

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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2016**

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INDUSTRIES QATAR Q.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 As at March 31, 2016

	Notes	March 31, 2016 (Unaudited) QR'000	December 31, 2015 (Audited) QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,776,995	3,795,882
Investment properties		3,553	3,553
Investment in associates	5	1,373,993	1,396,261
Investment in joint ventures		19,653,220	19,606,193
Available-for-sale investments		658,790	682,694
Catalysts		31,014	32,274
Total non-current assets		25,497,564	25,516,857
Current assets			
Inventories		1,140,920	1,435,720
Accounts receivable and prepayments		1,024,435	1,007,706
Due from related parties		181,789	773,493
Financial asset at fair value through profit or loss		3,585	3,585
Bank balances and cash	3	5,345,432	7,021,093
Total current assets		7,696,161	10,241,597
TOTAL ASSETS		33,193,726	35,758,454
EQUITY AND LIABILITIES			
Equity			
Share capital		6,050,000	6,050,000
Legal reserve		74,999	74,999
Cumulative changes in fair value		346,904	370,807
Hedging reserve		(136,072)	(131,794)
Retained earnings		24,932,621	27,260,592
Total equity		31,268,451	33,624,604
Non-current liabilities			
Interest bearing loans and borrowings	6	541,685	676,328
Employees' end of service benefits		158,080	157,227
Total non-current liabilities		699,765	833,555
Current liabilities			
Accounts payable and accruals		727,967	798,732
Due to related parties		46,971	50,992
Interest bearing loans and borrowings	6	450,571	450,571
Other financial liabilities		-	-
Total current liabilities		1,225,509	1,300,295
Total liabilities		1,925,274	2,133,850
TOTAL EQUITY AND LIABILITIES		33,193,726	35,758,454



Saad Sherida Al-Kaabi
 Chairman and Managing Director



Mohammed Nasser Al-Hajri
 Vice Chairman

INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS
For the three month period ended March 31, 2016

	<u>Notes</u>	Three month period ended	
		March 31	
		2016	2015
		(Unaudited)	(Unaudited)
		QR'000	QR'000
Continuing operations			
Revenues		1,147,083	1,312,440
Cost of sales		(928,224)	(1,090,259)
Gross profit		218,859	222,181
Other income		82,888	71,988
General and administrative expenses		(31,507)	(44,648)
Selling expenses		(8,383)	(14,769)
Finance costs		(3,409)	(5,400)
Share of results of associates		(22,268)	9,573
Share of result of joint ventures		460,849	711,715
Profit for the period		697,029	950,640
Basic and diluted earnings per share (expressed as QR per share)			
From continuing and discontinued operations			
Basic and diluted earnings per share	7	1.15	1.57
From continuing operations			
Basic and diluted earnings per share	7	1.15	1.57

INDUSTRIES QATAR Q.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**
For the three month period ended March 31, 2016

	<u>Three month period ended</u>	
	<u>March 31</u>	
	2016	2015
	(Unaudited)	(Unaudited)
	QR'000	QR'000
Profit for the period	697,029	950,640
Other comprehensive income (loss):		
Net movement in fair value cash flow hedges	(4,278)	(8,819)
Net movement in fair value of available-for-sale investments	(23,905)	(7,050)
Other comprehensive income / (loss) for the period	(28,183)	(15,869)
Total comprehensive income for the period	668,845	934,771

INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended March 31, 2016

	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, 2015	6,050,000	74,999	500,669	(203,074)	27,162,031	33,584,625
Profit for the period	-	-	-	-	950,640	950,640
Other comprehensive income for the period	-	-	(7,050)	(8,819)	-	(15,869)
Dividends paid (Note 8)	-	-	-	-	(4,235,000)	(4,235,000)
Balance at March 31, 2015 (Unaudited)	6,050,000	74,999	493,619	(211,893)	23,877,671	30,284,396
Balance at January 1, 2016	6,050,000	74,999	370,807	(131,794)	27,260,592	33,624,604
Profit for the period	-	-	-	-	697,029	697,029
Other comprehensive income for the period	-	-	(23,903)	(4,278)	-	(28,182)
Dividends paid (Note 8)	-	-	-	-	(3,025,000)	(3,025,000)
Balance at March 31, 2016 (Unaudited)	6,050,000	74,999	346,904	(136,072)	24,932,621	31,268,451

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

For the three month ended March 31, 2016

	For the three month period ended March 31	
	2016 (Unaudited) QR'000	2015 (Unaudited) QR'000
OPERATING ACTIVITIES		
Profit for the period	697,029	950,640
Adjustments for:		
Depreciation and amortisation	54,346	52,637
Provision for employees' end of service benefits	12,228	12,847
Share of results of associates	22,268	(9,573)
Share of results of joint ventures	(460,849)	(711,715)
Gain/(loss) on disposal of property, plant and equipment	97	5,633
Dividend received from available for sale investment	(25,010)	(28,364)
Finance costs	3,409	5,400
Interest income	(37,493)	(36,975)
Cash flow from operating activities before changes in working capital	266,024	240,530
Working capital changes:		
Inventories	294,800	205,447
Accounts receivable and prepayments and due from related parties	574,974	25,625
Changes in interest rate SWAPS liability	-	(54,623)
Accounts payable and accruals	(138,391)	(181,885)
Cash from operations	997,408	235,092
Employees' end of service benefits paid	(11,375)	(6,765)
Net cash from operating activities	986,033	228,327
INVESTING ACTIVITIES		
Additions to property, plant and equipment and catalysts	(34,295)	(28,632)
Dividend received from joint ventures	409,544	1,564,400
Movement in fixed deposits maturing after 90 days	4,365,814	2,201,200
Dividend received from available-for-sale investments	25,010	28,364
Interest income received	37,493	36,975
Net cash from investing activities	4,803,566	3,802,308
FINANCING ACTIVITIES		
Proceeds from interest bearing loans and borrowings	-	810,234
Repayment of interest bearing loans and borrowings	(134,644)	(1,032,238)
Finance charges paid	(3,409)	(5,400)
Dividends paid	(3,025,000)	(4,235,000)
Net cash used in financing activities	(3,163,053)	(4,462,404)
Net increase/decrease in cash and cash equivalents	2,626,546	(431,769)
Cash and cash equivalents at the beginning of the period	956,264	1,481,127
Cash and cash equivalents at the end of the period	3,582,810	1,049,358

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 (together referred as “the Group”) operate mainly in the State of Qatar.

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 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 profit or loss 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 three month period ended March 31, 2016 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, 2015. In addition, results for the three month period ended March 31, 2016 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2016.

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, 2015.

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. CASH AND CASH EQUIVALENTS

	March 31 2016 (Unaudited) QR'000	December 31, 2015 (Audited) QR'000
Bank balances and cash	<u>5,345,432</u>	<u>7,021,093</u>

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

	March 31 2016 (Unaudited) QR'000	December 31, 2015 (Audited) QR'000
Bank balances and cash	5,345,432	7,021,093
Less: Fixed deposits maturing after 90 days	(1,560,000)	(5,925,814)
Less: Dividend accounts	(202,622)	(139,015)
	<u>3,582,810</u>	<u>956,264</u>

4. PROPERTY, PLANT AND EQUIPMENT

	March 31 2016 (Unaudited) QR'000	December 31, 2015 (Audited) QR'000
Opening net book value	3,795,882	3,856,255
Additions	34,295	154,272
Disposals	(96)	(7,726)
Depreciation	(53,087)	(206,919)
Closing net book value	<u>3,776,994</u>	<u>3,795,882</u>

5. INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

	Ownership %	Country of incorporation	March 31 2016 (Unaudited) QR'000	December 31, 2015 (Audited) QR'000
Foulath Holding B.S.C. ("Foulath")	25%	Bahrain	1,175,987	1,185,747
SOLB Steel Company	31.03%	Saudi Arabia	179,913	192,907
Qatar Metals Coating Company W.L.L.	50%	Qatar	18,093	17,607
			<u>1,373,993</u>	<u>1,396,261</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. INTEREST BEARING LOANS AND BORROWINGS

	<u>Interest/ profit rate</u>	<u>Entity</u>	<u>Currency</u>	<u>Maturity Date</u>	March 31 2016 (Unaudited) QR'000	December 31, 2015 (Audited) QR'000
Loan 1	LIBOR plus applicable margin	Qatar Steel	USD	2018	538,501	673,304
Loan 2	LIBOR plus applicable margin	Qatar Steel	USD	2018	453,754	453,595
					992,255	1,126,899
Less: current portion					450,570	450,571
Total non-current portion					541,685	676,328

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:

	Three month ended March 31 2016 (Unaudited) QR'000	2015 (Unaudited) QR'000
Profit for the period from continuing and discontinued operations	697,029	950,640
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) from continuing and discontinued operations	1.15	1.57

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 DECLARED

During the period, cash dividend of QR 5.0 per share amounting to QR 3,025 million relating to 2015 were approved by the shareholders at the Annual General Meeting held on February 24th, 2016 (2014: QR 7.0 per share amounting to QR 4,235 million).

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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.

Operating segments

The following table presents the Group's operating segments:

Period ended 31st March 2016	Petrochemical	Fertiliser	Steel	Total
Segment revenue	1,223,539	1,013,670	1,147,083	3,384,292
Cost of good sold	(620,833)	(853,236)	(928,224)	(2,402,294)
Depreciation / amortisation	(122,564)	(210,889)	(54,346)	(387,799)
Finance charges	(6,360)	(24,694)	(3,409)	(34,462)
Segment results	464,195	(3,345)	197,257	658,106
Unallocated income				42,369
Unallocated expenses				(3,446)
Profit for the period				697,029

As at 31st March 2016	Petrochemical	Fertiliser	Steel	Total
Cash	1,545,134	1,898,311	987,920	4,431,365
Other current assets	1,929,477	1,618,037	2,366,796	5,884,311
Non-current assets	6,626,486	11,355,503	5,581,274	23,563,263
Total assets	10,101,097	14,871,851	8,905,990	33,878,938
Debts due within 1 year	177,142	214,825	450,571	842,538
Other current liabilities	1,226,532	727,318	450,667	2,404,516
Debts due after 1 year	456,817	1,799,337	541,685	2,797,839
Other non-current liabilities	677,645	571,770	158,080	1,407,494
Total liabilities	2,538,136	3,313,249	1,601,003	7,452,388

INDUSTRIES QATAR Q.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31st March 2015	Petrochemical	Fertiliser	Steel	Total
Segment revenue	1,122,148	1,351,356	1,312,440	3,785,944
Cost of good sold	(599,289)	(870,120)	(1,090,259)	(2,559,668)
Depreciation / amortisation	(110,827)	(201,399)	(52,637)	(364,864)
Finance charges	(7,574)	(27,043)	(5,400)	(40,017)
Segment results	378,295	333,420	211,438	923,152
Unallocated income				30,533
Unallocated expenses				(3,045)
Profit for the period				<u>950,640</u>

As at 31st December 2015	Petrochemical	Fertiliser	Steel	Total
Cash	1,535,693	2,025,141	969,981	4,530,816
Other current assets	2,081,142	1,205,347	2,574,907	5,861,396
Non-current assets	6,704,660	11,555,821	5,368,793	23,899,274
Total assets	<u>10,321,496</u>	<u>14,786,309</u>	<u>9,183,681</u>	<u>34,291,486</u>
Debts due within 1 year	177,142	214,727	450,571	842,440
Other current liabilities	1,440,213	738,661	576,721	2,755,594
Debts due after 1 year	456,351	1,798,514	676,328	2,931,193
Other non-current liabilities	671,802	565,637	157,227	1,394,666
Total liabilities	<u>2,745,508</u>	<u>3,317,539</u>	<u>1,860,847</u>	<u>7,923,894</u>