Industries Qatar Q.S.C.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2013

INTERIM CONSOLIDATED STATEMENT OF INCOME
For the three months ended 31 March 2013

	Notes	***31 March 2013 QR'000 (Unaudited)***	*31 March 2012 QR'000 (Restated)*
Revenues		**1,666,154**	1,738,501
Direct costs		**(1,134,758)**	(1,246,646)
GROSS PROFIT		**531,396**	491,855
Share of results of joint ventures	3	**1,989,659**	1,477,054
Share of results of associates	4	**18,050**	(31,012)
Income from investments	5	**38,246**	33,096
Other income, net	6	**37,497**	14,219
General and administrative expenses		**(41,742)**	(49,231)
Selling and distribution expenses		**(9,504)**	(10,993)
Finance costs		**(14,672)**	(17,510)
PROFIT FOR THE PERIOD		**2,548,930**	1,907,478
BASIC AND DILUTED EARNINGS PER SHARE (Expressed as QR per share)	11	**4.21**	3.15

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2013

	31 March 2013 QR'000 (Unaudited)	*31 March 2012 QR'000 (Restated)*
Profit for the period	**2,548,930**	1,907,478
Other comprehensive income		
Net movement in fair value of cash flow hedges	**18,258**	(6,651)
Net movement in fair value of available-for-sale investments	**17,731**	4,862
Other comprehensive loss for the period	**35,989**	(1,789)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,584,919**	1,905,689

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2013

	Notes	***31 March 2013 QR'000 (Unaudited)***	*31 December 2012 QR'000 (Restated)*
ASSETS			
Non-current assets			
Property, plant and equipment	7	**3,110,320**	3,103,974
Investment properties		**148,032**	148,032
Interests in joint ventures	3	**19,073,236**	19,355,748
Investment in associates	4	**1,483,564**	1,465,514
Available-for-sale investments		**659,173**	641,441
		24,474,325	24,714,709
Current assets			
Inventories		**1,370,299**	1,506,822
Accounts receivable and prepayments		**1,362,293**	1,150,412
Due from related parties		**134,654**	102,461
Held-for-trading investments		**6,411**	7,154
Bank balances and cash	8	**6,034,096**	5,405,900
		8,907,753	8,172,749
TOTAL ASSETS		**33,382,078**	32,887,458

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 March 2013

	Note	***31 March 2013 QR'000 (Unaudited)***	*31 December 2012 QR'000 (Restated)*
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**6,050,000**	5,500,000
Legal reserve		**292,117**	292,117
Cumulative changes in fair value		**297,623**	279,892
Hedging reserve		**(541,318)**	(559,576)
Retained earnings		**22,145,908**	24,821,977
Total equity		**28,244,330**	30,334,410
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings		**1,582,661**	1,483,589
Employees' end of service benefits		**113,844**	106,099
Other financial liabilities		**108,104**	123,503
		1,804,609	1,713,191
Current liabilities			
Accounts payable and accruals		**3,128,543**	653,315
Due to related parties		**22,845**	24,760
Interest bearing loans and borrowings		**181,751**	161,782
		3,333,139	839,857
Total liabilities		**5,137,748**	2,553,048
TOTAL EQUITY AND LIABILITIES		**33,382,078**	32,887,458

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

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Hamad Rashid Al-Mohannadi
Vice Chairman

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2013

	Notes	***31 March 2013 QR'000 (Unaudited)***	*31 March 2012 QR'000 (Unaudited)*
OPERATING ACTIVITIES			
Profit for the period		**2,548,930**	1,907,478
Adjustments for:			
Depreciation	7	**39,351**	42,586
Provision for employees' end of service benefits		**11,697**	10,182
Share of results from joint ventures	3	**(1,989,659)**	(1,477,054)
Share of results from associates	4	**(18,050)**	31,012
Loss on disposal of property, plant and equipment		**3,115**	7,648
Finance costs		**14,672**	17,510
(Gain) / loss from change in fair value of held-for-trading securities		**658**	(154)
Loss on disposal of held-for-trading securities		**13**	-
Interest income		**(22,261)**	(20,441)
Impairment of available-for-sale investments		**-**	263
		588,466	519,030
Working capital changes:			
Inventories		**136,523**	141,809
Accounts receivable and due from related parties		**(244,076)**	(765,359)
Accounts payable and accruals and due to related parties		**2,473,313**	292,253
Cash from operations		**2,954,226**	187,733
Finance costs		**(14,672)**	(17,510)
Employees' end of service benefits paid		**(3,952)**	(3,573)
Net cash from operating activities		**2,935,602**	166,650
INVESTING ACTIVITIES			
Additions to property, plant and equipment	7	**(48,811)**	(67,964)
Movement in held-for-trading investments		**73**	(1,490)
Dividends received from joint ventures	3	**2,275,100**	1,441,040
Investment in a joint venture		**(70)**	-
Net movement in deposits maturing after 90 days		**(1,450,000)**	(400,000)
Interest income received		**22,261**	20,441
Net cash used in investing activities		**798,553**	992,027
FINANCING ACTIVITIES			
Proceeds from interest bearing loans and borrowings		**182,075**	81,934
Repayment of interest bearing loans and borrowings		**(63,034)**	(58,983)
Dividends paid	10	**(4,675,000)**	(4,125,000)
Net cash used in financing activities		**(4,555,959)**	(4,102,049)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(821,804)**	(2,943,372)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**5,405,900**	4,204,560
CASH AND CASH EQUIVALENTS AT 31 MARCH	8	**4,584,096**	1,261,188

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2013

	Share capital QR'000	*Legal reserve QR'000*	*Cumulative changes in fair value QR'000*	*Hedging reserve QR'000*	*Retained earnings QR'000*	*Total QR'000*
Balance at 1 January 2013	5,500,000	292,117	279,892	(559,576)	24,821,978	30,334,411
Profit for the period	-	-	-	-	2,548,930	2,548,930
Other comprehensive income for the period	-	-	17,731	18,258		35,989
Total comprehensive income for the period	-		17,731	18,258	2,548,930	2,584,919
Issuance of bonus shares (Note 9)	550,000				(550,000)	-
Dividends paid (Note 10)	-				(4,675,000)	(4,675,000)
Balance at 31 March 2013 (Unaudited)	**6,050,000**	**292,117**	**297,623**	**(541,318)**	**22,145,908**	**28,244,330**
Balance at 1 January 2012	5,500,000	276,791	314,711	(589,402)	20,734,623	26,236,723
Profit for the period	-	-	-	-	1,907,478	1,907,478
Other comprehensive income (loss) for the period	-	-	4,862	(6,651)	-	(1,789)
Total comprehensive income (loss) for the period	-	-	4,862	(6,651)	1,907,478	1,905,689
Transfer to legal reserve	-	36	-	-	(36)	-
Dividends paid (Note 10)	-	-	-	-	(4,125,000)	(4,125,000)
Balance at 31 March 2012 (Unaudited)	5,500,000	276,827	319,573	(596,053)	18,517,065	24,017,412

The attached notes 1 to 12 form part of these 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 19 April 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, its subsidiary and jointly controlled entities (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 consolidated financial statements is as follows:

Entity Name	*Country of incorporation*	*Relationship*	*Ownership interest*	
			31 March 2013	*31 December 2012*
Qatar Steel Company Q.S.C.	Qatar	Subsidiary	100%	100%
Qatar Petrochemical Company (QAPCO) Q.S.C.	Qatar	Joint venture	80%	80%
Qatar Fertiliser Company Q.S.C.C.	Qatar	Joint venture	75%	75%
Qatar Fuel Additives Company Limited Q.S.C.C.	Qatar	Joint venture	50%	50%

- **Qatar Steel Company Q.S.C. ("QATAR STEEL")**, is a Qatari Shareholding Company incorporated in the State of Qatar and is wholly owned by IQ. The company is engaged in the manufacture of steel billets and reinforcing bars for sale in the domestic and export markets.

  QATAR STEEL incorporated Qatar Steel Company FZE, a fully owned subsidiary with limited liability on 22 July 2003, pursuant to Dubai Law No. 9 of 1992 and implementing the regulations of the Jebel Ali Free Zone Authority.

  Qatar Steel International Company Q.P.S.C. ("QSIC"), a Qatari Shareholding Company, is a joint venture between Qatar Steel (50%) and Qatar Mining (50%) . QSIC is established to enter into a joint venture agreement in which it holds 49% with Algerian local parties called SIDER and National Investment Fund to develop a 2.0 million integrated steel mill in Algeria as first phase of the project.

  Qatar Ferro Alloys ("QFA"), a Qatari Shareholding Company is in the process of being incorporated in the State of Qatar, as a joint venture between Qatar Steel (35%), Goa Infralogistics Ltd (33%) and Pioneer for Construction & Development W.L.L (32%). Qatar Ferro Alloy is to produce and sell various types of ferro alloys.

- **Qatar Petrochemical Company (QAPCO) Q.S.C. ("QAPCO")**, a Qatari Shareholding Company incorporated in the State of Qatar, is a joint venture between IQ (80%) and Total Petrochemicals (France) (TPF) (20%). QAPCO is engaged in the production and sale of ethylene, polyethylene and other petrochemical products.

  Qatofin Company Limited (Q.S.C.) ("QATOFIN"), a Qatari Shareholding Company incorporated in the State of Qatar in August 2005, is a joint venture between QAPCO (63%), TPF 36% and Qatar Petroleum (QP) 1%. Qatofin is engaged in the production of linear low-density polyethylene (LLDPE).

  Qatofin also owns 45.69% interest in Ras Laffan Olefins Company (RLOC), a joint venture between Q-Chem II, Qatofin and QP. Ras Laffan Olefins Company is involved in the production of ethylene.

  Qatar Vinyl Company Limited (Q.S.C.) ("QVC") is registered in the State of Qatar as a Qatari Shareholding Company and is engaged in the production of caustics soda, ethylene dichloride and vinyl chloride monomer. QAPCO owns 31.9% of Qatar Vinyl Company Limited (Q.S.C.).

  Qatar Plastic Products Company W.L.L. ("QPPC") is registered as a limited liability company in the State of Qatar and is engaged in the manufacturing of plastic heavy-duty bags, sheet and industrial products. QAPCO owns 33.33% of the shareholding in Qatar Plastic Products Company W.L.L.

1 CORPORATE INFORMATION (continued)

- **Qatar Fertiliser Company (Q.S.C.C.) ("QAFCO")**, a Qatari Shareholding Company incorporated in the State of Qatar, is a joint venture between IQ (75%) and Yara Netherland BV (25%). QAFCO is engaged in the production and sale of ammonia and urea.

  QAFCO has ownership interest in Gulf Formaldehyde Company (S.A.Q.) ("GFC"), a Qatari Shareholding Company incorporated in the State of Qatar on 3 March 2003. QAFCO holds 70% of the share capital of this subsidiary.

  QAFCO has ownership interest in Qatar Melamine Company (Q.S.C.C.) ("Qatar Melamine"), a Qatari Shareholding Company incorporated in the State of Qatar on 6 March 2011. QAFCO holds 60% of the share capital of this subsidiary. Qatar Melamine is engaged in the production and sale of Melamine.

- **Qatar Fuel Additives Company Limited Q.S.C. ("QAFAC")**, a Qatari Shareholding Company incorporated in the State of Qatar, is a joint venture between IQ (50%), OPIC Middle East Corporation (20%), International Octane Limited (15%) and 15% by LCY Middle East Corporation, a body corporate formed under the laws of the British Virgin Islands. QAFAC is engaged in the production and export of methyl-tertiary-butyl-ether (MTBE) and methanol.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation
The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, derivative financial instruments, available-for-sale and held-for-trading financial assets that have been measured at fair value. The consolidated financial statements are presented in Qatari Riyals and all values are rounded to the nearest thousand (QR'000) except when otherwise indicated.

2.2 Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

2.3 Basis of consolidation
The consolidated financial statements comprise the financial statements of Industries Qatar Q.S.C. and its subsidiary as at 31 March 2013.

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date such control ceases.

Jointly controlled entities are consolidated using the equity method from the date of acquisition, being the date in which the Group obtains joint control, and continue to be so consolidated until the date that such joint control ceases.

The financial statements of the subsidiary and jointly controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies.

2.4 Change in accounting policy and disclosure
Effective 1 January 2013 the Group adopted IFRS 11 for consolidation of its financial statements. IFRS 11 requires a joint venturer to recognise its interest in a joint venture as an investment and should account for that investment using the equity method. The company has determined that with the adoption of IFRS 11, its interests in QAPCO, QAFAC, and QAFCO will meet the criteria for a joint venture. Accordingly, from 1 January 2013, on adoption of IFRS 11, IQ will account for its interests in the above companies using the equity method.

The equity method of accounting requires IQ to present the carrying amount of its investments in joint ventures as a single line item in the statement of financial position, and its share of the joint ventures' net income as a single line item in the statement of comprehensive income. This change in accounting policy will not affect previously reported net income and shareholders' equity, but will affect most other line items in the statement of financial position, statement of comprehensive income and statement of cash flows including revenue, gross profit, total assets and total liabilities.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies

Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income
Income is recognised as interest accrues (using the effective interest method).

Dividend income
Dividend income is recognised, when the right to receive the dividend is established.

Property, plant and equipment
Property, plant and equipment are stated at cost excluding the cost of day-to-day servicing, less accumulated depreciation and any impairment in value. Land is not depreciated.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Petrochemical plant and buildings	20 to 25 years
Fertiliser plant and buildings	3 to 20 years
Steel plant, buildings and structures	15 to 25 years
Other assets: motor vehicles, heavy mobile equipment, furniture and fixtures, and computer equipment	3 to 15 years

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Investments in associates
The Group's investments in its associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The consolidated statement of income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

Interests in joint ventures
The Group has interests in joint ventures which are jointly controlled entities, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entities. The arrangement requires unanimous agreement for financial and reporting decisions among the ventures. Following the enactment of IFRS 11 the Group accounts for its interest in joint ventures using the equity method.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and its carrying value and recognises the amount in the consolidated statement of income.

Financial assets
Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss includes financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes held for trading investments and derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by IAS 39. Financial assets at fair value through profit and loss are carried in the consolidated statement of financial position at fair value with gains or losses recognised in the consolidated statement of income.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of other categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses as other comprehensive income in cumulative changes in fair value reserve until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the consolidated statement of income, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the consolidated statement of income. Due to the nature of cash flows arising from Group's certain unquoted investments, the fair value of these investments cannot be reliably measured. Consequently, these investments are carried at cost less provision for any impairment losses.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies (continued)

Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Available-for-sale financial investments
For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income – is removed from other comprehensive income and recognised in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income; increases in their fair value after impairment are recognised directly in other comprehensive income.

Inventories
Inventories, including work in progress, other than maintenance parts and supplies, are stated at the lower of cost and net realisable value; cost is determined on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Maintenance parts and supplies are stated at cost, less provisions for obsolescence.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Accounts receivable
Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred. Goods supplied but not invoiced are treated as accrued income at the price expected to be received.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and on hand, and short-term deposits with an original maturity of three months or less, net of funds restricted for use and outstanding bank overdrafts, if any.

Interest bearing loans and borrowings
Interest bearing loan is recognised initially at fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, the loan is measured at amortised cost using the effective interest method. Instalments due within one year at amortised cost are shown as a current liability. The costs of raising finance applicable to amounts already drawn-down are amortised over the period of the loan using the effective yield method.

Gains or losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through amortisation process.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies (continued)

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Operating leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3 INTEREST IN JOINT VENTURES

The movement in interest in joint ventures during the year/period is as follows:

	QAPCO *QR'000*	*QAFCO* *QR'000*	*QAFAC* *QR'000*	*QSIC* *QR'000*	*QFA* *QR'000*	*Total* *QR'000*
Investment balances as of						
1 January 2012 (Restated)	5,418,475	9,672,304	1,255,589	-	-	16,346,368
Investment during the year	-	-	-	5,000	-	5,000
Net profit for the year	2,903,227	3,446,463	652,106	-	-	7,001,796
Dividend received during the year	(2,517,225)	(750,213)	(742,569)	-	-	(4,010,007)
Fair value movements for the year	10,238	2,353	-	-	-	12,591
At 31 December 2012	5,814,715	12,370,907	1,165,126	5,000	-	19,355,748
Investment during the period	-	-	-	-	70	70
Net profit for the period	762,586	1,037,811	190,153	(891)	-	1,989,659
Dividend received during the period	-	(2,175,000)	(100,100)	-	-	(2,275,100)
Fair value movements for the period	-	2,859	-	-	-	2,859
At 31 March 2013	**6,577,301**	**11,236,577**	**1,255,179**	**4,109**	**70**	**19,073,236**

3 INTEREST IN JOINT VENTURES (continued)

The summarised financial information in respect of the Group's share in joint ventures are as follows:

	QAPCO *QR'000*	*QAFCO* *QR'000*	*QAFAC* *QR'000*	*QSIC* *QR'000*	*QFA* *QR'000*
Cash	903,524	658,247	405,084	4,109	70
Other current assets	1,439,094	2,002,799	351,620	-	-
Non current assets	5,268,126	13,069,677	709,424	-	-
Total assets	7,610,744	15,730,723	1,466,128	4,109	70
Debts falling due within 1 year	-	1,032,552	-	-	-
Other current liabilities	1,349,590	1,170,121	437,811	-	-
Debt falling due after 1 year	-	1,623,733	43,316	-	-
Other non-current liabilities	69,542	667,526	150,738	-	-
Total liabilities	1,419,132	4,493,932	631,865	-	-
Shareholders equity as of 31 March 2013	6,191,612	11,236,791	834,263	4,109	70
Share of the following items for the 3 months ended 31 March 2013:					
Revenue	821,566	1,903,895	435,693	-	-
Depreciation and amortisation	(33,633)	(191,485)	(14,571)	-	-
Finance charges	(8,052)	(30,083)	(12)	-	-
Net profit/(loss)	762,586	1,037,811	190,153	(891)	-

3 INTEREST IN JOINT VENTURES (continued)

	QAPCO	*QAFCO*	*QAFAC*	*QSIC*	*QFA*
	QR'000	*QR'000*	*QR'000*	*QR'000*	*QR'000*
Cash	841,238	2,060,172	310,323	5,000	-
Other current assets	1,471,624	1,584,016	349,894	-	-
Non current assets	5,195,895	13,219,379	714,676	-	-
Total assets	7,508,757	16,863,567	1,374,893	5,000	-
Debts falling due within 1 year	582,400	1,032,552	-	-	-
Other current liabilities	1,243,889	1,170,979	382,739	-	-
Debt falling due after 1 year	-	1,622,518	34,580	-	-
Other non-current liabilities	64,467	666,398	146,790	-	-
Total liabilities	1,890,756	4,492,447	564,109	-	-
Shareholders equity as of 31 December 2012	5,618,001	12,371,120	810,784	5,000	-

Share of the following items for the 3 months ended 31 March 2012:

Revenue	662,847	1,274,177	302,567	-	-
Depreciation and amortisation	(22,321)	(96,653)	(14,436)	-	-
Finance charges	(8,141)	(12,740)	(11)	-	-
Net profit	652,788	696,066	128,200	-	-

4 INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

	Effective ownership	*Country of incorporation*	***31 March 2013 QR'000***	*31 December 2012 QR'000*
Qatar Metals Coating Company W.L.L. (i)	50.00%	Qatar	**27,398**	25,950
Gulf United Steel Holding Company (Foulath) BSC Closed (ii)	25.00%	Bahrain	**1,234,243**	1,226,848
SOLB Steel Company (*formerly known as South Steel company W.L.L.*) (iii)	31.04%	Saudi Arabia	**221,923**	212,717
			1,483,564	1,465,515

(i) Qatar Metals Coating Company W.L.L. (Q-COAT) is involved in the production of epoxy resin coated bars. Q-COAT is managed by Qatar Steel in accordance with a management service agreement.

(ii) Gulf United Steel Holding Company (Foulath) BSC Closed (Bahrain) is a Bahraini Closed Joint Stock Company incorporated on 26 June 2008 in the Kingdom of Bahrain.

Gulf United Steel Holding Company (Foulath) BSC Closed (Bahrain) is a holding company for a group of commercial / industrial companies, that is engaged in the manufacture and sale of iron pellets, stainless steel flat products, operate melt shop furnaces and heavy beams rolling mill and related infrastructure.

During 2012, the Group recognised an impairment of QR 150 million relating to the investment in Gulf United Steel Company (Foulath) BSC closed.

(iii) SOLB Steel Company is a company incorporated in the Kingdom of Saudi Arabia operating steel melt shop and bar mill.

The movement in investment in associates during the period is as follows:

	31 March 2013 QR'000	*31 December 2012 QR'000*
Balance at 1 January	**1,465,514**	1,742,821
Share of net movement in effective portions of changes in fair value of cash flow hedges during the period/year	**-**	3,750
Dividends received from associates during the period/year	**-**	(5,000)
Share of results of associates during the period/year	**18,050**	(139,633)
Impairment loss on investment in an associate during the year		(150,000)
Increase in ownership in an associate during the year	**-**	13,576
Closing balance	**1,483,564**	1,465,514

4 INVESTMENTS IN ASSOCIATES (continued)

The summarised financial information in respect of the Group's share in the associates are as follows:

	31 March 2013 QR'000	*31 December 2012 QR'000*
Share of associates' statement of financial position:		
Current assets	**701,597**	745,088
Non-current assets	**2,145,442**	2,191,098
Current liabilities	**(560,122)**	(652,847)
Non-current liabilities	**(1,405,575)**	(1,423,053)
Group's share of net assets of associates	**881,342**	860,286

Share of associates' revenue and profit for the period ended	***31 March 2013 QR'000***	*31 March 2012 QR'000*
Revenue	**314,649**	311,719
Net profit/(loss)	**18,050**	(31,012)

5 INCOME FROM INVESTMENTS

	31 March 2013 QR'000	*31 March 2012 QR'000 (Restated)*
Dividend income	**15,985**	12,654
Interest on bank deposits	**22,261**	20,442
	38,246	33,096

6 OTHER INCOME, NET

	31 March 2013 QR'000	*31 March 2012 QR'000 (Restated)*
(Loss)/ gain / from change in fair value of held-for-trading securities	**(658)**	154
Impairment of available-for-sale securities	**-**	(263)
Gain on foreign exchange	**1,159**	4,414
By product sale	**21,776**	2,706
Provision write back	**11,453**	-
Other income	**3,767**	7,208
	37,497	14,219

7 PROPERTY, PLANT AND EQUIPMENT

	31 March 2013 QR'000	*31 December 2012 QR'000 (Restated)*
Opening net book value	**3,103,974**	2,804,504
Additions	**48,811**	497,236
Disposals and transfers	**(3,115)**	(26,145)
Depreciation	**(39,350)**	(171,621)
Closing net book value	**3,110,320**	3,103,974

8 CASH AND CASH EQUIVALENTS

	31 March 2013 QR'000	*31 December 2012 QR'000 (Restated)*
Bank balances and cash	**6,034,096**	5,405,900

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise:

	31 March 2013 QR'000	*31 December 2012 QR'000 (Restated)*
Bank balances and cash	**6,034,096**	5,405,900
Less: Fixed deposits maturing after 90 days	**(1,450,000)**	-
	4,584,096	5,405,900

9 SHARE CAPITAL

	31 March 2013 QR'000	*31 December 2012 QR'000*
Authorised, issued and paid-up:		
605,000,000 shares of QR 10 each	**6,050,000**	5,500,000
(31 December 2012 : 550,000,000 shares of QR 10 each)		

	31 March 2013 No of shares	*31 December 2012 No of shares*
Balance at the beginning of the period	**550,000,000**	550,000,000
Bonus share issue	**55,000,000**	-
Balance at the end of the period	**605,000,000**	550,000,000

A 10% bonus share issue was approved by the shareholders at the Annual General Assembly on 17 March 2013.

10 DIVIDENDS PAID

During the year, a cash dividend of QR 8.50 per share amounting to QR 4,675 million relating to 2012 was approved by the shareholders at the Annual General Meeting held on 17 March 2013 (2012: QR 7.50 per share amounting to QR 4,125 million).

11 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit for the period by the weighted average number of shares outstanding during the period.

The following reflects the income and share data used in the computation of basic and diluted earnings per share:

	31 March 2013	*31 March 2012 (Restated)*
Net profit for the period (QR'000)	**2,548,930**	1,907,478
Weighted average number of shares outstanding during the period ("in thousands")	**605,000**	605,000
Basis and diluted earnings per share (expressed in QR per share)	**4.21**	3.15

The weighted average number of shares has been calculated as follows:

	Three months ended 31 March	
	2013 QR'000	*2012 QR'000 (Restated)*
	Number of shares	*Number of shares*
Qualifying shares at the beginning of the period	**550,000,000**	550,000,000
Effect of bonus shares issued	**55,000,000**	55,000,000
Weighted average number of shares outstanding	**605,000,000**	605,000,000

The shares outstanding as at 31 March 2012 have been restated for the impact of bonus shares issued during the year 2013.

12 COMPARATIVES

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