

**Industries Qatar Q.S.C.**

**UNAUDITED INTERIM CONDENSED  
CONSOLIDATED  
FINANCIAL STATEMENTS**

**30 JUNE 2008**

## 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

	Note	Six months ended 30 June	
		2008 QR'000 (Reviewed)	2007 QR'000 (Reviewed)
Sales		7,675,988	4,189,151
Cost of sales		<u>(3,164,805)</u>	<u>(2,072,606)</u>
<b>GROSS PROFIT</b>		<b>4,511,183</b>	<b>2,116,545</b>
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>
<b>PROFIT FOR THE PERIOD</b>		<b><u>4,595,286</u></b>	<b><u>2,046,802</u></b>
<b>Attributable to:</b>			
Equity holders of the parent		4,594,457	2,046,486
Minority interest		<u>829</u>	<u>316</u>
		<b><u>4,595,286</u></b>	<b><u>2,046,802</u></b>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	3	<b><u>8.35</u></b>	<b><u>3.72</u></b>
(Expressed as QR per share)			

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

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>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	8,145,988	7,637,829
Investment property		150,993	148,032
Intangible assets		72,313	72,313
Investment in associates	5	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>
		<b>11,403,248</b>	<b>10,588,724</b>
<b>Current assets</b>			
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	6	<u>6,230,820</u>	<u>6,171,427</u>
		<b>11,909,488</b>	<b>9,553,371</b>
<b>TOTAL ASSETS</b>		<b><u>23,312,736</u></b>	<b><u>20,142,095</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7	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>
<b>Equity attributable to the parent</b>		<b>16,331,523</b>	<b>13,667,040</b>
Minority interest		<u>10,750</u>	<u>11,046</u>
<b>Total equity</b>		<b><u>16,342,273</u></b>	<b><u>13,678,086</u></b>
<b>Non-current liabilities</b>			
Term loans	8	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>
		<b>3,766,024</b>	<b>2,615,119</b>


The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.


Industries Qatar Q.S.C.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) (continued)

At 30 June 2008

	<i>30 June 2008 QR'000 (Reviewed)</i>	<i>31 December 2007 QR'000 (Audited)</i>
<b>Current liabilities</b>		
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>
<b>Total liabilities</b>	<u>6,970,463</u>	<u>6,464,009</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<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

Industries Qatar Q.S.C.

INTERIM CONDENSED CONSOLIDATED CASH FLOW 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>Note</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	4,595,286	2,046,802
Adjustments for:		
Depreciation and amortisation	228,168	210,884
Provision for employees' end of service benefits	30,782	36,380
(Gain) loss on disposals of investments held for trading	(63,242)	448
Gain on revaluation of investment property	(2,961)	-
Income from associates	(127,512)	(10,921)
Loss on disposal of property, plant and equipment	352	464
Finance costs	49,440	26,525
	<u>4,710,313</u>	<u>2,310,582</u>
Working capital changes:		
Inventories	(648,002)	(170,456)
Accounts receivable and prepayments and Due from related parties	(1,577,792)	(50,767)
Accounts payable and accruals and Due to related parties	(626,783)	130,253
Cash from operations	1,857,736	2,219,612
Interest paid	(49,440)	(26,525)
Employees' end of service benefits paid	(19,055)	(23,222)
Net cash from operating activities	<u>1,789,241</u>	<u>2,169,865</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposals of property, plant and equipment	110	26
Purchase of property, plant and equipment	(728,480)	(955,176)
Purchase of catalysts	(2,614)	-
Acquisition of investments in associates	-	(761,075)
Net movement in projects under development	(144,935)	(58,440)
Purchase of available for sale investments	9,127	(200,492)
Net movement of other assets	1,522	(3,218)
Net movement in long term advances	-	7,119
Dividends received from associates	1,742	2,600
Net movements on held for trading investments	(11,603)	(2,167)
Net movement in deposits maturing after 90 days	1,683,090	229,758
Net cash from (used in) investing activities	<u>807,959</u>	<u>(1,741,065)</u>
<b>FINANCING ACTIVITIES</b>		
Net movement in loans	1,146,408	1,259,080
Dividends paid	(2,001,125)	(2,502,250)
Net cash used in financing activities	<u>(854,717)</u>	<u>(1,243,170)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,742,483</b>	<b>(814,370)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b><u>3,664,087</u></b>	<b><u>3,126,830</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>6 <u>5,406,570</u></b>	<b><u>2,312,460</u></b>

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

## Industries Qatar Q.S.C.

### INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2008

	Attributable to the equity holders of the parent							Total QR '000	
	Share capital QR '000	Legal reserve QR '000	Cumulative changes in fair value QR '000	Hedging reserve QR '000	Retained earnings QR '000	Proposed dividend/ Bonus issue QR '000	Minority interest QR '000		
Balance at 1 January 2007 (Audited)	5,000,000	104,813	132,204	(37,623)	3,353,034	2,500,000	11,989	11,052,428	11,064,417
Net gain on available-for-sale investments	-	-	117,754	-	-	-	-	117,754	117,754
Net movement in fair value of cash flows hedges	-	-	-	50,931	-	-	-	50,931	50,931
Total income and expense for the period recognised directly in equity	-	-	117,754	50,931	-	-	-	168,685	168,685
Profit for the period	-	-	-	-	2,046,486	-	316	2,046,486	2,046,802
Total income and expense for the period	-	-	117,754	50,931	2,046,486	-	316	2,215,171	2,215,487
Transfer to legal reserve	-	36,060	-	-	(36,060)	-	-	-	-
Dividends paid	-	-	-	-	-	(2,500,000)	(2,250)	(2,500,000)	(2,502,250)
Balance at 30 June 2007 (Reviewed)	5,000,000	140,873	249,958	13,308	5,363,460	-	10,055	10,767,599	10,777,654
Balance at 1 January 2008 (Audited)	5,000,000	141,309	309,585	(103,412)	5,819,558	2,500,000	11,046	13,667,040	13,678,086
Net gain on available-for-sale investments	-	-	69,153	-	-	-	-	69,153	69,153
Net movement in fair value of cash flows hedges	-	-	-	873	-	-	-	873	873
Total income and expense for the period recognised directly in equity	-	-	69,153	873	-	-	-	70,026	70,026
Profit for the period	-	-	-	-	4,594,457	-	829	4,594,457	4,595,286
Total income and expense for the period	-	-	69,153	873	4,594,457	-	829	4,664,483	4,665,312
Issue of bonus shares	500,000	-	-	-	-	(500,000)	-	-	-
Dividends paid	-	-	-	-	-	(2,000,000)	(1,125)	(2,000,000)	(2,001,125)
Balance at 30 June 2008 (Reviewed)	5,500,000	141,309	378,738	(102,539)	10,414,015	-	10,750	16,331,522	16,342,273

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

## Industries Qatar Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
At 30 June 2008

### 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 in the Doha Securities Market. The Company's registered office is situated in Doha, State of Qatar.

IQ, its subsidiaries and joint venture companies (together "the Group") operates 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:

Entity Name	Country of incorporation	Relationship	Ownership interest
Qatar Steel Company Q.S.C	Qatar	Subsidiary	100%
Qatar Petrochemical Company Limited Q.S.C	Qatar	Joint venture	80%
Qatar Fertiliser Company (S.A.Q)	Qatar	Joint venture	75%
Qatar Fuel Additives Company Limited Q.S.C.	Qatar	Joint venture	50%

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2008 were authorised for issue by Chairman and the Vice Chairman on 7 August 2008.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not contain all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2007. In addition, results for the six months ended 30 June 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2007.

The interim condensed consolidated financial statements are prepared in Qatari Riyals and all values are rounded to the nearest thousands (QR'000) except when otherwise indicated.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim condensed consolidated financial statements only if it would be appropriate to anticipate or defer such costs to the end of the financial year.



## Industries Qatar Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
At 30 June 2008

### 3 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Six months ended</i> <i>30 June</i>	
	<i>2008</i> <i>QR'000</i> <i>(Reviewed)</i>	<i>2007</i> <i>QR'000</i> <i>(Reviewed)</i>
Profit attributable to the equity holders of the parent for the period	<u>4,594,457</u>	<u>2,046,486</u>
Weighted average number of shares outstanding during the period (in thousands)	<u>550,000</u>	<u>550,000</u>
Basic and diluted earnings per share (expressed in QR per share)	<u>8.35</u>	<u>3.72</u>

During the year 2008, the Company issued bonus shares for the year 2007. Accordingly, the previously reported earnings per share as at 30 June 2007 have been restated for the effects of this transaction. The figures for basic and diluted earnings per share are the same as the Company has not issued any instruments which would have an impact on the earnings per share when exercised.

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

	<i>Six months ended</i> <i>30 June</i>	
	<i>2008</i> <i>QR'000</i> <i>(Reviewed)</i>	<i>2007</i> <i>QR'000</i> <i>(Reviewed)</i>
Qualifying shares at beginning of the period	500,000	500,000
Effect of bonus shares issued	<u>50,000</u>	<u>50,000</u>
Weighted average number of shares outstanding	<u>550,000</u>	<u>550,000</u>

### 4 PROPERTY, PLANT AND EQUIPMENT

	<i>30 June</i> <i>2008</i> <i>QR'000</i> <i>(Reviewed)</i>	<i>31 December</i> <i>2007</i> <i>QR'000</i> <i>(Audited)</i>
	Opening net book value	7,637,828
Additions	728,480	1,736,034
Transfers	293	(91,684)
Disposals	(461)	(1,193)
Depreciation	<u>(220,152)</u>	<u>(391,007)</u>
Closing net book value	<u>8,145,988</u>	<u>7,637,829</u>

## Industries Qatar Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
At 30 June 2008

### 5 INVESTMENTS IN ASSOCIATES

The Company has the following investments in associates:

			<i>30 June 2008 QR'000 (Reviewed)</i>	<i>31 December 2007 QR'000 (Audited)</i>
	<i>Ownership</i>	<i>Country of incorporation</i>		
Qatar Metal Coating Company Q.S.C.	50.00%	Qatar	18,406	16,086
United Stainless Steel Company	25.00%	Bahrain	64,379	76,001
Gulf Industrial Investment Company	25.00%	Bahrain	871,506	768,445
Qatar Vinyl Company Ltd. (Q.S.C)	25.52%	Qatar	331,488	299,756
Qatar Plastic Products Company W.L.L	26.66%	Qatar	11,177	10,898
			<u>1,296,956</u>	<u>1,171,186</u>

### 6 CASH AND CASH EQUIVALENTS

	<i>30 June 2008 QR'000 (Reviewed)</i>	<i>31 December 2007 QR'000 (Audited)</i>
Bank balances and cash	<u>6,230,820</u>	<u>6,171,427</u>

For cash flow statement purpose cash and bank balances are classified as follows:

	<i>30 June 2008 QR'000 (Reviewed)</i>	<i>31 December 2007 QR'000 (Audited)</i>
Bank balances and cash	6,230,820	6,171,427
Less: Fixed deposits maturing after 90 days	<u>(824,250)</u>	<u>(2,507,340)</u>
	<u>5,406,570</u>	<u>3,664,087</u>

### 7 SHARE CAPITAL

	<i>30 June 2008 QR'000 (Reviewed)</i>	<i>31 December 2007 QR'000 (Audited)</i>
Authorised, issued and paid-up: 550,000,000 shares of QR 10 each (31 December 2007 : 500,000,000 shares of QR 10 each)	<u>5,500,000</u>	<u>5,000,000</u>

During the period, the authorised, issued and fully paid up capital was increased by QR 500,000,000 by way of issue of 50,000,000 bonus shares of QR 10 each.

## Industries Qatar Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
At 30 June 2008

### 8 INTEREST BEARING LOANS AND BORROWINGS

	<i>Interest rate</i>	<i>Entity</i>	<i>Currency</i>	<i>30 June 2008 QR'000 (Reviewed)</i>	<i>31 December 2007 QR'000 (Audited)</i>
Loan 1	Libor plus 0.65%	Qatar Steel	US\$	123,709	123,709
Loan 2	Libor plus 1%	Qatar Steel	US\$	764,715	764,715
Loan 3	Libor plus 0.9%	Qatar Steel	US\$	127,851	94,975
	Libor plus applicable margin				
Loan 4		Qatar Steel	US\$	1,760,665	1,427,468
Loan 5	Libor plus 0.5%	QAFAC	US\$	226,954	260,806
	Libor plus applicable margin				
Syndicated loan		QATOFIN	US\$	1,013,782	770,113
Loan 6 (Note (i))	Fixed 2.6%	Qatar Steel	AED	24,518	-
	Libor plus applicable margin				
Loan 7 (Note (ii))		QAFCO	US\$	521,976	-
				<u>4,564,170</u>	<u>3,441,786</u>
Less : repayments due within one year				<u>(1,066,149)</u>	<u>(1,083,819)</u>
Total non-current portion				<u>3,498,021</u>	<u>2,357,967</u>

	<i>30 June 2008 QR'000 (Reviewed)</i>	<i>31 December 2007 QR'000 (Audited)</i>
As of 30 June 2008, the loans were repayable as follows:		
Within one year	1,066,149	1,083,819
Years 2 to 5	1,167,722	981,835
Over 5 years	2,330,299	1,376,132
	<u>4,564,170</u>	<u>3,441,786</u>

#### Notes:

- (i) During 2008, Qatar Steel Company Dubai obtained a loan to finance its working capital requirement. The loan, which is unsecured, carries a fixed interest rate of 2.6% and repayable in 6 months.
- (ii) During 2007, QAFCO signed a facility agreement with a consortium of banks lead by HSBC bank as the facility agent, to obtain a term loan facility amounting to USD 1.2 billion (group share). Drawn down as at 30 June 2008 amounted to USD 200 million. The facility will be utilised for the financing requirement of the construction of QAFCO-5 project. The loan bears interest at LIBOR plus an applicable margin and is repayable in semi-annual installments commencing after 4 years from the date of the facility agreement.

QAFCO has assigned to the security trustee, all its present and future rights, title and interest in, under various agreements all monies which at any time may be or become payable it pursuant thereto and the net proceeds of any claims, award and judgments which may at any time be receivable or received by QAFCO.

## Industries Qatar Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
At 30 June 2008

### 9 DIVIDEND PAID

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2008</i>	<i>2007</i>
	<i>QR'000</i>	<i>QR'000</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
QR 4 per share (30 June 2007 : QR 5 per share)	<u>2,000,000</u>	<u>2,500,000</u>

### 10 RELATED PARTY DISCLOSURES

#### **Related party transactions**

These represent transactions with related parties, i.e. shareholders, joint venture partners, directors and senior management of the group of the companies, and the companies in which they are principal owners. Pricing policies and terms of these transactions are approved by the group's management.

Transactions with related parties included in the interim condensed consolidated income statement are as follows:

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2008</i>	<i>2007</i>
	<i>QR'000</i>	<i>QR'000</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Sales	<u>2,702,845</u>	<u>684,753</u>
Other income	<u>20,934</u>	<u>18,695</u>
Purchases	<u>1,119,874</u>	<u>425,362</u>
Expenses	<u>87,173</u>	<u>33,008</u>

## Industries Qatar Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
At 30 June 2008

### 10 RELATED PARTY DISCLOSURES (continued)

#### Due from related parties

	<i>30 June 2008 QR'000 (Reviewed)</i>	<i>31 December 2007 QR'000 (Audited)</i>
<i>Major shareholder:</i>		
Qatar Petroleum	126,782	59,813
<i>Joint Ventures:</i>		
Ras Laffan Olefins Cracker Company	745	157
Qatofin Company Limited Q.S.C.	4,969	1,979
Qatar Fuel Additives Company Limited Q.S.C.	407	-
<i>Associates:</i>		
Qatar Vinyl Company	47,055	66,196
Qatar Metal Coating Company	80,097	34,551
Qatar Plastic Products Company	2,082	561
<i>Other related parties:</i>		
Yara International ASA	262,448	253,933
Qatar Chemical Company	3,042	701
Total Petrochemicals	192,550	188,170
International Octane Ltd.	15,882	12,494
LCY Investment Corporation	18,614	13,350
Qatar Gas	23	23
Chinese Petroleum Corporation	8,350	6,209
WOQOD	4	4
Seef Limited	750	874
Qatalum	179	92
Qatar International Petroleum Marketing Company Limited	2,860	-
Fareej Real Estate Company	51	-
Gulf International Services Q.S.C.	61	-
	<u>766,951</u>	<u>639,107</u>

## Industries Qatar Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
At 30 June 2008

### 10 RELATED PARTY DISCLOSURES (continued)

#### Due to related parties

	<i>30 June 2008 QR'000 (Reviewed)</i>	<i>31 December 2007 QR'000 (Audited)</i>
<i>Major shareholder:</i>		
Qatar Petroleum	391,061	617,674
<i>Joint Ventures:</i>		
QAFAC II	626	616
Qatofin Company Limited Q.S.C.	-	2,084
<i>Associates:</i>		
Qatar Vinyl Company	1,506	5,586
Gulf Industrial Investment Company	22,488	51,003
<i>Other related parties:</i>		
Yara International ASA	36,345	29,174
Total Petrochemicals	13,392	9,794
Chevron Phillips Chemical Qatar	1,720	-
Qatar Chemical Company I	6,782	23,160
LCY Investment Corporation	36	-
International Octane Ltd.	2	3
WOQOD	-	160
Qatar Chemical Company II	2,358	-
ARKEMA	1,299	1,023
Mesaieed Industrial City	1,560	4,490
Al Koot Insurance	-	916
GASAL Q.S.C	688	-
	<u>479,863</u>	<u>745,683</u>

#### Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	<i>Six months ended 30 June</i>	
	<i>2008 QR'000 (Reviewed)</i>	<i>2007 QR'000 (Reviewed)</i>
Short term benefits	10,940	7,626
Employees' end of service benefits	379	399
	<u>11,319</u>	<u>8,025</u>

### 11 CONTINGENCIES

At 30 June 2008, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to QR 2,434,282,000 (31 December 2007 : QR 869,142,000).

## Industries Qatar Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
At 30 June 2008

### 12 EXPENDITURE COMMITMENTS

	<i>30 June 2008 QR'000 (Reviewed)</i>	<i>31 December 2007 QR'000 (Audited)</i>
<b>Capital expenditure commitments:</b>		
Estimated capital expenditure contracted for at the balance sheet date but not provided for:		
Property, plant and equipment	<u>10,198,185</u>	<u>9,213,925</u>
<b>Operating lease commitments</b>		
Future minimum lease payments:		
Within one year	30,436	9,218
After one year but not more than five years	59,722	37,333
More than five years	<u>214,226</u>	<u>208,653</u>
Total operating lease expenditure contracted for at the balance sheet date	<u>304,384</u>	<u>255,204</u>

### 13 SEGMENTAL REPORTING

The following table present revenue and profit information regarding the Group's business segments for the six months ended 30 June 2008 and 2007 respectively:

	<i>Petrochemicals QR'000</i>	<i>Fertilizers QR'000</i>	<i>Steel QR'000</i>	<i>Total QR'000</i>
<b>Six month period ended 30 June 2008 (Reviewed)</b>				
Total revenue	<u>2,309,972</u>	<u>2,281,953</u>	<u>3,084,063</u>	<u>7,675,988</u>
Results:				
Segment results	<u>1,580,423</u>	<u>1,717,007</u>	<u>1,224,457</u>	4,521,887
Unallocated income				78,610
Unallocated expense				<u>(5,211)</u>
Profit for the period				<u>4,595,286</u>
<b>Six month period ended 30 June 2007 (Reviewed)</b>				
Total revenue	<u>1,110,636</u>	<u>1,322,404</u>	<u>1,756,111</u>	<u>4,189,151</u>
Results:				
Segment results	<u>690,358</u>	<u>887,528</u>	<u>467,090</u>	2,044,976
Unallocated income				7,051
Unallocated expense				<u>(5,225)</u>
Profit for the period				<u>2,046,802</u>

## Industries Qatar Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
At 30 June 2008

### 13 SEGMENTAL REPORTING (continued)

The following table present segmental assets regarding the Group's business segments for the six months ended 30 June 2008 and 31 December 2007 respectively:

	<i>Petrochemicals</i> <i>QR'000</i>	<i>Fertilizers</i> <i>QR'000</i>	<i>Steel</i> <i>QR'000</i>	<i>Adjustments</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
<b>Segment assets:</b>					
At 30 June 2008	<u>6,873,331</u>	<u>6,599,706</u>	<u>8,608,887</u>	<u>1,230,812</u>	<u>23,312,736</u>
At 31 December 2007	<u>6,691,602</u>	<u>5,970,389</u>	<u>6,571,083</u>	<u>909,021</u>	<u>20,142,095</u>

Notes :

- (i) The amount included in the adjustment column represents assets carried in the books of Industries Qatar and which cannot be allocated to the primary segments.
- (ii) The above segmental reporting relates only to the subsidiaries and joint venture companies.

### 14 COMPARATIVE AMOUNTS

The Group's share of advances paid by QAFCO for the construction of QAFCO-5 Project and the arrangement fee for the term loan, which was included under Property, plant and equipment as at 31 December 2007 have been included under 'Other assets' during the current period. Comparative amounts totalling to QR 856.49 million have been reclassified accordingly.

This change have been made to improve the quality of the information presented and does not effect the previously reported profit or shareholders' equity.