



ANNUAL REPORT 2018

BUSINESS
CONTINUITY
AND RESILIENCE



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His Highness
Sheikh Tamim Bin Hamad Al-Thani
Amir of the State of Qatar



His Highness
Sheikh Hamad Bin Khalifa Al Thani
The Father Amir

ABOUT THIS REPORT

Welcome to our Annual Report 2018 on performance and the creation of value across economic social and financial dimensions at Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.

In this report, we provide the context and profile of QAPCO, outline our corporate strategy, and underline value creation over time for both QAPCO and its stakeholders through our performance against our objectives and material aspects in the year 2018.

This report covers QAPCO's financial and non-financial Performance for the period 1 January 2018 to 31 December 2018. For each of the topics discussed, we present the performance of QAPCO standalone unless stated otherwise. For the purposes of this report, we present relevant

performance figures for our two majority-owned and operated joint ventures, Qatofin Company Limited Q.P.J.S.C. and Qatar Vinyl Company Limited (QVC) Q.P.J.S.C. and rely on the majority venture partners to present performance for the remaining companies.

We welcome your feedback on this report and on our performance. As we seek to continually improve upon our performance and reporting, we believe open communications with our stakeholders is important. Contact us at: sustainability@qapco.com.qa

Cautionary Statement

For the purposes of this report, Qatar Petrochemical Company (QAPCO) Q.P.J.S.C. and its subsidiary companies, Qatofin Company Limited Q.P.J.S.C. and Qatar Vinyl Company Limited (QVC) Q.P.J.S.C., will be discussed together. Where relevant and available, separate performance figures will be provided. This report contains certain "forward-looking statements" that express the way in which QAPCO intends to conduct its activities. Many of these statements are based on the plans and assessments of our executive management team, which are meant to add value to the report by giving our stakeholders a better overview of our collective impact.

We have made every effort to ensure the report is as accurate and truthful as possible, such statements are based on assumptions made using currently available information that is subject to a range of uncertainties that could cause actual results to differ materially from these projected or implied statements. Such statements are subject to risks that are beyond QAPCO's ability to control or estimate precisely, such as future market and economic conditions, the behaviour of other market participants, the ability to successfully integrate acquired businesses, and achieve anticipated synergies. The forward-looking statements contained in the following pages are therefore not promises or guarantees of future conduct or policy, and therefore, QAPCO assumes no obligation to publicly update any statements made in this sustainability report and does not guarantee the appropriateness, accuracy, usefulness, or any other matter whatsoever regarding this information.



Abdulaziz Jassim M. Al-Muftah

Chairman of the Board of Directors

CHAIRMAN'S MESSAGE

We would like to highlight our holistic achievements and performance in 2018, under the theme of “Business continuity and resiliency” capturing QAPCO’s decisive strategies.

In 2018 and looking forward, we have continued in the path of our vision by introducing many business improvement initiatives that are intended to further transform our business and to unlock more potential. New opportunities and value have been created strengthening our local and global position.

We have continued our effort toward improving QAPCO Full Potential Program to become QAPCO Operational Excellence Framework that serves the business needs in term of technical, management and people systems.

Following Qatar’s vision under the leadership of his highness Sheikh Tamim bin Hamad Al Thani, the Emir of the State of Qatar, QAPCO has been at the forefront in bringing the vision’s goals to life by fostering the path of socioeconomic development and innovation.

Towards long-term sustainable growth, QAPCO has undertaken a set of measures and initiatives under Business Transformation to realize its carefully developed strategies, therefore, keeping pace with, and even staying a step ahead of the petrochemicals industry, which is marked by the global decline in oil prices.

The results of the implementation of strategies and projects have considerably improved the efficiency of our operations, therefore, reinforcing our position and competitiveness.

QAPCO has been at the forefront in bringing the vision’s goals to life by fostering the path of socioeconomic development and innovation.

OUR VISION, MISSION & VALUES

VISION

Prosperity Through Innovation

QAPCO envisages dynamic and sustainable growth targeting the prosperity and well-being of our employees, society and to contribute to Qatar's ever-growing economy.

MISSION

Excellence Through Sustainable Growth Driven By Innovation, Talent And Responsible Care

QAPCO is determined to achieve its vision through sustainable growth driven by innovation in processes, product, research and development achievable only through a development talented workforce while safeguarding health, safety, and the environment.

VALUES



People

The heart and the soul of the organization is built on the dedication of our people and their commitment to exceed the expectations of our community and customers. We seek to retain talent and foster a collaborative and supportive environment.



Safety

We persist ensure the safety of our employees, contractors, assets and communities; taking a pro-active approach to safety, we relentlessly seek ways to improve our safety performance.



Integrity

Acting ethically and honourably wins loyalty. Our behaviour is matching our words and we take accountability and responsibility for our action.



Innovation

Innovation processes, creative ideas, research and development that bring together various novel ideas in way that shall an impact on society.



Stewardship

Building a strong and durable company for future generations, meeting our commitments to stakeholders, fostering freedom to act, and helping improve communication and the environment.

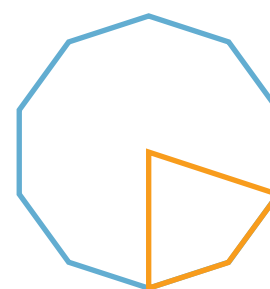
ABOUT QAPCO

Based in the State of Qatar, Qatar Petrochemical Company (QAPCO) Q.P.J.S.C. is one of the world's largest and most successful producers of Low-Density Polyethylene (LDPE).

QAPCO was established in 1974 as the first petrochemical company in the Arabian Gulf by Qatar Petroleum (QP) and Chimie De France. Today, 80% of QAPCO's shares are held by Industries Qatar (IQ) and the remaining 20% are held by Total Petrochemicals France.

80%

Industries Qatar



20%

Total Petrochemicals France

Our Joint Ventures

QAPCO has invested directly and indirectly in four associated ventures that contribute to Qatar's downstream petrochemicals sector. In its efforts to support the Qatar National Vision (QNV), QAPCO's joint ventures and associated companies allow it to develop and diversify Qatar's downstream petrochemical market; this will stimulate new growth opportunities for revenue creation and employment, thereby helping Qatar realize its full potential in this industry.

Qatofin Company Limited Q.P.J.S.C.

Qatofin was established in 2005 and is a joint venture between QAPCO (63%), Total Petrochemicals France (36%) and Qatar Petroleum (1%). Qatofin produces linear low-density polyethylene (LLDPE), mainly for export, and has a production capacity of more than 570 kilo tonnes per annum (ktpa).

Qatar Vinyl Company Limited (QVC) Q.P.J.S.C.

QVC was established in 1997 as a limited Qatari shareholding company, and QAPCO began fully operating QVC plants as of 2017. The company's shareholders are Mesaieed Petrochemical Holding Company (55%), QAPCO (31%) and Qatar Petroleum (12.9%).

Qatar Plastic Products Company W.L.L.

QPPC was established in 1998 and started commercial production in 2000 of plastic film, used for industrial packaging. QPPC now produce a wide range of products, including WPC (wood plastic composite) from fill seal, shrinkable films, shrinkable hood, construction trash bag, and general - purpose foil. QPPC is equally shared between QAPCO (33.34%) and Qatar Industrial Manufacturing Company (66.66%).

Ras Laffan Olefins Company Ltd (RLOC)

RLOC is joint venture between Q-Chem II (53.31%), Qatofin (45.69%) and Qatar Petroleum (1%). It owns a cracker that supplies Mesaieed LLDPE unit with ethylene feedstock and is managed and operated by Q-Chem II.

CORPORATE GOVERNANCE

At QAPCO, we constantly work to earn the trust of our shareholders and stakeholders through transparency and good corporate government.

We recognize that these measures are essential to delivering value to our shareholders and maintaining trust with our stakeholders.

We are committed to upholding strong governance standards and implementing sound practices to ensure that our business is operated with integrity. The Board of Directors (BoD) is the highest governing body at QAPCO and represents the interests of QAPCO and its shareholders, always maintaining balance and fairness.

Our BoD is comprised of 9 members, whose credentials have prepared them to guide the strategic direction of QAPCO and its associated ventures.

Their ability to challenge and add value to management is an asset to QAPCO. They are appointed by our primary shareholders, Industries Qatar and Total Petrochemical France, based on relevant expertise and knowledge. The appointment of the Board member by the shareholders is done in accordance with Article 19 & 20 of QAPCO's Articles of Association.

BOD Charter

QAPCO's BoD Charter was developed in cooperation with its shareholder. The charter outlines the basis for the sound management of our performance, risk and operation.

As per the charter, all members of the BoD must sign a conflict of interest declaration on a yearly basis. Further embedding our commitment to transparency within our company, all employees, including management, are required to declare any conflicts of interest. These declarations are then addressed through the Conflict of Interest Committee, which issues annual reports pertaining to conflict of interest investigations and action taken. In 2018 all members of the BoD submitted their Declaration of Interest.

Board Committees

1. Audit Committee
2. Governance Risk and Compliance (GRC) Committee
3. Cross Company Executive Operating Committee
4. Tender Committee

Corporate Committees

1. Health, Safety, Security and Environment (HSSE) Committee
2. Human Resource (HR) & Qatarization Committee
3. Disciplinary Committee
4. Information Technology (IT) & cyber Security Committee
5. Tender Committee
6. Event, Club, Sport and Technical Committee

OUR BOARD OF DIRECTORS



Mr. Abdulaziz Jassim M. Al-Muftah
Chairman



Sheikh. Khalid Abdulla M. A. Al-Thani
Vice Chairman



Dr. Mohammed Yousef Al-Mulla
Managing Director and CEO



Mr. Hamad Salah A. M. Albaker
Board Director



Mr. Fahad Mohd A. Al-Khater
Board Director



Mr. Khalid Khalifa M. K. Al-Jalahma
Board Director



Mr. Yousef Mubarak A. B. Al-Sulaiti
Board Director



Mr. Francois Good
Board Director



Mr. Philippe Legrand
Board Director

2018

ACHIEVEMENTS & HIGHLIGHTS



Total Production

2.93
MILLION TONS

(Polyethylene + Ethylene + Sulphur +
Ethylene Dichloride (Gross) + Vinyl
Chloride Monomer + Caustic Soda + HCl)



QAPCO Net Revenue

3.68
BILLION QAR

7th
Qatarization
Crystal Award
Won



QAPCO Profit

2.44
BILLION QAR



1,231

Total Number
of Employees

(QAPCO, QATOFIN and QVC)

81,422

Workforce
Training Hours



EXECUTIVE OVERVIEW



Dr. Mohammed Yousef Al Mulla
Managing Director & CEO

Since QAPCO's establishment in 1974, we have focused on progressively expanding the growth and profitability of our company, while also supporting the success of our employees, Qatari society, and Qatar's national economy. We at QAPCO, are committed to aligning our strategies with the Qatar National Vision 2030, always supporting the sustainable development of Qatar's ever-growing economy.

Overall, QAPCO was able to improve operational efficiency and cost optimization, and to achieve strong operation and financial results, with a gross profit of QR 1.81 billion and revenue net QR 3.68 billion generating a net profit margin of 43%. We have already started to observe the benefits of QAPCO Full Potential and Business Transformation, High Performance Safety culture (HPS) and the completion of QAPCO-QVC integration. It is pleasing to highlight that we have enhanced our productions and efficiency of our operations with expected savings and substantial annual improvements.

The 2018 achievements could not have been attained without full commitment to our vision, and assiduous work, particularly during the current global economic volatility.

The year under review has been characterized by cost reduction, increased competition and the illegal blockade against Qatar. To respond and keep a step ahead, a re-thinking of our business strategies commenced, which focuses on industry consolidation and integration, as well as research and innovation. We have consequently developed a strong basis for our business to grow sustainably despite the challenges.

In 2018 and the coming years, we are witnessing more benefits after successfully establishing our seventh Qatarization Crystal for Supporting & Liaising with the Education Sector. As a result we have been continuously dedicated to product development, innovation, and the advancement of education particularly in science and engineering, various sponsorships, partnerships and publications of academic work have been realized, thereby contributing to Qatar's vision and creating shared value.

Finally, we would like to express our appreciation for our stakeholders and partners, for their trust and continuous support.

The 2018 achievements could not have been attained without full commitment to our vision, and assiduous work, particularly during the current global economic volatility.



ENTERPRISE RISK & COMPLIANCE MANAGEMENT

Our risk management processes enable the prioritization of specific risk management activities and appropriate resource allocation.

QAPCO recognizes that effective risk management is crucial in maintaining profitability and ensuring long term sustainability. Risk management plays a key role in our decision-making processes at all levels of the organization and is fundamental to our ability to effectively respond to evolving threats and opportunities. The Board, working through the Governance Risk and Compliance Committee, is committed to sustaining effective risk management processes to safeguard the interests of all of QAPCO stakeholders, including shareholders, employees, customers and the community whilst pursuing our short, medium and long terms strategic objectives.

Risk Governance

The board reorganized the risk governance structure and Governance Risk and Compliance Committee to improve its oversight effectiveness and align with the international best practices in terms of member constitution and independence. The GRC Committee is composed of QAPCO MD&CEO as Chairman, and two Board Members with one of them as Vice Chairman.

Enterprise Risk Management (ERM)

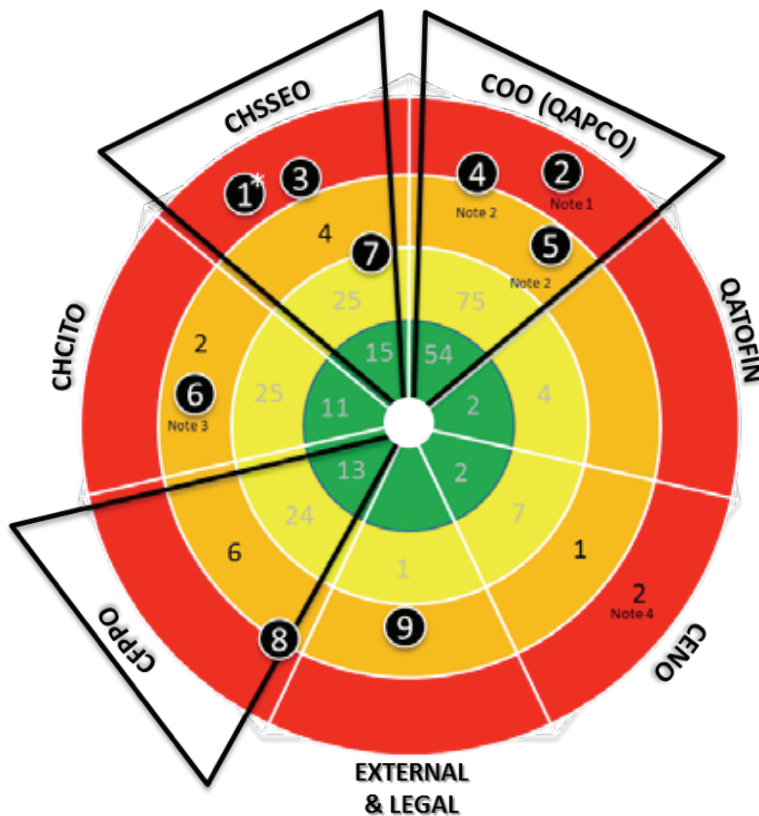
QAPCO has adopted a comprehensive integrated risk management system that is designed to consistently providing a clear framework for identifying, assessing, managing and reporting risks from day to day operations to the appropriate level of management and board. Our risk management processes enable the prioritization of specific risk management activities and appropriate resource allocation.

The system is implemented and managed through the Enterprise Risk & Compliance function which analyses QAPCO's risk profile and maintains the risk management system. On an annual basis QAPCO reviews its key risks and uncertainties via a combined top down and bottom up approach. This is updated through the year in response to changes in internal and external environmental conditions.

Our Risk Profile For End 2018

The nature of our business is long term resulting in many risks being enduring in nature. Therefore, risk can develop and evolve over time and their potential impact or likelihood may vary. We aggregate and consolidate similar risk into themes and identify high priority risks for particular oversight by the board and its various committees.

QAPCO currently monitors nine enterprise level risks that are broadly summarized in two main areas; HSSE Related risks, Plant reliability related risks. Throughout 2018 we were successful in the execution of risk reduction measures to reduce the risk to within an acceptable level for various risks. Significant steps have been taken in the improvement of Plant reliability and HSSE related risks in particular the process safety management program to be launched in Q1 2019.



Note 1 - 29 risks are aggregated into Risk 2

Note 2 - 23 risks are aggregated into Risk 4, 14 risks are aggregated into Risk 5

Note 3 - 3 IT/IS risks are aggregated into Risk 6

Note 4 - 2 Risks reverted to high as they are operational in nature
(Tech evaluation delays & Contentious relationship)

Risks To Strategic Objectives

Pillar	Strategic Objective	Risks	Strategy
Operations	<ul style="list-style-type: none"> Increase productivity Ensure high operational efficiency 	<ul style="list-style-type: none"> Cyber-attack, breach or intrusion of our digital infrastructure in particular industrial control systems. Asset Integrity corrosion / erosion impacting plant reliability. Major equipment failure - plant reliability, expiry of design life of critical assets. Degradation / Failure of critical electrical assets. Escalation of Geopolitical situation in the region. 	<ul style="list-style-type: none"> Implementation of revised ITM, ISM and ICS security policies and procedures ICS Security Enhancement program phase 2 Dedicated Security Operations Center Implementation of RBI program Implementation of CUI program Implementation of Integrity Excellence program Condition based monitoring program Upgrade of critical electrical assets Implementation of robust BCM program and practices.
Customer	<ul style="list-style-type: none"> Achieve superior customer service quality 	No Significant Risks	N/A
Sustainability	<ul style="list-style-type: none"> Improve HSSE performance 	<ul style="list-style-type: none"> Inadequate/Poor Safety Culture. Failure to ensure safety of work environment. Failure of, or poor Process safety management Environmental noncompliance with MME affecting CTO – WWT 	<ul style="list-style-type: none"> Complete implementation and ensure the long term sustainability of HPS program Initiate & Implement Process Safety management program. Enhanced compliance surveillance Completion of NZLD project
Financial	<ul style="list-style-type: none"> Maximize creation of value for the shareholders 	<ul style="list-style-type: none"> Inability to grow/sustain the business, mid-long term 	<ul style="list-style-type: none"> Inorganic growth to reach critical scale for long term competitive ness Invest in dedicated R&I polymer research facility Integration synergies across Q Companies

Emerging Risk Themes

We continue to monitor the external environment to proactively identify emerging risk themes and develop risk response strategies accordingly. QAPCO defines emerging risks as any uncertain future events, external to QAPCO, which may be beyond the organization's direct capacity to control, that are difficult to measure or quantify, unpredictable in nature, maybe without historical precedent, or events that could potentially have a significant or unforeseen impact on the business.

- Changes in global market conditions (Oil price volatility, Feedstock cost).
- Escalation of the geopolitical situation.
- Local and or International Regulatory changes.

The outlook suggests that the risk environment for the future will be dominated by market conditions, cost efficiency, production reliability and the escalation of the geopolitical instability in the region.

Business Resilience - Business Continuity

As part of the reactive controls in the enterprise risk management, business continuity management is key in the effective response to business interrupting events. QAPCO continually strives to improve its resilience capability and a business continuity management (BCM) program was initiated to further strengthen QAPCO's ability to respond to and recover from potential business disruptions. To date the program has resulted in 6 of the 9 critical business areas having fully developed business continuity plans implemented as per the BCM program. The overall BCM program is expected to be completed in 2019.

Combined assurance

QAPCO has initiated the enhancement of its governance and assurance practices by codifying the combined assurance model based on the 3 lines of defense. This will integrate the functions of Management (1st Line of Defense), Risk & Compliance management (2nd Line of Defense) and Audit (3rd Line of Defense) to ensure that key risk exposures are well managed and assurance is provided to the board on all three levels that control and mitigation actions are effective and sustained.

CONTINUING OUR HPS JOURNEY

QAPCO'S employees are the heart and soul of our organization. We are confident that our people and the culture we seek to nurture is going to play a big role in the future of our company. Ensuring the safety and well-being of our employees is at the core of everything we do at QAPCO. When it comes to decision-making, safety is always our top priority. Our integrated

Health, Safety, Environment, & Quality (HSEQ) strategy systematically incorporates safety into all levels of our operation.

In 2018 we continued the journey in our High-Performance Safety Culture (HPS) program in building a sustainable HPS culture within QAPCO and to ensure we deliver on our responsibility to protect our workers.

HPS Champions Development & Engagement



- 18 Master Champions identified & Level 1 development sessions conducted.
- Champions regroup and engagement with leadership happening monthly.
- Additional 40 Champions are being developed, this includes Champions from our contractor partners as well.

Workstreams

- 7 Workstreams are functioning well.
- Contractors work stream is engaging on the safety and welfare aspects of the contractors.
- Facilitation Skills Workshop conducted for workstream members.
- Near-miss stream are working on facilitating the system of reporting.
- Communication is working on branding and campaigning the HPS spirit.

1-1 Safety Leadership Coaching

- 20 Managers are attending the 1-1 coaching offered by MJM.
- These sessions are:
 - Integrally informed
 - Development focused
 - Action oriented



HPS Safety Leadership for Supervisors (SL4S)



- Level 2 modules completed.
- 100+ Supervisors attended the Learning Circles so far.
- Field coaching plans are in place to support the supervisors in applying the skills in the field.

Area Leadership Teams

- 8 Area Leadership Teams (ALT) are functioning well and ably supported by the HPS Champions.
- Cross sharing and cross learning opportunities between Area Leadership teams is being explored.
- Facilitation Skills Workshop conducted for ALT members.



HPS Facilitators Regroup

- HPS Facilitators Regroup conducted and further enhanced their facilitation and presentation skills.

HPS Behaviour Board

- HPS Behaviour Board Conversations are happening consistently across the organisation.



ENHANCING OUR OPERATIONS

At QAPCO, we are proud to be a leader in the petrochemical industry. Our success can be attributed to our drive for innovation and creating increased value for our customer and society through our strong polymer value chain. Our focus is on optimizing our operation at all level.

Furthering our optimization strategies, we work to embed sustainable practices at all levels of our operations. Our management approach embeds processes for the recognition

and leverage of connections throughout QAPCO. This has facilitated our continuous development, unlocking new potential uses of associated and non-associated ethane gas from petroleum production.

The complete successful integration of QVC with QAPCO led to synergized operations, cost reduction, and increased productivity, as well as, optimization of technical and operational functions which has increased profitability and productivity.

Performance of Our Operations

QAPCO is operating a fully integrated site including several process units. These incorporate state of the art facilities for producing Olefins and Polyolefins, in addition site also comprises Vinyl facilities producing Vinyl Chloride Monomer and Caustic Soda.

Likewise the site operations are supplemented by complete on-site Utilities plant and Logistics Jetty with associated storage and handling facilities. Olefins Cracker along with Polyolefins unit entered into commercial

production in early 80s and that was originally designed for 280 Ktons, since then BMR continuous enhancements have been incorporated after subsequent revamps and expansions, the cracker plant has exhibited a capability to produce up to 829 Ktons of ethylene per year.

Simultaneously the Polyolefin capacities have been expanded over the period and match up to the expanding market demands of Low Density Polyethylene and Linear Low Density Polyethylene.

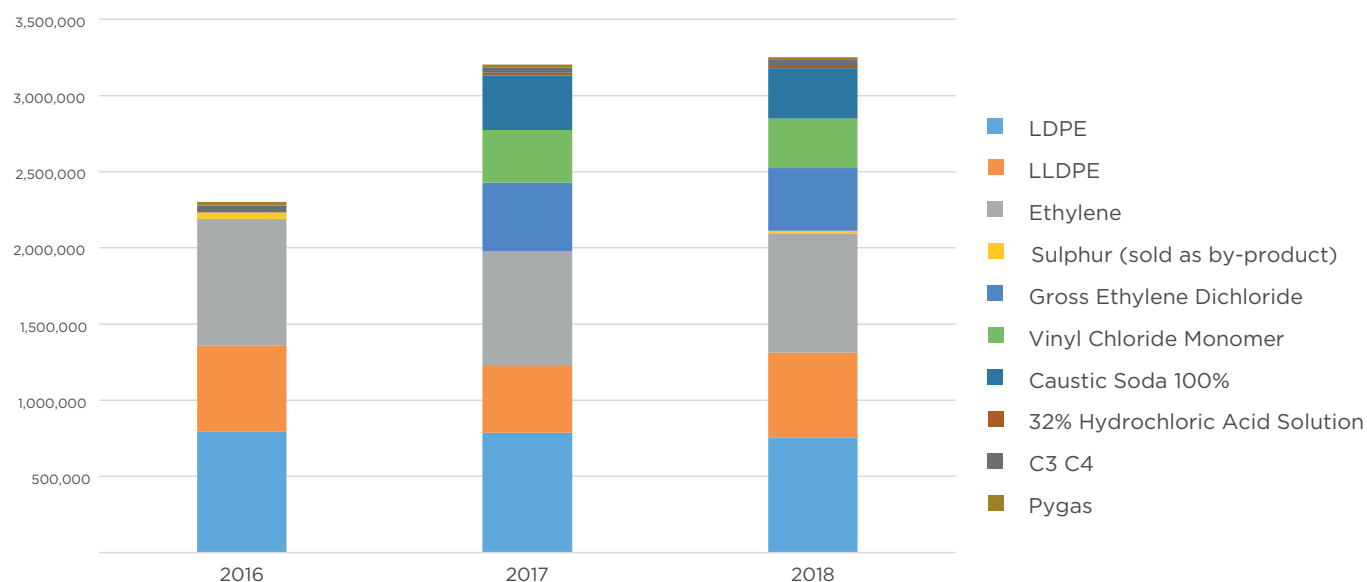


Dr. Yousuf Abdulla Rebeeh
Chief Operations Officer

Our success can be attributed to our drive for innovation and creating increased value for our customer and society through our strong polymer value chain.



Performance of Our Operations



2018 Production Figures

Polyethylene	1,312,856
Ethylene	778,205
Sulphur	20,523
EDC	145,929
VCM	323,937
Caustic Soda	331,890
HCl	19,983

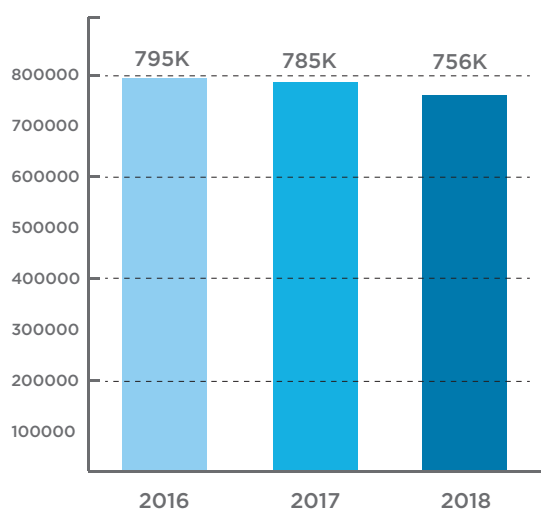
Our operating facilities also feature upstream gas sweetening plants that treat feed from different sources from QP and convert harmful toxic acid into sulphur of around 70 Ktons per year. This sulphur is sold commercially.

Resulting from unplanned shutdowns due to power failure and other unprecedented

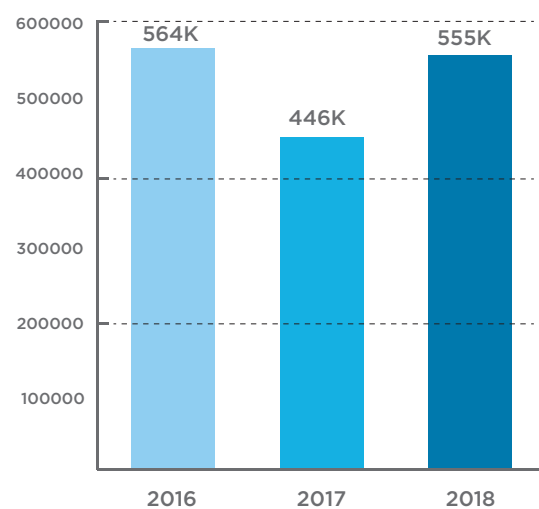
technical issues, the overall production across QAPCO decreased by 2% against the budget for 2018. The Polyolefins production was lower by 1.4% against the budget, whereas it was higher by 7% against 2017 actual production. Counting all the products produced at QAPCO total production was around 2.93 Million Tons for the current year.

TOTAL PRODUCTION 2.93 MILLION TONS

LDPE Production



LLDPE Production



Product Responsibility and Quality

Our Quality Control department is dedicated to ensuring that our operations respect best practices and regulations.

Our priority at QAPCO is delivering quality product to our customers and operating our processes responsibly, with respect for our employees, contractors, community, and the environment. We comply with best practices and regulations on health, safety, and environmental protection. We have Responsible Care accreditation, the chemical industry's global initiative to drive continuous improvement and achieve excellence in environmental, health, safety and security performance.

Our Quality Control department is dedicated to ensuring that our operations respect best practices and regulations. We are proud to report that no incidents of non-compliance were recorded during the assessment of our products and service in 2018, concerning both the information and labelling, and provision and use of our products. The Quality and Control department also controls, updates, and

distributes Technical Data Sheets (TDS) Material Safety Data Sheet (MSDS) for all QAPCO products. Each of our shipments comes with TDS and MSDS, which identify the product name along with commonly used synonyms, company contact details for general or emergency information, handling and storage information including identified hazards.

Taking this commitment to quality assurance one step further, we have an online control system, which manages the quality control of our polyolefin products. Our procedure for quality control inspection details the process by which we confirm the quality of our product and prevent the selling of defective products. This procedure covers inbound chemicals and intermediate and finished products from both our olefin and polyolefin plants, as well as in-process quality control inspection.

International Standards and Regulations for Products Stewardship at QAPCO

- ISO 9001:2008
- ISO 14001:2013
- OHSAS 18001
- ISMS 27001:2013

Quality Regulations Complied: European Union Regulations

- EU Food Contact Plastic
- National Plastic Regulations
- REACH (EC 1907/2006)
- Heavy Metal Directive
- Good Manufacturing Practice
- IKEA Standard

Other Legislations

- Chinese Hygienic Standard for Use of Additives in Food Containers and Packaging Materials
- Japan Hygienic Olefin and Styrene Plastic Association
- India – Positive List of Constituents of Polyethylene in Contact with Foodstuffs, Pharmaceuticals and Drinking Water
- Food and Drugs (FDA)

Muntajat manages the sales and marketing operations for our products. We also have a technical customer service team, which responds to customer claims and provides technical support to Muntajat. Our procedure for technical customer support and regulatory compliance facilitates the effective management and efficiency in the provision

of technical support to our polyethylene customer, related to the use and processing of LLDPE and LDPE Lotrene. Muntajat benefits from this procedure, as well as it helps our technical team in supporting Muntajat efforts to satisfy and retain current customers, while also attracting new ones., by providing quality technical assistance.

OPTIMIZING OUR FINANCIAL PERFORMANCE

QAPCO continues to deliver strong financial performance in the face of ongoing challenges. Oil prices have strengthened over the past year, which is positive news after a period of relatively low oil prices.

Nonetheless, the financial year 2018 was a challenging year for QAPCO, due to production curtailments, geopolitical issues, and increased feedstock costs. Despite the continued illegal blockade of Qatar, QAPCO managed to successfully deliver strong operating and financial results.

Our Financial Performance

As a direct result of our collective actions to realize benefits from our business transformation phase, we have delivered strong operational performance across our businesses, achieved consistent margins despite higher feedstock prices, and maintained a strong focus on cost containment.

QAPCO managed the seamless integration of QVC which improved profitability across the group as we unlocked new potential, developed synergies across our companies and optimized costs.

Our emphasis on business and operational excellence, coupled with strategic planning and sound risk management, underpin QAPCO's strong financial performance. We are confident in our long term profitable future.

We have sustained a consistent profit margin in 2018 for QAPCO and if product prices continue to rise in line with increasing oil prices, and we enjoy a high level of production reliability, we expect to sustain this financial performance.



Thomas Mc Hale

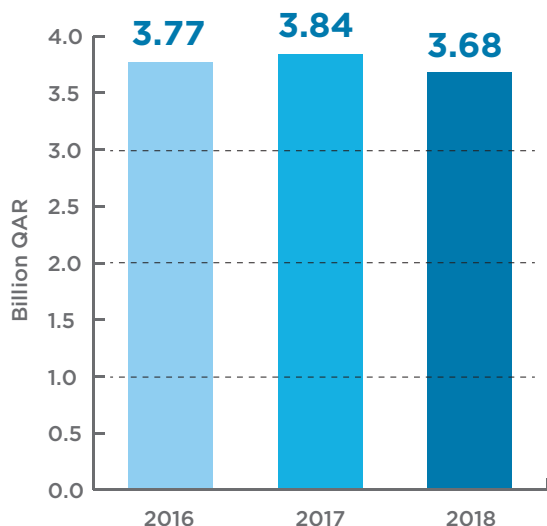
Chief Finance, Procurement
& Planning Officer

QAPCO managed the seamless integration of QVC which improved profitability across the group as we unlocked new potential, developed synergies across our companies and optimized costs.



	2016	2017	2018
	QAR'000	QAR'000	QAR'000
Revenue-Net	3,772,006	3,841,904	3,681,827
Gross profit	2,056,406	1,861,431	1,812,247
Gross profit margin	55%	48%	49%
QAPCO standalone profit	1,759,336	1,636,221	1,593,761
QAPCO standalone profit margin	47%	43%	43%
Share of profit from joint ventures and associate	858,729	771,644	849,873
Profit for the year	2,618,065	2,407,865	2,443,634

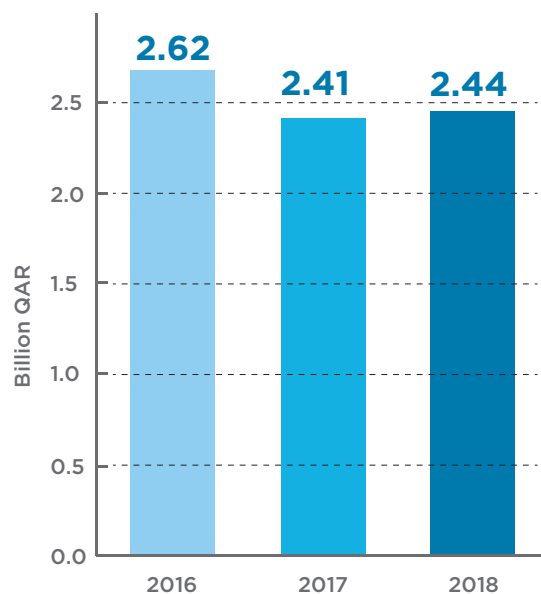
Net Revenue



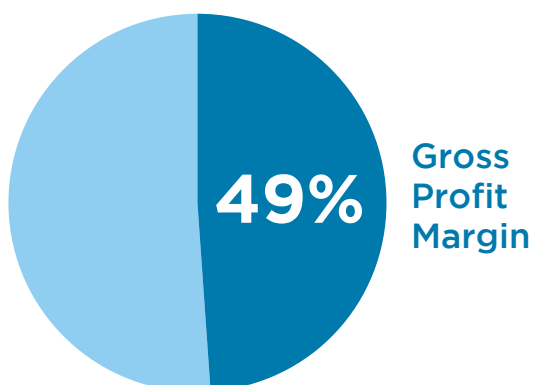
3.68 BILLION QAR
QAPCO Net Revenue in 2018

2.44 BILLION QAR
QAPCO Profit in 2018

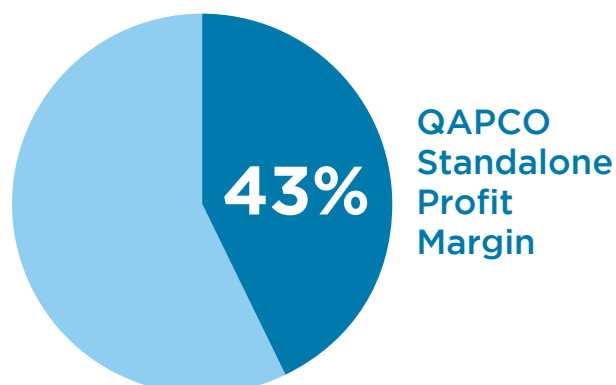
Profit



Gross Profit Margin 2018



QAPCO Standalone Profit Margin 2018



**Polymer sales volume:**

was marginally lower over the period 2016 to 2018 due to a decrease in production.

Polymer prices:

in 2017, were up by (+) 5% compared to 2016 and in 2018, was lower by (-) 6% compared to 2017.

**Gross profit margin:**

was lower in 2017 compared to 2016 due to increase in variable cost and lower selling prices. Gross profit margin in 2018 has improved compared to 2017.

Profit margin:

was slightly lower in 2017 compared to 2016. However, as a result of fixed cost optimization, QAPCO standalone profit margin in 2018 has been maintained at the same level as 2017.

Our Financial Impact

Cost optimization strategies are an essential part of our management strategy. Cost optimization allows us to maintain profitability, while still fulfilling our business goals, sustaining high quality standards and workforce benefits. We have managed to do this again in 2018, while successfully expanding our operations through the QVC integration. Given our holistic approach, implementing these strategies at all levels of our operations, we are poised to continue this performance in the coming years.

Our procurement division has played an increasingly strategic role in achieving cost optimization. A formal synergy program amongst Mesaieed Industrial City companies was formed which has identified new cost optimization opportunities for all of our companies. Improvements in the group medical insurance strategy is one initiative that has already led to cost savings whilst maintaining high quality coverage. Managing a balanced budget enables us to

continue investment in company assets, while maximizing distributions to shareholders as dividends. In alignment with the Qatar National Vision 2030, QAPCO is committed to increasing local procurement and the diversification of Qatar's economy. Qatari companies are given preference in procurement contracts whenever possible and QAPCO is working closely with the new Tawteen initiative to further improve the in country value of our goods and services purchasing.

The relationships we have formed with our community have created increased socio-economic value for both Qatar and QAPCO. These relationships are strengthened through the employment opportunities we create for Qatari society. We also contribute substantially to the government's pension scheme for Qatari employees, which is calculated as a percentage of our employees' salaries, in accordance with law no. 24 of 2002 on retirement and pensions.

In alignment with the Qatar National Vision 2030, QAPCO is committed to increasing local procurement and the diversification of Qatar's economy.

As a company, we continue to increase cost improvements and added value, while building stronger working relationships with our suppliers.

Our Procurement Practices

In order to both enhance our profitability and support Qatar's National Vision 2030, we are committed to giving preference to local suppliers of goods and services in the procurement process for our operations, and this plays a central role in the achievement of QAPCO's strategic goals.

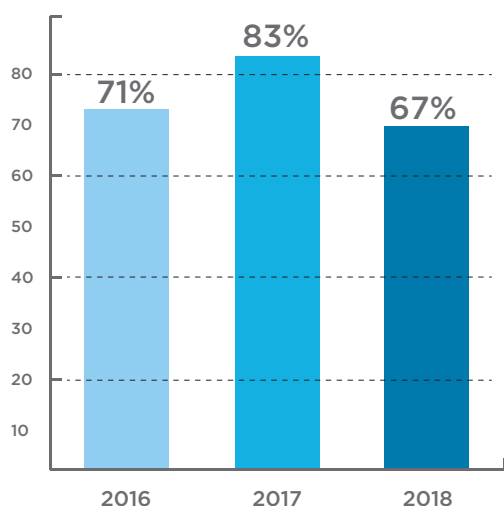
Procurement Group has been strongly participating in TAWTEEN project which is led by Qatar Petroleum (QP). Our plan for 2019 is to fully dedicate two staff from Procurement for TAWTEEN project and all requested data were provided to QP to establish and develop work plan with priorities.

As a company, we continue to increase cost improvements and added value, while building stronger working relationships with our suppliers. QAPCO's Procurement policies center on transparency to ensure a competitive and fair bidding process. In 2018, QAPCO's Procurement Group secured all the requirements and became fully mature in dealing with all purchases that were affected by the geo-political situation.

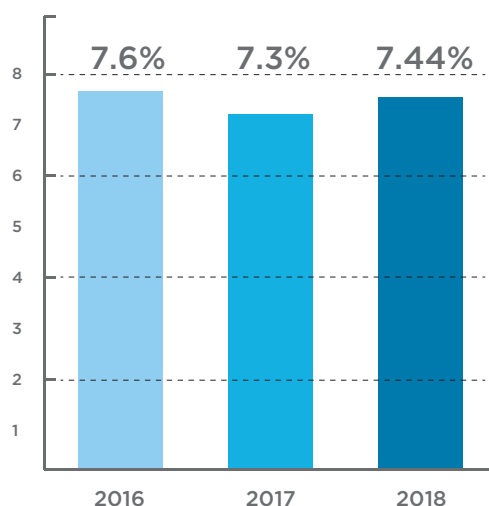
Performance Summary

	2016	2017	2018
Operations			
Total purchases on local goods and services (%)	71%	83%	67%
Finance			
Savings through negotiations (%)	7.6%	7.3%	7.44%

Total purchases on local goods and services (%)



Savings through negotiations (%)



Synergy Development

In 2018, QAPCO continue in the synergy program with other Qatar (IQ) companies based in Mesaieed Industrial City (MIC). In addition, QAPCO started to synergize some services with QP and still there are some initiatives going on. This synergy activity bring a considerable saving to QAPCO and it is fully supported by QAPCO MD & CEO to increase the participation in such tenders with QP & Qatar (IQ) companies based in Mesaieed Industrial City (MIC).

Highlight on Procurement Achievement in 2018

Procurement completed the transition to Strategic Sourcing which reflect a lot of improvement in procurement process in term of data consistency, saving, cycle time and supplier performance.

Applying the strategic Sourcing led to comprehensive visibility of accurate and consistent spend data overtime with direct accessibility by corporate stakeholders which result on reduction of the time spent in creating custom reports.

The accuracy of data Identify and prioritize saving opportunities through analyzing multidimensional spend records per category, duration, supplier, region, cost center, Etc.

Reduction of cost is most tangible output of implementing Strategic Sourcing as we achieved a significant saving margins through implementing supplier consolidation and volume pooling solutions whereby the annual spend via long term agreements represents 7.44% of 2018 annual spends. Saving opportunities were

Local Procurement

QAPCO continues to commit itself to supporting local suppliers of goods and services. We aid local companies to help them become more competitive, and provide preferential selection, when our quality standards are met, and pricing is within margin. As a proud Qatari company that seeks to maximize its economic contribution to the State of Qatar and the Qatar National Vision 2030, we consider supporting economic diversification and helping local suppliers and manufacturers to be our duty.

increased through identification of efficient sourcing strategies and contract negotiation opportunities.

Supplier performance was developed by continuous assessment of suppliers HSSE, delivery, quality, commercial, technology compatibility and communication performance. The performance were tracked and communicated with supplier for gaps covering.

Using ARIBA e-procurement solutions was over 61% of the number of tenders processed in 2018 leading to reducing cycle time, efficient communication and paperless transactions.

Integrated QVC procurement processes into QAPCO systems resulting in significant savings due to synergies, optimization of procurement resources and contract management effort.

Integration of QATOFIN non-PO raw materials and gases contract administration into QAPCO procurement team for greater control and processing efficiency.

Procurement completed the transition to Strategic Sourcing which reflect a lot of improvement in procurement process in term of data consistency, saving, cycle time and supplier performance.

61%

of all tenders in 2018 used ARIBA e-procurement solutions.



SUPPORTING OUR BUSINESS: OUR PEOPLE

The total workforce of QAPCO, Qatofin and QVC currently stands at over 1200 employees. These employees are the driving force of everything we do and the reason why our company remains so successful. Having the right human capital with the right competencies, at the right time is essential to QAPCO maintaining the growth and expansion of our operations.

We continuously invest in our employees' personal and professional growth, as well as in the development of their skills and competencies. In line with the Qatar National Vision 2030, we are committed to developing a strong and capable Qatari workforce. We are proud to offer our Qatari employees competitive benefits and growth opportunities. Our Qatarization

rate of 25.3% is above industry standards and remains consistent after the successful integration with QVC. Moreover I am proud of our considerable achievement in winning the Energy Sectors Qatarization Crystal for the seventh time this year.

Diversity is an important aspect of our culture at QAPCO. We recognize the value that a diverse workforce adds to our business. This is why QAPCO seeks to encourage female participation at all levels of the organization. We continuously engage in activities to attract and recruit women as part of our contribution to the Qatar National Vision 2030. Providing this support and encouragement to Qatari women is important, as it creates positive long - term outcomes for the State of Qatar.



Abdulla Ahmed Naji

Chief Human Capital
& Information Systems Officer

We continuously invest in our employees' personal and professional growth, as well as in development of their skills and competencies.

	2016	2017	2018
Total number of employees (QAPCO, QATOFIN and QVC)	1,072	1,201	1,231
Female employees	43	43	48
Voluntary turnover rate (%)	13.8	11.3	6.82



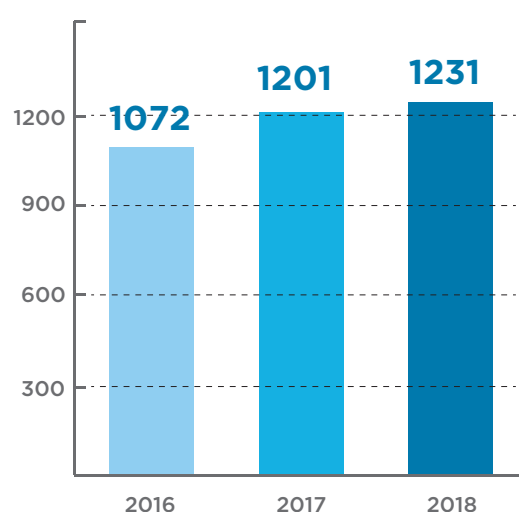
2018 was the first year that QAPCO went live with the Performance Management System (PMS) for all employees. Accordingly all employees were required to update their respective Business Goals by the mid of March 2018 which was the first step on the PMS.

As we look to the future, we understand the importance of education and research will play in positioning QAPCO and Qatar as major players in the global marketplace. We continue to invest heavily in STEM education, working to develop our capabilities in

hand with the capabilities of our value staff.

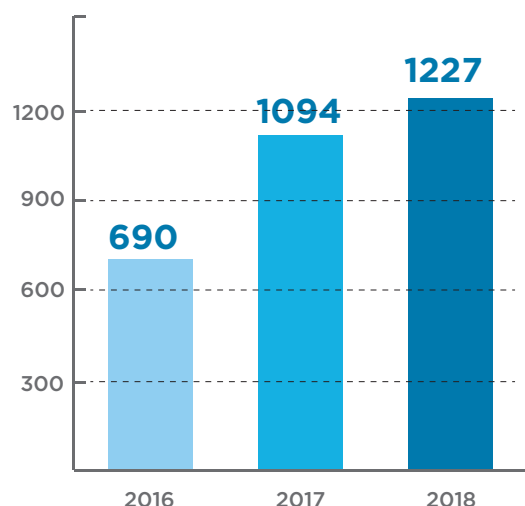
Our employees are considered the major building block of our company with which our success is defined. We have a proud legacy as an employer of choice, thanks to our enabling work environment that fosters professional growth and diversity, significant opportunities for Qataris, and uniquely strong commitment to contribute to the social, educational, and economic goals of the local community, following Qatar's National Vision 2030.

Total number of employees



Training	2016	2017	2018
Workforce training (hours)	29,336	21,017	81,422

Employees Trained



81,422
Workforce Training Hours in 2018



Qatarization

Since our inception in 1974, supporting the development of our national employees is one of the driving forces of QAPCO.

We are proud of our Qatari heritage as it gives the company its unique cultural identity. The future of our operations will rest on our ability to incorporate and develop more Qatari national into our workforces.

At QAPCO, Qatarization is about identifying recruiting, developing and retraining talented Qataris. In alignment with Qatar National Vision 2030, QAPCO's commitment to Qatarization and activities QAPCO supports to accelerate Qatarization are key to our future success and national development goals.

QAPCO is privileged to provide support to promote STEM (Science, Technology, Engineering and Math) education at universities and schools in Qatar. QAPCO has partnerships with 4 universities: Qatar University (QU), Texas A&M at Qatar (TAMUQ), Community College Qatar (CCQ), and College of North Atlantic - Qatar (CNA-Q), through which events and programs are delivered for the benefit of students.

In 2018, the QAPCO Chair of Sustainable Environment at Qatar University commenced. This is an important step for R&D within Qatar, as it promote research on the production, supply and use of green energy.

QAPCO's commitment to Qatarization and activities QAPCO supports to accelerate Qatarization are key to our future success and national development goals.

**QAPCO has
STEM
Partnerships
with**

4

UNIVERSITIES



FROM STRENGTH TO STRENGTH

The Impact of Winning the Qatarization Crystal Award



Since 2010, QAPCO has been awarded the Annual Qatarization Crystal Award a record-breaking seven times. This is a remarkable achievement as the award is one of the highest accolades a company can receive in the Energy and Industry Sector in Qatar.

The Annual Qatarization Crystal honours companies who have successfully integrated their Qatarization strategy into their business operations.

The judging criteria for the Award is based on International best practice standards that demonstrate that QAPCO has achieved excellence in the related field.

The impact of winning these awards can be seen from two perspectives:

Firstly, the related Departments throughout QAPCO have had to work tirelessly to achieve and maintain the required standards that are detailed in the judging criteria.

Secondly, QAPCO enhances its image as an “Award-winning company” to its stakeholders within Qatar, especially students looking for a career within the Oil & Gas Industry.

The impact of winning these Awards can also be seen through our educational programs, as we hope to inspire, encourage and support a new generation of petrochemical experts and leaders. We continually work with the Education Sector in Qatar to provide the best scholarship and outreach programs for young Qataris, both male and female.

Summary of Awards

- 2010 - Awarded Crystal for Supporting & Liaising with the Education Sector
- 2011 - Awarded Crystal for Supporting Qatarization
- 2012 - Awarded Crystal for Supporting Student Scholarships
- 2014 - Awarded Crystal for Supporting Student Scholarships
- 2015 - Awarded Crystal for Supporting & Liaising with the Education Sector
- 2016 - Awarded Crystal for Supporting & Liaising with the Education Sector
- 2017 - Awarded Crystal for Supporting & Liaising with the Education Sector
- 2018 - Awarded Crystal for Supporting & Liaising with the Education Sector

As QAPCO were awarded the Crystal for Supporting & Liaising with the Education Sector for three years in succession the company were allowed to keep the Award permanently.

2018 QATARIZATION HIGHLIGHTS



25.3%

QATARIZATION



267

QATARI NATIONALS

17

PARTNERSHIPS

With Educational
Institutions



50+

Innovation Projects



3

Research Chairs in
prestigious universities



20

Community
Outreach Programs



54

Internship
Students in 2018



7

Career Fairs
Attended

CASE STUDY

Local Agreements To Improve Our Next Generation

A special workshop was held at CNAQ by the QAPCO Student Engineering Club that enabled Engineering students from CNAQ and CCQ to meet and interact with industrial experts on subjects related to their studies.

The aim of the workshop was to take the students outside of the classroom, to focus on the real life applications and processes found in a modern day Petrochemical plant and to give them a flavor of what it's really like in the field. The keynote speakers were Mr. Rasim Qureshi, QAPCO's HSSE Support Manager and Mr. Adel Elhsaeri, Materials & Certification Inspector, within the Integrity Department of QAPCO.

The QAPCO Student Engineering Club was launched last year in order to provide a specialized forum for engineering students that will enable the promotion of all matters relating to Engineering.

In collaboration with the College of Engineering at Qatar University, Texas A&M University



– Qatar, Community College Qatar and the College of the North Atlantic – Qatar, this new initiative will, through a series of special events such as this workshop, build a community within the Education Sector in Qatar, that will bridge science and technology issues, further engaging Qatari and Expatriate engineering students.

Membership of the Club is comprised of Academic staff and students from the partner Universities and Colleges: as well QAPCO employees and Develepees and will enable networking with engineering students from other Universities and Colleges, professors and professionals from QAPCO as well as facilitating research projects and conducting valuable experiments.

This collaboration between Education and QAPCO will create a new and unique way for students to learn more about the Industry as it enables them to experience at first-hand what the Industry can offer to them and also what they can offer to the Industry.



Capability Building

Attracting and retaining talent is essential to maintaining sustainable operations. As such, we strive to provide a nurturing work environment, growth opportunities, and competitive financial and non-financial benefits to our valued employees.

We strongly encourage our employees to develop new skills, improve work practices and progress in their career. We do our best to help ensure they have the resources to achieve their goals.

Some of the ways in which we help motivate and ensure productivity gains and highlighted below:

- Training and development.
- Performance reviews for all employees.
- Wild range of benefits to all employees.
- Paternal leave and return to work.
- Health and fitness opportunities and awareness.

Our Capability Building Department continues to drive employee development within QAPCO to ensure the competencies required across job functions are maintained by our employees.

As critical assets we invest in our people to enable QAPCO’s growth aspiration, the sustainability of its operations, and contribute to the Qatar National Vision 2030.

Our Capability Building Department continues to drive employee development within QAPCO to ensure the competencies required across job functions are maintained by our employees.



1,227
Employees
Trained

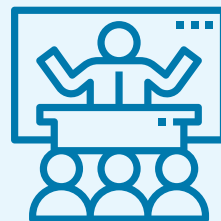
Male Employees
Trained

1,179



Female Employees
Trained

48



149%
Training Plan
Achievement

HPS Training Hours

1,992

HPS Training
Attendance

311



HSSE Training Hours

40,529

HSSE Training
Attendance

13,652



FINANCIAL STATEMENTS



Independent auditor's report to the shareholders of Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Qatar Petrochemical Company (QAPCO) Q.P.J.S.C. (the "Company") present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2018;
- the statement of profit or loss for the year then ended;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the State of Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and with the requirements of the Qatar Commercial Companies Law number 11 of 2015, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Ministry of Economy and Commerce License number 6 / Qatar Financial Markets Authority License number 120155
T: +974 4419 2777, F: +974 4467 7528, www.pwc.com/me

I



Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the Qatar Commercial Companies Law number 11 of 2015, we report that:

- We have obtained all the information we considered necessary for the purpose of our audit;
- The Company has carried out a physical verification of inventories at the year-end in accordance with observed principles;
- The Company has maintained proper books of account and the financial statements are in agreement therewith; and
- Nothing has come to our attention, which causes us to believe that the Company has breached any of the provisions of the Qatar Commercial Companies Law number 11 of 2015, or of its Articles of Association, which would materially affect the reported results of its operations or its financial position as at 31 December 2018.

For and on behalf of PricewaterhouseCoopers – Qatar Branch

Qatar Financial Market Authority registration number 120155

Mohamed Elmostaz

Auditor's registration number 281

Doha, State of Qatar

31 January 2019

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

2018
QR'0002017
QR'000

Assets		
Non-current assets		
Property, plant and equipment	3,922,620	4,127,243
Intangible assets	74,465	61,386
Investment in joint ventures	2,849,149	3,009,460
Investment in an associate	37,414	35,020
Total non-current assets	6,883,648	7,233,109
Current assets		
Inventories	302,504	309,827
Due from related parties	819,138	1,039,709
Other receivables	81,970	301,289
Cash and cash equivalents	891,741	687,907
Total current assets	2,095,353	2,338,732
Total assets	9,571,841	9,576,633
Equity and liabilities		
Equity		
Share capital	436,000	436,000
Legal reserve	87,200	87,200
Retained earnings	7,046,888	7,712,254
Total equity	7,570,088	8,235,454
Liabilities		
Non-current liabilities		
Employees' end of service benefits	149,726	141,188
Provision for pension obligations	111,387	121,680
Total non-current liabilities	261,113	262,868
Current liabilities		
Due to related parties	73,284	73,025
Trade and other payables	210,058	177,217
Income tax payable	112,058	109,277
Dividend payable	752,400	714,000
Total current liabilities	1,147,800	1,073,519
Total liabilities	1,408,913	1,336,387
TOTAL EQUITY AND LIABILITIES	8,979,001	9,571,841

The financial statements were approved by the Board of Directors and authorized for issue on 31 January 2019.



Mr. Abdulaziz Jassim Al Muftah
Chairman of the Board of Directors



Dr. Mohammed Yousef A. Al-Mulla
Managing Director and
Chief Executive Officer



Mr. Thomas Joseph Mc Hale
Chief Finance, Procurement
and Planning Officer

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

2018
QR'0002017
QR'000

Revenue	3,681,827	3,841,904
Cost of goods sold	(1,869,580)	(1,980,473)
Gross profit	1,812,247	1,861,431
Administration expenses	(230,251)	(228,639)
Selling expenses	(80,662)	(56,858)
Gain on foreign exchange	23,034	2,192
Finance income	20,317	10,766
Share of profit from joint ventures	845,479	766,571
Share of profit from an associate	4,394	5,073
Other income	49,076	47,329
Profit for the year	2,443,634	2,407,865

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

2018
QR'0002017
QR'000

Profit for the year	2,443,634	2,407,865
Other comprehensive income: Items that may be reclassified subsequently to statement of profit or loss		
Share of fair value movement of interest rate swap from a joint venture	-	7,133
Net movement in fair value of forward contracts	-	272
Other comprehensive income for the year	-	7,405
Total comprehensive income for the year	2,443,634	2,415,270

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share Capital QR '000	Legal Reserve QR '000	Cumulative changes in fair value QR '000	Retained Earnings QR '000	Total QR '000
Balance at 1 January 2017	436,000	87,200	-7,405	7,558,389	8,074,184
Profit for the year	-	-	-	2,407,865	2,407,865
Other comprehensive income	-	-	7,405	-	7,405
Total comprehensive income for the year	-	-	7,405	2,407,865	2,415,270
Transactions with owners in their capacity as owners:					
Dividend paid	-	-	-	(1,540,000)	(1,540,000)
Dividend payable	-	-	-	(714,000)	(714,000)
Balance at 31 December 2017	436,000	87,200	-	7,712,254	8,235,454
Balance at 1 January 2018	436,000	87,200	-	7,712,254	8,235,454
Profit for the year	-	-	-	2,443,634	2,443,634
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,443,634	2,443,634
Transactions with owners in their capacity as owners:					
Dividend paid	-	-	-	(2,356,600)	(2,356,600)
Dividend payable	-	-	-	(752,400)	(752,400)
Balance at 31 December 2018	436,000	87,200	-	7,046,888	7,570,088

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	2018 QR'000	2017 QR'000
Cash flows from operating activities		
Profit for the year	2,443,634	2,407,865
Adjustments for:		
Depreciation of property, plant and equipment	304,187	293,627
Amortisation of intangible assets	11,158	7,576
Loss on write-off of capital work in progress	8,881	-
Spares parts written off	(3,724)	-
Share of profit from joint ventures	(845,479)	(766,571)
Share of profit from an associate	(4,394)	(5,073)
Provision/(reversal) of provision for slow moving spare parts	543	(5,984)
Net movement in provision for doubtful debts	(868)	(20)
Provision for employees' end of service benefits	34,846	26,285
Loss on disposal of property, plant and equipment	145	4,818
Finance income	(20,317)	(10,766)
	1,928,612	1,951,757
Changes in working capital:		
Inventories	10,504	(44,294)
Due from related parties	225,771	(78,346)
Other receivables	332,416	(112,020)
Due to related parties	259	(277,066)
Trade and other payables	32,841	32,768
	2,530,403	1,472,799
Employees' end of service benefits paid	(22,579)	(47,143)
Net movement in advance against end of service benefits	(3,729)	6,098
Payment of pension obligation	(10,293)	(9,217)
Income tax paid	(109,448)	(108,658)
Net cash generated from operating activities	2,384,354	1,313,879

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2018

2018
QR'0002017
QR'000

Cash flows from investing activities		
Purchase of property, plant and equipment	(137,864)	(159,095)
Additions to intangible assets	(163)	(9,108)
Dividend received from joint ventures	1,005,790	755,416
Dividend received from an associate	2,000	1,500
Finance income	20,317	10,766
Net cash generated from investing activities	890,080	599,479
Cash flows from financing activities		
Dividend paid	(3,070,600)	(2,142,400)
Net cash used in financing activities	(3,070,600)	(2,142,400)
Net increase/(decrease) in cash and cash equivalents	203,834	(229,042)
Cash and cash equivalents at 1 January	687,907	916,949
Cash and cash equivalents at 31 December	891,741	687,907





Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.

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