

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

**Unaudited condensed interim financial information
for the nine month period ended 30 September
2020**

Mesaieed Petrochemical Holding Company Q.P.S.C

Condensed interim financial information for the nine month period ended
30 September 2020

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Mesaieed Petrochemical Holding Company Q.P.S.C

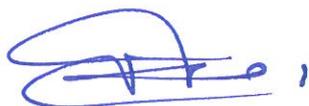
Condensed interim financial information for the nine month period ended 30 September 2020

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	As at	
	30 September 2020	31 December 2019
	(Unaudited)	(Audited)
		(Restated)
ASSETS		
Non-current assets		
Investments in joint ventures	14,299,947	14,623,628
Current assets		
Other receivables	18,546	7,777
Deposits and other bank balances	702,671	1,006,964
Cash and cash equivalents	867,384	755,143
Total current assets	1,588,601	1,769,884
Total assets	15,888,548	16,393,512
EQUITY AND LIABILITIES		
EQUITY		
Share capital	12,563,175	12,563,175
Legal reserve	61,934	61,934
Retained earnings	2,964,500	3,513,469
Total equity	15,589,609	16,138,578
LIABILITIES		
Current liabilities		
Trade and other payables	294,586	248,048
Due to a related party	4,353	6,886
Total liabilities	298,939	254,934
Total equity and liabilities	15,888,548	16,393,512

financial information on pages 1 to 4 were approved and authorised for issue by the Board of Directors on 28 October 2020 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 nine month period ended 30 September 2020

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

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the nine month period ended 30 September	
	2020 (Unaudited)	2019 (Unaudited)
Share of results from joint ventures	316,367	461,242
Interest income	25,807	44,691
Other income	753	3,463
	342,927	509,396
General and administrative expenses	(12,474)	(15,960)
Net profit for the period	330,453	493,436
Other comprehensive income	-	-
Total comprehensive income for the period	330,453	493,436
Basic and diluted earnings per share (in QR)	0.026	0.039

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital	Legal reserve	Retained earnings	Total
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		-	(1,533)	(1,533)
Adjusted balance at 1 January 2020	12,563,1	57,600	2,442,359	15,063,134
Profit for the period		-	493,436	493,436
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period	-	-	493,436	493,436
<i>Transaction with owners in their capacity as owners:</i>				
Dividends approved	-	-	(1,005,054)	(1,005,054)
Balance at 30 September 2019 (Unaudited)	12,563,175	57,600	1,930,741	14,551,516
Balance at 1 January 2020 (Audited)	12,563,175	61,934	3,513,469	16,138,578
Profit for the period	-	-	330,453	330,453
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	330,453	330,453
<i>Transaction with owners in their capacity as owners:</i>				
Dividends approved	-	-	(879,422)	(879,422)
Balance at 30 September 2020 (Unaudited)	12,563,175	61,934	2,964,500	15,589,609

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CONDENSED INTERIM STATEMENT OF CASH FLOWS

	For the nine month period ended 30 September	
	2020 (Unaudited)	2019 (Unaudited)
Cash flows from operating activities		
Net profit for the period	330,453	493,436
Adjustments for:		
- Interest income	(25,807)	(44,691)
- Share of results from joint ventures	(316,367)	(461,242)
	(11,721)	(12,497)
Movement in working capital:		
- Other receivables	(1,707)	(1,048)
- Trade and other payables	(30,988)	(34,072)
- Due to a related party	(2,533)	(3,030)
Cash used in operations	(46,949)	(50,647)
Interest received	16,746	48,984
Net cash (used in) operating activities	(30,203)	(1,663)
Cash flows from investing activities		
Dividends received from joint ventures	640,048	630,011
Placement of fixed term deposits	(413,330)	(1,368,456)
Maturity of fixed term deposits	795,148	1,572,783
Net cash generated from investing activities	1,021,866	834,338
Cash flows from financing activities		
Dividends paid to shareholders	(801,896)	(949,379)
Movement in unclaimed dividends account	(77,526)	(55,675)
Cash used in financing activities	(879,422)	(1,005,054)
Net (decrease) / increase in cash and cash equivalents	112,241	(172,379)
Cash and cash equivalents at beginning of period	755,143	176,417
Cash and cash equivalents at end of period*	867,384	4,038

*Cash and cash equivalents excludes deposits maturing after 90 days and the unclaimed dividend amounts.

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RESTATEMENT

The Memorandum of Understanding (“MOU”) was entered into between Qatar Petroleum (representing the Company), the Ministry of Finance and the General Tax Authority on 4 February 2020 setting out the Company and its joint ventures’ tax status. The MOU made provision for the Company to receive a refund for the company’s portion of taxes incurred in the underlying joint ventures. After considering the impact of the application of the MOU, it was determined that deferred tax relating to the underlying joint ventures should continue to be recognised for QChem I and II but not for QVC.

During the period, to ensure consistent application of similar arrangements the accounting treatment was reassessed by management. Management has re-assessed that all joint venture entities are taxable at a tax rate of 35%, and as such the arrangements are all similar in substance and should be accounted for consistently.

The MOU gives the Company the right to a refund on the Company’s portion of tax and as such it is entitled to the pre-tax profits from all the underlying joint ventures. Therefore, applying the principles of equity accounting under IAS 28 "Investments and Associates and Joint Ventures", the Company should account for its underlying interest on a pre-tax basis and as such any tax impact including deferred tax balances for the Company’s share should be reversed.

The change has resulted in the restatement of comparative amounts to recognise this interest in joint ventures appropriately within the Company's equity accounted interest. The restatement did not impact the Company’s cashflows for the comparative period.

The impact of the changes on the comparative financial information is as follows:

- A reclassification adjustment to record the refund of the tax as part of the equity accounted earnings of the joint venture and not as other income as previously disclosed.
- A restatement adjustment to recognise all joint ventures on a consistent basis by recognising the pre-tax profits of the joint venture as equity accounted retained earnings and therefore reversing any tax impacts including any deferred tax balances relating to the Company’s portion.

The impact of the change for the restatement on the comparative income statement will only be reflected in Q4 results as this was the date of the MOU finalisation and when the other joint ventures recognised the impact thereof. There is no impact of this restatement on the income statement in Q1, Q2 and Q3.

Condensed interim statement of financial position 31 December 2019	As previously reported	Reclassification	Restatement	Restated
Investments in joint ventures	13,367,562	371,454	884,612	14,623,628
Retained earnings	2,628,857	-	884,612	3,513,469
Other assets	371,454	(371,454)	-	-

Condensed interim statement of profit or loss and other comprehensive income 30 September 2019	As previously reported	Reclassification	Restatement	Restated
Share of results from joint ventures	630,850	(169,608)	-	461,242
Impairment of tax receivable	(169,608)	169,608	-	-