Mesaieed Petrochemical Holding Company Q.S.C.

FINANCIAL STATEMENTS

31 DECEMBER 2013

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

Report on the financial statements

We have audited the accompanying financial statements of Mesaieed Petrochemical Holding Company Q.S.C. ("the Company") which comprise the statement of financial position as of 31 December 2013, and statement of comprehensive income, statement of cash flows and statement of changes in equity for the period from 29 May 2013 to 31 December 2013 and a summary of significant accounting policies and other explanatory information.

Management responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and its cash flows for the period from 29 May 2013 to 31 December 2013 in accordance with International Financial Reporting Standards.

ERNST & YOUNG

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C. (CONTINUED)

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the period which might have had a material effect on the business of the Company or its financial position. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Company.

Ziad Nader
of Ernst & Young
Auditor's Registration No. 258

ERNST & YOUNG
Doha
محاسبون قانونيون
الدوحة
ارنست ويونغ

Date: 16 March 2014
Doha

Mesaieed Petrochemical Holding Company Q.S.C.

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2013

	Notes	*29 May 2013 to 31 December 2013 QR'000*
General and administrative expenses		(2,547)
Share of profit from joint ventures	4	612,123
PROFIT FOR THE PERIOD		609,576
Other comprehensive income		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		609,576
Attributable to:		
Equity holders of the parent		609,576
BASIC AND DILUTED EARNINGS PER SHARE		
(Expressed as QR per share)	8	0.49

The attached notes 1 to 13 form part of these financial statements.

Mesaieed Petrochemical Holding Company Q.S.C.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	*2013* *QR'000*
ASSETS		
Non-current asset		
Investment in joint ventures	4	13,072,240
Current assets		
Amounts due from a related party	9	93,058
Bank balance		10,000
		103,058
TOTAL ASSETS		13,175,298
EQUITY AND LIABILITIES		
Equity		
Share capital	5	12,563,175
Retained earnings		609,576
Total equity		13,172,751
Current liabilities		
Trade payables and accruals		726
Amounts due to a related party	9	1,821
		2,547
TOTAL EQUITY AND LIABILITIES		13,175,298

Dr. Mohammed Bin Saleh Al-Sada
Minister of Energy and Industry
Chairman

Abdulrahman Ahmad Al-Shaibi
Vice Chairman

The attached notes 1 to 13 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the period ended 31 December 2013

	Notes	*2013* *QR'000*
OPERATING ACTIVITIES		
Profit for the period		**609,576**
Adjustments for :		
Share of profit in joint ventures	4	**(612,123)**
Operating cash flows before working capital changes		**(2,547)**
Due to a related party		**1,821**
Trade payable and accruals		**726**
Net cash flows from operating activities		**-**
FINANCING ACTIVITY		
Share capital introduced		**10,000**
Cash flows from financing activity		**10,000**
INCREASE IN CASH AND CASH EQUIVALENTS		**10,000**
Cash and cash equivalents at 29 May		**-**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**10,000**

The attached notes 1 to 13 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the period ended 31 December 2013

	Share capital QR'000	*Retained earnings QR'000*	*Total QR'000*
Share capital introduced	10,000	-	10,000
Allotment and issuance of additional shares (Note 5)	12,553,175	-	12,553,175
Total comprehensive income for the period	-	609,576	609,576
Balance at 31 December 2013	**12,563,175**	**609,576**	**13,172,751**

1 CORPORATE INFORMATION AND ACTIVITIES

Mesaieed Petrochemical Holding Company Q.S.C. (the "Company" or "MPHC") is registered and incorporated in Qatar with commercial registration number 60843 as a Qatari Shareholding Company by its founding shareholder, Qatar Petroleum ("QP"). The Company is an "Article 68 Company", having been incorporated under Article 68 of the Qatar Commercial Companies' Law No. 5 of 2002. The Company was incorporated on 29 May 2013 for an initial period of 99 years, following the Decision of H.E. the Minister of Economy and Commerce No. 22 of 2013, issued on 21 May 2013. The Company is a fully owned subsidiary of QP. The registered address of the parent company is P.O. Box 3212, Doha, State of Qatar

The principal activity of the Company is to establish, manage, own and/or hold shares, assets and interests in companies (and their subsidiaries and/or associated undertakings) engaged in all manner of processing and/or manufacturing petrochemical products, together with any other company or undertaking which the Company deems beneficial to its business, diversification or expansion from time to time.

The Company was incorporated with an initial share capital of QR 10 million. QP transferred its shareholding ("transfer shares") in the joint venture companies mentioned in the table below to MPHC based on a Share Swap agreement dated 4 August 2013. The consideration for the transfer of shares was the allotment and issuance of shares ("swap shares") by MPHC to QP. The completion of transfer shares was effective under the agreement upon obtaining the commercial registration certificates evidencing the transfer shares registered in the name of MPHC, and the swap shares in the name of QP which occurred on 9 September 2013. Subsequently, an amendment was made to the Share Swap agreement on 30 January 2014, whereby QP and MPHC agreed the transfer date to be 1 September 2013 ("acquisition date"). Accordingly, the share of profits in the joint venture entities was accounted for the four month period from 1 September 2013 to 31 December 2013.

The joint ventures of the Company, included in the financial statements are as follows:

Entity name	*Country of incorporation*	*Relationship*	*Ownership interest 2013*
Qatar Chemical Company Limited (Q-Chem I)	Qatar	Jointly controlled entity	49%
Qatar Chemical Company (II) Limited (Q-Chem II)	Qatar	Jointly controlled entity	49%
Qatar Vinyl Company Limited (QVC)	Qatar	Jointly controlled entity	55.2%

- **Qatar Chemical Company Limited ("Q-Chem I")**, is a Qatari Shareholding Company incorporated in the State of Qatar and is a jointly controlled entity among QP, MPHC and Chevrons Phillips Chemical International Qatar Holdings L.L.C. ("CPCIQH). The company is engaged in the production, storage and sale of polyethylene, 1-hexene and other petrochemical products

- **Qatar Chemical Company II Limited ("Q-Chem II")**, is a Qatari Shareholding Company incorporated in the State of Qatar and is a jointly controlled entity among QP, MPHC and CPCIQH. The company is engaged in the production, storage and sale of polyethylene, normal alpha olefins, other ethylene derivatives and other petrochemical products.

- **Qatar Vinyl Company Limited ("QVC")**, is a Qatari Shareholding Company incorporated in the State of Qatar and is a jointly controlled entity among QP, MPHC and Qatar Petrochemical Company Limited ("QAPCO"). The company is engaged in the production and sale of petrochemical products such as caustic soda, ethylene dichloride and vinyl chloride monomer.

The Company commenced commercial activities on 1 September 2013. These are the first financial statements of the Company for the period from 29 May 2013 to 31 December 2013.

The financial statements of the Company for the period ended 31 December 2013 were authorised for issue by the board of directors on 16 March 2014.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared on a historical cost basis.

The Company's functional and presentation currency is Qatari Riyals ("QR") and the financial statements have been presented in QR'000, except where otherwise indicated.

Statement of compliance
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. These standards are:

- *IFRS 9 Financial Instruments: Classification & Measurement (Effective for annual periods beginning on or after 1 January 2018).*
- *Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27 (Effective for annual periods beginning on or after 1 January 2014).*
- *Amendments to IFRS 7 and IFRS 9 - Mandatory Effective Date and Transition Disclosures*
- *IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (Effective for annual periods beginning on or after 1 January 2014).*
- *IFRIC Interpretations 21 Levels (IFRIC 21) Effective for annual periods beginning on or after 1 January 2014).*
- *IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39 (Effective for annual periods beginning on or after 1 January 2014).*

The Company expects no impact from the adoption of the above standards and amendments on its financial position or performance.

Summary of significant accounting policies

Business combinations and goodwill
The management uses the following criteria to evaluate whether a business combination has substance to apply the purchase method as described in IFRS 3 – Business Combinations or the pooling of interest method where the transaction lacks substance:

(a) the purpose of the transaction;
(b) the involvement of outside parties in the transaction, such as non- controlling interests or other third parties;
(c) whether or not the transaction is conducted at fair value;
(d) the existing activities of the entities involved in the transactions;
(e) whether or not it is bringing entities together into a reporting entity that did not exist before; and
(f) where a new company is established, whether it is undertaken in connection with an IPO or spin-off or other change in control and significant change in ownership.

Accounting for business combinations involving entities or businesses under common control
Accounting for business combinations involving entities or businesses under common control is outside the scope of IFRS 3 "Business Combinations". In the case of an absence of specific guidance in IFRS, the management use their judgement in developing and applying an accounting policy that is relevant and reliable. In making that judgement the management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)
The management has adopted the purchase method to account for the business combinations of entities under common control considering the substance of the arrangement. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Interest in joint venture
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company jointly controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of
  the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The Company's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Company's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Company's share of profit or loss of joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Interest in joint venture (continued)
After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Current versus non-current classification
The Company presents assets and liabilities based on current/non-current classification.

An asset is current when:
- It is expected to be realised or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Trade and other receivables
Trade and other receivables are carried at original invoiced amount less impairment for non-collectability of these receivables. An allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Cash and cash equivalents
Cash and cash equivalents in the statement of cash flows comprise only the bank balances.

Impairment of financial assets
An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, an impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value; less any impairment loss previously recognised in the statement of comprehensive income;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)
Derecognition of financial assets and liabilities
Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
Provisions are recognized when the Company has an obligation (legal or constructive) arising from past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Foreign currency translation
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting date. All differences are taken to the statement of comprehensive income.

Fair values
The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

Use of estimates
The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future.

3 ACQUISITION OF JOINT VENTURES

On the acquisition date i.e. 1 September 2013, QP transferred its shareholding in the joint venture companies ("transaction") through a share swap agreement with the Company. The transaction was accounted for as a common control transaction using the acquisition method of accounting considering the substance of the transaction. The total consideration was QR'000 - 12,553,175 which was settled by allotment and issue of swap shares by MPHC to QP, as detailed in Note 1 to the financial statements.

	Q-Chem I *QR'000*	*Q-Chem II* *QR'000*	*QVC* *QR'000*	*Total* *QR'000*
Total consideration	4,600,000	6,600,000	1,353,175	12,553,175
Less: Provisional values of net assets acquired	(1,050,597)	(1,721,287)	(1,100,591)	(3,872,475)
Goodwill arising on acquisition	**3,549,403**	**4,878,713**	**252,584**	**8,680,700**

4 INVESTMENT IN JOINT VENTURES

The summarised financial information below presents amounts shown in the financial statements of the joint ventures as of 31 December 2013, which are presented in US$'000 and are translated using an exchange rate of 3.64 in the below table:

i. Statement of financial position of joint venture entities

	Q-Chem I *2013* *QR'000*	*Q-Chem II* *2013* *QR'000*	*QVC* *2013* *QR'000*	*Total* *2013* *QR'000*
Current assets	1,789,348	3,324,161	1,103,339	6,216,847
Non-current assets	2,795,152	6,591,927	1,445,273	10,832,352
Current liabilities	(840,418)	(1,892,451)	(208,590)	(2,941,459)
Non-current liability	(1,288,837)	(3,844,437)	(273,604)	(5,406,878)
Equity	**2,455,245**	**4,179,200**	**2,066,418**	**8,700,862**
Proportion of the Company's ownership	**49%**	**49%**	**55.2%**	
Company's share of net assets in the joint venture entities	1,203,070	2,047,808	1,140,662	4,391,540
Goodwill (Note 3)	3,549,403	4,878,713	252,584	8,680,700
Investment in joint ventures	**4,752,473**	**6,926,521**	**1,393,246**	**13,072,240**

4 INVESTMENT IN JOINT VENTURES (CONTINUED)

ii. Statement of comprehensive income of joint venture entities

	Q-Chem I 2013 QR'000	*Q-Chem II 2013 QR'000*	*QVC 2013 QR'000*	*Total 2013 QR'000*
Revenue	1,047,538	1,451,527	587,943	3,087,007
Cost of sales	(405,423)	(466,040)	(362,590)	(1,234,053)
Administrative expenses	(43,144)	(57,174)	(100,019)	(200,337)
Depreciation	(55,292)	(93,776)	(38,393)	(187,461)
Finance income (cost)	985	(11,691)	1,648	(9,058)
Profit before tax	**544,664**	**822,845**	**88,590**	**1,456,099**
Deferred income-tax	(29,570)	(49,651)	3,156	(76,065)
Current income-tax	(120,834)	-	(19,154)	(139,988)
Profit for the period	**394,260**	**773,194**	**72,592**	**1,240,046**
Company's share of profit for the period in joint venture entities	**193,187**	**378,865**	**40,071**	**612,123**

iii. Additional disclosures for interest in joint venture entities

	Q-Chem I 2013 QR'000	*Q-Chem II 2013 QR'000*	*QVC 2013 QR'000*	*Total 2013 QR'000*
Cash and cash equivalents	817,358	1,532,877	628,122	2,978,357
Interest bearing loans and borrowings	-	3,895,401	-	3,895,401
Deferred tax liabilities	721,855	429,771	252,223	1,403,849
Tax payable	418,866	Note 1	80,178	499,044
Dividend received	40,714	52,344	-	93,058

Note 1: Q-Chem II's income tax liability will be undertaken and settled by QP or an entity owned by QP for the first 10 years from the commercial operations date.

4 INVESTMENT IN JOINT VENTURES (CONTINUED)

iv. Capital commitments and contingent liabilities

The below table provides details on the Company's share in the joint venture entities commitments and contingent liabilities incurred jointly with other entities:

	Q-Chem I 2013 QR'000	*Q-Chem II 2013 QR'000*	*QVC 2013 QR'000*	*Total 2013 QR'000*
Capital commitments	**13,120**	**13,750**	**-**	**26,870**
Operating lease commitments:				
Future minimum lease payments:				
Within one year	7,955	13,650	6,484	28,089
After one year but not more than five years	21,120	57,455	31,309	109,884
More than five years	18,537	148,838	5,821	173,196
Total	**47,612**	**219,943**	**43,614**	**311,169**
Contingent liabilities	**-**	**1,839**	**1,296**	**3,135**

5 SHARE CAPITAL

	2013 QR'000
Authorised, issued and fully paid:	
1,256,317,500 shares of QR 10 each	**12,563,175**

As explained in Note 1, pursuant to the share swap agreement, the share capital of the Company increased from QR'000 10,000 to QR'000 12,563,175 based on the allocation and issuance of additional shares to QP for transfer of its shareholding in the joint venture companies.

6 LEGAL RESERVE

MPHC was formed in accordance with the provisions of Article 68. As per Article 68 of the Qatar Commercial Companies' Law No. 5 of 2002, the Companies covered by the Article shall not be subject to the provisions of this Law, except to the extent that the provisions of the Law are not in contradiction with the Articles of Association of the Company.

The Articles of Association of the Company provides that prior to recommending any dividend distribution to the shareholders, the Board shall ensure proper reserves are established in respect of voluntary and statutory reserves considered by the Board. Such reserves as resolved by the Board, shall be the only reserves the Company is required to establish. Accordingly, the Board have resolved not to transfer any profits to the legal reserve for the period.

7 PROPOSED DIVIDEND

The Board of Directors has proposed a cash dividend distribution of QR 0.35 per share for the period ended 31 December 2013. The proposed dividend for the period ended 31 December 2013 will be submitted for formal approval at the Annual General Meeting.

8 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit attributable to the equity holders of the parent for the period by weighted average number of shares outstanding during the year.

The following reflects the income and share data used in basic and diluted earnings per share computation:

	2013
Profit attributable to the equity holders of the parent for the period (QR'000)	609,576
Weighted average number of shares outstanding during the year ("in thousands")	1,256,317
Basic and diluted earnings per share (expressed in QR per share)	0.49

9 RELATED PARTY DISCLOSURES

These represent transactions with related parties i.e. shareholders and senior management of the Company and its related companies. Pricing policies and terms of these transactions are approved by the Company's management.

Related party transactions
Transactions with related parties included in the statement of comprehensive income are as follows:

	2013 *QR'000*
Dividend income from Q-Chem I	40,714
Dividend income from Q-Chem II	52,344
Annual fee paid to Qatar Petroleum	1,821

Related party balances
Balances with related parties included in the statement of financial position are as follows:

	2013 *QR'000*
Amounts due from a related party	93,058
Amount due to related party	1,821

Compensation of key management personnel
The remuneration of key management personnel during the period was as follows:

	2013 *QR'000*
Short-term benefits (includes board sitting fees)	692

10 FINANCIAL RISK MANAGEMENT

Objective and policies
The Company's principal financial liabilities comprise trade accounts payable and due to a related party. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as amounts due from a related party and bank balance, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks which are summarized below:

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risks as the Company does not hold any floating interest rate bearing financial instruments at the reporting date.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is as indicated by the carrying amount of its financial assets which consist principally of amounts due from a related party and bank balance.

With respect to credit risk arising from the financial assets of the Company, the exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as follows:

	2013 *QR'000*
Amounts due from a related party	93,058
Bank balances	10,000
	103,058

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation and is to maintain a balance between continuity of funding and flexibility through the use of bank facilities. All financial liabilities will mature within 12 months from the end of the reporting period.

Capital management
The Company manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions and shareholders' expectation. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. Capital comprises share capital and retained earnings and is measured at QR'000 - 13,172,751.

11 FAIR VALUES OF FINANCIAL INSTRUMENTS

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements:

	Carrying amounts	*Fair values*
	2013	
	QR'000	***QR'000***
Financial assets		
Bank balance	**10,000**	**10,000**
Amounts due from a related party	**93,058**	**93,058**
Financial liabilities		
Trade payable	**726**	**726**
Amounts due to related party	**1,821**	**1,821**

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Bank balances, amounts due from a related party, trade payables, and amounts due to a related party approximate their carrying amounts largely due to the short-term maturities of these instruments.

12 SIGNIFICANT ESTIMATES AND JUDGEMENTS

Impairment of receivable
An estimate of the collectible amount of receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due.

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

13 SUBSEQUENT EVENTS

In early January 2014, Qatar Petroleum offered 323,187,677 existing ordinary shares of the Company during an initial public offer at an offer price of QR 10.20 per share (including QR 0.20 per share for offering and listing costs). On 26 February 2014, the Company became the 43rd company to be listed on Qatar Exchange. The share offer comprised of 25.725% of the total issued share capital of the Company. The initial public offer was restricted to individual Qatari citizens and certain selected Qatari Institutions only. QP continues to hold the remaining 74.275% of total issued share capital (including one special share).