EQUATE Petrochemical Company K.S.C.C. and subsidiaries
State of Kuwait

Condensed consolidated interim financial information and independent auditor's report for the six-month period ended 30 June 2017

Contents

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Independent auditors' report on review of condensed consolidated interim financial information

The Board of Directors
EQUATE Petrochemical Company K.S.C.C.
State of Kuwait

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of EQUATE Petrochemical Company K.S.C.C. ("the Company") and its subsidiaries (together "the Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2017, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the condensed consolidated interim financial information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 consolidated interim financial information as at 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Safi A. Al-Mutawa
License No 138 "A"
of KPMG Safi Al-Mutawa & Partners
Member firm of KPMG International

Kuwait: 14 August 2017

Condensed consolidated statement of financial position
as at 30 June 2017

	Note	USD million 30 June 2017	USD million 31 December 2016 (Audited)
Assets			
Property, plant and equipment	4	1,747	1,762
Goodwill		1,689	1,689
Intangible assets		392	417
Deferred tax assets		40	33
Deferred charges and other assets		281	297
Loan to a related party	7	312	384
Non-current assets		4,461	4,582
Inventories		260	229
Loan to a related party	7	143	140
Due from related parties	7	63	49
Trade and other receivables		661	688
Deferred charges and other assets		22	23
Cash and bank balances	5	1,536	1,542
Current assets		2,685	2,671
Total assets		7,146	7,253
Equity			
Share capital		700	700
Treasury shares		(450)	(450)
Statutory reserve		350	350
Retained earnings		354	415
Remeasurement of retirement benefit obligation		(52)	(52)
Foreign currency translation reserve		6	6
Total equity		908	969
Liabilities			
Loans and borrowings	6	4,681	4,672
Deferred income		342	368
Deferred tax liabilities		253	252
Retirement benefit obligation		321	310
Long term incentives		4	4
Non-current liabilities		5,601	5,606
Long term incentives		5	5
Deferred income		32	32
Due to related parties	7	291	277
Trade and other payables		309	364
Current liabilities		637	678
Total liabilities		6,238	6,284
Total equity and liabilities		7,146	7,253

The attached notes on pages 6 to 18 form an integral part of these condensed consolidated interim financial information.

P.T.

Mohammad Ahmed Husain
President & Chief Executive Officer

EQUATE Petrochemical Company K.S.C.C. and subsidiaries
State of Kuwait

Condensed consolidated statement of profit or loss and other comprehensive income

for the six month period ended 30 June 2017

	USD million	
	2017	**2016**
Sales	2,006	1,751
Cost of sales	(1,511)	(1,511)
Gross profit	495	240
Management fee	3	4
Reservation right fees	16	16
General, administrative and selling expenses	(43)	(43)
Other income	4	2
Foreign exchange loss	(2)	(3)
Profit from operations	473	216
Finance income	21	20
Finance costs	(105)	(53)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), Zakat, tax on subsidiaries and Board of Directors' remuneration	389	183
Contribution to KFAS	(4)	(2)
Contribution to Zakat	(2)	(1)
Tax on subsidiaries	(29)	(10)
Board of Directors' remuneration	0	0
Net profit for the period	354	170
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences	-	2
Other comprehensive income for the period	-	2
Total comprehensive income for the period	354	172

The attached notes on pages 6 to 18 form an integral part of these condensed consolidated interim financial information.

Condensed consolidated statement of changes in Shareholders' equity
for the six month period ended 30 June 2017

	USD million						
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Remeasurement of retirement benefit obligation	Foreign currency translation reserve	Total
Balances as at 1 January 2016	700	(450)	350	403	(44)	5	964
Net profit for the period	-	-	-	170	-	-	170
Other comprehensive income	-	-	-	-	-	2	2
Total comprehensive income for the period	-	-	-	170	-	2	172
Dividends paid (Note 12)	-	-	-	(403)	-	-	(403)
Balance as at 30 June 2016	700	(450)	350	170	(44)	7	733
Balances as at 1 January 2017	700	(450)	350	415	(52)	6	969
Net profit for the period	-	-	-	354	-	-	354
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	354	-	-	354
Dividends paid (Note 12)	-	-	-	(415)	-	-	(415)
Balance as at 30 June 2017	700	(450)	350	354	(52)	6	908

The attached notes on pages 6 to 18 form an integral part of these condensed consolidated interim financial information.

EQUATE Petrochemical Company K.S.C.C. and subsidiaries
State of Kuwait

Condensed consolidated statement of cash flows
for the six month period ended 30 June 2017

	Note	USD million 2017	USD million 2016
Cash flows from operating activities			
Net profit for the period		354	170
Adjustments for:			
Depreciation		148	165
Amortisation of intangible and deferred assets		6	6
Reservation right fees		(16)	(16)
Deferred income tax		(6)	(19)
Finance costs		105	53
Finance income		(21)	(20)
Provision for retirement benefit obligation		21	16
Foreign exchange loss on retirement benefit obligations		1	2
Provision for long term incentives		2	3
		594	360
Changes in:			
Inventories		(31)	(11)
Due from related parties		(14)	12
Trade and other receivables		27	(58)
Deferred charges and other assets		3	(37)
Due to related parties		14	62
Trade and other payables		(79)	26
Retirement benefit obligation paid		(7)	(2)
Long term incentives paid		(6)	(4)
Net cash from operating activities		501	348
Cash flows from investing activities			
Purchase of property, plant and equipment	*4*	(96)	(81)
Investment in staff saving scheme		(3)	(2)
Matured/(placement) of short term deposits		535	(217)
Long term loans repaid by related parties	*7*	69	318
Finance income received		25	17
Net cash from investing activities		530	35
Cash flows from financing activities			
Repayments/ borrowed of long term loan	*6*	(500)	2,000
Bridge loan repaid	*6*	-	(2,000)
Proceeds from issue of Sukuk	*6*	500	-
Loan origination fees paid		(5)	(42)
Finance costs paid		(85)	(47)
Dividends paid	*12*	(415)	(403)
Net cash used in financing activities		(505)	(492)
Net increase / (decrease) in cash and cash equivalents		526	(109)
Cash and cash equivalents at beginning of the period		229	947
Cash and cash equivalents at end of the period	*5*	755	838

The attached notes on pages 6 to 18 form an integral part of these condensed consolidated interim financial information.

1. Reporting entity

EQUATE Petrochemical Company K.S.C.C. ("the Company") is a closed Kuwaiti Shareholding Company incorporated in the State of Kuwait on 20 November 1995 with commercial registration number 63392 dated 20 November 1995.

The Company is owned by Dow Europe Holding B.V. ("DEH"), Petrochemical Industries Company K.S.C. ("PIC"), Boubyan Petrochemical Company K.S.C. ("BPC") and Al-Qurain Petrochemical Industries Company K.S.C. ("QPIC").

DEH is a subsidiary of the "The Dow Chemical Company". The word "Dow" further mentioned in this report refers to the "The Dow Chemical Company and its subsidiaries as a group".

The objective of the Company is to manufacture all kinds of petrochemical products. The Company may have interests in, or in any way associate itself with entities, which are carrying on activities similar to its own or which may help the Company to realise its objectives, whether in the State of Kuwait or abroad.

The address of the Company's registered office is East Ahmadi, Block 9, Kuwait.

These condensed consolidated interim financial information comprise the financial information of the Company and its following directly and indirectly owned subsidiaries.

Name of entity	Country of incorporation	Principal business	Percentage of holdings	
			30 June 2017	31 December 2016
Equate Petrochemical B.V. ("EQUATE BV")	Netherlands	Holding Company	100%	100%
MEGlobal Canada ULC ("MEGC")	Canada	Manufacturing and sales of EG	100%	100%
EQUATE Sukuk SPC Limited	UAE	Special Purpose Company	100%	100%
Held through EQUATE BV				
MEGlobal B.V ("MEG B.V")	Netherlands	Holding Company	100%	100%
MEGlobal Americas Inc	USA	Marketing and distribution of EG	100%	100%
MEGlobal Asia Limited	China	Marketing and distribution of EG	100%	100%
MEGlobal International FZE	UAE	Marketing and distribution of EG	100%	100%
MEGlobal Mexico S.A. de C.V.	Mexico	Marketing and distribution of EG	100%	100%
MEGlobal Trading Group	China	Marketing and distribution of EG	100%	100%
MEGlobal Europe GmbH	Switzerland	Marketing and distribution of EG	100%	100%
MEGlobal Comercio Do Brasil Ltda	Brazil	Marketing and distribution of EG	100%	100%
Equipolymers GmbH	Germany	Manufacturing and sales of PET	100%	100%
Equipolymers Srl	Italy	Marketing of PET	100%	100%
Held through MEGC				
Alberta & Orient Glycol Company ULC	Canada	Manufacturing and sales of EG	100%	100%

The Group is primarily engaged in the manufacture and sale of ethylene glycol ("EG"), polyethylene ("PE") and polyethylene terephthalate ("PET"). The Company also operates and maintains Olefins II, Styrene, Aromatics and Polypropylene plants on behalf of related entities in Kuwait.

This condensed consolidated interim financial information were authorised for issue by the President and Chief Executive Officer of the Company on 14 August 2017.

2. Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial information have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2016. They do not include all of the information required for a complete set of IFRS financial statements. However, selected notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last consolidated financial statements. Operating results for the six month period ended 30 June 2017 are not necessary indicative of the results that may be expected for the financial year ending 31 December 2017.

b) Judgments and estimates

In preparing this condensed interim financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

3. Significant accounting policies

The accounting policies used in the preparation of these condensed interim financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2016. Additionally, the Group also adopted amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 January 2017. These did not result in any material impact on the account policies, financial position or performance of the Group. In the current period, the Group has not early adopted any standards, interpretations or amendments to standards that have been issued but not yet effective.

4. Property, plant and equipment

During the six month period ended 30 June 2017, the Group spent USD 96 million in capital expenditure (31 December 2016: USD 159 million, 30 June 2016: USD 81 million), including capital expenditure of USD 54 million on the development of a new Ethylene Glycol plant in the Gulf Coast of the United States of America ("USGC project"), which is scheduled to be operational in 2019.

5. Cash and bank balances

	USD million	
	30 June 2017	31 December 2016 (Audited)
Cash balances	0	0
Bank balances	188	138
Term deposits	1,348	1,404
Total cash and bank balances	1,536	1,542
Less: Deposits with original maturity more than 3 months	(737)	(1,272)
Less: Amount reserved relating to staff saving scheme	(44)	(41)
Cash and cash equivalents for the statement of cash flows	755	229

The effective interest rate on time deposits as at 30 June 2017 was 1.75% (as at 31 December 2016: 2%) per annum.

6. Loans and borrowings

	USD million	
	30 June 2017	31 December 2016 (Audited)
Non-current portion		
Medium term notes	2,216	2,213
Sukuk	500	-
Long term loan	1,965	2,459
	4,681	4,672

The movement in loans and borrowings is as follows:

	USD million	
	30 June 2017	30 June 2016
Balance at 1 January	4,672	4,970
Long term loan	(500)	2,000
Loan origination fee	9	(22)
Issue of Sukuk	500	-
Bridge loan facility	-	(2,000)
Balance at 30 June	4,681	4,948

Long term loan

On 23 June 2016, the Group entered into a USD 5 billion long term loan agreement ("Term Loan") with a consortium of banks. The Term Loan consisted of USD 2 billion Tranche A 5-year bullet facility, USD 2 billion Tranche B 3-year bullet facility, and USD 1 billion 3 year revolving credit facility. The Group is jointly and severally a guarantor along with The Kuwait Olefins Company K.S.C.C. ("TKOC") for the Term Loan and the credit facilities include customary covenants. On 23 June 2016 and on 30 November 2016, the Group drewdown USD 2 billion from Tranche A facility and USD 0.5 billion from Tranche B facility, respectively. Tranche A facility will mature on 23 June 2021.

On 28 February 2017, the Group early settled Tranche B 3-year bullet facility amounting to USD 500 million of which USD 47 million pertaining to Islamic financing and USD 453 million pertaining to conventional financing facility. This facility had the original maturity date on 30 November 2019. Further undrawn available facility of Tranche B has been cancelled in February 2017.

At 30 June 2017, the details of the Term Loan are as follows:

		Term Loan	
	Total Facility	Tranche A	Revolving credit facility
Islamic financing	282	188	94
Conventional financing	2,718	1,812	906
Total	3,000	2,000	1,000

Drawn/Outstanding as at 30 June 2017 is as follows:

			USD million	
		Repayment terms	**30 June 2017**	**31 December 2016**
Islamic financing	Tranche A	Bullet repayment on 5th year	188	188
Islamic financing	Tranche B	Bullet repayment on 3rd year	-	47
Conventional financing	Tranche A	Bullet repayment on 5th year	1,812	1,812
Conventional financing	Tranche B	Bullet repayment on 3rd year	-	453
			2,000	2,500

The effective interest rate as at 30 June 2017 on Tranche A Term Loan is 3.05%. (31 December 2016: Tranche A is 2.72% and Tranche B is 2.52%).

At the reporting date, the Group had available for its utilization, USD 1 billion of undrawn committed revolving credit facility.

Medium term notes

In 2016, the Group estabilished a USD 4 billion Global Medium Term Note Programme (the "Programme"), and on 3 November 2016 EQUATE B.V. (the "Issuer") issued notes (the "Notes"). The payments of amounts due in respect of the Notes is unconditionally and irrevocably guaranteed, jointly and severally, and not severally, by EQUATE and TKOC. The Notes are listed on Irish Stock Exchange ("ISE") and the proceeds are used to repay existing loan facilities. At the reporting date, the Issuer had issued following outstanding Notes.

	USD million	
	30 June 2017	**31 December 2016**
i) Fixed interest rate Notes amounting to USD 1,000 million, having a term of 5 years, maturing in 2022 and carrying a coupon rate of 3% per annum payable on a semi-annual basis.	985	983
ii) Fixed interest rate Notes amounting to USD 1,250, million having a term of 10 years ,maturing in 2026 and carrying a coupon rate of 4.25% per annum payable on a semi-annual basis.	1,236	1,235
	2,221	2,218

As at 30 June 2017, 5 year and 10 year medium term notes are quoted at 98.95 and 101.54 respectively (31 December 2016: 5 year and 10 year medium term notes are quoted at 95.5372 and 95.9918 respectively), based on level 1 inputs.

Sukuk programme

In December 2016, the Group established a USD 2 billion Sukuk programme (the "Sukuk") and issued Sukuk amounting to USD 500 million on 21 February 2017 having a term of 7 years, maturing in February 2024, with a profit rate of 3.944% per annum payable on a semi-annual basis. The Sukuk is guaranteed by the Company and TKOC and is listed on ISE. As at 30 June 2017, Sukuk are quoted at 101.33, based on level 1 inputs.

7. Related party transactions

In the normal course of business, the Group enters into transactions with its shareholders PIC (directly owned by Kuwait Petroleum Corporation ("KPC"), BPC, QPIC and DEH.

EQUATE Marketing Company EC, Bahrain ("EMC"), which is owned by PIC and DEH, is the exclusive sales agent in certain territories for the marketing of PE produced by the Company. The Company reimburses all the actual expenses incurred by EMC.

During 2004, Dow and PIC initiated a number of joint venture petrochemical projects ("Olefins II projects") in Kuwait to manufacture polyethylene, ethylene glycol and styrene monomer. The Olefins II projects consist of the EQUATE expansion project, and the incorporation and development of TKOC, The Kuwait Styrene Company K.S.C.C ("TKSC") and Kuwait Aromatics Company K.S.C.C. ("KARO"). TKOC is owned by DEH (42.5%), PIC (42.5%), BPC (9%) and QPIC (6%). TKSC is a joint venture of DEH (42.5%) and KARO (57.5%). KARO is owned by PIC (40%), Kuwait National Petroleum Company K.S.C. ("KNPC") (40%) and QPIC (20%).

On 2 December 2004, the Company signed a Materials and Utility Supply Agreement ("MUSA") with TKOC, TKSC, KARO and PIC. Under the terms of the MUSA, the Company receives a reservation right fee from the above entities that equals the total capital construction costs incurred by the Company on the new utilities and infrastructure facilities under the Olefins II projects

On 2 December 2004, the Company signed an Operations, Maintenance and Services Agreement ("OMSA") with TKOC, TKSC, KARO and PIC. Under the terms of the OMSA, the Company provides operating, maintenance and other services to the above entities and for which the Company receives a fixed management fee over and above the actual operating cost.

On 2 December 2004, the Company signed an Ethylene Supply Agreement with TKOC. Under the terms of the agreement, the price per metric tonne of Ethylene is paid to TKOC based on the quantities delivered by them at the contract price.

During 2005, services agreements were signed between Dow, PIC and the Company with TKOC, TKSC, KARO and PIC for the provision of various services to the Olefins II projects.

An agreement to amend the MUSA and service agreements ("primary agreements") was signed between the parties to the primary agreements on 8 February 2006 releasing KARO from its obligations and liabilities under the primary agreements and appointing Kuwait Paraxylene Production Company K.S.C.C. ("KPPC") in place of KARO to assume and perform all obligations of KARO as if KPPC were and had been a party to the primary agreements. KPPC is a 100% owned subsidiary of KARO.

On 31 May 2006, the Company signed term loan agreements with TKOC and TKSC, under which the Company provided a USD 1.5 billion term loan to TKOC and USD 497 million term loan to TKSC. The term loans are repayable over a period of 11 years in biannual instalments starting from 15 December 2009 and carry coupon rate of LIBOR + 0.625% till 19 May 2013, LIBOR + 0.725% till 19 May 2016 and LIBOR + 0.825% till the maturity date. During 2016 TKSC fully prepaid the loan.

Operational Facility – Under the cash management services provided by Dow, the Group's subsidiaries also has in place an overnight cash sweeping facility with a subsidiary of Dow, Dow International Finance S.a.r.l. ("DIFS"). Under this arrangement, MEGC and the subsidiaries in EQUATE BV sweeps all of the bank accounts and either invests or borrows funds on an overnight basis. Under the terms of the agreement, the subsidiaries can borrow from DIFS at interest rates ranging from LIBOR plus a positive spread as set by Dow each half year that represents transactions with unrelated parties under similar terms and conditions plus 0.125% and inversely invest with DIFS at LIBOR plus a positive spread as set by Dow each half year that represents transactions with unrelated parties under similar terms and conditions minus 0.125%. Amounts outstanding as at 30 June 2017 under these arrangements were a net deposit of USD 0.6 million at interest rates ranging from 0.35% to 1.67% per annum (31 December 2016: USD 1 million net deposit at interest rates ranging from 0.38% to 1.5% per annum). These are indefinite credit arrangements subject to termination by either party. Interest is accrued monthly and capitalized.

All transactions with related parties are carried out on a negotiated contract basis.

The following is a description of significant related party agreements and transactions, other than described above:

a) Supply by Union Carbide Corporation ("UCC") of technology and licences relating to manufacture of PE and EG
b) Feed gas and fuel agreement with PIC
c) Supply by the Group of certain materials and services required by PIC to operate and maintain the polypropylene plant
d) Excess EG Marketing Agreement
e) General Services Agreement
f) Secrecy Agreement
g) Long Term Land Lease Agreement
h) Site Services Agreement
i) Employee Seconding Agreement
j) Catalyst License Agreement
k) Binding Term sheet – Gulf Coast
l) Other Assignment and Assumption Agreements
m) Ethylene supply agreement by MEGC with Dow
n) Feedstock supply agreement by MEGC with Dow for the USGC Project
o) Master service agreement with Dow
p) Ethylene Oxide (EO)/EG Swap Agreement (MEGC)
q) Technology License Intellectual Property (IP) Agreement (MEGC)
r) Catalyst Supply Agreement (MEGC)
s) Storage Sublease (MEGC)
t) Ground Lease (MEGC)
u) Utilities Services Agreements (MEGC)
v) Technical Services Agreement (MEGC)

Details of significant related party transactions are disclosed below:

	USD million	
	2017	**2016**
a) Sales and management fee		
Polypropylene plant management fees from PIC	0	0
Olefins plant management fees from TKOC	1	2
Styrene plant management fees from TKSC	1	0
Aromatics Plant management fees from KPPC	1	1
Operating cost reimbursed by PIC for running of Polypropylene plant	17	17
Operating and utility cost reimbursed by TKOC for running of Olefins plant	61	74
Operating and utility cost reimbursed by TKSC for running of Styrene plant	20	26
Operating and utility cost reimbursed by KPPC for running of Aromatics plant	35	35
Interest income on long-term loan to TKOC and TKSC	5	5
b) Purchases and expenses		
Feed gas and fuel gas purchased from KPC	179	237
Purchase of Ethylene Glycol from TKOC	318	195
Catalyst purchased from Dow	13	11
Ethylene Purchase from Dow	110	105
Service cost reimbursed to Dow	32	56
Glycol purchase from Dow	103	94
Catalyst purchased from UNIVATION	-	2
Operating costs reimbursed to EMC	2	2
Staff secondment costs reimbursed to Dow	1	2
Ethylene purchased from TKOC	29	61
c) Key management compensation		
Salaries, short term and terminal benefits	3	3

	USD million	
	30 June 2017	**31 December 2016 (Audited)**
d) Due from related parties		
Due from PIC	10	10
Due from UCC	0	1
Due from Dow	16	9
Due from TKOC	17	13
Due from TKSC	4	4
Due from KPPC	14	11
Due from KNPC	2	1
	63	49
e) Loan to a related party		
Non-current portion		
TKOC	312	384
	312	384
Current portion		
TKOC	143	140
	143	140

	USD million	
	30 June 2017	**30 June 2016**
Movement of long-term loan: TKOC		
Balance at 1 January	524	656
Payment during the period	(69)	(65)
Balance at 30 June	455	591
Movement of long-term loan: TKSC		
Balance at 1 January	-	253
Payment during the period	-	(253)
Balance at 30 June	-	-

	USD million	
	30 June 2017	31 December 2016 (Audited)
f) Due to related parties		
Due to KPC	85	74
Due to PIC	15	15
Due to Kuwait Oil Company K.S.C.	0	0
Due to Dow	80	62
Due to KNPC	0	0
Due to KPPC	1	1
Due to TKSC	0	2
Due to TKOC	110	123
	291	277

8. Additional Business and Geographical Information

Basis for segmentation

The Group has one significant business segment i.e.; Performance Materials & Chemicals ("PMC"), which is the reportable segment. This business segment manufactures and markets different types of basic petrochemical products.

Equate Management Team ("EMT"), a committee comprises of certain board members and key members of management, reviews the internal management reports of segments to monitor the performance and allocate capital. Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA") is the key measure used to monitor the performance of business because management believes that this information is the most relevant in evaluating the results of the business relative to other entities that operate in the similar industries. In addition to PMC business, the Group is engaged in managing operations of petrochemical plants of certain related parties, which did not meet the quantitative threshold for reportable segment.

Information about reportable segments

	2017 (USD million)			2016 (USD million)		
	PMC	Others	Total	PMC	Others	Total
External segment revenue	1,872	134	2,006	1,626	125	1,751
EBITDA	607	4	611	367	4	371
Net profit for the period	350	4	354	166	4	170
Interest income	(21)	-	(21)	(20)	-	(20)
Interest expenses	105	-	105	53	-	53
Depreciation, amortization and reservation rights	138	-	138	155	-	155
Income tax/ KFAS/ Zakat	35	-	35	13	-	13

Revenue by product/ services and geography

PMC business is managed on a worldwide basis, but operate manufacturing facilities and sales offices primarily in Kuwait, Canada, Germany, Dubai, Hong Kong and Singapore. The geographical information analyses the Group's revenue by the Company's country of domicile and other countries. In presenting the geographical information, the segment revenue has been based on geographic location of customers.

	EG (USD million)	PE (USD million)	PET (USD million)	Others (USD million)	Total (USD million)
30 June 2017					
Americas	264	-	-	-	264
North East Asia	512	142	-	-	654
India sub-continental	270	28	-	-	298
Europe	177	43	168	-	388
Rest of the World*	102	166	-	134	402
External revenue	1,325	379	168	134	2,006
30 June 2016					
Americas	255	-	-	-	255
North East Asia	439	140	-	-	579
India sub-continental	173	29	-	-	202
Europe	128	64	160	-	352
Rest of the World*	82	156	-	125	363
External revenue	1,077	389	160	125	1,751

* Rest of the World includes revenue from Kuwait of USD 32 million (2016: USD 29 million).

There are no customers that contributed more than 5 % of the revenue.

EBITDA by product line	EG (USD million)	PE (USD million)	PET (USD million)	Others (USD million)	Total (USD million)
30 June 2017	412	190	5	4	611
30 June 2016	209	155	3	4	371

9. Financial instruments - fair value measurement and risk management

Fair value measurement

The fair value of the financial instrument is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of all financial instruments carried by the Group as at 30 June 2017, that are not carried at fair value, are not materially different from their carrying values.

Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2016.

10. Commitments and contingent liabilities

The Group has a fixed gas purchase commitment with a related party of approximately USD 1 million (31 December 2016: USD 1 million) per day until the agreement is cancelled in writing by both parties.

The Group under the Excess EG marketing agreement has a commitment to purchase from Dow an annual volume for a term to 2024.

In addition to the above, the Group had the following commitments and contingent liabilities outstanding as at 30 June 2017:

	USD million	
	30 June 2017	**31 December 2016 (Audited)**
Letters of credit and letters of guarantee	74	61
Capital commitments	21	23
Ethylene reservation fees	630	630
License-Gulf coast	2	2

MEGlobal Americas entered into agreement with various parties related to the development of USGC project. The plant is scheduled to come on stream in 2019.

Forward foreign exchange contracts

The Group deals in forward foreign exchange contracts to manage its foreign currency positions and cash flows. The notional value of the contracts as at 30 June 2017 is as follows:

	USD million	
	30 June 2017	**31 December 2016 (Audited)**
Long position		
KD	329	333
CAD	127	470
EURO	65	18
Others	13	144
Short position		
CAD	245	295
KD	313	310
EURO	91	44
Others	12	223

The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate. These are classified as Level 2.

11. Operating lease

	USD million	
	30 June 2017	**31 December 2016 (Audited)**
Less than one year	24	23
Between one and five years	74	58
More than five years	10	45
	108	126

12. Annual General Assembly

At the Company's annual general meeting held on 23 March 2017, the shareholders approved the Board of Directors recommendation to distribute cash dividend of 0.19 cents per share amounted to USD 415 million (2016: 0.19 cents per share amounted to USD 403 million).