

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2015**

8m

INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six month period ended June 30, 2015

INDEX	Page
Independent auditor's review report	--
Interim condensed consolidated statement of financial position	1
Interim condensed consolidated statement of profit or loss	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of changes in equity	4
Interim condensed consolidated statement of cash flows	5
Notes to the interim condensed consolidated financial statements	6 to 22

QR. 31794

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Board of Directors
Industries Qatar Q.S.C.
Doha – Qatar

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Industries Qatar Q.S.C. (the "Company"), and its subsidiary and joint ventures (together referred as the "Group") as of June 30, 2015, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended and certain explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

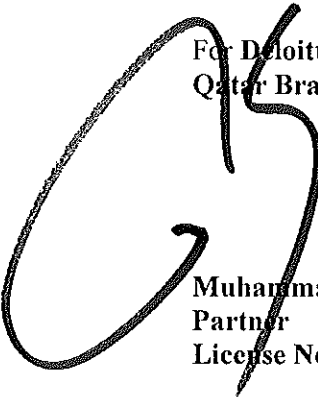
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making inquiries, primarily of persons responsible for 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 and consequently 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.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

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 International Accounting Standard 34 "Interim Financial Reporting".

**Doha – Qatar
August 3, 2015**



**For Deloitte & Touche
Qatar Branch**

**Muhammad Bahemia
Partner
License No. 103**

INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2015

	Notes	June 30, 2015 (Reviewed) QR'000	December 31, 2014 (Audited) QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,817,335	3,856,255
Investment properties		198,364	198,364
Investment in associates	6	225,256	232,807
Investment in joint ventures	5	20,426,960	20,561,861
Available-for-sale investments		891,437	863,348
Catalysts		34,791	37,310
Total non-current assets		25,594,143	25,749,945
Current assets			
Inventories		1,468,338	2,143,430
Accounts receivable and prepayments		1,204,935	1,138,564
Due from related parties	12	159,109	81,926
Financial asset at fair value through profit or loss		3,585	3,585
Bank balances and cash	7	4,346,852	6,192,327
		7,182,819	9,559,832
Asset classified as held for sale	8	1,245,747	1,245,747
Total current assets		8,428,566	10,805,579
TOTAL ASSETS		34,022,709	36,555,524
EQUITY AND LIABILITIES			
Equity			
Share capital		6,050,000	6,050,000
Legal reserve		74,999	74,999
Cumulative changes in fair value		528,757	500,668
Hedging reserve		(172,165)	(203,074)
Retained earnings		25,350,353	27,162,033
Total equity		31,831,944	33,584,626
Non-current liabilities			
Interest bearing loans and borrowings	9	901,613	451,802
Employees' end of service benefits		150,456	143,402
Total non-current liabilities		1,052,069	595,204
Current liabilities			
Accounts payable and accruals		663,401	1,049,406
Due to related parties	12	24,724	61,001
Interest bearing loans and borrowings	9	450,571	1,210,664
Other financial liabilities		--	54,623
Total current liabilities		1,138,696	2,375,694
Total liabilities		2,190,765	2,970,898
TOTAL EQUITY AND LIABILITIES		34,022,709	36,555,524



.....
Saad Sherida Al Kaabi
Chairman and Managing Director



.....
Mohammed Nasser Al Hajri
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 PROFIT OR LOSS**

For the six month period ended June 30, 2015

	Notes	Six month period ended June 30,	
		2015 (Reviewed) QR'000	2014 (Reviewed) QR'000
Revenue	15	2,888,598	3,142,176
Cost of sales		<u>(2,297,383)</u>	<u>(2,398,337)</u>
Gross profit		591,215	743,839
Other income		121,953	184,869
General and administrative expenses		(88,317)	(105,883)
Selling expenses		(29,814)	(23,868)
Finance costs		(14,759)	(26,599)
Share of results of associates		(3,551)	12,408
Share of result of joint ventures		<u>1,846,593</u>	<u>2,054,069</u>
Profit for the period		<u>2,423,320</u>	<u>2,838,835</u>
Earnings per share	10		
Basic and diluted earnings per share (QR per share)		<u>4.01</u>	<u>4.69</u>

INDUSTRIES QATAR Q.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six month period ended June 30, 2015

	Six month period ended June 30,	
	2015	2014
	(Reviewed)	(Reviewed)
	QR'000	QR'000
Profit for the period	2,423,320	2,838,835
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net movement in fair value of cash flow hedges	30,909	50,095
Net movement in fair value of available-for-sale investments	28,089	59,450
Other comprehensive income for the period	58,998	109,545
Total comprehensive income for the period	2,482,318	2,948,380

INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended June 30, 2015

	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 as of January 1, 2014 (Audited)	6,050,000	74,999	391,159	(366,276)	27,627,365	33,777,247
Profit for the period	--	--	--	--	2,838,835	2,838,835
Other comprehensive income for the period	--	--	59,450	50,095	--	109,545
Dividends paid (Note 11)	--	--	--	--	(6,655,000)	(6,655,000)
Balance as of June 30, 2014 (Reviewed)	<u>6,050,000</u>	<u>74,999</u>	<u>450,609</u>	<u>(316,181)</u>	<u>23,811,200</u>	<u>30,070,627</u>
Balance as of January 1, 2015 (Audited)	6,050,000	74,999	500,668	(203,074)	27,162,033	33,584,626
Profit for the period	--	--	--	--	2,423,320	2,423,320
Other comprehensive income for the period	--	--	28,089	30,909	--	58,998
Dividends paid (Note 11)	--	--	--	--	(4,235,000)	(4,235,000)
Balance as of June 30, 2015 (Reviewed)	<u>6,050,000</u>	<u>74,999</u>	<u>528,757</u>	<u>(172,165)</u>	<u>25,350,353</u>	<u>31,831,944</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 six month period ended June 30, 2015

	For the six months period ended June 30,	
	2015	2014
	(Reviewed) QR'000	(Reviewed) QR'000
Cash flow from operating activities		
Profit for the period	2,423,320	2,838,835
Adjustments for:		
Depreciation and amortisation	105,457	78,554
Provision for employees' end of service benefits	23,742	23,424
Share of results of associates	3,551	(12,408)
Share of results of joint ventures	(1,846,593)	(2,054,069)
Loss on disposal of property, plant and equipment	7,192	8,495
Finance costs	14,759	26,599
Gain on disposal of investment in joint venture	(1,455)	--
Interest income	(5,691)	(38,030)
Dividends received from available for sale investment	(16,465)	(26,997)
	<u>707,817</u>	<u>844,403</u>
Working capital changes:		
Inventories	675,092	257,142
Accounts receivable and prepayments	(66,371)	(26,521)
Due from related parties	(77,183)	(70,695)
Accounts payable, accruals and due to related parties	(270,333)	(88,472)
Cash generated from operations	969,022	915,857
Finance costs paid	(14,759)	(26,599)
Employees' end of service benefits paid	(16,688)	(8,608)
Contribution to social and sports fund	(151,949)	(198,598)
Net cash generated by operating activities	<u>785,626</u>	<u>682,052</u>
Cash flow from investing activities		
Proceeds from disposals of property, plant and equipment	--	24
Additions to property, plant and equipment	(71,210)	(43,882)
Additions to available-for-sale investments	--	(1,372)
Disposal of investments in joint venture	5,000	--
Movement in fixed deposits	1,190,200	3,741,964
Dividends received from available-for-sale investments	16,465	26,997
Dividends received from joint ventures	2,008,858	2,015,851
Dividends received from associates	4,000	5,000
Interest income received	5,691	38,030
Net cash generated by investing activities	<u>3,159,004</u>	<u>5,782,612</u>
Cash flow from financing activities		
Proceeds from interest bearing loans and borrowings	1,351,711	--
Repayment of interest bearing loans and borrowings	(1,716,616)	(155,483)
Dividends paid to the shareholders	(4,235,000)	(6,655,000)
Net cash used in financing activities	<u>(4,599,905)</u>	<u>(6,810,483)</u>
Net decrease in cash and cash equivalents	<u>(655,275)</u>	<u>(345,819)</u>
Cash and cash equivalents as of beginning of the period	<u>1,481,127</u>	<u>1,639,305</u>
Cash and cash equivalents as of ending of the period (Note 7)	<u>825,852</u>	<u>1,293,486</u>

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

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six month period ended June 30, 2015

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 and joint ventures (together "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:

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

Also, included in the interim condensed consolidated financial statements, the share of profit or loss and other comprehensive income of the following joint venture companies using equity accounting:

	<i>Type of interest</i>	<i>Country of incorporation</i>	<i>Percentage of holding</i>
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%

The interim condensed consolidated financial statements of the Group for the six month period ended 30 June 2015 were authorised for issue by the Chairman and the Vice Chairman on August 3, 2015.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six month period ended June 30, 2015 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, 2014. In addition, results for the six month period ended June 30, 2015 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2015.

The interim condensed consolidated financial statements are prepared in Qatari Riyal ("QR"), which is the Group's functional and presentation currency and all values are rounded to the nearest thousands (QR'000), except otherwise indicated.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies

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, 2014 except for the adoption of revised standards effective as of January 1, 2015. However, they do not materially impact the interim condensed consolidated financial statements of the Group.

(i) Revised Standards

Effective for annual periods beginning on or after January 1, 2015.

- IAS 19 (Amended) Defined Benefit Plans: Employee Contributions
- Annual Improvements 2010 - 2012 Cycle
 - IFRS 2: definition of 'vesting condition'.
 - IFRS 3: accounting for contingent consideration.
 - IFRS 8: aggregation of segments, reconciliation of segment assets.
 - IAS 16: proportionate restatement of accumulated depreciation on revaluation.
 - IAS 24: management entities
 - IAS 38: proportionate restatement of accumulated depreciation on revaluation
- Annual Improvements 2011 - 2013 Cycle
 - IFRS 3: scope exception for joint ventures.
 - IFRS 13: scope of the portfolio exception in paragraph 52.
 - IAS 40: interrelationship between IFRS 3 and IAS 40.

3. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

**3. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
(CONTINUED)**

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in interim condensed consolidated financial statements:

Classification of investment securities

Management decides on the acquisition of an investment whether to classify it as available for sale or financial assets at fair value through profit or loss. The Group follows the guidance of IAS 32 on classifying investments. All investments are classified as available for sale.

Investment in associates

During the six month period ended June 30, 2015, the Group has recognised its share of losses amounting to QR. 3.55 million (six month period ended June 30, 2014: share of profit amounting to QR. 12.41 million) from its investments in associates based on management accounts. As at June 30, 2015, the carrying values of such investments amounted to QR. 225.3 million (December 31, 2014: QR. 232.8 million). While there is no reason to believe, based on past experience, that the financial information provided by the management is not reasonably accurate, a review of the interim financial information, performed under International Standard on Review Engagements (ISRE) 2410: "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" may result in adjustments affecting the recognised share of income and carrying values of these investments.

Fair value of financial instruments

The fair value of financial assets traded in an organised financial market is determined by reference to quoted market bid prices at the close of business at the reporting date. Where the fair value of financial assets and financial liabilities recorded on the financial position cannot be derived from active markets, a reasonable estimate of fair value is determined by reference to the current market value of another instrument which is substantially the same, or is based on the expected cash flows from the asset, or internal pricing models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Key sources of estimation uncertainty

Impairment of available-for-sale investments

The Group treats available-for-sale investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. The Group evaluates the investments on a case by case basis taking into account normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

3. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**Key sources of estimation uncertainty (continued)***Impairment of accounts receivable*

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical realisable value.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to determine fair value as at year end. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. Management believes that the changes in fair value for the six month period ended June 30, 2015 are immaterial, therefore the interim condensed statement of profit or loss was not effected.

4. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2015 (Reviewed)	December 31, 2014 (Audited)
	QR'000	QR'000
Net book value at the beginning period/year	3,856,255	3,434,138
Additions	71,210	610,582
Disposals / write-offs	(7,192)	(10,553)
Depreciation during the period/year	(102,938)	(177,912)
Net book value at the ending of the period/year	<u>3,817,335</u>	<u>3,856,255</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six month period ended June 30, 2015

5. INVESTMENTS IN JOINT VENTURES

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

	June 30, 2015 (Reviewed) QR'000	December 31, 2014 (Audited) QR'000
Balance at the beginning period/year	20,561,861	19,879,279
Share of results of joint ventures	1,846,593	4,982,895
Share of other comprehensive income	30,909	81,378
Disposal of investment in joint venture	(3,545)	--
Dividends received	(2,008,858)	(4,381,691)
	<u>20,426,960</u>	<u>20,561,861</u>

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

Financial position as of June 30, 2015 (Reviewed)

	QSIC QR'000	QAPCO QR'000	QAFAC QR'000	QAFCO QR'000	Total QR'000
Current assets	--	2,575,847	869,423	3,941,949	7,387,219
Non-current assets	--	7,414,284	1,687,960	15,791,160	24,893,404
Current liabilities	--	(694,838)	(366,646)	(1,141,302)	(2,202,786)
Non-current liabilities	--	(97,641)	(545,967)	(2,730,494)	(3,374,102)
Net assets	--	<u>9,197,652</u>	<u>1,644,770</u>	<u>15,861,313</u>	<u>26,703,735</u>
Group's share of net assets	--	<u>7,358,122</u>	<u>822,385</u>	<u>11,895,985</u>	<u>20,076,492</u>

Profit or loss and other comprehensive income for the six month period ended June 30, 2015 (Reviewed)

Revenues	--	1,871,170	1,334,248	3,345,745	6,551,163
Other income	--	351,353	4,017	94,903	450,273
Total cost and expenses	--	(979,909)	(823,647)	(2,661,439)	(4,464,995)
Net Profit	--	<u>1,242,614</u>	<u>514,618</u>	<u>779,209</u>	<u>2,536,441</u>
Group's share of net profit	--	<u>994,091</u>	<u>257,309</u>	<u>595,193</u>	<u>1,846,593</u>
Group's share of other comprehensive income	--	<u>10,591</u>	--	<u>20,318</u>	<u>30,909</u>
Group's share of dividends received	--	<u>995,516</u>	<u>413,342</u>	<u>600,000</u>	<u>2,008,858</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

5. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Profit or loss and other comprehensive income for the six month period ended June 30, 2014 (Reviewed)

	QSIC QR'000	QAPCO QR'000	QAFAC QR'000	QAFCO QR'000	Total QR'000
Revenues	--	1,836,506	1,257,299	3,391,246	6,485,051
Other income	632	590,692	3,437	43,597	638,358
Total cost and expenses	--	(1,000,984)	(927,433)	(2,440,003)	(4,368,420)
Net Profit	<u>632</u>	<u>1,426,214</u>	<u>333,303</u>	<u>994,840</u>	<u>2,754,989</u>
Group's share of net profit	<u>316</u>	<u>1,140,971</u>	<u>166,652</u>	<u>746,130</u>	<u>2,054,069</u>
Group's share of other comprehensive income	<u>--</u>	<u>7,256</u>	<u>--</u>	<u>26,449</u>	<u>33,705</u>

Financial position as of December 31, 2014 (Audited)

Current assets	4,122	2,781,753	1,162,321	3,852,847	7,801,043
Non-current assets	17,883	7,393,217	1,776,662	16,149,380	25,337,142
Current liabilities	(4,915)	(819,772)	(563,126)	(1,255,960)	(2,643,773)
Non-current liabilities	(10,000)	(97,438)	(565,969)	(2,891,014)	(3,564,421)
Net assets	<u>7,090</u>	<u>9,257,760</u>	<u>1,809,888</u>	<u>15,855,253</u>	<u>26,929,991</u>
Group's share of net assets	<u>3,545</u>	<u>7,406,208</u>	<u>904,944</u>	<u>11,891,440</u>	<u>20,206,137</u>

Profit or loss and other comprehensive income for the year ended December 31, 2014 (Audited)

Revenues	--	4,404,019	2,972,795	7,278,789	14,655,603
Other income	420	1,191,505	10,093	64,546	1,266,564
Total cost and expenses	(118)	(2,200,993)	(2,020,313)	(5,038,369)	(9,259,793)
Net Profit	<u>302</u>	<u>3,394,531</u>	<u>962,575</u>	<u>2,304,966</u>	<u>6,662,374</u>
Group's share of net profit	<u>302</u>	<u>2,770,700</u>	<u>481,289</u>	<u>1,730,604</u>	<u>4,982,895</u>
Group's share of other comprehensive income	<u>--</u>	<u>15,712</u>	<u>--</u>	<u>65,666</u>	<u>81,378</u>
Group's share of dividends received	<u>--</u>	<u>2,169,569</u>	<u>487,122</u>	<u>1,725,000</u>	<u>4,381,691</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

5. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Reconciliation of the above summarised financial information to the carrying amount to the interest in joint ventures recognised in the interim condensed consolidated financial statements is as follows:

	June 30, 2015 (Reviewed) QR'000	December 31, 2014 (Audited) QR'000
Net assets of the joint ventures	<u>26,703,735</u>	<u>26,929,991</u>
Proportion of the Group's share in the joint ventures' net assets	<u>20,076,491</u>	<u>20,206,137</u>
Other adjustments	<u>350,469</u>	<u>355,724</u>
Carrying amount of Group's share in joint ventures	<u>20,426,960</u>	<u>20,561,861</u>

6. INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

	Ownership		Country of Incorporation	June 30, 2015 (Reviewed) QR'000	December 31, 2014 (Audited) QR'000
	2015	2014			
Qatar Metal Coating Company Q.S.C.(i)	50%	50%	Qatar	<u>19,156</u>	<u>23,701</u>
SOLB Steel Company (ii)	31.03%	31.03%	Saudi Arabia	<u>206,100</u>	<u>209,106</u>
				<u>225,256</u>	<u>232,807</u>

(i) *Qatar Metals Coating Company W.L.L. (Qatar)*

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

(ii) *SOLB Steel Company (Formerly known as South Steel Company W.L.L.)*

SOLB Steel Company is a company incorporated in the Kingdom of Saudi Arabia and is engaged in the manufacture and sale of steel products

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

7. CASH AND CASH EQUIVALENTS

	June 30, 2015 <u>(Reviewed)</u> QR'000	December 31, 2014 <u>(Audited)</u> QR'000
Bank balances and cash	<u>4,346,852</u>	<u>6,192,327</u>

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

	June 30, 2015 <u>(Reviewed)</u> QR'000	December 31, 2014 <u>(Audited)</u> QR'000
Bank balances and cash	4,346,852	6,192,327
Less: Fixed deposits maturing after 90 days	<u>(3,521,000)</u>	<u>(4,711,200)</u>
Cash and cash equivalents	<u>825,852</u>	<u>1,481,127</u>

Bank and cash balances includes restricted cash amounting to QR. 162. 2 million (December 31, 2014: QR. 135.6 million) representing the balance available in dividend accounts.

8. ASSET CLASSIFIED AS HELD FOR SALE

As of December 31, 2013, the Group intended to dispose of its 25% holding in Foulath Holding B.S.C. ("Foulath") (formerly Gulf United Steel Holding Company B.S.C. (c)), whereby the Group approved and commenced an active plan to dispose the investment. During the current period, no change came up on the management commitment to hold this investment for sale, and the delay to sell this asset till the period was caused by circumstances beyond the entity's control. Foulath is an investment vehicle and holding company primarily focused on investing in the steel industry in the Middle East and North Africa (MENA) region. The fair value less cost to dispose is expected to exceed the carrying amount of the related investment.

9. INTEREST BEARING LOANS AND BORROWINGS

					June 30, 2015 <u>(Reviewed)</u> QR'000	December 31, 2014 <u>(Audited)</u> QR'000
	Interest/profit rate	Entity	Currency	Maturity Date		
Loan (i)	LIBOR plus applicable margin	Qatar Steel	USD	--	--	1,029,989
Loan (ii)	LIBOR plus applicable margin	Qatar Steel	USD	--	--	632,477
Loan (iii)	LIBOR plus applicable margin	Qatar Steel	USD	2018	807,871	--
Loan (iv)	LIBOR plus applicable margin	Qatar Steel	USD	2018	544,313	--
					<u>1,352,184</u>	1,662,466
Less: current portion					<u>(450,571)</u>	<u>(1,210,664)</u>
Total non-current portion					<u>901,613</u>	<u>451,802</u>

9. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Notes:

- (i) Loan 1 is a US Dollar denominated facility consisting of a term loan facility of USD 483.5 million (Tranche A loan) intended to fund the EPC contracts entered into by the Company. The facility also includes standby facility of USD 75 million (Tranche B loan). The loan carries interest at LIBOR plus a margin ranging from 0.80% to 1.0% per annum (Tranche A loan) and 1.0% to 1.10% per annum (Tranche B loan) and mandatory costs, if any. Tranche A loan is repayable in 19 semi-annual instalments at a pre-determined rate on total Tranche A loan draw downs. Tranche B loan, if any, is repayable in 8 equal semi-annual instalments starting on the date of the twelfth Tranche A repayment date.

This loan has been fully repaid on January 5, 2015 as management elected to reduce its cost of funds through a new loan from HSBC amounting to USD 222.5 million(see (iii)).

- (ii) On December 1, 2011, the Group entered into a subordinated facility agreement for USD 250 million with International Bank of Qatar and Union National Bank to finance its EF5 project. As of December 31, 2013, the loan has been fully drawn down. The loan carries interest at LIBOR plus 1.5% per annum and is repayable in 10 equal semi-annual installments of USD 25 million each, starting from November 28, 2013.

This loan has been fully repaid on June 30, 2015 as management elected to reduce its cost of funds through a new loan from National Bank of Abu Dhabi amounting to USD 150 million.

- (iii) On December 17, 2014, the Company entered into a loan agreement for USD 225.5 million with HSBC Bank Middle East Limited to be used by the Group during 2015. The loan carries interest at LIBOR plus 0.75% per annum and is repayable in 6 equal semi-annual instalments of USD 37.08 million each, starting from July 5, 2015.

- (iv) On June 18, 2015, the Group entered into a loan agreement for USD 150 million with National Bank of Abu Dhabi and completely prepaid the subordinated loan facility from International Bank of Qatar and Union National Bank as mentioned in item no (ii) above. The loan carries interest at LIBOR plus 0.75% per annum and is repayable in 6 equal semi-annual instalments of USD 25 million each, starting from December 30, 2015.

10. 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:

	Six months ended 30 June	
	2015	2014
	(Reviewed)	(Reviewed)
Profit for the period (QR'000)	<u>2,423,320</u>	<u>2,838,835</u>
Weighted average number of shares outstanding during the period (in thousands)	<u>605,000</u>	<u>605,000</u>
Basic and diluted earnings per share (expressed in QR per share)	<u>4.01</u>	<u>4.69</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six month period ended June 30, 2015

10. BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)

The figures for basic and diluted earnings per share are the same as the Group has not issued any instruments which would have an impact on the earnings per share when exercised.

11. DIVIDENDS PAID

During the period, cash dividend of QR.7 per share amounting to QR. 4,235 million relating to 2014 were approved by the shareholders at the Annual General Meeting held on March 1, 2015 (2013: QR 11 per share amounting to QR 6,655 million).

12. RELATED PARTIES DISCLOSURES

Related parties transactions

These represent transactions with related parties, i.e. major shareholders, directors and senior management of the Group and 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 statement of profit or loss during the six months ended June 30, 2015 and 2014 are as follows:

Period ended June 30, 2015 (Reviewed)	Sales	Purchases	Selling and other expenses	Lease rental payments	Other income
	QR'000	QR'000	QR'000	QR'000	QR'000
Major shareholders	--	57,682	12,531	--	--
Associates	117,058	80	--	--	1,410
Joint ventures	--	--	2,033	--	2,832
Other related parties	50,560	29,290	--	--	72
	<u>167,618</u>	<u>87,052</u>	<u>14,564</u>	<u>--</u>	<u>4,314</u>
Period ended June 30, 2014 (Reviewed)	Sales	Purchases	Selling and other expenses	Lease rental payments	Other income
	QR'000	QR'000	QR'000	QR'000	QR'000
Major shareholders	--	--	15,254	--	56
Associates	176,752	1,049	--	--	1,342
Joint ventures	--	--	2,481	--	--
Other related parties	--	86,919	--	8,605	3,234
	<u>176,752</u>	<u>87,968</u>	<u>17,735</u>	<u>8,605</u>	<u>4,632</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six month period ended June 30, 2015

12. RELATED PARTIES DISCLOSURES (CONTINUED)

Related parties balances

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	June 30, 2015 (Reviewed) QR'000	December 31, 2014 (Audited) QR'000
<i>Due from related parties:</i>		
SOLB Steel Company (Kingdom of Saudi Arabia)	102,729	4,855
Sulb Company B.S.C.	786	--
Qatar Steel International Company Q.P.S.C.	2,097	7,173
Qatar Petroleum	--	31,000
Qatar Metal Coating Company W.L.L.	53,497	38,898
	<u>159,109</u>	<u>81,926</u>
	June 30, 2015 (Reviewed) QR'000	December 31, 2014 (Audited) QR'000
<i>Due to related parties:</i>		
Qatar Petroleum	21,340	17,172
United Steel Company (SULB) B.S.	--	38,746
Mesaieed industrial city	--	2,176
Gasal Company	3,384	2,907
	<u>24,724</u>	<u>61,001</u>

Compensation of key management personnel

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

	Six months ended 30 June 2015 (Reviewed) QR'000	2014 (Reviewed) QR'000
Board of Directors' sitting fees	775	775
Short term benefits to key management personnel	10,096	9,526
Qatari employees pension fund contribution	386	354
	<u>11,257</u>	<u>10,655</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six month period ended June 30, 2015

13. CONTINGENCIES

The Group had contingent liabilities in respect of bank and other guarantees, legal claims and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. The Group's contingent liabilities are as follows:

	June 30, 2015 (Reviewed) QR'000	December 31, 2014 (Audited) QR'000
Letters of credit	3,028	56,899
Bank guarantees	344,102	342,642
Others	69,479	67,669
	<u>416,609</u>	<u>467,210</u>

The below table provides the Group's share in the contingencies of the joint ventures:

	<u>QAPCO</u> QR'000	<u>QAFAC</u> QR'000	<u>QAFCO</u> QR'000	<u>Total</u> QR'000
As of June 30, 2015 (Reviewed)				
Letters of credit	410	--	--	410
Bank guarantees	24,398	--	16,944	41,342
	<u>24,808</u>	<u>--</u>	<u>16,944</u>	<u>41,752</u>
As of December 31, 2014 (Audited)				
Letters of credit	80	--	1,587	1,667
Bank guarantees	24,398	--	580	24,978
	<u>24,478</u>	<u>--</u>	<u>2,167</u>	<u>26,645</u>

14. EXPENDITURE COMMITMENTS

	June 30, 2015 (Reviewed) QR'000	December 31, 2014 (Audited) QR'000
Capital expenditure commitments		
Estimated capital expenditure contracted for at the end of the reporting period but not provided for:		
Property, plant and equipment	<u>133,621</u>	<u>128,250</u>
Operating lease commitments		
Future minimum lease payments:		
Within one year	24,407	30,320
After one year but not more than five years	50,969	52,262
More than five years	117,323	123,675
Total operating lease expenditure contracted for at the end of the reporting period	<u>192,699</u>	<u>206,257</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six month period ended June 30, 2015

14. EXPENDITURE COMMITMENTS (CONTINUED)

The below table provides the Group's share in the expenditure commitments of the joint ventures:

	<u>QAPCO</u>	<u>QAFAC</u>	<u>QAFCO</u>	<u>Total</u>
	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>
As of June 30, 2015 (Reviewed)				
Capital expenditure commitments	<u>250,343</u>	<u>10,837</u>	<u>216,152</u>	<u>477,332</u>
Operating lease commitments				
Future minimum lease payments:				
Within one year	1,584	2,650	58,689	62,923
After one year but not more than five years	8,772	7,043	81,359	97,174
More than five years	<u>18,426</u>	<u>4,230</u>	<u>53,525</u>	<u>76,181</u>
	<u>28,782</u>	<u>13,923</u>	<u>193,573</u>	<u>236,278</u>
As of December 31, 2014 (Audited)				
Capital expenditure commitments	<u>105,118</u>	<u>12,582</u>	<u>221,772</u>	<u>339,472</u>
Operating lease commitments				
Future minimum lease payments:				
Within one year	1,584	2,797	45,744	50,125
After one year but not more than five years	7,430	7,542	69,628	84,600
More than five years	<u>20,560</u>	<u>4,759</u>	<u>56,289</u>	<u>81,608</u>
	<u>29,574</u>	<u>15,098</u>	<u>171,661</u>	<u>216,333</u>

15. 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 fertilizer 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
For the six month period ended June 30, 2015

15. SEGMENT INFORMATION (CONTINUED)

Operating segments

The following table presents revenue and profit information regarding the Group's operating segments for the six month period ended June 30:

Period ended June 30, 2015 (Reviewed)

	<u>Petrochemicals</u> QR'000	<u>Fertilisers</u> QR'000	<u>Steel</u> QR'000	<u>Total</u> QR'000
Total revenue	<u>2,164,060</u>	<u>2,509,309</u>	<u>2,888,598</u>	<u>7,561,967</u>
Results:				
Segment profit	<u>1,251,400</u>	<u>595,193</u>	<u>533,652</u>	<u>2,380,245</u>
<i>Unallocated income:</i>				
Interest income				35,081
Dividend income				11,899
Other income				1,869
<i>Unallocated expense:</i>				
Qatar Petroleum annual fee				(4,144)
Qatar Exchange fees/charges				(1,084)
Advertisements				(346)
Other expenses				<u>(200)</u>
Profit for the period				<u><u>2,423,320</u></u>

During the six month period ended June 30, 2015, the Group has incurred certain plant maintenance costs which are typically incurred in random intervals. These costs are booked as incurred.

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six month period ended June 30, 2015

15. SEGMENT INFORMATION (CONTINUED)

Operating segments (continued)

Period ended June 30, 2014 (Reviewed)

	<u>Petrochemicals</u> QR'000	<u>Fertilisers</u> QR'000	<u>Steel</u> QR'000	<u>Total</u> QR'000
Total revenue	<u>2,097,854</u>	<u>2,543,435</u>	<u>3,142,176</u>	<u>7,783,465</u>
Results:				
Segment profit	<u>1,307,623</u>	<u>746,130</u>	<u>727,811</u>	<u>2,781,564</u>
<i>Unallocated income :</i>				
Interest income				30,925
Dividend income				11,742
Other income				28,124
<i>Unallocated expense:</i>				
Qatar Petroleum annual fee				(4,179)
Qatar Exchange fees/charges				(1,084)
Professional fees				(950)
Advertisements				(374)
Other expenses				<u>(6,933)</u>
Profit for the period				<u>2,838,835</u>

The following table presents segmental assets regarding the Group's business segments as at June 30, 2015 and year ended December 31, 2014 respectively:

	<u>Petrochemicals</u> QR'000	<u>Fertilisers</u> QR'000	<u>Steel</u> QR'000	<u>Total</u> QR'000
Segment assets:				
As of June 30, 2015 (Reviewed)	<u>9,270,797</u>	<u>14,799,832</u>	<u>9,728,716</u>	<u>33,799,345</u>
As of December 31, 2014 (Audited)	<u>9,609,468</u>	<u>15,001,670</u>	<u>10,345,923</u>	<u>34,957,061</u>

Notes:

- (i) The above segmental reporting relates only to the subsidiaries and joint venture companies.

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

15. SEGMENT INFORMATION (CONTINUED)

Reconciliation of reportable segments total assets

	June 30, 2015 (Reviewed) QR'000	December 31, 2014 (Audited) QR'000
Total assets for reportable segments	33,799,345	34,957,061
Other un-allocable assets	8,686,949	6,633,191
Recognition of investment in joint ventures using equity method of accounting	16,592,494	20,561,861
Elimination of investments in subsidiaries	(985,451)	(985,451)
Assets relating to joint ventures	<u>(24,070,628)</u>	<u>(24,611,138)</u>
Consolidated total assets for the period/ year	<u><u>34,022,709</u></u>	<u><u>36,555,524</u></u>

Geographical segments:

The Group's components operate in the Gulf region, management reports for all components in the region as one geographic segment.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 : inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the end of the period/year, the Group held the following financial instruments measured at fair value:

At June 30, 2015	Total QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
<i>Assets measured at fair value</i>				
Available-for-sale investments	<u>891,437</u>	<u>891,437</u>	<u>--</u>	<u>--</u>
Financial asset at fair value through profit or loss	<u>3,585</u>	<u>--</u>	<u>--</u>	<u>3,585</u>
Receivables	<u>1,102,752</u>	<u>--</u>	<u>--</u>	<u>1,102,752</u>
Due from related parties	<u>159,109</u>	<u>--</u>	<u>--</u>	<u>159,109</u>
<i>Liabilities measured at fair value</i>				
Due to related parties	<u>24,724</u>	<u>--</u>	<u>--</u>	<u>24,724</u>
Interest bearing loans and borrowings	<u>1,352,184</u>	<u>--</u>	<u>--</u>	<u>1,352,184</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

16. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

As of December 31, 2014	Total QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
<i>Assets measured at fair value</i>				
Available-for-sale investments	863,348	863,348	--	--
Financial asset at fair value through profit or loss	3,585	--	--	3,585
Receivables	953,237	--	--	953,237
Due from related parties	81,926	--	--	81,926
<i>Liabilities measured at fair value</i>				
Due to related parties	61,001	--	--	61,001
Interest bearing loans and borrowings	1,662,466	--	--	1,662,466
Interest rate swaps	54,623	--	54,623	--

During the reporting period ended June 30, 2015 and December 31, 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.