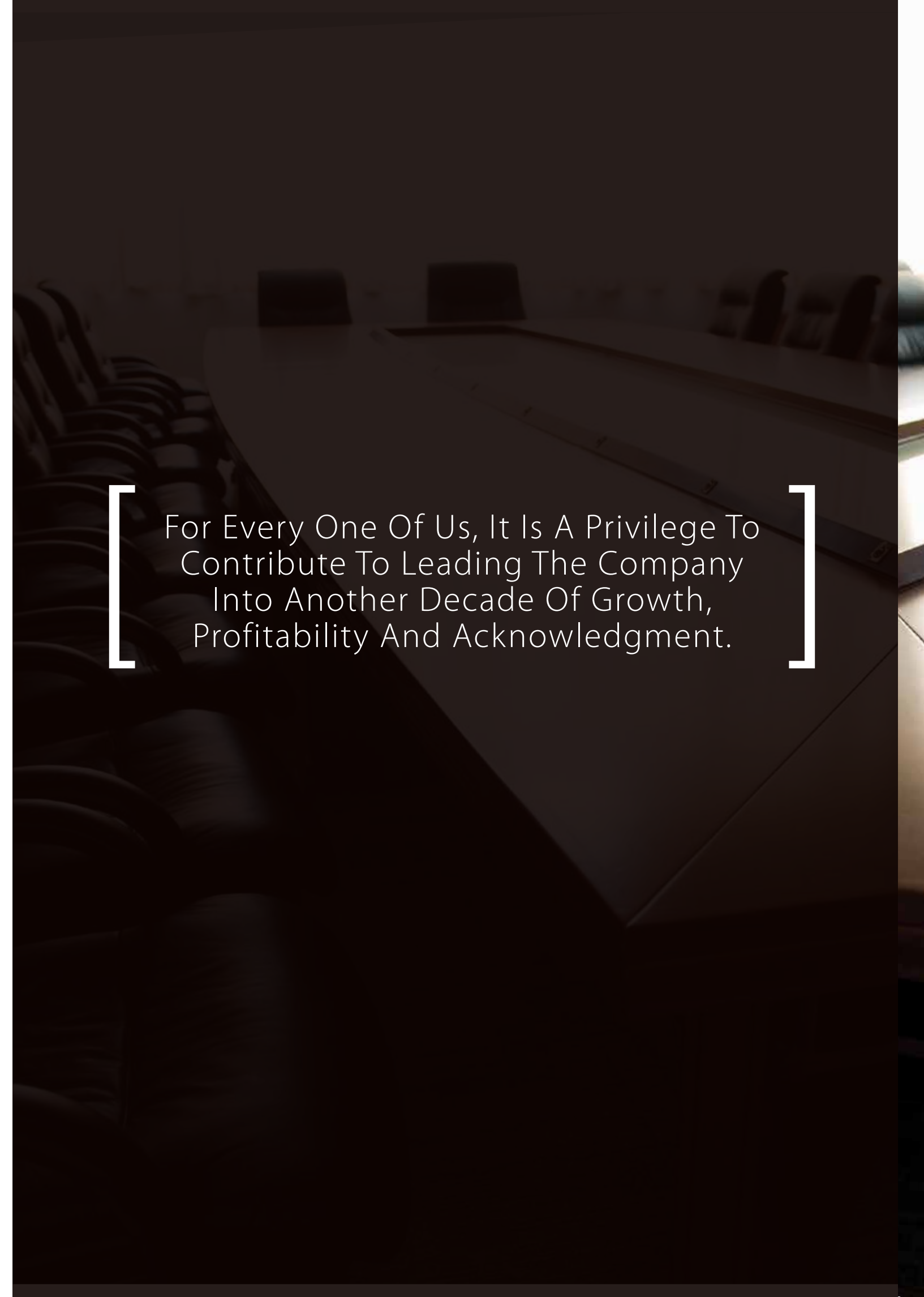


ANNUAL REPORT 2012 / 2013



INVEST
START



[For Every One Of Us, It Is A Privilege To
Contribute To Leading The Company
Into Another Decade Of Growth,
Profitability And Acknowledgment.]



BOARD OF DIRECTORS

EXECUTIVES:

Eng. Mohammad Saafan
Chairman of the Board

Eng. Ahmad Helmy
Executive Vice President, Operations

Mrs. Hala Borai
Executive Vice President, Finance & Economic Affairs

Eng. Amr Al-Halaby
Executive Vice President, Planning & Projects

Chem. Mahmoud Al-Sobki
Executive Vice President, Marketing & Business Development

NON-EXECUTIVES:

Eng. Sherine Ahmad Mohammad
Undersecretary, Planning and Technical Affairs
Ministry of Petroleum

Eng. Mohammad Taher Hafez
Executive Vice President, Planning & Projects
Egyptian General Petroleum Corporation (EGPC)

Eng. Mohammad Magdy Abd Al-Wadoud
Chairman
Egyptian Petrochemicals Company (EPC)

Eng. Ibrahim Abd Al-Salam Kenawy
Executive Vice President, Operations
Egyptian Natural Gas Holding Company (EGAS)

Mr. Ibrahim Abd Al-Tawaab Ismail
Petroleum Sector Union



MESSAGE FROM THE CHAIRMAN

From day one, and since its establishment in 2002, ECHEM strived to transform Egypt into a regional petrochemical hub that can best compete globally. And now, after a decade of unrivaled success, and after enlisting Egypt among the major players in petrochemicals industry, we even strive for more.

Years in business, we tackled challenges and changes in the climate of investment that reinforced our willpower and determination. We never lost hope, however

we paced untrodden paths that achieved groundbreaking achievements and helped us reach our current stature. Our success over this decade reflects the strength of our mission, people, values and culture. With culture and values like these, there is no limit to our aspiration and we pledge a profitable future over the next decades in which we thrive with excellence.

Casting a look back at the fiscal year 2012/2013, ECHEM's performance affirmed the wisdom of keeping eyes on the horizon

and feet on the ground. By chance and unintentionally, the current happenings in Egypt have best demonstrated that EICHEM stood and is still standing on a solid ground fighting for the prominent presence it engraved long ago in the emerging international petrochemicals market.

Translating words into achievements, all phase I projects inaugurated production and we are currently promoting for phase II projects of The National Petrochemicals Master Plan. Our R&D department is currently studying the implementation of green projects that provide clean alternative energy resources, like Bio fuels, using agricultural wastes and other materials that are currently dedicated to export in order to protect the environment, adding value and supporting the national economy.

The word INTEGRATION can best describe what EICHEM & its affiliates are up to for maximizing the value added of phase I products in an attempt to increase imports, replace exports while generating revenues that best enrich our national economy.

Our results reflected the sound execution of our business plans, centered on meeting local market demands for petrochemical products while creating a prosperous investment atmosphere. Total petrochemicals production reached 2.8 Million Tons, with an increase of 31% over the preceding year; 635 Thousand Tons of which were injected into local market to cover industry needs generating 4.5 Billion EGP. Surplus of 1.6 Million Tons were dedicated to export amounting to almost 1.1 Billion USD. Key performance indicators underline total revenue of 843 Million EGP, with an increase of 35% over the last year. Net profit before tax hits 313 Million EGP, with an increase of 45%.

Our path forward faces serious challenges to attract investments in the short term. This entails new interpretation of world changing environment, revised marketing strategies and double efforts to reinforce credibility of the Egyptian economy in which we all share an interest and a future. We are confident that those challenges fuel our determination to create prosperity to our beloved country and people.



Mohammad Saafan

President & Chairman of the Board



PROLOGUE



KEEPING OUR MOMENTUM



SOCIAL RESPONSIBILITY



PROJECTS UNDER EXECUTION



PROJECTS INAUGURATED DURING THE YEAR



FORTHCOMING OPPORTUNITIES



**MARKETING
STRATEGY**



**MONITORING,
DEVELOPMENT
& INTEGRATION**



**ENVIRONMENT,
HEALTH & SAFETY**



HUMAN RESOURCES DEVELOPMENT



**MANAGEMENT
INFORMATION
SYSTEMS**



FINANCIAL HIGHLIGHTS

PROLOGUE

ECHEM was established in 2002 as one of the Ministry of Petroleum holding companies to be the legal entity dedicated to develop, monitor and enhance petrochemicals industry in Egypt.



OUR CHARTER

To develop a competitive petrochemicals industry based on local human and natural resources using state-of-the-art technology and through implementing a pre-set National Petrochemicals Master Plan.

We seek a high standard of performance, etching a prominent position in the competitive environment in which we exist and we aim to work closely with our partners and policy makers to advance more efficient and sustainable use of our natural resources.



OUR VALUES

We set high standards of performance and ethical behaviors and our reputation is upheld by how we live up to our values. We believe that our long-term success and shareholders benefits depend on our dedication to social responsibility, environmental protection, market satisfaction, employee empowerment, technological partnership and fair competition. Our future businesses will therefore be governed the very same values.



OUR PEOPLE

In its early establishment phase, ECHEM was equipped with an educated team of professionals who were responsible for laying the solid foundation on which the company was built. Gradually, and over the past decade, the company was blessed with valuable additions to its team members who are now building on the early successes and planning for the future. At ECHEM, we create an environment that values differences and provides channels to report concerns. We encourage our staff to report their views on personal and professional processes and practices ensuring that they receive prompt feedback which demonstrates that we value such views.



OUR LEADERSHIP

Our Board is chaired by an executive Chairman and comprises four executive directors and five non-executive directors who are experts in the Oil, Gas & Petrochemicals fields.

KEEPING OUR MOMENTUM



OUR BUSINESS ENVIRONMENT.... IS IT THE SAME??

As business dictates, an organization does not exist in a vacuum. The Egyptian government realized this predicament and has been preparing and planning a strategy for continued and steady economic growth.

Transforming Egypt into a vital and prosperous emerging market, economic policies were set to insure that market forces are given maximum potential to drive growth and employment. Today, there is a universal recognition that Egypt has become one of the most stable emerging markets in the region. With its strategic location and its booming market, Egypt is currently conducive for business.

A more level playing field may spur the growth of small and medium sized businesses which according to a World Bank study, contribute only 20% of the region's domestic production but employ 70 to 80% of its work force. These businesses could in turn create the tens of millions of new jobs that the Middle East and North Africa - with 65% of their 355 million people currently under the age of 25 - will need in the next decade to avoid social disaster.

This target is on top of EICHEM's agenda for the coming few years as will be shown in the Master Plan progress discussed later.



|| **CORPORATE GOVERNANCE**

Although corporate governance has not yet been fully and legally imposed in Egyptian companies, however, EICHEM is committed to applying international standards of corporate governance taking into consideration its statute.

Company policies and practices are implemented with a high level of transparency allowing auditors and parties of interest to monitor its activities very smoothly. Our commitments, investment methodologies and development plans greatly reflect compliance to corporate governance since establishment, i.e. long before beginning to implement it, which was this year.

It is this transparency achieved by ECHEM Board and Management, as part of its strategy, that ensures the company is accountable for its actions, thus improving public understanding of its activities, its policies and performance with respect to environmental and ethical standards and its relationship with the communities in which it operates. Here at ECHEM, we realize that corporate governance is not an option, but rather, an essential overriding element in attracting investments and stimulating economic growth.

II RE-ADJUSTING OUR MASTER PLAN

When first set, the National Petrochemicals Master Plan was characteristically a flexible plan aiming to provide the company with sufficient means to periodically appraise the local and international market to provide direction on what best to do next.

In this respect, some projects were introduced in Phase II such as Bio-fuels, Formaldehyde & derivatives and Propylene & derivatives.

Such flexibility is vital in promoting the company's competitive edge in the region and at the same time enables optimum serving of the national economy through maximizing the value added of Egypt's natural resources.

II SUCCESSFUL PARTNERSHIPS

Egypt has always been a key player in the Middle East. Today, and especially after the recent happenings on the political map, it is re-emerging as a very promising investment attraction and re-establishing itself to be solid ground for long term businesses.

We, at ECHEM, seek partners who best serve our purposes and at the same time their aspirations. Our methodology is based on models designed to attract foreign direct investments through equity participation of international organizations or financing through local and foreign financial institutions.

Our partnerships vary in range, however, they all have a common feature, that is they are all of strategic nature. Our partner could be a technology owner, a major off-taker, a feedstock provider, a financial loan marketer, etc... In all cases our partnerships enjoy a solid base of win-win situations.

II WHAT'S IN IT FOR THEM?

Our methodology is systematic and precise. We provide detailed feasibility studies by independent international specialized consultants to maximize safety of investments, generate credibility to interested parties and facilitate financing by reputable local and foreign financial institutions.

We further avail to the investor appropriate project sites suitable for future expansions and enjoy proximity to utilities, feedstock and export facilities. We guarantee feedstock at competitive prices in coordination with our fellow companies and arrange long-term off-take agreements to guarantee loans payback. To top it all, we participate in the equity structure with varying percentage to assure investors of our commitment to the success of the projects in question.

II WORKING WITH OTHERS

Our contribution does not stop here, we provide our partners with additional services such as obtaining all governmental approvals necessary to project execution and we also provide specialized experienced personnel during all phases of the project until final commissioning and start-up.

In the coming chapters we will be presenting several success stories with various partners who have been working with us upon commencement of Phase I of the master plan. We are now proud to present such experiences after completion of Phase I with all projects placed on production map.

We shall also be presenting our prospective business opportunities seeking the interests of wise investors who wish to join train of success.

II SOCIAL RESPONSIBILITY

In today's modern world, big industrial organizations are not appraised only for their successful financial figures or the importance of their field of activities, but also for the extent of their investment in the communities around them.

Investment in communities is also investment in the long term success of our company which delivers mutual benefits and promotes shared progress. Wherever we are, we strive to be a good neighbour sharing the concerns of our communities and working to create a better future.

We manage our business in a way that promotes social, environmental and economic benefits for our stakeholders. We believe that our efforts to build a competitive workforce, enhance health and wellbeing, and protect the environment, benefits both ECHEM and the communities in which we operate.

Our community investment revolves around major areas of focus which are the building blocks of strong communities:

ECONOMIC DEVELOPMENT: we support programs that create sustainable employment opportunities. This promotes self-sufficiency, stimulates job growth and economic development thus raising the standard of living.

HEALTH: we work on preventive care through applying state of the art technologies that ensure maintaining a clean environment.

EDUCATION: ECHEM promotes technical and career training to ensure people can help their communities thrive in the 21st century economy.

ECHEM's basic approach is "Living Our Values", our long-standing commitment to health & safety, environmental stewardship, honesty & integrity, corporate citizenship and a high performance team. Our Corporate Social Responsibility (CSR) policy keeps us focused on key concepts that help align our social responsibility efforts with our business goals, needs and operations.

Over the upcoming lines, we will recite stories of success and dedication in which ECHEM & its affiliates participate to etch a smile on faces of needy people living in the communities in which we operate.



SIDPEC

Talking CSR, we can't overlook the marvelous efforts exerted by Sidi Kerir Petrochemicals Company (SIDPEC). SIDPEC is an Egyptian joint stock entity established in November 1997, in Al-Amerya Alexandria, to produce a number of pivotal petrochemical products that best serve our local market and national economy as well as export like Ethylene, Polyethylene and Liquefied Petroleum Gas (LPG).

For SIDPEC, community service is a creed to live by. From providing medical assistance to backing up financially embarrassed, the company deeply mingled with the neighborhood and profoundly created a strong bond with its citizens. SIDPEC's health care extended to aid a number of medical care centers and hospitals; not only in Alexandria but also in Cairo, like Mabarat Bakous and Al-Maamoura Chest Hospitals in Alexandria, as well as Urology & Nephrology Hospital and Children's Cancer Hospital 57357 in Cairo. Moreover, the lavishing entity has donated an ambulance vehicle to Al-Amerya Hospital and contributed in establishing a charitable medical care center for the vicinity.

Investing in future calibers, SIDPEC subsidized the development of a number of educational institutes all over Alexandria; like the Faculty of Science – Alexandria University and a sum of 30 schools in Al-Amerya.

Over the past decade, integration and cooperation were and still are two main features that best characterize SIDPEC. Therefore, our reputable affiliate together with other petroleum sector companies in the area, have contributed to enhance the infrastructure of the region and improve the main roads leading to Al-Nahda district. Thanks to the supreme guidance of Alexandria Governor and ECHEM's nonstop support.



ESTYRENICS

Egyptian Styrene&Polystyrene Production Company (ESTYRENICS) was established in September 2005 as a corner stone for the integrated National Petrochemicals Master Plan. ESTYRENICS aims to produce Styrene and Polystyrene to establish various downstream industries while replacing imports and increasing exports.

Because ESTYRENICS stands closely to those in need and extends a helping hand to those who suffer, the company expressed its deep condolences to the victims of the brute act of terrorism that hit Egypt a couple of months ago targeting its Minister of Interior Affairs, General Mohammad Ibrahim. ESTYRENICS paid the casualties a visit at Al-Shorta Hospital to assure them that the whole country truly appreciates their sacrifices and renounces such violence.



EMETHANEX

Egyptian Methanex Methanol Company S.A.E. (EMethanex) is another example for the Egyptian joint venture with the Canadian Methanex Corporation; the global leader in methanol industry distribution and marketing. ECHEM along with Egyptian governmental organization hold a sizeable percentage of this venture.

A great sense of belonging is shared between EMethanex and the neighborhood in which it operates. The company touched the challenges the community has been facing long ago and is trying its best to improve their standard of living while etching a smile on the faces of the needy. On a humanitarian scale, EMethanex equipped two sewing workshops for widows & orphans in Kafr Al-Bateikh and distributed 6000 Ramadan bags for families in need in Al-Basateen, Sananya, Damietta, New Damietta and Kafr Saad. On a medical scale, EMethanex established a medical care center for Friends of Liver Patients Association in Kafr Al-Bateikh, in addition to providing incubators and other related equipment for the incubator center of Ansar Al-Sunnah Association in Old Damietta.



MOPCO

MOPCO was established in July 1998 in Damietta Free Zone to produce Ammonia and Granular Urea. The company is committed to protect and develop the environment by maintaining the highest international codes and standards of environmental protection.

Investing in community is an integral part of MOPCO's strategy. The company uses its skills, money and expertise to support the surrounding community and exerts a lot of efforts to promote development in Damietta. Among these efforts were covering drainage system of Al-Sananeya village with a total cost of 47 Million EGP, executing Phase III of the garbage recycling factory in Farascor village with a total cost of 25.5 Million EGP, in addition to providing Shata Shelters with LPG with a total cost of 500 Thousand EGP. MOPCO as well aims to create a healthy and beautiful landscapes by planting 500 shrubs and trees.

These are just examples of the efforts exerted to serve the community. Initiatives displayed by ECHEM and its affiliates have been always received with warmth and happiness by the hosting societies. ECHEM believes that the importance of community service can be realized only when there is a feeling of gratitude to the society and sympathy for the underprivileged in it. Without community service in our society many people would not know the meaning, usefulness, or importance of charity. Serving in your community addresses many deep rooted problems that fall through the cracks of government and social agencies.



THE NATIONAL PETROCHEMICALS MASTER PLAN

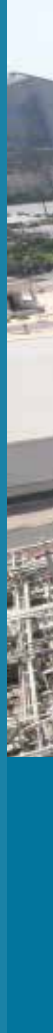
Throughout all the circumstances Egypt has encountered, ECHM chose to stand strong and took upon itself the challenge of unraveling any obstacle in the way of thriving. Thanks to our crisis management that helps us move steadily but surely on the road map of a successful implementation for executed and under execution projects of Phase I & Phase II of the National Petrochemicals Master Plan with total investments of 7.7 Billion USD.

Talking figures, the fiscal year 2012/2013 witnessed a boom in production and sales that positively affected revenues. Total production rates reached 2.8 Million Tons of petrochemical products, in comparison to 2.1 Million Tons for the last fiscal year, with an increase of 31%. The start-up of ESTYRENICS, relaunching MOPCO's 3rd train, as well as SIDPEC's and EPP's raise in production has greatly contributed to this boost.

Total sales rates recorded 2.3 Million Tons in comparison to 2 Million Tons for the preceding year, with an increase of 13%. 635 Thousand Tons were dedicated to meet local market demands amounting 4.5 Billion EGP, while 1.6 Million Tons were exported with a value of 1.1 Billion USD.

Financial indicators scored revenues of 843 Million EGP compared to 625 Million EGP for the previous year, with a raise of 35%, whereas Net Profit Before Taxes hit 313 Million EGP compared to 217 Million EGP for the last year, with a raise of 45%.

[PROJECTS INAUGURATED DURING THE YEAR]





EGYPTIAN STYRENE & POLYSTYRENE PRODUCTION COMPANY ESTYRENICS

PURPOSE OF THE PROJECT:

The project aims to produce Polystyrene to establish various downstream industries, replace imports and increase exports.

SHAREHOLDERS:

NATIONAL INVESTMENT		100%
Petroleum Sector: <ul style="list-style-type: none">• Egyptian Petrochemicals Holding Company (ECHEM) 25%• Petroleum Projects and Technical Consultations Company (PETROJET) 20%• Engineering for the Petroleum & Process Industries (ENPPI) 15%		60%
Ministry of Finance: <ul style="list-style-type: none">• National Investment Bank 24%• Ministry of Finance 16%		40%



PLANT CAPACITY:

200 Thousand T/Y Polystyrene



TOTAL INVESTMENT COST:

408 Million USD



LOCATION:

Al-Dekheila Port - Alexandria



PROJECT PROGRESS:

- Completion of pre-commissioning and commissioning activities.
- Performance tests are completed successfully.



START UP DATE:

4th Quarter 2012 (1st Train)
1st Quarter 2013 (2nd Train)

PROJECTS UNDER EXECUTION



EGYPTIAN INDIAN POLYESTER COMPANY EIPET

PURPOSE OF THE PROJECT:

The project aims to produce Polyester Bottle Grade used for packaging to meet local market demands while exporting surplus.

SHAREHOLDERS:

NATIONAL INVESTMENT		30%
<ul style="list-style-type: none">Egyptian Petrochemicals Holding Company (ECHEM) 23%Engineering for the Petroleum & Process Industries (ENPPI) 7%		
FOREIGN INVESTMENT		70%
<ul style="list-style-type: none">DHUNSERI Petrochem and Tea Ltd. (DPTL)		



PLANT CAPACITY: 420 Thousand T/Y Polyester



TOTAL INVESTMENT COST: 253 Million USD



LOCATION: Economic Zone – North West Gulf of Suez



PROJECT PROGRESS:

- Overall progress reached 95% in June 2013.
- Construction & installation works are in progress for storage tanks, production and wastewater treatment units.
- Grading & paving works are in progress for site roads.



START UP DATE: 4th Quarter 2013 (1st & 2nd Trains)



MISR FERTILIZERS PRODUCTION COMPANY MOPCO

PURPOSE OF THE PROJECT:

The project aims to produce Ammonia/Urea to meet local market demands and export surplus.

SHAREHOLDERS:

National Investment	70.97%
1- Petroleum Sector: <ul style="list-style-type: none"> Egyptian Petrochemicals Holding Company (ECHEM) 30.56% Egyptian Natural Gas Holding Company (EGAS) 7.42% Egyptian Natural Gas Company (GASCO) 6.12% 	44.1%
2- Banking & Insurance Institutions: <ul style="list-style-type: none"> National Investment Bank 12.81% National Bank of Egypt 2.56% Nasser Social Bank 2.56% Misr Insurance Company 4.28% 	22.21%
3- Initial Public Offering:	4.66%
Arab & Foreign Investment:	29.03%
<ul style="list-style-type: none"> Arab Petroleum Investments Corporation (APICORP) 3.03% Agrium 26% 	



PLANT CAPACITY:

1.4 Million T/Y Urea (Expansion Project)



TOTAL INVESTMENT COST:

1800 Million USD



LOCATION:

Free Zone – West of Navigation Channel - Damietta



PROJECT PROGRESS:

- Overall progress reached 88.7% in November 2011.
- EPC works are to commence in July 2013.
- VEOLIA (the world's leading operator in water services) was chosen to undertake industrial wastewater treatment works in May 2013.



START UP DATE:

To be determined upon resuming construction works of expansion project.

EGYPTIAN ETHYLENE & DERIVATIVES COMPANY ETHYDCO

PURPOSE OF THE PROJECT:

The project aims to produce Ethylene and Polyethylene to maximize the value added to Ethane/Propane mixture produced by Western Desert Gas Complex in Alexandria. Production is to satisfy local market needs while surplus is to be exported.

SHAREHOLDERS:

National Investment	100%
1- Petroleum Sector: <ul style="list-style-type: none"> Egyptian Petrochemicals Holding Company (ECHEM) 20% Sidi Kerir Petrochemicals Company (SIDPEC) 20% Egyptian Natural Gas Company (GASCO) 11% 	51%
2- Banking Institutions: <ul style="list-style-type: none"> Al Ahly Capital Holding 21% National Investment Bank 14% Banque Misr 10% Nasser Social Bank 4% 	49%



PLANT CAPACITY:

460 Thousand T/Y Ethylene
400 Thousand T/Y Polyethylene



TOTAL INVESTMENT COST:

1874 Million USD



LOCATION:

Al Amerya – Alexandria (EPC & SIDPEC Land)



PROJECT PROGRESS:

- Overall progress reached 26.6% in June 2013.
- Construction works for utilities project are awarded to PETROJET in December 2012.
- Contract signed with EPC contractor for Polyethylene project in March 2013.
- Industrial wastewater is to be treated with Zero Liquid Discharge (ZLD) system.



START UP DATE:

4th Quarter 2015



[

EGYPTIAN STYRENE & POLYSTYRENE
PRODUCTION COMPANY






ESTYRENICS

]

PURPOSE OF THE PROJECT:
The project aims to produce Styrene as a feedstock for Polystyrene production.

SHAREHOLDERS:

NATIONAL INVESTMENT		100%
Petroleum Sector: <ul style="list-style-type: none">• Egyptian Petrochemicals Holding Company (ECHEM) 25%• Petroleum Projects and Technical Consultations Company (PETROJET) 20%• Engineering for the Petroleum & Process Industries (ENPPI) 15%		60%
Ministry of Finance: <ul style="list-style-type: none">• National Investment Bank 24%• Ministry of Finance 16%		40%

	PLANT CAPACITY:	300 Thousand T/Y Styrene
	TOTAL INVESTMENT COST:	464 Million USD
	LOCATION:	Al-Dekheila Port - Alexandria
	PROJECT PROGRESS:	<ul style="list-style-type: none">• Basic designs have been successfully completed by licensor.• Major permits and approvals are to be granted soon.• Negotiations are in progress with ENPPI, PETROJET and TECHNIP to carry out EPC works.
	START UP DATE:	2 nd Quarter 2016

We Remain Committed To The Same
Values And Objectives That Have Driven
Our Success Over The Last Decade.

FORTHCOMING OPPORTUNITIES

NOT ACTUAL PHOTO

BIO ETHANOL FROM SUGAR BEET MOLASSES

PURPOSE OF THE PROJECT:

The project aims to produce Bio Ethanol from Sugar Beet Molasses to be blended with Benzene to meet local market demands while providing a clean alternative energy resource.

SHAREHOLDERS:

- Egyptian Petrochemicals Holding Company (ECHEM)
- Others



PLANT CAPACITY:

100 Thousand T/Y Bio Ethanol



TOTAL INVESTMENT COST:

120 Million USD



LOCATION:

Motobus – Kafr Al-Sheikh Governorate **OR** Rashid – Al-Behira Governorate



PROJECT PROGRESS:

- Memorandum of Understanding (MOU) is signed with a number of Egyptian sugar companies in March 2013 to provide the project with Molasses as a feedstock.
- Pre-feasibility study is in progress.
- Project land is to be settled with either Al-Behira or Kafr Al-Sheikh governorates.
- Non-Disclosure Agreement (NDA) signed with Saudi Egyptian Industrial Investment Company; which asserted on its sincere willingness to invest in Egypt and especially with ECHEM.



START UP DATE:

2nd Quarter 2016



NOT ACTUAL PHOTO

BIO ETHANOL FROM RICE STRAW

PURPOSE OF THE PROJECT:

The project aims to produce Bio Ethanol from Rice Straw and agricultural residues to be blended with Benzene to meet local market demands and export surplus.

SHAREHOLDERS:

- Egyptian Petrochemicals Holding Company (ECHEM)
- Others



PLANT CAPACITY:

50 Thousand T/Y Bio Ethanol



TOTAL INVESTMENT COST:

200 Million USD



LOCATION:

Motobus – Kafr Al-Sheikh Governorate
OR Rashid – Al-Behira Governorate



PROJECT PROGRESS:

- Non-Disclosure Agreement (NDA) signed with licensor in October 2012.
- Non-Disclosure Agreement (NDA) signed with Saudi Egyptian Industrial Investment Company; which asserted on its sincere willingness to invest in Egypt and especially with ECHEM.



START UP DATE:

4th Quarter 2016

NOT ACTUAL PHOTO






PROPYLENE & PROPYLENE DERIVATIVES

PURPOSE OF THE PROJECT:

Making use of local Propane produced from (GASCO) in order to produce Propylene and its Derivatives to maximize value added. Production shall serve local market needs and export surplus.

SHAREHOLDERS:

- Egyptian Petrochemicals Holding Company (ECHEM)
- Others

	PLANT CAPACITY:	250 Thousand T/Y Propylene
	TOTAL INVESTMENT COST:	600 Million USD (1 st Phase)
	LOCATION:	Alexandria (EPC Land)
	PROJECT PROGRESS:	<ul style="list-style-type: none">• A task force is formed to carry out pre-feasibility study that comprises project proposals, financials, technology, market analysis and estimated timescale.• Supply Agreement signed with GASCO to provide the project with Propane as a feedstock.• Memorandums of Understanding (MOU) and Non-Disclosure Agreements (NDA) signed with a number of investors and financiers.
	START UP DATE:	Understudy








FORMALDEHYDE & DERIVATIVES

PURPOSE OF THE PROJECT:

The project aims to produce Formaldehyde and its Derivatives using Methanol produced from EMETHANEX plant. Production shall serve local market needs and export surplus.

SHAREHOLDERS:

- Egyptian Petrochemicals Holding Company (ECHEM)
- Others

	PLANT CAPACITY:	70 Thousand T/Y Formaldehyde and its Derivatives
	TOTAL INVESTMENT COST:	50 Million USD
	LOCATION:	Motobus – Kafr Al-Sheikh Governorate OR Alexandria Governorate (ASPPC Land) OR Gamasa – Dakahlia Governorate
	PROJECT PROGRESS:	A task force is formed to carry out pre-feasibility study that comprises project proposals, financials, technology, market analysis and estimated timescale. The team as well is currently opting for the best site location for project execution.
	START UP DATE:	Understudy

[In The Upcoming Decade, The Company
Will Go Through A Tenfold Increase,
Diversify Its Portfolio And Introduce
New Products And Investments.]



MONITORING, DEVELOPMENT & INTEGRATION

OPERATIONS ACTIVITY

The continued support of existing petrochemical complexes through technical and administrative supervision has led to an increase in production and marketing of petrochemical products which had the greatest impact in supporting the financial position of these companies and increasing their competitive edge.

Our best practices to enhance operational excellence have yielded record breaking performance for the operating projects while forecasting a prolific vision for the upcoming ones depending on two essential axes:

II FOLLOW-UP & DEVELOPMENT:

ECHEM offers non-stop support for the affiliated companies to secure their need for raw materials and utilities. The company as well follows-up execution of revamps, scheduled and preventive maintenance to enhance the continuity of operation and minimize shutdowns.

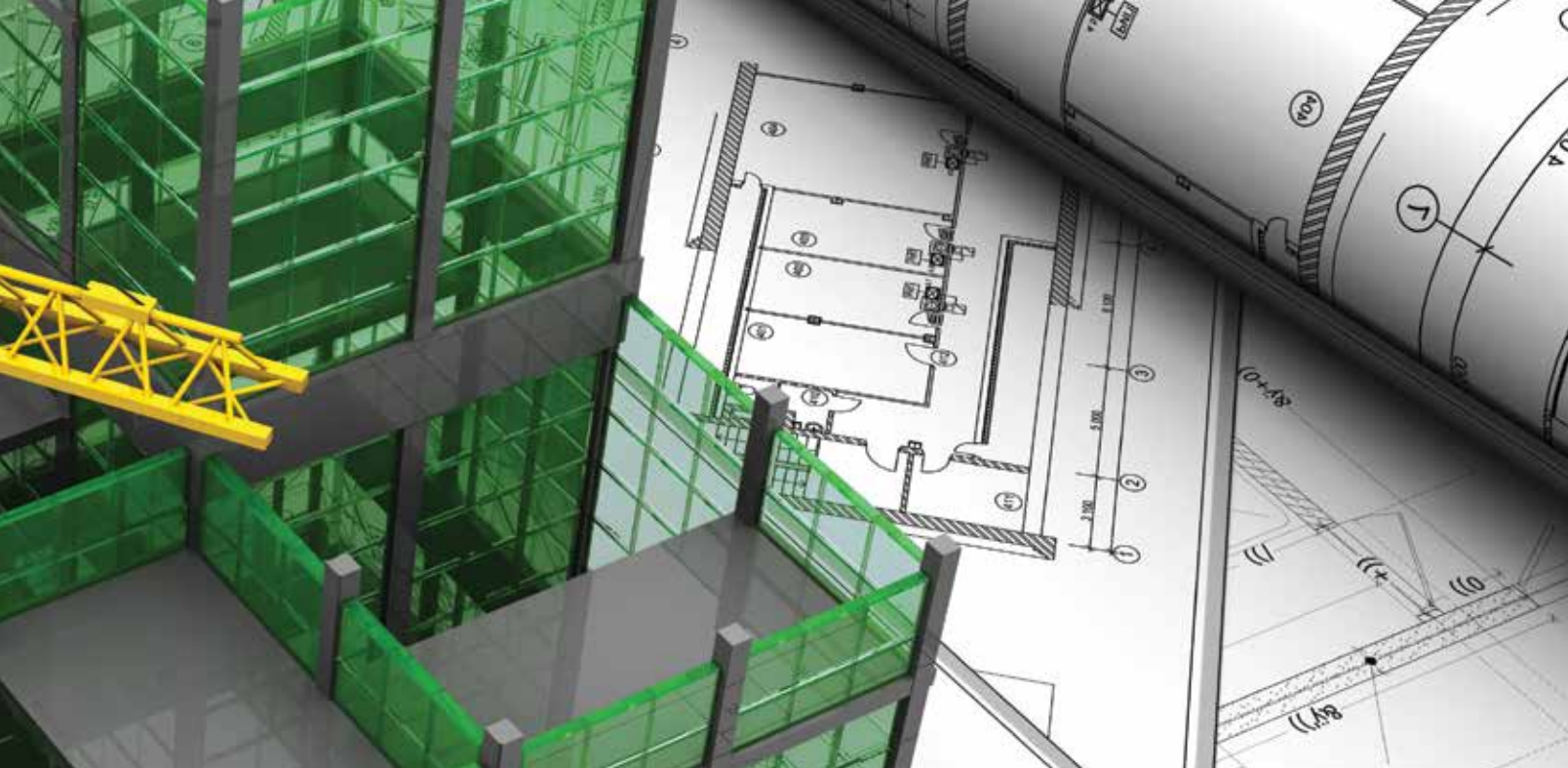
Typically, ECHEM shows interest in the development projects of affiliated companies to increase their income and profits along with enhancing their capability of competition in the local and global markets.

II INTEGRATION & RESOURCES MANAGEMENT:

EGYPTIAN STYRENE & POLYSTYRENE PRODUCTION COMPANY (ESTYRENICS)



- Pre-commissioning & commissioning activities have been successfully completed for Polystyrene plant (1st & 2nd Trains).
- Performance tests on General Purpose Polystyrene (GPPS) were successfully completed marking the start of commercial production.
- Rubber processing unit is operating successfully.
- High Impact Polystyrene (HIPS) production is in progress.



EGYPTIAN PETROCHEMICALS COMPANY (EPC)



- Increasing PVC plant capacity via 2 phases; 100 Thousand T/Y (1st Phase) then 150-170 Thousand T/Y (2nd Phase).
- Installing new power plant to secure ETHYDCO need for power supply.
- Installing water filtration system to provide ETHYDCO with 1000 m³/hr of filtered water.

EGYPTIAN LINEAR ALKYL BENZENE COMPANY (ELAB)



- Exceeding plant design capacity.
- Increasing plant capacity to 130/140 Thousand T/Y LAB (Understudy).
- Increasing storage capacity by establishing 4 new storage tanks.
- Enhancing production outputs.
- Installing & operating a permanent fire extinguishing network.
- Establishing new industrial wastewater treatment unit.

SIDI KERIR PETROCHEMICALS COMPANY (SIDPEC) & EGYPTIAN ETHYLENE AND DERIVATIVES COMPANY (ETHYDCO)



Aspiring to make the most of on hand resources, SIDPEC and ETHYDCO have successfully integrated through a number of projects and production units including:

- Butene-1 Production Unit at SIDPEC.
- Butadiene Extraction Unit at ETHYDCO.

Innovation

Process $\circ \rightarrow \circ \rightarrow \square$
 \downarrow
 $\Delta \rightarrow \square$



Efficiency

MONITORING, DEVELOPMENT & INTEGRATION

PRODUCTION & SALES

At ECHEM, we operate a portfolio of businesses; well positioned to take advantage of integration synergies with our affiliates and operating units, as well as maintaining focus on operational excellence.

Production and maintenance plans are key elements in enhancing productivity and reducing shut-down periods. The start-up of ESTYRENICS (Polystyrene Plant), together with the leap in production rates of SIDPEC and EPP perked up ECHEM's progress in the fiscal year 2012/2013, resulting to 2.8 Million Tons of total petrochemicals production with an increase of 31% over last year.

An ambitious plan was set for sales as the total reached 2.3 Million Tons, with an increase of 13%. 635 Thousand Tons were dedicated to meet local market demands while 1.6 Million Tons were directed for export.



SIDI KERIR PETROCHEMICALS COMPANY (SIDPEC)

ETHYLENE

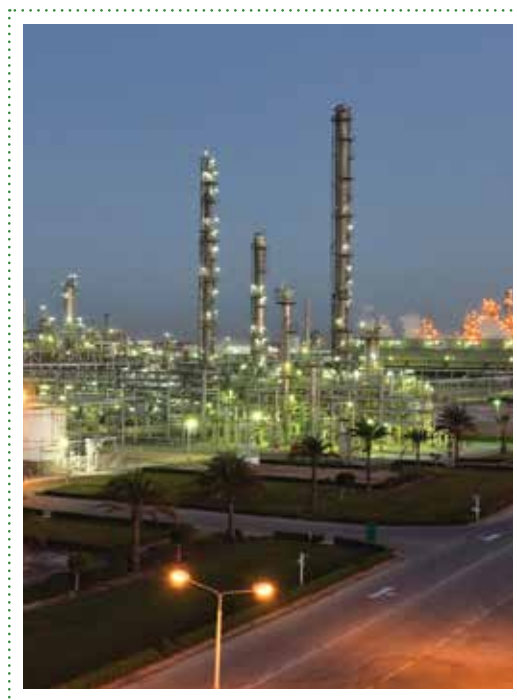
284 Thousand Tons were produced meeting 105% of production plan. 37 Thousand Tons were sold to EPC at a value of 317 Million EGP.

POLYETHYLENE

245 Thousand Tons were produced with a percentage of 11 over planned. 247 Thousand Tons were sold; out of which 157 Thousand Tons were dedicated to meet local market demands amounting 1441 Million EGP while directing 90 Thousand Tons for export at a value of 130 Million USD.

LIQUEFIED PETROLEUM GAS (LPG)

22 Thousand Tons were produced with a percentage of 89 of production plan. Total quantity was dedicated to GASCO at a value of 31 Million EGP.



EGYPTIAN PROPYLENE & POLYPROPYLENE COMPANY (EPP)

Production rates marked 222 Thousand Tons of Polypropylene with 74% of production plan. 225 Thousand Tons were sold; where 88 of which were dedicated to meet local market demands at a value of 847 Million EGP, while 137 Thousand Tons were exported at a value of 201 Million USD. Excess in sales rates resulted from a carried over production from the preceding fiscal year.



EGYPTIAN PETROCHEMICALS COMPANY (EPC)

POLYVINYL CHLORIDE (PVC)

61 Thousand Tons were produced achieving 81% of production plan. 65 Thousand Tons were sold; 62 of which were directed to meet local market demands amounting 441 Million EGP while 3 Thousand Tons were dedicated for export at a value of 3 Million USD.

LIQUEFIED CAUSTIC SODA 98%

59 Thousand Tons were produced achieving 101% of the production plan. 55 Thousand Tons were sold; out of which 51 Thousand Tons were directed to meet local market demands amounting 150 Million EGP while 4 Thousand Tons were dedicated for export at a value of 1.7 Million USD.



EGYPTIAN METHANEX METHANOL COMPANY (EMETHANEX)

Production rates marked 813 Thousand Tons of Methanol with 63% of production plan. 804 Thousand Tons were sold; where 86 Thousand Tons were dedicated to meet local market demands at a value of 218 Million EGP, and 719 Thousand Tons were exported at a value of 282 Million USD.



AMREYA PETROLEUM REFINING COMPANY (APRC-LAB UNIT)

55 Thousand Tons of LAB were produced with 108% over planned; 51 Thousand Tons were dedicated to serve the local market with 551 Million EGP, and 4 Thousand Tons were exported amounting 7 Million USD.



MISR FERTILIZERS PRODUCTION COMPANY (MOPCO)

Repeated turndowns & shutdowns have pushed Ammonia/Urea production to limit its rates. Unfortunately, MOPCO's plant design capacity haven't been reached due to the current happenings.

AMMONIA

Ammonia production reached 322 Thousand Tons, with 79% planned. 293 Thousand Tons of which were dedicated to meet Urea production, while 28 Thousand Tons were exported at a value of 63 Million EGP.

UREA

Urea production reached 516 Thousand Tons, with 86% planned. 573 Thousand Tons were sold; 20 of which were dedicated to meet local market demands amounting 27 Million EGP. 553 Thousand Tons were directed for export at a value of 249 Million USD. Excess in sales rates resulted from a carried over production from the preceding fiscal year.



EGYPTIAN STYRENE & POLYSTYRENE PRODUCTION COMPANY (ESTYRENICS)


Pre-commissioning & commissioning phases have successfully completed in the 4th Quarter 2012, with the production of 48 Thousand Tons of Polystyrene. 35.7 Thousand Tons were sold; where 6.7 Thousand Tons were dedicated to meet local market demands at a value of 70 Million EGP while 28.9 Thousand Tons were exported at a value of 48 Million USD. Total plant design capacity is expected to be reached in the fiscal year 2013/2014.



EGYPTIAN LINEAR ALKYL BENZENE COMPANY (ELAB)

ELAB has successfully produced 110 Thousand Tons of LAB, representing 110% of the plan. 108 Thousand Tons were sold; 27 Thousand Tons of which were dedicated for local market at a value of 329 Million EGP, while 81 Thousand Tons were exported at a value of 140 Million USD.





PROCESS
CREATIVE
SOLUTION

MARKETING STRATEGY

Every CEO and marketing executive periodically faces urgent strategic marketing challenges that can affect the future of the company for many years. Frequently these decisions are made without having an opportunity to study the situation and make the best possible decision.

At ECHEM, we follow a better approach by performing an annual comprehensive review of markets and opportunities, then making long-term strategic decisions without the distractions of day-to-day market-

ing and sales activities. Daily decisions then fit into the company's overall strategic marketing goals.

The top-down process of developing a strategic marketing plan helps insure that all tactical marketing programs support the company's goals and objectives, as well as convey a consistent message to customers. This approach improves company efficiency in all areas, which helps improve revenue and assure market share growth while minimizing expenses, all of which lead to higher profitability.

II DYNAMIC STRATEGIC MARKETING

ECHEM follows a dynamic strategic marketing plan applying SWOT analysis for the surrounding environment and applying the Know-How strategy of meeting national and international market demand.

ECHEM adopts a wise marketing strategy to meet its target plan outlining:

- Participation in feasibility studies concerning projects under construction & under study, en- route to establishing integrated industries that meet local market demands and export surplus as well as maximizing the value added of the local feedstock used in production.
- Marketing the products of the affiliated companies locally and export surplus via short term and long term contracts.
- Opening new channels with world-class entities via global conferences and exhibitions or direct communication.

II OUR STRATEGY

- Utilizing technical and administrative capabilities of fresh and trained manpower to apply state-of-the-art technologies.
- Maximizing the value added of the feedstock used to raise revenues of ECHEM and its affiliates.
- Minimizing imports through the rational utilization of local products offered by national petrochemical plants in an attempt to save foreign currency.
- Exporting surplus to generate foreign currency.

II APPLICATION

Applying this strategy, ECHEM will positively affect the national economy through:

- Availing petrochemical products needed to meet local market demands.
- Replace imports and increase exports.
- Establishing industries that utilize petrochemical products as a feedstock.
- Availing direct and indirect job opportunities through downstream projects requiring mass labour such as industrial clusters .



ENVIRONMENT, HEALTH & SAFETY

ECHEM endeavors to maintain the highest and the strictest levels of environment, health and safety international codes and standards. Projects in the development phase, under execution or operating plants are kept under strict supervision for applying those standards. Moreover, support is provided when needed.

SN	LIST	OVERALL	COMPANY	CONTRACTOR
1	Total Number of Working Hours	21985759 hr	13798759 hr	8187000 hr
2	Number of Employees	9627	6898	2729
3	Fatality/Serious Injuries	-	-	-
4	Lost Time Injuries (LTI)	-	-	-
5	First Aid/Minor Injuries	101	66	35
6	Recordable Injuries	101	66	35
7	Injuries (Outside Workplace)	7	6	1
8	Fatalities (Outside Workplace)	-	-	-

Average Working Hours/ Company Employee/Year = 2000 Hr.

Average Working Hours/ Contractor Employee/Year = 2500 Hr.

ECHEM Companies’ Fatal Accident Rate (FAR) compared to OGP

FAR (2012)	ECHEM	OGP
Overall	0.00	2.38
Company	0.00	1.58
Contractor	0.00	2.59

Fatal Accident Rate (Far): The Number Of Company/Contractor Facilities Per 100 Million Hours Worked.

ECHEM Companies’ Lost Time Injury Frequency (LTIF) compared to OGP

LTIF (2012)	ECHEM	OGP
Overall	0.00	0.48
Company	0.00	0.47
Contractor	0.00	0.49

Lost Time Injury Frequency (Ltif): The Number Of Lost Time Injuries (Facilities + Lost Work Day Cases) Per 100 Million Hours Worked.

OGP: International Association of Oil & Gas Producers

Ref.: OGP Safety Performance Indicators – 2012 Data – Report No.: 2012s – June 2013



[We Protect Our Environment
For Future Generations]

HUMAN RESOURCES DEVELOPMENT

II ECHEM HUMAN CAPITAL A DRIVER OF COMPETITIVE ADVANTAGE

During 2012/2013, ECHEM HR has set a key goal to foster a competent workforce and create an organizational culture to maintain its relevance as a place of opportunity and excellence.

This year, ECHEM HR main objective was to transform our petrochemical affiliates and operating units into "Learning Organizations" capable of developing knowledge in terms of know-how and expertise, and promote best practices in the petrochemical business.

ECHEM as a "Think-Tank" for Egypt's petrochemical industry, felt the crucial need to address key challenges and act as a platform where top executives from affiliate companies collectively address the challenges encountering the industry through a series of specialized workshops & training programs designed and conducted by ECHEM.

ECHEM HR HAS ALSO SET A KEY GOAL TO INTEGRATE WITH ITS AFFILIATES THROUGH:

- Identifying and analyzing HR issues, defining optimized systems to recruit and train the right people.
- Promoting a business culture that encourages innovation and rewards individual initiative.
- Ensure that the emerging petrochemicals workforce has the right experience and skills needed to tackle the challenges that lie ahead and deliver business strategy.

ECHEM has managed to build a truly HR function capable of maintaining our talents across more than ten years of operation. Our priority is to retain close oversight of



employees with most sought-after skills. This allows us to manage all aspects of their career journeys from graduate recruitment to pay and performance management.

We believe that, in order to function in a more sustainable way, it is vital that ECHEM has the right people with the right skills in the right places. Our "Competency Based Management" project is currently underway. Our endeavor is to:

- Develop an effective succession planning model.
- Facilitate the selection and promotional processes.
- Build career formation programs in alignment with shared competencies.

Thinking of human capital as the real investment of any organization, we have taken positive steps towards introducing ECHEM Skills Bank, an information system which processes data of all ECHEM and affiliate employees. Using this data, we continuously model the demography of our workforce to identify the developing skills gap by tapping into our talent pool.

Our key initiatives for implementation over the coming years will add significant value to the organization and its strategic business goals.

MANAGEMENT INFORMATION SYSTEMS

Organizational intelligence and knowledge management refer to our capacity to gather information, to innovate, to generate knowledge and to act effectively based on that knowledge.

AT ECHEM, ONE OF OUR MAIN TARGETS IS TO TRANSFORM INTO A LEARNING ORGANIZATION.

Clearly, information technology plays a major role in managing organizational change to a knowledge organization and in enhancing and supporting the resulting intellectual capital and knowledge capital. Such organizational intelligence includes inherent historical knowledge and generative intelligence that results from collaboration among company employees and especially management. This intelligence is one of the main factors which lends us competitive edge.

It is in this context that our Information Technology experts function to support all plans for innovation and continued elevation of performance for the organization



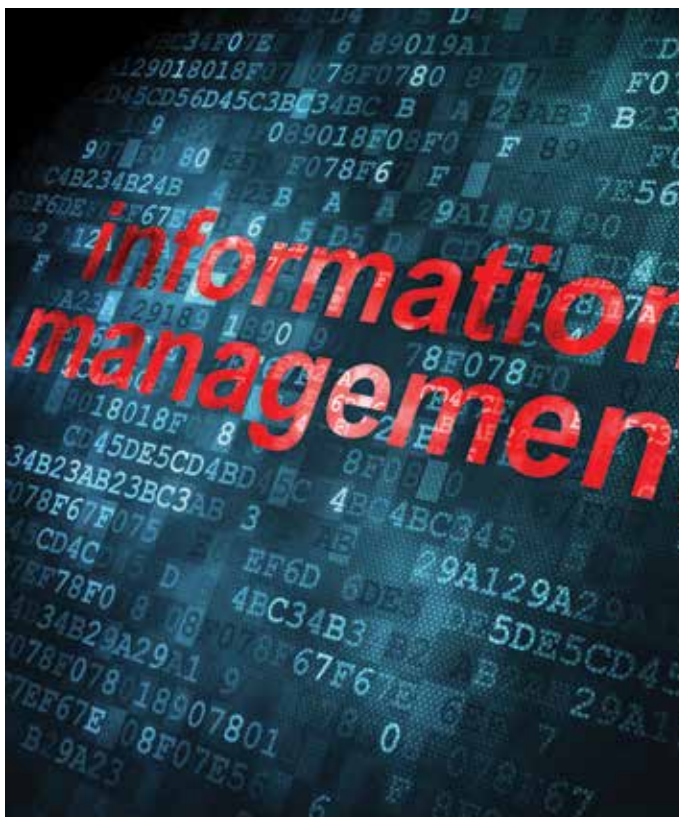
and its members.

This is carried out parallel to the everyday services provided for daily operations and employee support including automation of all company activities, increasing web capacities and ensuring easy and secure access to information.

THE BUSINESS DRIVERS

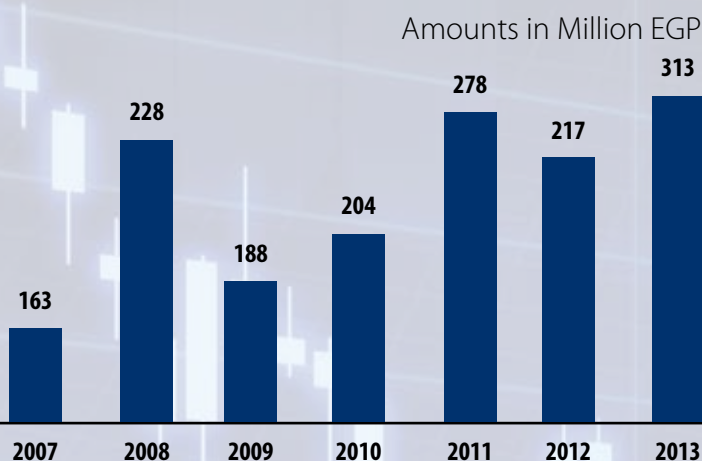
In carrying out our targets, integration seems to show up in almost all business initiatives. There are no single best strategy for integration, ours is driven by the information and business priorities required by the organization and identified from the end user perspective. The integration process touches most domains within our company; it stretches to include Enterprise Resource Planning (ERP), Supply Chains, Logistics, Performance Management, Automation, and any other domain which the company management sees necessary to include.

Our long term vision in this regard is the interoperability, with integration blending into all development activities.



FINANCIAL HIGHLIGHTS

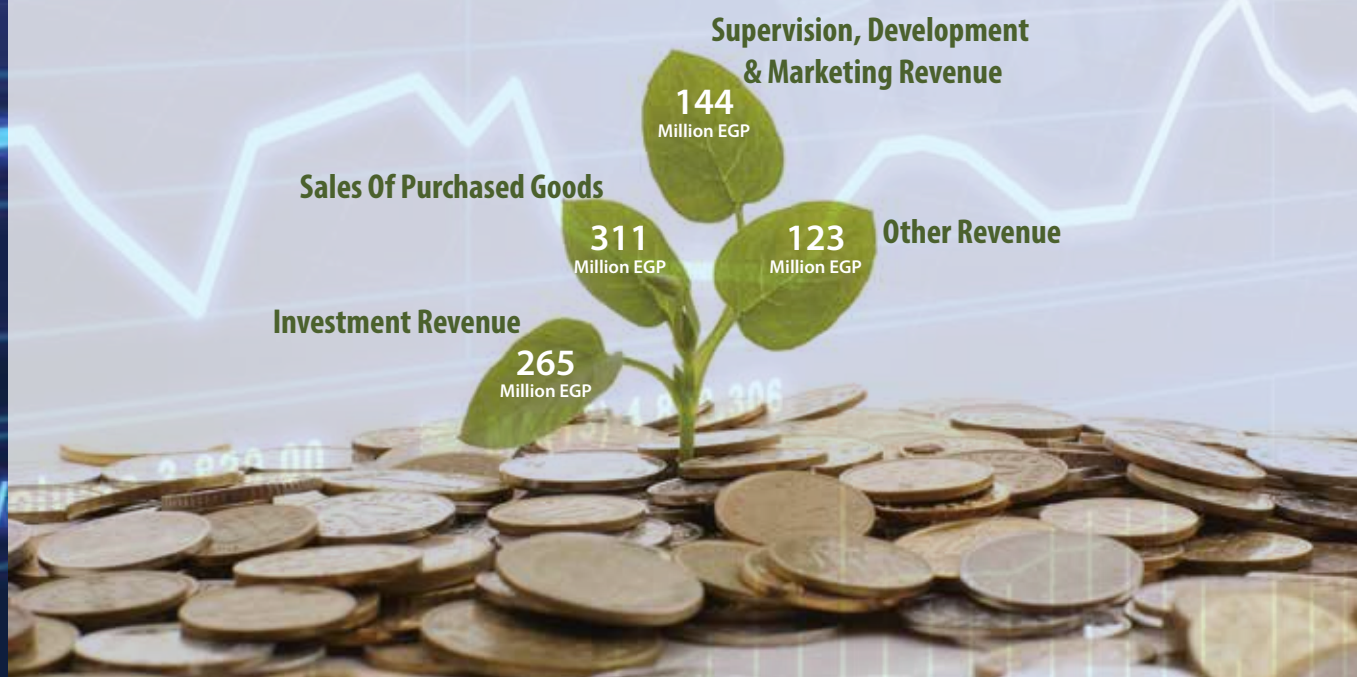
Income Before Income Tax



INCOME STATEMENT (HIGHLIGHTS)

(In Million EGP)	30/6/2012	30/6/2013
Revenue	625	843
Expenses	(408)	(530)
Total Income Before Income's Tax	217	313
Corporate Income Tax	(2)	-
Net Income	215	313

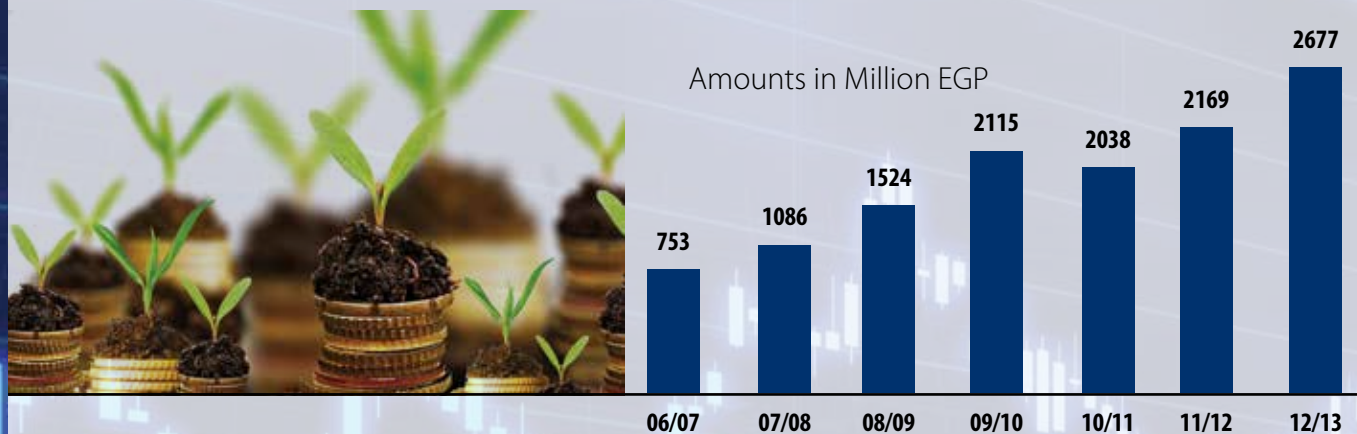
REVENUE ANALYSIS 30 JUNE 2013



FINANCIAL HIGHLIGHTS

A Growth Strategy

The graph shows the development of ECHEM Investment in Companies



BALANCE SHEET (HIGHLIGHTS)

(In Million EGP)	30/6/2012	30/6/2013
Assets		
• Fixed & Long Term Assets	2685	3213
• Cash & Cash Equivalents	72	81
• Accounts Receivable	59	178
• Inventories	3	4
• Other Current Assets	106	157
Total Assets	2925	3633
Liabilities		
• Accounts Payable	3	29
• Accrued Liabilities And Other Payables	299	505
• Current Portion Long Term Debt	181	53
• Short Term Loans	93	108
• Other Current Liabilities	56	45
• Total Non-Current Liabilities	554	1017
Total Liabilities	1186	1757
Total Shareholders' Equity	1740	1876

LONG TERM ASSETS



Amounts in Million EGP

