EGYPTIAN PETROCHEMICALS HOLDING COMPANY

ANNUAL REPORT 2014 / 201<u>5</u>

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

Mrs. Hala Borai Executive Vice President, Finance

Eng. Hussain Ismail Executive Vice President, Operations

NON-EXECUTIVES:

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

Eng. Mohammad Hafez

Executive Vice President, Planning & Projects Egyptian General Petroleum Corporation (EGPC)

Eng. Mohammad Hassan Vice President, Operations & Networks Egyptian Natural Gas Holding Company (EGAS)

Eng. Saeed Ibrahim Chairman Egyptian Petrochemicals Company (EPC

Mr. Mohammad Abbas Vice President Petroleum Sector Union



MESSAGE FROM THE CHAIRMAN

Another prosperous year has been added to ECHEM's journey affirming on its pivotal role in establishing a world-class petrochemicals industry in Egypt.

It gives me great pleasure to recite the success stories witnessed throughout the fiscal year 2014/2015 and validate on how our National Petrochemicals Master Plan is coming to light day by day.

The successful startup of MOPCO's 2nd Train, together with the adjacent commissioning of the 3rd Train & ETHYDCO, were set to greatly contributed in satisfying local market demands for value added petrochemical products while export surplus, hence supporting our national economy.

In addition, ECHEM's regular revamps and constant overhauls for its projects have tremendously boosted performance and productivity indicators. EPC is currently undergoing a major replacement/rehabilitation process for its worn out machinery to enhance performance while raising production quality.

Promoting for our future expansion & as part of the New Suez Canal Corridor development, ECHEM has proudly participated with a bountiful share of groundbreaking projects that provide value added petrochemical products, reinforce our national economy and avail thousands & thousands of direct and indirect job opportunities. I believe that the upcoming days behold a bright investment future for the petrochemicals industry in Egypt in the light of the wise governmental reforms, sincere employees dedication and extensive R&D activities that will place Egypt as a prolific competitor on the regional petrochemicals production map.

Mohamed Saafan

President & Chairman of the Board



PROLOGUE

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

OUR VISION

To be a major player in the petrochemicals industry through transforming Egypt into a regional petrochemicals hub.

OUR MISSION

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 CORE VALUES

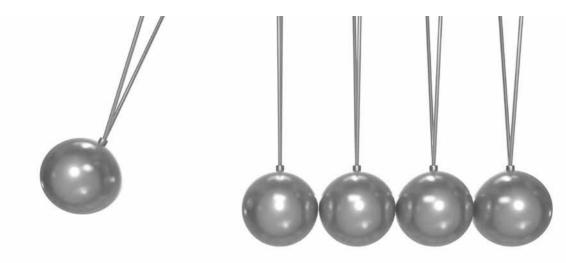
We set a high standard of performance and ethical behaviors and our reputation is upheld by how we live up to our values. We believe that our long-term success and shareholders' benefits depend on our dedication to social responsibility, employee empowerment, technological partnership and integrity. Our future business 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 BOARD OF DIRECTORS

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

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 ECHEM'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, ECHEM 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.



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 and meeting local market demands of petrochemical products.

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 financial model is 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 offtaker, a feedstock provider, a financial loan marketer, etc... In all cases our partnerships enjoy a solid base of win-win situations.

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.

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.



OUR SOCIAL RESPONSIBILITY

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

Investment in community is also investment in the long term success of any company; as they both deliver mutual benefits and promote 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 the effort of building a competitive workforce, enhancing health & wellbeing while protecting the environment benefit both ECHEM and the communities in which it operates.

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

ECONOMIC DEVELOPMENT:

We support programs that create sustainable employment opportunities. This promotes self-sufficiency, stimulates job growth & 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:
 - We promote 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" through a 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.



SIDI KERIR PETROCHEMICALS COMPANY (SIDPEC)

Talking CSR, can't overlook we marvelous efforts exerted the by SIDPEC, an Egyptian joint stock entity established on November 1997, in Al-Amerya Alexandria, to produce a number of pivotal petrochemical products that best serve our local market and national economy 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 extended a helping hand to more than 45 non-profitable organizations, orphanages, governmental & cancer hospitals as well as visually impaired & differently-abled care centers all over Egypt. Investing in future calibers, SIDPEC has subsidized the underprivileged students in the neighborhood and provided the disadvantaged schools with the basic necessities for quality education.

Our reputable affiliate has devoted its resources to boost the creative thinking of Faculty of Mechanical Engineering students – Alexandria University by designing a new Formula Car with which they will participate in national & regional competitions. SIDPEC as well enhanced the scientific research activities in the Egyptian Syndicate of Scientific Professions – Alexandria.

EGYPTIAN LINEAR ALKYL BENZENE COMPANY (ELAB)

ELAB was implemented on November 2003 to meet local market demands for Linear Alkyl Benzene whereas surplus is dedicated for export. Production is widely used in the manufacture of liquid and powder detergents.

Since ELAB stands closely to those in need, the company has extended aid to a number of governmental hospitals like Al-Miry & Al-Mabarah in addition to a



number of charitable organizations that pay due care to the deprived citizens in Alexandria. The company as well has funded The Faculty of Engineering – Alexandria University as part of its endeavors to raise the standard of education & make the most of its resources.

EGYPTIAN METHANEX METHANOL COMPANY (EMETHANEX)

Another story of success is that of

EMETHANEX is an Egyptian joint venture with Canadian Methanex Corporation; the global leader in Methanol industry distribution and marketing. ECHEM along with a number of Egyptian governmental organizations hold sizeable percentages of this venture.

A great sense of belonging is shared between EMethanex and the neighborhood in which it operates. The company has touched the challenges the community has been facing long ago and is trying its best to improve their standard of living.

On educational scale, EMETHANEX has inaugurated 2 kindergartens for Manar Al Sabeel Association at Sananya, Damietta. The 2 KGs are now serving more than 475 children with good educational service at competitive prices. The company as well has provided Al Ibn Al Khas association with a bus & educational furniture to serve more than 300 differently-abled child in the vicinity, in addition to providing Kafr Al-Bateikh schools with more than 150 desks.



On health scale, EMethanex is currently establishing a medical care center for Friends of Liver Patients Association, serving more than 1500 families in Kafr Al-Bateikh. Moreover, the company has cooperated with Damietta Cancer Institute to deliver 18 regular beds with its complete accessories, 13 ICU beds, 15 chemo-therapy chairs and 2 ICU ventilators. It is worth mentioning that Damietta Cancer Institute serves over 50000 patients with different cancerous illnesses covering five governorates (Damietta, Port Said, North Sinai, Dakahlia & Kafr El Sheikh). Another healthrelated project is the inauguration of a neonatal center for Ansar Al Sonnah Association in Damietta, serving an area of 23,000 inhabitants.

MISR FERTILIZERS PRODUCTION COMPANY (MOPCO)

MOPCO was established on July 1998 in Damietta free zone to produce Ammonia and 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 effort to promote development in Damietta; the first initiative of which is covering the drainage system of Al-Sananya village while establishing a two-ways road to and fro Damietta/Ras Al-Bar provinces with a total cost of 47 Million EGP. The second is executing phase III of Farascor's garbage recycling factory; with a cost of 25.5 Million EGP for the first 2 phases. The third initiative comprised the participation of MOPCO in providing Shata Shelters with LPG with a share of 500 Thousand EGP. MOPCO as well aims to create a healthy and beautiful landscape in the neighborhood by planting 500 shrubs and trees on the World Environment Day (WED).

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.

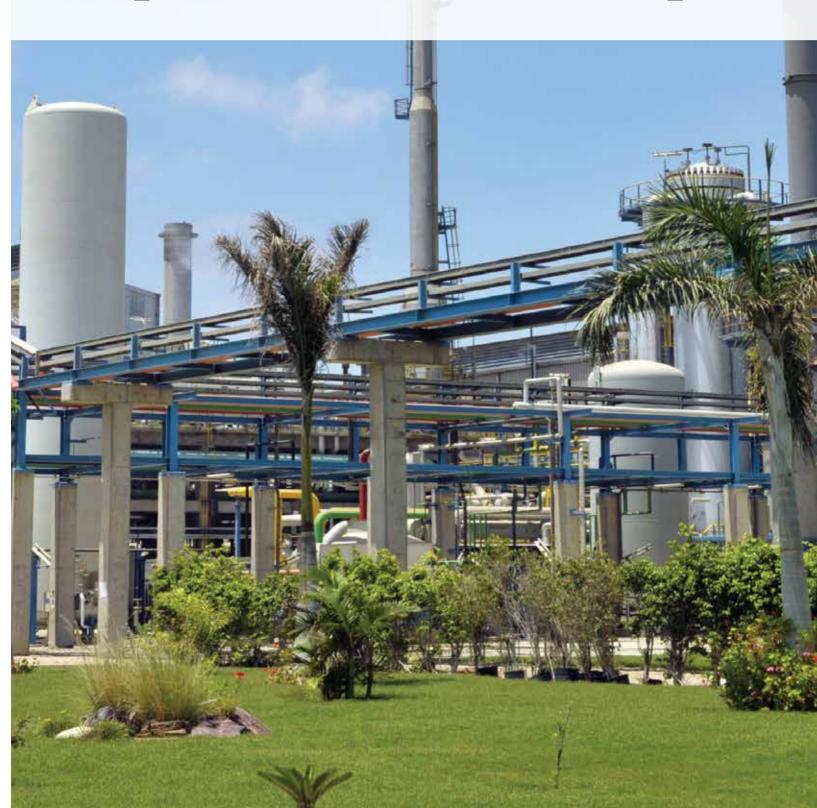


THE NATIONAL PETROCHEMICALS MASTER PLAN

ECHEM 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 the national petrochemicals master plan.

PROJECTS UNDER EXECUTION

MISR FERTILIZERS PRODUCTION COMPANY **MOPCO**



PURPOSE OF THE PROJECT:

The project aims to produce Urea & Ammonia. Urea & surplus Ammonia were set to meet local market

demands, where as surplus Urea will be dedicated for export.

SHAREHOLDERS:

National Investment	70.97%
 Petroleum Sector: Egyptian Petrochemicals Holding Company (ECHEM) 30.75% Egyptian Natural Gas Holding Company (EGAS) 7.62% Egyptian Natural Gas Company (GASCO) 5.72% 	44.09 %
 2- Banking & Insurance Institutions: National Investment Bank 12.82% National Bank of Egypt 2.56% Nasser Social Bank 2.56% Misr Insurance Company 2.3% Misr Life Insurance 1.98 % 	22.22%
3- Initial Public Offering:	4.66 %
Arab & Foreign Investment:	29.03%
Arab Petroleum Investments Corporation (APICORP) 3.03%	

• Agrium 26%

PLANT CAPACITY:	1.38 Million T/Y Urea 100 Thousand T/Y surplus Ammonia
TOTAL INVESTMENT COST:	1927 Million USD
LOCATION:	Damietta Free Zone – Damietta Governorate
PROJECT PROGRESS:	 Expansion Project (1st & 2nd Trains): Successful start-up for the 1st train in June 2015. Erection works & systems testing are in progress for the 2nd train where overall actual progress reached 94%. ZLD Unit (3rd Train): Testing & commissioning procedures are nearly completed.
START UP DATE:	1st Train: June 2015 (Actual) 2nd Train: October 2015 (Planned)





PURPOSE OF THE PROJECT:

The project aims to produce Ethylene & Derivatives utilizing GASCO's Ethan/Propane mixture as a feedstock rather than exporting it.

SHAREHOLDERS:

National Investment	100%
 Petroleum Sector: Egyptian Petrochemicals Holding Company (ECHEM) 20% Sidi Kerir Petrochemicals Company (SIDPEC) 20% Egyptian Natural Gas Company (GASCO) 11% 	51%
 2- Banking Institutions: 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
 26 Thousand T/Y Butadiene Derivatives

 TOTAL INVESTMENT
 1025 Million USD

COST: LOCATION: Al Amerya – Alexa

Al Amerya – Alexandria Governorate (EPC & SIDPEC Land)

PROJECT PROGRESS: O

Overall actual progress reached 91% in June 2015.

Utility Project:

- Successful start-up for the main units in January 2015.
- ZLD unit commissioning is in progress.

Ethylene Project:

- Erection works are successfully completed.
- Pipelines hydraulic testing is in progress.
- Production units commissioning is in progress.

Polyethylene Project:

- Erection works are successfully completed for steel structures, tanks & storage silos.
- Erection works are in progress for production units.

OSBL Units:

- Basic design works are successfully completed.
- Erection works are awarded to EPC contractor.
- Construction works are in progress for the administrative & safety buildings.

START UP DATE:

4th Quarter 2015

EGYPTIAN STYRENE & POLYSTYRENE PRODUCTION COMPANY E.STYRENICS

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

SHAREHOLDERS:

NATIONAL INVESTMENT	100%
 Petroleum Sector: Egyptian Petrochemicals Holding Company (ECHEM) 25% Petroleum Projects and Technical Consultations Company (PETROJET) 20% Engineering for the Petroleum & Process Industries (ENPPI) 15% 	60%
 2- Others: National Investment Bank 24% Ministry of Finance 16% 	40%
PLANT CAPACITY: 300 Thousand T/Y Styrene	
TOTAL INVESTMENT	

COST:	532 Million USD
LOCATION:	Al-Dekheila Port – Alexandria Governorate
PROJECT PROGRESS:	 Basic engineering designs are successfully completed in July 2014. Integrated Styrene & Polystyrene feasibility study has been successfully prepared in April 2015.
	 Styrene Emulsion Unit: A cooperation protocol has been signed among ECHEM, E.STYRENICS and Academy of Scientific Research & Technology (ASRT) to establish Styrene Emulsion unit. General Authority for Investment & Free Zones (GAFI)'s approval has been granted for adding the activity of Styrene Emulsion production to the company's scope.
START UP DATE:	2019.



FORTHCOMING OPPORTUNITIES



PURPOSE OF THE PROJECT:

The project aims to produce Bio-ethanol from Sugar Beet Molasses. Ethanol shall be used as a feedstock for a number of petrochemical products or as a clean alternative energy resource after blending with Gasoline. Production will satisfy local market demands for Bio-ethanol while surplus shall be exported.

SHAREHOLDERS:

Egyptian Petrochemicals HoldingOthers	Company (ECHEM)
FEEDSTOCK:	420 Thousand T/Y Sugar Beet Molasses
PLANT CAPACITY:	100 Thousand T/Y Bio Ethanol
Est. TOTAL INVESTMENT COST:	135 Million USD
LOCATION:	Motobus – Kafr Al-Sheikh Governorate (ECHEM Land)
PROJECT PROGRESS:	 Within the framework of Egypt Economic Development Conference (EEDC 2015), the Ministry of Investment together with the Ministry of International Cooperation have entitled Arab African International Bank to promote for the project in coordination with ECHEM. Financial model as well as Project Information Memorandum (PIM) have been prepared. Arab African International Bank is to organize joint meetings between ECHEM & a number of private sector sugar companies to discuss proposed cooperation & investment opportunities.
START UP DATE:	2019



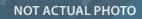
BIO ETHANOL FROM RICE STRAW

PURPOSE OF THE PROJECT:

The project aims to produce Bio-ethanol from Rice Straw & agricultural wastes. Ethanol shall be used as a feedstock for a number of petrochemical products or as a clean alternative energy resource after blending with Gasoline. Production will satisfy local market demands for Bio-ethanol while surplus shall be exported.

SHAREHOLDERS:

Egyptian Petrochemicals Holding (Others	Company (ECHEM)
FEEDSTOCK:	250-300 Thousand T/Y Rice Straw & Agricultural Wastes
PLANT CAPACITY:	50 Thousand T/Y Bio Ethanol
Est. TOTAL INVESTMENT COST:	227 Million USD
LOCATION:	Motobus – Kafr Al-Sheikh Governorate (ECHEM Land)
PROJECT PROGRESS:	 Within the framework of Egypt Economic Development Conference (EEDC 2015), the Ministry of Investment together with the Ministry of International Cooperation have entitled Cairo Financial Holding (CFH) to promote for the project in coordination with ECHEM. Financial model as well as Project Information Memorandum (PIM) have been prepared. Misr Insurance Holding Company has shown great interest in contributing in the project company.
START UP DATE:	2019



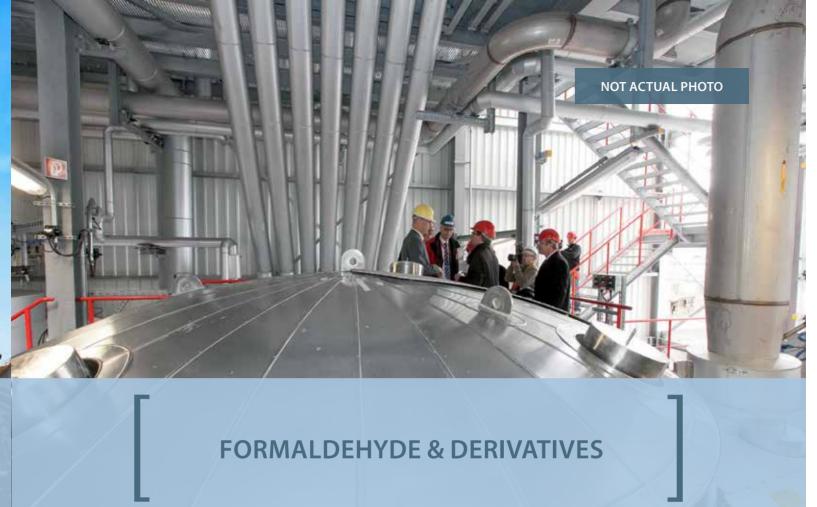
PROPYLENE & DERIVATIVES

PURPOSE OF THE PROJECT:

The project aims to produce Propylene Derivatives utilizing GASCO's Propane as a feedstock rather than exporting it while maximizing its value added. Production shall serve local market needs and surplus shall be exported.

SHAREHOLDERS:

Egyptian Petrochemicals HoldingOthers	Company (ECHEM)
FEEDSTOCK:	350 - 420 Thousand T/Y Propane
PLANT CAPACITY:	300 - 350 Thousand T/Y Propylene to be converted to a number of derivatives
Est. TOTAL INVESTMENT COST:	2-3 Billion USD
LOCATION:	Al-Amerya - Alexandria Governorate (EPC Land)
PROJECT PROGRESS:	 Feedstock supply term sheet was signed with GASCO. Project studies have been awarded to an international consultant. In February 2015, Non-disclosure Agreement & Memorandum of Understanding have been signed among ECHEM, Egypt Kuwait Holding (EKH), International Petrochemical Company (IPC), Bawa- bet Al-Kuwait Holding Company together with Boubyan Petro- chemical Company to invest in the project.
START UP DATE:	2020



PURPOSE OF THE PROJECT:

The project aims to produce Formaldehyde & Derivatives utilizing EMETHANEX's Methanol as a feedstock, maximizing its value added.

SHAREHOLDERS:

Egyptian Petrochemicals Holding Company (ECHEM) Others FEEDSTOCK: 30 Thousand T/Y Methanol PLANT CAPACITY: 70 Thousand T/Y Formaldehyde & Derivatives **Est. TOTAL INVESTMENT COST:** 100 Million USD **LOCATION:** Motobus - Kafr Al-Sheikh Governorate (ECHEM Land) Methanex Europe is to provide the project with feedstock (Metha-**PROJECT PROGRESS:** nol). EEAA approval has been issued for project implementation. In February 2015, Non-disclosure Agreement & Memorandum of Understanding have been signed among ECHEM, Egypt Kuwait Holding (EKH), International Petrochemical Company (IPC), Bawabet Al-Kuwait Holding Company together with Boubyan Petrochemical Company to invest in the project. **START UP DATE:** 2019

OPERATIONS ACTIVITY

Follow-up & Development

Egyptian Petrochemicals Company (EPC)



For more than 35 years, EPC has affirmed on its pivotal role & sincere dedication towards meeting local market demands for PVC and Liquefied Caustic Soda. Surplus production has been directed for export ever since; generating profitable revenues that back up our national economy.

In this regard, EPC launched a major overhaul for all its production units and operating systems. EPC's overhaul has triggered 3 main projects encompassing; the revamping of VCM plant, upgrading PVC's automated control system, together with implementing a water filtration system for utility plant and switches station. It is worth mentioning that ECHEM's specialized deputies formed a focus group to provide EPC with the technical support needed throughout the overhaul, extended from February to April 2015.

The revamping of VCM plant comprised refurbishing the worn out machinery to debottleneck production

units. The revamping has successfully maintained safe operational procedures and increased production capacity to 90 Thousand T/Y; the matter that optimized feedstock consumption valuing 8 Million EGP/Annum and attained beneficial revenues amounting 240 Million EGP/Annum.

As for PVC unit, EPC procured ENPPI to replace the rundown automated control system with an upgraded DCS one. The new automated system is to provide a high-end efficiency for production while preserving the continuity of operations. Raising PVC's plant capacity to 90 Thousand T/Y, SIDPEC & ETHYDCO are to coordinate to secure EPC's demand for Ethylene.

In May 2015, the water filtration system has been successfully installed for utility plant and switches station to satisfy ETHYDCO's need for 1000 M3/Hr. of filtrated water. EPC's revenues are expected to reach 30 Million EGP/Annum.



















EGYPTIAN PETROCHEMICALS COMPANY (EPC)

Egyptian Linear Alkyl Benzene Company (ELAB)

Egyptian Propylene & Polypropylene Company (EPPC)



Securing the company's need for Straight Paraffin's Chain while saving up to 400 T/D Jet Fuel, ELAB established a line connecting its plant with APC's east warehouses of 300 meters long and 8 inches diameter.



ECHEM together with EGPC have supported EPPC in obtaining crucial Propane import permits via UGDC facility at Damietta Port. Throughout 2015, Propane quantities ranged from 12 to 15 Thousand T/M and a total of 180 Thousand T/Y.

Production & Sales

Egyptian Petrochemicals Company (EPC)



Throughout the fiscal year 2014/2015, EPC launched a major revamping to all its production units, the matter that hindered meeting its annual target. 72% of production plan was achieved producing 54 Thousand Tons PVC.

More than 44 Thousand Tons were sold; 44 Thousand of which were directed to meet local market demands amounting 336 Million EGP while 55 Tons were dedicated for export at a value of 51 Thousand USD.

LIQUEFIED CAUSTIC SODA 100%

54 Thousand Tons were produced achieving 93% of production plan. After meeting the plant's need for 5 Thousand T/Y Liquefied Caustic Soda 100%, more than 49 Thousand Tons were sold. 49 Thousand of which were directed for local market demands amounting 155 Million EGP while 88 Tons were dedicated for export at a value of 39 Thousand USD.

Sidi Kerir Petrochemicals Company (SIDPEC)



ETHYLENE

273 Thousand Tons were produced meeting 98% of production plan; 240 Thousand Tons of which were dedicated for Polyethylene production. 33 Thousand Tons were sold to EGPC serving the need of EPC at a value of 284 Million EGP.

POLYETHYLENE

236 Thousand Tons were produced with a percentage of 105 over planned. 233 Thousand Tons were sold; out of which 137 Thousand were dedicated to meet local market demands amounting 1616 Million EGP while directing 96 Thousand Tons for export at a value of 134 Million USD.

LIQUEFIED PETROLEUM GAS (LPG)

19 Thousand Tons were produced achieving 86% of production plan. 18 Thousand Tons of which were dedicated to GASCO at a value of 44 Million EGP.

Amreya Petroleum Refining Company (APRC-LAB UNIT)



49 Thousand Tons of LAB were produced achieving 96% of production plan. 53 Thousand Tons were sold; 52 Thousand of which were dedicated to serve the local market amounting 599 Million EGP, while 1 Thousand Ton was exported amounting 986 Thousand USD.

Egyptian Linear Alkyl Benzene Company (ELAB)



ELAB has successfully achieved an overall progress of 114% over planned with the production of 114 Thousand Tons of LAB. 120 Thousand Tons were sold; 90 Thousand Tons of which were exported at a value of 131 Million USD, while 30 Thousand Tons were dedicated for local market at a value of 367 Million EGP.

Misr Fertilizers Production Company (MOPCO) - 3rd Train



MOPCO's plant capacity hasn't been reached due to the repeated shutdowns that haven't served Ammonia/Urea production. **AMMONIA**

Ammonia production reached 162 Thousand Tons, with 41% of production plan. 147 Thousand Tons of which were dedicated to meet Urea production, while 19 Thousand Tons were directed to meet local market demands at a value of 53 Million EGP. **UREA**

Urea production reached 262 Thousand Tons, with 41% of production plan. 268 Thousand Tons were sold; 136 of which were dedicated to meet local market demands amounting 252 Million EGP. 132 Thousand Tons were directed for export at a value of 46 Million USD.

Egyptian Methanex Methanol Company (EMETHANEX)



Production rates marked 388 Thousand Tons of Methanol. 403 Thousand Tons were sold; 359 Thousand were exported at a value of 123 Million USD, while 45 Thousand Tons were dedicated to meet local market demands at a value of 88 Million EGP.

Egyptian Propylene & Polypropylene Company (EPPC)



Production rates marked 212 Thousand Tons of Polypropylene. 204 Thousand Tons were sold; 46 Thousand of which were dedicated to meet local market demands at a value of 381 Million EGP, while 158 Thousand Tons were exported at a value of 215 Million USD.

Egyptian Styrene & Polystyrene Company (E.STYRENICS)

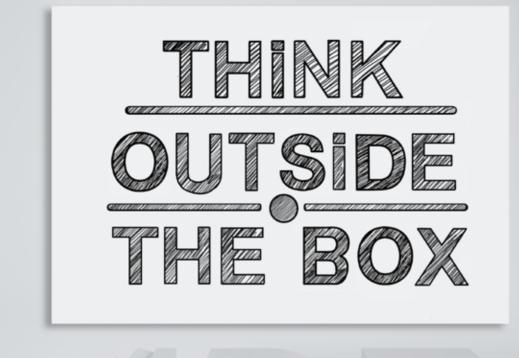


Production rates reached 39 Thousand Tons of Polystyrene. 45 Thousand Tons were sold; 40 Thousand of which were dedicated to export at a value of 60 Million USD, while 5 Thousand were directed to meet local market demands amounting 52 Million EGP.

Egyptian Indian Polyester Company (EIPET)



Production rates reached 149 Thousand Tons of Polyester. 164 Thousand Tons were sold; 131 Thousand of which were dedicated for export at a value of 161 Million USD, while 33 Thousand were directed to meet local market demands amounting 288 Million EGP.



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 longterm strategic decisions without the distractions of day-to-day marketing 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.

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, enroute 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.

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

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	COMPANY	CONTRACTOR	OVERALL
1	Total Number of Working Hours	14070814	27474000	41544814
2	Number of Employees	7034	9158	16192
3	Fatality/Serious Injuries	-	-	-
4	Lost Time Injuries (LTI)	3	2	5
5	First Aid/Minor Injuries	48	19	67
6	Recordable Injuries	51	21	72
7	Injuries (Outside Workplace)	7	1	8
8	Fatalities (Outside Workplace)	-	-	-

Average Working Hours/ Company Employee/Year = **2000 Hr**. Average Working Hours/ Contractor Employee/Year = **2500 Hr**.

ECHEM Fatal Accident Rate (FAR) compared to IOGP

FAR (2012)	ECHEM	IOGP
Overall	0.00	1.03
Companies	0.00	0.53
Contractors	0.00	1.17

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

ECHEM Lost Time Injury Frequency (LTIF) compared to IOGP

LTIF (2012)	ECHEM	IOGP
Overall	0.12	0.36
Companies	0.21	0.26
Contractors	0.073	0.39

Lost Time Injury Frequency (LTIF): The Number Of Lost Time Injuries (Facilities + Lost Work Day Cases) Per 1 Million Hours Worked.

* IOGP: International Association of Oil & Gas Producers.

* Data Series: IOGP Safety Performance Indicators -2014 Data - June 2015.



HUMAN RESOURCES DEVELOPMENT

ECHEM HUMAN CAPITAL A DRIVER OF COMPETITIVE ADVANTAGE

During 2014/2015, 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.

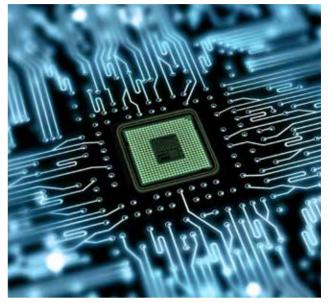
MANAGEMENT INFORMATION SYSTEMS

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.

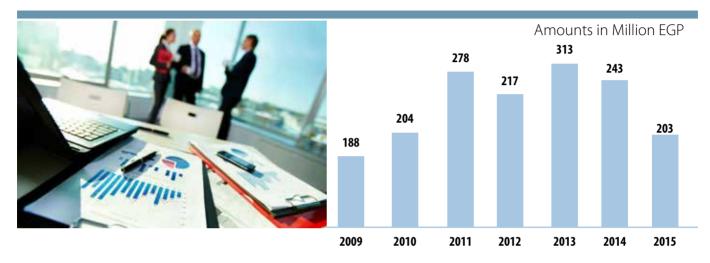
THE BUSINESS DRIVERS

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)

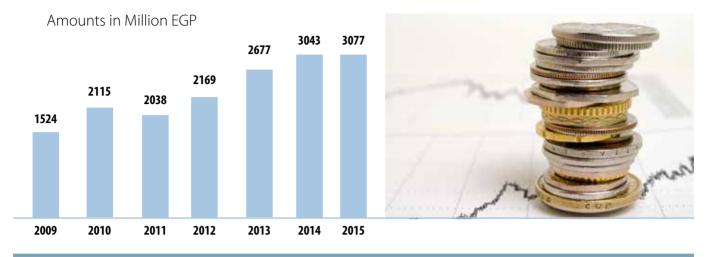
(In Million EGP)	30/6/2014	30/6/2015
Revenue	908	681
Expenses	(666)	(478)
Total Income Before Income's Tax	243	203
Corporate Income Tax	(1)	(22)
Net Income	242	181

REVENUE ANALYSIS 30 JUNE 2015

	Million EGP
Investment Revenue	330
Sales Of Purchased Goods	151
Supervision, Development & Marketing Revenue	119
Other Revenue	81

A GROWTH STRATEGY

The graph shows the development of ECHEM Investment in Companies



BALANCE SHEET (HIGHLIGHTS)

(In Million EGP)	30/6/2014	30/6/2015
Assets		
Fixed & Long Term Assets	3572	3591
Cash & Cash Equivalents	107	51
Accounts Receivable	176	67
Inventory	7	3
Other Current Assets	281	418
Total Assets	4143	4130
Liabilities		
Accounts Payable	76	9
Accrued Liabilities And Other Payables	99	173
Current Portion Long Term Debt	218	244
Short Term Loans	114	320
Other Current Liabilities	83	77
 Total Non-Current Liabilities 	1016	702
Total Liabilities	1606	1525
Total Shareholders' Equity	2537	2605

LONG TERM ASSETS



