



RETAIN THE GAIN

ANNUAL REPORT 2019



ABOUT THIS REPORT



Welcome to our annual report 2019 on performance and the creation of value across economic social and financial dimensions at the 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 2019.

This report covers QAPCO's financial and non-financial Performance for the period from 1st January 2019 to 31st December 2019. 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 operated joint ventures, Qatofin Company Limited (Qatofin) 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.

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 behavior 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.

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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



Abdulaziz Jassim M. Al-Muftah
Chairman of the Board of Directors

CHAIRMAN'S MESSAGE

Despite the many challenges posed by 2019 market fluctuations, both the State of Qatar and its national corporations such as QAPCO, have proven to be remarkably resilient. The global market disruption impacted nearly every supply chain around the world, with unprecedented impact on our value chains.





Stepping up to these challenges we activated our Business Continuity Plan along with our comprehensive Integrated Risk Management System, both were fundamental instruments to our ability to quickly respond to the circumstances.

As a result, QAPCO continued to advance its sustainable long-term growth of our operations and boosting our efforts towards realising the Qatar National Vision 2030 in partnership with our many local partners.

In fact, 2019 turned out to be a landmark year for us in QAPCO as a result of several initiatives undertaken by the company, for example, this year we introduced our Process Safety Management Program (SALAMAH). Our objective was to enhance our competitiveness and safety performance to ensure incident free operation and to build on what we have achieved, by enforcing our process safety culture, capabilities and systems.

We realise that year 2019 will be a year to remember, QAPCO managed to navigate the global energy prices and the global demand shifts to seek the opportunities within the challenges, this is all an integral part of our DNA in QAPCO and is translated in our business strategies that proved to be efficient and forward looking.

We invite you to learn about the many factors contributing to our dynamic and sustainable growth in 2019 and how we will ensure that we “Retain the Gain” for the years to come.



Our Vision

Prosperity Through Innovation

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

Our 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.

Our 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 to ensure the safety of our employees, contractors, assets and communities; taking a proactive approach to safety, we relentlessly seek ways to improve our safety performance.



Integrity

Acting ethically and honorably wins loyalty. Our behavior 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.

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

Qatofin Company Limited Q.P.J.S.C. was established in 2005 to optimize the utilization of ethane feedstock from Qatar thanks to development of the country's natural gas resources. It is a joint venture between QAPCO (63%), Total Petrochemicals France (36%) and Qatar Petroleum (1%).

Ras Laffan Olefins Company Ltd (RLOC) is joint venture between Q-Chem II (53.31%), Qatofin (45.69%) and Qatar Petroleum (1%). It owns a cracker that supplies LLDPE and LDPE Plants with ethylene feedstock and is managed and operated by Q-Chem II.

RLOC

QVC

Qatar Vinyl Company Limited (QVC) Q.P.J.S.C. 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 (55.2%), QAPCO (31.9%) and Qatar Petroleum (12.9%).

Qatar Plastic and Wooden Products Company W.L.L. was established in 1998 and started commercial production in 2000 of plastic film, used for industrial packaging. QPWPC now produces a wide range of products, including WPC (wood plastic composite) from fill seal, shrinkable films, shrinkable hood, construction trash bag, and general purpose foil. The company's shareholders are Qatar Industrial Manufacturing Company (66.66%) and QAPCO (33.34%).

QPWPC

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 credential 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 Petrochemicals 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 outline 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 issue annual reports pertaining to conflict of interest investigations and actions taken. In 2019 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 1

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. Event, Club, Sport and Technical Committee
6. Tender Committee 2
7. Turnaround Steering 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



Dr. Mohammed Yousef Al-Mulla
Managing Director & CEO

EXECUTIVE OVERVIEW

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. With this report, QAPCO examines the integrated progress of our initiatives to achieve this vision through sustainable, responsible innovation and growth.





2019 was a particularly challenging year, however, has served as a positive catalyst in the diversification of Qatar's economy, the formation of new and beneficial strategic global partnerships, and an acceleration of Qatar's passage to self-sustainability and independence. 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 operating and financial results. As safety is a core value and we strive continuously to improve the overall safety performance of our employees and contractors.

Together, we have put a lot of work, effort and focus on safety over the past year with the HPS program. However, we do realize that it is a journey and risks are always part of our daily operations. This year we also introduced Process Safety Management Program (SALAMAH), that will drive and improve our Process Safety culture, systems, capabilities and overall prevent major accidents from occurring.

QAPCO's focus on long-term thinking and sustainability were crucial in enabling the company to successfully rise above the exceptional circumstances it faced since 2017. Historically, QAPCO has focused on different key themes in its annual report and this year we will focus on "Retain the Gain" as it demonstrates the perseverance and resiliency QAPCO displayed over the past year.



2019

ACHIEVEMENTS & HIGHLIGHTS



Total Production

3.01
MILLION TONS

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



QAPCO Net Revenue

2.86
BILLION QAR

8th
Qatarization
Crystal Award
Won



Launching of
SALAMAH
PSM PROGRAM



Profit for the year

1.36
BILLION QAR



1,242

Total Number
of Employees

(QAPCO, Qatofin and QVC)

61,957

Workforce
Training Hours



SALAMAH PSM PROGRAM



“Our Journey to Process Safety Excellence”

What is Process Safety Management (PSM)?

Process Safety Management is all about recognizing hazards and associated risks in a manufacturing process: ensuring that potential hazards in the process are identified, understood, and controlled for the purpose of preventing injuries and incidents to

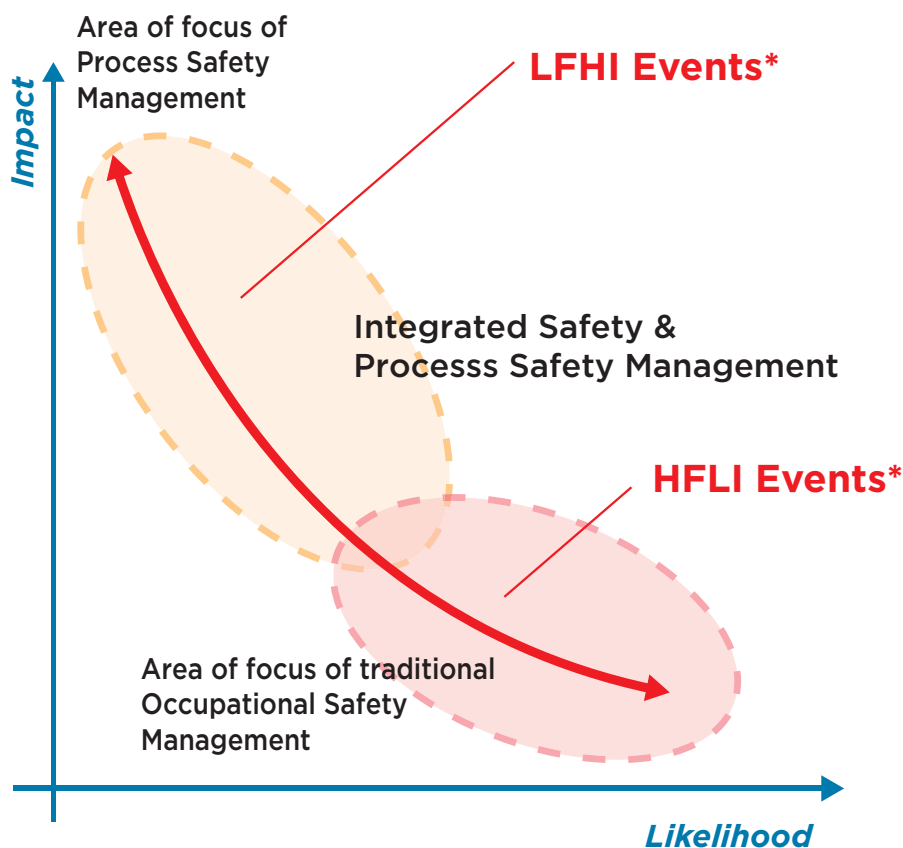
plant personnel, surrounding communities, and the environment.

Because high consequence process safety incidents happen at low frequency, signs of catastrophic consequences are usually disregarded by organizations with a low

Process Safety Management Safety Culture.

It goes beyond occupational safety and is really about managing risks associated to the operations and assets, which cannot be detected by direct observation.

Workplace Safety & Process Safety Risks Spectrum



(*) LFHI Events: Low Frequency, High Impact Events

(*) HFLI Events: High Frequency, Low Impact Events

› Why Process Safety Management is important?

Major incidents like BP Texas, Deepwater Horizon, Bhopal etc. are a wake-up call for us to ensure that we proactively improve our systems, culture and performance. The investigation of such incidents has highlighted the need for companies to improve their process safety management systems, culture and competencies of employees.

1984 Union Carbide Bhopal, India

Explosion and toxic release: 3000+ fatalities, thousands of injuries



1999 Kaiser Aluminium Gramercy, USA

Explosion: 29 injured



2015 PX Zhanzhou, China

Explosion: 19 injured



1988 Oxy Piper Alpha, UK

Explosion and fire: 167 fatalities



2005 BP Texas City, USA

Explosion: 15 fatalities, 180 injured



2012 PDVSA Amuay, Venezuela

Explosion: 48 fatalities, 151 injured



› What is SALAMAH?

Here at QAPCO we are moving forward into challenging the future with the clear vision of becoming a world-class producer of low-density polyethylene. One of the key components in our action plan to realize this vision has been the SALAMAH program.

As you know, this is a comprehensive program aimed at laying a solid foundation towards achieving major and sustainable improvements in Process Safety Management (PSM) culture and performance

while engaging all levels of the organization, from the Leadership down to shop-floor level.

This program is founded on the belief that ALL injuries; occupational illnesses, process safety, workplace safety and environmental incidents are preventable. With this clearly in mind, it is our aim to relentlessly pursue the goal of zero injuries and occupational illnesses; also process safety, workplace safety, and environmental incidents (whether they are

QAPCO related, Contractor-related, or a combination of both), and sustain it.

To support us on our journey, we have engaged DuPont Sustainable Solutions (DSS). DSS is a global leader in developing safety and operations consulting and has a proven record of implementing Process Safety transformation projects globally and within the GCC. Together with the team from DSS, QAPCO will be engaged in numerous activities to support the overall effort.

What are the Objectives of the SALAMAH Program?

- ▶ Engage all levels of the organization, from Leaders down to Front Line Supervisors, Employees and Contractors to build commitment and ensure active participation in the PSM transformation journey
- ▶ Achieve visible PSM performance improvements in the short-term by addressing risks in the field and reinforce buy-in from the organization
- ▶ Focus on field implementation to “make the Process Safety Management system come to life”
- ▶ Ensure results can be sustained over time by strengthening organizational capabilities and building a strong PSM culture in the organization

SALAMAH Program Statistics April 2019 to February 2020



582+
Meetings
Conducted

- Interviews & Focus Groups
- Communication Bi-monthly meeting
- Program Management Office (PMO)
- Weekly Risk Containment Cockpit Meetings
- Daily Coordination Meeting in Ethylene Plant
- PSM Leadership Discussions
- Change Management Methodology
- Area Transformation LSW Introduction
- ATR Operations Chiefs & Group Managers Bi-monthly meetings
- Alignment with IT on required changes in SAP
- Monthly work stream update to PMO



58
Workshops
Conducted

- Sub-taskforce finalization of TOR
- Shift start TBT restructure
- Line Walk Observation Training
- Safety Critical Equipment (SCE) Training
- Management of Change (MOC) Training
- SCE List for C2 Splitter
- Manufacturing Game
- Chemical Interaction Matrix
- HAZOP Procedure Review Sessions
- What-if Procedure Review Sessions
- RASCI Matrixes Revision Sessions

700+
People
Reached

- Culture Change Pulse Check (Ethylene Area Transformation)
- ADKAR Survey in Ethylene and with selected work streams
- Retain The Gain Town-hall
- Annual Day Celebration



72
VFL
Sessions

62
M&B
Sessions

- Line Walk and coaching sessions with 13 QAPCO leaders and Area Transformation Champions

12
DSS
Consultants

79
QAPCO
Members

- Planned DSS FTEs: 5
- Current DSS FTEs: 9
- 79 Work stream QAPCO members

Why are we implementing the SALAMAH Process Safety Management (PSM) Improvement Program?

- ▶ Our commitment to our employees, community and shareholders is to ensure that we operate and maintain our facility in a safe and sustainable way
- ▶ Feedback from the employees on the need for improving safety and process safety
- ▶ Recognition by leadership on the need for enhancing safety and process safety knowledge and organizational capability

➤ HSSE Support Helpdesk

The concept of HSSE support Helpdesk was first introduced in QAPCO during the launching of the revised Permit to Work system in 2018 Jun. While implementing the revised PTW system, one of the major concerns was about connecting the PTW managing group with the HSSE Support team swiftly to clarify any possible uncertainties during the launch.

HSSE Support team had well anticipated this issue and identified the need of introducing a user-friendly tool to address possible doubts, questions, ambiguities and suggestions from the frontline in line with the PTW launch.

The tool was designed and developed by the support team and later evolved and migrated to SharePoint platform.

Though the tool was destined to support PTW, soon the usage gone beyond PTW and it became a portal covering all aspects of HSSE, HPS and SALAMAH matters and employees had well embraced to this new concept.

The user-friendly interface and anonymity function were well accepted by the employees and the number of queries/suggestions registered were underlined the acceptability of the tool.

The FAQ database alongside the main interface provides opportunity to all employees to view previously asked questions and their answers. When a query registers, the system generates automatic

notification to the respective expertise groups and the best response will be provided to the user. The tool also remains an opportunity to consult and engage employees on HSSE, HPS and SALAMAH matters.

› Safety Street



The thought of establishing a Safety Street was first introduced by the Senior HSEQ Management back in Dec 2019. The quote: **“I hear and I forget. I see and I remember. I do and I understand”** was indeed the primary objective of the

concept, which is to improve people's skill, knowledge and better retention of information. Establishing an opportunity for employees/business partners to interact with real life tools and situations were another substantial objective behind

the thought. In addition to that, using the safety street for the 2020 turn around phases were another triggering factor for the quick setup and implementation of the project.

The Design and Setup:

The kick-off meeting was held in Dec 2019 and HSSE Support proposed the design that joins the existing practical training ground with the safety street concept. With the approval of management, the setup process started immediately. As this was a pilot project and first of its kind, the objective was to setup the street with the support of various departments and business partners rather than allotting any budget.

All involved departments were greatly supported the initiative and over the period of 6 weeks, operation HSE took the lead and gathered materials needed for the street and our business partner Al-Kaabi, rendered their all-out support for the accomplishment of the project in time. Eventually, the deserved output of a great team work was blossomed,



and the safety street became a reality and added to the HSSE Training curriculum. This remarkable achievement of setting up a safety street in such a short span of time could not have happened without

the constructive support of QAPCO management, relevant departments and personnel, which we are really grateful for.

Aligning Safety Street with HSE Curriculum:

The next critical step was to incorporate the safety street part of the training curriculum for both the employees and business partners and conducting the training. HSSE Support, has developed the training program guidelines and to ensure all trainers are well acquainted with the training plan and consistent in delivering the training, trainer's orientations sessions were conducted prior to the actual sessions. Training plan was outlined with taking an hour from the total training duration dedicated for the safety street interaction session. For the employees, the training was named Module 8 in the curriculum. For the business partners the safety street sessions was embedded in Crew Worker and Lead Executor trainings.



Official Opening and First Batch:

On the successful accomplishment of initial setup and training plan, the street was officially opened for employees and business partners with the formal visit of the QAPCO Senior Management team. The practical session was commenced on 3rd of March for business partners and employees training were conducted.

While the training were progressing well, the unexpected outbreak of COVID-19w forced us to call-off the training sessions for the safety and well-being of trainees and trainers. However, sessions were recommenced with limited people and employees' trainings were conducted successfully.



Future of Safety Street:

As observed by the senior management team, the safety street needs to be shaded to conduct the training across all weather seasons. QAPCO Communications and Infrastructure had visited the safety street for supporting further enhancement of the street. Further modifications have been discussed and is in pipeline and much improved version of safety street may be established soon to add further values to the training and enhancing people's skill and knowledge.



HSE Training Portal

The launch of HSSE Training portal was a complete solution for bringing the wide scattered training related matters to a single SharePoint page. Training portal was designed and developed to provide all essential training related matters such as HSSE Support

helpdesk, random question generator, training reading materials, HSE knowledge center, various safety bulletins, schedules, Rex, standards, statistics, contractor training online enrollment and training calendars. Though the HSSE Support Help desk

dominates the page, all other functionalities are being used by the employees time to time.

Going forward, this portal will be covering all aspects of HSSE Support such as Process Safety, Safety Management system and Training.

HSSE TRAINING PORTAL

Today's Training Schedule

Course	Start	End	Trainer	Location
Crew Worker Level 1 & 2 R	05/07/2020 07:30	05/07/2020 14:30	Muhammad Aslam	Training Centre
Specialist Worker - R	05/07/2020 09:00	05/07/2020 15:00	Kamalulhaq	Training Centre

Safety Communication

- This week's Safety Moment
- Latest Safety Alert
- This Month's Process Safety Decision
- HSSE Reference Materials

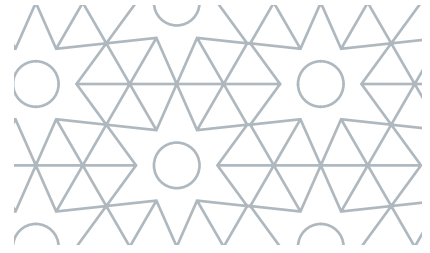
Summary of Training Jun 2020

HSSE TRAINING MONTHLY & YTD REPORT Jun 2020	
Number of sessions (all)	9
Number of participants	142
Number of employees completed (1/1)	100/100
Number of people completed (1 & 2) out of 142	100/142

Trainers Area

- Update Feedback Master Data
- Trainers Annual Leave plan 2020
- Update Utilization Data
- Update Trainers Training Details
- Monthly Training Summary Report Nov 2019
- Daily Training Attendance Analysis
- Monthly Training Schedule

ENTERPRISE RISK MANAGEMENT



A disciplined approach to risk is important for QAPCO to enable the achievement of QAPCO's strategic objectives and to ensure that QAPCO only accepts risk for which QAPCO can absorb within its tolerance and subsequently appetite.

The infrastructure for risk activities at QAPCO comprise of the Enterprise Risk Management (ERM) framework & Business Continuity Management (BCM) Manual which are complimentary in nature.

These frameworks govern the processes, methodology and management and reporting of risks arising from our operations.

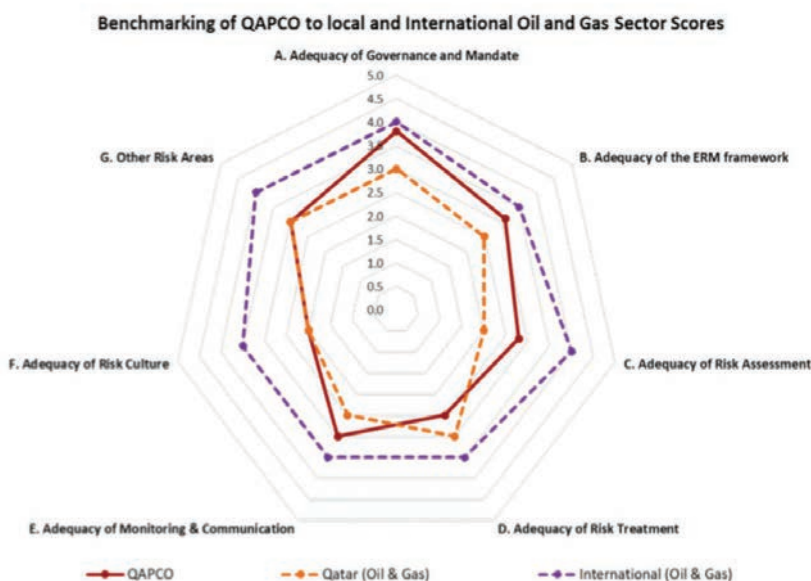
Our framework drives a consistent and systematic approach for identifying and managing risk, both at the

strategic and operational levels. During 2019, further progress was made in driving a risk aware culture through, integrating risk in our day to day activities, various forms of risk engagements, risk review and update processes based on clear accountabilities for risk and control ownership, ongoing oversight by designated Committees and clear structures for risk activities.

ERM continued its productive collaboration and support efforts toward QAPCO's strategic objectives with the following priorities in 2019:

Promoting a world class culture of risk, risk-based decision-making processes and ensuring business continuity in all aspects of our activities, as such, continued risk assessments and embedding risk management processes throughout the organization continued to be the focus of increasing our ERM Maturity.

In 2019 QAPCO embarked on an Independent ERM Maturity Assessment to benchmark Enterprise Risk Management in the QAPCO against local, regional and international best practice in the industry.



On average against a maturity rating of One (1=Underdeveloped) to Five (5=Best Practice), QAPCO demonstrated ERM Maturity (2.9) equal to the regional average GCC (3.0), higher than local Qatar average (2.6) and just below international best practice (3.7).

The output of the assessment highlighted areas of improvement which were incorporated in the ERM Maturity Roadmap detailing the activities that need to be conducted to further enhance ERM Maturity towards international best practice.

Business Continuity Management

Business continuity management and the ability to mitigate the adverse effects of disruptive events remains a critical focus of QAPCO. In 2019 QAPCO completed implementation of a comprehensive business continuity program which resulted in the development of Business Continuity Plans (BCPs) for the whole organization (Critical and non-critical departments). The BCM team kept a close eye on emerging existential risks to ensure appropriate business continuity planning to mitigate possible interruptions to business as a result of loss of or prolonged unavailability of Supplies/Suppliers, Staff/People, Data & Records, Facilities/Buildings, Information Systems & Technology and Equipment. In 2019 QAPCO focused on ensuring the whole organization was consciously aware of the need to ensure business continuity, adequately prepared in advance for potential business interrupting events as a reactive component of risk management.

Emerging Risk Themes

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.

- Escalation of the geopolitical situation
- Changes in global market conditions

(Feedstock cost, oil price volatility, expansions)

- Health & Security threats
- Regulatory changes

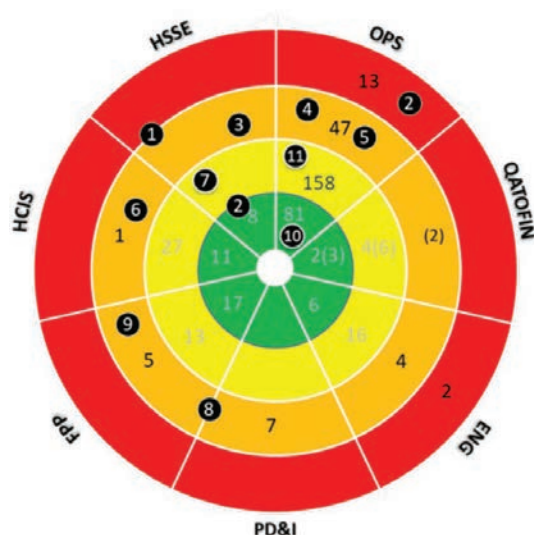
We continue to monitor the external environment to proactively identify emerging risk themes and develop risk response strategies accordingly. The outlook suggests that the risk environment for the future will be dominated by global economic and market conditions, the regional geopolitical instability, cost efficiency and production reliability.

Risk Factors

QAPCO focuses on risks that threaten the achievement of our business objectives over the short to medium-term. As part of its annual planning process, QAPCO reviews its annual risk profile and identifies those as having a high priority for oversight by the Board and its various committees. An overview

of these risks is provided hereafter, including the actions taken to mitigate these risks and any related opportunities.

The following summarizes the total overview of risks at enterprise (highlighted in black) and operational level and the risk trend quarter to quarter over 2019.



	1	2	3	4	5	6	7	10	11
1	→	→	→	→	→	→	→	→	→
2	→	→	→	→	→	→	→	→	→
3	→	→	→	→	→	→	→	→	→
4	→	→	→	→	→	→	→	→	→
5	→	→	→	→	→	→	→	→	→
6	→	→	→	→	→	→	→	→	→
7	→	→	→	→	→	→	→	→	→
10	N/A	NEW	→	→	→	→	→	→	→
11	N/A	N/A	New	→	→	→	→	→	→
External Risks	Q1 Trend	Q2 Trend	Q3 Trend	Q4 Trend	Overall	Target			
8	→	→	→	→	→	M			
9	→	→	→	→	→	M			

Pillar	Risks	Strategy
Operations	<ul style="list-style-type: none"> Cyber-attack / intrusion on critical controls in the industrial control systems at the Plant GSD2021 Preparedness 	<ul style="list-style-type: none"> Implementation of revised IR and ICS security policies and procedures
	Changes since last year: QAPCO's industry continues to experience an increase in cybersecurity threats and attacks, both in their prevalence and in their disruptive potential. Considering the dependency on technology through our business, ongoing efforts are required to combat these evolving threats. Some of the notable measures are: <ol style="list-style-type: none"> Implementation of a Cyber Security Roadmap, to keep increase the maturity in order to stay ahead of ever-increasing threats and improve the security capabilities. QAPCO are now benchmarked against ISO 27001 & NIST international global standards for ISMS (Information Security Management System) 	
	<ul style="list-style-type: none"> Asset integrity (i.e. CUI, ageing equipment, corrosion erosion, degradation of electrical assets) Plant reliability (i.e. Equipment failures, trips etc.) 	<ul style="list-style-type: none"> Implementation of RBI program Condition based monitoring program
	Changes since last year: QAPCO continues to strive to improve and maintain its asset integrity and reliability. Several Reliability and integrity improvement initiatives and programs have been initiated and progressed well over the year. Some of the notable measures are: <ol style="list-style-type: none"> Implementation of the Reliability Road Map which includes and is not limited to: <ul style="list-style-type: none"> Life Expectancy Analysis Program (LEAP) for critical electrical assets Obsolescence & Bad actor management improvement programs Technical Skills and Technology Improvement initiatives Spares storage condition and preservation review 	
Customer	No Significant Risks	Maintain best practices and continue to produce high quality product.
	Changes since last year: Producing high quality product that meets and satisfied the customers' needs and requirements is one of our organization's key objectives. QAPCO continues to strive to ensure that we produce the highest quality product to meet customer's needs. QAPCO has invested in a Joint R&D program to further our capabilities to advance our product pallet to further meet our customers' needs	
Sustainability	<ul style="list-style-type: none"> Failure of or Poor Process Safety Management. Inadequate/Poor Safety Culture. - Failure to ensure safety of work environment. Environmental non-compliance with MME affecting CTO - WWT, H2S Flaring, NOx & SOx, ground contamination 	<ul style="list-style-type: none"> Salamah Process Safety Management Program implementation High Performance Safety (HPS) Program
	Changes since last year: QAPCO operates within the petrochemical industry, which poses HSE risks that are managed through various embedded controls at multiple levels in the processes in the hydrocarbon value chain. The Health and Safety of our employees, contractors, their families and the community in which we operate is our number one priority. In addition, our commitment to operating and environmentally responsible facility ensures that QAPCO furthers its commitment to a high standard of safety & environmental practices. Some of the notable measures are: <ol style="list-style-type: none"> Successfully completed the implementation of the High-Performance Safety (HPS) Program intended to improve the safety culture of the organization. Launch of the 3-year Process Safety Management Improvement Program (Salamah). 	
Financial	<ul style="list-style-type: none"> Escalation of Geopolitical Situation - (Regional, Hormuz closure, US/China tariff war, etc.) Inability to continue or resume operations in the event of a significant internal or existential event that causes business interruptions. Inability to sustain the business, mid-long term (Oil price and Macroeconomic uncertainty) 	<ul style="list-style-type: none"> Rationalization of suppliers Re-routing of logistics and supply routes Supply Chain Business continuity & Resilience strategy Business Continuity management System (BCMS)
	Changes since last year: QAPCO faces existential risks as a result of changes in the economic environment and the effect of black swan events. Economic cycles affecting end-user industries have a consequential effect on QAPCO. QAPCO cannot predict adverse trends in the global economy and their effect on the market demand for QAPCO's products and its profitability. Any Regional or worldwide economic downturn, market crisis or prolonged periods of instability could have a material and adverse effect on QAPCO's business. Some of the notable measures are: <ol style="list-style-type: none"> Successful implementation of Business Continuity Management System aligned to ISO22301 and BCI Good Practice Guidelines. Supply chain resilience initiatives. Organic growth through product development and innovation. 	



QAPCO
شركة قطر البتروكيماويات
QATAR PETROCHEMICAL COMPANY

COMBINED ASSURANCE AND THE THREE LINES OF DEFENSE

QAPCO incorporates the Three Lines of Defense model into its ERM Framework to enable continuous assurance on key risk exposures and the ongoing effectiveness of controls.

In 2019 to further advance our ERM Maturity, QAPCO also conducted its first combined assurance exercise on the top three enterprise level risks. This was done to provide a comprehensive view of the enterprise risks, assurance on existing controls (control effectiveness) and more effective oversight over the 1st and 2nd line of defense.



First Line of Defense

QAPCO's operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks. As the first line of defense, operational managers identify, assess, control, mitigate, own and manage risks. They also are responsible for implementing controls and corrective actions which are designed into systems and processes under their guidance of operational management.

Second Line of Defense

QAPCO's several components of internal governance (HSE, Compliance, Risk management, Quality, IT and other control departments) provide functional assurance to the organization in their area of expertise by:

- Providing a view, independent of the line, of risks within their area of functional expertise
- Setting standards for the management of risks and provide guidance on mitigations
- Monitoring or verifying the effectiveness of controls and other risk management activities

This line of defense monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organization.

Third Line of Defense

QAPCO's Internal Audit (IA) forms the third line of defense. As an independent function QAPCO's IA, through a risk-based approach to its work, provides assurance to the Board of Directors and Senior Management. This assurance typically covers how effectively QAPCO assesses and manages its risks and will include assurance on the effectiveness of the first and second lines of defense

QAPCO's Internal Audit function operates in line with international auditing standards and continuously improves its functional capabilities to achieve world class assurance best practices.



Vincent Raymond Magne

Chief Operations Officer



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 levels.

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.

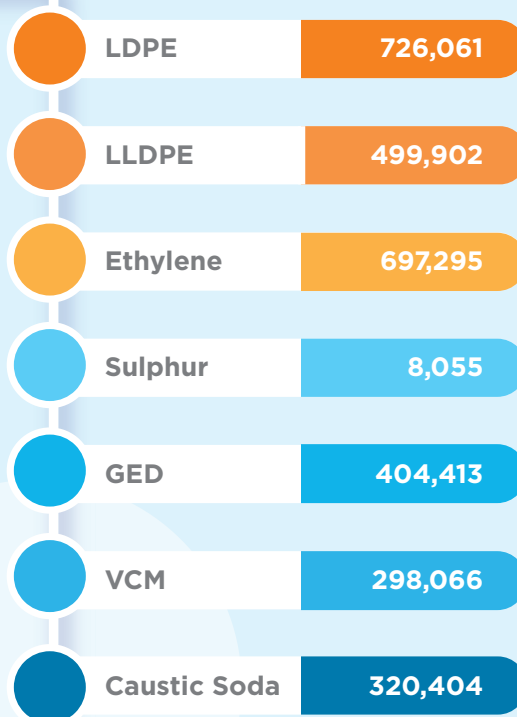
This has facilitated our continuous development, unlocking new potential our use of associated and non-associated ethane gas from petroleum production. QAPCO's

operations are comprised of state-of-the art facilities, which allow us to efficiently produce our quality. Our ethane cracker converts ethane, a by-product from natural gas extraction, into one of our products, ethylene. The cracker was originally designed for capacity of 280,000 tonnes/year of polymer – grade ethylene and has since been expanded to meet growing demand for ethane –based products in the region and globally.

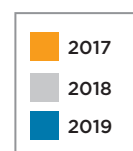
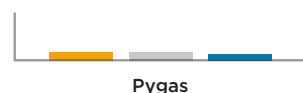
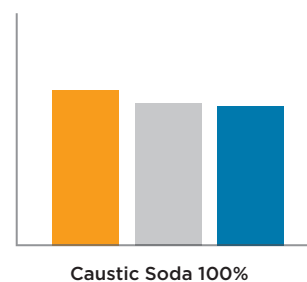
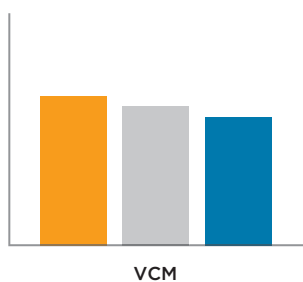
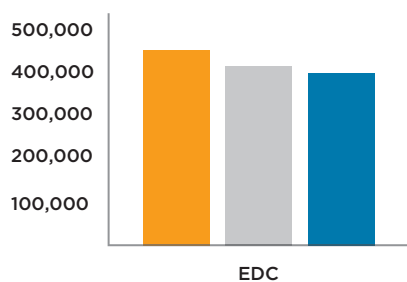
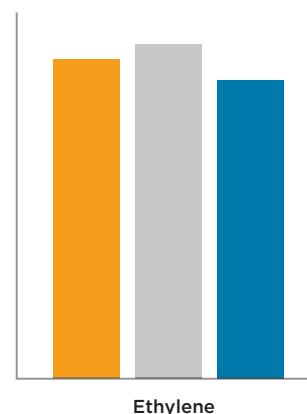
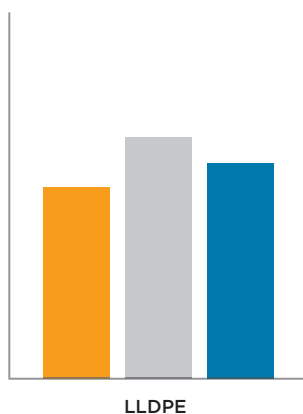
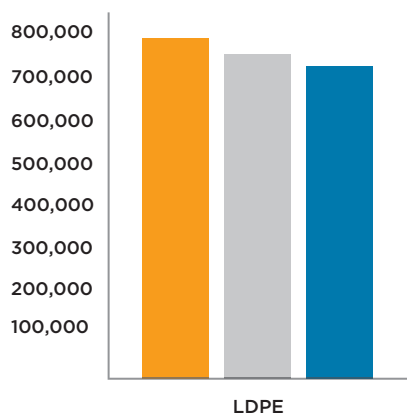


2019 Production Figures

29



Performance of Our Production



Product Responsibility and Quality

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 2019, 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 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

Quality Regulations Complied

European Union Regulations

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

- 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 Lotrène.

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.

› Logistics and Handling

We utilize the associated and non-associated ethane gas from petroleum production, unlocking the potential of Qatar's hydrocarbon resources and paving the way for a robust and highly profitable petrochemical industry creating a strong polymer value chain. We create value for our stakeholders and the State of Qatar by transforming inputs into higher value outputs and outcomes, by:

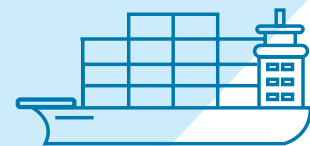
- Applying a holistic and integrated management approach
- Recognizing and leveraging connections among the different levels of our operations
- Creating synergies and action plans for improvement

2019 represent a challenging yet a successful year for our logistics as QAPCO received the Company Award for Implementation of Bar-Coding System for Inventory Management. Plus, we have succeeded in loading 147 Container Vessel with around

51,433 container (91545 TEU), and loading and discharging of 1,677,215 MT of Sulphur, CSS, EDC, VCM, Salt, and Ethylene in 121 Vessels.

- Replacing of corroded VCM pipes.
- Supplying Sulphur to Local Customers, around 115 Trucks loaded.
- Bar Coding System for Inventory Management.
- New regulation from Ministry of Commerce and Industry prolong our Customs Clearance Process.

More over due to the upcoming 2020 Qatofin shutdown, we started to build up stocks during 2019 to reach 55,000 MT which is beyond our storage capacity however we overcome this issue by preparing 5 warehouses which is not in use, also we arranged with our Logistics service provider to accommodate the additional quantities along with updating our SAP System with HS Code for all items to meet Customs Authority requirements.



147

**Container Vessels with
51,433 Containers**



121

**Vessels of Sulphur, CSS, EDC,
VCM, Salt, and Ethylene**



Paul Gerardus Vermeiren
Chief HSEQ Officer



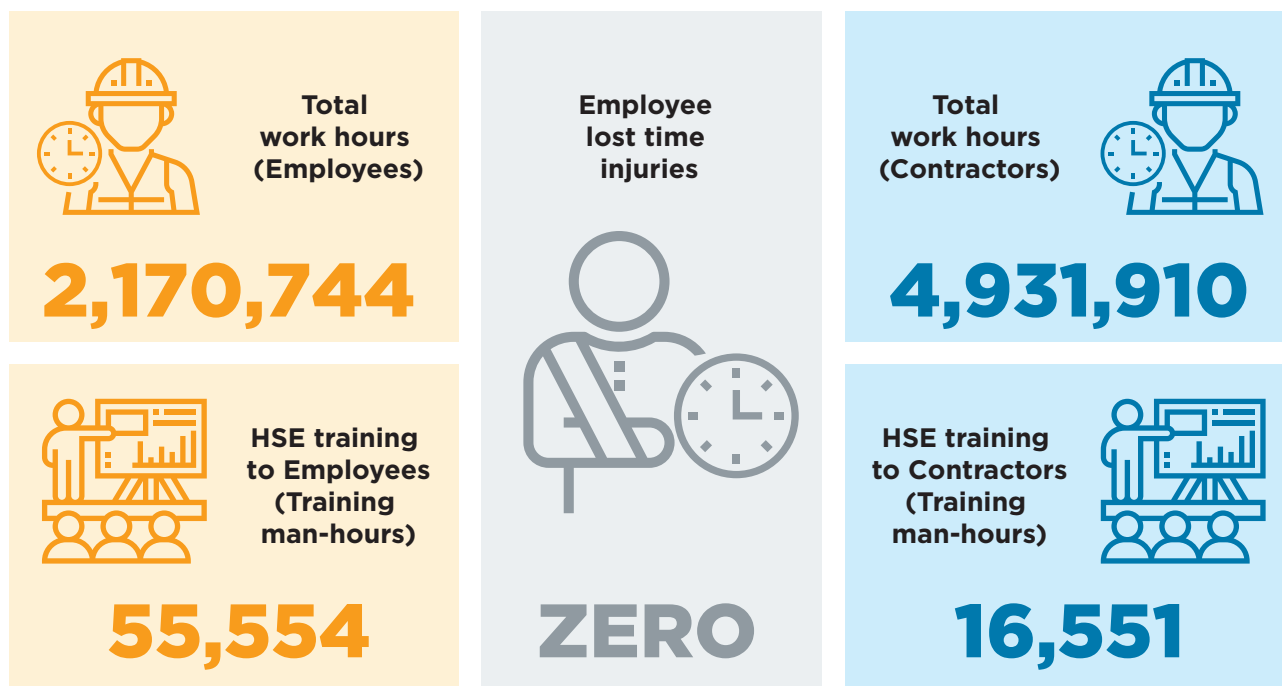
OUR SAFETY PERFORMANCE

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 operations.

As a constant target, we strive to achieve zero employee lost time injuries. In 2019, we complete our journey in High-Performance Safety Culture (HPS) program to aggressively accelerate building a sustainable HPS culture within QAPCO and to ensure we deliver on our responsibility to protect our workers. We continued the journey and launched our Process safety management Program (Salamah) which is focusing on Process Safety Excellence. It is all about recognizing hazards and the associated risks:

ensuring that potential hazards in the process are identified, understood, and controlled for the purpose of preventing injuries and incidents to plant personnel, plant assets, surrounding communities, and the environment. A comprehensive PSM system integrates all elements of technology, facilities and personnel and is supported by a strong leadership and management commitment. The integration and good governance of these elements lead to safe and healthy workplaces.





> High Performance Safety Program (HPS)

Over the last few years, HPS has brought in a paradigm shift in our company's safety culture. We have come a long way – engaging with our people, and our contractor partners on the aspect of safety as our core value and the need and relevance of daily safety practices from a “care and concern” perspective rather than as compliance measure. In this journey, a lot has been accomplished in terms of HPS

commitment, skill building and contractor partnership.

Now, the Area Leadership Team's (ALTs) along with the Steering Committee are working on the sustainability aspect of a High Performing Safety culture. The change is very visible in QAPCO and everything HPS does is to ensure that safety is Personal, Relevant and Important to each of us. In this context, we need

to further invest our passion and energy in integrating HPS values in our Process Safety Management Program – Salamah and make it a grand success. While we are moving forward, let us not lose the momentum and instead, we need to be more rigorous in supporting the process safety management program through visible demonstration of HPS behaviors and values.

HSSE Objectives

- A shared commitment at all levels throughout the organization.
- A belief of the majority of individuals that it is possible to eliminate ALL incidents and injuries.
- An environment where all team members are valued and demonstrate care and concern for each other.
- A workplace where individuals take responsibility for their safety, the safety of their co-workers and the company's assets.
- A culture where people's process and personal safety actions are driven from choice, not just from formal compliance.
- Heightened safety mindfulness.
- Recognition that this is a journey that QAPCO is undertaking.

HPS Champions Team Building

As a reward for their great efforts and support throughout our HPS journey, we celebrated QAPCO's 100 HPS Champions in June. The day started with a motivational speech about how safety is important in our life and how every and each one of us can contribute positively if we acted like one team. Seventeen teams participated in the team building activity which had the challenge to unlock 6 boxes by solving the puzzle. The theme of the day was reflected in the team building exercise as everyone worked as one team towards one goal of completing the task and winning the prize.

2019 HPS At Glance

	Training & Development Program	Sessions
	High Performance Safety (HPS) – Living in Action	10
	High Performance Safety (HPS) Coaching in Action	4
	HPS Champions Development Program	5
	HPS Facilitator Development Program	4
	HPS Master Champions Development Training	6
	HPS New Mini Projects - 2019 (Work Order Management - Reliability Data)	5
	HPS Safety Leadership for Supervisors (SL4S) Learning Circle Training	14
	HPS Train the Trainer (Champion) program	1
	HPS Master Champions - JSA Training	2
	Leadership Engagement	Sessions
	HPS Area Leadership team (ALT) & Work Stream meeting with Sponsor	9
	HPS Champions meeting with Sponsor	7
	HPS Steerco meeting	7
	HPS PMO meeting	31
	HPS Listening Tour	4
	Special Events	Sessions
	Charlie Morecraft visit to QAPCO (CCR + Maintenance workshop)	2
	HPS Champion team building	1
	HPS Safety Skit - In the line of fire	6
	HPS Family Day at Kidzania	2

Environment

In order to identify, reduce, and mitigate our environmental impacts, QAPCO integrates management and oversight mechanisms at all levels of operation. We understand the impact of our operations on the environment; our leadership is committed to maintaining our status as a responsible company, driving environmental performance improvements throughout our operations.

We continue to invest in environmental projects to optimize and efficiently use natural resources and reduce the generation of emissions, effluents, and waste. Through such capital investments, our aim is to improve the environmental performance of our operations, while enhancing the reliability and safety of our operations as well.

2019 Highlights

Leak Detection and Repair (LDAR) Implementation:

LDAR program was implemented for the whole QAPCO site including Qatofin and QVC. The LDAR survey has been completed and now repair & monitoring activities are going on.

Continuous Emissions Monitoring System (CEMS) and Relative Accuracy Test Audit (RATA) Implementation:

RATA for all the CEMS within QAPCO and QVC has been implemented and RATA services are planned and conducted in coordination with operations for the installed CEMS.

Installation of CEMS on Stacks:

CEMS have been installed on all GTs during the revamping/replacement project to meet compliance requirements.



2020 Plan

- 1 Continuation with LDAR program with internal resources.
- 2 Installation of CEMS on the remaining 2 Cracking Furnaces.
- 3 Upgradation of QVC GTs CEMS to comply with MME requirements.
- 4 Execution of the Groundwater Decontamination project in the Ethylene plant area.
- 5 Detailed assessment groundwater contamination in the Vinyl (QVC) plant area and recommendation for remedial actions.

Direct Energy Production

Energy is one of the most important aspects of QAPCO's operation and production of ethylene products. Our consumption and outputs have improved considerably relative to our production, due to our ongoing plant optimization projects.

Realizing energy efficiency gains has been the focus of our teams, since resource optimization is tremendously important, now more than ever.

Direct energy	
Total direct energy (GJ)	20,120,111
Indirect energy	
Electricity purchased (GJ)	1,992,895
Electricity exported (GJ)	24,137
Total indirect energy (GJ)	1,968,758
Total energy consumption	
Total energy consumption (GJ)	22,088,868.89
Energy intensity (GJ/tonne of ethylene and polyethylene)	11

Flaring Reduction Measures

1. Maintenance of the SRU to stop acid gas flaring.
2. Plant maintenance programs to enhance operational reliability and integrity of the facilities, which also contribute to flaring reduction.
3. Flaring minimization program initiated.

GHG Management

1. Maintenance of the SRU
2. Flaring minimization program
3. Implementation of Methane LDAR under QP initiative and directive.
4. Energy conservation study phase-2 is planned to be implemented in 2020.

Emissions and flaring	2016	2017	2018	2019
Direct GHG emissions (tonnes CO ₂ e)	1,463,164	1,206,582		1,092,385
Indirect GHG emissions (tonnes CO ₂ e)	138,413	341,687		338,298
Total GHG (tonnes CO ₂ e)	1,601,577	1,548,269		1,430,683
GHG intensity (tonne CO ₂ e/tonne of ethylene and polyethylene production)	0.73	0.78		0.74
Flaring (MMSCM)	39.60	401.40		362.95
Flaring Intensity (SCM/Tonne of ethylene and polyethylene)	29	326.00		189
Ethylene flare rate - MME (%)	1.23	1.40		6.86
Acid gas flare rate - MME (%)	13.30	99.00		78.24

Waste Management

1. Historical Hazardous Waste from past operations of QVC was successfully disposed after integration of QAPCO and QVC.
2. Hazardous Catalyst waste was successfully recycled through third party, resulting in revenue for QAPCO as the hazardous catalyst was sold to a recycling company.
3. Worked with a local hazardous waste treatment company for successful treatment of hazardous waste instead of exporting outside Qatar for disposal. This contract has been in operation successfully. Earlier the waste was sent outside Qatar for treatment/disposal.
4. In addition to the hazardous waste disposal contract with MIC HWTC, QAPCO made hazardous waste disposal contracts with other companies to ensure timely treatment/disposal of hazardous waste. This resulted in achieving compliance with hazardous waste management regulations.
5. Long-term waste management contracts, in addition to the one with MIC HWTC, are in final phase.

Waste Management	2016	2017	2018	2019
Total waste generated during the year (tonnes)	339	1,475		491
Waste carried from previous year (tonnes)	74.4	47.0		69
Total waste balance (tonnes)	413.00	1,522.40		560
Total waste sent to landfill (tonnes)	166.98	1,891.35		238
Total waste recycled (tonnes)	202.50	132.80		258
Recycled waste as a percentage of total waste generated (%)	49	9		46
Total waste stored (tonnes)	43.50	92.00		64

Wastewater Treatment

1. Wastewater from QAPCO and Qatofin is treated in U45. This unit was shutdown during 2019 for upgradation with approval from MME. QAPCO exerted its efforts for timely completion of U45, which is now under commissioning. Phase-2 of this project is scheduled to be completed by Q2, 2020 which will result in >85% of treated wastewater recycling/reuse.
2. Wastewater from Vinyl (QVC) treatment plant (U46) is in compliance, however exceedances with Copper limits happened. This has been under rectification by the Vinyl plant and operation working plan to implement during the 2020 shutdown to improve performance.
3. Cooling Seawater Chlorine Exceedances are concern for Vinyl Plant. This needs modifications in the cooling water inlet structure, which has been scheduled to be implemented during 2021 Turnaround.

Water	2016	2017	2018	2019
Total fresh water consumption (m3)	2,109,438	2,542,278		2,458,847
Water intensity (m3/tonne of ethylene and polyethylene production)	0.96	1.29		1.278
Total volume of water recycled and reused (m3)	-	-		-
Percentage of water recycled and reused (%)	-	-		-
Total volume of water discharged to sea (m3)	1,176,285	1,041,039		1,428,249



Thomas Mc Hale

Chief Finance, Procurement & Planning Officer



OPTIMIZING OUR FINANCIAL PERFORMANCE

QAPCO had a challenging year in 2019 and experienced several incidents that reduced planned production while also being impacted by lower polymer prices than budgeted.

LDPE prices were depressed during 2019 showing a 16% reduction from 2018 actual average FOB prices of QAR 4,246. In addition, LDPE sales volumes were 5% lower compared to 2018, contributing to the 22% reduction in revenue. Operating costs increased compared to 2018 mainly due to investments in the SALAMAH Program (Process Safety Management Program), High Performance Safety and other reliability initiatives.

Despite these challenges, QAPCO earned a stand-

alone net profit of QAR 756 Million from revenues of QAR 2,863 Million, which is about 53% below the 2018 stand-alone net profit of QAR 1,594 Million. Moreover, the 2019 consolidated net profit, including QAPCO's share in Qatofin, QVC and QPWPC is QAR 1,369 Million, which was 44% below the 2018 consolidated profit of QAR 2,444 Million.

Total Dividend declared for 2019 amounts to QAR 1,522 Million, which is 51% lower than 2018.



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. Given our holistic approach, implementing these strategies at all levels of our operations, we are poised to continue this performance in the coming years.

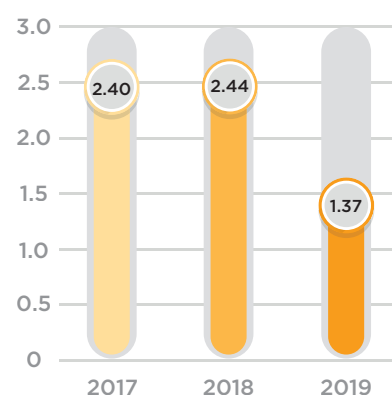
Our procurement division has played an increasingly strategic role in achieving cost optimization. A formal synergy program amongst Mesaieed Industrial City companies was formed in prior year which has identified new cost optimization opportunities for all of our companies. Improvements in the group 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.

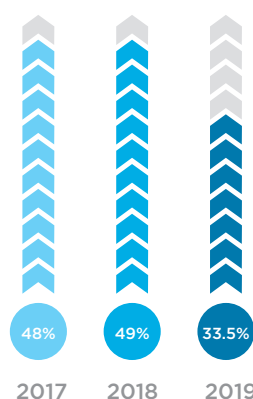
Qatari companies are given preference in procurement contracts whenever possible and QAPCO is working closely with the new Tawteen initiative to further improve the in-country value of our goods and services purchasing. The relationships we have formed with our community have created increased socioeconomic 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

Profit for the year (Billion QAR)



Gross Profit Margin (%)



2019 Net Revenue

2.86 Billion QAR

	2017	2018	2019
Revenue-Net	3,841,904	3,681,827	2,863,071
Gross profit	1,861,431	1,812,247	961,875
Gross profit margin	48%	49%	33.5%
QAPCO standalone profit	1,636,221	1,593,761	756,182
QAPCO standalone profit margin	43%	43%	26.4%
Share of profit from joint ventures and associate	771,644	849,873	613,098
Profit for the year	2,407,865	2,443,634	1,369,280

All figures in QAR '000s

› 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). Two staff from Procurement was dedicated for TAWTEEN project and all requested data were provided to QP which led to establish and develop good 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 2019, QAPCO's Procurement Group secured all the requirements including the shut down materials for Qatofin and QVC and became fully mature in dealing with all purchases that were affected by the geo-political situation.

Synergy Development

In 2019, QAPCO continue in the synergy program with other Qatar (IQ) companies based in Mesaieed Industrial City (MIC). This synergy activity brings 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). Medical Services tender is one of the successful tender conducted with synergy team in 2019 which achieved about QAR 18 Million saving from the cost of this services to QAPCO.

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.

QP Launches Tawteen Programme

In a major initiative aimed at enhancing the process of localizing the energy sector's supply chain and expanding the small and medium enterprises base, Qatar Petroleum has launched the 'Localisation Programme for Services and Industries in the Energy Sector' - Tawteen.

The programmer was launched on February 18, with a large participation of official bodies and entities, energy sector companies, and a wide spectrum of service providers and supporting industries.

Tawteen is designed to enhance the resilience of the energy sector's supply chain. It also

aims at creating around 100 new investment opportunities within the energy sector in order to retain economic value within Qatar, which in turn is expected to add QR 8bn of import substitutes annually and is also expected create more than 5,000 new white-collar jobs. Moreover, it will provide valuable business opportunities for local and international entrepreneurs in Qatar, or those planning to set up business in Qatar, by providing technical support as part of Tawteen supplier development programmer and create an environment to participate in the sector's supply chain and generate high-quality job opportunities.

Highlight on Procurement Achievements in 2019

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 9% of 2019 annual spends.

Saving opportunities were increased through identification of efficient sourcing strategies.

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

Using ARIBA e-procurement solutions was over 56% of the number of tenders processed in 2019 leading to reducing cycle time, efficient communication and paperless transactions.

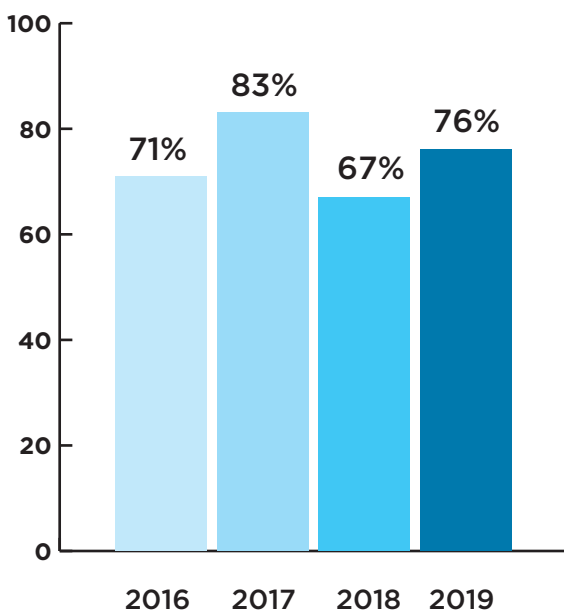
Working closer with the end users (HSSE, Operations, GSD) through fixed weekly meetings and day to day close communications. This team work approach lead to fulfil all end user requirements at optimum cost and quality.

Support to Qatarization (2 Category Officers Qatari Ladies were confirmed and one newly graduated was recruited. In addition, the close follow up by the mentors to Qataris resulted in improved performance).

Fully updated Quality Management system (Procurement Procedures and BCP). This enabled us to fulfil all requirements smoothly even during upsets and emergencies.

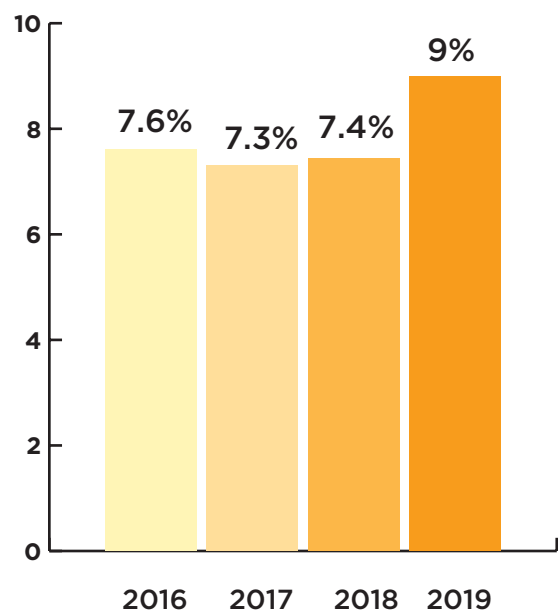
OPERATIONS

Total purchases on local goods and services (%)



FINANCE

Savings through negotiations (%)





Abdulla Naji

Chief Human Capital & Inf. Systems Officer



INVESTING IN OUR PEOPLE

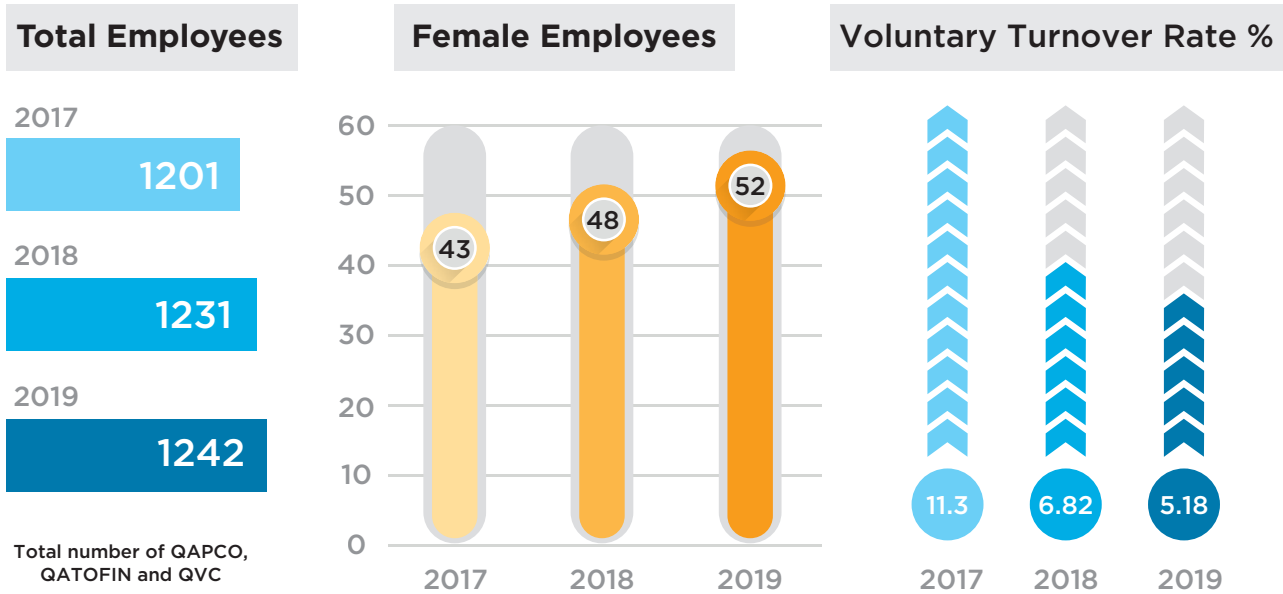
Employees define our success. Through our four decades of operations, we have developed a workforce that epitomizes the social and economic development goals of Qatar National Vision 2030. Our Employees are the driving force of everything we do at QAPCO, and our success as a company is directly linked to the success of our employees.

Having the right human resources and input materials at the right time is essential to maintaining the continuity of our operations.

As of December 31, 2019, total workforce of QAPCO, Qatofin and QVC was 1242. We continuously invest in our employee's personal and professional growth, as well as in 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. We achieved a Qatarization rate of 24% as per QP's definition. QAPCO also seeks to encourage female participation at all levels of the organization. We continuously engage in activities to attract and recruit women, not only to QAPCO, but to the industrial sector more broadly, as part of our contribution to the Qatar National Vision 2030. Providing support to Qatari women is important to create positive long-term outcomes for the State of Qatar.





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 R&I and 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.



› Capability Building



1,218

Employees Trained

Capacity building refers to an individual or organization's ability to absorb change effectively. It's to enable people to meet future challenges

It's very important to identify and understand what Capacity building resourcing for their employee: bringing in additional resources to liberate employees from their day-to-day tasks so that they can better absorb the change.

We were doing some capacity building that would make our company a lot more efficient in the future and stronger as well.

In today's business, organizations are discovering the need to turn their attention inward to find their future talent through Capability Building.

We have cooperated with many universities and education centers inside and outside Qatar whether it is based in attending classes or online courses with such contribution, it enabled us to see the possibilities in our people. Through assessments, coaching, upskilling and transitioning, we can realize the untapped potential.

Accounting Skills Certificate (ASC)

In the year of 2018/2019 QAPCO has succeeded in cooperated with Price Water House Coopers (PWC) , and delivered one of our most successful courses "Accounting Skills Certificate (ASC) ".

This training program is designed to cover the foundation knowledge and skills of accounting and finance and to allow participants to develop and practice core accounting techniques. It offers training in all fundamental areas of accounting and finance and equip participants with the skills required to work effectively within the accounting function of any organisation in any industry. This training program certified by ICAEW (Institute of Chartered Accountants in England and Wales) & awarded the ICAEW Accounting Skills Certificate & covers the following modules:

Module 01: Introduction to Finance and Accounts Preparation

Module 02: Management Accounting and Project Appraisal



Module 03: Understanding and Analysis of Financial Statements.

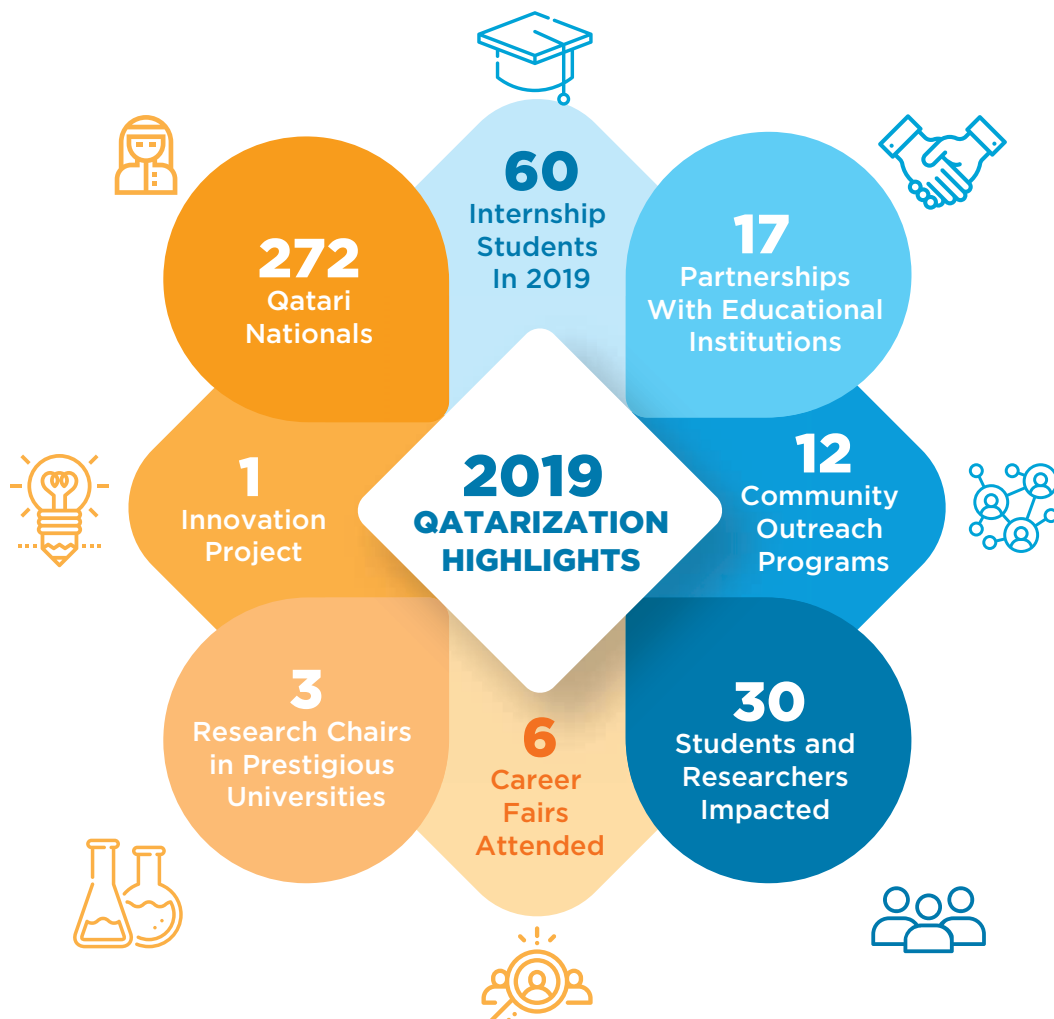
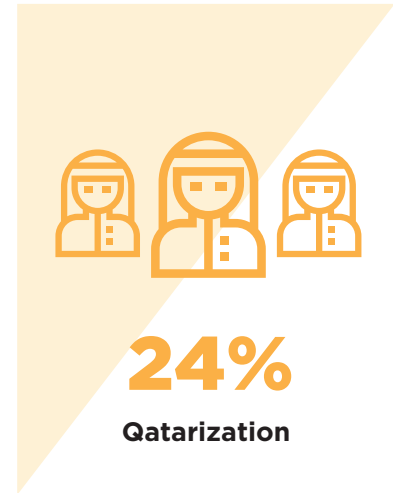
9 of QAPCO's employees (all of them from Finance Dept.) attended this training program on 6 weeks in 2018-2019.

Participants were mainly Qatari job holder & Developpee, the mentioned course covered major training requirement of Finance & Accounting, it was a very successfully completed with feedback Mean Score of 90%.

› 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, and College of North Atlantic (CNA-Q), from with, events and programs are delivered for the benefit to students.



› QAPCO's Partnerships with Qatar's Education Sector

Launch of the Math Road Show with Teach for Qatar

The Math Roadshow is a joint venture between QAPCO and Teach for Qatar which will be implemented in schools to teach students Math concepts in an engaging way. The roadshow is comprised of 6-8 stations with each station focusing on a topic from their Math curriculum. QAPCO is also supporting Teach for Qatar through the sponsorship of a STEM Fellow who will teach the science, technology, engineering and math disciplines to high school students and allows QAPCO to contribute to the development of Qatar's next generation of doctors, engineers, scientists and chemists.



“Dare To Lead” Workshop Hosted by CNA-Q



In April 2019, College of the North Atlantic – Qatar (CNA-Q) hosted an inspired talk for both students and staff as part of the College's commitment to leadership development for women, and for the college community as a whole. This initiative was supported by QAPCO. Marie Quigley who is an executive coach, trainer, facilitator, writer and speaker, presented her session entitled “Dare to Lead”, which is a research-based presentation on the factors that influence courage in leadership.

10th Annual Symposium Organized by TAMUQ & Qatar University

Texas A&M University at Qatar celebrated the 10th edition of its Materials Science and Engineering Symposium, co organized by the Center for Advanced Materials (CAM) at Qatar University and sponsored by QAPCO. The 2019 symposium addressed the theme, “Sustainable Engineered Materials — The Way Forward,” to support grand research challenges as identified in the State of Qatar's National Vision 2030.



Texas A&M at Qatar International Math Workshop

A group of notable mathematicians from around the world recently gathered at Texas A&M University at Qatar for the international workshop, "Analysis and Geometry in Several Complex Variables III". The workshop was sponsored by Texas A&M at Qatar and the QAPCO. The meeting focused on recent results and developments in the analysis and geometry of several complex variables, CR manifolds and closely related areas, such as the theory of overdetermined systems of partial differential equations.



"Life is Engineering" Competition by Qatar University



Qatar University organized Life is Engineering competition sponsored by QAPCO from October 2018 to February 2019. The aim of competition is to attract secondary students to Scientific & Engineering subjects, by simplifying the scientific theories in order to prepare the engineers who will be able to achieve Qatar National Vision 2030 and lead Qatari Industry. The target students for this initiative is all Qatari students at the Independent Secondary Schools at Qatar.

Traffic Safety Ambassadors Program by QTTSC

Qatar Transportation and Traffic Safety Center (QTTSC) named the winners of Traffic Safety Ambassadors Program which was run in coordination with Ministry of Interior and the National Committee for Traffic Safety recently. The initiative which is supported by QAPCO and Dolphin Energy Limited aimed at raising the school students and community awareness of the importance of traffic safety to spread safe driving behaviors. Ambassadors were guided on road safety and awareness campaigns by QU and General Directorate of Traffic staff members.

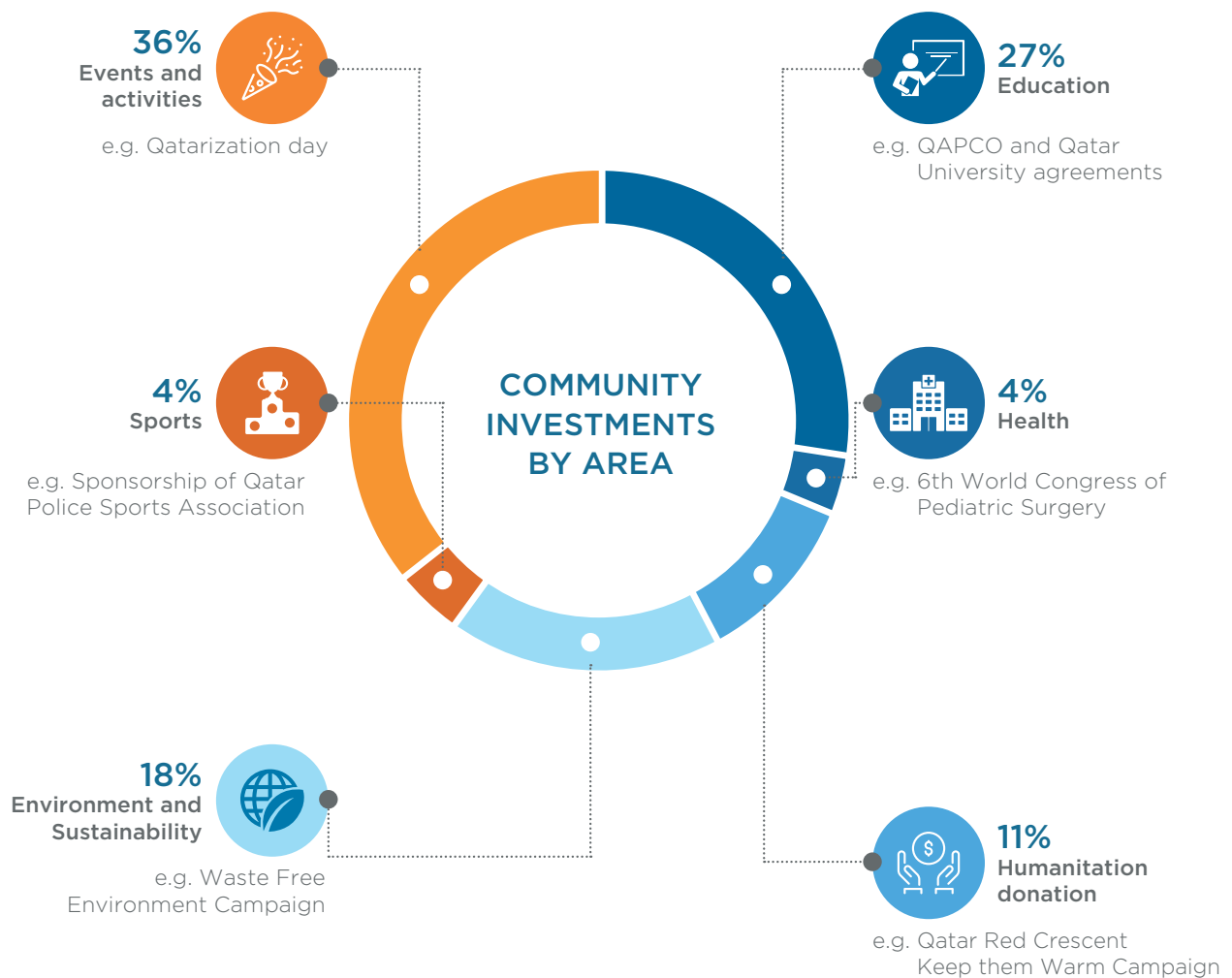


› Our Community

QAPCO believes that in addition to contribution and creating value for its employees and shareholders, contribution to the local community and its country is equally important to the economic and human development of

Qatar. Henceforth, a number of contributions has been made, led by several departments such as Communications and Media, Research and Development, and Qatarization. These activities ranged from sports activities, to health

and fitness campaigns, to donations and charity. Examples are presented in a graph, which gives an overview of our community spending for the year 2019 (excluding Qatarization related activities).



20+ CSR initiatives supported

30+ Corporate events successfully completed

Qatar National Sport Day

In February 2019, QAPCO, QVC, Qatofin, Q-Chem and Qatalum celebrated the 8th edition of the National Sport Day at Al Reem Club in Mesaieed. Hundreds of employees from the Mesaieed community along with their families participated in the fun-filled day that included an array of sport activities. Through the various sports competitions offered, the aim was also to encourage the younger ones, the next generation, to embrace healthy lifestyles and to practice sports every day. More than 1200 participants joined us.



Waste Free Environment Awareness Campaign & Beach Cleaning



For the seventh year in a row, QAPCO organised the regional Waste Free Environment (WFE) campaign in collaboration with Muntajat and Q-Chem. WFE is an environmental awareness and anti-litter campaign launched by the Gulf Petrochemicals and Chemicals Association (GPCA). The local community, downstream industries, schools and universities in Qatar also united on Wakra Beach for the WFE clean-up campaign. The campaign started with several awareness sessions at 15 schools, colleges and universities.

QAPCO Value Day

QAPCO organized more than 5 “Value Days” at Doha Headquarters and Mesaieed in 2019. Our main purpose of this initiative is to bring everyone together and highlight the importance of acting as One Team and taking care of each other. Each value day highlight one importance value of QAPCO. As part of the initiative we have a key message speaker during the day to highlight on the importance of our success that is built on the dedication of each individual and their commitment to exceed the expectation of our community and customer.



Blood Donation Camps

In association with “Blood Donor Center” of Hamad Medical Corporation (HMC), QAPCO organized Blood Donation Campaigns in February and October 2019. The mobile units of HMC visited both QAPCO’s headquarters in Doha and the plant in Mesaieed. Throughout this yearly campaign we are keen to encourage our employees to donate because giving blood saves lives. Donating blood not only benefit the person who received the blood cells but also improve the health of the donor.



Focus On Challenges Faced By Career Women At Emra’a Event



EMRA’A, ExxonMobil Qatar’s women’s network, and HEC Paris, organized a professional women’s networking event and workshop for more than 200 female employees from Qatar Petroleum, Qatargas, Qatar Petrochemical Company (QAPCO) and ExxonMobil Qatar. The event was entitled ‘Women Helping Women’. It offered a great networking platform to address relevant issues faced by women in leadership positions.

Safety Starts At Home Event

Safety is always our top priority and a way of life at QAPCO, we are fully committed to ensure that every one of our employees return home safely to their family at the end of each day. As part of our commitment to build strong safety culture, that lives not only in the plant but also in our homes, a family day was organized in September 2019. The event held at Kidzania Doha was attended by 800 participants with a message of “safety starts at home”. The aim of the event is to embed the learning about taking safety to home and beyond in fun and interactive way .





FINANCIAL **STATEMENTS**



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QR. 82544

RN: 0481/BH/FY2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.
Doha
Qatar

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Qatar Petrochemical Company (QAPCO) Q.P.J.S.C. ("the Company"), which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in Qatar, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 18 of the financial statements which describes that the Company has not applied the provisions of the Article 4(1) of the Law 24 of 2018 and Article 2(12) of the executive regulations accompanying the Tax Law on the basis of an agreement that is under signature with the appropriate authorities exempting the Company from the relevant taxes in regard to these Articles. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on January 31, 2019.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 IFRSs and applicable provisions of Qatar Commercial Companies Law, 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.

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 ISA's, we exercise professional judgement 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal controls.
- 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)**Report on Other Legal and Regulatory Requirements**

Further, as required by the Qatar Commercial Companies Law, we report the following:

- We are of the opinion that proper books of account were maintained by the Company and physical inventory verification has been duly carried out.
- We obtained all the information and explanations which we considered necessary for our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Associations were committed during the year which would materially affect the Company's financial position or its financial performance.

Doha - Qatar
29 January 2020

For Deloitte & Touche
Qatar Branch



Walid Slim
Partner
License No. 319

QATAR PETROCHEMICAL COMPANY (QAPCO) Q.P.J.S.C.**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2019

	Notes	2019 QR'000	2018 QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,827,010	3,922,620
Intangible assets	6	67,811	74,465
Right-of-use assets	7	268,459	-
Investment in joint ventures	8 (a)	2,840,852	2,849,149
Investment in an associate	8 (b)	41,683	37,414
Total non-current assets		7,045,815	6,883,648
Current assets			
Inventories	9	337,289	302,504
Due from related parties	10	717,302	819,138
Other receivables and prepayments	11	87,457	81,970
Cash and cash equivalents	12	530,742	891,741
Total current assets		1,672,790	2,095,353
TOTAL ASSETS		8,718,605	8,979,001
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	436,000	436,000
Legal reserve	14	87,200	87,200
Retained earnings		6,891,616	7,046,888
Total equity		7,414,816	7,570,088
LIABILITIES			
Non-current liabilities			
Lease liabilities	15	239,490	-
Employees' end of service benefits	16 (a)	165,849	149,726
Provision for pension obligations	16 (b)	102,303	111,387
Total non-current liabilities		507,642	261,113
Current liabilities			
Lease liabilities	15	45,938	-
Due to related parties	10	81,530	73,284
Trade and other payables	17	203,958	210,058
Income tax payable	18	52,721	112,058
Dividend payable	19	412,000	752,400
Total current liabilities		796,147	1,147,800
Total liabilities		1,303,789	1,408,913
TOTAL EQUITY AND LIABILITIES		8,718,605	8,979,001

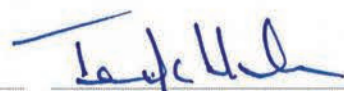
The financial statements were approved by the Board of Directors and authorised for issue on 29 January 2020.



Mr. Abdulaziz Jassim M. 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

QATAR PETROCHEMICAL COMPANY (QAPCO) Q.P.J.S.C.**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2019

	<i>Notes</i>	<i>2019</i> <i>QR'000</i>	<i>2018</i> <i>QR'000</i>
Revenue	22	2,863,071	3,681,827
Cost of goods sold	23	(1,901,196)	(1,869,580)
Gross profit		961,875	1,812,247
Administration expenses	24	(206,298)	(230,251)
Selling expenses	25	(78,901)	(80,662)
Foreign exchange gain		9,954	23,034
Finance income		14,470	20,317
Finance expense from leases	15	(9,339)	-
Share of profit from joint ventures	8 (a)	605,829	845,479
Share of profit from an associate	8 (b)	7,269	4,394
Other income	26	64,421	49,076
Profit for the year		1,369,280	2,443,634
Other comprehensive income		-	-
Total comprehensive income for the year		1,369,280	2,443,634

QATAR PETROCHEMICAL COMPANY (QAPCO) Q.P.J.S.C.**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2019

	<i>Notes</i>	<i>Share capital QR '000</i>	<i>Legal reserve QR '000</i>	<i>Retained earnings QR '000</i>	<i>Total QR '000</i>
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
<i>Transactions with owners in their capacity as owners:</i>					
Dividend paid	19	-	-	(2,356,600)	(2,356,600)
Dividend payable	19	-	-	(752,400)	(752,400)
Balance at 31 December 2018		436,000	87,200	7,046,888	7,570,088
Balance at 1 January 2019		436,000	87,200	7,046,888	7,570,088
Impact on adoption of IFRS 16		-	-	(22,296)	(22,296)
Balance at 1 January 2019 (Restated)	2	436,000	87,200	7,024,592	7,547,792
De-recognition of exempted deferred tax in a joint venture		-	-	19,744	19,744
Profit for the year	8 (a)	-	-	1,369,280	1,369,280
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	1,389,024	1,389,024
<i>Transactions with owners in their capacity as owners:</i>					
Dividend paid	19	-	-	(1,110,000)	(1,110,000)
Dividend payable	19	-	-	(412,000)	(412,000)
Balance at 31 December 2019		436,000	87,200	6,891,616	7,414,816

QATAR PETROCHEMICAL COMPANY (QAPCO) Q.P.J.S.C.**STATEMENT OF CASHFLOWS**

For the year ended 31 December 2019

	Notes	2019 QR'000	2018 QR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		1,369,280	2,443,634
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	5	283,125	304,187
Amortisation of intangible assets	6	10,778	11,158
Amortisation of right-of-use assets	7	49,205	-
Loss on write-off of capital work in progress		-	8,881
Share of profit from joint ventures	8 (a)	(605,829)	(845,479)
Share of profit from an associate	8 (b)	(7,269)	(4,394)
Spare parts written off	9	(801)	(3,724)
Provision for slow moving spare parts	9	2,674	543
Net movement in provision for doubtful debts	11	-	(868)
Provision for employees' end of service benefits	16 (a)	32,621	34,846
Loss on disposal of property, plant and equipment		-	145
Finance income		(14,470)	(20,317)
Finance expenses from leases		9,339	-
		<u>1,128,653</u>	<u>1,928,612</u>
<i>Changes in working capital:</i>			
Inventories		(36,658)	10,504
Due from related parties		105,626	225,771
Other receivables and prepayments		47,227	332,416
Due to related parties		8,246	259
Trade and other payables		(6,100)	32,841
		<u>1,246,994</u>	<u>2,530,403</u>
Employees' end of service benefits paid	16 (a)	(9,792)	(22,579)
Net movement in advance against end of service benefits	16 (a)	(6,706)	(3,729)
Payment of pension obligation	16 (b)	(9,084)	(10,293)
Income tax paid		(112,050)	(109,448)
Net cash generated from operating activities		<u>1,109,362</u>	<u>2,384,354</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(195,429)	(137,864)
Additions to intangible assets	6	-	(163)
Dividend received from joint ventures	8 (a)	630,302	1,005,790
Dividend received from an associate	8 (b)	3,000	2,000
Finance income		14,470	20,317
Net cash generated from investing activities		<u>452,343</u>	<u>890,080</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal element of lease payments		(50,965)	-
Finance expense from leases		(9,339)	-
Dividend paid	19	(1,862,400)	(3,070,600)
Net cash used in financing activities		<u>(1,922,704)</u>	<u>(3,070,600)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(360,999)</u>	<u>203,834</u>
Cash and cash equivalents at 1 January		<u>891,741</u>	<u>687,907</u>
Cash and cash equivalents at 31 December	12	<u>530,742</u>	<u>891,741</u>





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

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