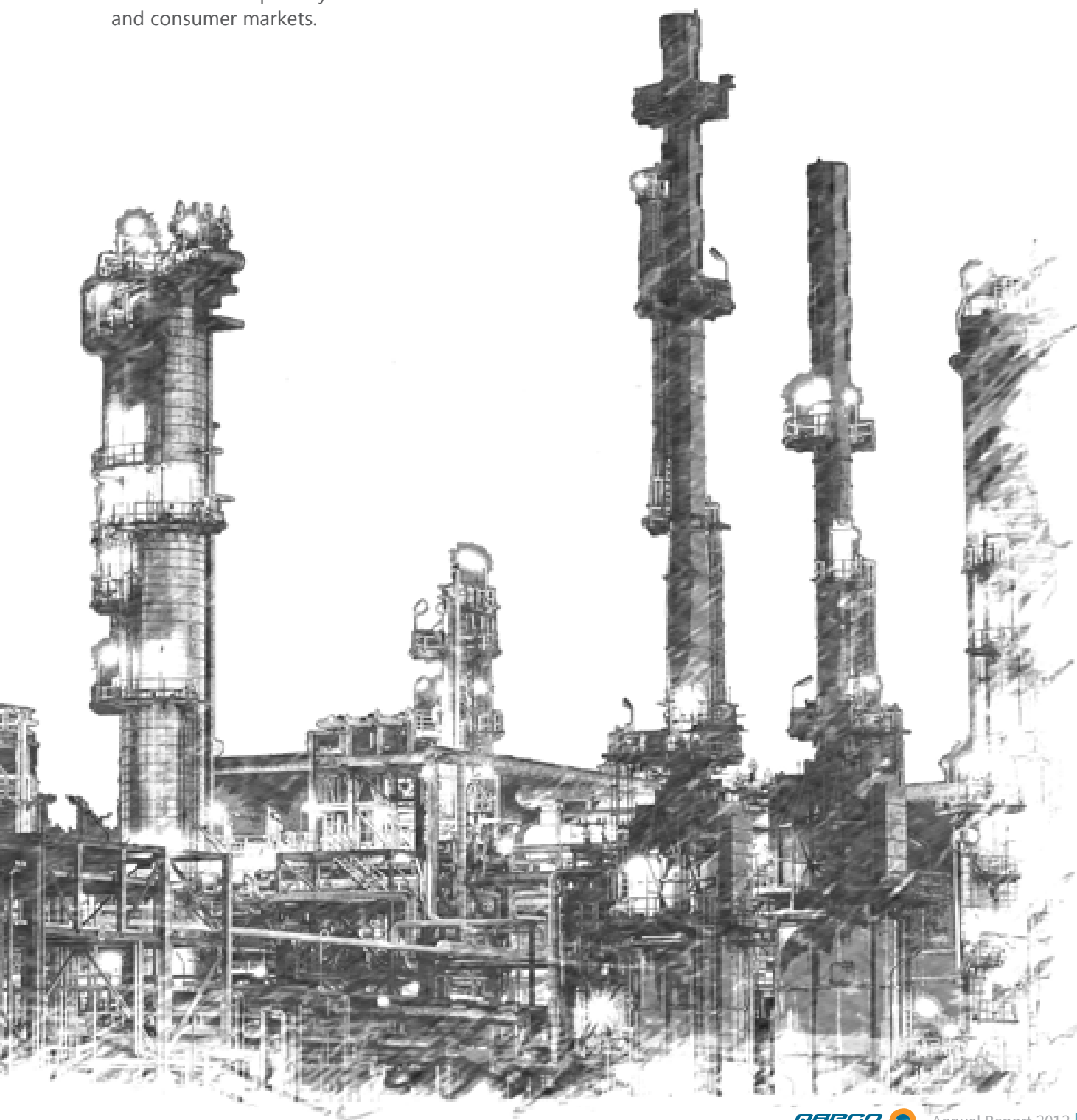




Total Petrochemicals France

TOTAL

holds a **20%** equity in QAPCO. The renowned French chemical manufacturer is part of Total, one of the largest publicly traded integrated energy companies in the world that is present in over 130 countries with approximately 100,000 employees. Total engages in all aspects of the petroleum industry, including Upstream and Downstream operations and produces base chemicals and specialty chemicals for the industrial and consumer markets.



Profile of Subsidiaries/Associates

In its quest to integrate and expand its downstream industrial base and diversify its income resources, QAPCO holds stakes in the following subsidiaries/associates.



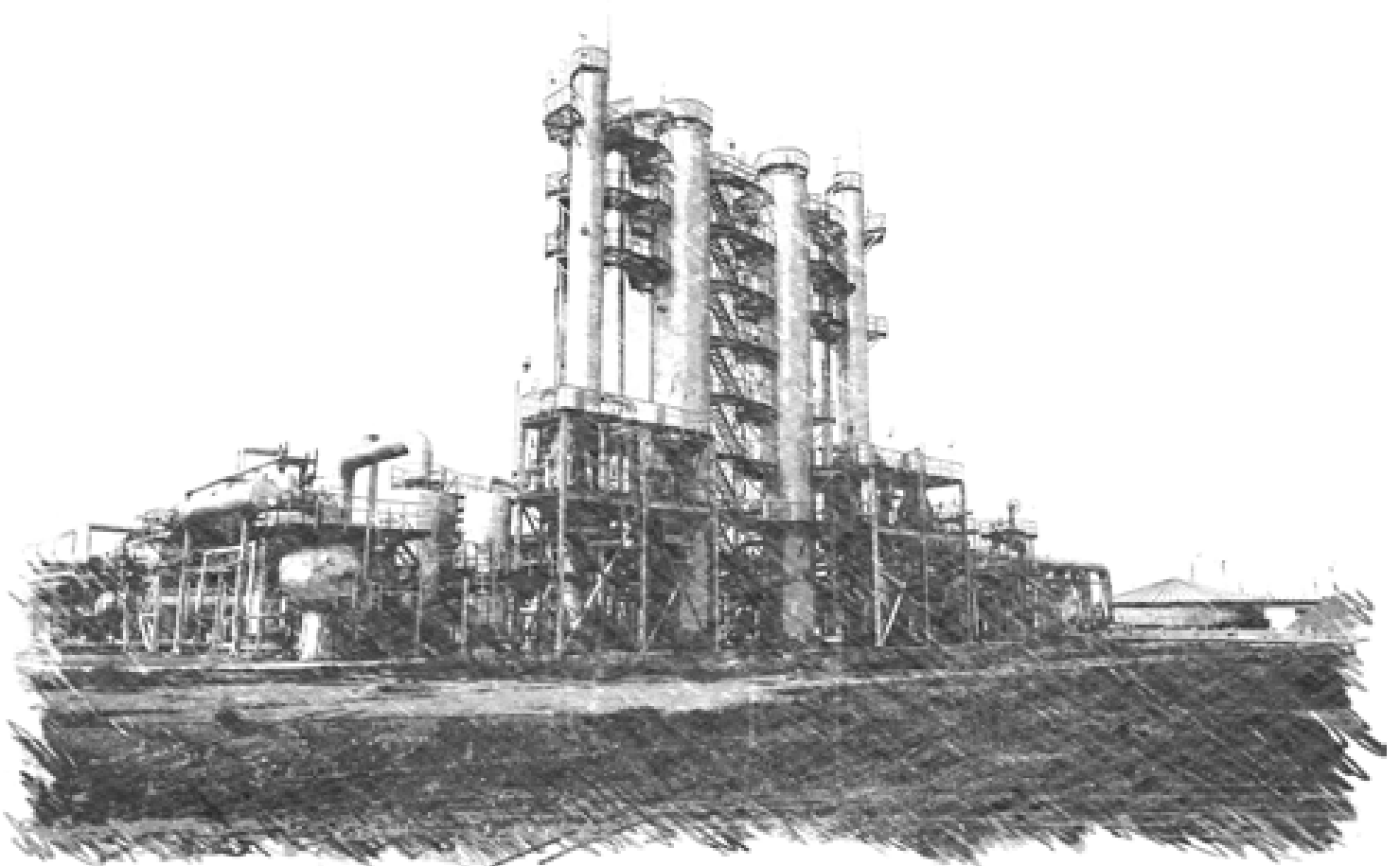
Qatofin was established in 2005 and is a joint venture between **QAPCO (63%)**, Total Petrochemicals France (36%) and Qatar Petroleum (1%). Qatofin, located in Mesaieed Industrial City, produces linear low-density polyethylene (LLDPE), mainly for export, and has a design capacity of 450,000 MTPA. QAPCO is the operator of the Qatofin LLDPE plant. LLDPE is usually used for plastic bags and sheets, plastic wrap, stretch wrap, toys, covers, lids, pipes, buckets and containers, covering of cables, and flexible tubing amongst other applications. The ethylene feedstock required for the LLDPE unit in Mesaieed is supplied from an ethylene cracker of 1.3 MTPA in Ras Laffan Industrial City through a 133 km pipeline. This cracker is owned by Ras Laffan Olefins Company (RLOC), which is a joint venture between Qatofin (45.7%), Q-Chem-II (53.3%) and Qatar Petroleum (1%). The RLOC cracker was established in 2005, at the same time as Qatofin, and is managed and operated by Q-Chem II.



Qatar Vinyl Company (QVC) was established in 1997 and is a joint venture between Qatar Petroleum (55.2%), **QAPCO (31.9%)** and Arkema (12.9%). QVC is designed to produce 365,000 MTA of dried caustic soda, 200,000 MTA of ethylene dichloride (EDC) and 330,000 MTA of vinyl chloride monomer (VCM). QVC's products are used in a wide range of applications that are part of our daily lives.



Qatar Plastic Products Company (QPPC) was established in 1998 with the joint association of Qatar Industrial Manufacturing Company (QIMC) at 33.3%, the Italian company FEBO s.p.a at 33.3% and **QAPCO at 33.3%**. QPPC is an important downstream company in Qatar, developing and manufacturing flexible industrial packaging solutions such as heavy-duty bags and plastic-sheets, using polyethylene, supplied by QAPCO and others. The QPPC plant produces up to 14,000 MTPA of plastic films. QPPC's products meet the bagging requirements of QAPCO, Qatofin and Q-Chem to a great extent. QPPC has recently accomplished another milestone by building a wooden pallets manufacturing unit, named Qatar Wooden Products Co. (QWPC), to further meet packaging requirements.



Board of Directors



**Eng. HAMAD RASHID
AL MOHANNADI**
CHAIRMAN



**DR. MOHAMMED YOUSEF
AL MULLA**
VICE CHAIRMAN & CEO



**MR. SULTAN KHALIFA
AL-BINALI**
Board Member



**MR. AHMED MOHAMED
DARWISH**
Board Member



**MR. AHMED ALI ABDULLA
AL-MAWLAWI**
Board Member



**MR. MOHAMMED KHALID
AL GHANEM**
Board Member



**MR. MUBARAK AWAIDA
M. AL-HAJRI**
Board Member
(Successor of Mr. Mohammed
Jassim Al-Baker who retired in
December 2012)



MR. BRYAN CANFIELD
Board Member



MRS. BERNADETTE SPINOY
Board Member

Chairman's Message

Dear Shareholders,

Thanks to the continuous support of our partners, QAPCO has grown tremendously in capacity, knowledge and expertise over the past 40 years.

For almost 40 years, thanks to the wise guidance and vision of the leadership of the State of Qatar, reinforced by the continuous support of the Ministry of Energy and Industry and of HE Dr. Mohammed bin Saleh Al Sada, Minister of Energy and Industry, we have been at the forefront of the industrial output of the State and we are dedicated, more than ever, to delivering high value to all our stakeholders.

Looking forward to the next decade, QAPCO is determined to play a central role in the State of Qatar's economic diversification in the petrochemicals industry.

As QAPCO's Board of Directors, we have been entrusted with implementing the company's strategy. In doing so, we are committed to excellence in delivery, as we continue to provide high value to all our stakeholders and we are very proud to report the company's robust financial performance for 2012.

Thanks to the talent and dedication of our teams, 2012 was yet another year of accomplishments.

Of our key achievements, QAPCO signed the Heads of Agreement with Qatar Petroleum (QP) to jointly develop an unprecedented mega-petrochemical complex in Ras Laffan Industrial City. This development is not only a significant milestone for QAPCO but also for Qatar, as it will contribute to the integration of the petrochemical industry and introduce new products to the country's production portfolio. We are also very pleased, as it is the first time that two Qatari entities will build and construct such a strategic facility together.

In 2012, QAPCO also successfully launched the LDPE 3 facilities.

On behalf of the Board of Directors, I would like to thank you for your continuous trust and I look forward to your unwavering support as we continue to enhance our performance and excel in 2013 and beyond.

I invite you to read about all we have achieved in the pages of this report.



**Eng. Hamad Rashid
Al Mohannadi**

Chairman of the
Board of Directors

Vice Chairman & CEO's Statement and Executive Performance Overview

Dear Shareholders,

I would like to thank you for believing and investing in QAPCO.

Delivering excellence and beyond, *in just about everything*, is what we do and what motivates us to grow further.

2012 has been an exceptional year for us, filled with many significant achievements, powered by the constant commitment of our employees and partners, ensuring that our strategy and ambitions become realities.

Once again, we delivered on the financial side, as assets and revenues increased, while costs were optimized. Our efforts were rewarded as we recorded an excellent net profit. Our strong financial performance reflects our outstanding operational results.

The successful launch in 2012 of our 3rd LDPE plant is a tribute to our dedication to become one of the world's leading and most reliable LDPE producers. The new LDPE 3 plant is extremely efficient, thanks to its sophisticated design and the use of the latest technology, reinforcing our competitive edge on international markets. Our LDPE production capacity has drastically increased, making QAPCO one of the world's largest single site producing facility and placing us amongst the most prestigious petrochemical leaders on the planet.

Nevertheless, safety is our priority. Our HSE indicators are outstanding and are becoming real benchmarks. Looking at QAPCO employees, we have achieved more than 13.4 million man hours since the last Lost Time Injury.

In a quest to constantly raise our safety and environmental standards, enhance productivity and increase energy efficiency, we are modernizing our facilities with the replacement of many existing old furnaces and gas turbines with new ones. Building a sustainable future for the generations to come is important to us, hence we raise our environmental standards to minimize our impact and ecological footprint on the environment.

On the LDPE production side, we reached an all time high after the start-up of the LDPE-3 plant. This historical milestone has been reinforced by the excellent performance of our Commercial and Marketing Group. Our global marketing network reiterated its performance by increasing sales volumes in many regions and we continued our international expansion, bringing the QAPCO brand to new markets.

Another indicator of success is our customer satisfaction. We can proudly state that we reached a high satisfaction rate and extremely strong brand loyalty. This is what we strive for: continuously delivering excellence and high quality products, by building strong long-term relationships with our customers. Our target is to become the number one petrochemical producer in the world, in terms of quality.

But more importantly, our success is driven by our people. Our employees are our best assets, enabling us to reach our full potential. Recruiting high caliber profiles, developing talent and skills and keeping our employees engaged on all levels is essential. We achieved a 93% retention rate and

pride ourselves by being considered an employer of choice, by offering opportunities for personal growth.

Thanks to the 199 initiatives and programs undertaken in 2012 by our HR, Qatarization and Learning and Development Departments, we reached a 28% Qatarization rate and offered numerous new scholarships, highlighting the importance of the Nationals to the development of QAPCO.

We also supported the local economy by creating career opportunities and by contributing to local business development. For instance, in 2012, out of the total supplier spending, 75% was spent on local suppliers.

All in all, contributing towards every pillar of the QNV 2030, meaning on Economic, Human, Social and Environment Development, is embedded in our strategy and DNA. This is also how we measure and evaluate our success. During 2012, QAPCO was truly a community partner, engaging more and more on all fronts and increasing its CSR activities in order

to give back to the community. Raising awareness in schools and universities about engineering and chemistry, with a view towards promoting the petrochemical industry, highlighting the role of plastics while supporting innovative high-level research and development is fundamental for us.

Expanding to new horizons and heading up North is what can define 2012. The HoA between QP and QAPCO to jointly develop a new mega-petrochemical complex in Ras Laffan Industrial City highlights how far we will go. We have built our capabilities, developed a talented workforce and have created technical and operational expertise across the board and are ready to head up North for this new page in the QAPCO history of achievements.

We have delivered for 40 years and will surely deliver for the next 40 years to come and beyond.

Sincerely,

Dr. Mohammed Yousef Al Mulla
VICE CHAIRMAN & CEO, QAPCO



A Sharp Focus Delivering Robust Results:

Our 5 Year Strategic Business Plan (2009-2013)

Strategy Management at QAPCO

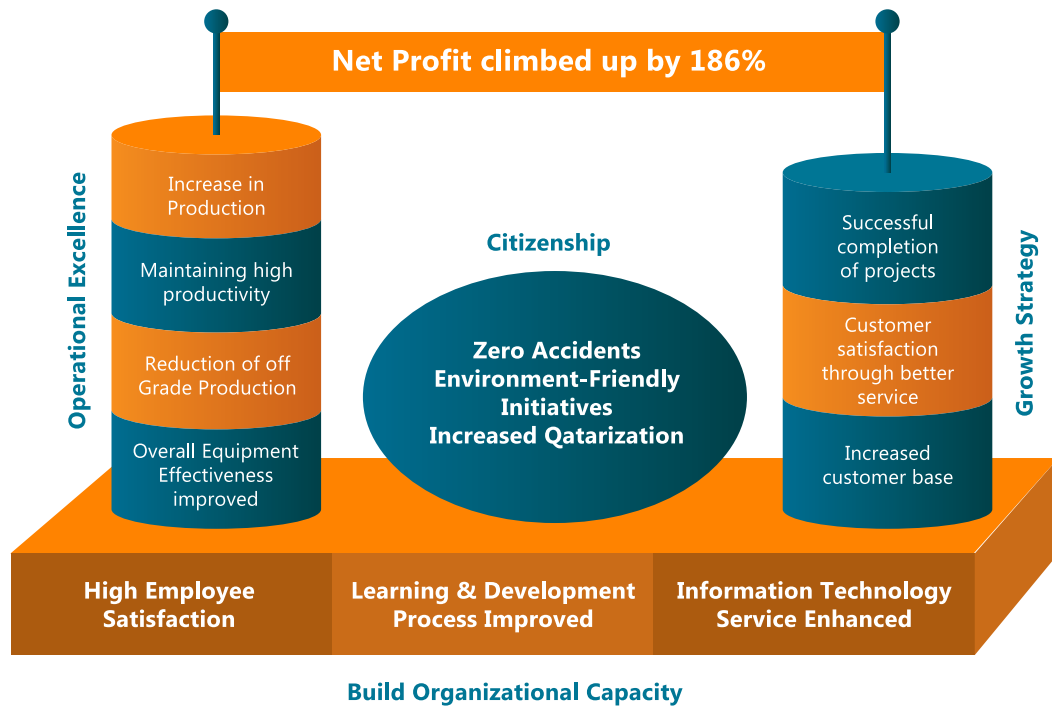
QAPCO's strategic planning provides the overall direction for the company and enables us to capitalize on business opportunities, while being able to respond to changing market conditions, by planning business operations in an integrated, aligned, progressive and sustainable manner. QAPCO has developed a 5-year Strategic Business Plan (2009-2013) that revolves around four strategic pillars: Operational Excellence, Growth Strategy, Citizenship and Build Organizational Capacity. These strategic themes demonstrate the focus of QAPCO's Corporate Strategy.

During the execution and implementation of our 5-year plan, QAPCO's Strategy Management Team successfully defined and aligned the corporate strategy, facilitating cross-functional teamwork across the organization, by using the proven Balanced Scorecard methodology. The unique feature of QAPCO's strategy is its synchronization and concurrence with various management systems in place, such as Quality, Risk, HSE, Competency and Projects. This paves the way for achieving business excellence, ensuring continuous improvement across the entire organization.

- Consistently maintaining **high Stream** Factor and Loading Ratio
- Reduced off grade production from **2.4%** to **1.8%**
- Overall equipment **effectiveness improved**
- Customer **Retention increased**
- **12%** increase in On Time Delivery
- Employee Satisfaction increased from **72%** to **87%**
- Training Distribution **improved substantially**

The growth opportunities of QAPCO depend on the demand for petrochemicals as well as capacity growth. This which can potentially be jeopardized by challenges such as scarce resources and capabilities. The development of a long-term strategy and short-term business plans are our priorities in order to capitalize on opportunities and overcome possible challenges.

Executive Performance Overview



In The Spotlight Risk Management

Risk Management is embedded in our strategy and is one of the key elements impacting our operational performance and successes. As QAPCO Management, we provide reasonable assurance to our Board of Directors and other stakeholders that we have a well-designed and mature system in place to identify, monitor and mitigate the risk. The Management ensures that all necessary controls are implemented and are regularly monitored for optimized operations and maximized profitability.

The QAPCO 'Risk Management' structure is developed to ensure that all the significant risks impacting the organization's objectives are addressed and mitigated to an acceptable level and that business operations run at the optimum level. This involves the 'Risk Management Committee' and the 'HSE Executive Committee', where all the significant risks related to QAPCO Business and Health, Safety and Environment are discussed for management review and actions. Furthermore,

the QAPCO Management is acting proactively, monitoring the increasing threats of 'Information Security' and cyber attacks. QAPCO Management has taken the initiative of improving its information security controls and plans to endorse the control effectiveness by acquiring the ISO 27001 certification and by attending meetings with other "Q" companies to develop synergies to address these specific risks.

To further enhance the level of maturity in all functions, QAPCO embarked on the journey of Enterprise Risk Management in 2011, by establishing the 'Risk Management Framework' and 'Risk Management Process' being applied across the organization. ISO 31000 was used as the main reference document for the preparation of the manual. Risks are reported at department levels and at the corporate level by means of 'Risk Dash Boards' and are communicated, actioned and monitored at desired level by the 'Risk Owners'.

Reaching New Heights, Beyond Excellence

Commercial and Marketing Group Performance

AN ALL-TIME HIGH CONSOLIDATED SALES RECORD FOR 2012

At QAPCO, we continue to develop our strong position as a leading petrochemical supplier with our diversified product portfolio and by serving our customers at their doorstep. Our Global Marketing Network involves self-operated offices, warehouses and agents network in order to be even closer to our customers.

In 2012, QAPCO had 28 offices across the world in strategic locations.

The products sold by QAPCO marketing include QAPCO's ethylene and LDPE, Qatofin's ethylene and LLDPE, QVC's EDC, VCM and CSS and QChem's HDPE amongst other products under the marketing arrangement.

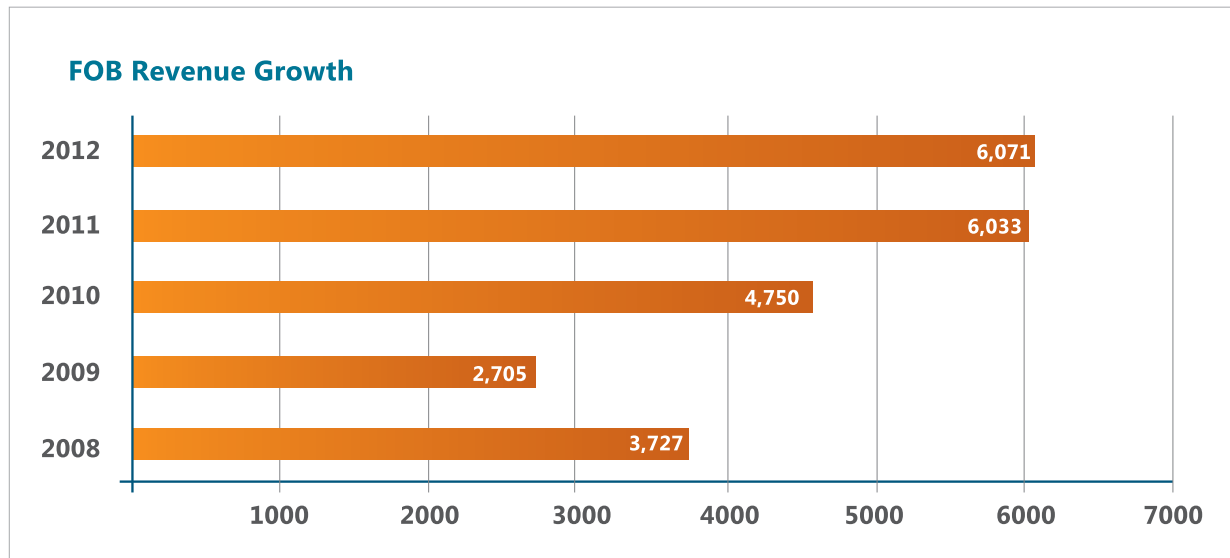
Global Marketing Network: Offices



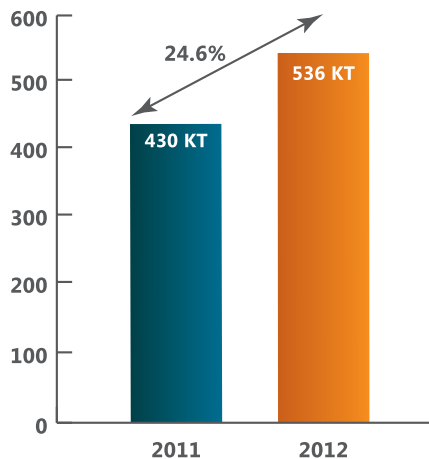
Executive Performance Overview

QAPCO Outstanding Sales Performance strongly contributing to the growth of QAPCO

Includes consolidated sales revenue for QAPCO stand-alone, together with its share in Qatofin, QVC and QPPC, in million QR.



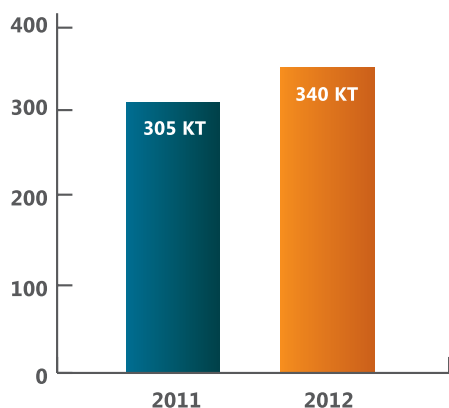
LDPE Total Sales (Volumes) in KT



Despite a weak global economy and the political crisis in the Middle East, which are affecting demand and prices of our products, QAPCO managed to deliver a good sales performance, boosted by the launch of the LDPE 3 facility.

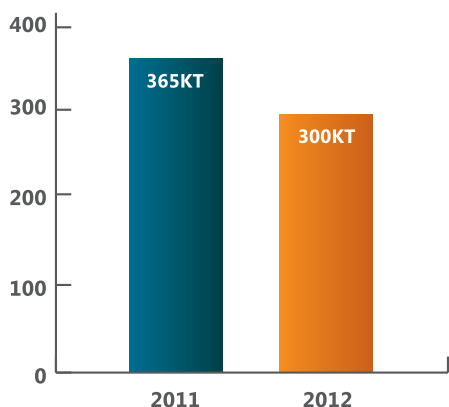
LLDPE

QAPCO's share of LLDPE sold in Qatofin

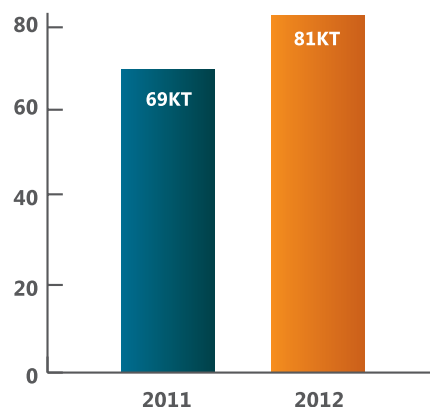


Ethylene

Total Sales



QAPCO's share of ethylene sale in Qatofin



QVC Products & Other Chemicals

The sale of QAPCO's share in QVC's EDC, VCM & CSS, Q-Chem's HDPE and other chemical products under the marketing arrangements in 2012 reached **564 KT**.

Via its strong foothold in strategic markets, the quality of its products, its focus on customers and the dedication of its teams, QAPCO increased its sales for the production related to QAPCO and Qatofin, which is in line with our growth strategy and reflects our commitment to excel in every domain.

Executive Performance Overview

Malaysia Hub

A major supply-chain achievement Reducing transit time, to serve you better

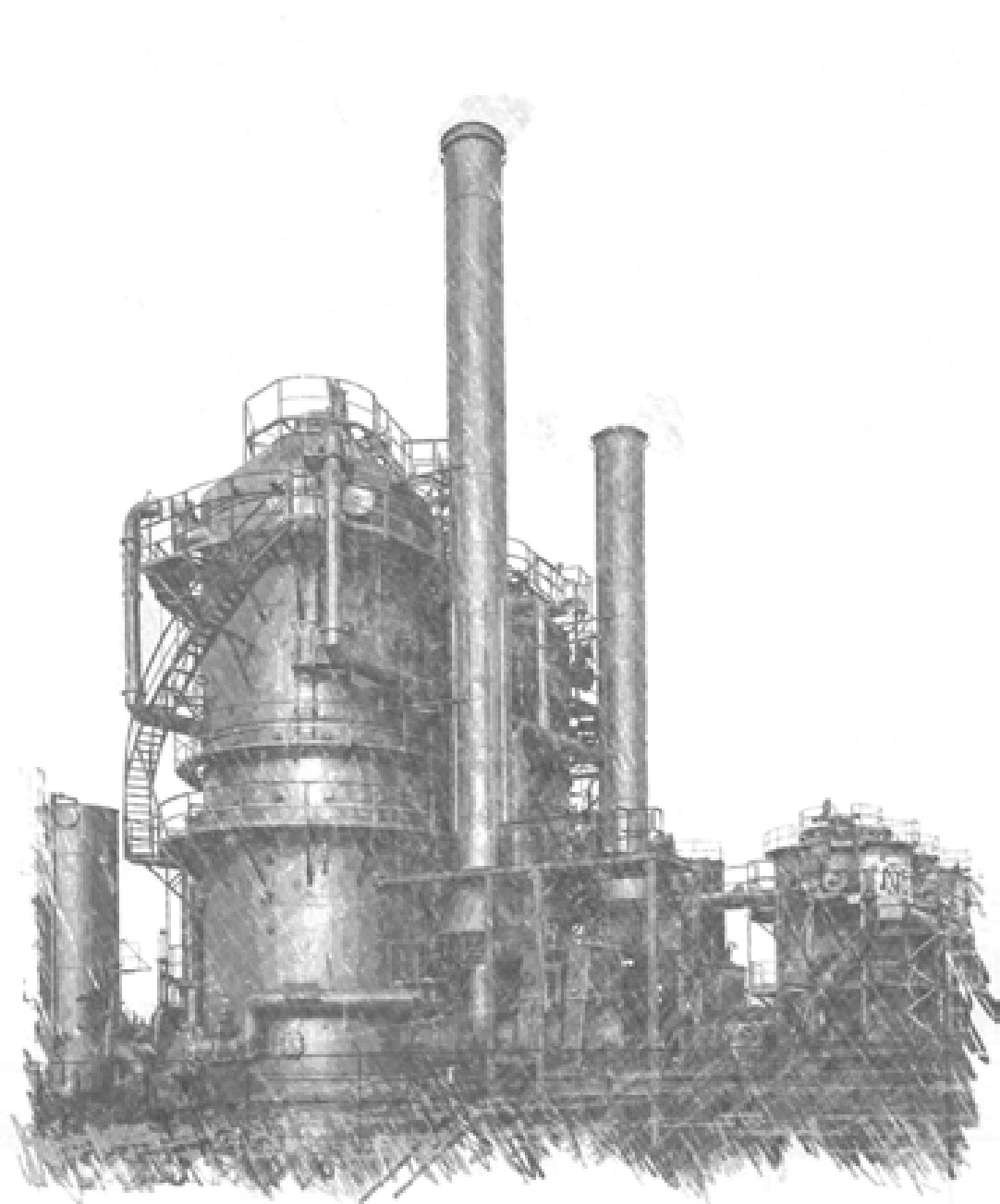
In its quest to always serve its customers better and answer their needs faster, to reduce shipping and delivery times, QAPCO has created a shipping hub in Malaysia, in the port of Klang.

Through its new hub, transit time has been significantly reduced between major destinations.

The service contract to handle and manage QAPCO's hubbing operations at Port Klang was awarded to CMA-CGM, via regular tender process.

Approximately 100,000 MTPA of QAPCO's products could be shipped from this new hub to the Far East and South East Asia, Australia and New Zealand and to the Indian Subcontinent, enhancing QAPCO's strong position in the region and to further expand sales in the region, reinforcing the Lotrène brand.

Overall, via the Malaysia Hub implementation, QAPCO can ensure fast and regular supply of its products, for the benefit of its customers, as it is drastically reducing transit time, thereby, maintaining QAPCO's competitive edge in the market.



The Establishment of MUNTAJAT

CONSOLIDATION OF THE MARKETING AND DISTRIBUTION OF CHEMICALS AND PETROCHEMICALS PRODUCED IN THE STATE OF QATAR



Muntajat

Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C. is the state-owned company established in 2012 to consolidate the marketing and distribution efforts of the State of Qatar's annual production of 10 million tonnes of chemicals and petrochemicals.

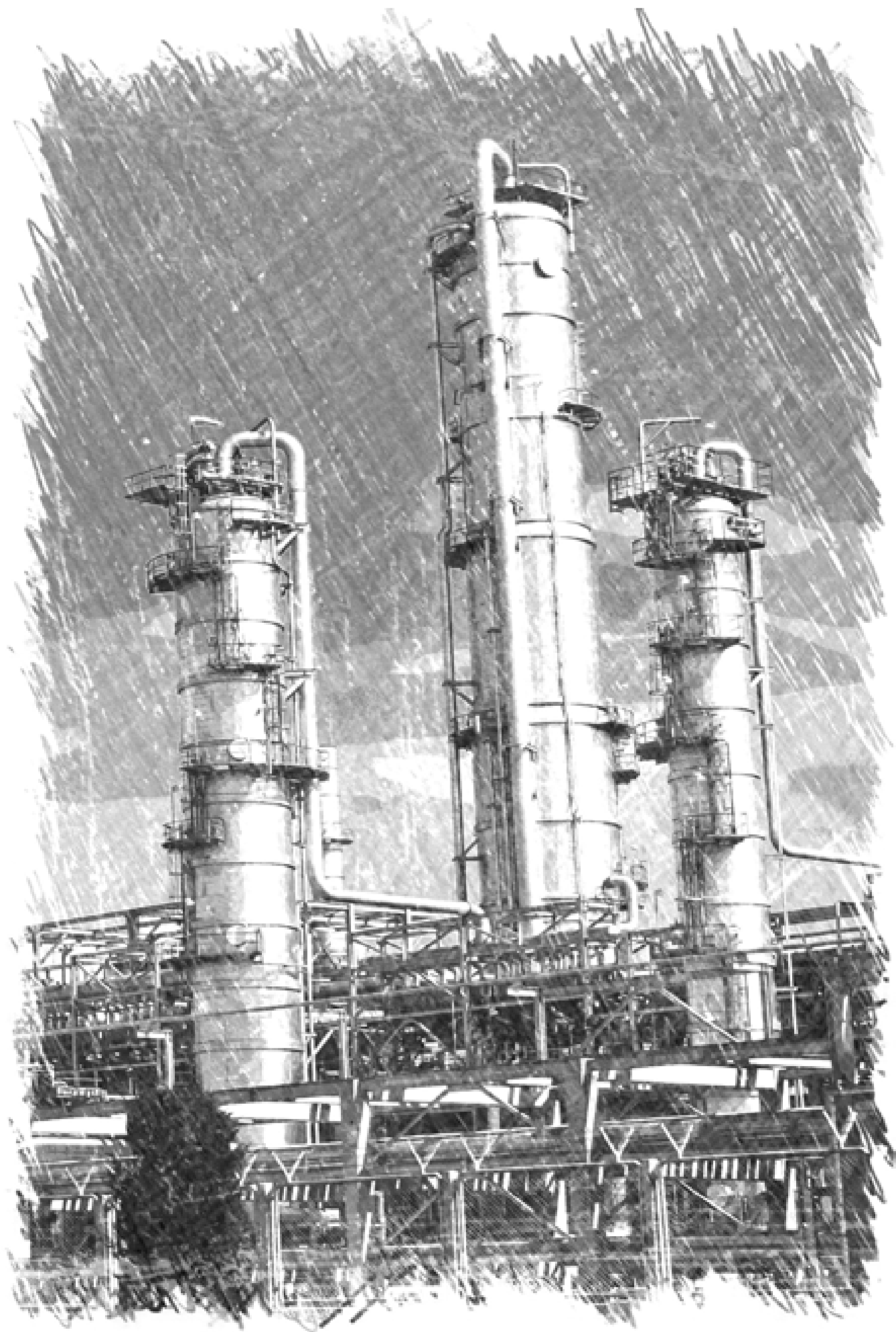
Muntajat's mission is to represent, serve and promote the State of Qatar's chemical, polymer and fertiliser industries and maximise value for its stakeholders, by providing the world class products and services that its valued customers need to maintain their competitive advantage.

Muntajat builds on more than 40 years of excellence in the downstream sector by Qatar's producing entities. The company is adding new value to the supply chain through reduced lead times and enhanced customer experience while retaining continuity of supply and world class quality that customers demand.

Across its network, Muntajat is employing a multi-national workforce of more than 400 employees, with 250 employees to be based in its headquarters in Qatar and 150 in its Global Marketing Network Company, logistics hubs and warehouses to service its customers in more than 120 countries.

Muntajat has been mandated to market, sell and distribute Low Density Polyethylene (LDPE) and other petrochemicals produced by QAPCO. Leveraging new scale and efficiencies, Muntajat seeks to further increase the global market share of Lotrène and other QAPCO products.

Muntajat is working with QAPCO and the other producing entities in Qatar towards a prosperous future chemical and petrochemical industry in Qatar as the State aims to double its production by 2020.





Delivering on the QNV 2030

As stated, the Qatar National Vision 2030 builds a bridge between the present and the future. It envisages a vibrant and prosperous country, with a dynamic and more diversified economy, a strong focus on sustainability, and aims to build a bright future for the generations to come. The QNV 2030 rests on four strategic pillars, namely economic, human, environmental and social development.

At QAPCO, we believe it is our role to align our strategy with the QNV 2030, by assessing our performance amongst the four main pillars, as it is our responsibility to contribute to the realization and successful implementation of the vision. Going forward, as a community partner, we aim to further engage and contribute to the development of the State of Qatar, to ensure the vision translates into a reality.

Supporting the Local Economy

Delivering strong financial results, capitalizing on the natural resources of the State of Qatar as we have been entrusted with processing and adding value to the associated and non-associated gas related to oil and gas exploitation, contributing to the diversification of the economy by further expanding our product portfolio in line with global demand, being at the forefront of the national exports, ensuring that Qatari Quality is recognized and shines on the international scene are some of our key priorities to ensure our contribution to the economic development is strong. We are committed to supporting the local economy. For instance, our procurement policies allow maximum participation from local suppliers, having enabled us in 2012 to spend 75% of our total purchases with local companies. Moreover, providing rewarding salaries and benefits to our employees strengthens our impact and our direct economic value generated and distributed back to the society.



Encouraging Human Development

Our people are our best assets and vital to our future growth. Offering them an exemplary and rewarding work environment, where they can be fulfilled and develop their skills, as we nurture talent to build the leaders of tomorrow is our priority. Ensuring full engagement with enhanced productivity is supported by our 199 yearly internal and external programs led amongst others by our HR & Learning Department such as our Motivation Scheme, Long serving Ceremony and numerous other initiatives. Qatarization is also at the heart of everything we do and we aim to further increase our Qatarization rate in the near future, by contributing to the job market, by offering an additional 1,500 employment opportunities and scholarships, via the development of the upcoming mega-petrochemical complex in Ras Laffan Industrial City. We celebrated receiving the Annual Qatarization Award for Supporting Qatarization from the Ministry of Energy and Industry for the third consecutive year. This award recognizes QAPCO's dedication and commitment to developing national education and human capital in alignment with industry and national objectives. We reached out to the younger generations by having supported 22 initiatives over the past 5 years with various schools. Moreover, over the same timeline, in addition to active participation in career fairs and outreach programs, we launched 60 initiatives amounting up to approximately QR 25 million with universities and research centers, to develop professional career paths for Qatari nationals through scholarships, sponsorships and academic research programs, with a strong focus on engineering and chemistry, moving towards a knowledge-based economy for the better future of our nation.

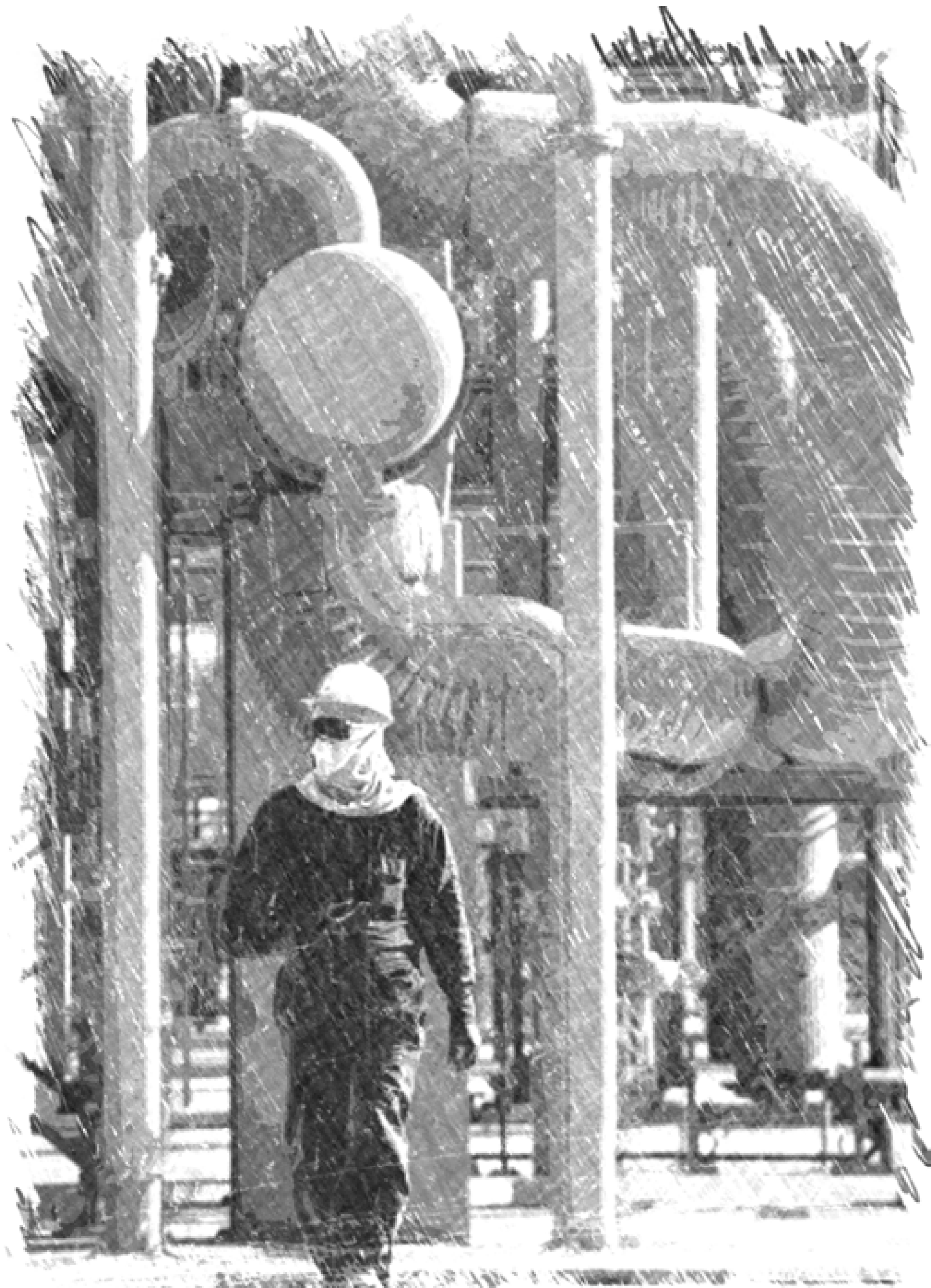
Focusing on Environment and Sustainability

Measuring, monitoring, managing, limiting and being accountable for our ecological footprint is primordial. Continuous improvement is at the heart of everything we do for a sustainable future, and in line with the ISO certifications of our HSE Department, we have developed a comprehensive Environmental Monitoring Program (EMP) to measure and review environmental performance, related to the following areas: wastewater discharge

to the sea, cooling water discharge to the sea, air emissions, industrial hygiene and material usage and waste generation. Energy efficiencies are also improved along with facilities modernization via the use of the latest and greenest technologies, to reduce our environmental impact. We also engage with the community to raise awareness about environmental protection, to promote sustainable behaviors, especially amongst the youth. As such, we initiated the THINK PLASTIC FORUM, to boost the "reduce, reuse and recycle" practices. In addition, we annually support the QP Environment Fair to further engage with the community and to highlight the benefits of environmental awareness, stressing that everyone at his level can make a difference.

Community Partner, More than Ever, Pro-active on the Social Front

Over the past 5 years, we supported more than 60 social initiatives, in order to contribute to social development. Contributing towards forging a responsible society, via flagship initiatives, by being a company whose actions make a difference to the society and the community is our responsibility. We support and empower the role of women in our company and in the society. We continuously provide support to charities to help and engage with the unprivileged. We participate in an array of multicultural activities in Qatar and internationally. We contribute to the preservation of Qatari culture, tradition and heritage, for instance by supporting Hijin Racing and Falcon Hunting. We support people with special needs and learning disabilities via activities that enable us to understand better some learning challenges and promote social cohesion and integration amongst our society. We are pro-active at promoting sports and healthy lifestyles amongst our employees and the community. Our Sports Committee is extremely dynamic and over 5,000 participants joined our sporting competitions over the past 5 years. We believe in building a younger, fitter nation.



Highlights of Each Core Functional Group

Special Projects

Operations

HR & Learning

Finance



Special Projects

Mega Projects Setting The Pace for QAPCO's Ambitious Growth Plan

LDPE 3 LAUNCH

Placing QAPCO on the prestigious map of global petrochemical producers

LDPE 3, QAPCO's third LDPE production facility, was planned and designed as part of QAPCO's continuous growth and development strategy.

The license agreement was signed in April 2007 with BasellPolyolefines, currently known as LyondellBasell. The FEED contract was signed in November 2007 with Uhde GmbH. The EPC contract, including the construction, transfer and integration of existing separate control rooms into one Central Control Room, was also signed with Uhde, in May 2009. Then, on the 14th of December 2009, His Highness Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani, the Heir Apparent, laid the Foundation Stone for the LDPE 3 plant.

After the construction's successful completion, the LDPE 3 plant became fully operational during the second quarter of 2012 and achieved on spec production on the 16th of August 2012.

His Highness Sheikh Hamad Bin Khalifa Al-Thani, the Emir of the State of Qatar, inaugurated the LDPE 3 plant on the 20th of November 2012.



SALEH MOHAMED AL HALKI

Chief Project & Engineering Officer

Key Facts

- Total cost of LDPE 3: **QR 2.3 Billion**
- Total working hours: **12.7 million man hours**
- Total LDPE 3 production since startup till end 2012: **91 KT**
- Production design capacity: **300 KTPA**
- Increasing the yearly LDPE production capacity **from 400 to 700 KTPA**
- One of the **highest single site** production facility of Polyolefin in the world
- Work-of-art from a **technology and design** aspect
- Latest **environmental** regulations implemented

LDPE 3 Site during Construction (2010)



LDPE 3 after Completion (2012)



Inauguration



HEADING NORTH

QP-QAPCO mega-petrochemical complex in Ras Laffan Industrial City

HoA and Appointment of QAPCO for the New Project

In February 2012, QP and QAPCO signed a Heads of Agreement (HOA) for the development of a new, mega-petrochemical complex in Ras Laffan Industrial City.

The complex will include a world-scale steam cracker, based on the mixed feedstock of Ethane, Butane and GTL Naphtha, and will be producing Ethylene and Propylene, besides Butadiene and Pygas. The Ethylene and Propylene feed will be utilized in the downstream units to produce petrochemical products, involving high-density polyethylene (HDPE), polypropylene and linear low-density polyethylene (LLDPE) and Butadiene.

The project is scheduled for completion in Q4 2018. It is an important milestone in the industrial development of the State of Qatar, especially for the integration of its petrochemical industry and will contribute towards meeting the continuously growing global demand for various petrochemical products.

Qatar Petroleum has an 80% equity interest in the project, with QAPCO taking up the remaining 20% stake. QP and QAPCO will jointly develop the petrochemical complex.

The State of Qatar is currently undertaking a large-scale expansion of its chemical industry as the State aims to increase the value of hydrocarbon related exports. As announced by the Ministry of Energy and Industry, production of chemicals and petrochemicals will more than double by 2020. This capacity increase is expected to play a central role in diversifying the country's economy and making it less dependent on oil & gas exports.

The EXCOM

As per the HOA, a Project Team, called EXCOM, was appointed with representatives from both QP and QAPCO to oversee and direct the activities of the Project.



Feasibility Study

The feasibility study was performed for the project to produce technical documentation deliverables, including the preparation of a cost estimate, with the assessment of construction related costs, based on recent market estimations, which will serve for the third phase of the Project – the FEED.

The parties to the HOA endorsed the completion of the feasibility phase, with the recommendation of selecting a design with 3 single train PE units and one single train PP, after having evaluated various scenarios of feedstock, capacity, marketing trends and impacts.

Technology Selection

QAPCO initiated the process of acquiring “Third Party Technology and Licensing Agreements” issuing ITB to prospective international licensors for different processes, i.e. LLDPE, HDPE and PP.

FEED

Front End Engineering and Design (FEED) process was initiated by issuing a Prequalification Questionnaire to interested bidders in January 2013.

ITB is under preparation and is targeted to be issued during May 2013, to the qualified bidders.

Project Management Consultancy (PMC)

In October 2012, QAPCO initiated the procurement of Project Management Consultancy (PMC) services from experienced international contractors in order to provide certain services and facilities to support the Project Management Team and to manage and administer the Project as an integrated project management team.

After final negotiations with the successful bidder, the PMC contract was signed on the 11th of April 2013 with Bechtel Overseas Company.

Project Management Team

The Project Management Team has been mobilized since the 1st of April 2012, with experienced specialists.

Procedures were established and committees were formed for carrying out various activities related to the Project. Staff selection for required positions is in progress.



Operations



Youssef Abdulla Rebeeh

Chief Operations Officer

2012 was truly an exceptional year for QAPCO's Operations, marked by the successful commissioning of the LDPE 3 plant in August.

Furthermore, all the production targets were achieved or exceeded the budget for 2012.

The dedication of our employees, but above all teamwork and cooperation among all the interfaces have earned great benefits for QAPCO, both in terms of productivity and efficiency.

Safety in our operations and across the value chain is central for us, and the figures speak for themselves. As we are committed to continuous improvement and constant development to deliver a high performance, our employees are involved in numerous programs to ensure we stay on top, at all levels, while maintaining and further enhancing our HSE spirit.

REACHING

an all time high on all fronts

HSE

Our outstanding HSE performance sets new benchmarks and lays the foundation for a safe and reliable operational performance. We achieved an excellent record of Zero LTI (loss time injury) over 13.4 million man-hours for QAPCO employees by the end of 2012. Moreover we successfully maintained our TRIR (total recordable incidence rate) even after the startup of new LDPE 3 plant. In addition, in 2012, we effectively maintained our OHSAS 18001:2007 and ISO 14001:2004 certifications through TUV NORD.

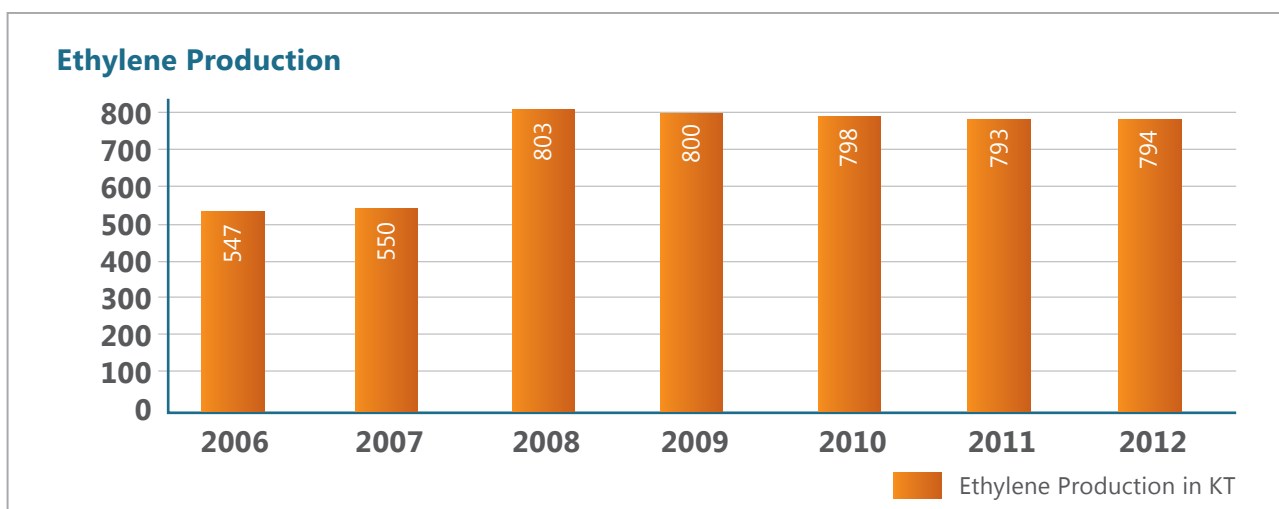
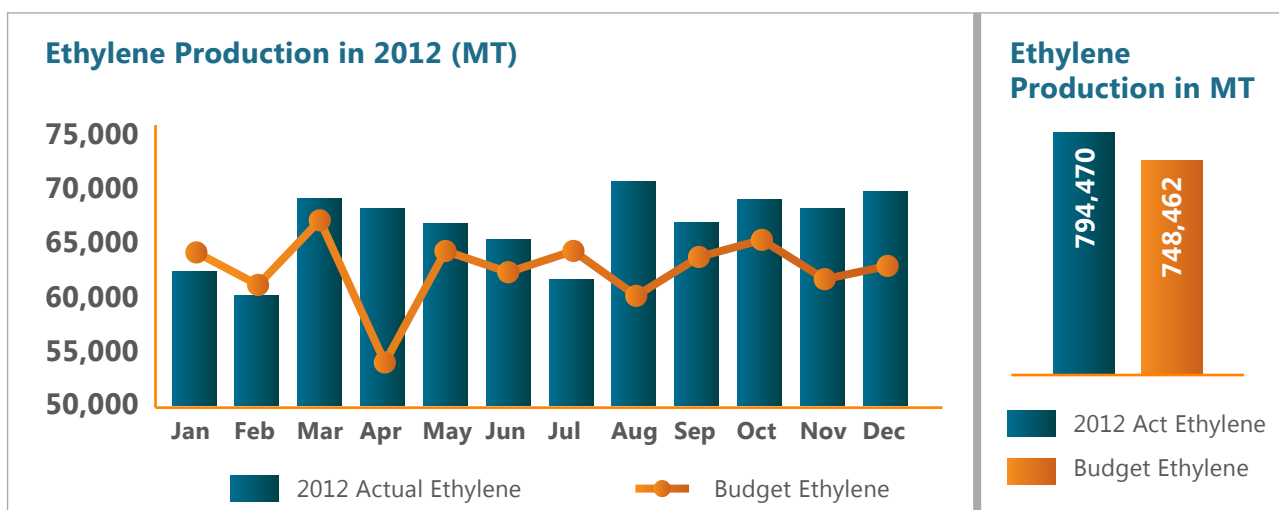
QAPCO's commitment to HSE was recognized by the oil & gas industry in the State, as we received the SILVER AWARD in QP HSE Excellence awards competition 2012. QAPCO's proposal for "Critical function analysis - barrier analysis redefined" was adjudicated by a high level jury and noted as a worthy and innovative selection with a strong edge, that could be transferred as a good initiative in safety management process for overall oil & gas operations.

The development of the Responsible Care program (GPCA RC-14001) codes and standards continued as part of the regional initiative under the GPCA (Gulf Petrochemicals & Chemicals Association). The Responsible Care program aims at further improving HSE performance and sustainability throughout the industry. The implementation of responsible care management system was initiated and is expected to have positive impacts over all the aspects of the business.

Olefins

The Ethylene plants are the primary facilities involved in the sequence of the production of polymers. Ethylene is QAPCO's main product and feedstock, and the main monomer for the Polyolefin units. Throughout the year, the Ethylene plants have demonstrated excellent consistent performance and achieved a total output of **794 KT** against the budget of 748 KT, exceeding the budget by 46 KT.

The data given below highlights the regular performance of the Ethylene plants during the past consecutive years.



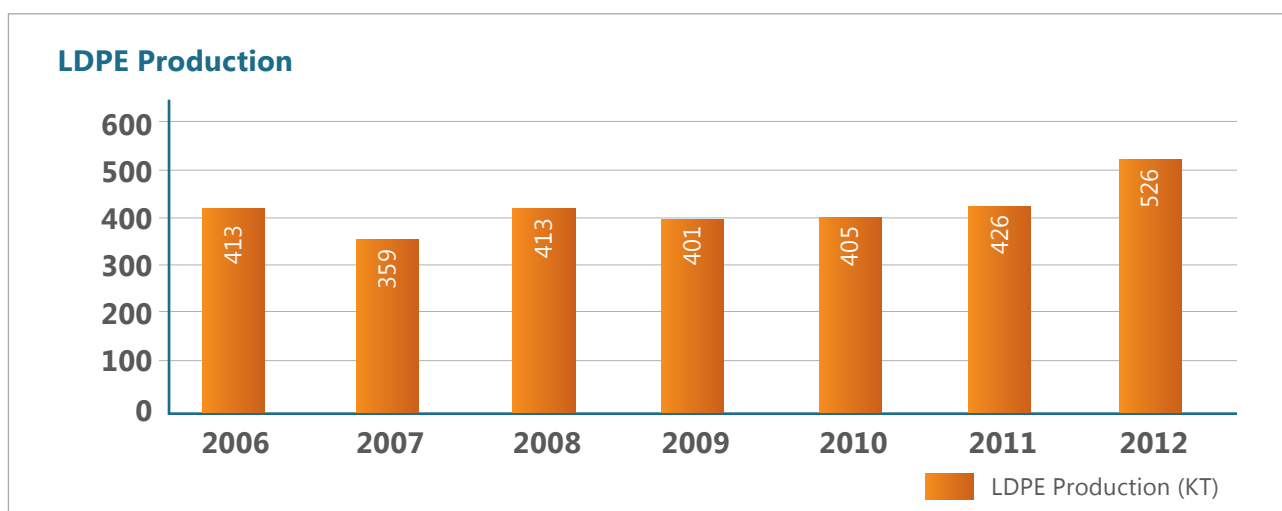
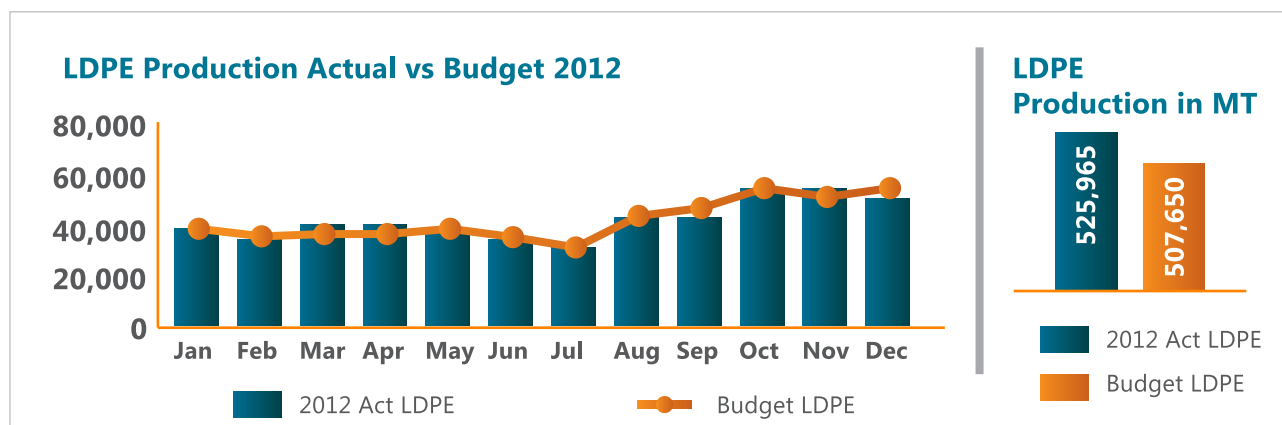
Polyolefins

LDPE

2012 was a remarkable year for the three Polyolefin running plants, strengthening QAPCO's position as a globally leading LDPE producer, breaking all production records since the creation of QAPCO, and contributing strongly to the performance of the company. Total LDPE production for 2012 achieved **526 KT** against the budget of 508 KT, higher by 18 KT.

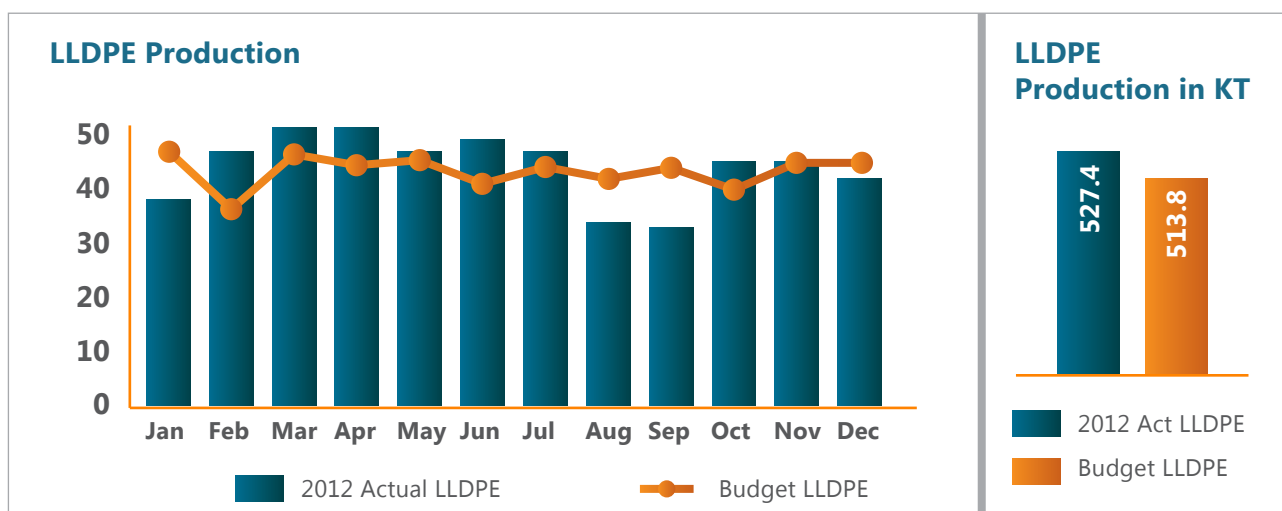
The LDPE 2 plant achieved the highest ever production figure of 239 KT.

A major milestone was realized with the commissioning of the LDPE 3 plant in August. The Polyolefins production capacity was increased from 400 KTPA to 700 KTPA after the commissioning of new LDPE 3 Plant. The plant contributed approximately 91 KT of production since the start-up until the close of year 2012. Overall, the combined LDPE production increased by 23% in 2012.



LLDPE (Qatofin)

Qatofin's LLDPE plant, managed and operated by QAPCO, which entered into its second full year of operations, was another success story for 2012. The LLDPE plant achieved a production output of **527 KT** against the budget of **514 KT**.



Overall, the operational effectiveness has earned a total Polyolefins production of **1,053 KT** in 2012 against **912 KT** in 2011.

Logistics

The list of Operations' achievements are completed by an excellent and flawless performance from the Logistics point of view.

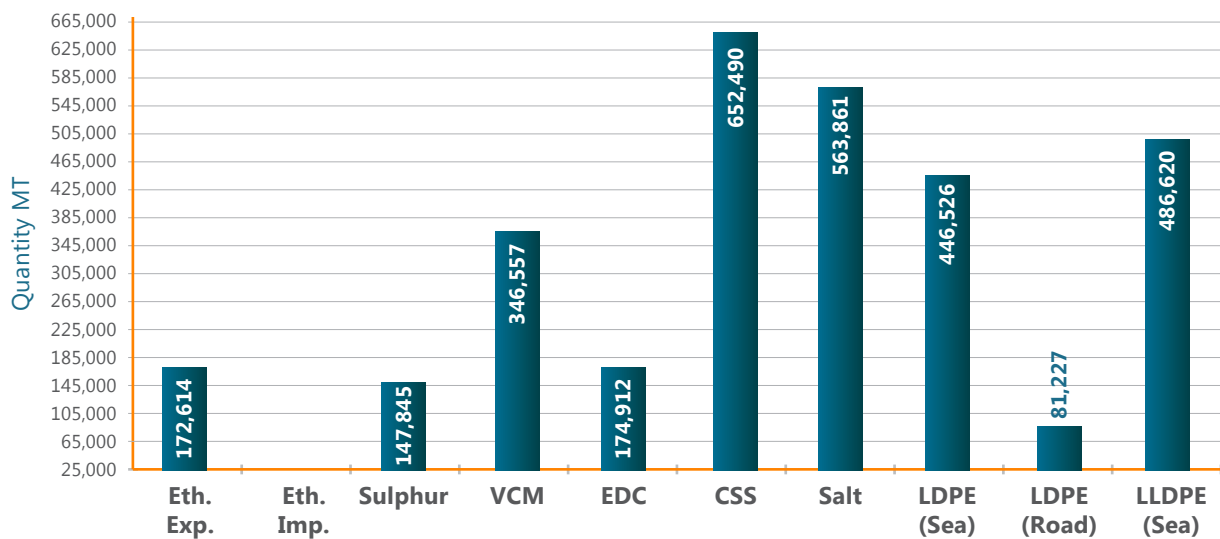
QAPCO's logistics involve the handling and shipment of the diverse products of QAPCO, Qatofin and on behalf QVC at our own jetty.

The supporting role played by the Logistics Department is pivotal to the success of our operations, especially looking at the total quantity

handled, total tonnage shipped and the number of sea shipments.

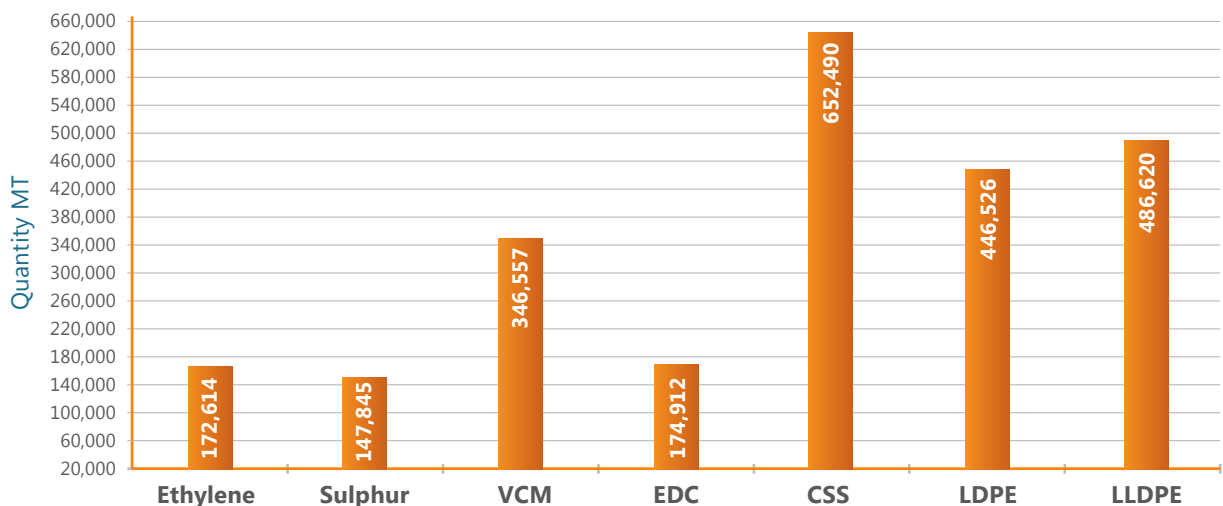
This comprises liquid and solid shipments, and includes the shipment of LDPE, LLDPE, EDC, VCM, CSS and Sulphur. During the year 2012, the total quantity of export-imports or materials handled at jetty operations stood at **3,073 KT** with **581** shipments.

Loading & Discharging Quantity, Road and Sea - 2012 (MT)



Total export quantity handled stood at **2,428 KT** with **532** shipments, including **361** shipments for LDPE & LLDPE, involving **933 KT** of Load.

Exported Quantity by Sea - 2012 (MT)



For a Sustainable Future

Facilities Modernization

Since its inception in 1974, QAPCO has undergone unprecedented growth and has regularly invested in the advancement and development of its manufacturing equipment and plants, always aiming for the latest and most sophisticated technology and techniques, to meet the international growing demand for plastics, while respecting the most stringent health, safety and environmental regulations.

QAPCO follows comprehensive and regular programs to monitor and to continuously reduce its impact on the environment, for a sustainable future.

As such, QAPCO often conducts successful expansions, modernizations and upgrades of its production facilities in Mesaieed.

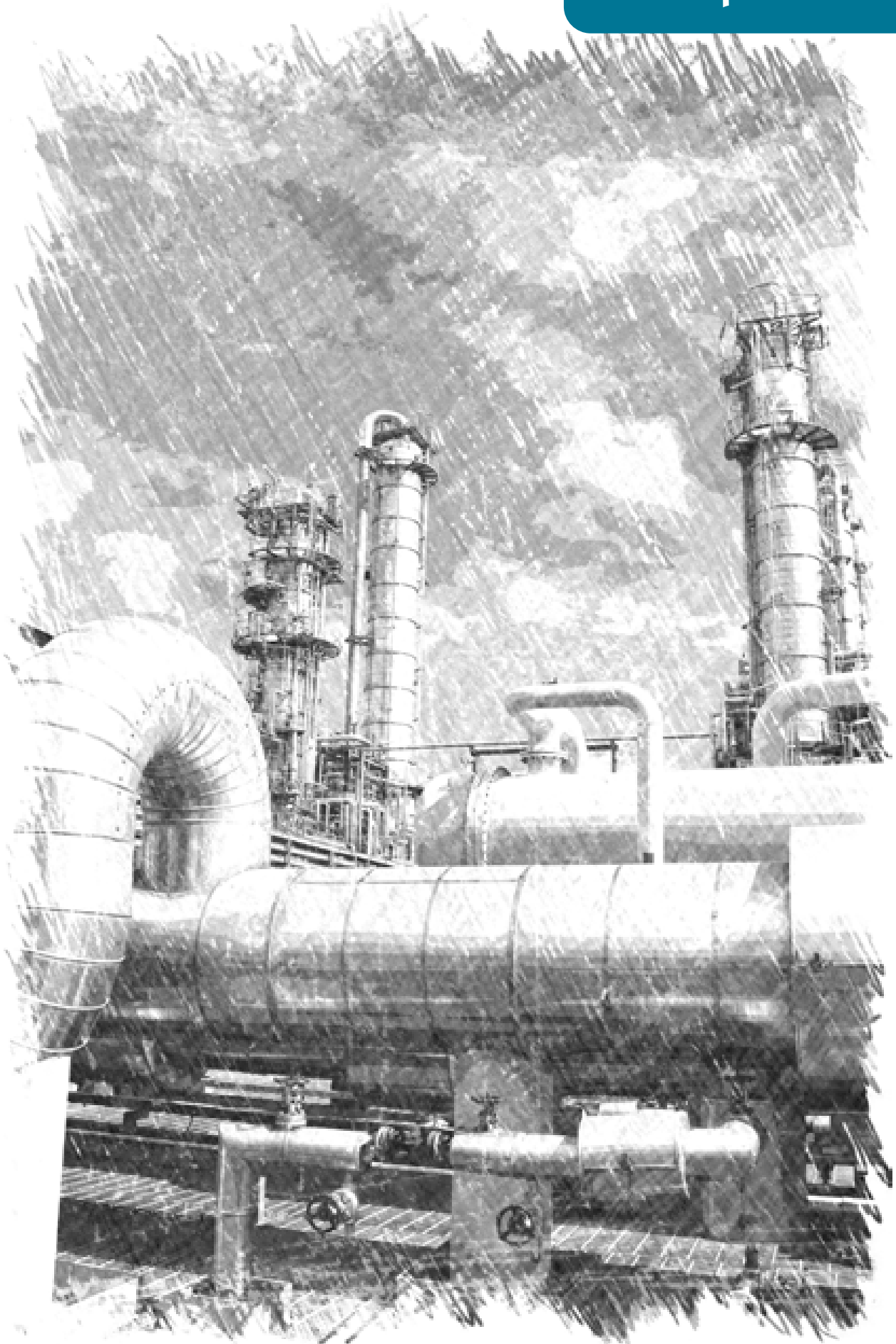
In 2012, as part of its long-term strategy, QAPCO awarded an EPC contract to CTCI Corporation, a leading EPC contractor from Taiwan to replace old furnaces and for the construction of a new Cryogenic ethylene tank. The construction work is ongoing and reaffirms the full compliance of QAPCO with international safety and environment standards.

QAPCO is now using the latest and greenest technology in combustion, waste control and on-line monitoring, allowing significant reduction in NOx air emissions, reuse of Coke inside the furnaces preventing air and soil contamination, increasing efficiencies in fuel consumption and improving yield to increase productivity and reduce waste.

Sustainable development and continuous improvement are crucial for us at QAPCO and we are committed to limit and reduce our impact on the environment, while raising our production and capacity. State-of-the-art technology and progress in environmental-friendly techniques are allowing us to reach both goals.

Site Development Project Going Green

As environmental protection is an integral part of our strategy and a key priority, to further enhance our commitment towards environmentally sustainable industrial growth and to meet the legislation and regulations issued by the Ministry of Environment, QAPCO initiated the greenery and landscaping project, under the title of 'site development works'. The Engineering Services Department was given the responsibility to execute the project. QAPCO is proud to state that this specific project was completed in 2012 within the specified timeframe.



HR & Learning

HUMAN CAPITAL MANAGEMENT

Building Capability through Talent Management, to meet our ambitions



Rashid Abdulla Al Sulaiti

Chief Administration Officer

OUR PEOPLE – THE QAPCO FAMILY

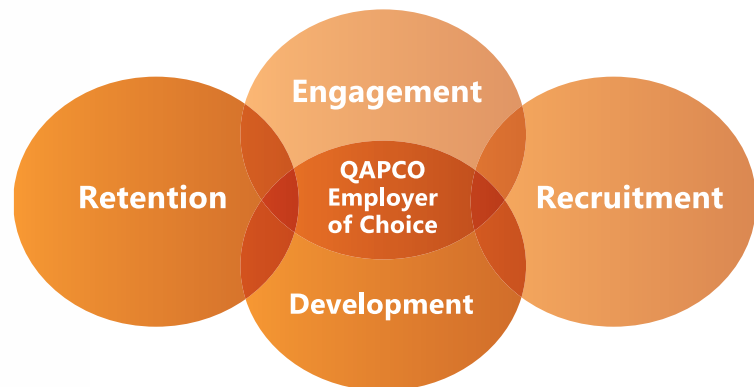
Over 2012, we continued our journey towards enhancing our position as an 'Employer of Choice' by investing in the capability of our most valuable asset – Our People, the QAPCO Family.

Our ongoing 'People Strategy' provides a best practice framework to ensure that we:

Engage our local community, stakeholders and employees

Recruit the best people locally and from around the world

Develop our people using high quality blended learning and on-the-job training



Retain our people through career development opportunities, employee feedback surveys, talent management, motivation schemes and long service awards.

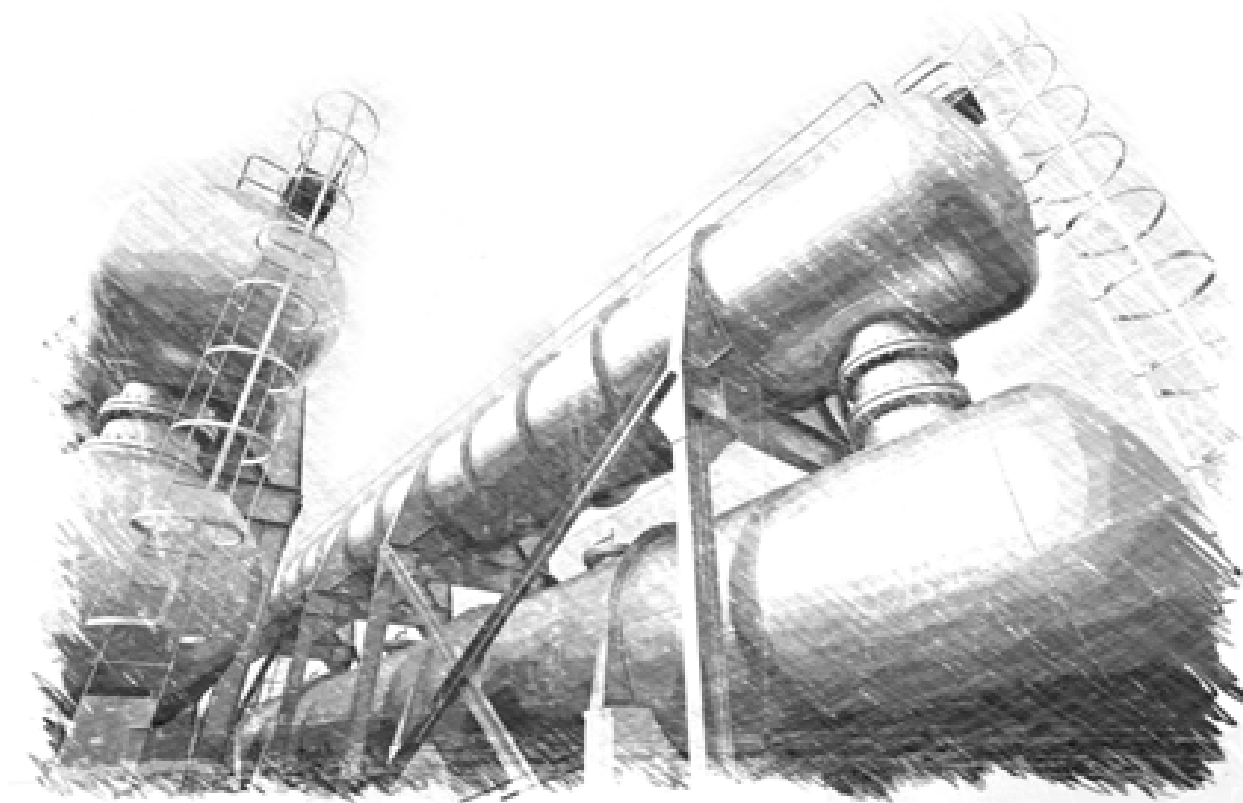
The successful implementation of our 'People Strategy' has enabled QAPCO to achieve a Qatarization Headcount of **28.2%** despite increased competition for high potential Qatari nationals in the local job market.

A key factor in attracting young Qatari graduates to join QAPCO is our commitment to their career development. Our track record of success in helping developees and trainees to learn the skills required for confirmation as competent jobholders highlights our dedication to developing talent and our commitment to building the leaders of tomorrow.

QAPCO ensures the sustainability of its local talent pipeline through new agreements with colleges and schools, which will generate more than 500 scholarship student sponsorships over the next 5 years.

2012 Key Achievements - Qatarization

- Qatarization Headcount maintained at **28.2%** by December 2012, despite increased competition in the job market
- **199** Qatari national development programs were managed by the Qatarization Support Team in 2012
- **16** Qatari nationals confirmed as jobholders
- Public profile as **'Employer of Choice'** supported by attending 52 external Qatarization events
- **3rd Annual Qatarization Day** held to celebrate the achievements of students, developpees & trainees and recognizing the contribution of expatriate coaches
- **Memorandums** of Understanding (MoU) with the following education institutions:
 - Community College Qatar
 - Omar Ibn Al Khattab School
 - Qatar Independent Technical School
- Continued support for existing MoUs with Qatar University and Texas A & M University – Qatar
- **Sponsored Academic Chairs** at both Qatar University and Texas A&M Qatar
- Implementation of new **Personal Engagement Program** (PEP) to support retention of Qatari employees
- Implementation of new **Qatarization Data Management System** to improve the effectiveness of management reporting to the CEO, Board of Directors and the Ministry of Energy & Industry Qatarization Committee



Our employee retention rates and long service levels are significantly higher than the industry average, thanks to the dedicated support of our Human Resources & Learning staff and the implementation of best practice tools and techniques such as the QAPCO Employee Feedback Survey which shows that 76% of our staff are satisfied with their work and has identified a number of opportunities for continual improvement within each department area.

As part of the Energy & Industry Sector's (EIS) 12th Annual Qatarization Review, QAPCO was presented with the Qatarization Excellence Award by the Minister of Energy and Industry from H.E. Dr. Mohammed Bin Saleh Al Sada, for our achievements in the 'Supporting Qatarization' category.

Our Human Capital Management achievements also received additional external recognition during

2012, when QAPCO was confirmed as the winner of the 'Best Nationalization Friendly Initiative' category at the 4th Annual GCC Human Resources Excellence Awards in Dubai.

These successes have only been possible thanks to the company's progressive leadership culture, which clearly recognizes that "our people are at the heart of everything we do and are vital to the company's success and future growth."

In line with QAPCO's mission, "we are a quality focused organization", all key Human Resources & Learning Department (HRLD) activities are governed by the QAPCO Quality Management System and are measured through a set of Key Performance Indicators (KPI's) as part of a Balanced Scorecard which is formally reviewed by the Chief Administration Officer and HR & Learning Manager on a regular basis.

2012 Key Achievements - Human Capital Management

- Motivation Day attended by all staff to recognize and reward **244** employees for their excellent achievements
- Employee Retention Rate of **93%** (for both Qatari nationals & expatriates)
- Vacancy Fill Rate of **100%** by identifying suitable candidates for all recruitment requisitions
- A total of **112** new employees recruited (including experienced staff, graduates & trainees)
- A total of **2,497** training needs identified across all departments during 2012 and **87%** fulfilled by HR & Learning Department
- In line with company policy, **82%** of staff received some form of training during 2012
- A total of **4,334** training days were provided to full-time employees during 2012 to support their development plans
- **95%** of training was rated as effective, based on evaluation feedback from staff and managers
- **94%** of all training was delivered locally within Qatar or in-house by company staff in order to manage controllable costs
- As part of the company's 2012 Employee Feedback Survey, a total of **871 (77%)** staff participated and the Overall Average Employee Satisfaction score was confirmed as **76%**



Finance

**Steady Growth,
For a Promising Future**



Hassan Saqr Al Muftah
Chief Financial Officer

Statement of Financial Position

The statement of financial position as of the 31st of December 2012 consists of the consolidated financial data for QAPCO stand-alone and its share in the joint ventures, namely Qatofin, QVC and QPPC.

Property, Plant & Equipment

Increase in property, plant & equipment **(QR 0.4 billion)** at the end of the current year is mainly related to ongoing major CAPEX projects.

Equity

Except for the approximate increase of **QR 0.63 billion** in retained earnings and legal reserves, there are no other significant movements in the total equity.

Term Loans

Total term loan at the end of the current year amounts to approximately **QR 1.9 billion**. Current year repayments amounting to approx. **QR 291 million** have been made on schedule.

STATEMENT OF COMPREHENSIVE INCOME

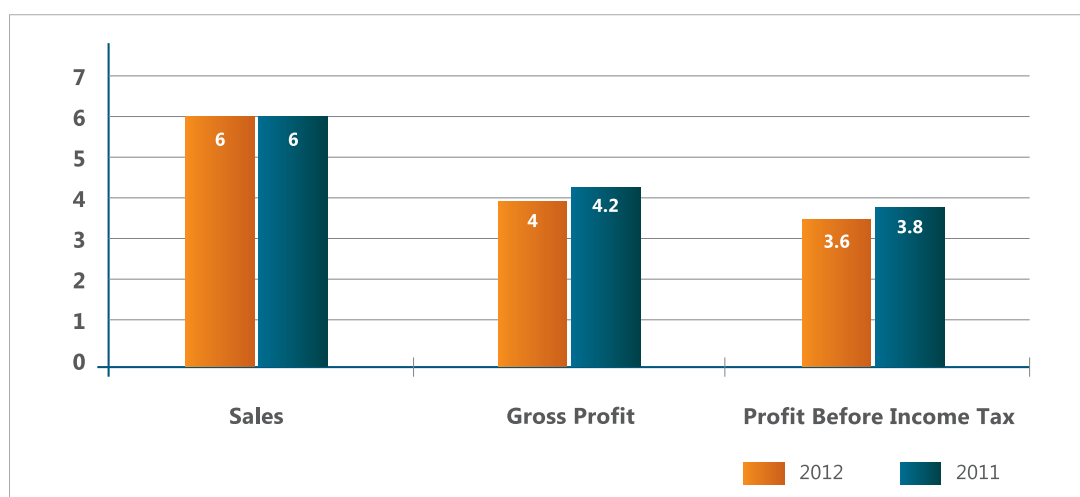
Sales & Profit:

Increased sales volume and decline in product's selling prices contributed towards the company's current year consolidated sales revenue reaching **QR 6 billion**. Compared to the previous year, the increase in current year sales is approx. **QR 38 million (0.63%)**.

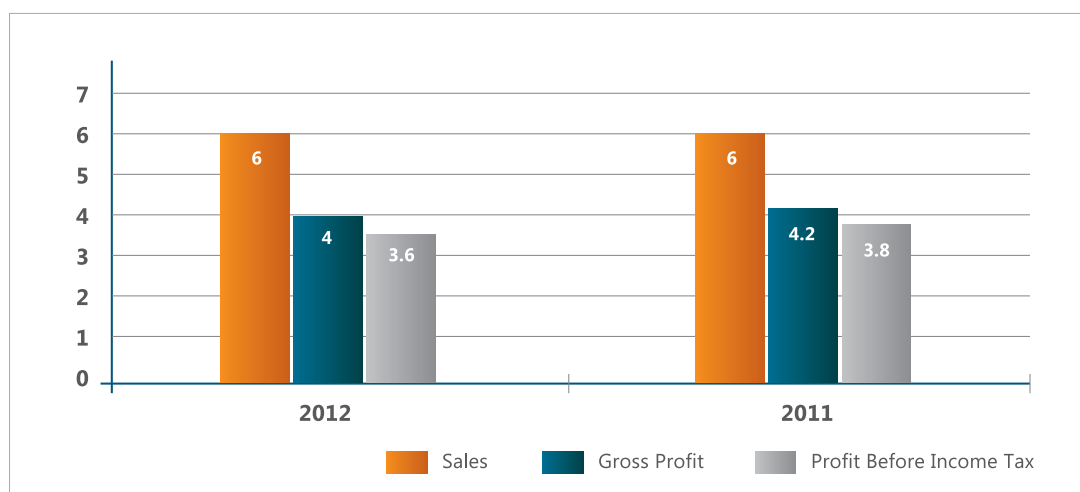
Consolidated gross profit for the year amounts to **QR 4 billion**, which reflects a decrease of **QR 121 million (-2.9%)** compared to the previous year. Current year **gross profit margin** is approximately **67%** and it is 3% less than the previous year.

Consolidated profit before income tax for the year amounts to **QR 3.6 billion**. This reflects an approximate decrease of **QR 179 million (-4.7%)** compared to the previous year. Current year net profit margin before tax is approximately **60%** of the sales revenue and it is **3%** less compared to the previous year.

SALES, GROSS PROFIT AND PROFIT BEFORE INCOME TAX (in QR Billion)



SALES, GROSS PROFIT AND PROFIT BEFORE INCOME TAX (in QR Billion)

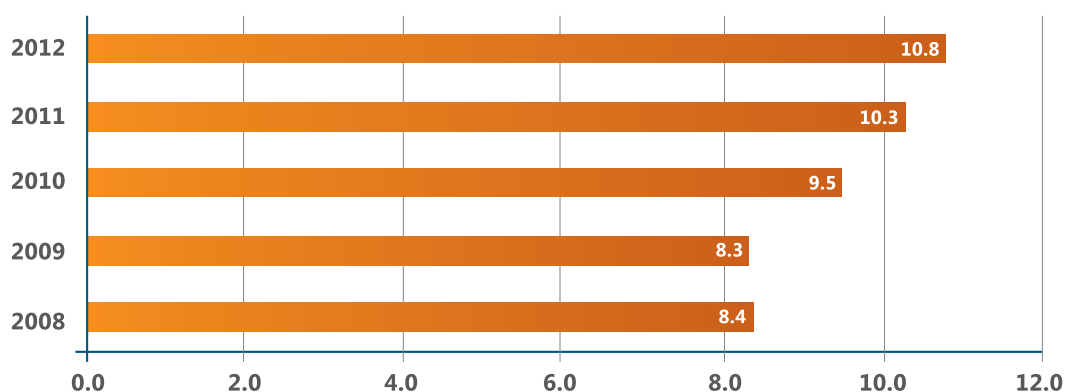


STATEMENT OF CASH FLOWS

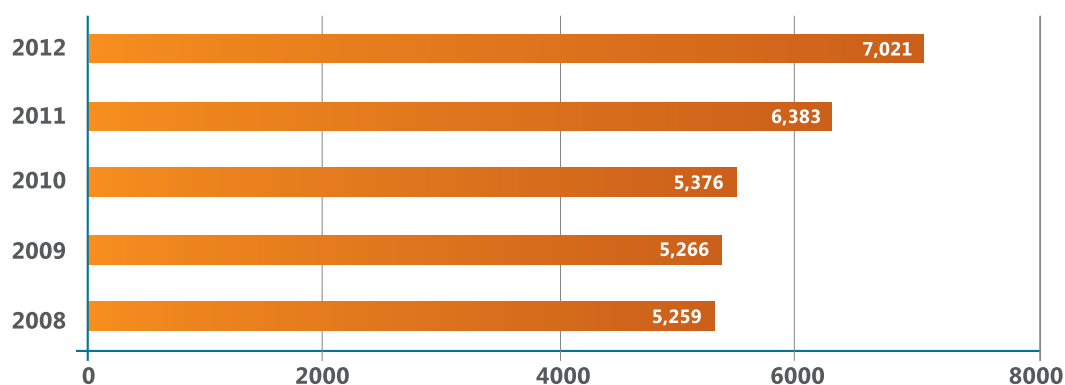
Significant higher sales achieved during the current year have generated **QR 4 billion** net cash from operating activities. Net cash used in investing activities amounts to **QR 0.5 billion**. Net cash used in financing amounted to **QR 3.4 billion** including the payment of **QR 3.1 billion** towards dividend and tax.

GROWTH RATIOS

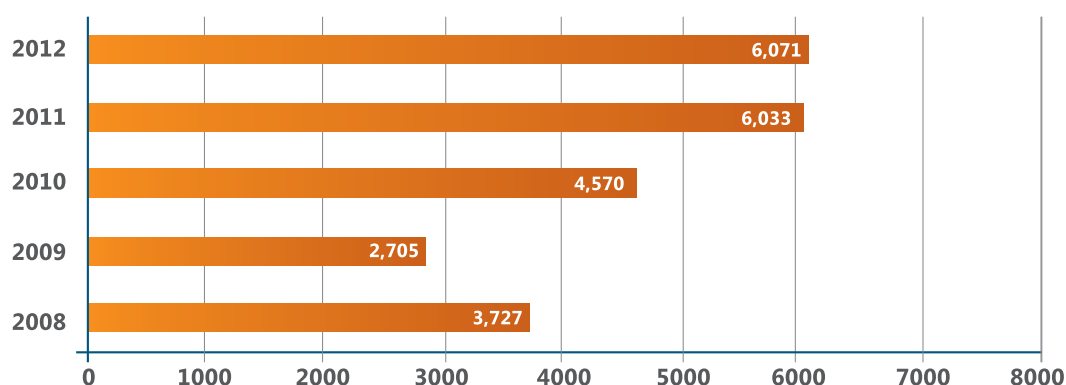
Total Assets Growth (in QR billion)



Shareholder's Equity Growth (in QR million)



FOB Revenue Growth (in QR million)



Financial Statements

Independent Auditors' Report
Statement of Financial Position
Income Statement
Statement of Changes in Equity
Statement of Cash Flows



Independent Auditors' Report



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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QATAR PETROCHEMICAL COMPANY (QAPCO) Q.S.C.

Report on the Financial Statements

We have audited the accompanying separate financial statements of Qatar Petrochemical Company (QAPCO) Q.S.C. (the "Company") which comprise the separate statement of financial position as at 31 December 2012 and the separate statement of comprehensive income, separate statement of cash flows and separate statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Consolidated financial statements presented separately

Without qualifying our opinion, we draw attention to Note 2 to the separate financial statements which states that the financial statements of Qatar Petrochemical Company (QAPCO) Q.S.C. and its joint ventures (together the "Company"), prepared in accordance with International Financial Reporting Standards has been issued separately. We have audited the financial statements of the Company as at and for the year ended 31 December 2012 and expressed an unqualified opinion in our audit report dated 17 February 2013.

Report on Legal and Other Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles, and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2000 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit and, we are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Company or on its financial position.


Ziad Mader
of Ernst & Young
Auditor's Registration No. 258
Date: 17 February 2013
Doha



Statement of Financial Position

As at 31 December 2012

	2012 QR'000	2011 (Restated) QR'000	As at 1 January 2011 (Restated) QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	6,761,574	6,319,714	6,000,462
Intangible assets	153,824	159,509	160,196
Other non-current assets	3,522	3,136	2,650
Total non-current assets	6,918,920	6,482,359	6,163,308
Current assets			
Inventories	336,551	405,804	365,180
Due from related parties	582,488	424,133	486,643
Accounts receivable and prepayments	1,340,055	1,339,563	813,250
Bank balances and cash	1,623,518	1,725,503	1,728,439
Total current assets	3,882,612	3,895,003	3,393,512
Total assets	10,801,532	10,377,362	9,556,820
EQUITY AND LIABILITIES			
Equity			
Share capital	436,000	436,000	436,000
Legal reserve	272,062	253,233	160,772
Cumulative changes in fair values	(84,374)	(97,172)	(90,543)
Retained earnings	6,397,028	5,790,567	4,869,496
Total equity	7,020,716	6,382,628	5,375,725
Non-current liabilities			
Employees' end of service benefits	87,802	78,269	75,305
Non-current portion of long term loans	1,014,808	1,988,609	2,244,381
Non-current portion of interest rate swap	60,542	70,637	57,211
Deferred tax liability	210,190	161,299	102,547
Total non-current liabilities	1,373,342	2,298,814	2,479,444
Current liabilities			
Due to related parties	679,619	931,493	697,318
Current portion of long term loans	910,687	223,219	356,394
Accounts payable and accruals	645,353	357,884	477,899
Income tax payable	147,983	156,789	136,708
Current portion of interest rate swap	23,832	26,535	33,332
Total current liabilities	2,407,474	1,695,920	1,701,651
Total liabilities	3,780,816	3,994,734	4,181,095
Total equity and liabilities	10,801,532	10,377,362	9,556,820



Mr. Hamad Rashid Al Mohannadi
Chairman of the Board of Directors



Dr. Mohammed Yousef A. Al Mulla
Vice Chairman of the Board of
Directors and Chief Executive Officer



Mr. Hassan Saqr Al Muftah
Chief Financial Officer

Income Statement

For the year ended 31 December 2012

	2012 QR'000	2011 (Restated) QR'000
Revenue	6,071,051	6,033,314
Cost of goods sold	(1,990,824)	(1,831,997)
Gross profit	4,080,227	4,201,317
Other income	121,643	103,120
Selling expenses	(185,407)	(160,662)
Administration expenses	(313,149)	(254,802)
(Loss) gain on foreign exchange	(1,335)	4,457
Operating profit	3,701,979	3,893,430
Finance charges	(98,047)	(104,002)
Finance income	25,101	18,473
Profit before income tax	3,629,033	3,807,901
Income tax expense	(825,689)	(842,697)
Profit for the year	2,803,344	2,965,204
Other comprehensive income (loss):		
Net movement in fair value of interest rate swap	12,798	(6,629)
Other comprehensive income (loss) for the year	12,798	(6,629)
Total comprehensive income for the year	2,816,142	2,958,575

Statement of Changes in Equity

For the year ended 31 December 2012

	Share capital QR'000	Legal reserve QR'000	Cumulative changes in fair values QR'000	Retained earnings QR'000	Total QR'000
Balance at 1 January 2011 (previously reported)	436,000	160,772	(90,543)	4,504,372	5,010,601
Effect of prior period errors	-	-	-	365,124	365,124
Balance at 1 January 2011 (restated)	436,000	160,772	(90,543)	4,869,496	5,375,725
Profit for the year (restated)	-	-	-	2,965,204	2,965,204
Other comprehensive loss	-	-	(6,629)	-	(6,629)
Total comprehensive income for the year	-	-	(6,629)	2,965,204	2,958,575
Transfer to legal reserve	-	92,461	-	(92,461)	-
Dividend paid	-	-	-	(2,031,504)	(2,031,504)
Balance at 31 December 2011	436,000	253,233	(97,172)	5,710,735	6,302,796
Effect of prior period error	-	-	-	79,832	79,832
Balance at 31 December 2011 (restated)	436,000	253,233	(97,172)	5,790,567	6,382,628
Profit for the year	-	-	-	2,803,344	2,803,344
Other comprehensive gain	-	-	12,798	-	12,798
Total comprehensive income for the year	-	-	12,798	2,803,344	2,816,142
Transfer to legal reserve	-	18,829	-	(18,829)	-
Dividend paid	-	-	-	(2,178,054)	(2,178,054)
Balance at 31 December 2012	436,000	272,062	(84,374)	6,397,028	7,020,716

Statement of Cash Flows

For the year ended 31 December 2012

	2012 QR'000	2011 (Restated) QR'000
Cash Flows From Operating Activities		
Profit for the year before income tax	3,629,033	3,807,901
Adjustments for:		
Depreciation	283,974	258,380
Amortisation of intangible assets	5,685	5,899
Provision for employee's end of service benefits	20,367	17,297
Loss on disposal of property, plant and equipment	1,226	6,892
Finance income	(25,101)	(18,473)
	3,915,184	4,077,896
Changes in:		
Other non-current assets	(386)	(486)
Inventories	69,253	(37,079)
Due from related parties	(158,355)	63,046
Accounts receivable and prepayments	(492)	(526,313)
Due to related parties	(69,673)	233,682
Accounts payable and accruals	253,188	(120,015)
	4,008,719	3,690,731
Employee's end of service benefits paid	(5,230)	(5,962)
Advances paid against end of service benefits	(5,604)	(8,371)
Net cash from operating activities	3,997,885	3,676,398
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(729,438)	(592,246)
Payments for intangible assets	-	(5,212)
Short term deposit maturing over 90 days	204,119	(255,000)
Proceeds from disposal of property, plant & equipment	-	4,177
Finance income received	25,101	18,473
Net cash used in investing activities	(500,218)	(829,808)
Cash Flows from Financing Activities		
Dividend paid	(2,178,054)	(1,951,672)
Tax free distribution paid to local shareholder	(774,357)	(626,663)
Income tax paid	(156,789)	(137,244)
Net movement from term loans	(286,333)	(388,947)
Net cash used in financing activities	(3,395,533)	(3,104,526)
Net increase (decrease) in cash and cash equivalents	102,134	(257,936)
Cash and cash equivalents at 1 January	1,470,503	1,728,439
Cash and cash equivalents at 31 December	1,572,637	1,470,503