



# Notice to Shareholders

## Mesaieed Petrochemical Holding Company

We are pleased to invite you to attend the company's Annual Ordinary and Extraordinary General Assembly Meetings to be held on Monday, February 16<sup>th</sup>, 2015 at 4:30 pm in Le Crillon Ballroom, La Cigale Hotel - Doha. In the case that a quorum is not met, a second meeting will be held on Wednesday, March 4<sup>th</sup>, 2015 at the same time and location.

### Agenda of the Ordinary General Assembly Meeting

1. Listen to the Chairman's Message for the financial year ended December 31, 2014.
2. Listen to the Board of Directors' Report on MPHIC's operations and financial performance for the financial year ended December 31, 2014, and the future plans of the company.
3. Listen to the Auditors' Report on MPHIC's consolidated financial statements for the financial year ended December 31, 2014.
4. Discussion and approval of MPHIC's consolidated financial statements for the financial year ended December 31, 2014.
5. Approve the Board's recommendation for a dividend payment of QR 1.10 per share, representing 11 % of the nominal share value.
6. Absolve the Board of Directors from responsibility for the year 2014 and approve their remuneration.
7. Presentation of the Corporate Governance Report
8. Appointment of the external auditors for the financial year ending December 31, 2015 and approve their remuneration.

Dr. Mohamed Bin Saleh Al-Sada  
Chairman, MPHIC

### Agenda of the Extraordinary General Assembly Meeting

1. Approve the amendment of Article 22-2 of the Articles of Association as follows:

#### Text prior to amendment:

With the exception of the first Board, the Board shall consist of no less than five (5) and no more than eleven (11) Directors, all of whom shall be appointed by the Special Shareholder without the need for approval at a General Assembly. The Special Shareholder shall take all reasonable steps to ensure that at least one-third of the total number of Directors shall be appointed as independent directors that satisfy the eligibility criteria set forth in Article 23 (the "Independent Directors"). The Special Shareholder shall appoint such persons willing so to serve as Independent Directors for a period of no more than three (3) years.

#### Text after amendment:

With the exception of the first Board, the Board shall consist of no less than five (5) and no more than eleven (11) Directors, all of whom shall be appointed by the Special Shareholder without the need for approval at a General Assembly. In the event that the Special Shareholder considered the suitability to add independent directors, the Special Shareholder shall take all reasonable steps to ensure that at least one-third of the total number of Directors shall be appointed as independent directors that satisfy the eligibility criteria set forth in Article 23 (the "Independent Directors"). The Special Shareholder shall appoint such persons qualified to serve as Independent Directors for a period of no more than three (3) years.

### Notes

1. Please bring your identity card and NIN number to the AGAM venue for registration, which will commence at 3:00 pm.
2. If you are not able to attend personally, you may wish to authorize another MPHIC shareholder to vote on your behalf in the AGAM. You can do this by using a proxy form which you can download from the company's website: [www.mphic.qa](http://www.mphic.qa).
3. Kindly be advised that one shareholder may act as proxy for one or more shareholders, subject to the Articles of Association.
4. No proxy may be appointed to act if, in consequence of such appointment, the proxy shall represent more than five (5) per cent. of the Company's issued share capital when the Shares of the person appointing the proxy are aggregated with the Shares of the person appointed to act as proxy.
5. For the avoidance of doubt, shareholders are advised that this Notice to Shareholders constitutes good and valid notice, with no need for distribution by normal post.

### MPHC BOARD OF DIRECTORS REPORT

#### Introduction

The Board of Directors is pleased to present its 2nd report on the operational and financial performance of Mesaieed Petrochemical Holding Company, one of the region's premier diversified petrochemical conglomerates with interests in the production, distribution and sale of olefins, polyolefins, alpha olefins and chlor-alkali products.

#### Consolidated Financial Results

Management reporting revenue for the year ended December 31, 2014, calculated by proportionately consolidating group results as per IAS 31, was QR 4.3 billion.

The group continued to maintain strong EBITDA margins across all segments, as results were aided by resilient key product prices, supply of competitively priced ethane feedstock and fuel gas under long-term supply agreements with Qatar Petroleum and the recognition of a tax refund from the Public Revenues and Tax Department. The group's liquidity position remained strong during the year, on buoyant cash realisation ratios across all group companies, with cash held across the group after distributing the previous year's QR 439.7 million dividend, of approximately QR 2.7 billion. Total assets closed the year at QR 14.6 billion, an increase of QR 1.4 billion, or 10.9%, compared to the previous year.

#### Segmental Financial Results

##### Q-Chem / Q-Chem II

The segment recorded revenue of QR 3.5 billion for the year ended December 31, 2014. In line with the segment's production and sales strategy, the polyolefin / alpha-olefin sales mix was adjusted in order to take advantage of pricing and market opportunities identified during the quarter. As a result, during the year ended December 31, 2014, polyolefins constituted 71% of revenue, alpha-olefins 26% with the remainder attributable to other minor products.

Total assets of the combined Q-Chem / Q-Chem II segment as at December 31, 2014 were QR 7.0 billion, and total debt was QR 1.5 billion. The entire debt balance was due by Q-Chem II, while the combined companies' cash realisation ratio was over 100%.

#### QVC

QVC registered full year revenue of QR 0.8 billion. Results for the year ended December 31, 2014 were impacted by planned shut-downs of the company's EDC, VCM and caustic soda facilities, principally during the first half of the year.

Net profit for the year ended December 31, 2014 was QR 72.1 million. Year to date profit margins were adversely affected by expenditure related to the major shut-down and weak comparative selling expenses. QVC's total assets as at December 31, 2014 were QR 1.3 billion. The company's cash position was aided by a creditable cash realisation ratio of over 100%, minimal CAPEX of only QR 64.2 million, and having no outstanding debt during the period.

#### Performance Versus Budget

Despite the planned maintenance noted in the first part of the year and the adverse trading conditions experienced in the latter part of the year, the group nevertheless was able to exceed full year budgeted profit expectations by over 20%. This commendable performance can be primarily attributed to the group's polyolefins business, where both sales volumes and product prices exceeded budgeted expectations.

#### Proposed Dividend Distribution

The Board of Directors recommend a total annual dividend distribution for the year ended December 31, 2014 of QR 1.4 billion. This is equivalent to a payout of QR 1.10 per share and represents 77.0% of the group's profits.

#### Conclusion

On behalf of the Board of Directors, I would like to thank His Highness Sheikh Tamim Bin Hamad Al-Thani, the Emir of the State of Qatar and His Highness the Father Emir, Sheikh Hamad Bin Khalifa Al-Thani. A word of appreciation is also extended to the senior management and staff of the group companies.

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MPHIC

#### Report on the Financial Statements

We have audited the accompanying financial statements of Mesaieed Petrochemical Holding Company Q.S.C. (the "Company"), which comprise the statement of financial position as at December 31, 2014 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and applicable provisions of Qatar Commercial Companies Law, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Mesaieed Petrochemical Holding Company Q.S.C., as at December 31, 2014 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Other matters

The financial statements of Mesaieed Petrochemical Holding Company Q.S.C. for the year ended December 31, 2013 were audited by another auditor who expressed an un-modified opinion on those statements in their report dated March 16, 2014.

#### Other Legal and Regulatory Requirements

We are also of the opinion that proper books of account were maintained by the Company. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, no contraventions of the Qatar Commercial Companies Law No. 5 of 2002 and the Company's Articles of Association were committed during the year which would materially affect the Company's activities or its financial position.

#### For Deloitte & Touche

Qatar Branch  
Muhammad Bahemia  
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Doha - Qatar  
February 1, 2015