

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

Condensed interim financial information
and Independent auditor's review report
for the six month period ended 30 June 2017

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended
30 June 2017

CONTENTS

	Page
Independent auditor's review report _____	1
Condensed interim statement of financial position _____	2
Condensed interim statement of comprehensive income _____	3
Condensed interim statement of changes in equity _____	4
Condensed interim statement of cash flows _____	5
Notes to condensed interim financial information _____	6-17



INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C.

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Mesaieed Petrochemical Holding Company Q.S.C. (the 'Company') as of 30 June 2017 and the related condensed interim statements of 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'. 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'.

Other matters

The condensed interim financial information for the six month period ended 30 June 2016 and the financial statements of the Company for the year ended 31 December 2016 were reviewed and audited, respectively, by another firm of auditors who expressed an unqualified review conclusion and audit opinion in their reports dated 9 August 2016 and 5 February 2017 respectively.

For and on behalf of PricewaterhouseCoopers – Qatar Branch
Qatar Financial Market Authority registration number 120155

A blue ink handwritten signature, appearing to read 'Mohamed Elmoataz', is written over a blue ink scribble.

Mohamed Elmoataz
PricewaterhouseCoopers – Qatar Branch

Auditor's registration number 281
Doha, 6 August 2017

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended
30 June 2017

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at

	Note	30 June 2017 (Reviewed)	31 December 2016 (Audited)
ASSETS			
Non-current assets			
Investments in joint ventures	4 (i)	13,130,873	13,149,165
Current assets			
Prepayments and other receivables	5	140,689	97,416
Due from a related party	8	-	98,098
Cash and cash equivalents	6	876,327	1,081,859
Total current assets		1,017,016	1,277,373
Total assets		14,147,889	14,426,538
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	12,563,175	12,563,175
Legal reserve	10	25,364	25,364
Retained earnings		1,403,817	1,689,021
Total equity		13,992,356	14,277,560
LIABILITIES			
Current liabilities			
Trade and other payables	7	151,582	140,812
Due to a related party	8	3,951	8,166
Total liabilities		155,533	148,978
Total equity and liabilities		14,147,889	14,426,538

The financial statements on pages 2 to 17 were approved and authorised for issue by the Board of Directors on 6 August 2017 and were signed on its behalf by:



Ahmad Saif Al-Sulaiti
Chairman



Mohamed Salem Al-Marri
Vice Chairman

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended 30 June 2017

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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six month periods ended 30 June

	Note	2017 (Reviewed)	2016 (Reviewed)
Share of results from joint ventures	4 (ii)	420,808	445,764
Interest income		13,072	6,636
Other income		-	956
		433,880	453,356
General and administrative expenses		(7,998)	(8,618)
Other expenses		(125)	-
Profit for the period before tax refund		425,757	444,738
Tax refund	12	42,830	44,943
Net profit for the period		468,587	489,681
Other comprehensive income		-	-
Total comprehensive income for the period		468,587	489,681
Basic and diluted earnings per share (in QR)	3	0.37	0.39

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended
30 June 2017

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six month periods ended

	Note	Share Capital	Legal Reserve	Retained Earnings	Total
Balance at 1 January 2016 (Audited)		12,563,175	25,364	1,598,661	14,187,200
Profit for the period		-	-	489,681	489,681
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		12,563,175	25,364	2,088,342	14,676,881
<i>Transaction with owners in their capacity as owners:</i>					
Dividends declared	11	-	-	(879,422)	(879,422)
Balance at 30 June 2016 (Reviewed)		12,563,175	25,364	1,208,920	13,797,459
Balance at 1 January 2017 (Audited)		12,563,175	25,364	1,689,021	14,277,560
Profit for the period		-	-	468,587	468,587
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		12,563,175	25,364	2,157,608	14,746,147
<i>Transaction with owners in their capacity as owners:</i>					
Dividends declared	11	-	-	(753,791)	(753,791)
Balance at 30 June 2017 (Reviewed)		12,563,175	25,364	1,403,817	13,992,356

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended
30 June 2017

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

CONDENSED INTERIM STATEMENT OF CASH FLOW For the six month periods ended 30 June

Note	2017 (Reviewed)	2016 (Reviewed)
Cash flows from operating activities		
	468,587	489,681
	Adjustments for:	
- Interest income	(13,072)	(6,636)
- Share of profit from joint ventures	4 (ii) (420,808)	(445,764)
	34,707	37,281
	Movement in working capital:	
- Prepayments and other receivables	(44,917)	52,380
- Due from a related party	98,098	89,180
- Trade and other payables	(26,506)	(30,014)
- Due to a related party	(4,215)	3,831
Cash generated from operations	57,167	152,658
Interest received	14,715	9,374
Net cash generated from operating activities	71,882	162,032
Cash flows from investing activities		
Dividends received from joint ventures	4 (iii) 439,100	449,533
Placement of fixed term deposits	(722,900)	(555,000)
Maturity of fixed term deposits	852,740	665,118
Net cash generated from investing activities	568,940	559,651
Cash flows from financing activities		
Dividends paid to shareholders	11 (716,514)	(837,062)
Movement in unclaimed dividends account	(37,276)	(42,360)
Cash used in financing activities	(753,790)	(879,422)
Net decrease in cash and cash equivalents	(112,968)	(157,739)
Cash and cash equivalents at beginning of period	6 117,639	174,927
Cash and cash equivalents at end of period	6 4,671	17,188

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended
30 June 2017

(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.S.C. (the “Company” or “MPHC”) is registered and incorporated in Qatar under commercial registration number 60843 as a Qatari 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 Company was incorporated with an initial share capital of 10 million Qatari Riyal. 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 4 August 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 9 September 2013.

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

Entity Name	Country of incorporation	Relationship	Ownership interest
Qatar Chemical Company Limited (Q-Chem)	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 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 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 2017 were authorised for issue on 6 August 2017 by the Board of Directors.

The Company is in the process of updating its Articles of Associations in accordance with the resolutions of the Extraordinary General Assembly meeting held on 6 March 2017, which included provisions to comply with the new Qatar Commercial Companies’ Law number 11 of 2015.

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended
30 June 2017

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

Notes to the condensed interim financial information

1. CORPORATE INFORMATION AND ACTIVITIES (CONTINUED)

Diplomatic ties and transport links to the State of Qatar were cut off in early June 2017, by a number of member states of the Gulf Cooperation Council and certain other countries. The management is closely monitoring the effect of the blockade and is amending the flow of operations and activities when deemed necessary.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed interim financial information for the six month period ended 30 June 2017 have been prepared in accordance with IAS 34, Interim Financial Reporting under the historical cost convention.

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 2016. In addition, results for the six month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

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.

2.2 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 2016 except for the adoption of new and revised Standards effective as of January 1, 2017, which do not materially impact the condensed interim financial information of the Company.

i. New and amended standards adopted by the Company

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

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. The Company's assessment of the impact of these new standards and interpretations is set out below.

- IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption. The Company is currently assessing whether it should adopt IFRS 9 before its mandatory date.

The financial assets held by the Company are currently classified as receivables at amortised cost, accordingly the Company does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The de-recognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended

30 June 2017

(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)

2.2 Significant accounting policies (continued)

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Company has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

- IFRS 15 "Revenue from contracts with customers" was issued by the IASB for the recognition of revenue. This will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018, and will allow early adoption.

Management is currently assessing the effects on the Company's financial statements if its joint ventures applied the standard and has identified the following areas that are likely to be affected:

Accounting for costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under IFRS 15, and rights of return – IFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

At this stage, the Company is not able to estimate the effect of the new rules on the Company's financial statements. The Company will make more detailed assessments of the effect over the next six months. The Company does not expect to adopt the new standard before 1 January 2018.

- IFRS 16 "Leases" was issued in January 2016. It will result 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 will not significantly change.

The standard will affect primarily the accounting for leases pertaining to the Company's joint ventures. As at the reporting date, the Company share in the joint ventures' non-cancellable operating lease commitments totalled to QR 248 million (Note 4 iv). However, the Company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date.

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended
30 June 2017

(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) 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:

<i>For the six month period ended</i>	30 June 2017 (Reviewed)	30 June 2016 (Reviewed)
Profit for the period attributable to the equity holders of the parent (QR'000)	468,587	489,681
Weighted average number of shares outstanding during the period ("in thousands")	1,256,318	1,256,318
Basic and diluted earnings per share (expressed in QR per share)	0.37	0.39

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.

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 2017:

<i>For the six month period ended</i>	30 June 2017 (Reviewed)	30 June 2016 (Reviewed)
Balance at beginning of the period	13,149,165	13,138,932
Share of results from joint ventures for the period	420,808	445,764
Share of dividends declared by joint ventures	(439,100)	(449,533)
Balance at end of the period	13,130,873	13,135,163

The summarised interim financial information below presents amounts shown in the financial information of the joint ventures as at 30 June 2017, 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 2017			
	Q-Chem	Q-Chem II	QVC	Total
Current assets	1,254,100	2,076,638	1,053,332	4,384,070
Non-current assets	2,343,203	5,585,077	1,167,104	9,095,384
Current liabilities	(420,686)	(913,681)	(188,206)	(1,522,573)
Non-current liability	(850,828)	(2,163,992)	(288,215)	(3,303,035)
Equity	2,325,789	4,584,042	1,744,015	8,653,846
Proportion of the Company's ownership	49%	49%	55.2%	
Company's share of net assets in the joint venture entities	1,139,637	2,246,181	962,696	4,348,514
Goodwill	3,549,403	4,878,711	354,245	8,782,359
Investment in joint ventures	4,689,040	7,124,892	1,316,941	13,130,873

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended
30 June 2017

(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 2016			
	Q-Chem (Restated)*	Q-Chem II (Restated)*	QVC	Total
Current assets	1,807,777	2,347,434	1,057,852	5,213,063
Non-current assets	2,241,787	5,725,825	1,245,898	9,213,510
Current liabilities	(894,972)	(1,046,425)	(184,686)	(2,126,083)
Non-current liability	(873,156)	(2,406,186)	(335,035)	(3,614,377)
Equity	2,281,436	4,620,648	1,784,029	8,686,113
Proportion of the Company's ownership	49%	49%	55.2%	
Company's share of net assets in the joint venture entities	1,117,904	2,264,118	984,784	4,366,806
Goodwill	3,549,403	4,878,711	354,245	8,782,359
Investment in joint ventures	4,667,307	7,142,829	1,339,029	13,149,165

*RESTATEMENT

Offsetting arrangement

The receivables under finance leases (presented within non-current assets), the loan due to related party (presented within non-current liabilities) for Q-Chem, the obligation under finance leases (presented within non-current liabilities) and the loan receivable from related party (presented within non-current assets) for Q-Chem II, were previously presented on gross basis in the statement of financial position. During the current period, it has been determined that finance leases and related party loan meet the offsetting criteria as per IAS 32 "Financial Instruments: Presentation". Accordingly, the finance leases and the related party loan are presented on a net basis in the condensed interim statement of financial position of both ventures.

The above adjustment has resulted in the restatement of comparative amounts in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The above adjustment did not have any impact on the Company's investment in joint ventures.

In addition, certain reclassifications have been made to prior year's condensed interim financial information of both ventures to enhance comparability with the current year's condensed interim financial information.

The impact of such adjustments on the comparative financial information of the two ventures is as follows:

Q-Chem statement of financial position	As at 31 December 2016		
	Previously reported	Adjustments	Restated
Current assets	1,816,777	(9,000)	1,807,777
Non-current assets	2,487,323	(245,536)	2,241,787
Current liabilities	(903,972)	9,000	(894,972)
Non-current liability	(1,118,692)	245,536	(873,156)

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended
30 June 2017

(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)

Q-Chem II statement of financial position	As at 31 December 2016		
	Previously reported	Adjustments	Restated
Current assets	2,356,434	(9,000)	2,347,434
Non-current assets	5,971,361	(245,536)	5,725,825
Current liabilities	(1,055,425)	9,000	(1,046,425)
Non-current liability	(2,651,722)	245,536	(2,406,186)

The restatement only affected the said joint ventures' statement of financial position as of 31 December 2016. The restatement did not affect the statements of changes in equity, comprehensive income, and cash flows during the year ended 31 December 2016.

ii. Statement of comprehensive income of joint venture entities

	For the six month ended 30 June 2017			
	Q-Chem	Q-Chem II	QVC	Total
Revenue	952,894	1,351,536	757,549	3,061,979
Cost of sales	(579,379)	(766,176)	(530,006)	(1,875,561)
Other income	8,372	-	16,642	25,014
Administrative expenses	(17,323)	(10,662)	(77,768)	(105,753)
Finance income (cost)	5,118	(13,774)	4,124	(4,532)
Profit before tax	369,682	560,924	170,541	1,101,147
Deferred income tax	24,053	(69,746)	10,738	(34,955)
Current income tax	(149,178)	-	(56,398)	(205,576)
Profit for the period	244,557	491,178	124,881	860,616
Distributions to tax exempt shareholders	-	-	(15,648)	(15,648)
Profit for the period net of distributions to tax exempt shareholders	244,557	491,178	109,233	(844,968)
Company's share of profit for the period in joint ventures	119,833	240,677	60,298	420,808

	For the six month ended 30 June 2016			
	Q-Chem	Q-Chem II	QVC	Total
Revenue	1,140,055	1,350,651	654,065	3,144,771
Cost of sales	(611,997)	(741,912)	(516,764)	(1,870,673)
Other income	9,082	335	76	9,493
Administrative expenses	(16,515)	(12,281)	(60,934)	(89,730)
Finance income (cost)	5,973	(13,548)	3,837	(3,738)
Profit before tax	526,598	583,245	80,280	1,190,123
Deferred income tax	18,637	(69,338)	(8,022)	(58,723)
Current income tax	(203,199)	-	(16,213)	(219,412)
Profit for the period	342,036	513,907	56,045	911,988
Distributions to tax exempt shareholders	-	-	(8,305)	(8,305)
Profit for the period net of distributions to tax exempt shareholders	342,036	513,907	47,740	903,683
Company's share of profit for the period in joint ventures	167,598	251,814	26,352	445,764

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended
30 June 2017

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

Notes to the condensed interim financial information

4. INVESTMENTS IN JOINT VENTURES (CONTINUED)

iii. Additional disclosures of joint venture entities

	As at 30 June 2017			
	Q-Chem	Q-Chem II	QVC	Total
Cash and cash equivalents	294,294	863,579	526,642	1,684,515
Interest bearing loans and borrowings	-	1,827,196	-	1,827,196
Deferred tax liabilities	590,823	929,237	288,215	1,808,275
Tax payable	148,905	126,574*	75,952	224,857
Company's share of dividend declared/received	98,098	258,622	82,380	439,100

	As at 31 December 2016			
	Q-Chem	Q-Chem II	QVC	Total
Cash and cash equivalents	851,658	1,005,019	475,282	2,331,959
Interest bearing loans and borrowings	-	2,099,548	-	2,099,548
Deferred tax liabilities	614,876	859,491	302,633	1,777,000
Tax payable	399,370	263,958*	27,835	427,205
Company's share of dividend declared/received	285,376	517,244	88,408	891,028

*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.

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 2017			
	Q-Chem	Q-Chem II	QVC	Total
Capital commitments	69,691	48,985	-	118,676
Operating lease commitments:				
<i>Future minimum lease payments:</i>				
Within one year	6,444	15,367	14,027	35,838
After one year but not more than five years	13,860	62,970	8,503	85,333
More than five years	10,219	114,905	1,995	127,119
Total operating lease commitments	30,523	193,242	24,525	248,290
Contingent liabilities	-	1,459	-	1,459

	As at 31 December 2016			
	Q-Chem	Q-Chem II	QVC	Total
Capital commitments	90,043	41,160	-	131,203
Operating lease commitments:				
<i>Future minimum lease payments:</i>				
Within one year	6,444	14,301	10,077	30,822
After one year but not more than five years	16,325	59,483	13,553	89,361
More than five years	10,974	142,032	2,803	155,809
Total	33,743	215,816	26,433	275,992
Contingent liabilities	-	1,459	-	1,459

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended

30 June 2017

(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 (continued)

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.

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. PREPAYMENTS AND OTHER RECEIVABLES

<i>As at</i>	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Accrued tax refund (Note 12)	132,590	89,760
Interest receivable	6,010	7,656
Prepayments	2,089	-
	140,689	97,416

6. CASH AND CASH EQUIVALENTS

<i>As at</i>	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Cash at banks	876,327	1,081,859
Less: Term deposits with maturities over 90 days	(722,900)	(852,740)
Less: Dividends account	(148,756)	(111,480)
	4,671	117,639

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 2.71% and 3.35% (31 December 2016: 3.0% to 3.4%).

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended

30 June 2017

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

Notes to the condensed interim financial information

7. TRADE AND OTHER PAYABLES

<i>As at</i>	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Dividends payable	148,757	111,480
Social contribution payable	-	24,866
Accruals	2,825	4,466
	151,582	140,812

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 comprehensive income for the period ended are as follows:

<i>For the six month period ended</i>	30 June 2017 (Reviewed)	30 June 2016 (Reviewed)
Dividend income from Q-Chem	98,098	107,016
Dividend income from Q-Chem II	258,622	294,294
Dividend income from QVC	82,380	48,223
Annual fee paid to QP	(3,225)	(3,831)

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 2017 (Reviewed)	31 December 2016 (Audited)
Dividend due from Q-Chem	-	98,098
Amounts due to QP	3,951	8,166

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 2017 (Reviewed)	30 June 2016 (Reviewed)
Key management remuneration	102	249
Board of directors' remuneration	1,902	1,890
	2,004	2,139

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended

30 June 2017

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

Notes to the condensed interim financial information

9. SHARE CAPITAL

<i>As at</i>	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Authorised, issued and fully paid: 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 to QR 12,563,175 based on the allocation and subsequent issuance of additional shares to QP for transferring its shareholding in the joint venture entities.

During the year ended 31 December 2016, 217,631 additional shares (2015: 172,671 shares) have been transferred from QP to the Public on account of incentive shares transferred due to death of original shareholder(s). As of 31 December 2016, QP hold 932,661,124 shares (including 1 special share) comprising 74.238% of total shareholding.

10. LEGAL RESERVE

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.

11. DIVIDENDS

The Board of Directors has proposed cash dividend distribution of QR 0.6 per share for the year ended 31 December 2016. The final dividend for the year ended 31 December 2016 had been approved at the Annual General Meeting held on 6 March 2017.

During the period, the Company paid a dividend amount of QR 716.5 million. Below is the movement in dividends payable balance during the period:

<i>As at</i>	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Balance at the beginning of the period/year	111,480	86,178
Dividends declared during the period/year	753,791	879,422
Dividends paid during the period/year	(716,514)	(854,120)
Balance at the end of the period/year	148,757	111,480

12. TAX REFUND

On 26 February 2014, the Company was listed on Qatar Exchange. As at 31 December 2016, the public shareholding in the Company amounted to 25.762%. 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 30 June 2017, the Company's accrued tax refund amounted to QR 132.59 million (2016: QR 89.76 million) (note 5).

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.S.C.

Condensed interim financial information for the six month period ended
30 June 2017

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

Notes to the condensed interim financial information

14. CRITICAL JUDGMENT 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.

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. As of the period ended 30 June 2017 the Company did not recognise any provisions relating to the impairment of its receivables.

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.

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.

Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of:

- growth in earnings before interest, tax, depreciation and amortisation ("EBITDA"), calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long term growth; and
- the selection of discount rates to reflect the risks involved.

An impairment loss is recognized whenever the carrying amount of an asset or investment exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Recoverable amounts are estimated for individual assets or investments or, if it is not possible, for the CGU to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the condensed interim financial information. As of the period ended 30 June 2017 the company did not recognise any losses due to impairment in its joint ventures.

Mesaieed Petrochemical Holding Company Q.S.C.

Condensed interim financial information for the six month period ended
30 June 2017

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

Notes to the condensed interim financial information

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

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.

In preparing the condensed interim financial information for the six month period ended 30 June 2017, there has been no changes in the significant judgments made by management in applying the Company’s accounting policies and key sources of estimation uncertainties from the annual financial statements of the year ended 31 December 2016.