

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF INDUSTRIES QATAR Q.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Industries Qatar Q.S.C. (the "Company") and its subsidiaries and jointly controlled entities (together referred as the "Group") as at 30 June 2008, comprising of the interim condensed consolidated balance sheet as at 30 June 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. The interim condensed consolidated financial statements of the Group as of 30 June 2007 were reviewed and the financial statements as of 31 December 2007 were audited by another auditor, whose reports dated 30 July 2007 and 20 February 2008, respectively, expressed an unqualified review conclusion and audit opinion on those statements.

We did not review the financial statements of Qatar Steel Company Q.S.C, a wholly-owned subsidiary and Qatar Petrochemical Company Limited Q.S.C, of which the Company is a co-venturer whose financial statements reflect total assets of QR 14.08 billion and total revenues of QR 4.71 billion. Those financial statements were reviewed by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to data included in those companies, is based solely on the report of the other auditors.

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. Consequently, it 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Firas Qoussous
of Ernst & Young
Auditor's Registration No. 236

Date: 7 August 2008
Doha

Industries Qatar Q.S.C.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2008

	<i>Six months ended 30 June</i>	
	<i>2008</i>	<i>2007</i>
	<i>QR'000</i>	<i>QR'000</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Sales	7,675,988	4,189,151
Cost of sales	<u>(3,164,805)</u>	<u>(2,072,606)</u>
GROSS PROFIT	4,511,183	2,116,545
Income from associates	127,513	10,921
Other income	285,662	160,503
Selling expenses	(95,248)	(61,655)
General and administrative expenses	(184,384)	(152,987)
Finance costs	<u>(49,440)</u>	<u>(26,525)</u>
PROFIT FOR THE PERIOD	<u>4,595,286</u>	<u>2,046,802</u>
Attributable to:		
Equity holders of the parent	4,594,457	2,046,486
Minority interest	<u>829</u>	<u>316</u>
	<u>4,595,286</u>	<u>2,046,802</u>
BASIC AND DILUTED EARNINGS PER SHARE	<u>8.35</u>	<u>3.72</u>
(Expressed as QR per share)		


Industries Qatar Q.S.C.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)


At 30 June 2008

	<i>30 June 2008 QR'000 (Reviewed)</i>	<i>31 December 2007 QR'000 (Audited)</i>
ASSETS		
Non-current assets		
Property, plant and equipment	8,145,988	7,637,829
Investment property	150,993	148,032
Intangible assets	72,313	72,313
Investment in associates	1,296,956	1,171,186
Available for sale investments	516,533	452,594
Other assets	<u>1,220,465</u>	<u>1,106,770</u>
	11,403,248	10,588,724
Current assets		
Inventories	2,021,228	1,373,226
Accounts receivable and prepayments	2,716,691	1,266,743
Due from related parties	766,951	639,107
Held for trading investments	173,798	102,868
Cash and short term deposits	<u>6,230,820</u>	<u>6,171,427</u>
	11,909,488	9,553,371
TOTAL ASSETS	<u>23,312,736</u>	<u>20,142,095</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	5,500,000	5,000,000
Legal reserve	141,309	141,309
Cumulative changes in fair value	378,738	309,585
Hedging reserve	(102,539)	(103,412)
Retained earnings	10,414,015	5,819,558
Proposed dividends / Bonus issue	<u>-</u>	<u>2,500,000</u>
Equity attributable to the parent	16,331,523	13,667,040
Minority interest	<u>10,750</u>	<u>11,046</u>
Total equity	<u>16,342,273</u>	<u>13,678,086</u>
Non-current liabilities		
Term loans	3,498,021	2,357,967
Employees' end of service benefits	165,465	153,740
Interest rate swaps	<u>102,538</u>	<u>103,412</u>
	<u>3,766,024</u>	<u>2,615,119</u>

	<i>30 June 2008 QR'000 (Reviewed)</i>	<i>31 December 2007 QR'000 (Audited)</i>
Current liabilities		
Accounts payable and accruals	1,658,427	2,019,388
Due to related parties	479,863	745,683
Term loans	<u>1,066,149</u>	<u>1,083,819</u>
	<u>3,204,439</u>	<u>3,848,890</u>
Total liabilities	<u>6,970,463</u>	<u>6,464,009</u>
TOTAL EQUITY AND LIABILITIES	<u>23,312,736</u>	<u>20,142,095</u>



 Abdulla Bin Hamad Al- Attiyah
 Deputy Premier
 and Minister of Energy and Industry
 Chairman and Managing Director



 Yousef Hussain Kamal
 Minister of Economy and Finance
 Vice Chairman