

**MESAIEED PETROCHEMICAL
HOLDING COMPANY Q.S.C.
DOHA - QATAR**

**INTERIM CONDENSED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2015**

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

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INDEPENDENT AUDITOR'S REVIEW REPORT

The Shareholders
Mesaieed Petrochemical Holding Company Q.S.C.
Doha - Qatar

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Mesaieed Petrochemical Holding Company Q.S.C.** (the "Company") as at June 30, 2015, and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed financial statements 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 the interim condensed financial statements 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 interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Doha – Qatar
August 5, 2015

For Deloitte & Touche
Qatar Branch

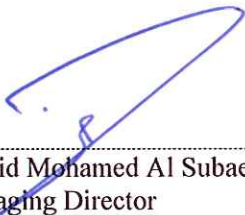
Muhammad Bahemia
Partner
License No. 103

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at June 30, 2015

	Notes	June 30, 2015 (Reviewed) QR'000s	December 31, 2014 (Audited) QR'000s
ASSETS			
Non-current asset			
Investment in joint ventures	5	<u>13,108,346</u>	<u>13,152,985</u>
Current assets			
Prepayments and other debit balances	6	173,426	141,116
Due from related parties	9	150,860	80,414
Cash and bank balances	7	<u>224,104</u>	<u>1,238,298</u>
Total current assets		<u>548,390</u>	<u>1,459,828</u>
Total assets		<u>13,656,736</u>	<u>14,612,813</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	12,563,175	12,563,175
Legal reserve	11	25,364	17,444
Retained earnings		<u>941,509</u>	<u>1,920,703</u>
Total equity		<u>13,530,048</u>	<u>14,501,322</u>
Current liabilities			
Trade payables and accruals	8	95,948	77,001
Due to a related party	9	<u>30,740</u>	<u>34,490</u>
Total current liabilities		<u>126,688</u>	<u>111,491</u>
Total equity and liabilities		<u>13,656,736</u>	<u>14,612,813</u>


Khalid Mohamed Al Subaey
Managing Director


Nabeel Mohammed Ali Alrashid Al-Buenain
Board Member

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

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six month period ended June 30, 2015

	Notes	Six month period ended June 30, 2015 (Reviewed) QR '000s	Six month period ended June 30, 2014 (Reviewed) QR '000s
Share of profit from joint ventures	5	370,757	854,640
Interest income		3,549	1,586
Other income		120	184
		<u>374,426</u>	<u>856,410</u>
General and administrative expenses		(9,085)	(9,021)
Profit for the period		365,341	847,389
Tax refund	13	37,414	52,053
Net income for the period		402,755	899,442
Other comprehensive income		--	--
Total comprehensive income for the period		402,755	899,442
Basic and diluted earnings per share	3	0.32	0.72

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

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six month period ended June 30, 2015

	Share Capital	Legal Reserve	Retained Earnings	Total
	QR '000s	QR '000s	QR '000s	QR '000s
Balance at December 31, 2013 (Audited)	12,563,175	---	609,576	13,172,751
Dividends declared (Note 12)	--	---	(439,711)	(439,711)
Total comprehensive income for the period	--	---	899,442	899,442
Balance at June 30, 2014 (Reviewed)	12,563,175	---	1,069,307	13,632,482
Balance at December 31, 2014 (Audited)	12,563,175	17,444	1,920,703	14,501,322
Excess funds over IPO costs (Note 11)	--	7,920	--	7,920
Dividends declared/paid (Note 12)	--	--	(1,381,949)	(1,381,949)
Total comprehensive income for the period	--	--	402,755	402,755
Balance at June 30, 2015 (Reviewed)	12,563,175	25,364	941,509	13,530,048

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

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2015

	Notes	Six month period ended June 30, 2015 (Reviewed) QR '000s	Six month period ended June 30, 2014 (Reviewed) QR '000s
OPERATING ACTIVITIES			
Profit for the period		402,755	847,389
Adjustments for:			
Interest income		(3,549)	(1,586)
Share of profit in joint ventures	5	<u>(370,757)</u>	<u>(854,640)</u>
		28,449	(8,837)
<i>Working capital changes:</i>			
Prepayments and other debit balances	6	(39,448)	(2,123)
Due from related parties		(100)	92,514
Trade payables and accruals	8	(45,280)	1,871
Due to a related party	9	<u>(3,750)</u>	<u>2,358</u>
Cash (used in)/from operations		<u>(60,129)</u>	<u>85,783</u>
Interest received		<u>10,687</u>	<u>810</u>
Net cash flows (used in)/generated by operating activities		<u>(49,442)</u>	<u>86,593</u>
INVESTING ACTIVITIES			
Dividends received		352,971	753,040
Decrease/(increase) in fixed term deposits		<u>1,075,500</u>	<u>(430,500)</u>
Net cash flows from investing activities		<u>1,428,471</u>	<u>322,540</u>
FINANCING ACTIVITY			
Dividends paid	12	<u>(1,317,723)</u>	<u>(376,864)</u>
Cash flows used in financing activity		<u>(1,317,723)</u>	<u>(376,864)</u>
Increase in cash and cash equivalents		61,306	32,269
Cash and cash equivalents at the beginning of the period		<u>82,798</u>	<u>10,000</u>
Cash and cash equivalents at the end of the period	7	<u><u>144,104</u></u>	<u><u>42,269</u></u>

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

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

1. CORPORATE INFORMATION AND ACTIVITIES

Mesaieed Petrochemical Holding Company Q.S.C. (the "Company" or "MPHC") is registered and incorporated in Qatar under commercial registration number 60843 as a Qatari Shareholding Company. 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 May 29, 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 May 21, 2013. The registered address of the parent company is P.O. Box 3212, Doha, State of Qatar. The Company is listed on the Qatar Exchange and is a subsidiary of Qatar Petroleum "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 Company was incorporated with an initial share capital of QR 10 million. QP transferred its shareholding ("transfer shares") in the joint venture entities mentioned in the table below to MPHC based on a Share Swap agreement dated August 4, 2013. The consideration for the transfer of shares was the allotment and issuance of shares ("swap shares") by MPHC to QP. The completion of the transfer of 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 September 9, 2013. Subsequently, an amendment was made to the Share Swap agreement on January 30, 2014, whereby QP and MPHC agreed the transfer date to be September 1, 2013 ("acquisition date"). Accordingly, the share of profits in the joint venture entities was accounted for the period ended December 31, 2013.

In early 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 February 26, 2014, the Company became the 43rd company to be listed on Qatar Exchange. The share offer comprised of 25.7312% 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 74.2688% of total issued share capital (including one special share) as on December 31, 2014.

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

Entity Name	Country of incorporation	Relationship	Ownership interest
Qatar Chemical Company Limited (Q-Chem I)	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 Chevron 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.

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

1. CORPORATE INFORMATION AND ACTIVITIES (CONTINUED)

- **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 interim condensed financial statements of the Company for the six month period ended June 30, 2015 were authorised for issue on August 5, 2015.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The interim condensed financial statements for the six month period ended June 30, 2015 have been prepared in accordance with IAS 34, *Interim Financial Reporting* under the historical cost convention.

The interim condensed financial statements 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 December 31, 2014. In addition, results for the six month period ended June 30, 2015 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2015.

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

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the period ended December 31, 2014 except for the adoption of new and revised standards effective as of January 1, 2015. However, they do not materially impact the interim condensed financial statements of the Company.

(i) Revised Standards

Effective for annual periods beginning on or after 1 January 2015.

- IAS 19 *Defined Benefit Plans: Employee Contributions*
(Amended)
- Annual Improvements 2010 - 2012 Cycle *IFRS 2: definition of 'vesting condition'.
IFRS 3: accounting for contingent consideration.
IFRS 8: aggregation of segments, reconciliation of segment assets.
IAS 16: proportionate restatement of accumulated depreciation on revaluation.
IAS 24: management entities
IAS 38: proportionate restatement of accumulated depreciation on revaluation*
- Annual Improvements 2011 - 2013 Cycle *IFRS 3: scope exception for joint ventures.
IFRS 13: scope of the portfolio exception in paragraph 52.
IAS 40: interrelationship between IFRS 3 and IAS 40.*

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

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:

	Six month period ended June 30, 2015 (Reviewed)	Six month period ended June 30, 2014 (Reviewed)
Profit attributable to the equity holders of the parent for the period (QR'000)	<u>402,755</u>	<u>899,442</u>
Weighted average number of shares outstanding during the period ("in thousands")	<u>1,256,317</u>	<u>1,256,317</u>
Basic and diluted earnings per share (expressed in QR per share)	<u>0.32</u>	<u>0.72</u>

4. BUSINESS COMBINATION

On September 1, 2013, QP transferred its shareholding in the joint venture companies ("transaction") through a share swap agreement to 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.12,553 million which was settled by allotment and issue of swap shares by MPHIC to QP, as detailed in Note 1 to the financial statements.

	<u>Q-Chem I</u> QR'000	<u>Q-Chem II</u> QR'000	<u>QVC</u> QR'000	<u>Total</u> QR'000
Total consideration	4,600,000	6,600,000	1,353,175	12,553,175
Less: Fair values of net assets acquired	<u>(1,050,597)</u>	<u>(1,721,289)</u>	<u>(998,930)</u>	<u>(3,770,816)</u>
Goodwill arising on acquisition (Note 5)	<u>3,549,403</u>	<u>4,878,711</u>	<u>354,245</u>	<u>8,782,359</u>

The Company used fair values of net assets acquired in determining its goodwill for the year ended December 31, 2014. A formal purchase price allocation ("PPA") exercise was performed during 2014 to determine the fair value of net assets acquired, which resulted in the identifiable net assets being revised and the goodwill being increased by an amount of QR. 101.6 million. The PPA did not result in any impact on the investment in joint venture balance or results of the Company.

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

5. INVESTMENTS IN JOINT VENTURES

The summarised interim financial information below presents amounts shown in the financial statements of the joint ventures as at June 30, 2015, 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	Q-Chem II	QVC	Total
	June 30, 2015			
	QR '000	QR '000	QR '000	QR '000
Current assets	1,614,799	2,099,825	854,560	4,569,184
Non-current assets	2,625,070	6,456,028	1,415,683	10,496,781
Current liabilities	(681,066)	(796,629)	(193,018)	(1,670,713)
Non-current liability	<u>(1,208,546)</u>	<u>(3,288,008)</u>	<u>(295,586)</u>	<u>(4,792,140)</u>
Equity	2,350,257	4,471,216	1,781,639	8,603,112
Proportion of the Company's ownership	49%	49%	55.2%	
Company's share of net assets in the joint venture entities	1,151,626	2,190,896	983,465	4,325,987
Goodwill (Note 4)	<u>3,549,403</u>	<u>4,878,711</u>	<u>354,245</u>	<u>8,782,359</u>
Investment in joint ventures	4,701,029	7,069,607	1,337,710	13,108,346
	Q-Chem I	Q-Chem II	QVC	Total
	December 31, 2014			
	QR '000	QR '000	QR '000	QR '000
Current assets	1,965,442	3,199,396	956,042	6,120,880
Non-current assets	2,680,729	6,400,398	1,441,549	10,522,676
Current liabilities	(1,140,190)	(1,539,247)	(276,189)	(2,955,626)
Non-current liability	<u>(1,234,615)</u>	<u>(3,481,234)</u>	<u>(284,819)</u>	<u>(5,000,668)</u>
Equity	2,271,366	4,579,313	1,836,583	8,687,262
Proportion of the Company's ownership	49%	49%	55.2%	
Company's share of net assets in the joint venture entities	1,112,969	2,243,863	1,013,794	4,370,626
Goodwill (Note 4)	<u>3,549,403</u>	<u>4,878,711</u>	<u>354,245</u>	<u>8,782,359</u>
Investment in joint ventures	4,662,372	7,122,574	1,368,039	13,152,985

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

5 INVESTMENT IN JOINT VENTURES (CONTINUED)

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

	Q-Chem I	Q-Chem II	QVC	Total
	For the six month period ended June 30, 2015			
	QR '000	QR '000	QR '000	QR '000
Revenue	1,198,434	1,281,633	609,773	3,089,840
Cost of sales	(666,830)	(751,052)	(529,292)	(1,947,174)
Other income	8,787	186	7	8,980
Administrative expenses	(28,963)	(21,669)	(74,070)	(124,702)
Finance income (cost)	1,958	(12,911)	1,991	(8,962)
Profit before tax	513,386	496,187	8,409	1,017,982
Deferred income-tax	(197,859)	(72,847)	(8,761)	(279,467)
Current income-tax	18,175	--	--	18,175
Profit for the period	333,702	423,340	(352)	756,690
Company's share of profit for the period in joint ventures	163,514	207,437	(194)	370,757

	Q-Chem I	Q-Chem II	QVC	Total
	For the six month period ended June 30, 2014			
	QR '000	QR '000	QR '000	QR '000
Revenue	1,731,450	2,088,679	630,903	4,451,032
Cost of sales	(743,033)	(863,896)	(516,705)	(2,123,634)
Other income	11,597	36,484	218	48,299
Administrative expenses	(85,667)	(107,515)	(68,028)	(261,210)
Finance income (cost)	1,998	(14,782)	2,355	(10,429)
Profit before tax	916,345	1,138,970	48,743	2,104,058
Deferred income-tax	16,425	(71,850)	(9,861)	(65,286)
Current income-tax	(293,045)	--	(5,755)	(298,800)
Profit for the period	639,725	1,067,120	33,127	1,739,972
Company's share of profit for the period in joint ventures	313,465	522,889	18,286	854,640

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

5 INVESTMENT IN JOINT VENTURES (CONTINUED)

iii. Additional disclosures of joint venture entities

	Q-Chem I	Q-Chem II	QVC	Total
	June 30, 2015			
	QR '000	QR '000	QR '000	QR '000
Cash and cash equivalents	<u>633,382</u>	<u>927,967</u>	<u>398,176</u>	<u>1,959,525</u>
Interest bearing loans and borrowings	<u>--</u>	<u>2,866,791</u>	<u>--</u>	<u>2,866,791</u>
Deferred tax liabilities	<u>669,953</u>	<u>647,217</u>	<u>269,178</u>	<u>1,586,348</u>
Tax payable	<u>197,859</u>	<u>Note 1</u>	<u>--</u>	<u>197,859</u>
Dividend declared/received	<u>254,800</u>	<u>531,440</u>	<u>54,600</u>	<u>840,840</u>
	Q-Chem I	Q-Chem II	QVC	Total
	December 31, 2014			
	QR '000	QR '000	QR '000	QR '000
Cash and cash equivalents	<u>891,480</u>	<u>1,524,388</u>	<u>493,234</u>	<u>2,909,102</u>
Interest bearing loans and borrowings	<u>--</u>	<u>3,106,514</u>	<u>--</u>	<u>3,106,514</u>
Deferred tax liabilities	<u>688,127</u>	<u>574,370</u>	<u>260,418</u>	<u>1,522,915</u>
Tax payable	<u>602,875</u>	<u>Note 1</u>	<u>33,888</u>	<u>636,763</u>
Dividend declared/received	<u>1,365,000</u>	<u>1,676,949</u>	<u>97,254</u>	<u>3,139,203</u>

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 of Q-Chem II.

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

5 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	Q-Chem II	QVC	Total
	June 30, 2015			
	QR '000	QR '000	QR '000	QR '000
Capital commitments	<u>7,580</u>	<u>9,107</u>	<u>--</u>	<u>16,687</u>
Operating lease commitments:				
Future minimum lease payments:				
Within one year	7,068	14,253	12,573	33,894
After one year but not more than five years	26,089	61,609	36,320	124,018
More than five years	<u>13,623</u>	<u>117,568</u>	<u>626</u>	<u>131,817</u>
Total	<u>46,780</u>	<u>193,430</u>	<u>49,519</u>	<u>289,729</u>
Contingent liabilities	<u>--</u>	<u>1,618</u>	<u>368</u>	<u>1,986</u>
	Q-Chem I	Q-Chem II	QVC	Total
	December 31, 2014			
	QR '000	QR '000	QR '000	QR '000
Capital commitments	<u>12,683</u>	<u>21,362</u>	<u>--</u>	<u>34,045</u>
Operating lease commitments:				
Future minimum lease payments:				
Within one year	7,840	14,244	7,095	29,179
After one year but not more than five years	26,401	57,897	25,956	110,254
More than five years	<u>15,138</u>	<u>131,296</u>	<u>4,016</u>	<u>150,450</u>
Total	<u>49,379</u>	<u>203,437</u>	<u>37,067</u>	<u>289,883</u>
Contingent liabilities	<u>--</u>	<u>1,617</u>	<u>--</u>	<u>1,617</u>

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

6. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	June 30, 2015 (Reviewed)	December 31, 2014 (Audited)
	QR '000s	QR '000s
Tax receivable (Note 13)	170,884	133,470
Interest receivable	440	7,578
Prepayments	2,102	68
	<u>173,426</u>	<u>141,116</u>

7. CASH AND CASH EQUIVALENTS

	June 30, 2015 (Reviewed)	December 31, 2014 (Audited)
	QR. '000s	QR '000s
Cash and bank balances	224,104	1,238,298
Less: fixed deposits maturing after 90 days	(80,000)	(1,155,500)
	<u>144,104</u>	<u>82,798</u>

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 1.3% and 1.75% (December 31, 2014: 1.3% to 1.75%).

8. TRADE PAYABLES AND ACCRUALS

	June 30, 2015 (Reviewed)	December 31, 2014 (Audited)
	QR '000s	QR '000s
Dividends payable	93,392	29,165
Social contribution payable	--	44,893
Accruals	2,556	2,943
	<u>95,948</u>	<u>77,001</u>

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

9. RELATED PARTIES

These represent the 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 statement of profit or loss and other comprehensive income for the period ended are as follows:

	For the six months period ended June 30, 2015 (Reviewed)	For the six months period ended June 30, 2014 (Reviewed)
	QR '000s	QR '000s
Dividend income from Q-Chem I	<u>124,852</u>	<u>258,622</u>
Dividend income from Q-Chem II	<u>260,406</u>	<u>429,312</u>
Dividends income from QVC	<u>30,139</u>	<u>65,106</u>
Annual fee paid to Qatar Petroleum	<u>4,144</u>	<u>4,179</u>

Related party balances

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

	June 30, 2015 (Reviewed)	December 31, 2014 (Audited)
	QR. '000s	QR. '000s
Amounts due from QP	<u>26,008</u>	<u>17,988</u>
Dividend due from Q-chem	<u>124,852</u>	<u>62,426</u>
Amounts due to QP	<u>30,740</u>	<u>34,490</u>

Compensation with key management personnel

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

	Six month period ended June 30, 2015 (Reviewed)	Six month period ended June 30, 2014 (Reviewed)
	QR '000s	QR '000s
Key management remuneration	<u>252</u>	<u>796</u>
Board of directors' remuneration	<u>2,226</u>	<u>2,130</u>
	<u>2,478</u>	<u>2,926</u>

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10. SHARE CAPITAL

	June 30, 2015 (Reviewed)	December 31, 2014 (Audited)
	QR '000s	QR '000s
<i>Authorised, issued and fully paid:</i>		
1,256,317,500 shares of QR 10 each	12,563,175	12,563,175

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

In 2014, 78,788 additional shares have been transferred from QP to the Public on account of incentive shares transferred due to death of original shareholder(s). As on the closing date, QP continues to hold 933,051,426 shares (including 1 special share) comprising 74.2688% of total shareholding.

11. 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, Companies covered by the said 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.

During the period, the Company transferred QR. 7.92 million (2014: QR. 17.44 million) representing excess funds received over the IPO cost incurred, to legal reserve.

12. DIVIDENDS

The Board of Directors has proposed a cash dividend distribution of QR 1.38 billion (QR 1.1 per share) for the year ended December 31, 2014. This proposed dividend was approved by the shareholders at the Annual General Meeting on February 16, 2015.

During the period, the Company paid a dividend amount of QR. 1.32 billion. Below is the movement in dividends payable balance during the period:

	2015 (Reviewed)	2014 (Audited)
	QR '000s	QR '000s
At January 1*	55,761	--
Dividends declared during the period/year	1,381,949	439,711
Dividends paid during the period/year	(1,317,722)	(383,950)
At June 30/December 31*	119,988	55,761

*Included in the dividends payable is a balance of QR. 26.6 million due to QP.

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13. TAX REFUND

On February 26, 2014, the Company was listed on the Qatar Exchange. The shares offered to the public amounted to 25.7312% of the total issued share capital of the Company. Subsequent to a receipt of clarification from the Public Revenue and Tax Department, the Company is eligible for a tax refund after fulfilling certain conditions. As of June 30, 2015, the Company's expected tax refund amounted to QR. 170.9 million (December, 2014: QR. 133.5 million).

14. 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, polyethylene, normal alpha olefins, other ethylene derivatives, caustic soda, ethylene dichloride and vinyl chloride monomer and other petrochemical products.

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

15. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The carrying value of the Company's financial instruments as recorded could therefore be different from the fair value. However, Management is of the opinion that the fair values of the Company's financial assets and liabilities approximate to their carrying amounts.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For the six month period ended June 30, 2015, there were no transfers between level 1, level 2 and level 3 fair value measurements.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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15. FAIR VALUE MEASUREMENT (CONTINUED)

As of June 30, 2015, the Company held the following financial instruments measured at fair values:

	Carrying amounts	Fair values	Carrying amounts	Fair values
	June 30, 2015 (Reviewed)		December 31, 2014 (Audited)	
	QR. '000s	QR. '000s	QR. '000s	QR. '000s
Financial assets				
Cash and cash equivalents	224,104	224,104	1,238,298	1,238,298
Due from related parties	150,860	150,860	80,414	80,414
Financial liabilities				
Trade payable and accruals	95,948	95,948	74,058	74,058
Due to a related party	30,740	30,740	34,490	34,490

16. FINANCIAL RISK MANAGEMENT

Objective and policies

The Company's principal financial liabilities, comprise trade accounts payable and due to a related party. The Company has various financial assets such as amounts due from related parties 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 following table demonstrates the sensitivity of the statement of profit or loss and other comprehensive income to reasonably possible changes in interest rates, with all other variables held constant.

	<i>Increase in basis points</i>	<i>Effect on profit June 30, 2015</i>	<i>Increase in basis points</i>	<i>Effect on profit December 31, 2014</i>
	QR'000		QR'000	
	+/-	QR'000	+/-	QR'000
Fixed deposits	+/- 25	200	+/- 25	2,889

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16. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 related parties 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:

	<u>June 30,</u> <u>2015</u> <u>QR '000</u>	<u>December 31,</u> <u>2014</u> <u>QR '000</u>
Amounts due from related parties	150,860	80,414
Cash and bank balances	<u>224,104</u>	<u>1,238,298</u>
	<u>374,964</u>	<u>1,318,712</u>

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. 13.53 billion as at June 30, 2015 (December 31, 2014: 14.5 billion).

17. CRITICAL JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, 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.

**17. CRITICAL JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY
(CONTINUED)**

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.

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.

Assessment 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.

Purchase price allocation

In 2014, Management performed its purchase price allocation (PPA) exercise relating to acquisition of interests in Q-Chem, Q-Chem II and QVC and concluded that there is an increase of goodwill amount of QR. 101.6 million.