

**INDUSTRIES QATAR Q.S.C.
DOHA - QATAR**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2013**

INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the period ended September 30, 2013

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INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of September 30, 2013

	Notes	September 30, 2013 (Unaudited) QR'000	December 31, 2012 (Audited) (Restated) QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,562,371	2,635,163
Projects under development		682,784	419,828
Investment properties		148,033	148,033
Investment in joint ventures		19,638,924	19,355,748
Investment in associates	4	1,466,983	1,465,514
Available-for-sale investments		709,602	641,441
Catalysts		43,381	48,982
Total non-current assets		25,252,077	24,714,709
Current assets			
Inventories		1,571,551	1,506,822
Accounts receivable and prepayments		1,393,757	1,150,412
Due from related parties		40,021	102,461
Held-for-trading investments		3,585	7,154
Bank balances and cash	5	6,736,019	5,405,900
Total current assets		9,744,933	8,172,749
TOTAL ASSETS		34,997,010	32,887,458
EQUITY AND LIABILITIES			
Equity			
Share capital		6,050,000	5,500,000
Legal reserve		74,999	74,999
Cumulative changes in fair value		348,054	279,892
Hedging reserve		(415,967)	(559,576)
Retained earnings		26,153,306	25,039,095
Total equity		32,210,392	30,334,410
Non-current liabilities			
Interest bearing loans and borrowings	6	1,753,154	1,483,589
Employees' end of service benefits		115,524	106,099
Other financial liabilities		85,804	123,503
Total non-current liabilities		1,954,482	1,713,191
Current liabilities			
Accounts payable and accruals		506,292	653,315
Due to related parties		13,120	24,760
Interest bearing loans and borrowings	6	312,724	161,782
Total current liabilities		832,136	839,857
Total liabilities		2,786,618	2,553,048
TOTAL EQUITY AND LIABILITIES		34,997,010	32,887,458

.....
Dr. Mohamed Bin Saleh Al-Sada
Minister of Energy and Industry
Chairman and Managing Director

.....
Hamad Rashid Al-Mohannadi
Vice Chairman

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

INDUSTRIES QATAR Q.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**
For the nine month period ended September 30, 2013

	Nine month period ended	
	September 30	
	2013	2012
	(Unaudited)	(Unaudited)
Notes	QR'000	QR'000
	(Restated)	
Revenue	4,434,294	4,829,465
Cost of sales	(2,981,708)	(3,334,230)
Gross profit	1,452,586	1,495,235
Other income	160,848	132,981
General and administrative expenses	(115,586)	(145,820)
Selling expenses	(25,580)	(24,495)
Finance costs	(45,159)	(50,720)
Share of results of associates	(1,899)	(32,785)
Share of result of joint ventures	4,914,001	5,282,177
Profit for the period	6,339,211	6,656,572
Basic and diluted earnings per share		
(Expressed as QR per share)		
Basic earnings per share	7 10.48	11.00

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CONSOLIDATED FINANCIAL STATEMENTS

INDUSTRIES QATAR Q.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
For the nine month period ended September 30, 2013

	<u>Nine month period ended</u>	
	<u>September 30</u>	
	2013	2012
	(Unaudited)	(Unaudited)
		(Restated)
	QR'000	QR'000
Profit for the period	6,339,211	6,656,572
Other comprehensive income (loss):		
Net profit/ (loss) on available-for-sale investments	68,163	(22,379)
Net unrealised gain on cash flow hedges	135,240	(33,188)
Share of other comprehensive income of associates	8,368	2,583
Other comprehensive income / (loss) for the period	211,771	(52,985)
Total comprehensive income for the period	6,550,982	6,603,587

INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine month period ended September 30, 2013

	Share capital	Legal reserve	Cumulative changes in fair value	Hedging reserve	Retained Earnings	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Balance at January 1, 2012 (Audited) (Restated)	5,500,000	74,999	314,711	(589,402)	20,936,415	26,236,723
Profit for the period	--	--	--	--	6,656,572	6,656,572
Other comprehensive income (loss) for the period	--	--	(22,379)	(30,605)	--	(52,985)
Dividends paid (Note 8)	--	--	--	--	(4,125,000)	(4,125,000)
Balance at September 30, 2012 (Unaudited) (Restated)	<u>5,500,000</u>	<u>74,999</u>	<u>292,331</u>	<u>(620,007)</u>	<u>23,467,986</u>	<u>28,715,310</u>
Balance at January 1, 2013 (Audited) (Restated)	5,500,000	74,999	279,892	(559,576)	25,039,095	30,334,410
Profit for the period	--	--	--	--	6,339,211	6,339,211
Other comprehensive income for the period	--	--	68,163	143,608	--	211,771
Bonus shares issued (Note 8)	550,000	--	--	--	(550,000)	--
Dividends paid (Note 8)	--	--	--	--	(4,675,000)	(4,675,000)
Balance at September 30, 2013 (Unaudited)	<u>6,050,000</u>	<u>74,999</u>	<u>348,054</u>	<u>(415,967)</u>	<u>26,153,306</u>	<u>32,210,392</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INDUSTRIES QATAR Q.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the nine month ended September 30, 2013

	For the nine month period ended September 30	
	2013 (Unaudited)	2012 (Unaudited) (Restated)
	QR'000	QR'000
OPERATING ACTIVITIES		
Profit for the period	6,339,211	6,656,572
Adjustments for:		
Depreciation and amortisation	118,187	129,299
Provision for employees' end of service benefits	24,392	21,904
Share of results of associates	1,899	32,785
Share of results of joint ventures	(4,914,001)	(5,282,177)
Loss on disposal of property, plant and equipment	2,780	27,364
Loss on disposal of HFT investments	504	--
Finance costs	45,159	50,720
(Gain)/loss from change in fair value of held-for-trading securities	--	(1,620)
Interest income	(72,969)	(47,229)
Dividend received from available for sale investment	(22,707)	(18,498)
	1,522,455	1,569,121
Working capital changes:		
Inventories	(64,729)	(64,631)
Accounts receivable and prepayments	(180,906)	(534,813)
Accounts payable and accruals	54,564	307,692
	1,331,384	1,277,370
Cash from operations		
Finance costs	(45,159)	(50,720)
Employees' end of service benefits paid	(14,967)	(14,075)
Contribution to social and sports fund	(213,227)	(196,490)
Net cash from operating activities	1,058,031	1,016,085
INVESTING ACTIVITIES		
Proceeds from disposals of property, plant and equipment	1,889	380
Additions to property, plant and equipment and other assets	(44,462)	(80,089)
Projects under development	(262,956)	(288,885)
Proceeds from HFT investments	3,066	--
Investments in associates	(70)	(13,577)
Movement in deposits maturing after 90 days	(1,076,849)	(1,303,150)
Dividend received from available-for-sale investments	22,707	18,498
Purchase of available-for-sale investments	--	(5,006)
Dividend received from joint ventures	4,728,436	2,336,169
Dividends received from associates	5,000	5,000
Interest income received	72,969	47,229
Net cash from investing activities	3,449,731	716,568
FINANCING ACTIVITIES		
Proceeds from interest bearing loans and borrowings	546,225	364,150
Repayment of interest bearing loans and borrowings	(125,718)	(117,965)
Dividends paid	(4,675,000)	(4,125,000)
Net cash used in financing activities	(4,254,493)	(3,878,815)
Net increase/decrease in cash and cash equivalents	253,269	(2,146,162)
Cash and cash equivalents at the beginning of the period	1,673,750	4,000,560
Cash and cash equivalents at the end of the period (Note 5)	1,927,019	1,854,397

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Industries Qatar Q.S.C (the “Company” or “IQ”) is a public shareholding company, incorporated in the State of Qatar on April 19, 2003, in accordance with Article No. 68 of the Qatar Commercial Companies Law No. 5 of year 2002, for a 50 year term by resolution No. 33 of 2003 from the Ministry of Economy and Commerce of the State of Qatar. The Company’s shares are listed on the Qatar Exchange. The Company’s registered office is situated in Doha, State of Qatar.

IQ and its subsidiary company (together “the Group”) operate in the State of Qatar and in the Jebel Ali Free Zone in the United Arab Emirates.

The main activity of IQ is to act as a holding company. The structure of the Group, included in these interim condensed consolidated financial statements of Industries Qatar Q.S.C. is as follows:

		<u>Country of incorporation</u>	<u>Percentage of holding</u>
Qatar Steel Company Q.S.C.	Subsidiary	Qatar	100%

Also, included in the interim condensed consolidated financial statement are, the share of income and other comprehensive income of the following joint venture companies using equity accounting:

		<u>Country of incorporation</u>	<u>Percentage of holding</u>
Qatar Petrochemical Company (QAPCO) Q.S.C.	Joint venture	Qatar	80%
Qatar Fertiliser Company (Q.S.C.C.)	Joint venture	Qatar	75%
Qatar Fuel Additives Company Limited Q.S.C.	Joint venture	Qatar	50%

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the nine month period ended September 30, 2013 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 consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at December 31, 2012. In addition, results for the nine month period ended September 30, 2013 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2013.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2012 except for the adoption of new and revised standards and interpretations effective as of January 1, 2013.

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

In the current financial period, the Group has adopted certain new and revised standards and interpretations, mainly including:

IAS 1	Presentation of items of other comprehensive income
IFRS 10	Consolidated Financial Statements
IAS 27	Separate Financial Statements
IFRS 11	Joint arrangements
IAS 28	Investments in Associates and Joint Ventures
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurements

The adoption of these new / revised standards and interpretations had a material impact on the financial position and financial performance of the Group as of and for the period ended September 30, 2013 which resulted in a restatement of prior period's balance.

3. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2013	December 31, 2012 (Restated)
	QR'000	QR'000
Opening net book value	2,635,163	2,681,537
Additions	42,060	123,935
Transfers from projects under development	1,898	21,176
Disposals	(4,669)	(27,917)
Depreciation	(112,081)	(163,568)
Closing net book value	<u>2,562,371</u>	<u>2,635,163</u>

4. INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

	Ownership		Country of incorporation	September 30, 2013	December 31, 2012 (Restated)
	2013	2012		QR'000	QR'000
Qatar Metal Coating Company Q.S.C.	50%	50%	Qatar	25,524	25,950
Foulath Holding B.S.C. (formerly Gulf United Steel Holding Company.)	25%	25%	Bahrain	1,220,764	1,226,848
SOLB Steel Company (formerly known as South Steel Company W.L.L.)	31.03%	31.03%	Saudi Arabia	220,695	212,716
				<u>1,466,983</u>	<u>1,465,514</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. CASH AND CASH EQUIVALENTS

	September 30, 2013	December 31, 2012 (Restated)
	<u>QR'000</u>	<u>QR'000</u>
Bank balances and cash	<u>6,736,019</u>	<u>5,405,900</u>

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents consist of the following:

	September 30, 2013	December 31, 2012 (Restated)
	<u>QR'000</u>	<u>QR'000</u>
Bank balances and cash	6,736,019	5,405,900
Less: Fixed deposits maturing after 90 days	(4,809,000)	(3,732,150)
Cash and cash equivalents	<u>1,927,019</u>	<u>1,673,750</u>

6. INTEREST BEARING LOANS AND BORROWINGS

					September 30, 2013	December 31, 2012 (Restated)
	<u>Interest/ profit rate</u>	<u>Entity</u>	<u>Currency</u>	<u>Maturity Date</u>	<u>QR'000</u>	<u>QR'000</u>
Loan 1	LIBOR plus applicable margin	Qatar Steel	USD	2018	1,162,039	1,288,807
Loan 2	LIBOR plus applicable margin	Qatar Steel	USD	2018	903,839	356,564
					<u>2,065,878</u>	<u>1,645,371</u>
Less: current portion					(312,724)	(161,782)
Total non-current portion					<u>1,753,154</u>	<u>1,483,589</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to the equity holders for the period by the weighted average number of shares outstanding during the period as follows:

	Nine month ended September 30	
	2013	2012
		(Restated)
	QR'000	QR'000
Profit for the period	6,339,211	6,656,572
Weighted average number of shares outstanding during the period (in thousands)	605,000	605,000
Basic and diluted earnings per share (expressed in QR per share)	10.48	11.00

The number of shares used for computing basic and diluted earnings per share is the same as the Group has not issued any instruments which would have an impact on the earnings per share when exercised.

8. DIVIDENDS PAID

During the period, cash dividend of QR 8.5 per share amounting to QR 4,675 million and a 10% bonus share of QR 550 million relating to 2012 were approved by the shareholders at the Annual General Meeting held on March 17, 2013 (2011: QR 7.5 per share amounting to QR 4,125 million).

9. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- The petrochemical segments, which produces and sells ethylene, polyethylene, MTBE, methanol and other petrochemical products
- The fertiliser segment, which produces and sells urea, ammonia and other by-products
- The steel segment, which produces and sells steel pellets, bars, billets and others

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the interim condensed consolidated financial statements.

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Operating segments

The following table presents the Group's operating segments:

	<i>Petrochemicals</i>	<i>Fertiliser</i>	<i>Steel</i>	<i>Total</i>
	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>
Period ended 30 September 2013				
Segment revenue	3,817,140	4,819,791	4,434,294	13,071,225
Cost of goods sold	(1,510,958)	(2,202,061)	(2,981,708)	(6,694,727)
Depreciation/amortisation	(145,526)	(567,591)	(118,187)	(831,304)
Finance charges	(14,981)	(93,948)	(45,159)	(154,088)
Segment results	2,817,862	2,097,349	1,387,957	6,303,168
Unallocated income				53,440
Unallocated expense				(17,397)
Profit for the period				<u><u>6,339,211</u></u>

	<i>Petrochemicals</i>	<i>Fertiliser</i>	<i>Steel</i>	<i>Total</i>
	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>
As of 30 September 2013				
Cash	1,641,558	793,628	1,803,447	4,238,634
Other current assets	1,927,882	1,472,854	2,977,914	6,378,651
Non-current assets	6,186,526	12,780,567	5,220,947	24,188,040
Total assets	<u>9,755,967</u>	<u>15,047,050</u>	<u>10,002,308</u>	<u>34,805,325</u>
Debts due within 1 year	--	213,552	312,724	526,276
Other current liabilities	1,643,466	798,097	395,239	2,836,802
Debts due after 1 year	72,982	2,335,957	1,753,154	4,162,093
Other non-current liabilities	229,990	232,904	201,328	664,222
Total liabilities	<u>1,946,438</u>	<u>3,580,509</u>	<u>2,662,445</u>	<u>8,189,392</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	<u>Petrochemicals</u> <i>QR'000</i>	<u>Fertiliser</u> <i>QR'000</i>	<u>Steel</u> <i>QR'000</i>	<u>Total</u> <i>QR'000</i>
Period ended 30 September 2012				
Segment revenue	3,423,755	4,642,513	4,829,465	12,895,733
Cost of goods sold	(1,332,788)	(1,491,005)	(3,334,230)	(6,158,023)
Depreciation/amortisation	(93,485)	(437,597)	(129,299)	(660,381)
Finance charges	(24,456)	(87,842)	(50,720)	(163,017)
Segment results	2,593,695	2,688,481	1,361,767	6,643,944
Unallocated income				45,556
Unallocated expense				(32,927)
Profit for the period				<u>6,656,572</u>
	<u>Petrochemicals</u> <i>QR'000</i>	<u>Fertiliser</u> <i>QR'000</i>	<u>Steel</u> <i>QR'000</i>	<u>Total</u> <i>QR'000</i>
As of 31 December 2012				
Cash	1,151,560	2,060,172	1,554,940	4,766,672
Other current assets	1,821,519	1,584,016	2,733,453	6,138,988
Non-current assets	5,909,143	13,219,379	5,008,394	24,136,916
Total assets	<u>8,882,222</u>	<u>16,863,567</u>	<u>9,296,787</u>	<u>35,042,576</u>
Debts due within 1 year	582,400	213,552	161,782	957,734
Other current liabilities	1,626,627	1,170,979	343,638	3,141,245
Debts due after 1 year	34,580	2,441,518	1,483,589	3,959,687
Other non-current liabilities	211,257	304,613	229,602	745,473
Total liabilities	<u>2,454,865</u>	<u>4,130,663</u>	<u>2,218,611</u>	<u>8,804,138</u>

10. COMPARATIVES

Following the enactment of IFRS 11 the Group accounted for its interest in joint ventures using the equity method and accordingly restated the comparative periods. This restatement did not have any impact on the previously reported income and equity of the Group.