

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C

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UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE  
THREE MONTH PERIOD ENDED MARCH 31, 2015


INTERIM CONDENSED FINANCIAL STATEMENTS  
For The Period Ended March 31, 2015

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## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at March 31, 2015

	<i>Notes</i>	<i>March 31, 2015 (Unaudited) QR'000</i>	<i>December 31, 2014 (Audited) QR'000</i>
<b>ASSETS</b>			
<b>Non-current asset</b>			
Investment in Joint Ventures	4	<u>12,966,399</u>	<u>13,152,985</u>
<b>Current assets</b>			
Prepayments and Other Debit Balances		150,788	141,116
Due from Related Parties		17,989	80,414
Cash and Bank Balances		<u>293,395</u>	<u>1,238,298</u>
<b>Total Current Assets</b>		<u>462,172</u>	<u>1,459,828</u>
<b>TOTAL ASSETS</b>		<u>13,428,571</u>	<u>14,612,813</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital		12,563,175	12,563,175
Legal Reserve		17,345	17,444
Retained Earnings		<u>654,924</u>	<u>1,920,703</u>
<b>Total Equity</b>		<u>13,235,444</u>	<u>14,501,322</u>
<b>Current Liabilities</b>			
Trade Payables and Accruals		164,459	77,001
Due to Related Party		<u>28,668</u>	<u>34,490</u>
<b>Total Current Liabilities</b>		<u>193,127</u>	<u>111,491</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>13,428,571</u>	<u>14,612,813</u>



.....  
Ahmad Saif Al-Sulaiti  
Chairman



.....  
Mohamed Salem Alyan Al-Marri  
Vice Chairman

The Accompanying Notes are Integral Part of These Interim Condensed Financial Statements

## INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three month period ended March 31, 2015

		<i>Three Month Period Ended March 31, 2015 (Unaudited)</i>	<i>Three Month Period Ended March 31, 2014 (Unaudited)</i>
	<i>Notes</i>	<i>QR'000</i>	<i>QR'000</i>
Share of Profit from Joint Ventures	4	103,958	451,494
Interest Income		2,606	522
Other Income		117	60
General and Administrative Expenses		<u>(4,583)</u>	<u>(3,127)</u>
<b>PROFIT FOR THE PERIOD</b>		<u>102,098</u>	<u>448,949</u>
Tax Refund	6	<u>14,072</u>	<u>13,221</u>
<b>Net Income for the Period</b>		<u>116,170</u>	<u>462,170</u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>116,170</u>	<u>462,170</u>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b> (Expressed as QR per share)	5	<u>0.09</u>	<u>0.37</u>

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## INTERIM CONDESED STATEMENT OF CASH FLOWS

For the Three Month Period Ended March 31, 2015

	<i>Notes</i>	<i>For three month period ended March 31, 2015 QR'000</i>	<i>For three month period ended March 31, 2014 QR'000</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the Period		116,170	462,170
Adjustments for :			
Interest Income		(2,606)	-
Share of Profit From Joint Ventures	4	(103,958)	(451,493)
Operating Cash Flows Before Working Capital Changes		9,606	10,677
<b>Working Capital Changes:</b>			
Prepayments and Other Debit Balances		(17,215)	(13,296)
Due from Related Parties		62,426	-
Due to a Related Party		(5,822)	101,932
Trade Payable and Accruals		(1,118)	1,039
Cash from Operations		47,877	100,352
Interest Received		10,148	-
<b>Net Cash Flows from Operating Activities</b>		<b>58,025</b>	<b>100,352</b>
<b>INVESTING ACTIVITY</b>			
Dividends Received		290,545	310,910
Decrease in Term Deposits		1,075,500	-
<b>Cash flows from investing activity</b>		<b>1,366,045</b>	<b>310,910</b>
<b>FINANCING ACTIVITY</b>			
IPO Costs		(99)	-
Dividends Paid		(1,293,374)	-
<b>Cash flows from Financing activity</b>		<b>(1,293,473)</b>	<b>-</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>130,597</b>	<b>411,262</b>
Cash and Cash Equivalents at the Beginning of the Year/Period		82,798	10,000
<b>CASH AND CASH EQUIVALENTS AT MARCH 31,</b>		<b>213,395</b>	<b>421,262</b>

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## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the Three Month Period Ended March 31, 2015

	<i>Share Capital</i>	<i>Legal Reserve</i>	<i>Retained Earnings</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
<b>Balance at January 01, 2014</b>	12,563,175	-	609,576	13,172,751
Dividends Declared	-	-	-	-
Excess Funds Over IPO Costs	-	-	-	-
Social Fund Contribution	-	-	-	-
Total Comprehensive Income for The Period	-	-	462,170	462,170
<b>Balance at March 31, 2014</b>	<b>12,563,175</b>	<b>-</b>	<b>1,071,746</b>	<b>13,634,921</b>
<b>Balance at January 01, 2015</b>	<b>12,563,175</b>	<b>17,444</b>	<b>1,920,703</b>	<b>14,501,322</b>
Total Comprehensive Income for The Period	-	-	116,170	116,170
Excess Funds Over IPO Costs	-	(99)	-	(99)
Dividends Declared	-	-	(1,381,950)	(1,381,950)
<b>Balance at March 31, 2015</b>	<b>12,563,175</b>	<b>17,345</b>	<b>654,923</b>	<b>13,235,443</b>

The Accompanying Notes are Integral Part of These Interim Condensed Financial Statements

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

**1. CORPORATE INFORMATION AND ACTIVITIES**

Mesaieed Petrochemical Holding Company Q.S.C. (the "Company" or "MPHC") is registered and incorporated in Qatar with commercial registration number 60843 as a Qatari Shareholding Company by its founding shareholder, Qatar Petroleum ("QP"). 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 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 parent company is P.O. Box 3212, Doha, State of Qatar

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 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 financial statements are as follows:

<i>Entity name</i>	<i>Country of incorporation</i>	<i>Relationship</i>	<i>Ownership Interest March 31, 2015</i>
Qatar Chemical Company Limited (Q-Chem I)	Qatar	Jointly controlled entity	49.0%
Qatar Chemical Company (II) Limited (Q-Chem II)	Qatar	Jointly controlled entity	49.0%
Qatar Vinyl Company Limited (QVC)	Qatar	Jointly controlled entity	55.2%

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The interim condensed financial statements for the three-month period ended March 31, 2015 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" under the historical cost convention except for certain financial instruments which have been stated at fair value.

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 period ended December 31, 2014. In addition, results for the three months period ended March 2015 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2015.

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 consolidated financial statements for the year ended December 31, 2014.

### 3. ACQUISITION OF JOINT VENTURES

On the acquisition date i.e. 1 September 2013, QP transferred its shareholding in the joint venture companies ("transaction") through a share swap agreement with 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'000 - 12,553,175 which was settled by allotment and issue of swap shares by MPHIC to QP.

	<i>Q-Chem I</i> <i>March 31,</i> <i>2015</i> <i>QR'000</i>	<i>Q-Chem II</i> <i>March 31,</i> <i>2015</i> <i>QR'000</i>	<i>QVC</i> <i>March 31,</i> <i>2015</i> <i>QR'000</i>	<i>Total</i> <i>March 31,</i> <i>2015</i> <i>QR'000</i>
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>
<b>Goodwill Arising on Acquisition</b>	<b><u>3,549,403</u></b>	<b><u>4,878,711</u></b>	<b><u>354,245</u></b>	<b><u>8,782,359</u></b>

### 4. INVESTMENT IN JOINT VENTURES

The summarised financial information below presents amounts shown in the financial statements of the joint ventures as of March 31, 2015, which are presented in US\$ i.e. the reporting currency of joint ventures and are translated using an exchange rate of 3.64 in the below table:

#### i. Statement of Financial Position of Joint Venture Entities

	<i>Q-Chem I</i> <i>March 31,</i> <i>2015</i> <i>QR'000</i>	<i>Q-Chem II</i> <i>March 31,</i> <i>2015</i> <i>QR'000</i>	<i>QVC</i> <i>March 31,</i> <i>2015</i> <i>QR'000</i>	<i>Total</i> <i>March 31,</i> <i>2015</i> <i>QR'000</i>
Current Assets	1,935,925	2,358,897	751,085	5,045,907
Non-Current Assets	2,646,401	6,516,562	1,435,128	10,598,091
Current Liabilities	(938,175)	(867,186)	(159,335)	(1,964,696)
Non-Current Liability	(1,188,552)	(893,056)	(290,021)	(2,371,629)
Term Loan	-	(2,988,587)	-	(2,988,587)
<b>Equity</b>	<b><u>2,455,599</u></b>	<b><u>4,126,630</u></b>	<b><u>1,736,857</u></b>	<b><u>8,319,086</u></b>
<b>Proportion of the Company's ownership</b>	<b><u>49.0%</u></b>	<b><u>49.0%</u></b>	<b><u>55.2%</u></b>	
Company's Share of Net Assets in the Joint Venture Entities	1,203,243	2,022,049	958,748	
Goodwill (Note 3)	<u>3,549,403</u>	<u>4,878,711</u>	<u>354,245</u>	<u>8,782,359</u>
<b>Investment in Joint Ventures</b>	<b><u>4,752,646</u></b>	<b><u>6,900,760</u></b>	<b><u>1,312,993</u></b>	<b><u>12,966,399</u></b>



## 4 INVESTMENT IN JOINT VENTURES (CONTINUED)

## ii. Statement of Comprehensive Income of Joint Venture Entities

	<i>Three Months Period Ended March 31, 2015</i>			
	<i>Q-Chem I</i> <i>QR'000</i>	<i>Q-Chem II</i> <i>QR'000</i>	<i>QVC</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Revenue	302,427	264,239	131,674	698,339
Cost of sales	(155,216)	(198,985)	(133,489)	(487,690)
Selling & Administrative expenses	(6,008)	(4,023)	(20,930)	(30,961)
Other Income/(Expense)	(2,891)	(1,681)	(60)	(4,632)
Finance Expense	-	(3,438)	-	(3,438)
Finance Income	578	279	546	1,403
<b>Profit before tax</b>	<b>138,890</b>	<b>56,390</b>	<b>(22,259)</b>	<b>173,021</b>
Deferred income-tax	4,486	(17,800)	(2,651)	(15,966)
Current income-tax	(53,097)	-	-	(53,097)
<b>Profit for the period</b>	<b>90,279</b>	<b>38,590</b>	<b>(24,911)</b>	<b>103,958</b>
Unallocated Expense	-	-	-	(4,583)
Unallocated Income	-	-	-	16,795
<b>Profit for the period</b>				<b>116,170</b>

	<i>Three Months Period Ended March 31, 2014</i>			
	<i>Q-Chem I</i> <i>QR'000</i>	<i>Q-Chem II</i> <i>QR'000</i>	<i>QVC</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Revenue	448,706	523,696	174,492	1,146,894
Cost of sales	(187,368)	(211,808)	(143,963)	(543,139)
Selling & Administrative expenses	(19,449)	(23,523)	(18,792)	(61,764)
Other Income/(Expense)	995	(1,546)	81	(470)
Finance Expense	-	(4,378)	-	(4,378)
Finance Income	239	409	727	1,375
<b>Profit before tax</b>	<b>243,123</b>	<b>282,850</b>	<b>12,545</b>	<b>538,518</b>
Deferred income-tax	3,792	(17,589)	(2,720)	(16,517)
Current income-tax	(67,240)	-	(3,267)	(70,507)
<b>Profit for the period</b>	<b>179,675</b>	<b>265,261</b>	<b>6,558</b>	<b>451,494</b>
Unallocated Expense	-	-	-	(3,127)
Unallocated Income	-	-	-	13,803
<b>Profit for the period</b>				<b>462,170</b>

## iii. Investment in Joint Ventures

The Movements in Interest in Joint Ventures During the Period are as Follows:

Balance as on December 31, 2013	13,072,240
Investment during the year ending December 31, 2014	-
Profit for the Period	1,668,554
Dividend Received During the Period	<u>(1,587,809)</u>
<b>Investment Balance as of December 31, 2014</b>	<b>13,152,985</b>
Investment during the period	-
Profit for the period	103,958
Dividend received during the period	<u>(290,545)</u>
<b>Investment balance as of March 31, 2015</b>	<b>12,966,399</b>

## 5 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit attributable to the equity holders of the parent for the period 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>Three Months Ended March 31, 2015</i>
Profit attributable to the equity holders of the parent for the period (QR'000)	<u>116,170</u>
Weighted average number of shares outstanding during the year ("in thousands")	<u>1,256,317</u>
Basic and diluted earnings per share (expressed in QR per share)	<u>0.09</u>

## 6 TAX REFUND

Subsequent to a receipt of clarification from Public Revenue and Tax Department (PRTD), the Company is eligible for a tax refund after fulfilling certain conditions mentioned therein.

As per the understanding of above clarification, the Company's tax refund figure amounts to QAR 14M for the period ending on 31<sup>st</sup> March 2015.