

Energising your future

Annual Review 2012



شركة نفط البحرين (مغلقة)
THE BAHRAIN PETROLEUM COMPANY B.S.C. (CLOSED)
www.bapco.net

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**His Royal Highness Prince Khalifa
bin Salman Al Khalifa**

The Prime Minister



**His Majesty King Hamad
bin Isa Al Khalifa**

King of the Kingdom of Bahrain



**His Royal Highness Prince Salman
bin Hamad Al Khalifa**

Crown Prince
Deputy Supreme Commander
First Deputy Prime Minister



شركة البترول البحرينية
ب.م.ب.ع
THE BAHRAIN PETROLEUM COMPANY p.l.c. (BAPCO)
www.bapco.net

His Royal Highness Prince Khalifa bin Salman Al Khalifa The Prime Minister

Your Royal Highness,

It is an honour and a privilege to present to you and the people of Bahrain the Annual Review and record of achievements of The Bahrain Petroleum Company B.S.C. (Closed) for the year 2012.

Energy and financial markets faced a unique set of challenges in 2012, impacting international and regional business. However, despite the apparent slowdown in global economic growth, Bapco reported several major accomplishments in operational performance and productivity, environmental initiatives, health and safety and corporate social responsibility.

As always, we place a great deal of emphasis on the safety of our personnel, the company's greatest asset. And it is therefore with a sense of satisfaction that we can report having achieved a safety record of eight million man-hours without a Lost Time Injury during the year. We are extremely pleased and proud of this achievement, and are determined to improve on this record in the future.

We are delighted to report to Your Highness that the company is pressing ahead with a comprehensive Strategic Investment Program (SIP) which was approved by Your Highness in 2005. At US\$1.2 billion, the SIP is one of the biggest investments in Bapco's history, and is transforming the company into a more competitive, innovative, efficient

and profitable global player, while reinforcing its role as a prime contributor to our national economy.

The program includes several profit-driven and environment-related projects, many of which have already been completed and some of which are ongoing. These include progress on a US\$120 million Waste Water Treatment Plant (WWTP), which will dramatically reduce seaborne pollution when commissioned in 2013; a 5MW Pilot Solar Power Generation network, a key renewable energy initiative for the Kingdom; and a carbon dioxide (CO2) recovery plant, which by early 2013 is expected to provide an environmentally-friendly alternative for CO2 extraction at Bapco.

Bapco Refinery continued to deliver superior performance and in 2012 we processed a total of 95.8 million barrels of crude, which is 1.8 million barrels above our annual budget target. In an environment of increasing energy costs and inflation we have focused on remaining cost effective and competitive. In the upstream arena, Bapco continued to provide full technical support to NOGA and nogaholding and its international partners on various projects, stepping up its involvement in exploration work in four offshore blocks, and increasing its engagement with our partners on the Exploration and Production Sharing Agreement for the onshore Deep Gas initiative. In addition, Bapco provided technical support on the Liquefied Natural Gas receiving terminal being established.

"A heartfelt thanks to our valued personnel, the Bapco family, for their extraordinary work and dedication. Together, we can look back at 2012 as another year of outstanding performance across the board."

We were delighted to celebrate during the year the first anniversary of operation of the Lube Base Oil Project joint venture with Neste Oil of Finland and nogaholding. Despite challenging market conditions for high quality lube base oils experienced in its first year, we are confident of the project's long-term value proposition to the business as we diversify our product portfolio.

Our priorities towards the mentoring and development of our human resources remain unchanged. Bapco will continue to invest in its people, training them and encouraging them to acquire the skills and experience which will make them an even more valuable asset for the company in the future.

More than 2,500 employees benefitted from training in various disciplines during the year. Important pan-organisation upskilling exercises which aim to inspire and motivate our workforce to set and achieve their career goals.

Support for Bahrain's talented youth – our future business leaders – prospered in 2012. We were honoured to renew our support for the Crown Prince International Scholarship Program, while some 40 talented students attended leading local and overseas universities at Bapco's expense.

In a world of change and uncertainty, we believe the actions we have taken in 2012 further reinforce our

strong foundations, equipping us to rise strongly to future challenges. However, to improve continuously we will continue to focus on and re-evaluate our corporate priorities, and seek ways to deliver greater value for our shareholders and our stakeholders. We will continue to reach out to the communities we serve. And we will leave no stone unturned in our quest for excellence across the organisation.

In spearheading our strategies we acknowledge a debt of gratitude to HE Shaikh Ahmed bin Mohammed, Minister of Finance, Minister in Charge of Oil and Gas Affairs and Chairman of National Oil & Gas Affairs for his guidance and support, which enabled Bapco to fully meet its obligations towards the Kingdom of Bahrain. We also place on record here our heartfelt thanks to our valued personnel, the Bapco family, for their extraordinary work and dedication. Together, we can look back at 2012 as another year of outstanding performance across the board.

On behalf of the Bapco Board of Directors, management and employees, I offer my wholehearted gratitude to His Majesty the King, to Your Royal Highness, and to His Royal Highness the Crown Prince for the support given to all of us in Bapco as we seek to serve the Government of the Kingdom of Bahrain.

Adel Al Moayyed, Chairman



Chairman's
foreword



2012 Highlights

Elements of the Bapco Modernisation Program (BMP), part of a broader US\$1.2 billion Strategic Investment Plan, were progressed, the Board of Directors approving in principle a new Refinery configuration, pending further studies and consultation.

Bapco showcased its capabilities and the Kingdom's competitive advantages at more than 60 local, regional and international exhibitions, conferences and events, including the Bahrain International Air Show, Gulf Air Bahrain Formula One Grand Prix, GEO2012, Petrotech 2012 and the Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC).

The Refinery achieved its lowest operating costs in five years, while annual crude runs to the Refinery totalled 95.8 million barrels, exceeding the budget target by 1.8 million barrels.

More than 60 Bapco employees reached out to students at local schools and universities, sharing their professional knowledge, experience and insights as part of InJaz Bahrain.

The company renewed its Gold Sponsorship of the auspicious Crown Prince International Scholarship Programme, assisting young Bahrainis expand their educational horizons and career aspirations.

A key project in Bapco's product diversification strategy, the first anniversary of operation of the Lube Base Oil Plant was celebrated.

Eight million man-hours without a Lost Time Injury were accomplished, the latest manifestation of the company's zero compromise approach to employee and contractor health and safety.

The Environmental Management System certification ISO14001 was extended to all operational areas of the company following rigorous external audits during the year.

Work on a US\$120 million Waste Water Treatment Plant was largely completed. By early 2013 the project will be reducing the oil and solids content of wastewater currently discharged from the company to the sea.

As part of a long-term strategic evaluation program, Bapco identified four new initiatives during the year, bringing to 23 the total number of initiatives planned for implementation between 2013 and 2018.

national icon, international player



Bapco's role as a key national economic driver was underpinned by a satisfactory sales performance in 2012 with total revenues of US\$5.31 billion achieved in the face of continued inertia in key export markets.

At home, a planned turnaround and inspection programme during the year caused output from Abu Salah, the offshore field in which Bahain holds an output equity share of 150,000 barrels per day (bpd) with Saudi Arabia, to fall from 54.7 million barrels in 2011 to 48.2 million barrels.

However, the effects of this production shortfall were offset by key benchmark crude prices stabilising at more than US\$100 per barrel through the year, as markets factored in heightened concerns over potential oil supply disruptions caused by geopolitical tensions in the Middle East and North Africa (MENA) region. Consequently, cash flow to the government of Bahrain from crude oil sales met national budget expectations.

All crude exports were shipped to East of Suez markets. Of these the Far East accounted for 70% of exports, South East Asia 16%, the Indian Subcontinent 9% and Australia 5%.

Downstream, gross Refinery margins were satisfactory. Closely tracking 2011 levels, they significantly exceeded the business plan target for the year, reflecting a key objective of containing and reducing operating costs in the main process units at the Sitra plant.

Petroleum products export volumes reached 83.6 million barrels, up slightly on the 82.7 million barrels achieved in 2011. Middle distillates accounted for 57.1% of total product exports - exceeding the 56.2% target and improving on 2011's yield of 55.5%. Heavy oil yield (fuel oil plus asphalt) accounted for approximately 22.8% of product exports, sold primarily to the Middle East bunker market, and naphtha accounted for 19%, the majority of which was sold to Asian petrochemical manufacturers.

Bapco's entire sulphur production of 120,181 tonnes were exported to Asia, the Indian Subcontinent taking the lion's share (with 92%), followed by South East Asia (8%).

The slowdown in economic activities in the Organisation for Economic Co-operation and Development (OECD) countries had an impact on oil demand in general, and the lube oil sector in particular, and this reduced feedstock processing volumes at the Lube Base Oil Project, a joint venture with Finland's Neste Oil and Bahrain's naghaholding, commissioned in 2011. However, 2.9 million barrels of feedstock was produced during the year, including 294,000 tonnes of Group III high specification base oil shipped predominantly to Europe, the United States and Asia.

As in previous years the Middle East, comprising mainly GCC countries, accounted for the highest share of Bapco's total export sales (at 49%). The Far East (Japan) and South East Asia accounted for 20%, Africa 16%, Europe 12% and the Indian Subcontinent 3%.

Refined product sales to the local market grew 10% year-on-year in 2012 to 9.7 million barrels, led by high-octane (Murtaz) gasoline (37% of sales), diesel (27%), low-octane (Jayyid) gasoline (22%), LPG (6%), kero/jet (4%) and asphalt (4%).

Furthermore, Bapco contributed some 7,300 barrels per day (bpd) of the 12,127 bpd of jet A-1 fuel supplied to Bahrain Aviation Fuelling Company (BAFCO) at Bahrain International Airport.

The company's fuel handling and distribution infrastructure was upgraded during the year, a new US\$11.5 million Bulk Diesel Loading Station commissioned in August to streamline the distribution of up to 40,000 bpd of diesel to the local market.

Bapco's fuel retail network was also expanded, a new service station opening in Hamad Town and an innovative fuel payment launched for customers using filling stations across the country. By year-end approximately 18,000 corporate and individual customers were using the Sadeem card for fuel purchases.



redefining strategy, setting goals

The year proved to be another defining watershed in Bapco's quest for greater long-term competitive advantages, as improved economies of scale, technological innovations and more streamlined processes came more sharply into focus.

The core refining business was the prime focus in 2012 of a major strategic evaluation of the entire organisation initiated in 2011, the broad goals of which are to transform the company into an environmentally-sustainable refinery.

A Refinery upgrade plan lies at the heart of the Bapco Modernisation Program (BMP) which, overall, to strengthen Bapco's competitive position in global markets, enhance its value proposition for shareholders and keep pace with changing market demands and product specifications by aligning the product slate more closely to anticipated future demand.

Also as part of the BMP – which in addition to refining also covers the core business areas of marketing, human resources and oil and gas supply – four new strategic corporate initiatives were identified in 2012 for implementation over the next five to eight years, bringing to 23 the total number now being driven forward by a dedicated project management office (PMO), which became fully functional during the year.

Business Development

To further diversify the company's interests into downstream hydrocarbon and chemical-related

businesses, the Board of Directors approved during the year a five-stage business evaluation procedure, the aim of which is to identify attractive joint venture or acquisition opportunities.

Several target companies meeting the requisite criteria were identified and studied in 2012, which are at different stages of evaluation. Of these, three were approved by the Board for further study by an external consultant, who will be appointed in the first quarter of 2014 to produce an independent report on each target, which will assist the Board to decide whether to make a formal joint venture or share acquisition proposal.



maximising potential, rationalising costs

Bapco's pursuit of incremental operational improvements and potential new long-term revenue streams centred on the core refining business, as well as in upstream activities onshore and offshore Bahrain.

Refinery Performance

The year saw an intensified focus on maximising the operating efficiencies of process units and rationalising operating costs, with considerable success: targeted crude runs were exceeded, operating costs were cut and the plant's environmental credentials were enhanced.

The Refinery processed an average 262,427 barrels per day (bpd) during the year, against a budgeted run of 257,418 bpd. This translated into a total of 95.8 million barrels of crude processed, exceeding the annual target by 1.8 million barrels, and eclipsing 2011's 258,994 bpd average.

Concerted efforts to maximise profitability in the face of rising costs were reflected in the Refinery's lowest operating costs in five years.

A number of innovative strategies were employed to cut costs, including adjusting blend feedstocks in certain process units as required, a method which generated significant savings over the course of the year.

A total of 3,469 mmscf (million standard cubic feet) of off-gas from the Refinery was supplied to the Bahrain National Gas Company (Banagas), with the total recovery of 845,707 barrels of propane, butane and naphtha.

The Refinery also underwent several successful scheduled shutdowns in 2012: the No.1 Visbreaker, Kerosene Retun unit, Platformer, Unifiner, Nos 1 & 2 Crude Units, No.1

Vacuum Distillation Unit and Naphtha Retun Complex. All unit turnarounds were carried out without a single lost-time incident and were within budget.

Other notable achievements included:

- The Refinery Energy Intensity Index - an industry standard that measures and ranks the energy efficiency of a Refinery - was at 132.7 in 2012. While this represents an improvement on 2011, an above average number of unplanned shutdowns over the year prevented further progress in this regard;
- An achieved kerosene flash point of 38.5°C was 0.5°C under the target for the year, resulting in cost savings for the company;
- The average mass loss of 0.57 weight% was slightly lower than the 0.58 wt% in 2011;
- Asphalt production averaged 2.0 vol%;
- A three-year project to upgrade and unify risk management procedures was completed. A new world-class standard is now implemented by which the process of identification, analysis and either immediate correction or mitigation of a failure in the Refinery that needs maintenance is further streamlined;
- The Lube Base Oil Plant joint venture with Finland's Neste Oil and Bahrain's nogaholding, celebrated its first anniversary of safe, efficient operations;

Upstream Initiatives and Performance

Bapco is fully committed to developing the Kingdom of Bahrain's upstream oil and gas reserves in partnership with third parties, providing full technical support to NOGA and nogaholding on various onshore and offshore projects which have the potential to be key revenue generators for the government.

Exploration

Offshore activities concentrated chiefly on the completion of exploratory well drilling activities by the US Occidental (Oxy) and the PTI Exploration and Production Public Company Ltd. of Thailand (PTTEP) on four offshore blocks, and the subsequent relinquishment of the blocks to Bapco for further study and evaluation.

Bapco is currently studying, in conjunction with two renowned international hydrocarbon consultancies, data from geological and geophysical studies in the four blocks, with a view to better understanding their characteristics and overcome exploration challenges faced by Oxy and PTTEP. Furthermore, in one of the two exploratory wells on Block 4 Bapco plans to conduct more conclusive tests and gather more data for this unconventional resource, which has potentially significant implications for the Kingdom's hydrocarbon reserves portfolio.

Once the studies are complete Bapco intends to initiate a new exploration cycle in all four blocks.

Deep Gas EPSA

A series of studies focusing on detailed geological,

geophysical and engineering were completed during the year to analyse complex reservoirs under the terms of an Exploration & Production Sharing Agreement (EPSA) for the Deep Gas project in the onshore Bahrain field.

The studies - the results of which aim to optimise drilling and testing design for the project - were conducted by a team from Occidental in coordination with Bapco, and were part of a monitoring and technical audit to ensure the proper and timely execution of project commitments.

In addition to work conducted in-house by the Bapco and Oxy teams, technical studies and analysis was also carried out by specialist consultancies in France, the UK, USA, and Australia to shed more light on the Kingdom's complex, technically challenging and unconventional deep gas reservoirs.

The next phase of the project will involve planning for the release of three deep exploratory well locations, securing government approval and related drilling logistics.

New Ventures

Studies to evaluate upstream exploration and production sharing opportunities outside Bahrain were initiated during 2012. Feasibility reviews were carried out relating to a number of exploration bid rounds and farm-in opportunities with international oil companies, with potential projects in the Middle East of particular interest.



Upstream & downstream performance



harnessing innovation, driving growth

A number of technology-related initiatives were implemented in core business areas, as well as key customer-facing and internal communications functions, in 2012.

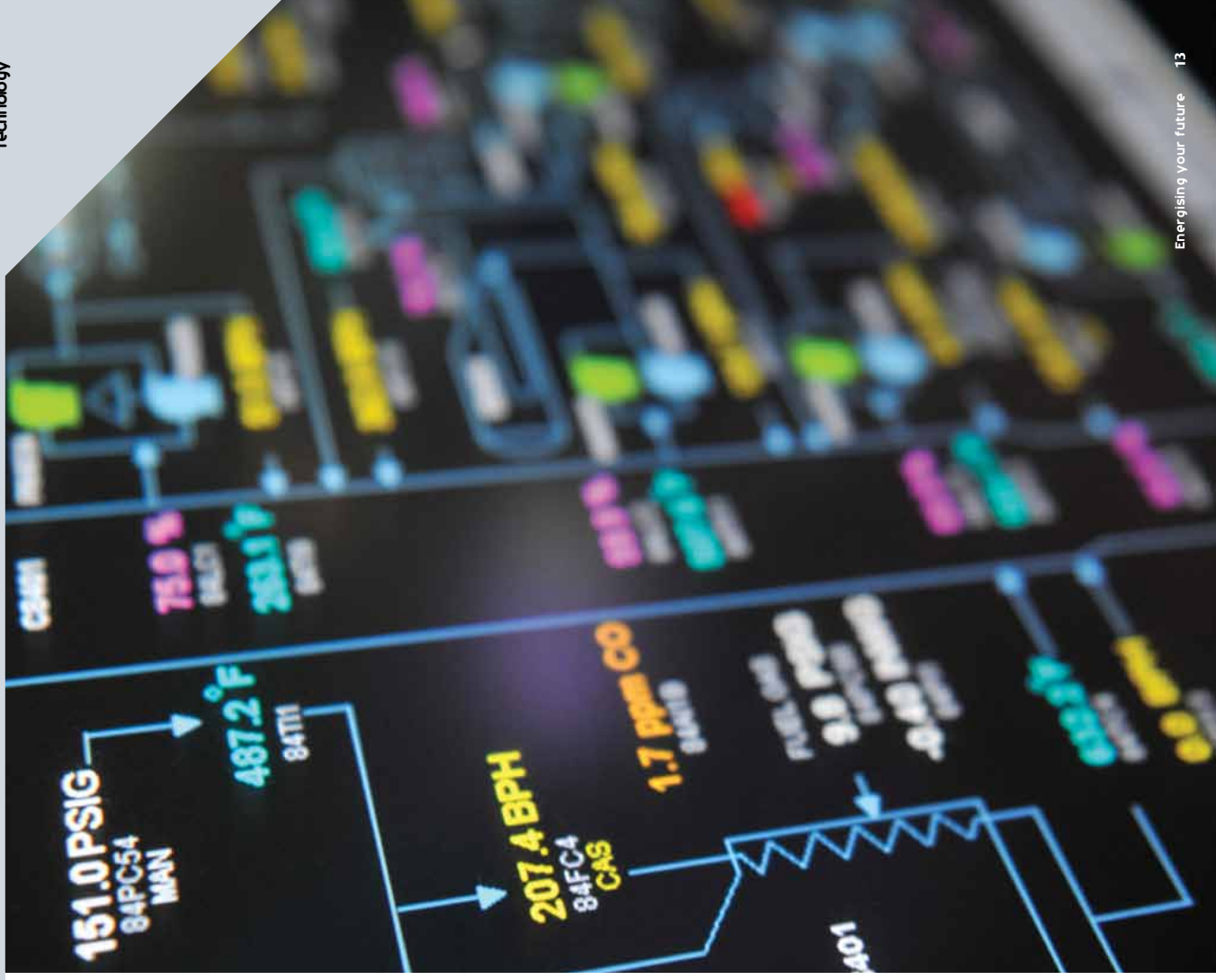
One of the most notable was the Bapco Private Cloud, work on which started during the year. Based on Microsoft System Centre 2012, the project will consolidate and standardise the company's servers and expand shared IT resources and infrastructure - creating greater economies of scale, dramatically reducing IT costs of ownership and improving performance levels of IT applications. As of year-end, the project pilot phase was underway, pending hardware arrival.

On the customer-facing front, several value-added functions were added to Bapco's Help Desk to streamline services. First Call Resolution (FCR) for Help Desk staff rose to 72% from 69.5% in 2011, while 92% of all calls were answered, exceeding the UK average of 89%. Help Desk calls were answered within six seconds on average, ahead of the UK average of 10 seconds.

Innovation also delivered real benefit to upstream field operations in 2012 as preliminary work on the second stage of a project providing petroleum engineers access to information via their desktops was launched in association with system consultant Schlumberger. Physical construction of the Exploration Virtual Data Room (VDR) was due to start in 2013.

In Bapco's marketing business, a new pricing module was implemented within the Oracle system to generate automatic price calculations for crude and petroleum products.

The company's planning and budgeting functions also received a boost during the year with the deployment of Oracle Hyperion Planning, a centralised, Excel and web-based solution integrating financial and operational planning processes and improving business analysis and reporting. Following its implementation, budget planning processes have been significantly improved.



identifying potential, motivating people

Bapco's success is founded on investment in its people, and 2012 proved no different in this respect.

The company's ongoing commitment to professional development - including the provision of a stimulating, challenging and inspiring learning environment - was articulated as in previous years via an array of programmes, workshops and initiatives.

Employees at all levels of seniority and expertise in the company benefitted from both internal and external courses, whose broad objectives were to empower individuals with new skills to help both Bapco and the individual thrive in a more demanding world.

In total, more than 2,500 employees received training in new processes, while 33 technical training courses were offered across a variety of disciplines.

A program to improve the English language skills of Bapco employees continued through the year, with 80% of candidates achieving the required standard while a series of soft skills training exercises helped improve customer service awareness, teamwork and presentation skills among selected employees.

The company's close links to the internationally-acclaimed ILM (Institute of Leadership and Management) suite of executive development programmes - a blended learning approach which is part of the company's executive grooming and succession planning strategy - were reinforced as 50 executives successfully completed ILM Levels 2 and 3.

A number of senior managers also attended advanced management courses run in conjunction with the London School of Business.

Meanwhile, four procurement employees were awarded the Chartered Institute of Purchasing & Supply (CIPS) Certificate, an internationally recognised professional qualification, to improve their knowledge of procurement practices.

Internally, to boost crisis preparedness and media relations, 10 senior management personnel underwent a Crisis Media Spokesperson Training course conducted by Bapco's Oil Spill Response team.

Speakeading the company's professional development initiatives, the Masaar Learning Management System provided the springboard for hundreds of Bapco employees to attend internal and external training courses in Bahrain, the Gulf region and beyond in 2012. Among the focus areas were technical and operational training, management and supervisory development, communications and information and technology skills development.

Workplace Training

Three hundred students from local and international institutes, schools and universities in Bahrain benefitted from workplace training in various Bapco divisions in 2012, part of the company's commitment to providing career development support for young Bahrainis.

Scholarships

Bapco's aim to foster a culture of lifelong learning was underscored through its generous scholarship programmes through the year, which benefitted talented Bahraini high school graduates, company employees and their children.

Forty Bapco scholars are currently pursuing education at leading universities in Bahrain, Australia, the United States and the United Kingdom. During the year 16 scholars graduated in chemical, civil and mechanical engineering, accounting and finance, and are now working at the company. A total of 80 bursaries were also offered to staff children to support their higher studies.

Meanwhile, the popular Bapco Scholars Enhancement Learning Programme (BASEL), now in its third year, benefitted 35 children.

Performance Management Process (PMP)

A career development tool enabling employees at all levels to participate in their own personal and professional development, PMP was launched in

2012 to help plan, manage, document and evaluate performance.

Recruitment

To meet future recruitment needs in light of its modernisation projects, Bapco initiated a new candidate selection methodology in 2012 which is objective, transparent, fair and which eliminates discrimination.

Absence Management Procedure

Implemented in early 2012, this new procedure enhances supervisors' awareness of employee absenteeism, and facilitates the exchange of communication between both parties. To date the new procedure has resulted in a significant reduction in absenteeism.

redefining sustainable practice

Bapco's efforts to spearhead sustainable practice in 2012 were driven not only by substantial capital investment in 'green' projects but also by setting new standards of environmental compliance and through awareness initiatives for the company's stakeholders.

Projects

Progress was made during the year on several projects which will enhance Bapco's environmental compliance credentials. These included:

Waste Water Treatment Plant (WWTP)

To be commissioned in early 2013, the US\$120 million facility will treat approximately 3,500 usgm of wastewater treated through an API separator, skim pond and Induced Air Flotation (IAF) units, reducing the oil and solids content of the wastewater currently released into the sea.

The project will ensure Bapco's compliance with strict government environmental regulations for wastewater discharge will exceed legal requirements.

Pilot Solar Power Project

Bapco awarded the Engineering, Procurement and Construction (EPC) contract for the installation of a 5MW Pilot Solar Power Generation network to US company Petra Solar in June.

The Noga initiative, being project owned and managed by Bapco, is the first phase of a national strategy to promote renewable energy in Bahrain, involves the installation of solar panels on parking shades at three locations in Bahrain.

Detailed structural and electrical design works for the Awali and Refinery parking shades were completed in 2012. Installation of a 0.5MW Ground Mount at the University of Bahrain site was expected to be completed in early 2013.

Bulk Diesel Loading Station

A US\$30 million state-of-the-art top-loading facility was commissioned in August with a capacity to handle 40,000 barrels per day of diesel, primarily for domestic consumption. The facility enables better governance of diesel distribution and facilitates diesel supplies to the construction and contracting sectors in particular.

Carbon Dioxide Recovery Plant

Bapco and Yateem Oxygen, a Bahrain-based industrial gases company, signed a renewable 15-year technical and commercial contract for a Carbon Dioxide (CO2) Recovery Plant. The plant, which will provide an environmentally-friendly alternative for CO2 extraction at Bapco, is expected to be commissioned in early 2013.

Sewage Treatment Plant

Work continued during the year on a new US\$15 million sewage treatment plant. The facility, using a Membrane Bioreactor at the Refinery, is expected to be completed by the second quarter of 2013.

Milestones

Notable milestones for the company during the year included:

ISO14001 Certification

Bapco extended its Environmental Management System certification (ISO14001) to all operational areas during the year, having successfully undertaken rigorous external audits.

Oil Spill Response Limited

The company became a board member of Oil Spill Response Limited (OSRL) - whose mission is to provide members with resources to prepare for and respond to oil spills - enhancing Bapco's role in the containment and prevention of oil spills in Bahrain.

Energy Blitz

This campaign, initiated for the first time in 2012, helped the company achieve unprecedented energy savings of US\$689,000 in just 100 days, far exceeding the US\$275,000 target.

Green School Award

Run in association with the Ministry of Education, the Bapco Green School Award seeks to encourage secondary school students in the Kingdom to take ownership of an environmental project and conceive, design and implement their own projects, from water and energy conservation schemes to recycling initiatives. The 2012 Green School Award was presented to Muhairaq Secondary Girls School.



Green initiatives





Setting benchmarks, ensuring wellbeing

A number of outstanding milestones reflected Bapco's zero-compromise approach to the wellbeing of its staff and stakeholders during the year.

Nowhere was Bapco's culture of occupational health and safety excellence better illustrated than in the achievement of eight million man hours without a lost time injury, for both company employees and third-party contractors, recorded in November.

The Refining Division, the company's largest Division and by its nature most exposed to potential health and safety hazards, had as of year-end recorded 24 consecutive months without serious injury for its workforce and contractors, another notable landmark.

Bapco's commitment to incident and accident-free operations took another step forward in 2012 when it adopted a new Operational Excellence Management System (OEMS), which helps identify and close performance gaps, including in the health and safety sphere.

Employee training and awareness yet again played a pivotal role in mitigating workplace incidents and injuries. Several Bapco employees obtained formal certification in safety integrity level assurance for safety instrumentation equipment during the year. Meanwhile the company conducted Level 1, 2, and 3 initial training procedures and a Table Top Level 2 emergency response exercise, as part of Bapco's Crisis and Emergency Response Plan (CERP).

Meanwhile a three-year project to upgrade and unify the company's Risk Management procedures was completed during the year.

The biannual EHS Week was organised to raise awareness of key environment, health and safety issues among Bapco employees, their families and the wider community. In 2012 a range of activities were organised across the Kingdom, including health lectures and walks, culminating in a Family Day attended by more than 26,000 Bapco employees, contractors and their families at Bahrain International Circuit in November.

Various Bapco departments and contractors were also recognised for their health and safety performance at the company's annual EHS Awards.



local engagement, reinforced trust

Entrenched in its history, heritage and legacy, Bapco's success is defined by the lasting impact it has on the communities it serves.

The company propagates a number of important initiatives which seek to engender greater engagement and trust between corporation and community, and as in previous years they took several educational, sporting and philanthropic forms in 2012.

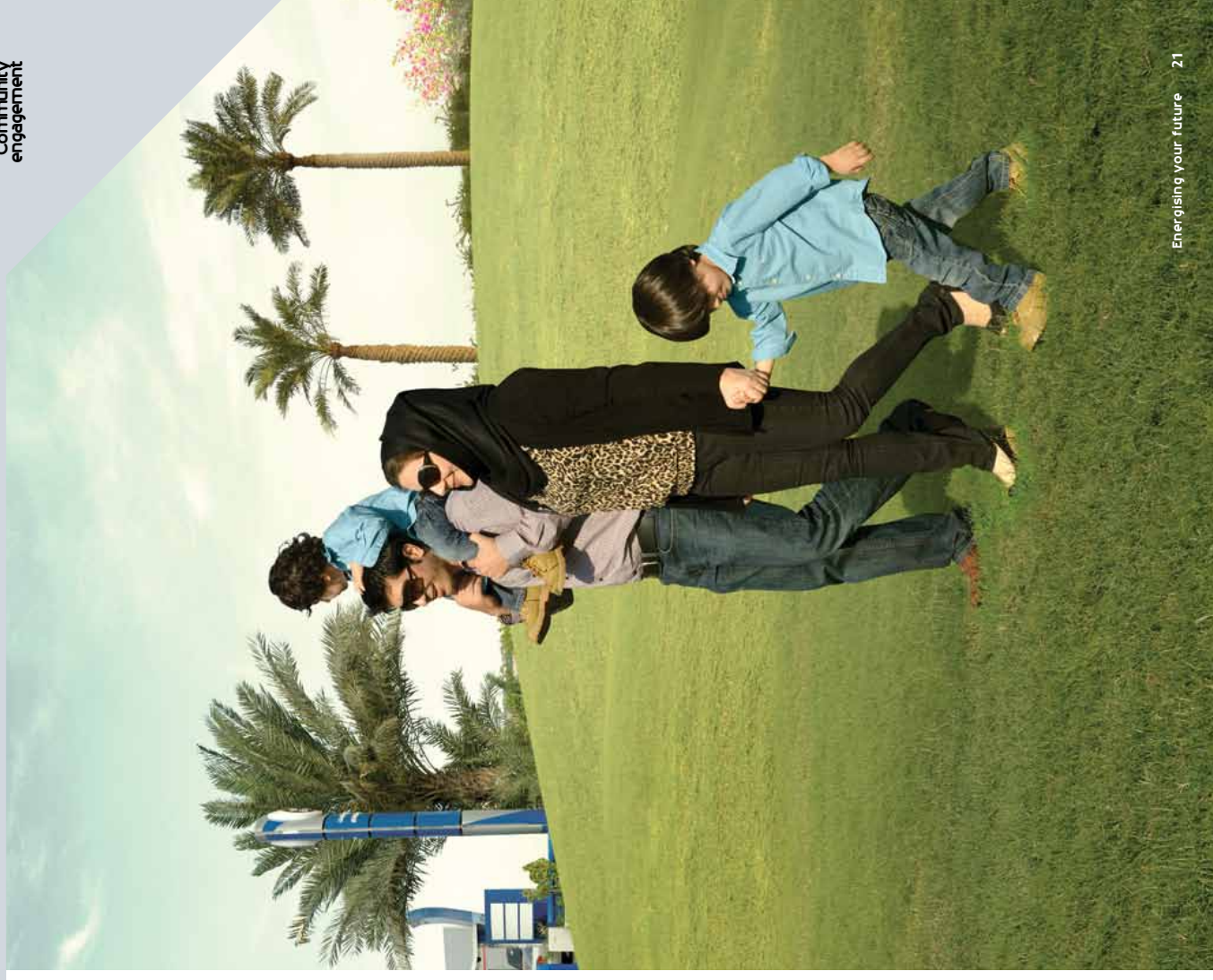
Notably, Bapco renewed its Gold Sponsorship of the Crown Prince International Scholarship Programme (CPISP), a noble scheme providing outstanding young Bahrainis the opportunity to expand their educational horizons at leading universities and colleges around the world.

The company's long-standing support for the highly respected inJaz Bahrain programme continued during the year, as more than 60 'mentor' employees volunteered their time in the classrooms of local schools and universities, sharing their professional knowledge, experience and insights. Up to mid-2012 inJaz Bahrain had reached out to 17,200 secondary, intermediate and university students.

As in previous years Bapco again opened its doors to the community. Industrial training internships for university students were provided in many company departments during 2012, enriching skills and experience.

Approximately 150 tour groups were also welcomed during the year, in which students, tourists and other guests learned about the company's rich history, its operations and environmental responsibilities during visits to sites such as the Oil Museum, Princess Sabeeka Park in Awali and the Refinery.

A total of 85 social, sporting and business events benefitted from Bapco's high level sponsorship in 2012, including the high profile Bahrain International Air Show and the Bahrain International Circuit, which hosts the annual Gulf Air Bahrain Formula One Grand Prix.



Community
engagement



The road
ahead

setting targets, adapting to change

As a key protagonist in the Kingdom's Economic Vision 2030, Bapco will continue to navigate a sustainable path of development which takes into account current and future market trends; one which spearheads investment projects to improve economies of scale, boost productivity and operational efficiencies; and which prioritises initiatives which enhance the company's environmental credentials.

The company's broad-based long-term Strategic Investment Program - a key component of which is the Bapco Modernisation Program, currently underway - promises to contribute valuable new revenues for the government, with positive trickle-down effects on diverse sectors of the national economy in the future. The Refinery Modernisation Project will push the technological boundaries. Upon completion, it will propel the company into one of the world's most advanced oil refiners, and re-establish the Kingdom as a strategically-located, globally-competitive, export-orientated energy hub.

Similarly, an intense and ambitious programme of onshore and offshore exploration activities involving Bapco and local and international partners, is expected to further re-invigorate the Kingdom's upstream sector, help meet the nation's long-term energy needs, and generate fresh export revenues.

Such strategic plans are, however, set against a background of continued uncertainty in major world economies, making forecasting future market movements challenging. Bapco believes crude oil and its derivatives will remain the world's principal fuel and prime global economic driver for the foreseeable future, with natural gas an influential secondary fuel. The company is therefore confident of the long-term value proposition of its strategic investments.

The company's strategic plans are also set in a context of change, and nowhere more so than in the environment field. Oil companies increasingly have both a moral and legal responsibility to their stakeholders to reduce their environmental footprints - whether in their operations or their products. For its part, Bapco's policy of sustainable investment, including in renewable energy, will be a major theme for the future.

Harnessing the power of human endeavour will be another recurring theme for the future. The company remains committed to being an employer of choice for talented Bahrainis, offering a rewarding career path and empowering employees to play a full role in meeting corporate and national strategic aspirations.

And, finally, Bapco's role as a responsible corporate citizen will be further honed, reaching out to the community in ever more inventive and effective ways, in keeping with the company's status as a national icon.

مجلس الإدارة Board of Directors



عادل المويّد – الرئيس
Adel Al Moayyed - Chairman



محمد الجامع – عضواً
Mohamed Al Jamea - Member



الشيخ محمد بن خليفة آل خليفة – عضواً
Shaikh Mohamed bin Khalifa Al Khalifa - Member



فيصل المحروس – عضواً
Faisal Al Mahroos - Member



عبد المجيد العوضي – عضواً
A. Majeed Al Awadhi - Member



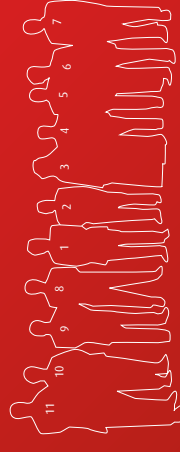
الدكتور أحمد الشريان – عضواً
Dr. Ahmed Al Sharyan - Member



عبد المجيد الغصاب – عضواً
A. Majeed Al Gassab - Member



الإدارة التنفيذية Executive Management



١- غوردون سميث، ٢- إبراهيم طالب، ٣- محمد جواد السنطوي، ٤- محمد غليم، ٥- عادل محمد الجاهية، ٦- الدكتور داود نصيف، ٧- مهدي حسن محمد، ٨- غسان علي السعلا، ٩- عبد الجبار عبد الكريم، ١٠- جاسط القصاب، ١١- خالد إبراهيم الصباغ

1. Gordon Smith, 2. Ibrahim Talib, 3. Mohamed Jawad Sntawi, 4. Mohamed Ghuloom, 5. Adel Mohamed Al Jahma, 6. Dr. Dawood Naeef, 7. Mahdi Hassan Mohammed, 8. Ghasan Ali Al Muhanna, 9. A. Jabbar A. Karim, 10. Hafeeth Al Qassab, 11. Khalid E. Al Sabagh