

***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 2019

Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended
30 June 2019

CONTENTS

PAGES

<i>Independent auditor's review report</i> _____	1
<i>Condensed interim statement of financial position</i> _____	2
<i>Condensed interim statement of profit or loss and other comprehensive income</i> _____	3
<i>Condensed interim statement of changes in equity</i> _____	4
<i>Condensed interim statement of cash flows</i> _____	5
<i>Notes to condensed interim financial information</i> _____	6-15



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 2019 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 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' 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.

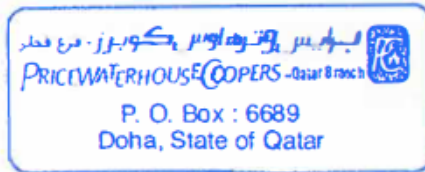
Conclusion

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

Mohamed Elmoataz
PricewaterhouseCoopers – Qatar Branch

Auditor's registration number 281
Doha, State of Qatar
5 August 2019



Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2019

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		As at	
	Note	30 June 2019	31 December 2018
		(Reviewed)	(Audited)
ASSETS			
Non-current assets			
Investments in joint ventures	4 (i)	13,178,888	13,161,558
Current assets			
Other receivables	5	16,490	31,718
Tax receivable	12	-	169,603
Deposits and other bank balances	6.1	1,397,849	1,735,247
Cash and cash equivalents	6	5,670	176,417
Total current assets		1,420,009	2,112,985
Total assets		14,598,897	15,274,543
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	12,563,175	12,563,175
Legal reserve	10	57,600	57,600
Retained earnings		1,741,960	2,443,892
Total equity		14,362,735	15,064,667
LIABILITIES			
Current liabilities			
Trade and other payables	7	232,556	201,436
Due to a related party	8	3,606	8,440
Total liabilities		236,162	209,876
Total equity and liabilities		14,598,897	15,274,543

The financial information on pages 2 to 15 were approved and authorised for issue by the Board of Directors on 5 August 2019 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 2019

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

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	For the six month periods ended 30 June	
		2019 (Reviewed)	2018 (Reviewed)
Share of results from joint ventures	4 (ii)	452,183	589,638
Interest income		30,519	20,068
Other income		2,990	3,526
		485,692	613,232
General and administrative expenses		(11,434)	(10,921)
Profit for the period before tax refund		474,258	602,311
Impairment of tax receivable	12	(169,603)	-
Tax refund	12	-	64,151
Net profit for the period		304,655	666,462
Other comprehensive income		-	-
Total comprehensive income for the period		304,655	666,462
Basic and diluted earnings per share (in QR)	3	0.024	0.053

Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2019

(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
Balance at 1 January 2018 (Audited)		12,563,175	37,020	1,984,611	14,584,806
Profit for the period		-	-	666,462	666,462
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	666,462	666,462
<i>Transaction with owners in their capacity as owners:</i>					
Dividends approved	11	-	-	(879,422)	(879,422)
Balance at 30 June 2018 (Reviewed)		12,563,175	37,020	1,771,651	14,371,846
Balance at 1 January 2019 (Audited)		12,563,175	57,600	2,443,892	15,064,667
Impact of IFRS 16 adoption from joint ventures	2	-	-	(1,533)	(1,533)
Adjusted balance at 1 January 2019		12,563,175	57,600	2,442,359	15,063,134
Profit for the period		-	-	304,655	304,655
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	304,655	304,655
<i>Transaction with owners in their capacity as owners:</i>					
Dividends approved	11	-	-	(1,005,054)	(1,005,054)
Balance at 30 June 2019 (Reviewed)		12,563,175	57,600	1,741,960	14,362,735

Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2019

(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	
		2019 (Reviewed)	2018 (Reviewed)
Cash flows from operating activities			
Net profit for the period		304,655	666,462
Adjustments for:			
- Tax refund		-	(64,151)
- Impairment of tax receivable	12	169,603	-
- Interest income		(30,519)	(20,068)
- Share of results from joint ventures	4 (ii)	(452,183)	(589,638)
		(8,444)	(7,395)
Movement in working capital:			
- Other receivables		(2,093)	(2,097)
- Trade and other payables		(35,597)	(29,489)
- Due to a related party		(4,834)	(3,719)
Cash used in operations		(50,968)	(42,700)
Tax refund received		-	89,733
Interest received		47,840	22,152
Net cash (used in) / generated from operating activities		(3,128)	69,185
Cash flows from investing activities			
Dividends received from joint ventures	4 (iii)	433,320	610,661
Placement of fixed term deposits		(1,168,668)	(802,644)
Maturity of fixed term deposits		1,572,783	1,208,550
Net cash generated from investing activities		837,435	1,016,567
Cash flows from financing activities			
Dividends paid to shareholders	11	(938,337)	(836,220)
Movement in unclaimed dividends account		(66,717)	(43,202)
Cash used in financing activities		(1,005,054)	(879,422)
Net (decrease) / increase in cash and cash equivalents			
		(170,747)	206,330
Cash and cash equivalents at beginning of period	6	176,417	50,239
Cash and cash equivalents at end of period	6	5,670	256,569

Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2019

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

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

Qatar Chemical Company Limited (“Q-Chem”), is a Qatari 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 Private 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 2019 were authorised for issue on 5 August 2019 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 2019 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 2019

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

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 2018. In addition, results for the six month period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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 2018 except for the adoption of new and revised standards effective as of January 1, 2019 and the significant accounting estimate relating to tax as disclosed in note 14.

i. New and amended standards adopted by the Company

A new accounting standard became applicable for the Company and its joint ventures for the current reporting period. As explained in more details below, the standard was generally adopted without restating comparative information.

IFRS 16 Leases

Impact of adoption

This note explains the impact of the adoption of IFRS 16 Leases on the Company's financial information. The standard has affected primarily the accounting for leases pertaining to the Company's joint ventures. IFRS 16 was issued in January 2016. It has resulted 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 has not significantly changed.

The Company does not have any non-cancellable lease commitments and therefore right-of-use assets and lease liabilities were not recognised in the current period. However, the Company's joint ventures' have applied the standard from 1 January 2019 using the modified retrospective approach. As a result, the net impact on the Company's retained earnings as of the date of adoption was a decrease of QR 1.5 million.

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.

Effective for annual periods beginning on or after 1 January 2020

- Amendments regarding the definition of materiality
- Amendments to clarify the definition of a business
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2019

(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) 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>	30 June 2019 (Reviewed)	30 June 2018 (Reviewed)
Profit for the period attributable to the equity holders of the parent (QR'000)	304,655	666,462
Weighted average number of shares outstanding during the period ("in thousands")	12,563,175	12,563,175
Basic and diluted earnings per share (expressed in QR per share)	0.024	0.053

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.

As described in note 9, the Company reduced the nominal value of its shares during 2019 to be (1) one Qatari Riyal, therefore each existing share was split into ten (10) shares. As a result the basic and diluted earnings per share value as at 30 June 2018 was restated to QR 0.053 per share which was previously reported as QR 0.53 per share.

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 2019:

<i>For the six month period ended</i>	30 June 2019 (Reviewed)
Balance at beginning of the period	13,161,558
Impact of adoption of IFRS 16 (note 2)	(1,533)
Share of results from joint ventures for the period	452,183
Share of dividends from joint ventures	(433,320)
Balance at end of the period	13,178,888

The summarised interim financial information below presents amounts shown in the financial information of the joint ventures as at 30 June 2019, which are presented in United States Dollars ("USD") in the financial information of the joint ventures and are translated to QR using an exchange rate of 3.64 in the below tables:

i. Statement of financial position of joint venture entities

	As at 30 June 2019			Total
	Q-Chem	Q-Chem II	QVC	
Current assets	1,241,133	2,369,858	797,331	4,408,322
Non-current assets	2,099,803	5,208,436	1,007,421	8,315,660
Current liabilities	(388,290)	(895,502)	(155,020)	(1,438,812)
Non-current liability	(857,555)	(1,400,151)	(175,696)	(2,433,402)
Equity	2,095,091	5,282,641	1,474,036	8,851,768
Adjustment for dividend equalisation account	-	-	(58,384)	(58,384)
Equity after adjustment	2,095,091	5,282,641	1,415,652	8,793,384
Proportion of the Company's ownership	49%	49%	55.2%	
Company's share of net assets	1,026,595	2,588,494	781,440	4,396,529
Goodwill	3,549,403	4,878,711	354,245	8,782,359
Investment in joint ventures	4,575,998	7,467,205	1,135,685	13,178,888

Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2019

(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 2018			
	Q-Chem	Q-Chem II	QVC	Total
Current assets	1,730,558	2,641,475	997,265	5,369,298
Non-current assets	2,104,182	5,196,027	1,041,852	8,342,061
Current liabilities	(818,643)	(1,260,716)	(339,142)	(2,418,501)
Non-current liability	(830,066)	(1,467,532)	(180,635)	(2,478,233)
Equity	2,186,031	5,109,254	1,519,340	8,814,625
Adjustment for dividend equalisation account	-	-	(61,895)	(61,895)
Equity after adjustment	2,186,031	5,109,254	1,457,445	8,752,730
Proportion of the Company's ownership	49%	49%	55.2%	
Company's share of net assets	1,071,155	2,503,534	804,510	4,379,199
Goodwill	3,549,403	4,878,711	354,245	8,782,359
Investment in joint ventures	4,620,558	7,382,245	1,158,755	13,161,558

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

	For the six month ended 30 June 2019			
	Q-Chem	Q-Chem II	QVC	Total
Revenue	1,143,553	1,393,523	638,674	3,175,750
Cost of sales	(709,494)	(803,963)	(408,692)	(1,922,149)
Other income / (expense)	4,124	335	(262)	4,197
Administrative expenses	(24,239)	(11,073)	(28,476)	(63,788)
Finance income / (cost)	6,148	(8,732)	4,419	1,835
Profit before tax	420,092	570,090	205,663	1,195,845
Deferred income tax	25,218	(69,102)	10,247	(33,637)
Current income tax	(172,248)	-	(65,065)	(237,313)
Profit for the period	273,062	500,988	150,845	924,895
Distributions to tax exempt shareholders	-	-	(18,782)	(18,782)
Profit for the period net of distributions to tax exempt shareholders	273,062	500,988	132,063	906,113
Company's share of profit for the period in joint ventures	133,800	245,484	72,899	452,183

Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2019

(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 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
Profit before tax	659,554	713,175	189,069	1,561,798
Deferred income tax	24,723	(71,661)	11,521	(35,417)
Current income tax	(255,568)	-	(64,330)	(319,898)
Profit for the period	428,709	641,514	136,260	1,206,483
Distributions to tax exempt shareholders	-	-	(18,091)	(18,091)
Profit for the period net of distributions to tax exempt shareholders	428,709	641,514	118,169	1,188,392
Company's share of profit for the period in joint ventures	210,067	314,342	65,229	589,638

iii. Additional disclosures of joint venture entities

	As at 30 June 2019			
	Q-Chem	Q-Chem II	QVC	Total
Cash and cash equivalents	188,064	842,624	411,404	1,442,092
Depreciation and amortisation	127,458	173,948	64,839	366,245
Interest bearing loans and borrowings	-	646,646	-	646,646
Deferred tax liabilities	497,275	1,208,560	170,388	1,876,223
Tax payable	172,248	*130,428	65,065	367,741
Company's share of dividend declared/received	178,360	160,524	94,436	433,320
Current financial liabilities (excluding trade and other payables and provisions)	-	555,464	51,881	607,345
Non-current financial liabilities (excluding trade and other payables and provisions)	187,394	92,183	-	279,577

The initial cost of the investment in the Company's joint ventures amounted to QR 12,553 million.

	As at 31 December 2018			
	Q-Chem	Q-Chem II	QVC	Total
Cash and cash equivalents	631,354	1,079,133	502,851	2,213,338
Depreciation and amortisation	241,452	336,926	133,683	712,061
Interest bearing loans and borrowings	-	934,363	-	934,363
Deferred tax liabilities	522,493	1,139,458	180,635	1,842,586
Tax payable	491,178	*368,139	127,848	987,165
Company's share of dividend declared/received	463,736	428,064	297,373	1,189,173
Current financial liabilities (excluding trade and other payables and provisions)	-	607,236	91,087	698,323
Non-current financial liabilities (excluding trade and other payables and provisions)	366,031	327,127	-	693,158

*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 2019

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

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 2019			Total
	Q-Chem	Q-Chem II	QVC	
Capital commitments	96,844	188,163	57,972	342,979
Operating lease commitments:				
<i>Future minimum lease payments:</i>				
Within one year	-	-	-	-
After one year but not more than five years	-	-	-	-
More than five years	-	-	-	-
Total operating lease commitments	-	-	-	-
Purchase commitment	182,068	211,266	-	393,334
Contingent liabilities	-	1,591	21,831	23,422

	As at 31 December 2018			Total
	Q-Chem	Q-Chem II	QVC	
Capital commitments	83,579	75,976	42,786	202,341
Operating lease commitments:				
<i>Future minimum lease payments:</i>				
Within one year	8,729	5,379	494	14,602
After one year but not more than five years	27,603	19,441	2,108	49,152
More than five years	13,136	66,787	1,724	81,647
Total operating lease commitments	49,468	91,607	4,326	145,401
Purchase commitment	211,283	252,445	-	463,728
Contingent liabilities	-	-	15,849	15,849

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

Condensed interim financial information for the six month period ended 30 June 2019

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

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>	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Interest receivable on deposits	14,397	30,718
Prepayments	2,093	1,000
	16,490	31,718

6. CASH AND CASH EQUIVALENTS

<i>As at</i>	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Cash and cash equivalents	5,670	176,417

6.1 DEPOSITS AND OTHER BANK BALANCES

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Fixed deposits maturing after 90 days	1,168,668	1,572,783
Bank balances-Dividends account	229,181	162,464
	1,397,849	1,735,247

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 average interest rate of 4.12% (31 December 2018: 3.65%).

7. TRADE AND OTHER PAYABLES

<i>As at</i>	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Dividends payable (note 11)	229,181	162,464
Social contribution payable	-	34,853
Accruals	3,375	4,119
	232,556	201,436

Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2019

(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>	30 June 2019 (Reviewed)	30 June 2018 (Reviewed)
Dividend income from Q-Chem	178,360	258,622
Dividend income from Q-Chem II	160,524	187,278
Dividend income from QVC	94,436	164,761
Annual fee paid to QP	(3,606)	(4,183)

Related party balances:

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

<i>As at</i>	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Amounts due to QP	3,606	8,440

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>	30 June 2019 (Reviewed)	30 June 2018 (Reviewed)
Key management remuneration	100	100
Board of directors' remuneration	5,050	4,000
	5,150	4,100

9. SHARE CAPITAL

<i>As at</i>	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Authorised, issued and fully paid: 12,563,175,000 shares of QR 1 each	12,563,175	12,563,175

In 2019, nil (2018: 1,095,117,110 additional shares) have been transferred from QP to the Public on account of incentive shares. As at 30 June 2019, Qatar Petroleum holds 8,229,172,340 shares including 1 special share (2018: 8,229,172,340 shares including 1 special share) comprising 65.50% (2018: 65.50%) of total shareholding.

Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2019

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

Notes to the condensed interim financial information

9. SHARE CAPITAL (CONTINUED)

The Board of Directors of Qatar Financial Markets Authority (“QFMA”) issued its resolution at its 4th meeting for the year 2018 held on 16 December 2018, to reduce the nominal value of shares of listed companies in Qatar to be (1) one Qatari Riyal, so that each existing share will split into ten (10) shares.

On 12 March 2019, the Company held an Extraordinary General Meeting of Shareholders to approve the share split and amended the Article of Association in accordance with the said resolution.

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 0.8 per share (before the share split) for the year ended 31 December 2018. The final dividend for the year ended 31 December 2018 had been approved at the Annual General Meeting held on 12 March 2019.

During the period, the Company paid a dividend of QR 938 million. Below is the movement in dividends payable balance during the period:

<i>As at</i>	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Balance at the beginning of the period/year	162,464	138,164
Dividends approved during the period/year	1,005,054	879,422
Dividends paid during the period/year	(938,337)	(855,122)
Balance at the end of the period/year	229,181	162,464

12. TAX REFUND

The Company is listed on Qatar Exchange since 26 February 2014. Annually, MPHC claims a tax refund from the General Tax Authority (“GTA”) in relation to the public interest in the Company.

On 30 July 2019, management received a letter from the GTA informing that the Company’s request for a tax refund for 2018 has been rejected. As a result management has fully impaired the tax receivable balance accrued as of 31 December 2018 of QR 169.6 million in the current period.

Management is in the process of assessing further course of actions following this decision.

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.

Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the six month period ended 30 June 2019

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

Notes to the condensed interim financial information

14. CRITICAL JUDGMENTS 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 are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Classification of the investments as joint ventures

Management evaluated the Company's interest in Q-Chem, Q-Chem II and QVC (together "the Entities"), and concluded that the joint arrangements are joint ventures where the Entities are jointly controlled. Hence, 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.

Tax refund

As disclosed in note 12, the Company annually claims a tax refund from the GTA in relation to the public interest in the Company. In prior years, the Company used to accrue for tax refunds as receivable from GTA at the reporting dates as an accounting estimate based on a clarification received from the tax authority in previous years.

Following the notification dated 30 July 2019 from the GTA rejecting the Company's request for a tax refund for the 2018 balance, management has fully impaired the tax receivable balance as of 31 December 2018 of QR 169.6 million.

Consistent with this decision from the tax authority no tax credit is accrued for the half-year ended 30 June 2019.