

MESAIEED PETROCHEMICAL HOLDING COMPANY Q.S.C

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UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE  
THREE MONTH PERIOD ENDED MARCH 31, 2014

## INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended March 31, 2014

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## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at March 31, 2014

	<i>Notes</i>	<i>March 31, 2014 (Unaudited) QR'000</i>	<i>December 31, 2013 (Audited) QR'000</i>
<b>ASSETS</b>			
<b>Non-current asset</b>			
Investment in joint ventures	4	<u>13,214,411</u>	<u>13,072,240</u>
<b>Current assets</b>			
Accounts Receivables and Prepayments		13,296	-
Amounts due from a related party		93,057	93,058
Bank balance		<u>421,262</u>	<u>10,000</u>
		<u>527,615</u>	<u>103,058</u>
<b>TOTAL ASSETS</b>		<u><u>13,742,026</u></u>	<u><u>13,175,298</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		12,563,175	12,563,175
Retained earnings		<u>1,073,334</u>	<u>609,576</u>
<b>Total equity</b>		<u>13,636,509</u>	<u>13,172,751</u>
<b>Current liabilities</b>			
Trade payables and accruals		1,763	726
Amounts due to a related party		<u>103,754</u>	<u>1,821</u>
		<u>105,517</u>	<u>2,547</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>13,742,026</u></u>	<u><u>13,175,298</u></u>

.....  
 Dr. Mohammed Bin Saleh Al-Sada  
 Minister of Energy and Industry  
 Chairman

.....  
 Abdulrahman Ahmad Al-Shaibi  
 Vice Chairman



## INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three month period ended March 31, 2014

		<i>Three Month Period Ended March 31, 2014 (Unaudited)</i>
	<i>Notes</i>	<i>QR'000</i>
Other Income (Net)		583
General and administrative expenses		(3,127)
Tax Refund	6	13,221
Share of profit from joint ventures	4	<u>453,081</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>463,758</b></u>
<b>Other comprehensive income</b>		<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><b>463,758</b></u>
<b>Attributable to:</b>		
Equity holders of the parent		<u><b>463,758</b></u>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>		
(Expressed as QR per share)	5	<u><b>0.37</b></u>



## INTERIM CONDESED STATEMENT OF CASH FLOWS

For the three month period ended March 31, 2014

	<i>Notes</i>	<i>For three month period ended March 31, 2014 QR'000</i>
<b>OPERATING ACTIVITIES</b>		
Profit for the period		463,758
Adjustments for :		
Share of profit in joint ventures	4	<u>(453,081)</u>
Operating cash flows before working capital changes		10,677
Other Income		(583)
Accounts Receivables and Prepayments		(13,296)
Due to a related party		101,932
Trade payable and accruals		<u>1,039</u>
<b>Net cash flows from operating activities</b>		<b><u>99,769</u></b>
<b>INVESTING ACTIVITY</b>		
Finance Income		583
Dividend from Joint Ventures		<u>310,910</u>
<b>Cash flows from investing activity</b>		<b><u>311,493</u></b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>411,262</b>
Cash and cash equivalents at the beginning of the period		<u>10,000</u>
<b>CASH AND CASH EQUIVALENTS AT MARCH 31, 2014</b>		<b><u>421,262</u></b>



## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the three month period ended March 31, 2014

	<i>Share capital QR'000</i>	<i>Retained earnings QR'000</i>	<i>Total QR'000</i>
<b>Balance at May 29, 2013</b>	10,000	-	10,000
Allotment and Issuance of additional shares	12,553,175	-	12,553,175
Total comprehensive income for the period	-	609,576	609,576
<b>Balance at December 31, 2013</b>	<b>12,563,175</b>	<b>609,576</b>	<b>13,172,751</b>
Total comprehensive income for the period	-	463,758	463,758
<b>Balance at March 31, 2014</b>	<b>12,563,175</b>	<b>1,073,334</b>	<b>13,636,509</b>



## 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 2013</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, 2014 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, 2013. In addition, results for the three months period ended March 2014 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2014.

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, 2013.



### 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>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>
Total consideration	4,600,000	6,600,000	1,353,175	12,553,175
Less: Provisional values of net assets acquired	(1,050,597)	(1,721,287)	(1,100,591)	(3,872,475)
Add: Pre Acquisition Dividend Paid	-	-	101,664	101,664
<b>Goodwill arising on acquisition</b>	<b><u>3,549,403</u></b>	<b><u>4,878,713</u></b>	<b><u>354,248</u></b>	<b><u>8,782,364</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, 2014, 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>2014</i> <i>QR’000</i>	<i>Q-Chem II</i> <i>March 31,</i> <i>2014</i> <i>QR’000</i>	<i>QVC</i> <i>March 31,</i> <i>2014</i> <i>QR’000</i>	<i>Total</i> <i>March 31,</i> <i>2014</i> <i>QR’000</i>
Current assets	2,355,281	3,290,180	829,369	6,474,830
Non-current assets	2,760,557	6,522,965	1,467,237	10,750,759
Current liabilities	(1,228,124)	(1,049,765)	(212,859)	(2,490,748)
Non-current liability	(1,247,783)	(770,234)	(279,212)	(2,297,229)
Term Loan	-	(3,620,943)	-	(3,620,943)
<b>Equity</b>	<b><u>2,639,931</u></b>	<b><u>4,372,203</u></b>	<b><u>1,804,535</u></b>	<b><u>8,816,669</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	1,293,566	2,142,378	996,103	4,432,047
Goodwill (Note 3)	3,549,403	4,878,713	354,248	8,782,364
<b>Investment in joint ventures</b>	<b><u>4,842,969</u></b>	<b><u>7,021,091</u></b>	<b><u>1,350,351</u></b>	<b><u>13,214,411</u></b>





**4 INVESTMENT IN JOINT VENTURES (CONTINUED)****ii. Statement of comprehensive income of joint venture entities**

	<i>Q-Chem I</i>	<i>Q-Chem II</i>	<i>QVC</i>	<i>Total</i>
	<i>Three Months</i>	<i>Period</i>	<i>Ended</i>	<i>March 31, 2014</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Revenue	448,706	523,696	174,492	1,146,894
Cost of sales	(187,368)	(211,808)	(143,904)	(543,080)
Selling & Administrative expenses	(19,449)	(23,523)	(18,792)	(61,764)
Other Income/(Expense)	995	(1,546)	81	(469)
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>12,604</b>	<b>538,577</b>
Deferred income-tax	3,792	(17,589)	(2,026)	(15,823)
Current income-tax	(67,240)	-	(2,433)	(69,673)
<b>Profit for the period</b>	<b>179,675</b>	<b>265,261</b>	<b>8,145</b>	<b>453,081</b>
Unallocated Expense	-	-	-	(3,127)
Unallocated Income	-	-	-	13,804
<b>Profit for the period</b>				<b>463,758</b>

**iii. Investment in Joint Ventures**

The movements in interest in joint ventures during the period are as follows:

Balance as on 29 <sup>th</sup> May 2013	-
Investment during the period ending Dec 31, 2013	12,553,175
Post Acquisition profit for the period	612,122
Post Acquisition dividend received during the period	(93,057)
<b>Investment Balance as of December 31, 2013</b>	<b>13,072,240</b>
Investment during the period	-
Profit for the period	453,081
Dividend received during the period	(310,910)
<b>Investment balance as of March 31, 2014</b>	<b>13,214,411</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, 2014</i>
Profit attributable to the equity holders of the parent for the period (QR'000)	<u>463,758</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>0.37</u>

## 6 TAX REFUND

On 26<sup>th</sup> February 2014, the Company got listed on Qatar Exchange. The share offer comprised of 25.725% of the total issued share capital of the Company. 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 13.2M for the post listing period ending on 31<sup>st</sup> March 2014.

