

**MESAIEED PETROCHEMICAL HOLDING
COMPANY Q.P.S.C.
DOHA – QATAR**

**CONDENSED INTERIM FINANCIAL
INFORMATION
FOR THE THREE-MONTH PERIOD ENDED
March 31, 2023**

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

CONDENSED INTERIM FINANCIAL INFORMATION

For the three-month period ended March 31, 2023

INDEX	Page
Condensed interim statement of financial position	1
Condensed interim statement of profit or loss and other comprehensive income	2
Condensed interim statement of changes in equity	3
Condensed interim statement of cash flows	4
Notes to the condensed interim financial information	5 to 15

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**


For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

	Note	31 March 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Non-current assets			
Investments in joint ventures	4 (i)	14,584,238	14,608,608
Current assets			
Prepayment and other receivables	5	3,621	32,125
Deposits and other bank balances	6.1	1,212,569	1,846,658
Cash and cash equivalents	6	1,025,980	1,345,834
Total current assets		2,242,170	3,224,617
Total assets		16,826,408	17,833,225
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	12,563,175	12,563,175
Legal reserve	10	76,481	76,481
Retained earnings		3,656,471	4,769,796
Total equity		16,296,127	17,409,452
LIABILITIES			
Current liabilities			
Trade and other payables	7	528,856	418,296
Due to a related party	8 (ii)	1,425	5,477
Total liabilities		530,281	423,773
Total equity and liabilities		16,826,408	17,833,225

The financial information on pages 1 to 15 were approved and authorised for issue by the Board of Directors on 07 May 2023 and were signed on its behalf by:



Ahmad Saif Al-Sulaiti
Chairman

Abdulrahman Ahmad Al-Shaibi
Board Member

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

	Note	For the three-month periods ended 31 March	
		2023 (Unaudited)	2022 (Unaudited)
Share of results from joint ventures	4 (ii)	242,027	435,173
Interest income		28,579	9,480
Gross Profit		270,606	444,653
General and administrative expenses		(4,801)	(4,075)
Exchange and other gains		2,819	2,331
Net profit for the period		268,624	442,909
Other comprehensive income		--	--
Total comprehensive income for the period		268,624	442,909
Basic and diluted earnings per share (in QR)	3	0.021	0.035

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

	Note	Share capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2022 (Audited)		12,563,175	69,660	4,435,597	17,068,432
Profit for the period		--	--	442,909	442,909
Other comprehensive income for the period		--	--	-	-
Total comprehensive income for the period		--	--	442,909	442,909
<i>Transaction with owners in their capacity as owners:</i>					
Dividends approved	11	--	--	(1,381,948)	(1,381,948)
Balance at 31 March 2022 (Unaudited)		12,563,175	69,660	3,496,558	16,129,393
Balance at 1 January 2023 (Audited)		12,563,175	76,481	4,769,796	17,409,452
Profit for the period		--	--	268,624	268,624
Other comprehensive income for the period		--	--	--	--
Total comprehensive income for the period		--	--	268,624	268,624
<i>Transaction with owners in their capacity as owners:</i>					
Dividends approved	11	--	--	(1,381,949)	(1,381,949)
Balance at 31 March 2023 (Unaudited)		12,563,175	76,481	3,656,471	16,296,127

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

	Note	For the three-month periods ended 31 March	
		2023 (Unaudited)	2022 (Unaudited)
Cash flows from operating activities			
Net profit for the period		268,624	442,909
Adjustments for:			
- Interest income		(28,579)	(9,480)
- Share of results from joint ventures	4 (ii)	(242,027)	(435,173)
		(1,982)	(1,744)
Movement in working capital:			
- Prepayment and other receivables		(20,211)	(3,133)
- Trade and other payables		39,662	(5,096)
- Due to a related party		(4,051)	(3,749)
Cash flows used in operations		13,418	(13,722)
Social and sports fund contribution paid		(44,178)	(46,539)
Interest received		60,215	34,660
Net cash generated from operating activities		29,455	(25,601)
Cash flows from investing activities			
Dividends received from joint ventures	4 (iii)	283,476	373,536
Increase / (decrease) of fixed term deposits		749,164	1,097,351
Net cash generated from investing activities		1,032,640	1,470,887
Cash flows from financing activities			
Dividends paid to shareholders		(1,266,873)	(1,249,544)
Movement in unclaimed dividends account		(115,076)	(132,405)
Cash used in financing activities		(1,381,949)	(1,381,949)
Net (decrease)/ increase in cash and cash equivalents		(319,854)	63,338
Cash and cash equivalents at beginning of the period	6	1,345,834	148,996
Cash and cash equivalents at end of the period	6	1,025,980	212,334

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

1. CORPORATE INFORMATION AND ACTIVITIES

Mesaieed Petrochemical Holding Company Q.P.S.C (the “Company” or “MPHC”) is registered and incorporated in Qatar under commercial registration number 60843 as a Qatari Public Shareholding Company by its founding shareholder, Qatar Petroleum (“QATARENERGY”). The Company is incorporated under the Qatar Commercial Companies’ Law No. 11 of 2015. 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 registered address of the Company is P.O. Box 3212, Doha, State of Qatar. The Company is listed on the Qatar Exchange and is a subsidiary of QATARENERGY. The Company commenced commercial activities on 1 September 2013.

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 of 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 joint ventures of the Company, included in the condensed interim financial information are as follows:

Entity Name	Country of incorporation	Relationship	Ownership interest
Qatar Chemical Company Limited	Qatar	Joint venture	49%
Qatar Chemical Company II Limited	Qatar	Joint venture	49%
Qatar Vinyl Company Limited	Qatar	Joint venture	55.2%

Qatar Chemical Company Limited (“Q-Chem”), is a Qatari Private Joint Stock Company (Q.P.J.S.C.) incorporated in the State of Qatar and is a jointly controlled entity among QATARENERGY, MPHC and Chevrans Phillips Chemical International Qatar Holdings L.L.C. (“CPCIQH). Q-Chem 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 Private Joint Stock Company (Q.P.J.S.C.) incorporated in the State of Qatar and is a jointly controlled entity among QATARENERGY, MPHC and CPCIQH. Q-Chem II 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 Private Joint Stock Company (Q.P.J.S.C.) incorporated in the State of Qatar and is a jointly controlled entity among QATARENERGY, 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.

These condensed interim financial information of the Company for the three-month period ended 31 March 2023 was authorised for issue on 07 May 2023, by the Board of Directors

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The condensed interim financial information for the three-month period ended 31 March 2023 has been prepared in accordance with IAS 34, Interim Financial Reporting under the historical cost convention.

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2022. In addition, results for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The Company's accounting and risk management policies are consistent with those presented in the annual financial statements for the year ended 31 December 2022.

The condensed interim financial information is presented in Qatari Riyal ("QR"), which is the Company's functional and presentation currency and all values are rounded to the nearest thousands (QR '000'), except otherwise indicated.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022 except for the adoption of new and revised standards effective as of 1 January 2023, where applicable.

(i) *New and amended standards and interpretations beginning on January 1, 2023*

Effective for annual periods beginning on January 1, 2023

Amendments to IFRS 17 - Insurance contracts

Amendments to IAS 8 - Definition of accounting estimates

Amendments to IAS 12 - Income taxes - Deferred tax related to assets and liabilities arising from single transaction

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

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

(ii) *New and amended standards and interpretations not yet effective*

Amendments to IFRS 16 Leases :Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

3. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) is calculated by dividing the profit for the period attributable to equity holders of the parent by weighted average number of shares outstanding during the period.

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

<i>For the three-month period ended</i>	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Profit for the period attributable to the equity holders of the parent (QR'000)	268,624	442,909
Weighted average number of shares outstanding during the period ("in thousands")	12,563,175	12,563,175
Basic and diluted earnings per share (expressed in QR per share)	0.021	0.035

The figures for basic and diluted earnings per share are the same, as the Company has not issued any instruments that would impact the earnings per share when exercised.

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

4. INVESTMENTS IN JOINT VENTURES

The carrying amount of the investments in joint ventures has changed as follows in the three-month period ended 31 March 2023:

<i>For the period ended</i>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period	14,608,608	14,894,115
Additional investment during the year	17,079	43,200
Share of results from joint ventures for the period	242,027	1,698,930
Share of dividends received from joint ventures	(283,476)	(2,027,637)
Balance at the end of the period	14,584,238	14,608,608

The summarised interim financial information below presents amounts shown in the financial information of the joint ventures as at 31 March 2023 which are presented in United States Dollars (“USD”) in the financial information of the joint ventures and are translated to QR using an exchange rate of 3.64 in the below tables:

i. *Statement of financial position of joint venture entities*

	As at 31 March 2023 (Unaudited)			
	Q-Chem	Q-Chem II	QVC	Total
Current assets	1,633,773	2,268,320	1,160,370	5,062,463
Non-current assets	2,196,750	4,369,357	901,195	7,467,302
Current liabilities	(626,982)	(1,001,744)	(442,048)	(2,070,774)
Non-current liability	(603,726)	(1,298,851)	(94,740)	(1,997,317)
Equity	2,599,815	4,337,082	1,524,777	8,461,674
Proportion of Company’s ownership	49.00%	49.00%	55.20%	
Company’s share of net assets	1,273,909	2,125,170	841,677	4,240,756
Tax benefit from joint ventures	346,475	956,494	258,154	1,561,123
Goodwill	3,549,403	4,878,711	354,245	8,782,359
Investment in joint ventures	5,169,787	7,960,375	1,454,076	14,584,238
	As at 31 December 2022 (Audited)			
	Q-Chem	Q-Chem II	QVC	Total
Current assets	1,699,716	2,333,985	1,298,692	5,332,393
Non-current assets	2,259,869	4,453,710	892,603	7,606,182
Current liabilities	(705,010)	(1,032,526)	(471,847)	(2,209,383)
Non-current liability	(628,042)	(1,323,671)	(104,146)	(2,055,859)
Equity	2,626,533	4,431,498	1,615,302	8,673,333
Proportion of Company’s ownership	49%	49%	55.2%	
Company’s share of net assets	1,287,001	2,171,434	891,646	4,350,081
Tax benefit from joint ventures	315,048	909,282	251,838	1,476,168
Goodwill	3,549,403	4,878,711	354,245	8,782,359
Investment in joint ventures	5,151,452	7,959,427	1,497,279	14,608,608

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

4. INVESTMENTS IN JOINT VENTURES (CONTINUED)

ii. Statement of profit or loss and other comprehensive income of joint venture entities

	For the three-month period ended 31 March 2023 (Unaudited)			
	Q-Chem	Q-Chem II	QVC	Total
Revenue	521,489	701,026	244,650	1,467,165
Cost of sales	(326,106)	(435,085)	(201,211)	(962,402)
Administrative expenses	(13,531)	(5,549)	(17,731)	(36,811)
Other Income/Expenses	1,617	(459)	(3,407)	(2,249)
Finance income / (cost)	(451)	15,004	9,637	24,190
Profit before tax	183,018	274,937	31,938	489,893
Deferred income tax	18,623	24,673	8,555	51,851
Current income tax	(82,760)	(121,024)	(19,995)	(223,779)
Profit for the period	118,881	178,586	20,498	317,965
Proportion of the Company's ownership	49.00%	49.00%	55.20%	
Company's share of profit/(loss) before tax benefit	58,252	87,507	11,315	157,074
Tax benefit from joint ventures	31,427	47,211	6,315	84,953
Company's share of profit for the period from joint ventures	89,679	134,718	17,630	242,027

	For the three months period ended 31 March 2022 (Unaudited)			
	Q-Chem	Q-Chem II	QVC	Total
Revenue	389,619	856,695	680,950	1,927,264
Cost of sales	(288,651)	(443,721)	(318,800)	(1,051,172)
Other income/(expenses)	(445)	(1,706)	389	(1,762)
Administrative/Selling expenses	(12,189)	(5,348)	(22,327)	(39,864)
Net finance income/(cost)	3,321	4,585	2,386	10,292
Profit before tax	91,655	410,505	342,598	844,758
Deferred income tax	17,831	24,154	7,889	49,873
Current income tax	(49,991)	(167,627)	(128,368)	(345,985)
Profit for the period	59,496	267,032	222,119	548,647
Proportion of the Company's ownership	49.00%	49.00%	55.20%	
Company's share of profit before tax benefit	29,153	130,846	122,610	282,609
Tax benefit from joint ventures	15,758	70,302	66,504	152,564
Company's share of profit for the period from joint ventures	44,911	201,148	189,114	435,173

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

4. INVESTMENTS IN JOINT VENTURES (CONTINUED)

iii. Additional disclosures of joint venture entities

	As at 31 March 2023 (Unaudited)			
	Q-Chem	Q-Chem II	QVC	Total
Cash and cash equivalents	632,618	1,059,624	708,695	2,400,937
Depreciation and amortisation	76,357	105,833	37,021	219,211
Deferred tax liabilities	263,494	1,180,503	93,427	1,537,424
Tax payable	443,589	771,557	374,485	1,589,631
Company's share of dividend declared/received	71,344	133,770	78,362	283,476
Current financial liabilities (excluding trade and other payables and provisions)	7,884	24,605	840	33,329
Non-current financial liabilities (excluding trade and other payables and provisions)	31,120	116,911	1,313	149,344
	As at 31 December 2022 (Audited)			
	Q-Chem	Q-Chem II	QVC	Total
Cash and cash equivalents	280,859	1,155,165	743,015	2,179,039
Depreciation and amortisation	293,795	411,080	145,676	850,551
Deferred tax liabilities	282,115	1,205,175	101,982	1,589,272
Tax payable	360,830	650,534	354,489	1,365,853
Company's share of dividend declared/received	285,376	704,522	291,346	1,281,244
Current financial liabilities (excluding trade and other payables and provisions)	12,645	14,185	841	27,671
Non-current financial liabilities (excluding trade and other payables and provisions)	37,517	117,088	2,166	156,771

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

5. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables comprise of interest receivable on term deposits made with various banks and prepayments.

6. CASH AND CASH EQUIVALENTS

<i>As at</i>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Cash and cash equivalents	1,025,980	1,345,834

6.1 DEPOSITS AND OTHER BANK BALANCES

<i>As at</i>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Fixed deposits maturing after 90 days	729,739	1,478,904
Restricted bank balances - Dividends account	482,830	367,754
	1,212,569	1,846,658

Cash in banks earn interest at fixed rates. Term deposits are made for varying periods of between three months and one year depending on the immediate cash requirements of the Company at average interest rate of 5.00% to 6.30% (31 December 2022: 1.60% to 5.81%).

7. TRADE AND OTHER PAYABLES

<i>As at</i>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Dividends payable	482,830	367,754
Social and sports fund contribution payable	44,178	44,179
Accruals	1,748	6,363
	528,856	418,296

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

8. RELATED PARTIES

Related parties, as defined in International Accounting Standard 24, “Related Party Disclosures”, include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

i Transaction with related parties:

Transactions with related parties included in the condensed interim statement of profit or loss and other comprehensive income for the period ended are as follows:

<i>For the three-month period ended</i>	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Dividend income from Q-Chem	71,344	89,180
Dividend income from Q-Chem II	133,770	214,032
Dividend income from QVC	78,362	70,324
	283,476	373,536
Service Fee payable to QATARENERGY	(1,410)	(1,338)

ii Related party balances:

Balances with related parties included in the condensed interim statement of financial position are as follows:

<i>As at</i>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Amounts due to QATARENERGY	1,410	5,477

iii Compensation of key management personnel:

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

<i>For the three-month period ended</i>	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Key management remuneration	50	48
Board of directors’ remuneration	1,475	1,473
	1,525	1,521

9. SHARE CAPITAL

<i>As at</i>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Authorised, issued and fully paid: 12,563,175,000 shares of QR 1 each	12,563,175	12,563,175

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

10. LEGAL RESERVE

The Articles of Association of the Company states that prior to recommending any dividend for distribution to the Shareholders, the Board shall ensure proper reserves are established in respect of voluntary and statutory reserves considered by the Board to be necessary or appropriate. Such reserves as resolved by the Board, shall be the only reserves the Company is required to have.

11. DIVIDENDS

The Board of Directors had proposed cash dividend distribution of QR 0.11 per share for the year ended 31 December 2022. The final dividend for the year ended 31 December 2022 had been approved at the Annual General Meeting held on 12 March 2023.

During the period, the Company paid a dividend of QR 1,267 million. Below is the movement in dividends payable balance during the period:

<i>As at</i>	31 March 2023 (Unaudited)	31 Dec 2022 (Audited)
Balance at the beginning of the period/year	367,753	293,239
Dividends approved during the period/year	1,381,949	1,381,949
Dividends paid during the period/year	(1,266,872)	(1,307,435)
Balance at the end of the period/year	482,830	367,753

12. INCOME TAX

The Company's profits are exempt from income tax in accordance with the provisions of Qatar's Income Tax Law No. 24. of 2018. However, the Company's joint ventures' profits are subject to income tax in accordance with the applicable law in Qatar for QVC and in accordance with the Joint Venture Agreements of Q-Chem and Q-Chem II as endorsed by an Emiree Decree and Council of Ministers Decision respectively.

During 2020, QATARENERGY, the Ministry of Finance and the General Tax Authority have reached an agreement through an MOU. According to this MOU and as directed by higher authorities and in accordance with the requirements of the public interest, the Ministry of Finance shall pay MPHC portion of income tax incurred by the joint ventures attributed to MPHC's shareholding in these joint ventures.

The mechanism described under the MOU is the following:

1. The joint ventures pay the portion of income tax incurred by the joint ventures attributed to MPHC's shareholding in these joint ventures directly to MPHC for the Ministry of Finance; and
2. The Ministry of Finance pays the portion of income tax incurred by the joint ventures attributed to MPHC's shareholding in these joint ventures directly to the GTA for the joint ventures.

Applying the principles of equity accounting under IAS 28 "Investments in Associates and Joint Ventures", the Company accounted for its underlying interests in the joint ventures on a pre-tax basis. This resulted in a tax adjustment amounting to QR 1,561 million for the year ended March 31, 2023.

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

13. SEGMENT INFORMATION

For management purposes, the Company is organised into business units based on their products and services and has one reportable operating segment which is the petrochemical segment from its interest in the joint ventures, which produces and sells polyethylene, 1-hexene, normal alpha olefins, other ethylene derivatives, caustic soda, ethylene dichloride, vinyl chloride monomer and other petrochemical products.

Geographically, the Company only operates in the State of Qatar.

14. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 periods.

Classification of the investments as joint ventures

Management evaluated the Company's interest in Q-Chem, Q-Chem II and QVC (together "the Entities"), and concluded that the joint arrangements are joint ventures where the Entities are jointly controlled. Hence, the management accounted for these investments under the equity method.

Site restoration obligations

As required by IAS 37 - Provisions, Contingent Liabilities and Contingent Assets", the Company assess whether the following criteria is met to recognise provisions:

- whether the Company has a present obligation as a result of a past event,
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and;
- a reliable estimate can be made of the amount of the obligation.

The Company may be required under a land lease agreement to make payments for site restoration at the option of the Lessor. It has been assessed that the option given to the Lessor makes it more likely to acquire the plant built at the lease site from the Company rather than restoring the site. Therefore, the criteria to recognise provision for restoration obligation is not fully met and no provision has been recognised in these financial statements.

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the three-month period ended March 31, 2023

(All amounts are expressed in thousands Qatari Riyals unless otherwise stated)

Impairment of investment in joint ventures

The Company assesses the impairment of non-financial assets, particularly its investment in joint ventures, whenever events or changes in circumstances indicate that the carrying amount of the non-financial asset may not be recoverable.

Factors which could trigger an impairment review include evidence from internal and external sources related to the changes in technological, market, economic or legal environment in which the Company operates and economic performance of the assets.

Based on the assessment performed as of 31 March 2023, no impairment indicators were identified, and therefore a detailed impairment test was not performed.

Income tax position

- Income tax (Note 12)

Commitments and contingent liabilities

The Company has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the related entities, customers and suppliers, to determine if there is any potential increase in contingent liabilities and commitments.

Going concern

The Company has performed an assessment of whether going concern assumption is appropriate in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Company's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Company has sufficient resources to continue in operational existence and its assumption on going concern remains largely unaffected and unchanged from 31 December 2022. As a result, these interim condensed financial information's have been appropriately prepared on a going concern basis.

The Company will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption on its operations and financial performance in 2023.