

***Mesaieed Petrochemical Holding  
Company Q.P.S.C***

Condensed interim financial information  
and independent auditor's review report  
for the six month period ended 30 June 2018

**Mesaieed Petrochemical Holding Company Q.P.S.C**  
Condensed interim financial information for the six month period ended  
30 June 2018

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*Independent auditor's review report on condensed interim financial information to the Shareholders of Mesaieed Petrochemical Holding Company Q.P.S.C*

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Mesaieed Petrochemical Holding Company Q.P.S.C (the 'Company') as of 30 June 2018 and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended and notes, comprising a summary of changes in significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

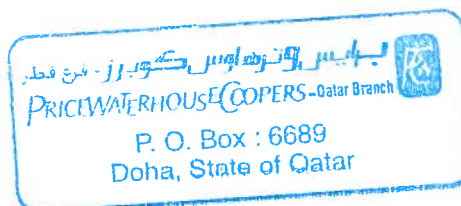
**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim financial reporting'.

For and on behalf of PricewaterhouseCoopers – Qatar Branch  
Qatar Financial Market Authority registration number 120155

**Mohamed Elmoataz**

Auditor's registration number 281  
Doha, State of Qatar  
6 August 2018



# Mesaieed Petrochemical Holding Company Q.P.S.C


Condensed interim financial information for the six month period ended 30 June 2018


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

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		<b>As at</b>	
	<b>Note</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
		<b>(Reviewed)</b>	<b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in joint ventures	4 (i)	13,141,361	13,162,384
<b>Current assets</b>			
Other receivables	5	12,531	12,518
Tax receivables	12	164,974	190,556
Deposits and other bank balances	6.1	984,010	1,346,714
Cash and cash equivalents	6	256,569	50,239
<b>Total current assets</b>		<b>1,418,084</b>	<b>1,600,027</b>
<b>Total assets</b>		<b>14,559,445</b>	<b>14,762,411</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	9	12,563,175	12,563,175
Legal reserve	10	37,020	37,020
Retained earnings		1,771,651	1,984,611
<b>Total equity</b>		<b>14,371,846</b>	<b>14,584,806</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	183,416	169,703
Due to a related party	8	4,183	7,902
<b>Total liabilities</b>		<b>187,599</b>	<b>177,605</b>
<b>Total equity and liabilities</b>		<b>14,559,445</b>	<b>14,762,411</b>

The financial information on pages 2 to 17 were approved and authorised for issue by the Board of Directors on 6 August 2018 and were signed on its behalf by:

  
Ahmad Saif Al-Sulaiti  
Chairman

  
Mohamed Salem Al-Marri  
Vice Chairman

## Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2018

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

### CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six month periods ended 30 June	
	Note	2018 (Reviewed)	2017 (Reviewed)
Share of results from joint ventures	4 (ii)	589,638	420,808
Interest income		20,068	13,072
Other income		3,526	175
		613,232	434,055
General and administrative expenses		(10,921)	(8,298)
<b>Profit for the period before tax refund</b>		<b>602,311</b>	425,757
Tax refund		64,151	42,830
<b>Net profit for the period</b>		<b>666,462</b>	468,587
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>666,462</b>	468,587
<b>Basic and diluted earnings per share (in QR)</b>	3	<b>0.53</b>	0.37

## Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2018

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

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital	Legal Reserve	Retained Earnings	Total
<b>Balance at 1 January 2017 (Audited)</b>		12,563,175	25,364	1,689,021	14,277,560
Profit for the period		-	-	468,587	468,587
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		12,563,175	25,364	2,157,608	14,746,147
<i>Transaction with owners in their capacity as owners:</i>					
Dividends declared	11	-	-	(753,791)	(753,791)
<b>Balance at 30 June 2017 (Reviewed)</b>		12,563,175	25,364	1,403,817	13,992,356
<b>Balance at 1 January 2018 (Audited)</b>		<b>12,563,175</b>	<b>37,020</b>	<b>1,984,611</b>	<b>14,584,806</b>
Profit for the period		-	-	666,462	666,462
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<b>12,563,175</b>	<b>37,020</b>	<b>2,651,073</b>	<b>15,251,268</b>
<i>Transaction with owners in their capacity as owners:</i>					
Dividends declared	11	-	-	(879,422)	(879,422)
<b>Balance at 30 June 2018 (Reviewed)</b>		<b>12,563,175</b>	<b>37,020</b>	<b>1,771,651</b>	<b>14,371,846</b>

# Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2018

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

## CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Note	For the six month periods ended 30 June	
		2018 (Reviewed)	2017 (Reviewed)
<b>Cash flows from operating activities</b>			
Net profit for the period		666,462	468,587
Adjustments for:			
- Tax refund		(64,151)	(42,830)
- Interest income		(20,068)	(13,072)
- Share of profit from joint ventures	4 (ii)	(589,638)	(420,808)
		(7,395)	(8,123)
Movement in working capital:			
- Other receivables		(2,097)	96,011
- Trade and other payables		(29,489)	(26,506)
- Due to a related party		(3,719)	(4,215)
<b>Cash (used in) / generated from operations</b>		<b>(42,700)</b>	<b>57,167</b>
Tax refund received		89,733	-
Interest received		22,152	14,715
<b>Net cash generated from operating activities</b>		<b>69,185</b>	<b>71,882</b>
<b>Cash flows from investing activities</b>			
Dividends received from joint ventures	4 (iii)	610,661	439,100
Placement of fixed term deposits		(802,644)	(722,900)
Maturity of fixed term deposits		1,208,550	852,740
<b>Net cash generated from investing activities</b>		<b>1,016,567</b>	<b>568,940</b>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders		(836,220)	(716,514)
Movement in unclaimed dividends account		(43,202)	(37,276)
<b>Cash used in financing activities</b>		<b>(879,422)</b>	<b>(753,790)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>			
		<b>206,330</b>	<b>(112,968)</b>
Cash and cash equivalents at beginning of period	6	50,239	117,639
<b>Cash and cash equivalents at end of period</b>	<b>6</b>	<b>256,569</b>	<b>4,671</b>

# Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2018

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

## Notes to the condensed interim financial information

### 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 (“QP”). The Company was incorporated under the Qatar Commercial Companies’ Law No. 5 of 2002 (replaced by the new 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 QP.

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 2002 Commercial Companies Law was replaced in July 2015 by the Commercial Companies Law No. 11 of 2015. In order to satisfy the requirements under the 2015 Commercial Companies Law, the General Meeting of Shareholders of MPHC has approved a resolution dated 6 March 2018 for amending the Articles of Association. As of the reporting date, the amendments are with the Ministry of Economy and Commerce for approval.

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

Entity Name	Country of incorporation	Relationship	Ownership interest
Qatar Chemical Company Limited (Q-Chem)	Qatar	Joint venture	49%
Qatar Chemical Company II Limited (Q-Chem II)	Qatar	Joint venture	49%
Qatar Vinyl Company Limited (QVC)	Qatar	Joint venture	55.2%

**Qatar Chemical Company Limited (“Q-Chem”)**, is a Qatari Shareholding Company incorporated in the State of Qatar and is a jointly controlled entity among QP, MPHC and Chevrans 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.

These condensed interim financial information of the Company for the six month period ended 30 June 2018 were authorised for issue on 6 August 2018 by the Board of Directors.

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The condensed interim financial information for the six month period ended 30 June 2018 have been prepared in accordance with IAS 34, Interim Financial Reporting under the historical cost convention.



# Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2018

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

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## Notes to the condensed interim financial information

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

#### Basis of preparation (Continued)

The condensed interim financial information do 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 2017. In addition, results for the six month period ended 30 June 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

The interim condensed financial information are 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 condensed interim financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2017 except for the adoption of new and revised standards effective as of January 1, 2018.

##### *i. New and amended standards adopted by the Company*

A number of new or amended standards became applicable for the Company and its joint ventures for the current reporting period. As explained in more details below, the standards were generally adopted without restating comparative information.

#### **IFRS 9 Financial Instruments**

##### **Impact of adoption**

This note explains the impact of the adoption of IFRS 9 "Financial Instruments" on the Company's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods. IFRS 9 replaces the provisions of IAS 39, that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 "Financial Instruments" from 1 January 2018 resulted in changes in accounting policies. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

##### a) Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and ensured its financial instruments were classified into the appropriate IFRS 9 categories. Trade and other receivables, amounts due from related parties and deposits are debt instruments were classified at amortised cost under IAS 39. The Company assessed that they meet the conditions for classification at amortised cost (AC) under IFRS 9 since they are cash flows solely payments of principal and interest (SPPI) and the Company's business model is to hold and collect the debt instrument. Cash and cash equivalents' definition as per IAS 7 remains unchanged with the application of IFRS 9, short-term investments and time deposits continued to be presented under cash and cash equivalents, being highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. No reclassification resulted from the implementation of IFRS 9.

##### b) Impairment of financial assets

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. The application of new impairment model has not resulted in a change in the current loss allowance for related financials assets.

# Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2018

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

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## Notes to the condensed interim financial information

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

#### Accounting policies adopted from 1 January 2018

##### Investment and other financial assets

###### a) Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

###### b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

##### Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

###### C) Impairment

From 1 January 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

# Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2018

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

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## Notes to the condensed interim financial information

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

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company's joint ventures' applied IFRS 9 "Financial Instruments" from 1 January 2018. There is no significant impact on the Company's condensed interim financial information as a result of its joint ventures' applying the new standard.

#### **IFRS 15 Revenue from Contracts with Customers**

##### **Impact of adoption**

The IASB has issued a new standard for the recognition of revenue. This has replaced IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The Standard does not apply to the Company's financial information as its only stream of revenue is income from investments in joint ventures, which falls within the scope of IAS 28 "Investments in associates and joint ventures".

The Company's joint ventures' applied IFRS 15 "Revenue from Contracts with Customers" from 1 January 2018. There is no significant impact on the Company's condensed interim financial information as a result of its joint ventures' applying the new standard.

##### *ii. New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the company. The Company's assessment of the impact of these new standards and interpretations is set out below.

- IFRS 16 "Leases" was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for leases pertaining to the Company's joint ventures. As at the reporting date, the Company share in the joint ventures' non-cancellable operating lease commitments totalled to QR 112 million (Note 4 iv). However, the Company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16. The standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date.

# Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2018

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

## Notes to the condensed interim financial information

### 3. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) are 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 six month period ended</i>	<b>30 June 2018 (Reviewed)</b>	30 June 2017 (Reviewed)
Profit for the period attributable to the equity holders of the parent (QR'000)	<b>666,462</b>	468,587
Weighted average number of shares outstanding during the period ("in thousands")	<b>1,256,318</b>	1,256,318
Basic and diluted earnings per share (expressed in QR per share)	<b>0.53</b>	0.37

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.

### 4. INVESTMENTS IN JOINT VENTURES

The carrying amount of the investments in joint ventures has changed as follows in the six month period ended 30 June 2018:

<i>For the six month period ended</i>	<b>30 June 2018 (Reviewed)</b>	30 June 2017 (Reviewed)
Balance at beginning of the period	<b>13,162,384</b>	13,149,165
Share of results from joint ventures for the period	<b>589,638</b>	420,808
Share of dividends declared by joint ventures	<b>(610,661)</b>	(439,100)
<b>Balance at end of the period</b>	<b>13,141,361</b>	13,130,873

The summarised interim financial information below presents amounts shown in the financial information of the joint ventures as at 30 June 2018, 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

	<b>As at 30 June 2018</b>			
	<b>Q-Chem</b>	<b>Q-Chem II</b>	<b>QVC</b>	<b>Total</b>
Current assets	<b>1,392,012</b>	<b>2,308,291</b>	<b>1,007,654</b>	<b>4,707,957</b>
Non-current assets	<b>2,192,991</b>	<b>5,309,383</b>	<b>1,059,517</b>	<b>8,561,891</b>
Current liabilities	<b>(526,089)</b>	<b>(971,218)</b>	<b>(246,188)</b>	<b>(1,743,495)</b>
Non-current liability	<b>(850,672)</b>	<b>(1,715,703)</b>	<b>(194,685)</b>	<b>(2,761,060)</b>
<b>Equity</b>	<b>2,208,242</b>	<b>4,930,753</b>	<b>1,626,298</b>	<b>8,765,293</b>
Adjustment for dividend equalisation account	-	-	<b>(66,708)</b>	<b>(66,708)</b>
<b>Equity after adjustment</b>	<b>2,208,242</b>	<b>4,930,753</b>	<b>1,559,590</b>	<b>8,698,585</b>
<b>Proportion of the Company's ownership</b>	<b>49%</b>	<b>49%</b>	<b>55.2%</b>	
Company's share of net assets in the joint venture entities	<b>1,082,039</b>	<b>2,416,069</b>	<b>860,894</b>	<b>4,359,002</b>
Goodwill	<b>3,549,403</b>	<b>4,878,711</b>	<b>354,245</b>	<b>8,782,359</b>
<b>Investment in joint ventures</b>	<b>4,631,442</b>	<b>7,294,780</b>	<b>1,215,139</b>	<b>13,141,361</b>

## Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2018

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

### Notes to the condensed interim financial information

#### 4. INVESTMENTS IN JOINT VENTURES (CONTINUED)

##### i. Statement of financial position of joint venture entities (continued)

	As at 31 December 2017			
	Q-Chem	Q-Chem II	QVC	Total
Current assets	1,512,511	2,287,888	1,319,282	5,119,681
Non-current assets	2,294,732	5,446,869	1,120,894	8,862,495
Current liabilities	(630,062)	(1,131,607)	(423,412)	(2,185,081)
Non-current liability	(869,854)	(1,931,704)	(206,206)	(3,007,764)
<b>Equity</b>	<b>2,307,327</b>	<b>4,671,446</b>	<b>1,810,558</b>	<b>8,789,331</b>
Adjustment for dividend equalisation account	-	-	(70,656)	(70,656)
<b>Equity after adjustment</b>	<b>2,307,327</b>	<b>4,671,446</b>	<b>1,739,902</b>	<b>8,718,675</b>
<b>Proportion of the Company's ownership</b>	<b>49%</b>	<b>49%</b>	<b>55.2%</b>	
Company's share of net assets	1,130,590	2,289,009	960,426	4,380,025
Goodwill	3,549,403	4,878,711	354,245	8,782,359
<b>Investment in joint ventures</b>	<b>4,679,993</b>	<b>7,167,720</b>	<b>1,314,671</b>	<b>13,162,384</b>

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

	For the six month ended 30 June 2018			
	Q-Chem	Q-Chem II	QVC	Total
Revenue	1,372,560	1,525,386	739,794	3,637,740
Cost of sales	(706,448)	(788,770)	(516,971)	(2,012,189)
Other income / (expense)	6,093	(3,236)	14,589	17,446
Administrative expenses	(19,414)	(9,278)	(54,185)	(82,877)
Finance income / (cost)	6,763	(10,927)	5,842	1,678
<b>Profit before tax</b>	<b>659,554</b>	<b>713,175</b>	<b>189,069</b>	<b>1,561,798</b>
Deferred income tax	24,723	(71,661)	11,521	(35,417)
Current income tax	(255,568)	-	(64,330)	(319,898)
<b>Profit for the period</b>	<b>428,709</b>	<b>641,514</b>	<b>136,260</b>	<b>1,206,483</b>
Distributions to tax exempt shareholders	-	-	(18,091)	(18,091)
<b>Profit for the period net of distributions to tax exempt shareholders</b>	<b>428,709</b>	<b>641,514</b>	<b>118,169</b>	<b>1,188,392</b>
<b>Company's share of profit for the period in joint ventures</b>	<b>210,067</b>	<b>314,342</b>	<b>65,229</b>	<b>589,638</b>

## Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2018

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

### Notes to the condensed interim financial information

#### 4. INVESTMENTS IN JOINT VENTURES (CONTINUED)

##### ii. Statement of profit or loss and comprehensive income of joint venture entities (continued)

	For the six month ended 30 June 2017			
	Q-Chem	Q-Chem II	QVC	Total
Revenue	952,894	1,351,536	757,549	3,061,979
Cost of sales	(579,379)	(766,176)	(530,006)	(1,875,561)
Other income	8,372	-	16,642	25,014
Administrative expenses	(17,323)	(10,662)	(77,768)	(105,753)
Finance income (cost)	5,118	(13,774)	4,124	(4,532)
<b>Profit before tax</b>	<b>369,682</b>	<b>560,924</b>	<b>170,541</b>	<b>1,101,147</b>
Deferred income tax	24,053	(69,746)	10,738	(34,955)
Current income tax	(149,178)	-	(56,398)	(205,576)
<b>Profit for the period</b>	<b>244,557</b>	<b>491,178</b>	<b>124,881</b>	<b>860,616</b>
Distributions to tax exempt shareholders	-	-	(15,648)	(15,648)
<b>Profit for the period net of distributions to tax exempt shareholders</b>	<b>244,557</b>	<b>491,178</b>	<b>109,233</b>	<b>844,968</b>
<b>Company's share of profit for the period in joint ventures</b>	<b>119,833</b>	<b>240,677</b>	<b>60,298</b>	<b>420,808</b>

##### iii. Additional disclosures of joint venture entities

	As at 30 June 2018			
	Q-Chem	Q-Chem II	QVC	Total
Cash and cash equivalents	244,411	940,201	452,550	1,637,163
Depreciation and Amortisation	120,054	168,106	66,787	354,947
Interest bearing loans and borrowings	-	1,233,993	-	1,233,993
Deferred tax liabilities	544,664	1,068,169	194,685	1,807,518
Tax payable	255,568	180,009*	89,468	525,045
Company's share of dividend declared/received	258,622	187,278	164,761	610,661

	As at 31 December 2017			
	Q-Chem	Q-Chem II	QVC	Total
Cash and cash equivalents	564,804	910,735	671,671	2,147,210
Depreciation and Amortisation	222,721	335,495	140,064	698,280
Interest bearing loans and borrowings	-	1,545,984	-	1,545,984
Deferred tax liabilities	569,387	996,512	206,206	1,772,105
Tax payable	356,407	296,030*	174,010	826,447
Company's share of dividend declared/received	276,458	517,244	164,761	958,463
Current Financial liabilities (excluding trade and other payables and provisions)	-	611,622	-	611,622
Non-current financial liabilities (excluding trade and other payables and provisions)	300,467	934,363	-	1,234,830

\*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 of Q-Chem II.

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### Notes to the condensed interim financial information

#### 4. INVESTMENTS IN JOINT VENTURES (CONTINUED)

##### (iv) Capital commitments and contingent liabilities

The Company's share in the joint ventures' commitments and contingent liabilities is as follows:

	As at 30 June 2018			
	Q-Chem	Q-Chem II	QVC	Total
<b>Capital commitments</b>	<b>65,433</b>	<b>75,814</b>	<b>41,411</b>	<b>182,658</b>
<b>Operating lease commitments:</b>				
<i>Future minimum lease payments:</i>				
Within one year	6,651	4,004	496	11,151
After one year but not more than five years	25,024	17,319	2,108	44,451
More than five years	16,233	38,581	2,025	56,839
<b>Total operating lease commitments</b>	<b>47,908</b>	<b>59,904</b>	<b>4,629</b>	<b>112,441</b>
<b>Purchase commitment</b>	<b>212,719</b>	<b>220,317</b>	-	<b>433,036</b>
<b>Contingent liabilities</b>	-	<b>1,591</b>	<b>1,163</b>	<b>2,754</b>

	As at 31 December 2017			
	Q-Chem	Q-Chem II	QVC	Total
<b>Capital commitments</b>	62,726	60,138	-	122,864
<b>Operating lease commitments:</b>				
<i>Future minimum lease payments:</i>				
Within one year	6,558	4,004	8,694	19,256
After one year but not more than five years	24,958	16,937	2,805	44,700
More than five years	18,854	40,966	2,281	62,101
<b>Total operating lease commitments</b>	<b>50,370</b>	<b>61,907</b>	<b>13,780</b>	<b>126,057</b>
<b>Purchase commitment</b>	<b>200,958</b>	<b>191,762</b>	-	<b>392,720</b>
<b>Contingent liabilities</b>	-	<b>1,591</b>	-	<b>1,591</b>

##### Other contingent liabilities

###### Site restoration obligations

The Company's joint venture Q-Chem II has entered into a land lease agreement with the Government of Qatar represented by QP for the purpose of construction of the plant facilities.

Under the original and revised lease agreement, the lessor has the right, upon termination or expiration of the lease term, to notify the joint venture that it requires to either:

- transfer all the facilities to the lessor or a transferee nominated by the lessor, against a price acceptable by the joint venture, or;
- remove the facilities and all the other property from the land and restore it to at least the condition in which it was delivered to the joint venture, at the joint venture's cost and expense, unless otherwise is agreed with the lessor.

The condensed interim financial information of Q-Chem II is prepared based on an assumption that QP is unlikely to opt for the second option, that is to impose site restoration on the joint venture. Therefore, no provision has been provided for such obligation.

# Mesaieed Petrochemical Holding Company Q.P.S.C

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## Notes to the condensed interim financial information

### 4. INVESTMENTS IN JOINT VENTURES (CONTINUED)

#### Other commitments

##### Purchase commitments

The joint ventures have purchase commitments that consist primarily of major agreements for procuring of gas from QP. The joint ventures also have a number of agreements for electricity, industrial gases and manpower. In addition to those purchase commitments, the joint ventures enters into purchasing contracts as part of its normal operations which are less than 1 year.

The Company does not believe that these contracts have an adverse effect on its liquidity position.

### 5. OTHER RECEIVABLES

<i>As at</i>	<b>30 June 2018 (Reviewed)</b>	31 December 2017 (Audited)
Interest receivable on deposits	10,434	12,518
Prepayments	2,088	-
Due from a related party (Note 8)	9	-
	<b>12,531</b>	12,518

### 6. CASH AND CASH EQUIVALENTS

<i>As at</i>	<b>30 June 2018 (Reviewed)</b>	31 December 2017 (Audited)
Cash and cash equivalent	256,569	50,239

#### 6.1 Deposits and other bank balances

	<b>30 June 2018 (Reviewed)</b>	31 December 2017 (Audited)
Fixed deposits maturing after 90 days	802,644	1,208,550
Bank balances-Dividends account	181,366	138,164
	<b>984,010</b>	1,346,714

Cash at 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 interest varying between of 2.5% and 4.5% (31 December 2017: 2.71% to 3.35%).

### 7. TRADE AND OTHER PAYABLES

<i>As at</i>	<b>30 June 2018 (Reviewed)</b>	31 December 2017 (Audited)
Dividends payable	181,366	138,164
Social contribution payable	-	27,206
Accruals	2,050	4,333
	<b>183,416</b>	169,703



# Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2018

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

## Notes to the condensed interim financial information

### 8. RELATED PARTIES

These represent major shareholders, directors and key management personnel of the Company, and companies of which they are the principal owners. In the ordinary course of business, the Company enters into transactions with related parties and the pricing policies and terms of these transactions are approved by the Company's management.

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 six month period ended</i>	<b>30 June 2018 (Reviewed)</b>	30 June 2017 (Reviewed)
Dividend income from Q-Chem	<b>258,622</b>	98,098
Dividend income from Q-Chem II	<b>187,278</b>	258,622
Dividend income from QVC	<b>164,761</b>	82,380
Annual fee paid to QP	<b>(4,183)</b>	(3,225)

Related party balances:

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

<i>As at</i>	<b>30 June 2018 (Reviewed)</b>	31 December 2017 (Audited)
Amounts due from QP	<b>9</b>	-
Amounts due to QP	<b>4,183</b>	7,902

Compensation of key management personnel:

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

<i>For the six month period ended</i>	<b>30 June 2018 (Reviewed)</b>	30 June 2017 (Reviewed)
Key management remuneration	<b>100</b>	102
Board of directors' remuneration	<b>4,000</b>	1,902
	<b>4,100</b>	2,004

### 9. SHARE CAPITAL

<i>As at</i>	<b>30 June 2018 (Reviewed)</b>	31 December 2017 (Audited)
Authorised, issued and fully paid: 1,256,317,500 shares of QR 10 each	<b>12,563,175</b>	12,563,175

In 2017, 232,179 additional shares (2016: 217,631 shares) have been transferred from QP to the Public on account of incentive shares transferred due to death of original shareholder(s).

# Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2018

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

## Notes to the condensed interim financial information

### 9. SHARE CAPITAL (CONTINUED)

As of 31 December 2017, QP holds 932,428,945 shares including 1 special share (2016: 932,661,124 shares including 1 special share) comprising 74.219 % (2016: 74.238%) of total shareholding.

### 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 has proposed cash dividend distribution of QR 0.7 per share for the year ended 31 December 2017. The final dividend for the year ended 31 December 2017 had been approved at the Annual General Meeting held on 6 March 2018.

During the period, the Company paid a dividend amount of QR 836 million. Below is the movement in dividends payable balance during the period:

<i>As at</i>	<b>30 June 2018 (Reviewed)</b>	31 December 2017 (Audited)
Balance at the beginning of the period/year	<b>138,164</b>	111,480
Dividends declared during the period/year	<b>879,422</b>	753,791
Dividends paid during the period/year	<b>(836,220)</b>	(727,107)
Balance at the end of the period/year	<b>181,366</b>	138,164

### 12. TAX REFUND

On 26 February 2014, the Company was listed on Qatar Exchange. As at 31 December 2017, the public shareholding in the Company amounted to 25.781%. Subsequent to a receipt of clarification from the Public Revenue and Tax Department, the Company is eligible for a tax refund. As of 30 June 2018, the Company's accrued tax refund amounted to QR 164.97 million (2017: QR 190.56 million).

### 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 JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, 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

# Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2018

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

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## Notes to the condensed interim financial information

### 14. CRITICAL JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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.

#### *Impairment of receivable*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due.

#### *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, 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.

As explained in Note 4 (iv), the Company may be required under a lease agreement entered into by its joint venture Q-Chem-II, to make payments for site restoration at the option of the ultimate parent (QP). It has been assessed that the optionality given to QP makes it more likely to acquire the plant from the joint venture rather than restoring the site at the cost of the joint venture. Therefore, the criteria to recognise provision for restoration obligation is not fully met and no provision has been recognised in this condensed interim financial information.

In preparing the condensed interim financial information for the six month period ended 30 June 2018, there has been no changes in the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainties from the annual financial statements of the year ended 31 December 2017.

### 15. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effects of which are not material to the interim condensed financial information of the Company.