

***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 2021

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

Condensed interim financial information for the six-month period ended  
30 June 2021

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## *Independent auditor's review report on condensed interim financial information to the Board of Directors 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 2021 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 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' as issued by the International Accounting Standards Board (IASB). 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.

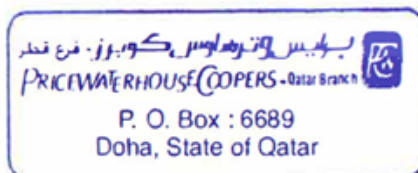
### **Conclusion**

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

**Mark Menton**  
**PricewaterhouseCoopers – Qatar Branch**

Auditor's registration number 364  
Doha, State of Qatar  
05 August 2021



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

Condensed interim financial information for the six-month period ended 30


June 2021

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

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		As at	
	Note	30 June 2021 (Reviewed)	31 December 2020 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in joint ventures	4 (i)	14,523,635	14,277,395
<b>Current assets</b>			
Prepayment and other receivables	5	13,702	7,872
Other asset		-	62,234
Deposits and other bank balances	6.1	1,700,601	1,555,145
Cash and cash equivalents	6	243,389	177,486
<b>Total current assets</b>		<b>1,957,692</b>	<b>1,802,737</b>
<b>Total assets</b>		<b>16,481,327</b>	<b>16,080,132</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	9	12,563,175	12,563,175
Legal reserve	10	67,606	67,606
Retained earnings		3,532,060	3,125,167
<b>Total equity</b>		<b>16,162,841</b>	<b>15,755,948</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	316,040	319,525
Due to a related party	8 (ii)	2,446	4,659
<b>Total liabilities</b>		<b>318,486</b>	<b>324,184</b>
<b>Total equity and liabilities</b>		<b>16,481,327</b>	<b>16,080,132</b>

The financial information on pages 2 to 15 were approved and authorised for issue by the Board of Directors on 05 August 2021 and were signed on its behalf by:

  
Digitally signed  
by Abdulrahman  
Al-Shaibi  
**Abdulrahman Ahmad Al-Shaibi**  
Member

  
Digitally signed by  
Abdulaziz Al-  
Mannai  
**Abdulaziz Mohammed Al-Mannai**  
Member



The notes on pages 6 to 15 are an integral part of the condensed interim financial information  
Independent auditor's review report is set out on page 1

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

Condensed interim financial information for the six-month period ended 30 June 2021

(All amounts are 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	2021 (Reviewed)	2020 (Reviewed)
Share of results from joint ventures	4 (ii)	902,411	124,239
Interest income		13,491	18,303
Other income		1,203	812
		917,105	143,354
General and administrative expenses		(7,685)	(8,256)
<b>Net profit for the period</b>		<b>909,420</b>	<b>135,098</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>909,420</b>	<b>135,098</b>
<b>Basic and diluted earnings per share (in QR)</b>	3	<b>0.072</b>	<b>0.011</b>

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

Condensed interim financial information for the six-month period ended 30 June 2021

(All amounts are 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 2020</b>		12,563,175	61,934	3,513,469	16,138,578
Profit for the period		-	-	135,098	135,098
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	135,098	135,098
<i>Transaction with owners in their capacity as owners:</i>					
Dividends approved	11	-	-	(879,422)	(879,422)
<b>Balance at 30 June 2020 (Reviewed)</b>		12,563,175	61,934	2,769,145	15,394,254
<b>Balance at 1 January 2021 (Audited)</b>					
		<b>12,563,175</b>	<b>67,606</b>	<b>3,125,167</b>	<b>15,755,948</b>
Profit for the period		-	-	<b>909,420</b>	<b>909,420</b>
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	<b>909,420</b>	<b>909,420</b>
<i>Transaction with owners in their capacity as owners:</i>					
Dividends approved	11	-	-	<b>(502,527)</b>	<b>(502,527)</b>
<b>Balance at 30 June 2021 (Reviewed)</b>		<b>12,563,175</b>	<b>67,606</b>	<b>3,532,060</b>	<b>16,162,841</b>

The notes on pages 6 to 15 are an integral part of the condensed interim financial information  
Independent auditor's review report is set out on page 1



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

Condensed interim financial information for the six-month period ended 30 June 2021

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

## CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Note	For the six-month periods ended 30 June	
		2021 (Reviewed)	2020 (Reviewed)
<b>Cash flows from operating activities</b>			
Net profit for the period		909,420	135,098
Adjustments for:			
- Interest income		(13,491)	(18,303)
- Share of results from joint ventures	4 (ii)	(902,411)	(124,239)
		(6,482)	(7,444)
Movement in working capital:			
- Prepayment and other receivables		(5,830)	(2,758)
- Other assets		62,809	-
- Trade and other payables		(36,561)	(32,467)
- Due to a related party		(2,213)	(3,890)
<b>Cash flows generated from/(used in) operations</b>		11,723	(46,559)
Interest received		12,916	12,971
<b>Net cash generated from/(used in) operating activities</b>		24,639	(33,588)
<b>Cash flows from investing activities</b>			
Dividends received from joint ventures	4 (iii)	656,171	519,632
Placement of fixed term deposits		(1,388,143)	(880,950)
Maturity of fixed term deposits		1,275,763	795,148
<b>Net cash generated from investing activities</b>		543,791	433,830
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders		(469,451)	(786,633)
Movement in unclaimed dividends account		(33,076)	(92,789)
<b>Cash used in financing activities</b>		(502,527)	(879,422)
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		65,903	(479,180)
Cash and cash equivalents at beginning of the period	6	177,486	755,143
<b>Cash and cash equivalents at end of the period</b>	6	243,389	275,963



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

Condensed interim financial information for the six-month period ended 30 June 2021

(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 (“QP”). 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 QP. 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:

<b>Entity Name</b>	<b>Country of incorporation</b>	<b>Relationship</b>	<b>Ownership interest</b>
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 QP, 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 QP, 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 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 2021 was authorised for issue on 05 August 2021 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 2021 has 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 2021

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

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

### Basis of preparation (continued)

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 2020. In addition, results for the six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The Company's accounting and risk management policies are consistent with those presented in the annual financial statements for the year ended 31 December 2020.

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

#### i. New standards and interpretations adopted during the period

A number of new or amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

- COVID-19-related Rent concessions - Amendments to IFRS 16
- Interest rate benchmark reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The impact of the adoption of these standards and the new accounting policies are not material to the condensed interim financial information.

#### 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. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. The Company is in the process of assessing the impact of these new standards.

## 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 six-month period ended</i>	<b>30 June 2021 (Reviewed)</b>	30 June 2020 (Reviewed)
Profit for the period attributable to the equity holders of the parent (QR'000)	<b>909,420</b>	135,098
Weighted average number of shares outstanding during the period ("in thousands")	<b>12,563,175</b>	12,563,175
Basic and diluted earnings per share (expressed in QR per share)	<b>0.072</b>	0.011

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.

Condensed interim financial information for the six-month period ended 30 June 2021

(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 six-month period ended 30 June 2021:

<i>For the six-month period ended</i>	<b>30 June 2021 (Reviewed)</b>
Balance at beginning of the period	14,277,395
Share of results from joint ventures for the period	902,411
Share of dividends from joint ventures	(656,171)
<b>Balance at the end of the period</b>	<b>14,523,635</b>

The summarised interim financial information below presents amounts shown in the financial information of the joint ventures as at 30 June 2021 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 2021</b>			
	Q-Chem	Q-Chem II	QVC	Total
Current assets	1,650,408	1,773,091	1,188,515	4,612,014
Non-current assets	2,033,112	5,024,027	891,592	7,948,731
Current liabilities	(491,502)	(534,898)	(312,374)	(1,338,774)
Non-current liability	(732,310)	(1,465,500)	(155,392)	(2,353,202)
<b>Equity</b>	<b>2,459,708</b>	<b>4,796,720</b>	<b>1,612,341</b>	<b>8,868,769</b>
<b>Proportion of Company's ownership</b>	<b>49.0%</b>	<b>49.0%</b>	<b>55.2%</b>	
Company's share of net assets	1,205,257	2,350,393	890,012	4,445,662
Tax benefit from joint ventures	296,178	817,616	181,820	1,295,614
Goodwill	3,549,403	4,878,711	354,245	8,782,359
<b>Investment in joint ventures</b>	<b>5,050,838</b>	<b>8,046,720</b>	<b>1,426,077</b>	<b>14,523,635</b>

	<b>As at 31 December 2020 (Audited)</b>			
	Q-Chem	Q-Chem II	QVC	Total
Current assets	1,290,147	1,494,351	908,526	3,693,024
Non-current assets	2,062,435	5,213,361	892,007	8,167,803
Current liabilities	(485,212)	(229,214)	(235,668)	(950,094)
Non-current liability	(771,815)	(1,519,700)	(174,447)	(2,465,962)
<b>Equity</b>	<b>2,095,555</b>	<b>4,958,798</b>	<b>1,390,418</b>	<b>8,444,771</b>
<b>Proportion of Company's ownership</b>	<b>49.0%</b>	<b>49.0%</b>	<b>55.2%</b>	
Company's share of net assets	1,026,822	2,429,811	767,511	4,224,144
Tax benefit from joint ventures	404,319	687,080	179,493	1,270,892
Goodwill	3,549,403	4,878,711	354,245	8,782,359
<b>Investment in joint ventures</b>	<b>4,980,544</b>	<b>7,995,602</b>	<b>1,301,249</b>	<b>14,277,395</b>

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

Condensed interim financial information for the six-month period ended 30 June 2021

(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 six-month period ended 30 June 2021			
	Q-Chem	Q-Chem II	QVC	Total
Revenue	1,312,773	1,645,255	990,735	3,948,763
Cost of sales	(729,056)	(864,460)	(505,592)	(2,099,108)
Other income	(965)	(3,829)	(4,954)	(9,748)
Administrative expenses	(23,380)	(8,874)	(25,655)	(57,909)
Finance income / (cost)	1,110	(2,122)	2,803	1,791
<b>Profit before tax</b>	<b>560,482</b>	<b>765,970</b>	<b>457,337</b>	<b>1,783,789</b>
Deferred income tax	32,549	49,289	18,244	100,082
Current income tax	(228,880)	(340,336)	(177,217)	(746,433)
<b>Profit/(loss) for the period</b>	<b>364,151</b>	<b>474,923</b>	<b>298,364</b>	<b>1,137,438</b>
Company's share of profit/(loss) before tax benefit	178,434	232,712	164,697	575,843
Tax benefit from joint ventures	96,202	142,613	87,753	326,568
<b>Company's share of profit for the period from joint ventures</b>	<b>274,636</b>	<b>375,325</b>	<b>252,450</b>	<b>902,411</b>

	For the six-month ended 30 June 2020			
	Q-Chem	Q-Chem II	QVC	Total
Revenue	797,044	776,234	420,282	1,993,560
Cost of sales	(635,970)	(736,219)	(369,212)	(1,741,401)
Other income	3,378	521	8,044	11,943
Administrative expenses	(26,881)	(10,614)	(48,212)	(85,707)
Finance income / (cost)	2,865	(4,612)	(102)	(1,849)
<b>Profit before tax</b>	<b>140,436</b>	<b>25,310</b>	<b>10,800</b>	<b>176,546</b>
Deferred income tax	38,562	(73,098)	(197,310)	(231,846)
Current income tax	(87,881)	-	(19,241)	(107,122)
<b>Profit/(loss) for the period</b>	<b>91,117</b>	<b>(47,788)</b>	<b>(205,751)</b>	<b>(162,422)</b>
Company's share of profit/(loss) before tax benefit	44,647	(23,416)	(113,575)	(92,344)
Tax benefit from joint ventures	40,170	56,882	119,531	216,583
<b>Company's share of profit for the period from joint ventures</b>	<b>84,817</b>	<b>33,466</b>	<b>5,956</b>	<b>124,239</b>

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

Condensed interim financial information for the six-month period ended 30 June 2021

(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 30 June 2021			
	Q-Chem	Q-Chem II	QVC	Total
Cash and cash equivalents	441,732	608,801	585,971	1,636,504
Depreciation and amortisation	134,331	203,705	66,863	404,899
Deferred tax liabilities	375,564	1,350,964	152,400	1,878,928
Tax payable	228,880	317,641	177,217	723,738
Company's share of dividend declared/received	201,637	326,924	127,610	656,171
Current financial liabilities (excluding trade and other payables and provisions)	17,836	10,782	757	29,375
Non-current financial liabilities (excluding trade and other payables and provisions)	54,072	113,302	2,992	170,366

	As at 31 December 2020			
	Q-Chem	Q-Chem II	QVC	Total
Cash and cash equivalents	316,323	551,172	365,751	1,233,246
Depreciation and amortisation	260,191	390,601	133,956	784,748
Interest bearing loans and borrowings	-	31,268	-	31,268
Deferred tax liabilities	408,113	1,400,253	170,643	1,979,009
Tax payable	242,064	*24,705	110,674	377,443
Company's share of dividend declared/received	301,689	329,966	164,901	796,556
Current financial liabilities (excluding trade and other payables and provisions)	23,307	51,004	732	75,043
Non-current financial liabilities (excluding trade and other payables and provisions)	61,090	118,271	3,804	183,165

\*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.P.S.C.

Condensed interim financial information for the six-month period ended 30 June 2021

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

### 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 2021			Total
	Q-Chem	Q-Chem II	QVC	
Capital commitments	125,776	21,979	143,410	291,165
Purchase commitments	181,899	200,168	-	382,067
Contingent liabilities	-	-	21,720	21,720

	As at 31 December 2020			Total
	Q-Chem	Q-Chem II	QVC	
Capital commitments	122,152	25,475	84,462	232,089
Purchase commitments	173,148	211,606	-	384,754
Contingent liabilities	-	-	21,700	21,700

The joint ventures have purchase commitments that consist primarily of major agreements to procure gas from QP. The joint ventures also have a number of agreements for electricity, industrial gases and manpower.

#### Other contingent liabilities

##### Site restoration obligations

Ras Laffan Olefins Company Limited Q.P.J.S.C. (a joint venture of 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.

#### Tax indemnity

Based on the Memorandum of Understanding ("MOU") entered into between Qatar Petroleum, the Ministry of Finance and the General Tax Authority ("GTA") on 4 February 2020, the joint ventures shall pay the income tax amount payable for the ownership interests pertaining to the foreign shareholder to the GTA and the tax pertaining to the public shareholding company directly to the public shareholding company. In relation to this, MPHIC has given an indemnity to Q-Chem and Q-Chem II in case of any tax exposure in the future as a result of the two joint ventures not paying the full tax liability to the GTA.

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

Condensed interim financial information for the six-month period ended 30 June 2021

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

## Tax assessments

During 2020, the GTA issued income tax assessments for the years from 2012 to 2014 for QVC and for the years from 2011 to 2018 for Q-Chem II, imposing additional taxes including penalties of QR 2.4 billion which is disputed by the ventures. The joint ventures assessed the likely outcome of the assessments based on the status of latest discussions with the GTA and concluded that no provision is required.

Management concluded that the assessments will not impact the Company as its investments in joint ventures are equity accounted for on a pre-tax basis, in accordance with the provisions of the MOU agreed between the relevant stakeholders.

## 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>	<b>30 June 2021 (Reviewed)</b>	31 December 2020 (Audited)
Cash and cash equivalents	<b>243,389</b>	177,486

### 6.1 DEPOSITS AND OTHER BANK BALANCES

<i>As at</i>	<b>30 June 2021 (Reviewed)</b>	31 December 2020 (Audited)
Fixed deposits maturing after 90 days	<b>1,388,143</b>	1,275,763
Restricted bank balances - Dividends account	<b>312,458</b>	279,382
	<b>1,700,601</b>	1,555,145

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 1.6% to 2.3% (31 December 2020: 1.00% to 3.75%).

## 7. TRADE AND OTHER PAYABLES

<i>As at</i>	<b>30 June 2021 (Reviewed)</b>	31 December 2020 (Audited)
Dividends payable	<b>312,458</b>	279,382
Social and sports fund contribution payable	-	35,421
Accruals	<b>3,582</b>	4,722
	<b>316,040</b>	319,525

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

Condensed interim financial information for the six-month period ended 30 June 2021

(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 six-month period ended</i>	<b>30 June 2021 (Reviewed)</b>	30 June 2020 (Reviewed)
Dividend income from Q-Chem	201,637	89,180
Dividend income from Q-Chem II	326,924	323,960
Dividend income from QVC	127,610	106,492
Annual fee paid to QP	(2,388)	(2,878)

### *ii 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 2021 (Reviewed)</b>	31 December 2020 (Audited)
Amounts due to QP	2,446	4,659

### *iii 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 2021 (Reviewed)</b>	30 June 2020 (Reviewed)
Key management remuneration	102	100
Board of directors' remuneration	2,952	2,950
	<b>3,054</b>	3,050

## 9. SHARE CAPITAL

<i>As at</i>	<b>30 June 2021 (Reviewed)</b>	31 December 2020 (Audited)
Authorised, issued and fully paid: 12,563,175,000 shares of QR 1 each	12,563,175	12,563,175

## 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.

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

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

## 11. DIVIDENDS

The Board of Directors has proposed cash dividend distribution of QR 0.04 per share for the year ended 31 December 2020. The final dividend for the year ended 31 December 2020 had been approved at the Annual General Meeting held on 24 March 2021.

During the period, the Company paid a dividend of QR 469.5 million. Below is the movement in dividends payable balance during the period:

<i>As at</i>	<b>30 June 2021 (Reviewed)</b>	<b>31 Dec 2020 (Audited)</b>
Balance at the beginning of the period/year	279,382	211,816
Dividends approved during the period/year	502,527	879,422
Dividends paid during the period/year	(469,451)	(81,856)
Balance at the end of the period/year	<b>312,458</b>	279,382

## 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, Qatar Petroleum, the Ministry of Finance and the General Tax Authority have reached an agreement through an MOU which gives the Company a right to a refund on its portion of tax incurred by the joint ventures.

As such, the Company is entitled to the pre-tax profits from the underlying joint ventures, therefore, 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 1,271 million as of the period ended 30 June 2021.

The Ministry of Finance will then pay MPHC's share of tax to the General Tax Authority.

## 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.



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

Condensed interim financial information for the six-month period ended 30 June 2021

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

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

#### *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.

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.

#### *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 30 June 2021, no impairment indicators were identified, and therefore a detailed impairment test was not performed.

#### *Income tax position*

- Tax assessment (Note 4)
- Income tax (Note 12)